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# Ensuring Innovation at Method Park

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## Case-2012-01-Methodpark-Ensure

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### 1 Introduction

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Erich Meier, CTO and board member of Method Park Software Aktiengesellschaft (AG), leaned back in his chair. It was a cloudy Wednesday afternoon in the fall of 2011 in Erlangen, Germany. Earlier that day, he had presented version 6.0 of *Stages* — a web-based process management suite — and its new features at a conference where several start-ups had presented their ideas and products for process management tools. He knew that none of those other products were as good as *Stages*, but it was clear to him that they would soon be real threats to Method Park's product and market position.

Earlier that week, Meier had met with the company's CEO, Bernd Hindel, the product manager, Lukas Herrmann, and the CFO, Gregor Bowman. The meeting concerned the future of Method Park, in particular the roadmap for product innovation. Bowman was very happy with the figures for the first half of the year which showed a 12 per cent growth in revenue compared to the same period in 2010. He also reported that Engineering and Training & Consulting — two other business units of Method Park — were doing well. The US-based Training department in particular had attracted many clients. Pleased though Hindel seemed to be, worries about the future of *Stages* were not dispelled as Herrmann complained about the excessive pressure that was being exerted on the development team for *Stages*.

He stated, "We are being overwhelmed by change requests. The team is bored with working on the same piece of code over and over again to implement requests for enhancement. They yearn for new and more challenging tasks."

Meier was well aware of developers' desire for more interesting work. He also wanted *Stages* to continue being innovative and competitive in the market. On the other hand, Bowman strongly supported the idea of keeping up with the change requests from their big customers who ensured substantial maintenance and license revenue and thus a profitable product. However, Meier knew that these never ending change requests were stifling product innovation,

threatening to make the product fall behind its competition. Yet, they had to support their customers or face substantial shortfalls in revenue.

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## 2 Company Background

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As the recipient of “The 100 Best Employers of Bavaria” award, Method Park Software AG is a successful company with its headquarters located in Erlangen, Germany. It was founded in 2001 by Bernd Hindel, mainly as a service provider and product developer of software engineering tools. It provides consulting, training and support services in engineering to its customers. Its first customers included organizations from the medical technology and automotive industries. Soon after, it expanded its market to other sectors such as banking and insurance, mechanical engineering, defense, aerospace and the public sector.

### 2.1 Early Products

Method Park introduced its first product, *OO>C*, in the embedded systems market in 2002. *OO>C* was a ANSI C code generator, designed to use UML for embedded systems development. One year later, Method Park announced the release of *OO>C* version 2.2. Although the product was successful, its sales revenue did not satisfy Method Park’s desire for rapid growth.

It was in 2001 that Meier first discovered a niche in the process tools market. There were already many tools available but the market lacked a complete suite to support the development processes of an enterprise. The tool needed to be easy to use and had to be capable of redefining processes. In the same year, Method Park incorporated its web-based method construction kit and the project portal — *Project Kit* — into one software suite, thus enabling its users to individually adapt and view their development processes. This resulted in a personalized information, process and knowledge management system for software development allowing the status of the project to be viewed at any time. This marked a major milestone in the development of *Project Kit*.

### 2.2 Continued Growth

Since its inception, Method Park had been growing consistently. Method Park started its operations with 20 employees in 2001. This figure had risen to 114 by the end of 2011. This growth is shown below in Figure 1. In its founding year, the turnover was around €2 million. In the first half of 2002, the Erlangen-based IT company achieved a turnover of €1.2 million. During the financial year 2003, the company increased its turnover by 19 per cent to about €3.2 million. By 2010, it reached €9.2 million.

