

F5 Networks Takes Market Insights to New Heights



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In the world of air traffic control, they call it “pushing tin”—rapidly guiding a vast array of aircraft into and out of airspace without a hitch. In the world of Internet traffic management, they call it F5 Networks. F5 Networks is the industry leader in Application Traffic Management, sending Internet traffic into and out of the best place at the best time. With the advent of Web services, the explosion of mobile computing, and increasingly unpredictable network environments, that job has never been more critical.

F5 manufactures intelligent, hardware-based application switches that enable enterprises and service providers to direct traffic over the Internet and deliver IP applications and Web services with high availability, performance, and security. Founded in 1996, F5 has grown to nearly 500 employees and \$110 million in revenue annually.

Because F5’s approach to directing Internet traffic is breaking new ground and solving increasingly complex challenges, the company’s product management team is on the frontlines of the industry, analyzing new market opportunities and gathering intelligence that will help the company build market-driven products. As a hardware company, F5 needs adequate lead-time to build those products and bring them to market. Consequently, the product management group must be able to accurately predict market trends and demands some 18 months or two years into the future.

According to Dan Matte, vice president of product marketing and management at F5 Networks, “We are, in effect, placing a bet far into the future about what the world will look like based on our research. The cost to change course is higher in a hardware or blended environment than in a pure software environment. From my perspective, having a sound methodology to help us gather information and predict market needs is absolutely critical.”

A Catalyst for Change

Trouble is, the product management team at F5—like most companies—was too bogged down in tactical chores to focus its resources on strategic marketing. “We spent too much time on sales support and demos, even wrote copy for our marketing

communications group,” remembers Matte. “We burned our cycles doing projects that other people in the organization were quite capable of doing. We didn’t pay enough attention to the strategic things that would matter most to the company over the long run—like analyzing our market or evaluating our sales pipeline to determine the impact of different positioning on product profitability.”

He continues, “We knew we had a problem. Like many things, admitting you have a problem is the first step. Our next step was to call in Pragmatic Marketing® for a highly-focused seminar on strategic product management. We needed a shot in the arm to get back into gear and work smart. Pragmatic was the catalyst to change our focus, and for us, that change was wildly successful.”

Maximizing Customer and Prospect Interaction

In its product management seminars, Pragmatic Marketing offers a blueprint for strategic product marketing that focuses on communicating with target market segments in order to address high-value prospect problems. For F5, that course sparked a renewed emphasis on maximizing customer interaction. “We have dramatically improved our process for collecting customer requirements and our knowledge of what’s going on in the market—with

customers and prospects alike, even companies that evaluated our gear and chose not to purchase it,” says Matte. “We have always been good at visiting people, but we changed the back-end methodology in terms of what we do with the data we collect. Today, we are better at taking inputs and putting them in the ‘big blender’ to determine how to boost our revenue by doing what’s best for the market.”

F5’s customers have noticed the difference as well. “Our customers love the interaction they have with us, the opportunity to add their two cents to what happens with the products over the long term. We pick their brains about how they use our products and the new challenges they want to tackle and how we fit. Those interactions have been priceless,” he remarks. “Now we are in the process of spreading that net more widely around the globe, and we’re paying more attention to the opinions of people who are not yet F5 customers. Talking to more prospects has revealed an increasing percentage of people who are not highly network savvy, but are knowledgeable about Windows. In product management, we need to address that persona in order to enter new markets and capture those potential customers.”

The Voice of the Market

As a result of those efforts, the product management team has taken on a leadership role within the organization. “When people at F5 want to find out what is happening in the industry and where we’re headed, product management is the first stop for information. They look to this group to provide guidance about the market—through requirements definition, positioning documents, personal interaction, and public speaking. When someone wants to hear the voice of the market, they come to the product management group.”

For Matte and his team, the most tangible difference from implementing the Pragmatic methodology comes from being able to point to actual, underlying data to support decisions. “For example, we can go to the development



Case Study

team and say, 'For our Big-IP® product, 92 percent of the people prefer a graphical user interface,' he explains. "We now have concrete data to steer our products in the right direction."

Another example of the value of hard market data resulted from research about the company's iControl™ interface, a subscription-based traffic management service. Says Matte, "We discovered that while numerous people were downloading the tool, a relatively small percentage were actually implementing and using it. So we conducted a survey to identify the steps they went through and determine where we were losing people along the way. In that process, we identified two distinct drop-off points and focused our efforts to help customers get past them and begin utilizing the solution. When we presented to our executive team, rather than speaking in generalities, we were able to state exactly what was happening, why it was happening, and what we needed to do to fix it. That data made the story crystal clear for our executives."

He adds, "The ability to quantify what we are seeing has made a big impact internally. Beyond that, the team can now articulate what it is that the market is asking for in a way that makes sense to different audiences within the company. That is a huge win, because now everybody can use his or her own expertise to do the best job possible based on the information we provide."

Making a Statement with Positioning

To communicate that market information, the product management group has created and distributed compelling positioning statements to various organizations throughout the company, including Development, Sales, and Marketing Communications. The impact of this solid data on time-to-market for effective products and sales tools has been profound.

Matte offers an example, "Our marcom team has done a wonderful job of using the positioning statements to drive entire ad campaigns. Previously, we spent a lot of time in meetings, lots of email back and forth, lots of iterations of ad copy. With clear, consistent market direction, our marcom team can run with it and produce high-impact campaigns, which they have done very well.

"That frees product marketing to evaluate different ways to target messages to different groups and assess what is most effective. As a result, we can target resources and budget toward the more effective programs and messages—and maximize our return on investment," he emphasizes.

The Pragmatic methodology has also strengthened the team's interaction with the development organization. "We have always had a good relationship with Development, and they trust our gut instincts," says Matte. "But without real market data to guide product direction, agreeing on releases takes a little more convincing. So customers might not see desired enhancements in the next version. Or a release might not be quite on the mark. With this market-focused approach, that doesn't happen. In fact, we included developers in the Pragmatic Marketing training, knowing it would be good to have more folks embrace this methodology. One of the developers who attended the session said, 'Thanks for including us in today's session. This was one of the most valuable seminars I've been to in five years, heads above other seminars. We should meet in the next month and plan how to enhance the next release.' That's pretty impressive."

Strengthening Team Effectiveness

For Matte, the biggest impact of implementing the Pragmatic methodology has been increasing the overall effectiveness of his product management team. "If I were speaking as one manager to another, I would say with confidence, 'Follow the Pragmatic Marketing approach and become more effective.' For us, Pragmatic was the only solution. Among all the information that crosses your desk, you can always spot people who have been to a Pragmatic course. When you look in their offices, the seminar manual is on the desk and it's open. Or the grid is pinned to the wall. It's one of the few tools you refer to again and again. To me, that speaks volumes about the value of the program."

He concludes, "At the end of the day, the Pragmatic methodology helps both our top line and our bottom line. We can point to increased effectiveness in terms of how we spend our marketing dollars and manage the cost of goods sold. Ultimately, we can point to how we have increased revenues by entering new markets or addressing our existing markets more effectively. Those are all direct results from embracing the Pragmatic methodology."



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