

Fourth Annual Hacks & Flacks Roundtable

Discussion at DAC 2006

Emerging Companies: What does your target audience read and how does it influence them?

As communication professionals, we spend hours, days and weeks strategizing and agonizing over public relations and marketing plans. Once plans are finalized, a large amount of money is invested on implementation. All of our time, effort and company dollars are spent with the goal of reaching our “key” customers and gaining the attention of various audiences. BUT...do we?

Annually, the leading trade publications complete large scale surveys and reports on how corporate dollars are spent and on the audience that you “might” reach, with general ranking categories such as *design engineers, purchasing decision makers*, etc. These results give us a general idea of how our plans are working but we still question whether our message is reaching the audience who ultimately makes or breaks the sales decisions. Where do your customers get their information? What makes a positive impression on customers for EDA and IP products? What direct effect does public relations have on sales and other corporate departments? How can you best leverage your customers' successes? What is the best method for customers, media and vendors to work together?

Please join us for a lively discussion among EDA customers, companies and public relation and marketing professionals to discuss these questions and find out what they read and what media they believe most influences their purchase and investment decisions.

Panelists include:

Bob Johnson, VP Sales, Gradient Design Automation
Milan Lazich, VP Corporate Marketing, Magma Design
Philippe Magarshack, Corporate VP for R&D, STMicro
Mike Fazeli, Manager, WW Electronic Design, Texas Instruments

Q & A Transcript

Comment before questions to panel

- You need to own the market, not just sell products
- In an era of timing closure, you have 6-7 companies vying for a place. Magma won; they got the marketing right. [NOT a comment from Magma rep on the panel]

Is the message from the vendors reaching the decision-makers? Does it matter where the message comes from?

- Message gets out through press, online, by VCs calling me. I won't make a buy decision based on what I read, but it does inform me of new info.
- By the time I get the message, I will know it from other places if it's important to me. Write=up acts as reinforcement of the message.
- In all cases, we make the message or contribute to it. So it confirms our partnerships with EDA companies and the work we've done. We're working so closely with different vendors that we don't depend on marketing effort alone. Successful EDA technology is the best marketing tool.

- It's reaching working engineers instead of top management. Yes, look at the number of engineers who subscribe! Information bubbles up from there within EDA.
- The best channel to market products is through established channels. A large number of smaller companies don't talk directly to vendors at early stages.
- We're small, but do have direct access to EDA vendors. Don't have the resources to work with 200-300 vendors, so we engage only with big vendors.

Do company messages get through to the audience you want to reach?

- We're small, so we focus carefully on each message that goes out. We had to educate and rely on third-party sources to put messages out. Very direct – through whitepapers and publications. May not have hit a critical mass, but well-targeted. Best scenario is where there is a two-way dialog, but marketing is important.
- Messages do get out. Sometimes partly unclear or some not clear to everyone. We achieve what we try to achieve, but sometimes messaging gets drowned in other noise, or doesn't reach everyone, or reach everyone thoroughly. There is no 100% hit rate.

Press release overload: Do good messages get lost if there is too much PR output?

- Yes. For instance, lots of stuff got lost before DAC. Sometimes timing works for you; sometimes, against you.
- The role of the press release has changed. You used to want people to write about releases, but now audiences depend on the release itself.
- Is DAC worth it? If the message gets out, does it matter how?

Investors/press complain about press releases because of endorsements. They want to talk to real customers instead. What can be done about this?

- There are various purposes to press releases and various audiences. PR with endorsements helps with sales efforts. They are not as useful to the buy side. Also, for a hook into the press, endorsements help. Since press is one of the audience for press releases, endorsements increase credibility.
- Doesn't matter if a press release is from a public or a private company – get it into the press!
- You need to hit editors and demonstrate some level of credibility. A press release is also a tool for Sales to directly contact vendors.
- Press releases, used effectively, communicate partnerships between EDA vendors and customers. Will help early users to feel reassured. Also a good vehicle to let people know where to find technology and to communicate success with a particular product.

In a big company, do you create confusion in the marketplace if one department endorses the company and another endorses a competitor?

- Yeah, sometimes. But big companies do – and should – recognize success. It's also a good incentive to smaller vendors to be successful with the big company.
- Big companies promote effective tools through endorsements.
- Never do a release when the contract is signed; wait until you can talk about success. It's also much easier to get your message across within an endorsement

There seems always to be conflict between the press wanting endorsements and vendors saying that “Our customers won't talk about success because it gives them competitive advantage.” True?

- For big companies, no. We don't hold a long period of exclusivity. With new product development, we are exclusive only for a while. The user community will get more value out of a mature tool, so we want it to be used by as many people as possible.

