STARTING AND RUNNING A MICROISV

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MythicSoft Ltd

FileLocator Pro / Agent Ransack

RemoteCommand

Incorporated since 2004 (first product since 2000).
FileLocator Pro was never intended to the companies main product.

MicroISV?

"…software companies that are comprised of only one person." - *Eric Sink (2004)*

Independent Software Vendor
Cofounder: Really nice to keep the momentum up, but potential conflicts (Who get's what, I work harder then you, Who's in charge, We're all going to die).

Venture Capital

Very flattering

No free lunch, investors are taking a risk hoping for large reward

Break-even is a failure

You'll succeed or fail much faster.

You're working for someone else, so you don't control the business plan.

THIS IS NOT WHAT I'M TALKING ABOUT.

The Idea

| Superlative (why) | Label (what) | Qualifier (who) |

Think about the market position:
Superlative / Label / Qualifier
Example: Easiest Bingo Card Printing system for over 50's
Be careful about building developer tools (big players are giving their tools away, lots of open source).
Scratch an itch (at least you'll have one user... you)
You need at least one knowledgeable user
You might have to try a few ideas before you actually hit the right one
Just give it a go, but get it out quick.
In the process of implementing more ideas will come

Paul Graham's philosophy

(a) simple solutions

(b) to overlooked problems

(c) that actually need to be solved, and

(d) deliver them as informally as possible,

(e) starting with a very crude version 1, then

(f) iterating rapidly

Where's the pain?
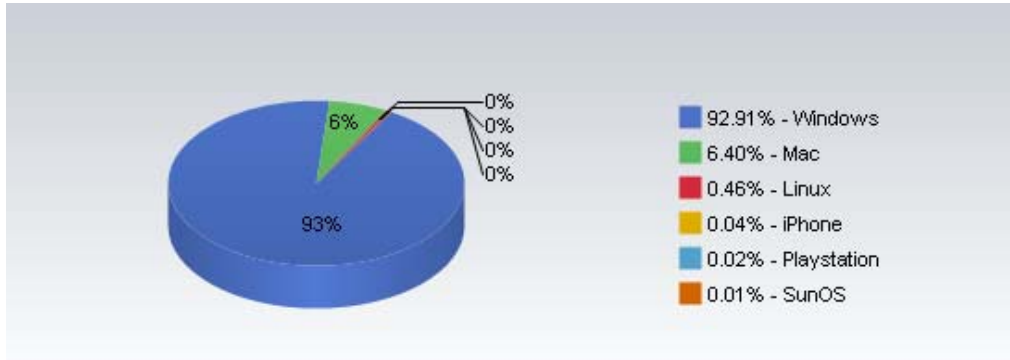Get something out quick then iterate

Competition

Be very careful about picking an empty market.
How are you going to differentiate yourself?

Platform

Year 2007 - Source: NetApplications

Remember this is a business – where are your customers?
Think about problems not technologies!

Web Service/Application

Initially think of this as a shrink wrap product.
Users generally do not like recurring costs they want to own the product and control their data.
Users have no reason to trust you will their data, will you be around in 6 months?
Offer a hosted service when you're established, FogBugz is a great example of this.

Open Source
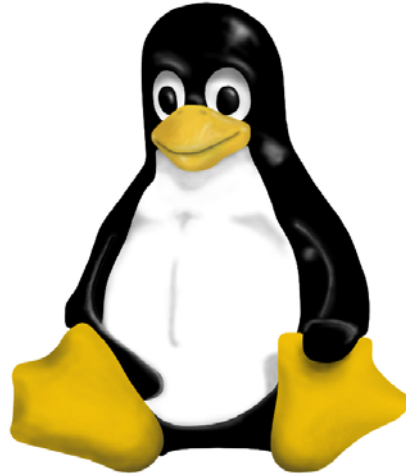
What's the motivation? Fame or Money?
Your differentiation is service based. The product is now a commodity, how will you compete with IBM?

SourceForge has 170,000 products:
Top 1 – 380m downloads
100 – 3 million
1000 – 214,000
10000 – 8,000

Try and use open source to advance your product.

