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An Interview with Dan Herchenroether, Author of
Selling Air: A Tech Bubble Novel

Overview

In September of this year we received a note from a fellow by the name of Dan Herchenroether complimenting us on in ***In Search of Stupidity*** and offering us a peek at a new novel he was working on. We were a bit reluctant to do so because we were hard at work on the next edition of ***The Product Marketing Handbook for Software*** and besides, we're always wary about dealing with people whose last name we can't spell. But we finally relented and told Dan to send the manuscript along and we're glad we did. Once we started reading ***Selling Air***, we couldn't put it down. It's the first, and, to our knowledge, only novel ever written about the software industry that gets it "right."

You can buy ***Selling Air*** online at **www.sellingair.com** for only \$17.95. For those of you looking for the perfect **Holiday gift** for the engineering geek, PR flack, or sales and marketing weasel in **your** life, you can get a **FREE** copy of **Air** when you buy our Naughty and Nice Holiday Bundle at by visiting **www.insearchofstupidity.com**.

And now, an interview with Dan Herchenroether.

SMS: Dan, one of the things we found so striking about ***Selling Air*** was its authenticity. The language, titles, responsibilities, technical jargon, all of it, are immediately recognizable to anyone who's spent time in the software industry. What's your background in high tech?

Dan: Thank you for recognizing that! I was afraid that I had dumbed it down so much that a wider, non-industry audience would still get it but in the process had lost that "real feel."

SMS: Don't worry about it: you didn't. The scene in ***Air*** when sales is tussling with business development over VAR contracts is the mark of a true insider.

Dan: Good. I spent the 80s in corporate IT - mostly banking - at places like Pittsburgh National Bank (PNC Financial, now) and Mellon Bank, so I definitely know the IT mindset. At Mellon, I was outside main MIS and incurred their wrath for breaking their rules. Then, in the 90s, I was a pre-sales systems engineer and SE manager for a series of startups, NeXT, Active Software and Altoweb. Active went IPO while I was there and was subsequently acquired by webMethods just as the market turned south.

SMS: Before we go any further, why the title *Selling Air*?

Dan: Actually, the first title was "The Number" to capture the obsession sales has with quotas. Lucky for me, though, another semi-related non-fiction book came out with that title earlier this year. Talking with some ex-colleagues, we discussed how we used to joke about software being "air", existing only as bits of someone's creative energy. Hence, if we were selling software we were "selling air". I've also heard it used elsewhere, so I thought it would resonate much better than an overloaded term like "The Number". So far, that's been the reaction.

SMS: OK, set the stage for us. *Air* takes place when and what's the situation. Who's the villain, who's the hero? What's the source of conflict?

Dan: It is really a historical comic morality play (I'm trying to carve out my own literary niche). It's the story of two software startups in 1998, both chasing the same market - Enterprise Application Integration, or EAI - but from significantly different angles. InUnison Software has built an integration product from the ground up and strives to be ethical and customer-focused in all its dealings. VibraWeb has built a messaging product which has no obvious application but since EAI is taking off, they position themselves there.

The managements despise each other and that filters down to the key characters in the direct sales forces. The tactical heroes are the members of InUnison's sales team, Wayne Angelis and Porter Mitchell who join InUnison for very idealistic reasons and the villains are their counterparts at VibraWeb who don't let a little thing like ethics stand between them and a customer's dollar. Now, as the story progresses, the roles of hero and villain get blurred a bit as revenue pressure builds and I'll just leave it to the reader to figure that out.

SMS: One interesting point we note in the book is that events take place in an "enterprise" environment. Why this market? Why not, for instance, something more retail oriented?

Dan: Well, you know the saying, "write what you know"? Since I graduated from college in 1980, enterprise systems have been part and parcel of my career, either building those systems or selling enterprise software. The enterprise sale is complex, especially now that we don't just sell to some lifer in IT anymore. Every department in a company seems to have some internal systems buyer these days, many in conflict with each other, and the strategy and tactics to win them all over is fascinating.

We would enter a company in one place only to get shot down because a competitor entered somewhere else or higher up in the hierarchy. A good enterprise sales team needs to understand all the players and their roles and motivations to win the deal. I could be wrong, but the retail market just doesn't present that kind of challenge.

EAI was the one market I was intimately involved with from its infancy. In fact, I sat through a couple of sessions with Jim Green, Active's founder and CEO, and analysts from places like Gartner, trying to get them to define what we did. Ultimately, and if memory serves, it was a guy from Meta who coined the term "Enterprise Application Integration". It was one of the hyped technologies in the late 90s that attracted quite a bit of venture capital to some companies, like Active, who had legitimate EAI products and dozens other wannabes trying to ride the hype. It was rich fodder for the book.