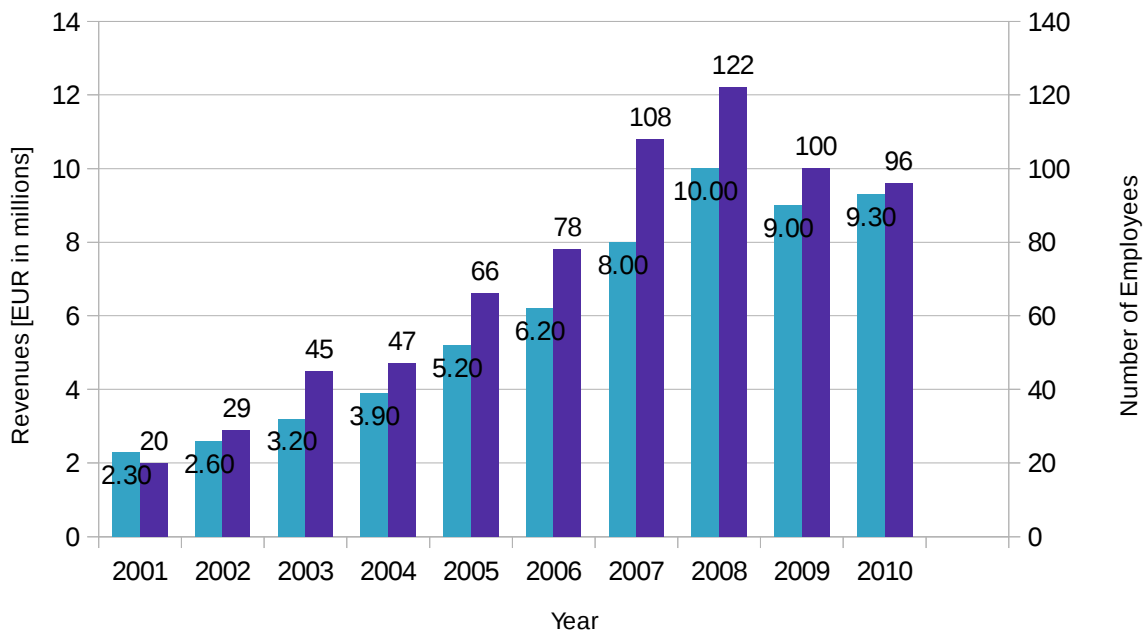


Figure 1: Growth of Method Park over time

The company continued to produce sound results, much better than the industry average. The company managed to market several licenses to entire corporate groups. The company’s training and consulting division was another pillar of growth. By extending the range of seminars, covering several subjects and increasing the number of participants, Method Park increased its turnover in this area. The company’s CEO believed that these results were due to the expansion of the company’s business segments.

“In economically difficult times, innovation and quality are of particular significance. In order to secure the success of the business in the long run, Method Park is focusing on the sustained and continuous development of its business fields,” emphasized Bernd Hindel.

### 2.3 Introduction of Stages

Even in 2008, a year overshadowed by the global economic crisis, Method Park continued to grow. This was due, Meier believed, to the further development of Stages. Stages was launched in 2008 as the successor of Project Kit. The company first introduced Stages to its customers in the automotive industry. However, it soon penetrated markets beyond the automotive industry. Just a few months after the release of Stages, Method Park was able to gain new customers in the rail, financial and insurance industries.

Right from the first years of operation, Meier and Hindel were of the opinion that for faster growth, Method Park needed to be present in international markets. In 2007, when the success of Project Kit brought substantial revenues to the company, they decided to set up a subsidiary in the USA.

At the founding event of Method Park America Inc. in 2007, Hindel stated:

“For years, Method Park’s service offerings had been widely popular. The United States of America is a very interesting market, especially for the training department because of the huge demand for certifications. The incorporation of Method Park America is Method Park’s first step towards its internationalization.”

Exhibit 1 shows the main versions and key features of Stages.

## 2.4 Organizational Structure and Culture

Method Park currently consists of four companies. Method Park Holding AG provides administration, office management, purchasing, personnel and accounting. Method Park Software AG provides operating units as well as sales, marketing and IT. Method Park Management GmbH is responsible for training and consulting on topics such as project management and maturity models. Method Park America Inc. serves as the organization for American sales. Figure 2 provides an organizational diagram of Method Park. In addition to its headquarters in Erlangen, Germany, Method Park has offices located in Munich, Miami and Detroit.

