

The Business of Software

- University of Toronto CSC 454/2527S
- January-April 2003
- www.dgp.toronto.edu/people/RMB/bizsoft.html

- Instructor: Philip D. Stern
- pstern@kmdi.toronto.edu

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Introduction

- Course Staff
- Objectives of Course
- Methods Used in Course
- Course Themes
- Guest Entrepreneurs
- Course Schedule and Evaluation
- Term Project — The Business Plan
- Group Work
- An Interactive Class — Questions Encouraged!

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Course developed by Prof. Ronald M. Baecker

- Bell Professor of Human-Computer Interaction, and Prof. of Computer Science, ECE, and Management, University of Toronto
- Founder and Chief Scientist, Knowledge Media Design Institute, University of Toronto
- Visiting Professor or Research Scientist at M.I.T. Media Lab, Apple Comp., Xerox PARC
- B.Sc., M.Sc., Ph.D., M.I.T.
- Founder and CEO (1976-1983), HCR Corp., sold in 1990 to SCO
- Founder and CEO (1998-2002), Expresto Software Corp.
- Has taught this course in Toronto, Ottawa, Calgary, Vancouver, Los Angeles, Buenos Aires (Argentina), Santiago (Chile)

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Instructor: Philip D. Stern

- 20 yrs as tech executive & entrepreneur
- “Stern Thinking” consulting practice for 6 yrs
– help tech cos. build Business Plans
- Co-founder of Workfire, iTiVa, Xaplica & more
- Small-scale seed-stage investor
- B.Com. McGill, Harvard MBA
- pstern@kmdi.toronto.edu

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TAs

- Teaching Assistants:
 - Adriana Ieraci
 - Yogesh Kalra
 - Pedram Rahbari
 - Zohair Harianawala

Adriana Ieraci

- M.Eng. student in Mechanical and Industrial Engineering
- Asst. Tech Manager: Univ of Toronto Innovations Foundation
- Manager of Customer Operations, Program Manager, and Software Requirements Analyst at PersonaMedia Inc.
- Specialist in business process engineering, operations analysis, and quality assurance

Yogesh Kalra

- Management professional with a work history encompassing business development, systems development (SAP), sales and marketing
- MBA Candidate 2003 – University of Toronto
- CMA candidate for attaining the designation in 2004
- Masters in Management Studies, University of Bombay, India
- B.Sc. (Hons.) Statistics, University of Delhi, India

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Pedram Rahbari

- Entrepreneur
- MBA student, Rotman School of Management
- Previously, senior executive and planning director at PIRAZZ Consulting, Planners, Architects, and Engineers in Iran
- Published author and researcher on topics including “intelligent” buildings and management of engineering consulting firms

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Zohair Harianawala

- MBA Candidate 2003 – University of Toronto
- Junior Programmer Analyst, 1998
- B.Sc., 1998 McGill University
- Nortel Networks, Toronto, ON – Software Designer, 1999-2001
- Corporate Software and Technologies, Montreal, QC

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Objectives

- To understand the high-tech and especially the software and Internet business environment
- To learn principles for defining and crafting a healthy profitable growing software business
- To convey how difficult this is
- To hone one's skills in thinking about strategic software business issues
- To join a community of software entrepreneurs

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Methods

- Lecture and discussion of material organized into 8 themes and 60+ principles for success
- Elaborations and illustrations, especially from guest entrepreneurs, through first-hand and second-hand accounts (live and on video)
- Discussion and critiques of guest entrepreneur presentations
- Development of business plans in stages
- Exercises for students

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Course Themes

- I. Innovation in the Software Industry
- II. Focus and Objectives — Defining and Planning the Business
- III. Opportunity and Timing — Market and Product Planning
- IV. Proprietary Technology and Capability for Winning Software

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Course Themes (cont'd)

- V. Marketing and Distribution of Software Services and Products
- VI. Cash — Financial Management and Financing Acquisition
- VII. Leadership and Management
- VIII. Partnerships — Strategic Alliances, Mergers, and Acquisitions

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Guest Entrepreneurs

- Characteristics
 - Experienced entrepreneurs
 - Successful entrepreneurs
 - Products and service companies
 - Information technology in a broad sense
 - Focus on the Internet
- 15-25 minute presentations
- 30-40 minutes of question-and-answer, based on your participation!!!
- Discussion and critique the following week

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Course Schedule

- Hour 1: Typically, discussion of previous week's guest entrepreneur followed by lecture
- Hour 2: Typically, guest entrepreneur of week
- Hour 3: Typically, the tutorial
 - Original presentations
 - Student presentations
 - Feedback and Q&A re the business plan
 - Some tutorials joint in lecture room, some individual

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Course Readings

- 2 course texts (1 at Bookstore; 1 ebook from amazon.com)
- Course readings package (at Canadian Scholars Press Inc.)

