

Third Annual Hacks & Flacks Roundtable Discussion at DAC

Emerging Companies: What Do You Communicate, to Whom, When?

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Deciding when to communicate with various audiences, what to say, and who to say it to – every emerging company faces these issues when considering company and product launches. What should your communications timeline look like? When do you start communicating to the public? How do you decide what is too much communication? Too little? How long after you announce a company can you launch a product without losing credibility? How do you balance what will give your competitors an edge vs. what your audiences need to know? How involved should the Board be in communications?

Panel:

Jacques Benkoski – Entrepreneur in Resident, US Venture Partners

Jim Hogan – General Partner, Telos Venture Partners

Buno Pati - Chairman of Xoomsys Inc.

Mike Sottak, president, Wired Island PR

Moderator: Peggy Aycinena, editor, EDA Confidential

Q & A:

When does a company decide to communicate with editors?

- It depends on the type of company, the product, and the audience.
- More important is WHY. What is the purpose of contacting editors? Once you know that, “when” just falls into place.
- If it’s a startup, the first thing they have to do is educate re the need for the startup’s technology. This should be done well in advance of any company or product launch.
- In fact, you communicate from Day 1. Investors, employees, potential partners, the market – all are customers. There isn’t a wrong time, just maybe potential for a wrong audience.

Who makes the decision to go public? Does everyone need a PR firm?

- Never go it alone.
- It depends. If you’ve never launched a startup before, engage someone early to have a plan in place. It should be up to the CEO to decide when to launch the plan
- A lot of companies in EDA are formed by engineers. Often, they know what they do but cannot express it in terms of market value. VCs care about value, no how you do whatever it is you do.

- To reach VCs, you have to be able to explain why what you do has value as well as why you do it.
- Actually, talking to VCs may help you figure out what the value is.

What should the communications timeline or roadmap look like?

- Start communicating about an unmet need ASAP. A well-run company should have a plan
- Number of decision makers before you get to money has shrunk. You can't reach 20 first customers without a vice president of marketing. On launch vs. stealth approach – it's stupid to come to DAC with a lot of fanfare and good communications but have no sales meetings set up, for instance. You need to work with customers and prospects first, then follow with communications.
- Stealth approach is foolish. Silence hides your momentum.
- Appreciate the skills that PR people bring. PR has to believe what R&D is telling them or the market will react badly to missed dates and incorrect information.
- It can be confusing if you announce the company and then there's too much downtime before you announce products or customers.
- It's just an *illusion* that you can do a launch in three weeks. There should be a 9-month planning and execution process. Get your act together before you talk to the market.

When should you launch the company? When you have product or before? Or both at once?

- Depends on why you need the PR
- It's hard to make customers realize that they will have a problem down the road. If you really have new technology, you will need to do an early company launch just to educate.

When do you let “famous people” (analysts, companies that usually won't talk, and the like) know what's coming down the pike? Does this date drive the launch date?

- It should be part of the plan.
- You should drive your plan. You may hold it up a bit to get a famous quote, but if you plan well enough in advance, you can get the quote in time to launch when you want.
- People who are in every press release just create “white noise.” If you want a company like Intel, that almost never comments, to say something, then it might be worth planning that time in. This kind of endorsement makes it more real than some analyst's comment.

How do you balance the need to communicate with the horror of letting the competition know too much too soon?

- You are protected when you are just talking to investors, when you hire someone (be careful about job descriptions), when you talk to partners. So you are in control before you start communicating with the world.
- People will always have *some* idea what you're doing.
- In most cases, the barriers to entry for competition are high. Competitors only respond in terms of PR, not of product details. In general, competitive threats are not that large.
- Don't declare until you have to. Then you may need to respond and waste cycles.
- Sometimes I ask, “Why did that company even say something?” Secrecy is impossible, but you don't want the competition to have too much information up front. My feeling is that a launch

with a partner quote or an analyst quote and no detail means that the product isn't ready or the product isn't good enough to buy.

How much do VCs want to know that you have PR in place?