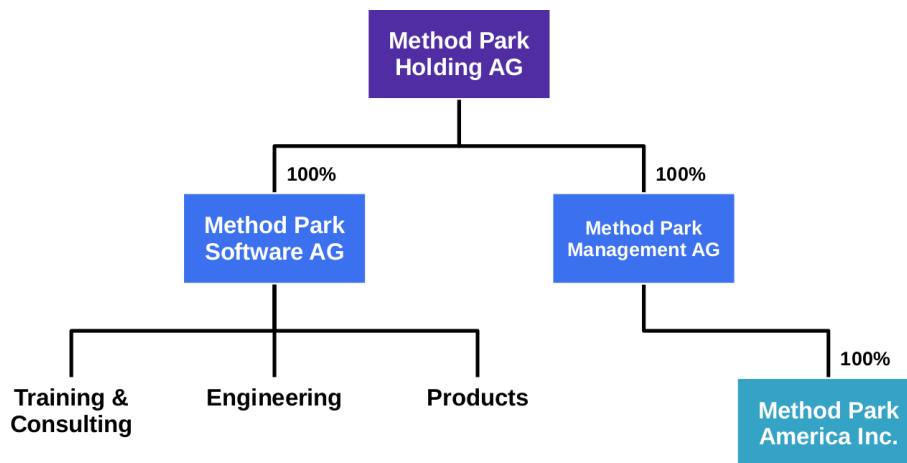


Figure 2: Organizational structure of Method Park

Method Park Software AG is divided into Training & Consulting, Engineering, Products, and Business Services. Leadership is provided by the respective department head as shown in Figure 3. Regardless of departmental boundaries, employees may be assigned to either Training & Consulting or Engineering or Products depending on the requirements.

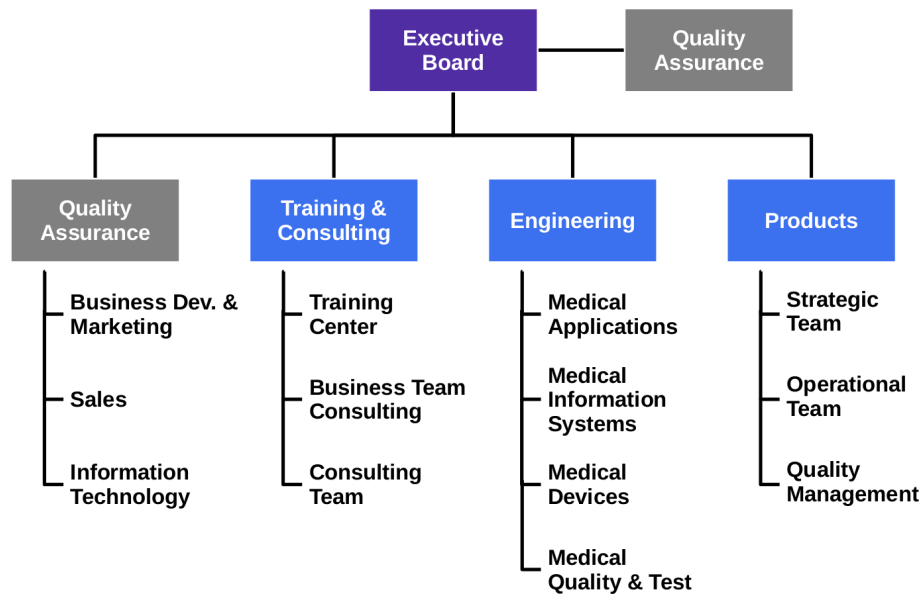


Figure 3: Line reporting structure of Method Park

As Hindel noted, “The output of Method Park during the past year is particularly gratifying given the current economic situation of the IT industry. Continual training of employees and selective choice of personnel is the basis for new customer acquisition. This pays off particularly well in difficult times.”

Method Park has a culture of open communication and a high level of transparency. “Openness in every way” is the motto of the company’s management, according to its directors.

## 2.5 Business Model

Method Park’s business model includes three sectors:

- Training & Consulting
- Products
- Engineering

Method Park provides either in-house workshops or personalized coaching to its clients. As part of coaching and workshops, Method Park provides knowledge and support for the effective implementation of methods and practices to client employees. As part of in-house training, Method Park presents courses individually to client employees at their employer’s location. Course contents can be customized to clients’ needs. As part of consulting and engineering, Method Park’s industry experts provide topical, method and strategy consulting to its customers.

Method Park generates most of its revenue from engineering services. Figure 4 shows the percentage contributions of each department to Method Park’s overall revenue.

