

Client Study: **Rapt, Inc.**



INDUSTRY: DYNAMIC COMMERCE MANAGEMENT

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Anything is available for a price. But at what price? When is it worth paying more to get the components you need to meet demand and when is it better to cut your losses and hope your customers and shareholders will understand? Market uncertainties and constant change bring tremendous risks to buying and selling. Accordingly, finding the right balance between supply and demand to optimize supply chain spending is a critical survival factor.

Many high-tech companies routinely write-off about 10 percent each year in component overages and shortages. Add another 5 percent for the resulting missed sales and this becomes a very big problem, especially for large enterprises. A company with a \$1 billion annual component budget can expect to automatically lose \$150 million dollars. Poof!

Rapt, a San Francisco-based startup aims to help companies recapture that lost value through its Dynamic Commerce Management (DCM) solutions. As the industry leader, Rapt's DCM product, Rapt Buy, looks at each buying decision from a broad economic perspective and determines the lowest cost way to meet demand. Its real-time capabilities assess price based on current and projected availability, yield, demand and dozens of other price-affecting factors. "It all boils down to finding the right bang for the buck," says Rapt (former) Vice President of Marketing Ben Kiker.

Risky Business

"In today's large high-tech companies it's common to have 200 to 300 product lines with multiple shared components. Everything is moving so quickly, there's no way you can manage that effectively with spreadsheets." But that's exactly what most companies do. So Rapt developed a complex, analytical model that quickly evaluates a company's prospects and the choices it can make to achieve profits or market share."

"Rapt Buy contributes a decision intelligence layer to the procurement model that sits between demand planning, material requirements planning (MRP) and the start of the supply chain," said Kiker. "Rapt's unique element is the intelligence to factor in supply and demand uncertainties and the economic implications of large-scale buying decisions. That is even more valuable when common components are used across multiple product lines."

Going to Market

Rapt's model was accurate. The idea itself was so simple it was genius. And Rapt seemed to be alone in the market — boosting their "first mover advantage" confidence level. But they needed help with their overall market strategy so they brought New Business Strategies on board.

Rapt's basic concern was how to turn the data yielded from analyzing the minutia associated with high volume commerce into a clear value add. Because let's face it, the people who buy cost savings solutions don't want to dissect complex theories — they just want to see clear economic value. As Rapt pushed ahead on developing Rapt Buy, New Business Strategies got to work.

New Business Strategies' first order of business was assessing emerging trends in the decision analysis and electronic marketplace tangential markets. They also helped evaluate key competition and potential future market moves.

Early on, New Business Strategies established that the market was moving two to three times faster than Rapt thought — which threatened their first mover advantage. The Firm also noted a major market shift, or inflection point, projected to occur between 2002 and 2003 and worked with Rapt to develop pre- and post-inflection point market and business strategy. New Business Strategies also identified prospective opportunities and the optimal strategies for the expected DCM market conditions.

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—Ben Kiker

New Business Strategies™

We listen. We craft. We deliver.

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New Business Strategies optimizes the B2B buying-selling process.

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“We found that Rapt had a much shorter lead than they expected and that their biggest competitive threats came from market convergence and large companies looking for new sustained growth opportunities,” said New Business Strategies President Christine Crandell. “So, we helped Rapt define a value proposition that made it a strategic value add to both the electronic resource planning (ERP) and supply chain solutions — to keep Rapt from getting caught in the crossfire of those two eminently converging markets.”

A Change in Perspective

“New Business Strategies was able to do what we weren’t — to stand back and objectively identify and assess the other related markets we were bumping up against and what impact they could have on us. We were too consumed with our own segment to scrutinize markets that weren’t currently direct competitors,” said Kiker.

“One of the most valuable things New Business Strategies has done for Rapt is to help us characterize and divide our product strategy and short and long term goals,” added Kiker. “Often in a startup environment, the technology has the potential to go in several directions. New Business Strategies helped us identify the most viable direction, sequencing and timing. They brought in a different market perspective because they understand the strategic dynamics of not just our market, but several related markets,” said Kiker.

Time to Sell

As Rapt moved toward the release of Rapt Buy, their next product, Rapt Sell, was in development. The next logical step was to provide a similar analysis and market intelligence at the other end of the bargaining table.

Rapt asked New Business Strategies to help develop the product strategy for Rapt Sell; which they did by analyzing competitive threats and the market landscape — identifying all of the players, where they were positioned, and who Rapt should watch. New Business Strategies also conducted market sizing analyses for North America, parts of Europe and Asia/Pacific as well as profiling prospective customers, their characteristics and issues.

Once Rapt secured their first mover position with Rapt Buy, it expected a long market window for Rapt Sell. But once again, New Business Strategies’ analyses revealed more than 10 competitors and only a six-month market window. This finding spurred Rapt to accelerate their product road-map schedule to sustain its market lead.

Adjusting the Course

“Beyond providing the critical components for successful positioning, New Business Strategies amazed us by moving so quickly and adapting to change. As part of a new technology market, Rapt changed its direction a number of times as we made discoveries or new developments. New Business Strategies not only helped set us on our overall course, they also guided us in correcting that course in real-time as the climate of the market changed,” said Kiker.

“As a mid-level startup, there’s still plenty of ground to cover for Rapt” said Kiker. “As we move forward, we do so confidently, knowing New Business Strategies will continue to help navigate the way.”