SMS: What has happened to EAI today? How has this market evolved? And can we expect your novel to track events in this arena in the next book?

Dan: The advent of packaged applications drove the need to tie them all together. Our target customer at Active was one who had to share information between "best of breed" applications such as Clarify for customer service, Siebel for sales force automation, Peoplesoft for HR, custom mainframe applications and on and on. EAI was also a beneficiary of Y2K. As such, EAI is a casualty of "that problem being solved" syndrome.

Add to the mix this whole idea of app server-based "web services" as a mechanism to gather corporate information together and you're stealing EAI's thunder. A very good friend and former colleague pointed out a few years ago that if you were doing EAI today, you would start with a J2EE app server. It's all open and (allegedly) standardized.

Worse still are people like Larry Ellison talking about "suites", pre-integrated software which obviate the need to do custom integration. In the book *Softwar* he evangelizes about the horrors of best-of-breed. He makes a lot of good points about how companies buy some packaged app, supposedly because it is the best at what it does, and then modify the bejesus out of it. The analogy he draws is that normal people don't buy a car and then retool the transmission. Why do that with software? Anyway, if the suite approach takes hold, a lot of EAI vendors and consultants are toast.

But yes, the trilogy as a whole will track the progression of EAI, at least as the basis for the competitive environment faced by the characters.

SMS: When we read *Air* there were a couple of scenarios in which the villains of the piece play real sales hardball. In one scene, a company sets up a phony reference call; in another the villain pretends to be a "headhunter" in order to spread scurrilous rumors about the good guys; in one section of the book, a crazed MIS type brandishes a samurai sword. Is this stuff you've actually seen?

Dan: This is very important to understand. The vast majority of the tactics used in the book are absolutely true. I have either witnessed them or been told about them on good faith from reliable sources. Some are mildly exaggerated. I won't

go into which fall into which categories, but I will say that faking references is absolutely true. I was appalled at the lack of due diligence on the part of IT departments who fell for false references. Often, an IT director would aid in faking the reference just so his buddy at Software Wonderful would win a bakeoff. Oh, and I did know a certain VP of IT who had a samurai sword and was a bastard to vendors.

As in the case of my being accurate about industry topics, I did not want to distort or radically embellish what really goes on in the trenches of software sales. Sure, any sales rep, whether selling used cars, replacement windows or software, feels quota pressure. But the hype of technology, and the absolute need for hockey stick revenue growth to justify valuations, drove the industry's sales efforts to amazing extremes.

SMS: OK, that brings us to our next question. In *Air* you have several interesting scenes in which both the hero and the villain have to deal with customers from hell. We thought that was very apropos because in the post dot.com era, IT departments across the country have been taking advantage of software vendors. We recently read one story where some IT clown called a software sales rep and told him he'd take him up on an offer of a round of golf at the sales rep's club. When the sales rep said he'd be glad to make the arrangements and what time should they meet, he was told he wasn't invited to play; they just needed him to setup the round.

Care to share some real life customer from hell stories with us? What was the worst example of customer abuse you've ever seen?

Dan: Vendor abuse: so many examples, so little time. I'm saving a couple of classic ones for the next book, but I can share some "fun" stories right now.

One that comes to mind was back when I was the Pittsburgh SE for Businessland. A ski resort about two hours from town called about wanting us to spec and install a fairly large (for 1989) LAN. The prospect raved about how big the deal was, that he was only talking to us because of our sterling reputation, and he really had us going. The rep warned him upfront that we were talking about \$150,000. "No problem!" The rep and I spent quite a while working the requirements and came up with a very nice proposal, just a little over \$150K.

So off we went to the resort to present the proposal and have a formal signing. The resort guy looks it over, nods and says, "Great! Now, how many ski passes do you need to pay for this?" We started laughing, but he wasn't kidding. He intended to "barter" ski time for about 15 Compaq PCs plus a server plus coax cabling, installed. We cut the travel time on the turnpike by about half as were driving back.

One of the worst examples of vendor abuse I witnessed wasn't directed towards

us. At NeXT, we ported our system to Intel based machines in 1993. We had a great financial services customer in Boston who was trying to decide what PC platform to standardize on for running NeXTSTEP. The problem was that there weren't very many configurations and none were so-called "corporate standard," which, if memory serves, was IBM PS/2's (or something). This guy, I'll call him "Jim", had a lot of clout and pretty much thumbed his nose at his company's MIS standards. We had certified configurations for Gateway, NCR, Data General, Compaq, NEC and maybe a couple others. We had recommended NEC because they had gone out of their way to optimize for NeXTSTEP.