- Analysts, press, vendors users: all are self-serving. Everyone uses everyone. It all has to do with making money. How early/ how late; too much/ too little; bullshit/ no bullshit. How can we change this to make sure that the results have more quality?
- Five years ago, we had a corporate mandate: no more press releases. You have to try to quantify value from press releases – value to us and to our customers.

Public relations serves various audiences, to some degree. What about other parts of marketing? Advertising? It is the lifeblood of publications. What are your perspectives on the impact of advertising? From a customer standpoint, is advertising for a technical product relevant?

- Large companies' sales people put little value in advertising because we can't hit a precise audience with a precise message.
- Not great to advertise technology or product, but you need it to advertise a technology company. Won't sell product, but does generate awareness, keep an ongoing image in front of the market. Metrics exist to support this – ad surveys, awareness surveys. Marketing has a number of vehicles, and advertising is part of the mix. Less important than before, and you always have to keep in mind that it doesn't close a sale.

So is it important to position a company, advertising?

- I'm sure it has value, but I don't know what it is. How much advertising from an EDA company influences purchase decisions – I'd say it doesn't influence them. But it may excite curiosity and research.
- Advertising influences the marketplace, but it's always a conundrum how to quantify. Communications classes say that a message sinks in with repetition. It's just part of the marketing mix.

One ad at the SuperBowl rather than a flood?

- TI and ST are leaders in marketing. Advertising helps deliver a free press, which is good for business therefore business should support a free press.

Do you believe that press coverage is a good thing?

- Mostly.

The amount of money most companies spend on advertising is not material enough to show up on an annual report, so you are not really supporting a free press. Engineers read releases for news because they have little to know advertising accompanying them, and there is no other way to get that info untainted.

- We advertise comparable to competitors. Trade press – all part of the ecosystem – vendors/ press/ audience. We want press coverage, but we have budgets. Our job is to run [company], not to keep the press afloat.
- We support press by consuming, writing articles, having customers advertise, providing information to editors...

Companies are in the business of making money. I wasn't trying to create a negative spin. We all struggle.

- Is the press a free press? Articles with quotes – the quotes are canned. They are lifted directly out of the press release. The press does not act as an advocate for the audience.

Information provision should be what journalists do, not acting as an advocate for readers. The press should take out the spin.

- No problem if journalists write articles with bad news if the information is accurate. If facts are untrue or partially untrue, they are taking an advocacy position.
- There are not a ton of reporters reporting “the truth.” What’s the truth?
- [From the audience} I do, in fact, feel that I’m an advocate for my readers, who are engineers. I also feel I’m an advocate for the truth, whatever the truth is. Meanwhile, you [vendors] make my job all the more difficult because you try to hide the truth.”
- [from the panel] And who nominated you? Who elected you to be an advocate for the engineering community? You don’t have the right to be an advocate for anybody. You should be an advocate for the truth.
- [General discussion in the room and with the panel about using canned quotes from press releases without saying they were not the result of interviews; with ties too close between press coverage and advertising revenues in some media; with journalists and bloggers and industry pundits not disclosing business relationships when reporting.]
- A lot of truth comes from users. But it is hard for the press to get to users, because they don’t want to be advocating, either.

Don’t mess with the guy who buys weekly, by the barrel? The media is under fire. Companies now have more power. Corporate America has the upper hand. But the pendulum will shift back.

- [from a member of the press in the audience] The media is changing. What is a journalist? Using quotes from a release is not legitimate journalism. If the editor and publisher of a publication are the same; that’s not good. Journalists should add value to releases.
- Readers are changing, too. They are getting more sophisticated. You can tell if what you are reading comes from a release or from “new” news. You learn to trust certain media or columnists or journalists.
- And PR is not the only basis for making a decision. It influences your decision, but not to a great degree.

I’ve read some stats about marketing. Evidently, any company that spends less than 10% on marketing invariably succeeds. Technology companies traditionally spend about 5%. If you spend less than 3%, you invariably fail. Those with the most marketing have the highest success.

- Getting to the right marketing mix is a self-correcting problem.

I’m amazed that I haven’t heard about the web or blogs. Vendors want to get the word out; users want information. Press coverage should help. But what’s the best way? Are there changing dynamics?

- Despite what some people have said here, engineers don’t read press releases. But they will read the result of press interviews, when the information has been turned into an article.
- The #1 source of information is the web – website, online publications..
- Once a product is proven to solve a design problem, electronic media get the news disseminated.
- Engineers get information from blogs or things like Cooley or online. Someone has to vet John. We need more pure journalism, and we need more full disclosure from people writing to large audiences.