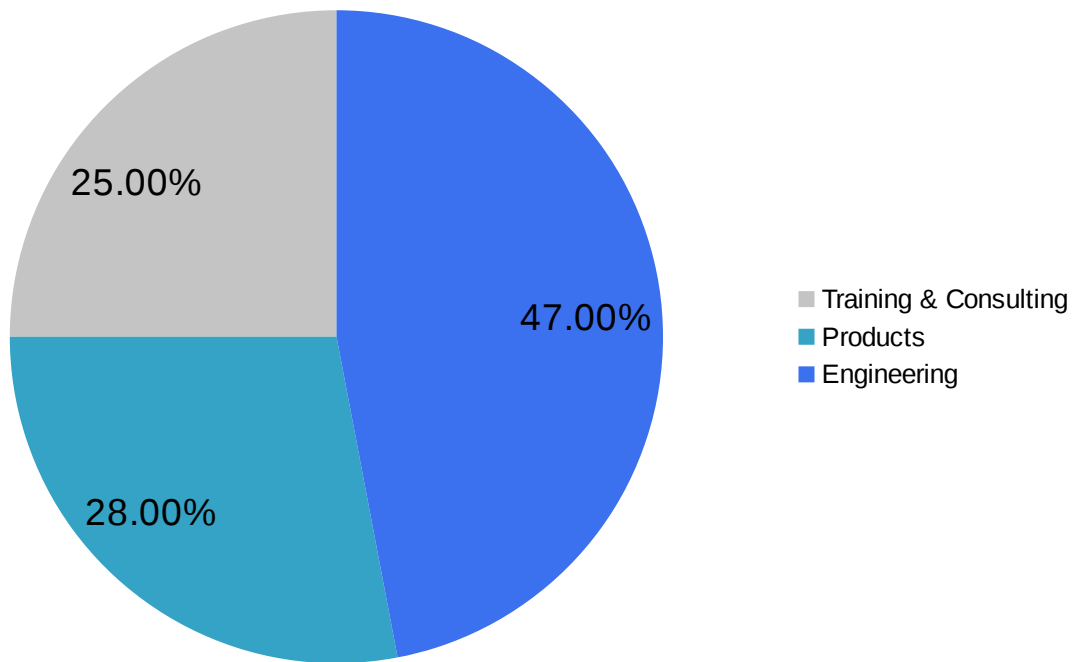


Figure 4: Revenues of Method Park by department (2010)

Approximately 90 per cent of the revenues were generated in the medical market. Most of the revenue generated in the automotive market by mid-2010 was either through sale of products or through training and consulting. Figure 5 shows the distribution of sales by market (as of the end of 2010).

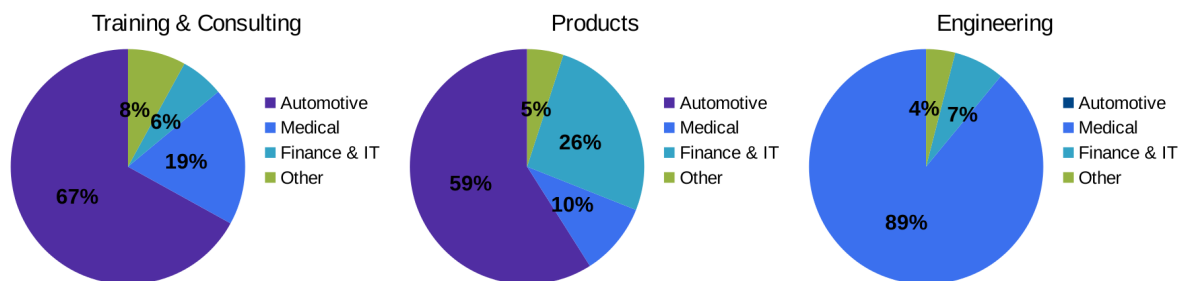


Figure 5: Revenues of Method Park by department and market (2010)

## 2.6 Marketing Strategy

Meier always complained that there never was enough budget for marketing Stages. Method Park allocated a very low budget for marketing, distributed between the departments. 10 per cent of the marketing budget was spent on printing, writing technical articles, preparing brochures and flyers. Around 50 per cent was used for online marketing, website maintenance, webinars, online ads and so on. The remaining 40 per cent was mostly used for events, conferences and user forums. Method Park was in favor of following the word-of-mouth approach to reach new customers and form strategic partnerships with other successful companies and thus build a strong relationship with customers.

Bernd Hindel and Richard Messnarz, chairman of ISCN Ltd., another software company, issued the following statement on extended cooperation of sales:

“The products of Method Park and ISCN complement one another. Cooperation in sales rounds off the product portfolio of both companies. This allows us to make an even more attractive offer to our customers. The resulting synergy strengthens both companies.”