Jim agrees but knows he has to at least feign due diligence. So he has each vendor set up in a conference room and install a client/server app to test performance. Now, this app was a simple query to a Teradata database and anyone with any experience knows that client performance is not going to be stressed in any way. The reps in attendance didn't know any better and played along.

Jim then has them bring the app up, select the same query and position their fingers over the mouse button so they can click when he says "go". Naturally, he is driving the NEC and clicks just as he says "go" and of course, his data comes back first. He does this several times. Case closed: NEC wins! The one vendor SE who was there, from NCR, turns to me shaking his head, muttering "bullshit" and leaves.

SMS: Ah, Businessland. The guys who threw out Compaq for NeXT. They almost made it into In Search of Stupidity as a chapter, but we decided to keep the focus on the publishers and hardware vendors. Memories.

Nostalgia aside, one of the funniest sequences in *Air* is when a group of corporate evaluators go to a software company's HQ for a "substantive" product review, have to sit through a canned video with Star Wars-style graphics, aren't allowed to ask anyone any questions about the product, and never see it actually working. Now, we've been through a lot of product demos our time, both as a presenter and evaluator, and I've never seen anything quite like that! Is that scene based on your own experiences? Care to tell us more about where you came up with scenario?

Dan: I could name a company who did something close. I did stretch it a bit to draw a clear distinction between the totally forthcoming, warts-and-all InUnison and the house-of-cards VibraWeb. Companies whose products were fragile, like VibraWeb's, went to great lengths to control those types of situations. Sometimes, it was because their pre-sales engineers were fragile and couldn't demo properly but more often they just didn't want to expose the fact that their solution was not going to solve the customer's problem. So they tried to immunize themselves against customer objections.

SMS: Another thing we love about the book is that it does not focus on the programmers or feature some sci-fi scenario in which a genius geek is creating a new virus that will start WWII or has written an algorithm that will bring universal peace and an end to world hunger if only the bad guy's don't wipe out the only CD in the world that contains the secret formula before our hero can release the information on the Internet or beam it to a video display system mounted in Times Square. Instead, *Air* focuses on a software company's sales force; on salespeople, SEs, Marcom, etc. Why?

Dan: All that stuff's been done and I didn't want a science fiction piece. Nobody to my knowledge has written fiction about the business side of things, the personalities. And again, write about what you know. But, more importantly, few people, even inside the industry, realize that very, very, few startups can go anywhere without a sales team. I don't care if you write a program to cure cancer, if you don't have sales and marketing to announce it to the world, the company will die. This is especially true for enterprise software. It is a complex sale and it is all about solving a business problem, not just that our code is tighter than the competition. I'll probably lose what few friends I have left in engineering for saying that.

SMS: Oh, by the way, we DO note that while the book has some characters from marketing, a heroic product manager seems to be missing from the mix. We're pitching for one in the sequel!

Dan: Hmm. How much should I give away? I'll say that, yes, the second book - working title *Paper Millions* - has a world class product marketing person. Actually, I was very fortunate to work with some excellent product people, the kind that could balance market needs with technical ambition. A great example is Felix Lin who I worked with at NeXT. He, pretty much single-handedly, guided one of the best products I ever sold. He went off and founded his own company, AvantGo, with some outstanding ex-NeXT engineering people, went public and ultimately sold it to Sybase. The character will be similar.

SMS: OK, you worked for NeXT. That means we expect a good Steve Jobs story from you. Share something interesting with us.

Dan: Oh, boy. NeXT was the best and worst company I ever worked for and I made some very good friends there. It's where I learned what software sales was all about and we had outstanding technology, some of which is now a big part of Apple OS X. But in the early 90s it was way ahead of it's time, making it nearly impossible to sell.

The company was a complete reflection of Steve. Truly, I admire Steve, but he could be extremely aggravating in a sales situation. He was like nuclear power: he could be a positive power generator or leave nothing but cinders behind. On the positive side, we could get in to see a CEO just by saying Steve would like to

meet him. The C-level execs would always - well, almost - take his calls. On the downside, he was uncontrollable. Sometimes he'd cancel out on a HQ visit at the last minute because it would conflict with his personal trainer appointment. Imagine having senior executives flying in from the East Coast just to see Steve Jobs, icon of Silicon Valley, and he cancels so he can do Stairmaster.