Time allocation

4 months

Contingency 24%

Finish 23%

Other 29%

Development 23%

Final testing

Help file

Reg codes

Web site

Payments
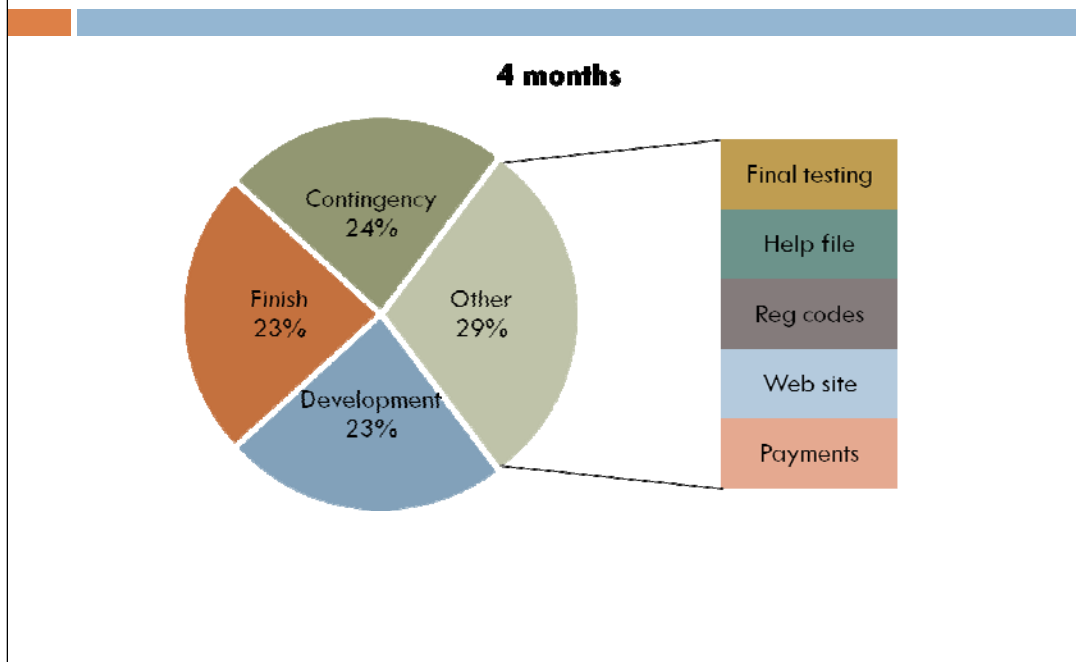
The fun stuff is all front loaded
Persistence is the key
Difference between amateur and professional, hobby or job is in the actual finish.

Prioritising Work

Feature Impact

Chart: X-axis labeled "Development Time" (0 to 15), Y-axis labeled "Customer WOW/Disbelief Factor" (0 to 14). Scatter plot with diagonal trend line.
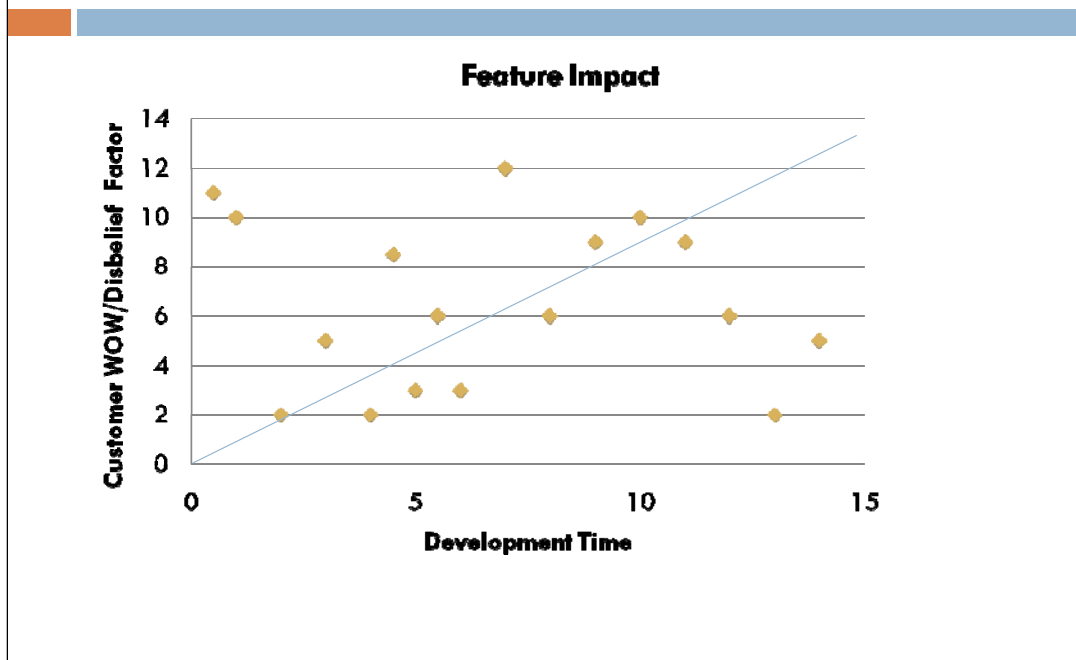
Some features may not have much WOW but may still be expected (this product sucks).
Keep asking yourself, what will the customer think of this features
Imagine a reviewer who has 30mins to review the product, like any new user the reviewer needs to be hand-held through the process.
Wizards – repetitive, boring, but customers and reviewers love them!
Because you spend so much time testing you tend to try and stream-line access to everything possibly loosing sight of usability.