- Early-stage company should not talk to *anyone*. Don't say stuff that will get you into trouble. You need a solid plan, customer validation, etc before you begin communicating.
- VCs don't want a PR strategy while you are looking for money. But they do need to call around to see if the investment is worthwhile. So they won't know about you without any communications. Catch-2. You need some level of communication.

How far can you go with humor?

- Not very far...
- Straight geeky facts are better than humor.
- I agree entirely. The press is too busy.
- Humor can be fun, but it really has little marketing value.

Where do you draw the line between hype and reality?

- Right where it exists.
- Quotes should be a personal interpretation of the company's strategy and message, not just the same words the company uses.
- Some editors say they don't read quotes, but other press outlets use them. It's a double-edged sword. If used anywhere, they will continue to show up in press releases.
- You can always get real quotes. As part of negotiating with your customers, you give them a sign-off discount if they give you a quote. Don't bluff, because you will have to show your cards.
- If you don't have it, don't hype it.
- Things have changed. Next to impossible to get a customer to quote without their approval and legal review, so there's really no need to worry about hype.

Is it best to launch a company with customer references or without?

- With. Hope the editors will phone references.
- With. Best if a user that can show benefits rather than a blanket endorsement.
- Exception if you need to announce a product as part of the development process. Quotes not as vital.
- Better with, but not absolutely necessary.
- You can launch a company without customer endorsement, but not a product.
- Company launch cannot be too distant from product launch. No reason to talk about a company before the product is announced.
- You may need to educate the market before the product is announced.
- There seems to be a trend of unannounced investments lately. You should announce funding to help with recruiting, if nothing else.
- Agreed. Lots of funding goes unannounced.
- Don't announce a company to get VC attention.

What is the value of an article before the company has investment?

- No point for early round investors.

- I disagree. It can help you get attention, educate.
- One problem with announcing funding is, what do you then say about the company at the company launch?

Who is promoting EDA to VCs?

- EDA doesn't need promoting. either they understand EDA or they don't. Successful companies will create demand for info.
- Success creates its own attraction. Companies attract VCs.
- Everyone is a specialist, so network knows about the company without a release.
- If VC doesn't have EDA experience, there is no need to contact him.
- I disagree. There are non-EDA VCs doing EDA
- Startups won't help Wall Street know about EDA.
- If an EDA company and all its investors know little about EDA, they will be worried about the company.

Are web blogs of value?

- Yes
- I'll pass on that
- Any sharing of information is valuable.
- Never seen one.

What's the value of online advertising, and when should it happen?

- Depends on the product and the market.

What per centage of capital should go to PR?

- Even if you are making \$0 revenue, you have to pay for a plan and execute. % varies.
- Depends on resources and experience within the company. PR companies offer more than PR: messaging, positioning, planning,, writing. You may have no public communications for ages.
- Tradeoff between PR and R&D. But think of it in terms of how much you would pay an executive to fill the function; often hiring an outside firm is cheaper.

Questions from the audience:

Sounds like you can't be too binary about PR? No black & white rules?

- Yes. So many moving parts.
- Do an analysis and decide yes vs. no advisedly
- To educate, start early. If it's two years before your product, don't communicate.

But if you have to educate, when do you start?

- Hard tradeoff. You don't want to create a competitors by talking too early. Try to figure out when competition would not be able to catch up within the timeframe.

What about speaking to analysts? Talk to Gartner and so on early?

- If you don't have a PR strategy, DO NOT talk to industry analysts. You will be perceived forever the way you first present yourselves.

- DO NOT talk before you have a credible story. Stress the maturity of the team. Analysts play a role as sounding boards.
- You need PR more if a team is less experienced.

How do you differentiate between PR and marketing?

- PR is a subset of marketing.
- You do marketing before you start the company. Technical marketing is first.

How important is a vibrant tradeshow to the industry?

- DAC is valuable to startups that have products and customers and want to build momentum. Round about Year 3 of existence. It is of least value if you have no product or customers or if you are a big company.
- Smaller companies should be there to meet all customers in one place and let them compare to competition.
- Smaller companies should be at a conference like DAC. But they have to use time wisely, set up meetings in advance.