A NEW PARADIGM FOR BRINGING NEW PRODUCTS TO MARKET

The present specification relates to a unique method for bringing new software products developed by small enterprises to market quickly and cost effectively, using a new paradigm that does not follow the traditional techniques of market development.

More specifically, the present system describes a new concept called a Focused Sales Enterprise ("FSE") that has Specialized Sales and Support Fleets ("SSF") with established relationships with targeted customers and use such relationships to introduce new software products in specific market sectors. This new paradigm introduces for the first time a methodology to overcome the principle obstacle for the entrepreneurial start-up company to achieve commercial success - the cost and time required to build and effective sales, marketing and technical support infrastructure, without which software products cannot achieve market penetration.

BACKGROUND

The path of any start-up company from conception of a product to market is very difficult and plagued with significant barriers to commercial success. This path typically follows that diagramed in FIG. 1. The left-most block, point A, is the beginning of a novel idea for a product. The idea stage shown at the far left is the germ of an idea -- something that entrepreneurs often do well.
The idea is first transformed into a prototype product, shown as the center block in FIG. 1. In the case of a software company, the prototype product is usually the first generation version of the software program. Typically, the prototype is funded by a first round of financing, shown as VC1. VC1 is often obtained from friends, relatives or from the entrepreneur’s own personal funds. This money allows the entrepreneur to do what he is best at doing -- working on technical aspects of the product. If the idea works and the technical skill-set is sufficient, the company ends up with a prototype shown in the center block of Figure 1.

While the first round of venture capital VC1 allows the entrepreneur to do what he or she does best, the next round of financing, shown as VC2, is intended to transform the prototype into a commercial product to be mass produced and marketed. This transformation requires a host of new skills and functions. For a software company, those functions include sales, marketing and technical support. Not only is each of these functions expensive, but they often require skills that are very different from the entrepreneur/product developer’s skills.

Hence, unlike the first round of financing that requires the entrepreneur to do what he or she does best, the second round of funding requires the entrepreneur to do new things, typically things he or she is not skilled in doing.

Because the creation of a sales and marketing force and technical support services capable or national or even
international reach is very expensive, entrepreneurs and small companies have faced a number of unattractive alternatives. They can either attempt to build their own distribution network from scratch or they can use existing distributors of software products. Even if the entrepreneur is able to get funds to build his own sales force (which rarely happens given the cost of developing such a sales force), the revenues from the single product of small family of products that the small software company has is almost never enough to justify the cost of building an independent sales force. The problem with independent distributors is that they tend to be order takers, without the specialized skills required to sell software applications to sophisticated, particularly corporate, users.

The present inventors recognize this is the point where most entrepreneurial software companies fail. Each year, there are many new software products that are developed by creative entrepreneurs. Often, such products have superior features and benefits to competing products in the marketplace. Unfortunately, many of these products never achieve commercial success due to the lack of a cost-effective and timely method to bring such products to market. The entrepreneur simply cannot easily bring the product to market and compete with the major companies who may have inferior products but a strong foothold in the marketplace and technically skilled sales forces who are able to achieve substantial market penetration quickly.
There are several critical entry barriers, summarized below, that prevent entrepreneurs from effectively marketing and selling even superior new products in a timely fashion:

1. Typically, financing (from whatever source, usually venture capitalists) cannot be obtained in significant amounts unless the enterprise is earning profits or showing rapid revenue growth. Because revenue growth and profits depend on sales, and sales depend on an effective sales and marketing force, the entrepreneur faces an irresolvable problem. He or she cannot get sales and profits without a substantial sales force, and without profits, he or she cannot get the funds to build a significant sales and marketing force.

2. Customers are often reluctant to purchase new software products from a start-up company due to the uncertainty of whether the new company will continue to be in business, whether it can provide adequate technical support and training for the product and whether the company will have the capacity to provide the necessary upgrades and product enhancements to keep the product current with the state of the art.

3. It has become a commonplace in software development that the company that first achieves the greatest market share often achieves near total market dominance. In software, unlike many other businesses, there is a vast difference between being number one or
two in the market and anyone else. Software markets, in whatever field, tend to be dominated by one or two players; as many companies like Microsoft, IBM and others have demonstrated repeatedly, the ability to penetrate the market quickly is often more important to achieving that status than is superior product quality.

In the software business, at least, the traditional VC2 model poses risks both for the investor and for the company. The investor desires to minimize his risk and maximize his return. As such, VC2 inevitably places significant limits on the use of his money. Some money in a business plan designed to bring a product to market is always allocated to sales and marketing, but almost inevitably it is not enough to bring the product to market in a manner that can achieve market dominance.

The traditional VC2 approach also poses problems for the business. Often the restrictions that VC2 places on the ability of the business to get additional funding for sales and marketing leaves many companies in a state of chronic under-capitalization -- in which they do not have sufficient capital to adequately market their product. Many software companies, even if they do obtain financing through the VC1 and VC2 stages, fail because they simply do not have and cannot get the resources to bring their products to market, however good they may be.

