



White paper

Product pipeline

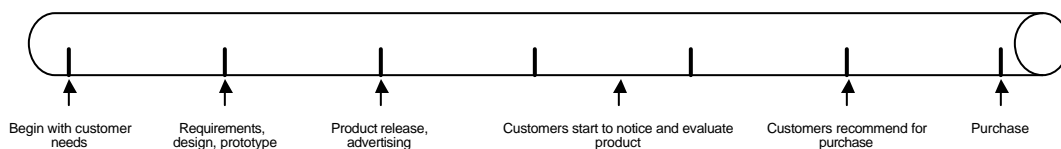
One big difference between product and services-based companies

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Product pipeline

The financial model for product-based companies is different than services-based companies. One of the biggest differences is the lengthy pipeline leading from concept to cash. The process is aptly named a pipeline because you insert value into one end, and wait several months for it to come out the other. Services-based companies have a much shorter pipeline, which is largely based on bidding and development phases. Money is available much sooner in the process, and is often paid out while the work is performed.

The chart below illustrates the product development pipeline. Value is placed into the beginning of the pipe in the form of customer needs, and comes out the end as product purchases. Obviously this process continues repeatedly, and can be further broken down into development, sales, and advertising pipelines. Furthermore, the timeline will vary by product.



Notice that there are significant delays between the start and product release, and between release and customer purchases. The length of these delays is sometimes unexpected, especially for 1.0 product releases. As the product matures these times can be reduced, but for the first release, they are often longer than expected. During the time that you are developing new products and releases, you must also support your organization financially. The capital requirements during these phases can be enormous, and the first trickles of product sales will be nowhere near enough to support the entire organization. Make sure you are prepared financially for what lies ahead.

About Us

Scoutwest, Inc. develops and publishes project management and time tracking products for consulting, manufacturing, government, and general business applications.

Thousands of small to large businesses, in dozens of countries worldwide, trust their mission critical business processes to Scoutwest products. Standard Time® and Standard Issue® work together to offer well-rounded project management solutions.

We specialize in packaged software for timesheets, project management, time tracking, defect tracking, and issue tracking. Standard Time is a web-based timesheet that also runs on Windows, Palm OS, and Pocket PC. It can be used for client billing and task management. Standard Issue is used for bug tracking and general issue tracking.

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