DEMO Letter

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Demo 2000: The Innovation Continues

The Demo Conference is six months in the planning, three days in the execution. But it is anything but over. We've long realized that the impact of this conference ripples through the media, the demonstrating companies, and the personal technology business development community for many months after the last demonstrator has gone home and the final floodlights are packed away until the next year's show.

Quantifying that impact, of course, is no easy matter. Sure, we know that in the four weeks since Demo 2000 concluded we've gather hundreds of media clips covering the conference. We've had phone calls from companies telling us they did three big deals in the first day of the show alone. And we've answered endless emails from folks wanting to contact speakers and demonstrator companies. Soon, though, the volume will come down on these qualitative measures and the 82 companies who debuted new products and services will shift their focus in other directions.

This year, we decided, that is no reason for us to let these companies fade from memory. And so we're relying on a tool from one of our demonstrating companies to help us track Demo 2000 companies and to keep DemoLetter up to date as these companies grow and evolve. Clip2.com is a powerful service that will help us help you stay in touch with Demo 2000 companies. Clip2.com will enable us to create an online, annotated guide of Demo companies. We'll be able to keep that guide current, updating the annotations and providing additional site links, as appropriate. Moreover, we can make the Guide available from the Demo Web site, provide a link in the DemoLetter Weekly edition, and at your option notify you when the Guide is updated.

Clip2.com is a great resource for the Demo community, to be sure. It's also a tool at the forefront of the emerging knowledge marketplace movement, enabling individuals to share—and even bank on—their unique knowledge sets. Moreover, Clip2.com is perhaps the most useful Web tool I've come across, enabling me to annotate sites for personal, work group, and professional publishing applications.

You'll find the Demo 2000 Guide—along with our new Companies to Watch guide and others we're creating—on the Demo Web site at http://www.demo.com/.

This year, Demo 2000 echos all year long.

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Technical Support
The Dirty Little Secret

For increasing numbers of consumers, technical support is akin to a visit to an emergency room gone awry. There you are, in major need, cooling your shanks on cold chromed steel, reciting your medical history to yet another trained professional who is very much like the previous three you've seen and not heard from again.

The good news for consumers is, unlike an emergency room nightmare, a screw-up in customer support won't kill you. The bad news for consumer technology vendors, however, is that poor customer care just might spike your business.

Good customer care is arguably more important in fast-breaking consumer technology markets than it is in the high-ticket B2B market, where a long sales cycle and bigger ticket price let a company make significant investments in their support process. In the B2B segment you have time and money to overcome your mistakes. In the consumer market you're likely to get only a single trip to the batter's box per customer. And when you strike out with this customer, you're likely to be benched for the rest of your career.

Contrary to anecdotal reports, there are companies today that are willing to bet on new consumer hardware. TiVo, Replay, Kerbango, AudioRamp, and Sonic are just a few of the companies with consumer electronics plays. Talking to companies in this space is fascinating. More often than not, you're dealing with experienced entrepreneurs who have marketing, partnership, management, and other prerequisite messages down pat.

The curve ball that most companies swing at and miss is technical support. It's a key ingredient in the operational equation for consumer markets and can't be overlooked if a company wants to do more than merely stay around to hit its first milestones. Good technical support is both in synch and ahead of consumers' experiences with hardware. This means call centers have to be staffed, operational, and capable of handling escalations during time periods when consumers are installing equipment (evenings and weekends, for example).

Over the years I've expectantly unpacked a lot of hardware, tried to use it but ended up repacking it and returning it to a manufacturer, or worse yet, to the ignominy of a shelf in my garage. One of the most frequent reasons new equipment makes the journey to my garage or back to its manufacturer is because of woefully inadequate tech support and a failure to resolve issues. I recently went through this sad experience with a consumer entertainment electronics system. In this case, I placed four separate calls over several days to the company's tech support line to try to resolve an issue, was told that an escalation technician would call me back. Each time, I waited patiently by the phone for calls that never came. Off the system went to the shelf of broken dreams in my garage. And, now, I can't in all good faith recommend that much marketed system to my friends, family, or readers.

Customer support isn't something nice you do for your customers. It's something smart you do for every aspect of your business, from cost reduction to incremental revenue generation. And the planning begins

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before you ship your very first product.

This is a lesson that some of today's giants like Dell and Gateway learned the hard way. Today, those companies not only have repeat business, but they're also setting new standards for customer support. The bottom line is simple: If customers like the sum total of their experiences with you, they not only come back time and time again, they also recommend your products (think about the value of free advertising the next time you cut a check to buy space or time).