In short, the cost of developing a national (or international) sales force for their products is simply
overwhelming for most start-up companies. Even if a sales force starts to be developed, a single product is simply not enough to "fill a salesman's bag" and enable him to earn a living in a confined geographic region. Thus, many software applications companies with excellent products, that have significant commercial acceptance, are simply never able to achieve their full potential because the cost of developing an effective distribution network is simply too great.

It is not an accident that a few large software companies such as Microsoft, IBM, Oracle, Symantec and SAP (for enterprise software), more often than not eventually become the purveyors of market dominant software programs. The small software companies find it difficult to compete effectively in today's marketplace. In some instances, the large companies will acquire promising start up companies, but that has the disadvantage of causing the entrepreneur to lose his or her autonomy totally. It is the entrepreneurial autonomy of these companies that is often the well spring of their technical excellence. Usually, loss of autonomy is undesirable.

**SUMMARY**

In response to the above recognition, the present application defines a new paradigm called Focused Sales Enterprise (FSE) to bring new software products from entrepreneurial start-up companies to market quickly and effectively. This new paradigm introduces for the first time a methodology to overcome the principle obstacle for the
entrepreneurial start-up company to achieve commercial success - the cost and time to effectively bring a new software product to market. In a disclosed embodiment, the FSE is made up of specialized sales fleets (SSF) who have existing relationships with targeted customers and can easily use such relationships to introduce new software products that the customers require.

The present paradigm is effectively an alternative to the second round of financing shown as VC2 in Figure 1.

A highly trained sales and marketing force with a built-in customer base adapted for bringing new products to market is used. The sales force is trained in a way that optimizes their ability to sell a number of different products having certain commonalties. The software developing company maintains its autonomy, unlike the case where they are acquired by a software giant. The marketing and sales is done without a capital investment on the part of the start-up company, i.e., the start-up company pays no cash in return for the successful commercialization of its product. More generally, the start-up company assigns a percentage of an income stream, e.g., a percentage of profit, a percentage of income from the software, or an equity interest in the company, to the FSE. The start-up company retains its independence, does not require additional layers of management, and can continue doing what it does best -- inventing and improving software products. The start-up company does not need to come up with cash (a commodity in chronic short supply in start-up companies). Finally, the start-up company does
not need to waste time and effort on building a business plan for sales, marketing and technical market support for its products; it will be enough to demonstrate the technical excellence and market appeal of the product. Another enterprise, skilled in the business of sales and marketing will become a partner of the entrepreneur and will push the product to market.

This paradigm compares with the traditional VC2 route where the entrepreneur uses outside financing to re-invent a marketing system and scheme. It also compares with the takeover route, in which the start-up company loses its autonomy. In summary, the FSE paradigm overcomes all of the principle barriers preventing entrepreneurs from successfully commercializing their new software products in the marketplace.

BRIEF DESCRIPTION OF THE DRAWINGS

These and other aspects will be described with reference to the accompanying drawings, wherein:

FIG. 1 shows a flow diagram of the usual process of bringing a product to market; and

Table 1 shows the company’s structure as formed using the paradigm described carried out according to the present specification.

DESCRIPTION OF THE PREFERRED EMBODIMENTS

Table 1 shows the basic company structure of the FSE.

