

The “Database Breakeven Point”

How long does it take before a newly installed database becomes useful? Corporate knowledge management systems, customer relationship management tools, sales-force automation tools, business information management platforms and related tools all depend on the usefulness of the content in the database in order to provide value to the customer.

How long will it take before value is realized? Are there mechanisms to speed up the process?

These are critical questions for many software companies and their customers. The time from licensing to pragmatic, day-to-day use of a database-based software package often depends on the amount and usefulness of the data being entered into the new database. We’d like to introduce the concept of the “Database Breakeven Point” – the point at which a growing database becomes truly useful.

Clearly, a freshly installed database is (most typically) empty – and the value of the database content is similarly zero (since there is nothing there!). As new users, who are generally fairly altruistic, enter content into the database, the value begins to grow.

A simple test one can apply to a growing database to gain a sense of its day-by-day utility is as follows: A user will ask himself, “What is the likelihood that I will find what I am looking for in the new database, *as opposed* to finding that information the way I always have?”

When there is little data in the database, users know that it is likely a waste of their time to invest in searching the database, since the answers are probably not yet present. Instead, they will continue to seek and find the information they want using their old, established processes (which, while they may be inefficient, users perceive that at least they work).

As the database grows, the probability of finding relevant, useful answers to questions also increases. At some point in time, the probability of finding the desired information in the database is effectively equal to that of the traditional process – this is the “Database Breakeven Point” – and users will consider it worthwhile to try the “new” software tool first.

How can you make this concept useful in your sales, marketing, and deployment efforts?

1. Set and manage expectations: As a vendor, you can use your experience with the growth of your database in other customer implementations to help new customers predict and manage their situations. Setting reasonable expectations for value

realization and tangible payoffs for users can make the difference between a happy customer and one that is frustrated.

2. “Pre-fill the box”: If you can provide your database pre-filled with some amount of useful, relevant content, then you will be able to accelerate the time it takes to reach the Database Breakeven Point. An example of this is to include publicly-available information in your database at the time of installation at a customer – they can then add their own proprietary information on an ongoing basis. (And yes, you may also be able to charge for the public data as catalogued and archived using your tools.) Another, similar approach is to partner with relevant 3rd parties who can similarly provide content that increases the time-zero value of your database.
3. “Collect and curate”: Depending on the nature of the database and its intent, there may be substantial content existing in other forms or formats that can be loaded to fill the database faster. In the best cases, this effort can take the form of a database migration project from one or a few tools into your new repository. In other situations, relevant data and information may be scattered in a range of formats and tools throughout the organization. If you leave the capture and archiving of this information to the customer, it may take a long time for them to begin the effort and even longer to move substantively closer to the Database Breakeven Point. After all, it is likely that you, as the vendor, know the most about how best to find, capture, organize and store data and information in your tools. You may want to include appropriate services in your implementation plan (paid for by the customer, but of course!) that accelerate the process and move the customer towards Breakeven as rapidly as possible.

The Database Breakeven Point is an important tool to understand and to use to manage your progress with your customers. Very simply, the faster the box gets filled, the more likely you will have a reference-able account on your hands.

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