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Business Plan

- Teams of five
- Assignment A: Idea generation
 - Due 13 Jan.
- Assignment B: Plan version 0 — team formation and description of basic idea
 - Due 20 Jan.
- Assignment C: Brief Assessment of one other team's idea.
 - Due 27 Jan.
- Assignment D: Plan version 1 — Completed Questionnaire, skeletal draft biz plan
 - Due 3 Feb.

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Business Plan

- Assignment E: Oral biz issue presentation
 - 24 Feb.
- Assignment F: Plan version 2 — complete draft plan
 - Due 3 Mar.
- Assignment G: Oral biz plan presentation
 - Mar 31 or 7 Apr. (those who didn't present on 24 Feb.)
- Assignment H: Plan version 3 — final written business plan
 - Due 11 Apr.

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Course Evaluation

- Various stages of the written business plan
 - Grade for the final plan includes 3 components:
Group + improvement + individual grades
- Oral presentations
- Term test
- Class participation and discussion... you must read, write, speak, and interact in this course!!!
 - We will take photographs (worth 1% of your grade) to help us get to know you!
 - Email one or in BA 7214, 12:30-2:30pm, Jan. 13 and 20

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Class Exercise

- Recall a class with a group project ... or a team project at your place of employment ...
- What made the group successful?
- What were the major problems encountered?

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Typical Problems (small sample)

- 30%: Difficulty contacting group members
- 25%: Failure of some to do what they've promised
- 30%: Feeling that you had to take leadership role to get anything done
- 20%: Failure to divide tasks fairly
- 25%: Insufficient brainstorming
- 25%: Misunderstandings due to poor expression / poor listening
- 25%: Difficulty accepting feedback from others

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Group Work

- Group Formation
- Arranging and Attending Meetings
- Managing Meetings
- Brainstorming
- Achieving Open Communication
- Dealing with Interpersonal Conflicts

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Group Formation

- **Harnessing complementary skills**
 - Writing, research, technology, marketing, finance, leadership, organization, domain expertise
 - Form includes information on expertise
- **Ensuring compatible goals**
 - Expectations for the course, e.g., grade
 - Work styles, e.g., slow and steady progress vs. last-minute all-nighters
- **Forestalling difficulties in contacting members**
 - Biggest problem in past

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Arranging and Attending Meetings

- **Contacting people and arranging meetings**
 - Form included with Assignment B includes complete contact info for all team members
 - Stay in touch every day
 - Inform team if you need to go out of touch
- **Attending meetings**
 - All have obligation to attend, unless agreed otherwise
 - Arrange next meeting at current meeting

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Managing meetings (1)

- Ensuring that meetings accomplish something in a reasonable amount of time
- Form that will be included with Assignment C encourages structuring meetings with specific roles, including facilitator, scribe, and timer
 - Try to rotate roles
- Facilitator must have absolutely clear purpose for the meeting, most communicate this to all

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Managing meetings (2)

- Keep meetings as brief as possible
- Record results of meetings, follow-up required, and responsibilities
- Leaders and followers ... both OK roles
- If someone screws up, do whatever damage repair is needed and move on

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Brainstorming

- Techniques
 - Give everyone a chance to suggest ideas
 - Disallow criticism during initial phase
 - Encourage freewheeling ... no idea too crazy
 - Encourage quantity and variety of ideas
 - Encourage combinations and improvements
 - Do not follow any suggestion too rigidly
 - Have one group member take notes
- Brainstorming required to choose basic idea, also possibly for product design, positioning, marketing strategy, financial strategy, ...

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Open Communications

- Making suggestions — no idea too crazy
- Understanding suggestions that aren't clear
 - “I'm not sure I understand could you please explain it again”
 - “Could you draw me a picture?”
 - “So you're saying Do I understand it correctly?”
- Dealing with suggestions that have been ignored
 - “I can see your point but let me repeat my idea perhaps you can tell me why it won't work”
 - “I really won't feel right going ahead with that unless we consider my idea as well”

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Understanding Interpersonal Conflicts

- What is the other person trying to say?
- What do I not know about this situation?
- Do we still have a shared goal? What is it?
- Are my expectations realistic?
- Am I presenting my concerns clearly? If not, how can I do so?

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Resolving Interpersonal Conflicts

- State your opinion or your concerns as clearly and assertively as possible
- For example, if there is a behaviour you find problematic:
 - Explain what it is
 - Offer your interpretation of the behaviour, giving the other person the benefit of the doubt
 - Explain the consequences of the behaviour
 - State your goal clearly, for example, a request to change the behaviour.

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