Table 1. Focused Sales Enterprise Concept
<table>
<thead>
<tr>
<th>Specialized Sales Fleet</th>
<th>Software Products</th>
<th>Target Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Manufacturing</td>
<td>Statistical Process Control</td>
<td>Company A</td>
</tr>
<tr>
<td></td>
<td>Production Planning</td>
<td>Company B,</td>
</tr>
<tr>
<td></td>
<td>Inventory Control</td>
<td>Company C</td>
</tr>
<tr>
<td></td>
<td>Materials Resource Planning</td>
<td>Company D and</td>
</tr>
<tr>
<td></td>
<td>Executive Management Information</td>
<td>Company E</td>
</tr>
<tr>
<td></td>
<td>Engineering Archive Management</td>
<td>Company A &amp; B</td>
</tr>
<tr>
<td></td>
<td>Optimization Modeling</td>
<td>Company C &amp; D</td>
</tr>
<tr>
<td></td>
<td>Purchasing Control</td>
<td>Company D &amp; E</td>
</tr>
<tr>
<td>Basic Technology</td>
<td>Control Chart Analysis</td>
<td>Company F</td>
</tr>
<tr>
<td></td>
<td>Design of Experiments</td>
<td>Company G,</td>
</tr>
<tr>
<td></td>
<td>Finite Element Analysis</td>
<td>Company H and</td>
</tr>
<tr>
<td></td>
<td>Source of Variation</td>
<td>Company I</td>
</tr>
<tr>
<td></td>
<td>Material Property Optimization</td>
<td>Company F &amp; G</td>
</tr>
<tr>
<td></td>
<td>Database Management</td>
<td>Company F &amp; I</td>
</tr>
<tr>
<td></td>
<td>Document Management</td>
<td>Company F, G &amp; I</td>
</tr>
<tr>
<td>Basic Legal</td>
<td>Patent Management</td>
<td>Firm A</td>
</tr>
<tr>
<td></td>
<td>Litigation Management</td>
<td>Firm B, Firm C,</td>
</tr>
<tr>
<td></td>
<td>Case Management</td>
<td>Firm D, Firm E,</td>
</tr>
<tr>
<td></td>
<td>Archive Management</td>
<td>Firm F &amp; Firm G</td>
</tr>
<tr>
<td>Basic General</td>
<td>Executive Information Management</td>
<td>Company A</td>
</tr>
<tr>
<td>Administration</td>
<td>Human Resource Allocation</td>
<td>Company B,</td>
</tr>
<tr>
<td></td>
<td>Salary Administration</td>
<td>Company C,</td>
</tr>
<tr>
<td></td>
<td>Benefit &amp; Insurance Reporting</td>
<td>Company H &amp; I</td>
</tr>
<tr>
<td></td>
<td>General Ledger</td>
<td>Company I</td>
</tr>
<tr>
<td></td>
<td>Financial &amp; Budget Control</td>
<td>Company A, E &amp; H</td>
</tr>
<tr>
<td>Basic Medical</td>
<td>Computerized EKG's</td>
<td>Hospital A</td>
</tr>
<tr>
<td></td>
<td>Case Management</td>
<td>Hospital B &amp; C,</td>
</tr>
<tr>
<td></td>
<td>Document Management</td>
<td>Doctor A,</td>
</tr>
<tr>
<td></td>
<td>Finance Control</td>
<td>Doctor B,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Doctor C, HMO</td>
</tr>
</tbody>
</table>
As can be seen from the diagram, the FSE has six specialized sales fleets in basic manufacturing, technology, legal, general administration, medical and sales. The basic manufacturing specialized sales fleet has several sales people (from 2-200) who call on manufacturing representatives from Company A, B, C, D and E. These sales people have developed relationships with appropriate company representatives, are highly trained in their particular functional areas, and understand as a general matter how new software must be integrated into an existing information system in a complex enterprise. As a consequence, they have a high degree of credibility when introducing new software products to a customer since they have worked with the customer’s employees in specialized functional areas and understand their customer needs. As an example, when an entrepreneurial start-up company has developed a new Statistical Process Control software package that offers superior features and benefits to the competitive software, the Basic Manufacturing Specialized Sales Fleet of the FSE can be expected to do an very effective job of introducing the new product to a nationwide customer base in a
timely and cost effective manner. This avoids the problem associated with building a new sales force and making “cold calls” to new customers. Because each Specialized Sales Fleet handles a number of functionally related software products, the salesman who is primarily paid on a commission basis, has a sufficient product mix, a “full bag”, to enable him to earn a living selling software.

The Specialized Sales Fleets are also backed by technical support representatives who are centrally located and are skilled in a number of different software products. The ability to provide round the clock technical support for software products from inception is another advantage that the FSE can provide the entrepreneurial software company.

The FSE provides the entrepreneur precisely what he would otherwise spend months or years trying to finance and build – a trained sales and technical support force with nationwide or transnational coverage capacity. In addition, the FSE overcomes the reluctance of customers to do business with a new start-up company; the entrepreneur is able to piggy-back on the credibility, financial strength and contacts of the FSE. Hence, the introduction of new software products to the market becomes simple, cost effective and fast as summarized below:

1. The entrepreneur enters into a long-term agreement with the FSE to share the profits from the sales of the new software product that the entrepreneur’s start-up company has invented.
2. The SFE assigns the new software product to the Specialized Sales Fleet with the contacts and experience to effectively market and sale the product to its targeted accounts.

3. The Specialized Sales Fleet uses its existing built-in customer base to promote, market and sale the new product in a timely and cost effective manner.

4. The FSE’s technical support employees provide round-the-clock technical support for the new product from the first day the product is introduced.

5. Profits from the sales of the new product are then distributed according to the agreement reached in step 1, above.

6. The entrepreneur has retained his independence, has limited his capital requirements, retains focused on his primary skill set (product development), and gets his product to market quickly, perhaps quickly enough to achieve market dominance in his niche.

This paradigm also offers significant efficiencies in the selling and technical support processes. Sales training could be greatly simplified since the SSFs are organized along functional lines and the various software programs will have a number of common aspects. In addition, the process of selling software in a large enterprise, involving a number of decision-makers and repeated follow-up to close the sale, will be common features for all of the products offered by the SSFs. Knowledge of the process
for selling software in a complex enterprise by itself will be a
significant advantage possessed by the SSFs. All of these items
are part of a common training mission.

Sales management is also more efficient. A manager in a
particular region can manage a number of different sales people
even if they are selling technically distinct products because
similarities in the sales processes for companies within a
specific market sector allows the manager to effectively oversee
the sales process.

