

PRODUCT SOLUTION OFFERING

- A Product Solution Offering has a pre-defined and pre-configured set of hardware, software and services required to provide a customer with a given level and range of functionality.
- The development costs that are required to meet market or geographical needs are amortized. The customer is charged only for development costs unique to their requirements, but not applicable across the market or geography.



- The product solution set is priced based on bottom line profit objectives over a forecast demand curve. It is not priced on the basis of individual project or individual line item criteria. (i.e., Microsoft does not make a profit on the first sale of Microsoft Office or Windows XP. They price to a forecast market share and resulting demand curve and are profitable when forecast volume levels are achieved. The same analogy applies to Dell, HP, SAP and any other company offering a “product” to the market.)
- The reduced risk to each individual line item by packaging a complete set of hardware software and services as one solution, must be reflected as reduced margin requirements of each individual line item. And all of this must be pre-defined and negotiated before customer engagement.