Method Park formed a partnership with Genteware AG to bring Unified Modeling Language (UML) support to their product. It also teamed up with MESCO Engineering GmbH to develop and market the original Method Park product, Project Kit. It established a close relationship with the IBM software-brand Rational Software in May 2003, thus enabling it to leverage IBM’s market presence to gain new customers.

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## 3 The Product: Stages

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### 3.1 Value to Customers

In 2004, Method Park developed Project Kit — “A project portal for software development”. Project Kit allowed web-based access to all project and process relevant information via a single interface. With Project Kit, Method Park established an integrated management system for processes in software and systems engineering. This enabled development processes to be analyzed and modeled and ensured conformity to standards such as CMMI® or SPICE™.

In 2007, the company changed the product name to Stages because Project Kit sounded too similar to *Microsoft Project* and other project management tools. Stages could be integrated with customer configuration management systems to manage project documents in compliance with existing processes. Figure 6 illustrates the use of Stages in customer organizations.

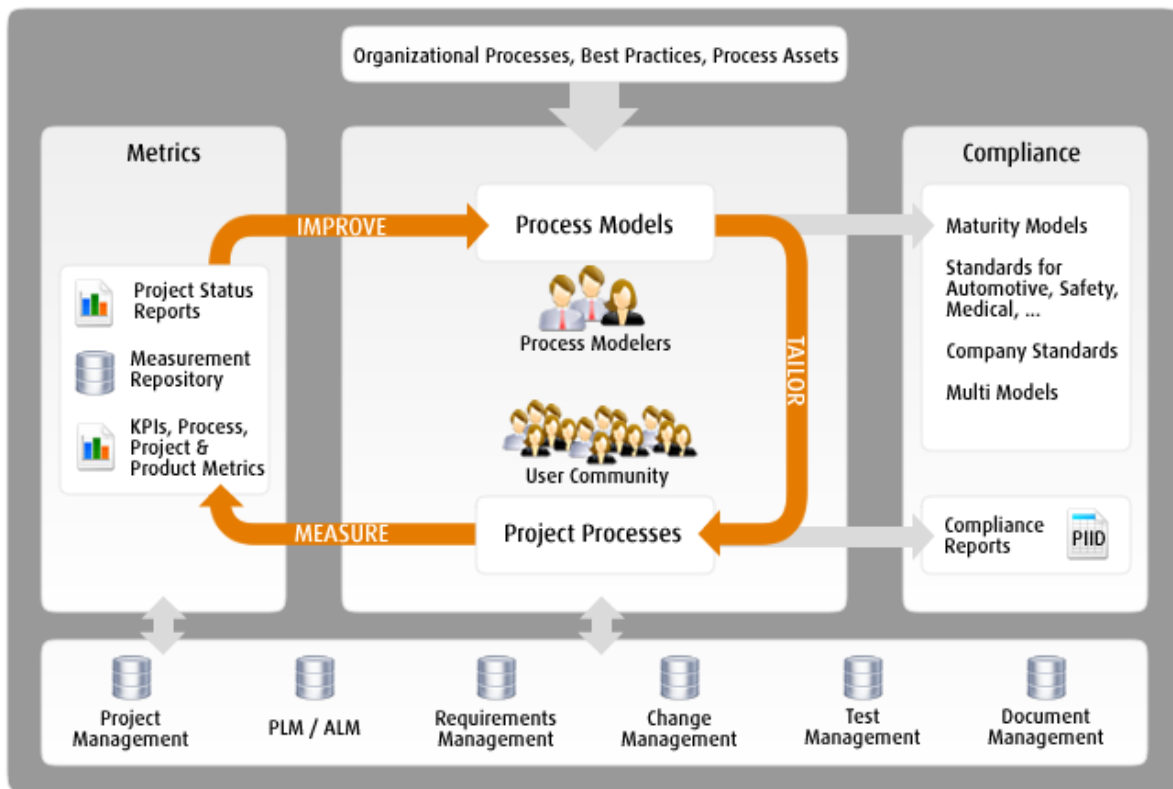


Figure 6: Overview of Stages

At the launch event of Stages, Meier said:

“With Stages, we will provide suites for the automotive industry, medical devices and for various other application fields such as CMMI. This product is to support small and medium-sized organizations or project teams which would like to use Stages for development and technical business processes to quickly model and translate their ideas into real life.”