The FSE can also significantly assist the marketing efforts
of an entrepreneurial software company. Although the entrepreneur
can be expected to have an acute understanding of the market need
that led to the development of his own product, he may lack the
understanding of how his product must be integrated with other
products in a large enterprise. The FSE, with its SSFs and
centralized marketing department can be expected to offer
significant advantages to the entrepreneur. For example, the
FSE’s marketing department can market a number of different
products. The types of visual, computer based sales tools that
are used to demonstrate and sell applications software are
similar for much software, and a single marketing force can
develop marketing materials for a variety of different specific
applications products.

By offering a variety of related products, sales force
retention would be expected to increase. The salesman has a
number of products to sell. This allows the salesperson enough
products to earn a very good living even given the long sales 
cycle for most of the products that will be handled.

Finally, the model offers a hedge against perhaps the 
greatest risk in the software business -- the sudden obsolescence 
of a product by a superior technology. For the FSE, having a 
number of products to sell diversifies that risk. For the 
entrepreneur, the ability to focus his efforts and capital on 
product development and to get those products he does develop to 
market quickly and inexpensively are his best hedges against 
product obsolescence.

According to the paradigm, each of the start-up companies 
pays the FSE to commercialize its product in return for a 
percentage of the profits from the product sales. There is no 
requirement for the start-up company to give up equity, as in the 
case of securing financing from venture capitalists. The start-
up company pays no cash in return for the sales and marketing of 
their new software products. The start-up company therefore 
maintains, in many ways, its financial and philosophical 
independence and autonomy. One option is for the start up 
company to give up equity. However, even then, the company does 
not give up the ability to direct future company operation, as 
would be the case if a VC were included.

FSE has established specialized sales fleets (SSF). The SSF 
focuses on a particular market segment, as for example 
manufacturing software. There could be one or several SSFs. 
Each SSF sells products that can be handled by the same kind of
marketing team. As an example, the manufacturing specialized sales fleet promotes software products required by basic manufacturing plants such as statistical process control, production planning, inventory control, materials resources planning, quality assurance, document control and so forth.

Sales

The SSF for manufacturing software includes trained salesmen with existing marketing channels. All of the software products, handled by any one SSF, must have some commonality. All products assigned to the SSF should be in demand by specific targeted customers. The salesmen simply receive a training course on the characteristics and operation of the new software package being added to the marketing bag, as well as pricing information and how the product can be integrated with other software products commonly in use in their functional area. They begin, literally the next day, marketing the software through their existing channels.

Each of the salesmen is trained regarding techniques to close a sale requiring approval by a number of decision-makers within the enterprise (for example, the manufacturing department, the management information system department, the local and wide area network managers, the finance department, etc), and how to effect repeated follow-up to close the sale. The salesmen are also trained regarding visual, computer-based sales tools that are used to demonstrate and sell applications software. Each of these techniques is similar for all of the software in SSF.
Note the significant advantage as compared with the start-up company attempting to carry out the sales on its own. In that case, all salesmen would be new salesmen, typically inexperienced, or inexperienced in that specific product. Moreover, such salesman would not have a built-in customer base. In addition, given the long, often many months lead time required to close enterprise software sales, the salesman with a single product to sell would most likely simply not be able to make a living in a limited geographical area.

10 Technical Support

The SSF can also include technical support channels. Technical support may be done by either company itself, or can be shared between the FSE and the start-up company. Technical support could also be handled by the FSE, which enables economies of scale for the same reasons as those discussed above. The cost of phone lines, e-mail, and infrastructure could be spread over many products. The technical support experts could also be trained in these multiple products. Each technical support query is first routed to the tech support department at the FSE. The products are somewhat similar, and hence many of the technical support questions will also have commonality. This should enable a jack-of-all-trades technical support person to answer most technical questions.

The relatively few more-difficult technical support issues can then be forwarded to a specialist, e.g. an engineer at the
start-up company. This also minimizes the investment in manpower needed at the start-up company.

The greater financial strength of the FSE permits another unique marketing advantage not presently available to start-up companies, the ability to warrant that technical support for the software product will be available for a certain period of time regardless of the fate of the company that actually developed the product.

Manufacturing

The FSE has manufacturing capability for each of the products within the SSF, including established relationships with manufacturers of such products. In the software arena, this manufacturing capability may be, for instance, an ongoing pre-negotiated deal with a commercial CD duplicator. The entire fleet may use the same manufacturer to maximize volume discounts and increase profits for both the FSE and the start-up company.

Advertising

The FSE also handles advertising. Since the FSE may market and advertise similar products, they already have an experience base about which techniques of advertising work best. The advertising media can include advertising in written media (magazines, newspapers etc), radio, television, and infomercials.

Advertising contacts are already made and credit with the advertising media is already established. This enables advertising to begin virtually immediately, with no learning
curve or start-up. The FSE also knows which advertising sources and forms are likely to produce the best results.

Moreover, economies of scale can be obtained since the advertising media often grant discounts to their largest advertisers. While a small software company on its own would pay the least-preferred rates, the FSE advertises enough to get the preferred rates which are usually only given to the software giants.