Standard Practices

- □ Source Control
- □ Bug tracking
- □ Test Cases

- □ Single-click build
- □ Debug symbols
- □ CRM
- □ Virtual Machines

Priority is to get software out
Windows Error Reporting (need to keep hold of your debug symbols)

Microsoft Empower for ISVs

- □ £310 per year
- □ Maximum of 2 years
- □ Licenses for 5 developers

Microsoft looks after its developers
Free training seminars
Free tech events

Piracy

Cause doubt: Make users who want to pirate your software download from an untrusted source.
unofficial policy: Better to pirate from you then your competition

Setting the Price

£ ?

£75 Christmas tree
In the ideal world everyone would come into your store and tell you what they think your product is worth
Standard/Professional/Enterprise – channel people to the middle.
Don't be tempted not to show your prices

Price Sends a Signal

You get what you pay for?
I bet you've judged which product was better based on price.

Price Points

- □ $29 – cheap desktop
- □ $119 – cheap server software
- □ $449 – professional desktop
- □ $2,999 – Enterprise desktop
- □ > $250,000 – Enterprise server

Find the price points for your software and DON'T price under.

How much can you afford?

I just want the product how do I know which features I need?
If another company offers a single product with all features they may go for that.
Ideal world customer pays what they can afford
Give people discount if they ask for it

Collecting the Money

Company	Fee	Minimum
Resellers		
RegSoft.com	8.9%	$3
Share*it!	4.9%-8.9%	$1
SWREG	2.9% + $1	$1.50
Payment Processors		
PayPal	1.4% - 3.4% + £0.20	None
Kagi	1.9% - 4.4% + $0.30	None

Difference between resellers and Payment handlers (Merchant of Record)
Some of them try adding extra services, such as registration code protection.
They provide different notification features, HTTP, email etc.

Currency: Most customers tend to be US, so display in dollars even if you don't collect in dollars. Tempting to change price as currency fluctuates, what would you do if the dollar became stronger? Be fair.
Start off using a reseller, guage the interest, then become more integrated if necessary.

Marketing

Not black/white – true/false – People's emotions/feelings

Don't go nuts on the first version. Let the early adopters find it first and provide some feedback.