The product consisted of a web application for management and application of processes (Stages Web) and an Eclipse-based process modeling platform (Stages Composer). For certain target industries — medicine, automotive, defense and CMMI — special editions of Stages were made which contained industry-specific standards and enriched content. All in all, Stages supports the entire process cycle and facilitates continuous process improvement.

### 3.2 Revenue from Stages

As a pillar of Method Park’s business, Stages brought in nearly 30 per cent of Method Park’s revenue. Compared to other departments in Method Park, the Product department had the smallest workforce. 18 per cent of Method Park’s employees were working directly on Stages. The team consisted of 10 developers, 3 service specialists, 5 consultants and 1 product manager. License fees usually started at €12,000 for small installations and went up to €0.5 million to €1 million for large installations.



Additionally, Method Park charged up to 20 per cent of the initial license fee for annual maintenance. Furthermore, customers were charged extra for additional enhancement requests. Method Park was selling a reasonable number of licenses each year. However, the number of licenses sold suggest a fluctuating model that is dependent on the market situation.

Server Pricing (by Number of Users)			
	From	To	Price
	1	5	3,500 €
	6	50	5,500 €
	51	100	12,000 €
	101	250	18,000 €
	251	500	24,000 €
	501	any	36,000 €

License Types		
Process Modeler (QM)		8,500 €
Project Manager (PM)		2,000 €
Process User (DEV)		200 €

Features / Modules		
Name	Version	Price
Automotive SPICE	2.5	4,225 €
CMMI for Development	1.3	4,225 €
CMMI for Acquisition	1.3	4,225 €
CMMI for Services	1.3	4,225 €
IEC 61508 (SW-rel. parts 3, 6, 7)		7,700 €
IEC 61508 (complete)		10,500 €
ISO 13485, 2003-07		3,300 €
ISO WD 26262		7,700 €
DIN EN ISO 9001:2000, de, en, fr		3,300 €
ISO TS 16949		3,300 €
DIN EN ISO 14971, 2007-07		5,300 €
IEC 62304, en or fr		5,000 €
V-Modell XT		2,795 €

Example Configuration		
	Number	Price
Server	1	5,500 €
QM	2	17,000 €
PM	2	4,000 €
Development	10	2,000 €
Total Number of Users	14	
Total Licenses		28,500 €
Automotive SPICE		4,225 €
<b>Total Licenses</b>		<b>32,725 €</b>
<b>Discount</b>	<b>0.00%</b>	<b>0 €</b>
<b>Grand Total (net)</b>		<b>32,725 €</b>

Figure 7: The Stages price list (2010) with an example configuration

There were four major customers — Continental, GM, Credit Suisse and ZF — who were paying for a full license to use the software. After the initial (and substantial) license fee,

these customers were paying the maintenance fee each year as well as fees for custom feature implementations (enhancements). These customers were of great importance to Method Park due to the sheer amount of revenue they brought to the company.

Continental, for instance, paid €150,000 in 2010. In 2010, these four customers paid a total of €778,000 in maintenance fees alone for Stages. Revenue figures suggest a stable linear model for revenues from maintenance which was crucial for the company's solvency. Stages not only brought in revenue from sales but also generated business for other business units of Method Park. On top of license and maintenance revenue, Method Park generated an additional 30 per cent of revenues from custom implementation of features.

In addition, customer churn was not an issue for Method Park as the rate was less than 5 per cent.

Figure 7 shows the Stages price list with an example configuration price at the bottom.

### 3.3 Customer Change Requests

The development team at Method Park spent most of its time working on enhancement requests from its customers. The four biggest customers, in particular, frequently requested features or asked for changes to make the software more compatible with their other systems. Fixing bugs and solving issues were the other tasks that developers, though unwillingly, had to spend some time on.

Hindel always believed that it was crucial to maintain a rapport with customers, especially with the four major ones. This made enhancement requests a priority. On the other hand, Meier was worried that by spending most of the time and effort on fulfilling enhancements it would be hard for the development team to maintain its innovative spirit.

By 2011, there were more than 8,500 unresolved issues in Method Park's issue database for Stages, out of which more than 2,500 were open issues of all kinds such as enhancement requests, bug reports, minor changes and the like. For instance, the number of open enhancement requests was roughly 1,300. The development team received 5 to 10 feature requests per quarter per large customer. The required effort to implement these features varied greatly, ranging from one hour to half a year, depending on the level of difficulty.