**Legal**

The FSE also includes a legal section, which handles the licensing with the start-up companies, bonding, and any enforcement issues. One main advantage of the FSE is the security given to the purchasers. An agreement, the details of which are described below, and the size and capitalization of the FSE, ameliorates some of the usual fear of investment in software of a small company. Here, the FSE can promise to keep up the software to avoid the fear of an undercapitalized or even insolvent company. This can take the form of a warranty by the FSE based on assets of the FSE. An alternative is for FSE to post a bond.

It is believed that the paradigm of warranting that the software will be supported for a specified time is a totally new way of marketing.

The agreement between the FSE and the start-up company includes the following points:

The FSE takes the following rights:
a) Some percentage of the profits from the sales of the start-up company’s new software product.

b) The exclusive right to market the product in specified territories for a substantial or even perpetual period.

c) An irrevocable assignment or exclusive license to all intellectual property in the product, with rights to enforce, including patent rights, trademark rights, copyright, and trade secret rights. Trademark rights may be especially important since they can prevent NewCo from marketing any product under the same name. FSE, as part of its efforts, builds up goodwill in that name, and therefore obtains all rights to use the trademark. This can also be a hook that prevents the start-up company from trying to market later versions of the same product without the FSE.

d) An explicit agreement from the start-up company that the start-up company will use best efforts to keep the software current, and work on future versions of the software. Also, an agreement that the start-up company will subject future versions of the software to this same agreement. Finally, an agreement by the key personnel of the start-up company, not to compete in a specified market, for a fixed time (e.g. 2 years).
e) The right to obtain and maintain all intellectual property for the independent companies as well as the right to selection and maintenance of counsel.

f) The right and obligation to take over the software in the event of default, or financial instability, or loss of key personnel by start-up company.

In return for this, the FSE gives:

a) Access to its marketing, sales, advertising, and infrastructure services as described above, as well as a warranty that sufficient resources will be provided to maintain the marketing, sales and manufacture.

b) A guarantee of best efforts, including best efforts to procure and enforce and police the intellectual property of the start-up company.

c) A warranty that, should the start-up company become insolvent or ineffectual for any reason including lack of funds, loss of key personnel, or other, that FSE will maintain the software, and will keep the software available and up to date as long as the software is not obsolete. When this happens, FSE becomes owner of all rights, with its obligation to pay a predetermined royalty to the start-up company.

Taking a more concrete scenario, while the start-up company (NewCo) is operating, NewCo takes about 50% of the profits, assuming a 50/50 split between NewCo and the FSE. These numbers
are, of course, merely exemplary. In this case, NewCo maintains its autonomy, and collects royalties. NewCo maintains the software technically, and is working on upkeep of the software. NewCo is also doing some of the more technically intensive technical support.

NewCo maintains its autonomy, and collects about 50% of the gross profits with very little ongoing effort required.

If NewCo becomes insolvent, normally the software company would go out of business. Once going out of business would leave an unsupported base of software. Many companies’ fears about small software companies are based on this scenario. Under this paradigm, however, when NewCo is no longer able to support the software, the FSE commutes the existing agreement to a royalty-bearing license. This is a win-win situation when compared with the scenario of the independent company going out of business. Here, in contrast, FSE takes over the software, and either uses its own people to keep up the software, or uses or organizes a new company to keep up the software. FSE continues to market the software, continues to support and advertise the software, and effectively goes on in NewCo’s shoes. FSE pays a reasonable royalty (e.g. 10% of profits) to the former stockholders of NewCo. This produces an additional safety valve for the investors, who receive an additional assurance of a continuing income stream, even if NewCo becomes insolvent at that point.

A number of advantages of this new paradigm are described below. One of the more important advantages is that there is
virtually no learning time and therefore no learning cost for adding a new product to the marketing system in this paradigm. Hence, the time to introduce a new software product to market is significantly shortened. In the conventional technique described above with respect to Figure 1, at least a portion of VC2 is provided to teach the company how to market a product, including finding marketing channels, meeting people, finding advertising channels, etc. Here, no learning is necessary after the SSF is first set up. Therefore, the capital investment is effectively more efficient, since the capital investment does not include payment for a learning curve.

Referring to a more concrete example, NewCo, is at the middle stage in FIG. 1. They have a prototype of a software package that operates for a specific purpose. They are looking for $2-$3 million in venture capital. The venture capitalist will require a detailed business plan. Preparation of the business plan requires significant experience and time.

If the efforts succeed, a typical venture capitalist “VC” may put in $2-$3 million and, in return for that investment, take 40-60% of the company. The VC also watches the money to be sure that it is not squandered. Under the strict eye of the VC, the company then hires the sales force, learns the marketing techniques, pays for shelf space in retail outlets, and learns all of the peculiarities of the industry.