His passion could get in the way of sound judgment. Once, we worked very hard to prep him in advance of a customer visit, coaching him about what to focus on. We didn't want him to talk at all about his passion du jour, a fledgling product called WebObjects, because the customer hated all the web hype. So, what did he do? He only talked about WebObjects, because that was what he felt like telling the client about.

The prospect assumed that the sales rep was an idiot and hadn't listened to him, and left very unhappy. Steve decided that the rep was calling on morons not worthy of NeXT.

SMS: We also found it interesting that you set the book in New York City rather than Silicon Valley. When we were starting out in the industry, our first job was as an SE for MicroPro and the office was based in Manhattan (they later moved us to Secaucus, NJ, microwave antenna capital of the nation). Why the Big Apple?

Dan: I set it there largely because that's where the early adopters were. The Wall Street crowd always snapped new stuff up if only to play with it. Anything, like integration, which could help them shave a nanosecond from trade execution, was worth a lot of money. Everyone thinks Silicon Valley is so advanced, but most young companies out there don't "eat their own dog food." Frankly, startups don't need much more than a spreadsheet or Quicken to run their company, let alone EAI.

SMS: Another point we'd like to make is that in addition to being a great read, *Air* is very educational. We've already started recommending it to many of our friends working with new companies or who are faced with training new sales and marketing departments. As we said, the book is the only one we've ever read that accurately explains the motivations and thought processes of a direct sales force in the software industry. The first book takes place in the late 90s; has the sales milieu depicted in *Air* changed in the post dot.com era?

Dan: Absolutely. Most of the people I worked with have been through multiple jobs. And IT's budgets have come back to earth. As far as enterprise software, the dot-com bust wasn't the biggest effect. Sure, we sold a ton of EAI into dot.coms (cash up front). No, it was bloated IT budgets. I think IT is still experiencing a hangover from being able to inflate their budgets by simply yelling "Y2K!"

Oh, by the way, I'm available for consulting with startups!

SMS: Based on your real world experiences, what do you perceive as the biggest problem that faces the sales and marketing operations of software companies?

Dan: In some respects, I see fewer challenges than before the bubble. Sales and marketing are being forced to come back to reality. Some of the wild incentives just aren't there anymore and basic blocking and tackling seem to have returned. IT isn't buying the hype anymore (except maybe in web services) and they don't have the budget for frivolous "shelfware" purchases like they did pre-Y2K. Buyers are much more skeptical and cynical now. The challenge for sales is to regain credibility with their customers who feel taken advantage of, even if it was their own fault.

SMS: We note that one of *Air's* heroes is an SE. Since that was the first job title we held in software, we've always had a soft spot in our hearts for the position. How do you regard the role of the SE in the selling equation?

Dan: The SE is absolutely critical in enterprise sales. I have had many an argument with VPs of Sales about this - they see it as a cost to be minimized - but, funny, the reps can't get enough technical support. Seriously, complex sales like EAI, database, decision support and systems infrastructure are not bought on the basis of a sexy PowerPoint presentation, much to the chagrin of marketing communications people. The prospect will want to evaluate, pilot or (ugh) do a proof-of-concept, and they probably aren't going to pay for it. That means a pre-sales technical resource has to guide the prospect to a successful conclusion, that is, the technical win. I have to admit, though, that too many sales organizations treat their SEs like slaves. Those are usually the organizations that fail to grow.

I mentioned in an article recently that startups routinely make the mistake of waiting too long before hiring an outbound technical rep. A true sales SE can significantly contribute to the initial product rollout and protect the precious product engineers from being dragged out on early adopter sales calls.

SMS: OK, what's next in the series? What can we expect happen in the sequel?

Dan: *Paper Millions* follows InUnison and VibraWeb into 1999 where they both position themselves for IPO. They are still fierce competitors, especially the respective sales teams in New York, both of whom have been promoted. New characters enter, most notably as a result of expanding into Europe. The whole issue of jamming revenue to support an IPO is foremost and I highlight the social effects that going IPO has on the people in the companies and their financial expectations - picture children playing with razor blades. There is much more moral tension than in *Selling Air*, and of course, there is the satirical humor as well. Business Development is as bad as ever!

Burst My Bubble will follow the fates of the companies as their stratospheric valuations - and sales prospects - collapse. That's about as far as I've gotten with the outline.

SMS: Well, we can't wait for the sequel. When it's out, we'll have you back to discuss ***Millions*** and the trials and tribulations of our favorite high-tech sales saga!

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