More importantly, research indicates that while customers share their good experiences with others, they talk about their consumer dissatisfaction as much as 10 times more often than they do their positive experiences. Plowing even a portion of today's multi-million dollar ad buys into customer support, it turns out, can be a much more effective marketing investment. —JMF

Companies to Watch

Tigeri.com: Incubating Japanese Start-ups

There's nothing quite as exciting to entrepreneurs and their venture partners as an inside track to a wide open market. That's the position of Tigeri.com, a new start-up with offices in San Francisco and Tokyo.

Tigeri.com's founder is Patrick Kitano, a sansei Japanese American with nearly 10 years of experience in the Japanese banking community. The company's charter is twofold: Build an incubator that helps Japanese start-ups shorten the time it takes to bring products and services to market, and serve as a go-between for Japanese and U.S. technology ventures. Self-funded with less than $1 million, Tigeri.com is on the trail of Series A money here in the U.S. and is staffing up its San Francisco office.

Sometimes compared to America's Internet market in 1995, the Japanese Internet market is a plump ripening plum. It has high-bandwidth connections into businesses as well as residential neighborhoods, a large base of affluent consumers and businesses, and a populace that's ready for the Internet. Downside risks in this market—its short entrepreneurial history and a shallow pool of experienced Internet executives—may work in favor of incubators like Tigeri.com.

Interest in the Japanese Internet market is expanding, which is why investment firms such as Goldman Sachs, Softbank Inc., J. H. Whitney, and GE Capital are opening offices in a Tokyo suburb called Shibuya, nicknamed "Bit Alley." Funds being set up for use in Japan aren't small. Softbank (which helped set up a NASDAQ-like technology stock exchange) has more than $U.S.1.3 billion set aside and says it plans to invest it in more than 1,000 companies.

Tigeri.com's background in Japanese banking and in U.S. technology could give this start-up an important edge in this market and a new meaning to that vaunted VC term "kereitsu." —JMF

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Hotpaper.com: Delivering Standard Forms

Hotpaper.com, a small start-up funded with $2 million in Series A financing from Nokia Ventures, Osprey Ventures, and Angel Investors LP, is taking a run at a market that's been tried by others but which still has a hidden mother lode.

The company is working on a mechanism that allows users to automate the creation of standardized documents used in business, legal, and other professions and then make those documents available from any location. Although other companies, such as Documentum and Nolo.com, have tested this market, Hotpaper.com has come up with a series of twists that could grant success to the company and its technology.

The first twists are in ease of use: Hotpaper.com lets users create electronic copies of standard documents that can be easily filled out in the field. Unless they are stored as PDF files the documents can be downloaded and fully edited in their native formats (Word, WordPerfect, and RTF). The documents can be read using a browser and accessed anywhere there's an Internet connection. Hotpaper supports two levels of service: limited storage for casual users on its branded Hotpaper.com site, and a premium service for large corporations.

Hotpaper's revenue models include streams from its premium service, direct sales efforts, and licensing deals. The company's approach to licensing resembles Inktomi's and the start-up is already working on deals to license its engine to other sites and counts among its early wins AllBusiness.com and FindLaw.com. More deals are in the works and this start-up is beginning to partner with ASPs.

Hotpaper's founder and CEO is Kevin Warnock (no relation to Adobe's John Warnock) who cut his teeth on document automation while supervising IT for a legal firm. The company's president is eight-year Oracle veteran Dave Henderson who went on to head new business development for Peoplesoft before joining this start-up. —JMF

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Financing:
$2 million in Series A from Nokia Ventures, Osprey Ventures, and Angel Investors LP

ExpertCity.com: A Marketplace of Experts

In the last 6 to 12 months, the market has been introduced to a number of sites that let individuals get paid for what they know. Online learning sites enable topic experts to create (and be paid for) continuing education courses. Epinions.com was among the first sites to create a knowledge marketplace, and Demo 2000 company Keen.com is making waves with a service that brokers phone consults between information seekers and experts.

There is tremendous opportunity in this space for individuals to turn expertise into extra cash as part-time online teachers and consultants. These sites rely on both the individual to market their expertise and the community of users to rate and recommend the experts.

Another model has emerged in expertcity.com, a marketplace that matches experts with consumers to answer computer and technical support questions. The difference in this company's model, however, is twofold: First, expertcity.com screens and trains its experts both to determine eligibility for "expert" status and to assure a base-level standard for service and customer care. Second, experts bid their services to con-

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sumers, responding to consumer queries with a proposal that includes estimated time to solution and the price for the service.