RemoteCommand £10,000 marketing campaign mistake.
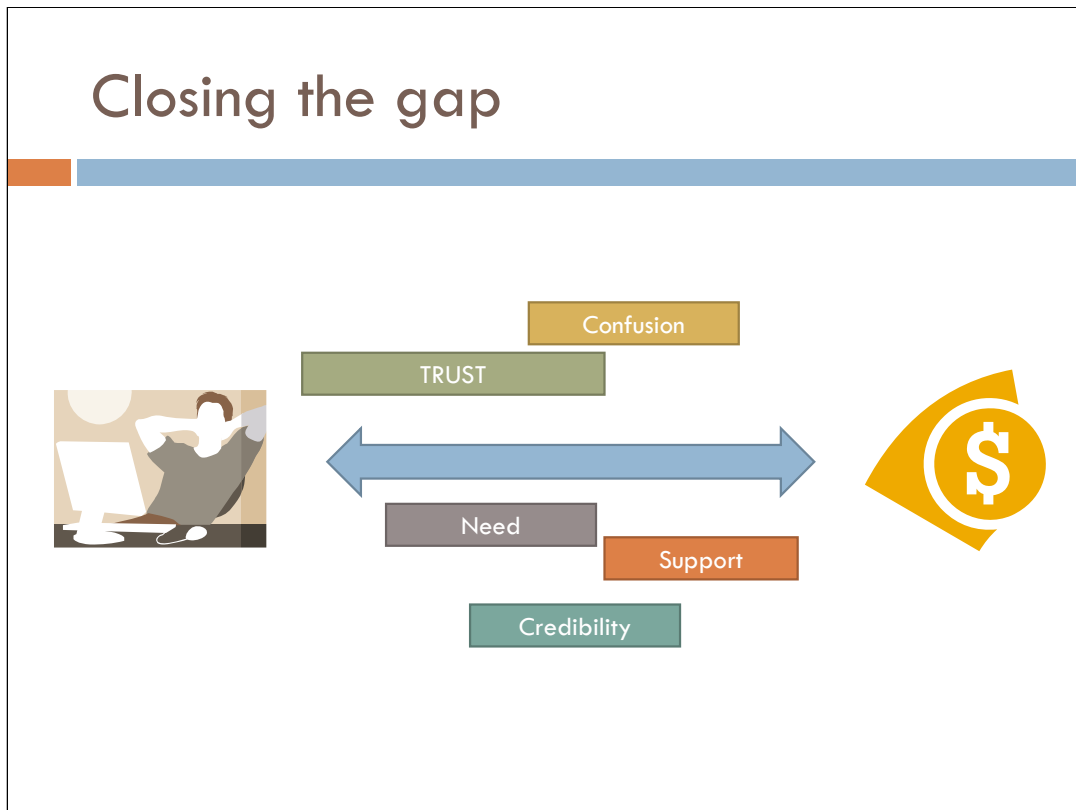
Eliminate or reduce all the reasons why the user won't buy from you

Trust: Users have no reason to trust you.
- About page (show how long you've been around)
- Secure transaction (https) make sure they see the padlock
- money back guarantee
- Blog, create a personal side of the company show that your business is growing, trust warmth (don't rant).

Credibility:
- Show customer list or testimonials
- Don't try and make a quick bit of cash using Google Adsense

Support:
- Respond to emails fast, show that you really exist (one of your greatest advantages)

Confusion:
- show the price
- don't ask for registration before allowing download (the customer is in charge)

Need:
- You have to explain what does the product do, short and concise as possible
- What pain will your product remove

Your Web Site

Your web site is your virtual bricks and mortar
Opportunity to look like a big player
Which building would you drive past, which would you walk in.
Ugly Hurts - User initially only have the exterior to judge the product
Keep re-iterating

Unique Selling Proposition (USP)

- ☐ What's the hook?
- ☐ How's that relevant?
- ☐ Benefits sell, not features.

Think in seconds not minutes
Customer probably has list of 30 sites to look through
Think like the customer (no animated walking ducks)
No emotional investment and is very impatient
Customers need to be told why it benefits them

1,000,000 to 500

1,000,000	☐ 1,000,000 read about your product
500,000	☐ 50% don't click on the link
250,000	☐ 50% don't bother to download it
125,000	☐ 50% begin to install but an error occurs
62,500	☐ 50% install but never run
31,250	☐ 50% run it but don't find it useful
15,625	☐ 50% want to buy but can't find the web site
7,812	☐ 50% find web site but can't find purchase page
3,906	☐ 50% find purchase page but don't like the price
977	☐ 50% don't mind the price but don't trust PayPal
488	☐ 50% trust PayPal but enter the wrong credit card details

Source: http://www.secretgeek.com/sales_funnel.asp

Remove any step and you double your customers
Shows how precious each customer is
Might be 25% or 75% but it shows the power of large numbers.

Confusion

License: Single user - $49.95 USD   Qty
Media / Delivery:
⦿ Download - $0.00 USD
○ Ship Std - $7.00 USD
○ 2nd Day (U.S.) - $20.00 USD
○ Next Day (U.S.) - $30.00 USD

Microangelo® Toolset 6
The "Grand-daddy" of icon utilities includes complete support for Windows Vista!
Create, edit, and manage icon and cursor resources with Microangelo Explorer,
Librarian, Studio, and Animator.