The startup company does this only to find other barriers to entry as described above. Many large institutions have a fear of
Many small companies find that they have underestimated their capital needs. While they may have enough money to get these software products on the shelves, they find themselves cash poor, and unable to turn over their inventory, or to make further investments in the product that are necessary to keep the product viable. Moreover, it is difficult to raise additional capital, especially when the forecasted cashflow and profit from the previous round has not yet materialized. These formidable barriers to entry often cause these companies to fail.

According to the present paradigm, NewCo enters into an agreement with the FSE. This agreement includes NewCo giving a percentage of profit without the requirement to assign equity to the FSE. NewCo also assigns rights in the products and intellectual property to the FSE. These assignments protect the investment of the FSE in the product. Without such assignments, NewCo could start to market the product itself once the FSE had overcome the formidable barriers to entry that NewCo would otherwise experience.

In return for these concessions, the FSE agrees to use their experienced sales, advertising and manufacturing force to market the product as described herein.

In addition to the advantages that have been already described, the FSE is also more able to absorb the hit of a failure. If a product initially fails in the market, it could easily destroy the $2-$3 million VC investment if the independent
company were on its own. The economic power of FSE, on the other hand, allows reassessment of the market in response to a failure in the market. The causes for the failure can be determined, and the product reintroduced. Such a failure would not necessarily defeat the product immediately, as it would in the traditional capital investment arena. Furthermore, since the FSE has numerous software products sold by its SSF, a few product failures will not seriously hurt the financial well being of the FSE.

To summarize the above advantages, therefore, the present paradigm produces a significantly better system for marketing products and for allowing start-up companies to continue their operations. In this system, the existing money is better leveraged, so that the invested money is better leveraged to pay for more products. A specialized sales fleet is formed which is optimized to sell multiple products which have some commonality. This sales force is more efficient, and has sales products which change continuously, and hence do not go out of date. Significant economies of scale are obtained, as are economies avoiding the learning curve for each additional product. The FSE also uses fewer dollars per business, but has more of a pool to dip into when needed for support of the software product. This enables more money when needed for the product.

This paradigm has significant advantages for both the start-up companies and the FSE. The small companies will be able to maintain a degree of freedom and autonomy that one could never
obtain with conventional venture capital. They give up only the right to market, but maintain their own company intact. The FSE will be able to expect a continuous stream of new software products from a variety of entrepreneurs which essentially provide the FSE with a national software development network.

Although only a few embodiments have been described in detail above, those of skill in the art recognize that many modifications are intended and predictable from the disclosed embodiments. For example, additional marketing can be shared, such as a shared demo version product, which includes demonstration-only versions of the software.
What is claimed is:

1. A method of marketing a product, comprising:
   developing a shared marketing force, said shared marketing force including at least marketing channels, which enable marketing a number of related products;
   using said shared marketing force to market a plurality of different products that are made by a plurality of different autonomous producing company, so that different autonomous companies, having different ownerships, respectively produce said related products;
   obtaining a share of an income stream from each of said plurality of different autonomous producing companies in return for said using; and
   obtaining an exclusive right to market each of said plurality of products in return for said using.

2. A method as in claim 1, wherein said product is a software product, and wherein said shared marketing force includes salespersons.

3. A method as in claim 2, wherein said salespersons have training which is optimized for selling multiple related
products.

4. A method as in claim 1, wherein said obtaining a share of income stream comprises obtaining a share of profits and said using comprises using said marketing force to market each of said products without charging said autonomous producing companies for all the costs of said marketing.

5. A method as in claim 1, wherein said product is software, and wherein said obtaining a share of income stream comprises allowing each of said software producing companies to get their product marketed without paying an amount for the marketing which covers the cost of the marketing, but instead assigning a percentage of income stream from the software in return for said using.

6. A method as in claim 1, wherein said product is a software product, and wherein said shared marketing force includes a fleet section of salespersons who are trained in marketing multiple software products of a certain type, and further comprising adding an additional product, including another software of said certain type, to said shared marketing force.
7. A method as in claim 6, wherein said shared marketing force also includes an advertising force, having existing advertising relationships with advertising media, and wherein said using said shared marketing force further comprises advertising said additional software product in the same media as the advertising of said multiple software products.

8. A method as in claim 2, further comprising supporting said software products using a shared technical support fleet.

9. A method as in claim 8, wherein said supporting comprises routing each technical support inquiry initially to said shared technical support fleet, using a group of shared technical support personnel, who are shared between all of said software products, to carry out technical support for all of said software products, and only if said group of technical support personnel at technical support fleet cannot complete the requested technical support, routing said technical support inquiry to the autonomous company that produced the software being queried.

10. A method of marketing a product, comprising:
establishing a shared marketing force for common software products, said common software products each having similar
purposes such that the common software products can be commonly marketed, and said shared marketing force including a number of salesmen who are trained in marketing said common software products;

5 making an arrangement with an additional independent company to market their software product with said shared marketing force, by accepting a percentage of an income stream from said additional independent company in return for said arrangement, without requiring a payment from said additional independent company in return therefor, and adding said software product from said additional independent company to the shared marketing force;

10 marketing the software product of the additional independent company along with the other common software products; and

15 technically supporting the software product of the additional independent company along with the other common software products.

