Growing Drupal Business

2014 DrupalCamp Alpe Adria, Portoroz (18-May-2014)

Session Content

- MontenaSoft: About Us
- Start a Drupal-based company
- Matching with right customers/projects
- Growth, strategy & internal organizations
- Q & A

MontenaSoft: Company profile

- Since 2008 in Drupal business
- Medium & big community web sites
- government agencies, NGOs, entrepreneur websites, small & medium business, intranet, marketing agencies…
- http://montenasoft.com/en/projects

Why this session

Focus in Ljubljana:

Clients: selecting right Drupal provider for projects

https://www.youtube.com/watch?&v=5DYp08UiPwE

But... the audience asked questions about smth else :-)

Focus in Portoroz:

Drupal Companies: Growing Drupal business beyond one man show

Are we qualified (who the *** are you to lecture me)?

In short, no :-)

6 years in Drupal biz (100%) but only team of 10+ persons...

however, we survived

No prescriptions (like here),

But some ideas & numbers

Thanx, can I use your biz model?

No – but feel free to use the concepts

Why "no"? Unfortunately, not anyone is suited for:

- Starting an IT company

- Surviving in the market

- Get organized (enough)

Qualities needed

- You are brave/crazy/desperate enough
- You can manage excessive work load
- You can manage the legal part
- You can sell enough to grow properly
- You can manage the cache flow
- You like to work with other people

… and you are proud
  to be a technology freak

=> you look like this:

Start: Do not do it alone

- Microsoft (Gates, Balmer)

- Apple (Steve Jobs & Wozniak)

- Hewlett-Packard (the name says it all)

- Google (Page & Brin)

- Acquia (Dries + bunch of other guys / Tom)

Pattern: techno geek + vision seller

People who are alone lose courage & focus **easy**

Become a Drupal geek

- visit DrupalCamps & Cons

- Contribute to Community & drupal.org

- be ready to work hard (12hr+) for 6months+

(Drupal is not everyones toy, but you can learn a lot of crazy and wonderful people along the road)

Paying bills problem during "become-geek" phase?

Get financed by someone else:

- Your parents/girlfriend/boyfriend/state/university

- Working in IT Company? => convert your boss to Drupal

- Join a Drupal focused company

Become a Drupal seller / visionary

- <u>First</u>, try to become a Drupal geek

- If that fails, you will have pretty good understanding about Drupal, so you are (perhaps) capable of selling

- To whom should I sell?

  –Tip: section "Solutions" on other web sites

  – Do your homework

  (political parties? Markt. agencies? connections? Businesses in my country & abroad?

  Trade Chamber? Venture capital? HiTech companies? NGOs? ......   )

  – Make a top notch website for your company

- What to sell? A <u>vision</u>

Positioning of a Drupal company

- In regard to commercial software

(comes later, if you survive)

- In regard to "similar" open source products:

1) You are NOT a "*I am doing Blogs*" (WordPress does it better)

2) You are NOT a "*I am doing Shops*" (Magento does it better)

3) You are NOT a "*I am doing Presentation website*" (Joomla does it better)

You are offering **all together and beyond**

Offer a business consultancy for solving problems around holistic and sustainable IT solution

Web projects – Positioning (small/medium/high)

Project Description	Work Description	Man / Days
SMALL: 10 Pages	Design	2
	Production	2
	Sum	**4**
MEDIUM: 50 Pages / 10 Templates	Research	3
	Design	8
	Production	5
	Sum	**16**
HIGH: 100 Pages / 20 Templates	Research	4
	Design	14
	Project Management	12
	Production	25
	Sum	**55**

Source: Austrian Designer Association – Web projects guidance

ENTERPRISE

- Amount of work grows exponentially with number of pages/templates

- Drupal can work very well beyond "high" area in this table

- There is nothing small (&simple) with web

Surving the gap to enterprise

You have learned smth about Drupal, so you know:

Drupal goes straight to enterprise biz with its capabilities =>

small projects does not pay off (except as paid learning)

Did you had 1M € turnover in last year? No? Then...

Match with big Drupal providers, Media & Marketing agencies, other IT companies. Learn to sell your services as solutions, not technology.

... but show your technological strengths as well

• Learn how to address enterprise business (Contracting/Bidding/Comm)

• Learn usual processes in enterprise (Issues-related approach) (YouTrack), continuous Integration (Jenkins), ...

Managing Workload

- When you start, you will try to do everything (WRONG)

    – Amateurs tend to underestimate things that they know nothing/little about

    – Define a team and define the responsibilities precisely

    – Be one step ahead of your customers (in terms of product strategy) <=> consultancy means to manage your customers, not your work

- When you grow, you will be overwhelmed with projects/client requests; define processes how to handle it

- Count width lost nights & weekends & holidays => learn how to deal with your personal life before you go nuts, then manage a way not to do that any more

Importance of References

Build up your references to attract new customers.

Enterprise customers oft do not want to give references to subcontractors.

Strategies around:

1) Trade hourly rate against ref. letter

2) Offer partnership

3) Ask for a mail that describes what your client thinks about you (so at least you can use a phrase "We have worked for *X* on *Y thing*"

4) Ask for permission to write a blog "We have worked for *X* on *Y*"

5) Ask that your new potential customers can talk with someone in *X* that you already worked with

6) SaaS (develop your own products)

Growth – the magic number 6

Number of people in team:

~~1~~, 2, 3, 5, 6,   8, 15, 25, ...

• Starts as Fibonacci, but with 5+ people, you need structures
   (you have now some recurring customers, min 50% resource coverage

   and 2+ projects always in the pipeline)

• You need to invest in tutoring (currently no free talents on the market)

• Accept that Drupal is not everybody's darling (25% fluctuation)

When to start thinking about growth:

(Experience values from CXO event on DrupalCon Prague)

• **expense structure covered & have 3months+ reserve**

• **60% of your income comes from recurring customers**

Giving back to the community

Giving back is important:

- Build up an Open Source reputation

- Hands-on knowledge of technology

- You are feeling well :-)

From management point of view:

- Your only QA for new customers (no certificates <u>currently</u>)

- Your team is doing interesting work

   (enterprise projects are oft "slow" and give less inspiration)

- You are ahead of trends & can consult customers properly

Matching with commercial vendors

We are talking big here (50k+ marketing budgets for winning a single quote)

Hard to solve:

- commercial v. offer extensive support => **find help beyond Drupal**

- commercial v. do intensive marketing => **sell community & freedom**

- commercial v. have specialized teams for pitching processes (pay them) =>

    1. **be ready to risk unpaid work** (oft requested in pitching)

    2. **point customers towards ToC** (commercial v. see pitching development costs as covered through licensing and expensive support)

- Enterprise pitching is **expensive in time & resources** (can last 6m+) =>

    1. Don't relay on that (that you will win a project)

    2. Do it ONLY when you can make a living from recurring customers

Q & A

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