License: Single User - $54.95 USD   Qty
Media / Delivery:
⦿ Download - $0.00 USD
○ Ship Std - $7.00 USD
○ 2nd Day (U.S.) - $20.00 USD
○ Next Day (U.S.) - $30.00 USD

Microangelo® Creation
The most powerful icon and cursor editor in the Microangelo family of software.
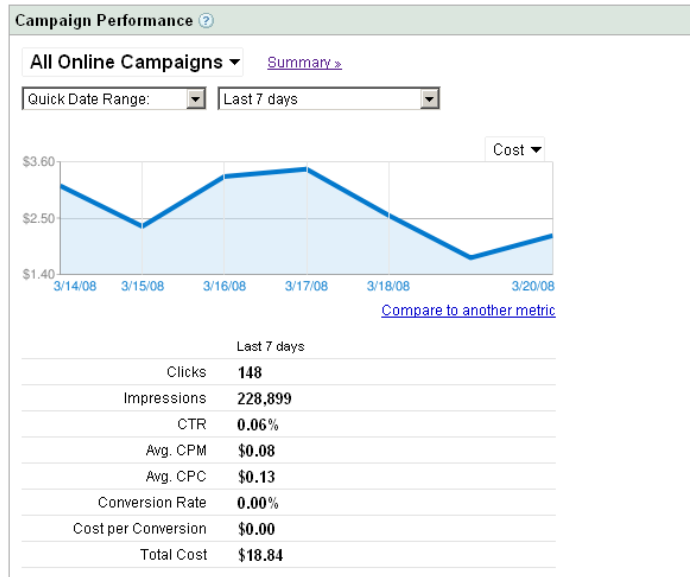
It might be a very logical difference but can a customer in 10 seconds find the difference

Search Engine Advertising

Very effective
Strict control of budget
Different campaigns
Measure conversion ratios for keywords

Magazine Advertising

- □ PC Magazine (600,000 issues)
- □ $78,000 - Full page colour
- □ $29,000 - 1/3 page - Black and white

- □ $0.10 per magazine

Very expensive
Niche markets much cheaper and more successful.
Difference between burning money and magazine advertising is that at least when you burn money you get some benefit.
Much better if your can get a review or mention

Reviews

Finding That File Dept.: Windows XP users soon realize that the OS's search function has been changed to include only **registered** file types. That's why you can't find those old WordStar files any more. According to Microsoft, this change is meant to **improve performance.** To me, it makes the search function useless.

There is a Registry fix that makes Win XP look at all the files, the way Windows 2000 and Windows 98 do. But why bother, when you can buy a tool that is much more **powerful and versatile,** such as File-Locator Pro, from Mythicsoft (*www .mythicsoft.com*)? A single-user license is extremely cheap, at $12.99.

FileLocator Pro digs through even ZIP and CAB files. For you old-timers who are trying to find that **WordStar document** you lost years ago, the newest version of FileLocater Pro flips the WordStar high-order bit, so the preview window shows the text properly. The preview window is very important when you're looking for lost files, and Win XP search without a window can be agonizing. My advice: Get FileLocator Pro. This product is a gem. Highly recommended.

Monthly went from $300 - $4,000
2 years later I was getting people installing it for the first time
On the web site, gave credibility.

Customer Service

"bait and switch"

"I will do everything in my power to besmirch your firm"

"shoddy treatment"

"YOU are a fraudulent organization engaging in illegal practices."

Opportunity to provide unparalleled customer service (would you like to talk to the creator?)

Email terrible at communicating emotion

Look for anyway it can be misinterpreted

Old rule: don't put anything in an email that you wouldn't want posted on the web site

Keep a list of ALL ideas. Customers provide great ideas that you know are actually wanted, treat them as gold not as unwanted criticism.

They'll try and pull your product in many different directions. Keep focused.

Make it safe and easy to leave. Customers will notice any barriers to exit.

Allow the customer to be in charge.

Uninstalling and re-installing fixes so many problems.

Incorporating

- ☐ Trading as…
- ☐ Incorporate

Pros	Cons
Limited liability	Regulatory (tax returns etc.)
Separate entity	May need expert advice
More professional	
Access to other services	

Not expensive, £100

Expectations

- First month $300
- Double every 18-24 months

Rollercoaster of emotions
Read Blogs
Go to tech events
Don't ignore your finances, plan 6 months out, make sure you don't run out of cash
Cash is king (look at the current credit crisis)

Organic Growth

"Risk takers often fail. So do morons. In practice, it's difficult to sort them out." --- S. Adams

Time is on your side.

Avoid taking fatal risk (don't risk your house)

You will make mistakes

The longer you're around the more people will trust it.

Your product will get better with time.

50% companies fail with first 3 years.

Give yourself a chance, don't bet the house, but also don't think you'll get it done all at the weekend.

Split your time between the product and contract work (but make sure you put something out).

Try and stay in the same space for subsequent products (don't confuse the customer about what you do).