11. A method as in claim 10, further comprising identifying when said additional independent company is no longer economically and/or technically viable; and

20 responsive to said identifying, continuing to market and support the software product.
12. A method as in claim 10 further comprising, as part of said marketing, giving a warranty that the software will be supported for a specified time.

13. A method of marketing a product, comprising:

establishing a Marketing company that has a sales and marketing force that is trained in a way that optimizes their ability to sell a number of different software products having certain commonalities;

identifying software products that have been produced by multiple independent software producing companies, each of said software products so identified having said certain commonalities;

entering an agreement with each of said multiple independent software producing companies whereby each said software producing company maintains its autonomy, but assigns a percentage of an income stream to said marketing company, and the marketing company, without requiring a cash payment from said multiple independent software companies, markets and sells each of said software products,

wherein said markets and sells includes at least using salespersons to sell said product.

14. A method as in claim 13, wherein said product is a
retail product, and said marketing includes using an existing agreement between said marketing company and a retail outlet to obtain shelf space for said retail product.

15. A method as in claim 13, wherein said markets and sells includes advertising.

16. A method as in claim 13, wherein said markets and sells also includes direct sales to consumers, and each of said software products are commonly sold via a single direct sales site.

17. A method as in claim 16, wherein said direct sales site is via the internet.

18. A method as in claim 16, wherein said direct sales site is via a dial in telephone link.

19. A method as in claim 13, wherein said markets and sells includes a warranty by the marketing company to maintain each of the software products in the product in the event that the independent software company that produced a product is no longer able to support it.
20. A method as in claim 13, wherein said markets and sells includes technical support.

21. A method as in claim 20, wherein said technical support is commonly done by both said Marketing Company for said plurality of software products, and the independent software producing company for each specific product.

22. A method as in claim 21, wherein said technical support includes:

   routing each technical support inquiry, for each of said software products, initially to said marketing company, using a group of technical support personnel at said marketing company to carry out technical support for all of said software products and to initially handle said technical support inquiry; and

   only if said group of technical support personnel at marketing company cannot complete the requested technical support, routing said technical support inquiry to the independent software company that first produced the software.

23. A method as in claim 13, wherein said agreement includes transfer of all intellectual property rights from said independent software company to said marketing company.
24. A paradigm for marketing software, comprising:

a marketing company that markets software from a plurality of different independent and autonomous software companies, and carries out and pays for operations associated with marketing of software for all of said different independent and autonomous software companies, in return for a contingent share of an income stream from marketing of the software from all of said software companies, while allowing all of said software companies to retain their autonomy.

25. A paradigm as in claim 24, wherein said marketing company includes a number of fleet sections, each fleet section optimized for selling common products, that can be handled by the same kind of marketing team.

26. A paradigm as in claim 24, wherein all products are of a type which enables them to be added to the section’s repertoire without additional training to salespersons.

27. A paradigm as in claim 24, wherein said marketing includes selling via salespersons.

28. A paradigm as in claim 24, wherein said marketing
includes selling via a direct sales site on the Internet.

29. A paradigm as in claim 24, including using established relationships with manufacturers of products, and using said manufacturers with whom said relationships are established to manufacture products.

30. A paradigm as in claim 24, further comprising a shared legal section, which handles licensing with the independent companies, and also handles enforcement issues.

31. A paradigm as in claim 24, wherein said operations associated with marketing include advertising.

32. A paradigm as in claim 25, wherein the fleet section has direct sales links, including an Internet site and toll free telephone sales number.

33. A paradigm as in claim 24, further comprising an agreement whereby the independent company also assigns rights in the products and intellectual property to the Marketing Company.

34. A paradigm as in claim 24, wherein the independent company does not pay an amount for the marketing which covers
costs of the marketing.

35. A paradigm as in claim 24, further comprising using common selling tools to sell each of said software products.

36. A method of marketing a plurality of shared software products from different autonomous companies, comprising:

commonly marketing a plurality of software products from a plurality of different autonomous companies using a shared marketing force to market all of said software products;

obtaining, from each of said different autonomous companies:

a) Some percentage of an income stream for a software product, from each of said different autonomous companies,

b) an exclusive right to market said software product in specified territories,

c) intellectual property rights in the product,

and promising to each of said different autonomous companies to use its shared marketing force to market said software products, without requiring the companies to pay an amount for the marketing which covers the cost of the marketing.

37. A method as in claim 36, wherein said income stream comprises equity in the company.
38. A method as in claim 36, wherein said promising comprises promising to use its shared marketing force without requiring any payment by said companies.

39. A method as in claim 36, wherein said obtaining further comprises obtaining an agreement from each autonomous company that the company will keep the software current, and work on future versions of the software.

40. A method as in claim 36, wherein said obtaining further comprises obtaining an agreement from each autonomous company that said autonomous company will subject future versions of the software to said obtaining.