A member of the Stages development team said:

“We have the ideas. We hear about new technologies and we would like to learn and apply them to Stages. Although this would make our daily tasks more challenging and interesting, most of our current effort goes towards enhancements requested by customers, which can sometimes become irritating.”

### 3.4 Handling Customer Requests

Account managers were responsible for communication with customers. One account manager was assigned to each of Method Park's main customers. The task of the account manager was to be the voice of the customer. Customers sent the change requests to their respective account managers who then served as the customer advocate in interactions with the development team. Meier and the product manager Herrmann supervised the development team to determine whether a change should be accepted or rejected and prioritized the changes in prod-

uct backlog for implementation. Some of the requested features were so big that two or three developers had to exclusively work on them full-time. These features were included in the main Stages development branch but could be enabled or disabled according to the customer's request and license.

“Obviously, we are not able to implement all the changes and feature requests that are stored in our databases. In order to do that we would need a much bigger development team. In fact, odds are that some feature requests in our issue database will never be implemented,” explained Meier.

There have always been conflicts between Stages product manager Herrmann and the voices of customers. Account managers wanted all the features to be implemented and of course they wanted this to be done in time. However, there had always been complaints from Herrmann that the development team did not have enough time and the deadlines were too unrealistic. If they were to implement all the enhancements, there would not be enough time to add new innovative features. In such situations, Meier decided which task should be given a higher priority. The dilemma was that listening to the main customers and fulfilling their demands was important for the revenues of the company. According to Meier, losing one of the four key customers would lead to an estimated loss of €0.2 million to €0.3 million per year. However, if Method Park wanted to attract new customers and sell more licenses, it had to keep Stages up-to-date and add innovative features to it to keep up with its competitors.

One solution was to have a single development branch for Stages, so that all the requested enhancements would be available for other customers as well. However, it made testing more complicated for the team. Stages had many features that could be turned on or off with respect to the customer's demand but each of these features could have side effects on other features. This made it very complex for the development team because they had to test the system completely every time an enhancement was implemented.

“So far we have been following an incremental innovation approach. We have been listening to our customers and trying to keep them pleased by applying as many enhancement requests as possible. We focused on sustaining innovation in our roadmap for Stages,” said Meier.

It was time for Method Park to decide the future of its product and whether to keep listening to its main customers and follow a sustained innovation approach or mark a turning point by pursuing a disruptive innovation approach.

A team was put together by Meier to provide a list of options to develop a roadmap for crucial innovation of Stages and for the Product department in general. The team consisted of Herrmann, two senior developers, two consultants and two account managers. The team conducted a market analysis and suggested several options for the future evolution of Stages, as discussed below.

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## 4 Product Roadmap

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### 4.1 Market Analysis

According to the team's report to Meier, the requirement to stick to the standards in the automotive industry would lead to a direct need for clearly defined development processes and thus prepare the market for process consulting and process assessment. Consequently, this would lead to a further increase in the sales of Stages. Due to the strong regulation in the medical industry, there is a high demand for well defined processes, development standards and consulting. This is especially true for small and medium-sized enterprises which dominate the German market.

Development of innovative systems is the prime objective of the defense industry. Conversion from conventional systems to electronically controlled and globally deployable systems is a key component in such innovation. In general, the defense market is characterized by high sensitivity to quality and long decision-making processes. Reliability and security of products and services are crucial to the industry. Since market participants are linked to each other, positive and negative references in this market can spread very fast.

The report suggested that there would be a good market in the future for Stages. Method Park had been able to build up a good reputation among customers which helped it to achieve a strong market position. Reputation and positive references are of paramount importance in markets where conservatism is a dominant attitude among the main stakeholders. Stages had been able to attract the attention of the innovators and early adopters in the market and it was in a position to cross the chasm and sell itself to more conservative customers. This was the reason why Method Park needed to maintain a strong relationship with its customers and benefit from their positive references. Furthermore, in order to make Stages more convenient, the team suggested that the development team for Stages should follow the strategy described below.

### 4.2 Product Strategy

#### 4.2.1 Moving towards implementing ALM, PLM, BPM tools

The market research organizations forecast a fast growing market for Application Lifecycle Management (ALM), Business Process Management (BPM) and Product Lifecycle Management (PLM) tools.