Additionally, expertcity.com is differentiated by its technology which provides experts with tools (including permission-based pcAnywhere-type remote control) that enable them to quickly identify and resolve technical problems.

This combination of screening, service training, and tools creates a powerful environment in which customer rating and feedback (a customer can opt not to pay for unsatisfactory service, for example) are only one facet used to assure a viable market.

Expertcity.com is currently a destination site, yet it has great promise as a service offering in other vertical content and community sites. We're watching this marketplace because we believe its completeness of approach brings the self-policing free market environment of earlier services to a new level, giving customers choice and confidence that will evolve this now computer-focused service into other knowledge categories. —CS

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The Making of a Demo God

There is a peculiar element to my job, one that becomes patently clear each year as I coach and then watch Demo presenters. For all the coaching and direction provided to would-be speakers, the end result is still dictated by the speaker's willingness to shape a presentation specifically to the Demo audience.

It's a tough audience, to be sure, and not simply because of the critical eye veteran attendees put to on-stage speakers. The audience comprises diverse constituents—industry opinion-makers, the media, venture investors, analysts, to name a few. On the face of it, targeting a single message to please each of these audience segments is a unique challenge. But regardless of the business facet audience members represent, they do have a single perspective when watching onstage demonstrations: Show me the product.

Remarkably—and this is the peculiar part—Demo presenters too often forget that fact as they attempt to roll an entire business plan into an (at most) eight-minute pitch. Speakers throw coaching aside to accommodate the compulsion to tout venture backers, distribution plans, growth strategies, complex product architectures, and various other "key messages"—all not-so-neatly displayed in Technicolor PowerPoint slides.

As the executive producer of the conference, I take the brunt of audience criticism. Do more coaching. Ban PowerPoint. Get a gong. And of course the presenters always want more time. Five minutes, six, eight—it just isn't enough time.

Oddly, two of the "Demo God" awards went to companies that presented in five-minute time slots. Other Demo Gods managed to leave time on the clock at the conclusion of their pitches. So it can't be the time limit that thwarts good presentations. In fact, preparing for Demo 2000, I waded through hundreds of hours of video tape from past conferences. In the early days of the conference, speakers went on for 20 and 30 minutes. These were not highly compelling pitches, I assure you.

So what does make a strong Demo pitch. Herewith the not-so-secret formula for the making of a Demo God.

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1. Demo the product!

Too often, presenters believe they must provide deep context and positioning in order for the audience to understand the product demonstration. Not so. The most effective presentations at Demo are those in which the product demonstration begins the first minute the speaker takes the stage. Demo is, after all, about products (were the audience that fascinated with business positioning, we'd have called the conference "BusinessPlan 2000"). One Demo 2000 presenter spent two-thirds of his stage time talking about past products and company position, leaving only 90 seconds to attempt to show the product. He wasn't a hit with the audience.

The attendees at Demo are super smart people. They comprehend complex systems quickly and they generally assume that if you've passed the gauntlet of actually getting to Demo, you've got a reasonably solid business plan. So skip the deep background and get to the demo—fast!

2. Craft a Demo-specific presentation.

It's too easy to assume that you've given your pitch a hundred times and that Demo is just like any other presentation. You cannot just dust off a road show pitch, cut a few slides, and talk faster and call that a Demo presentation. Great Demo presentations are crafted specifically for the unique audience and environment of the conference. Messages must be honed into memorable sound bites. Complex ideas need to be communicated quickly. The Kembel brothers from DoDots effectively conveyed the concept of information packaging by relating their bits and bytes information tool to the fast-growing prepackaged salad market. Weird, but it worked.

3. Rehearse, rehearse!

Sure, you know your product and you know your demonstration, but it's not enough to practice your pitch while shaving. Great Demo presenters prepare their presentations weeks before the conference, and take the time to practice word-by-word, click-by-click. Veteran Demo presenter Dan Bricklin, for example, had the Trellix demonstration down pat (and timed to come in 18 seconds under the five-minute allotted time) practically before he made plane reservations to be at the conference.

4. Resist last-minute changes.

Spur of the moment edits to well-practiced demonstrations almost always go awry on stage. If you've created a great demonstration and rehearsed it to flawless execution, avoid the urge to incorporate late-breaking changes.

5. Respect the clock.

Demo is known for its quick pace and careful time management. The audience will forgive a skipped point and thank you for skipping the corporate history—so long as you stick to the time limits. When the house lights come up and the music starts to play, it's time to sit down. The audience will thank you for it.