41. A method as in claim 36, wherein said obtaining intellectual property rights includes obtaining trademark rights.

42. A method as in claim 36, wherein said promising further comprises promising to take over and maintain the software in the event of default or financial instability, or loss of key personnel by said autonomous Company.

43. A method as in claim 36, wherein said promising further comprises posting a bond to pay for maintaining said software.
44. A method as in claim 36, wherein said obtaining further comprises obtaining an agreement by the key personnel of the independent autonomous company A, not to compete in a specified market, for a fixed time.

45. A method as in claim 44, wherein said fixed time is 2 years.

46. A method of marketing a plurality of products comprising:

obtaining an agreement from a plurality of independent companies who have products, said agreement which exchanges marketing rights for a percentage of an income stream, but leaves said independent companies still independent without taking money from said independent companies that is sufficient to pay for marketing said products, said obtaining being carried out for a plurality of products from a plurality of different independent companies, that can be marketed together; and

marketing said products from said plurality of independent companies together.

47. A method as in claim 46, wherein said products are software products.
48. A method as in claim 47, further comprising technically supporting all of said software products using common support personnel.

49. A method as in claim 48, wherein said technical support is co-done between a common Marketing Company and the independent company that made the original software.

50. A method as in claim 49, wherein said technical support is handled by routing each technical support inquiry initially to said marketing company, using a group of technical support personnel at marketing company to carry out technical support for all of said software products, and, only if said group of technical support personnel at marketing company cannot complete the requested technical support, routing said technical support inquiry to the independent company.

51. A method as in claim 46, wherein said marketing comprises selling via salesmen.

52. A method as in claim 46, wherein said marketing comprises selling via the internet on an internet site that sells all of said products commonly.
53. A method as in claim 46, wherein said marketing includes advertising.

54. A method as in claim 46, wherein said marketing includes manufacturing.

55. A method as in claim 46, wherein said agreement includes exclusive rights to trademarks.

56. A method as in claim 46, wherein said agreement includes an exclusive right to market.

57. A method of marketing multiple products from multiple companies, comprising;

   using a shared marketing company to market, and pay for marketing of, all of said multiple products from multiple companies, without requiring said multiple companies to pay for said marketing;

   using said shared marketing company to market all of said multiple products using a common marketing effort, where at least one marketing resource is shared to market all of said multiple products; and

   obtaining a share of an income stream from each of said
multiple companies while leaving said multiple companies independent of said shared marketing company and independent of one another.

58. A method as in claim 57, wherein said common marketing effort is a common sales force.

59. A method as in claim 57, wherein said common marketing effort is an internet direct sales site.

60. A method as in claim 57, wherein said common marketing effort includes advertising.

61. A method as in claim 57, further comprising further comprising technically supporting all of said products using common support personnel.

62. A method as in claim 61, wherein said technical support is co-done between said shared marketing Company and each of said multiple companies.

63. A method as in claim 62, wherein said technical support is handled by routing each technical support inquiry initially to said shared marketing company, using a group of technical support
personnel at said shared marketing company to carry out technical support for all of said software products, and only if said group of technical support personnel at said shared marketing company cannot complete the requested technical support, routing said technical support inquiry to the company that produced said software product.

64. A method as in claim 57, further comprising adding another product, and using said shared marketing force to market said another product.

65. A method of marketing software, comprising:
   commonly marketing a plurality of software products that were produced by a plurality of different independent and autonomous software producing companies, by using a common marketing force to market said plurality of software products;
   commonly handling technical support for said plurality of software products;
   routing each technical support inquiry, for each of said software products, initially to a common technical support paradigm;
   using a group of technical support personnel at said common technical support paradigm to carry out technical support for all of said software products and to initially handle technical
support inquiries; and

only if said group of technical support personnel at said
technical support paradigm cannot complete the requested
technical support, routing said technical support inquiry to the
independent software company that produced the software.

66. A method of marketing a product, comprising:

using a shared marketing force to market a number of
software products; and

warranting that said software products will be supported for
a specified time, said specified time being at least two years.

67. A method as in claim 66, wherein said warranting
comprises posting a bond.

68. A method as in claim 66, wherein said shared marketing
force including at least existing marketing channels, which
enable marketing a number of related products through the same
existing marketing channels; and

using said shared marketing force to market a plurality of
different products from each of a plurality of different
autonomous producing companies which respectively produce said
related products;

obtaining a share of an income stream from each of said
plurality of different autonomous producing companies in return for said using; and

obtaining an exclusive right to market each of said plurality of products in return for said using.
Abstract

A common focused sales enterprise is used to market different products from a number of different autonomous companies. A company produces a prototype product, e.g., software. That software needs to be marketed, which would require money for marketing. The present scheme allows the software to be marketed in return for a share of the income stream from the product, e.g., a percentage of profits, or a percentage of income, or equity in the company. In any of these cases, the costs associated with the marketing are incurred by the sales enterprise in return for the income stream.