6. Be a tease.

Admittedly, eight minutes or fewer is not a lot of time to communicate all you want to say to this important audience. And, clearly, business models are important. Use your time on stage to whet the appetite of Demo attendees and they'll come flocking to your demo area at the next break.

7. Leave PowerPoint at home.

PowerPoint has done as much to befuddle communications as it has done to enhance it. The ubiquitous presentation program has become a crutch for speakers who think they can skip steps 2 and 3 and use PowerPoint as a low-tech teleprompter. Skip the slides and go straight to the product. The audience will love you for it. —CS

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Honoring the Demo Gods of 2000

The Demo Conference has become renowned for its challenging format where presenters race the clock to demonstrate products in eight minutes or less. It is a difficult proposition, yet each year a rare few transcend the pressure and manage to present with poise, passion, and clarity the core value proposition of their products and services.

We honor these presenters with our annual Demo God citation.

Gedaliah Gurfein
TeleVend

Who proved once and for all that there really are ghosts in the machine.

Oren Zuckerman & Orit Shmaya
uTOK, Inc.

Who exhibited great entrepreneurial passion.

Dan Bricklin & Don Bulens
Trellix

For building a Web site in record time (two minutes).

Michael Lynch
Autonomy

For placing the accent on an entertaining—and informative—performance.

Jeff Hawkins & Ed Colligan
Handspring, Inc.

Who introduced with clarity three products in five minutes.

And a special Demo God Jam Session Citation to

Michelle Goguen Hurley
Goguen & Associates

For stealing the spotlight from Shawn Colvin.

John Kembel & George Kembel
DoDots, Inc.

For getting into the muck to make their point.

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SAVE THE DATE!

DemoMobile 2000
September 6-8, 2000
Ritz-Carlton Huntington Hotel
Pasadena, California

Call it "mobile" or call it "pervasive." By any name, personal technology has seeped into every aspect of the lives of on-the-go professionals. DemoMobile 2000 shines the spotlight on the emerging technologies and business issues that will shape the form of transportable computing, and is a must-attend business development opportunity for executives and opinion makers in this growing and increasingly important sector of the technology market.

This year DemoMobile kicks off in Pasadena, California, with a trend-setting program aimed at helping users and manufacturers stay a year or more ahead of the curve. DemoMobile helps the IT community and the industry stay ahead of the power curve and provides a rich setting for business development, trend identification, and insight into the new world of mobility and pervasive computing.

To set up an appointment to show new products for introduction at DemoMobile 2000, contact Jim Forbes at (650) 525-3410 or email him at Jim@Demo.com.

Catch the Wave at Vortex 2000
Vortex 2000
May 24-26, 2000
Ritz-Carlton Laguna Niguel
Dana Point, California

The convergence of the telephone and the Internet has wide-ranging implications that affect businesses and society. Vortex, hosted by executive producer and Ethernet inventor Bob Metcalfe, brings together a stellar collection of speakers and panelists who explore the technological intersection of multiple technologies to businesses and consumers.

Vortex is an invitation-only event attended by top-ranked executives from the networking, telecommunications, and entertainment industry. This year Vortex will include a special segment featuring new technology that's hand-picked by Bob Metcalfe and the producers of Demo. We're looking for new devices, software, and other technology that will set the tone for new products going into the 21st century. To set an appointment to show your new products, contact Jim Forbes at (650) 525-3410 or send him e-mail at Jim@Demo.com.

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End Notes

Wireless infrastructure and m-commerce software have become one of the hot funding areas for venture capitalists and a small handful of institutions. In the last year, investors have pumped more than $100 million for early stakes into these markets, most often in companies that are developing, or saying they will develop, products that can be used with WAP-enabled cell phones. The bet here is on a burgeoning U.S. market that is expected to more than double in the coming five years.

But statistics can be misleading. Although there may be large numbers of consumers with WAP-capable cell phones, there's no guarantee that they will use the phones to buy goods and services, particularly if those items can't be purchased easily.

Some of the promises implicit with the potential types of information sent to WAP phones are very low on the scale of usefulness. I'm not going use my phone to check the weather before I leave for a trip. That's what God invented television and umbrellas for. And if you rely on your WAP phone for market rate information on pork bellies, your bacon is already cooked.

While to some, the future may sound so clear you can hear a pin drop, the technology has so far to go that I can imagine beginning a transaction on Amazon as I enter a tunnel and completing it on eBay on the way out.

These concerns aside, a killer app for cell phones has yet to appear, despite the surge of investments in this space. —JMF