According to Gartner Group, in 2007, BPM software was expected to be amongst the fastest growing software markets over the next five years: from €1 billion in 2007 to €2.6 billion in 2011. Forrester Research projected that "Business Process Management (BPM) license, service and maintenance revenue from software vendors would grow from approximately €1.6 billion in 2006 to €6.3 billion by 2011". WinterGreen Research reported that "Business Process Management (BPM) and services oriented architecture engine markets at €1.3 billion for licenses, maintenance and services in 2007 were expected to reach €4.6 billion by 2014".

Total spending on PLM software and services was estimated to be above €15 billion a year in 2006. Market growth estimates were in the 10 per cent region. Figure 8 provides a market value forecast of PLM tools.

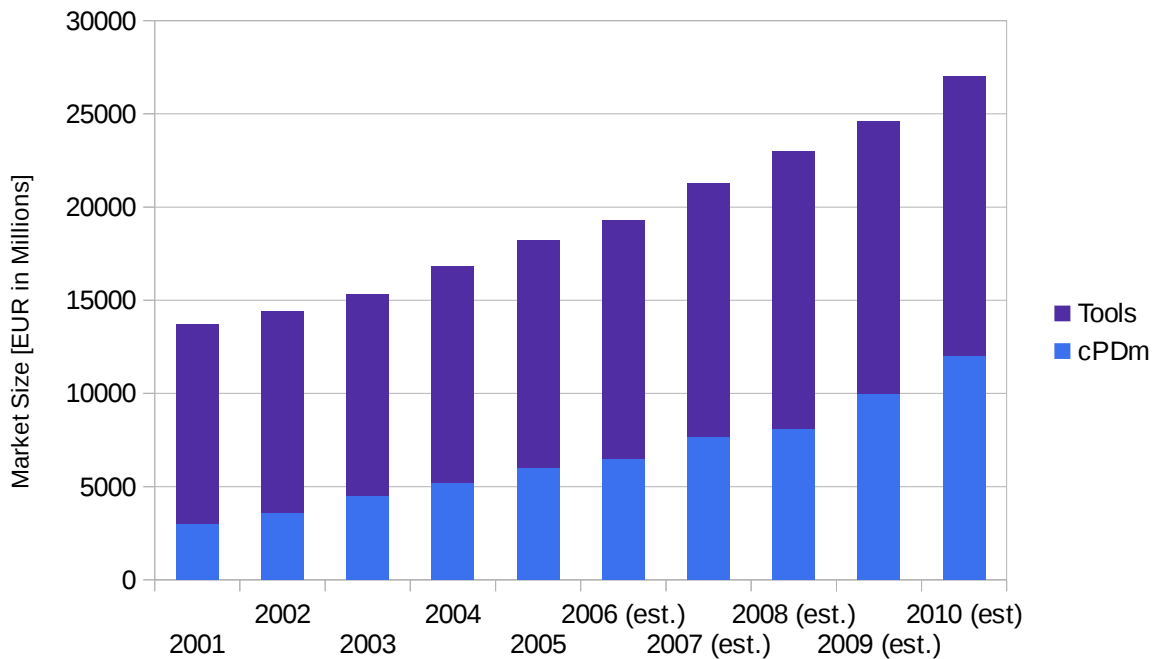


Figure 8: Growth history and forecast of PLM market

The team stated in the report that as BPM software matures, purchasing in its installed base would continue to be strong over the forecast period. Vendors in adjacent markets had also moved to BPM systems. Software as a Service (SaaS) was beginning to emerge as a business model in this market.

Besides, IDC believed that the SaaS model would help fuel growth in the mid-market, small businesses and business-to-business arenas during the latter half of the forecast period.

“Company-wide or sector-wide decisions related to investments on tools are made at the development manager and Chief Information Officer (CIO) level. So, Method Park should intensify the visibility of the product at these decision levels. For this, the positioning of our product must continue to move up the pyramid,” commented Meier in a meeting with Herrmann and Hindel.

Figure 9 shows which roles are currently engaged in the business with which tool issues.

The team suggested that there was a trend towards integration of ALM and PLM. Therefore, in order to reach the Development Directors’ level more directly, it was suggested that emphasis should be on ALM and PLM for Process Management. In order to address the CIO level, Method Park needed to focus on developing BPM tools as well. The report also suggested that to keep up with new trends in technology Method Park should move towards utilizing cloud computing.

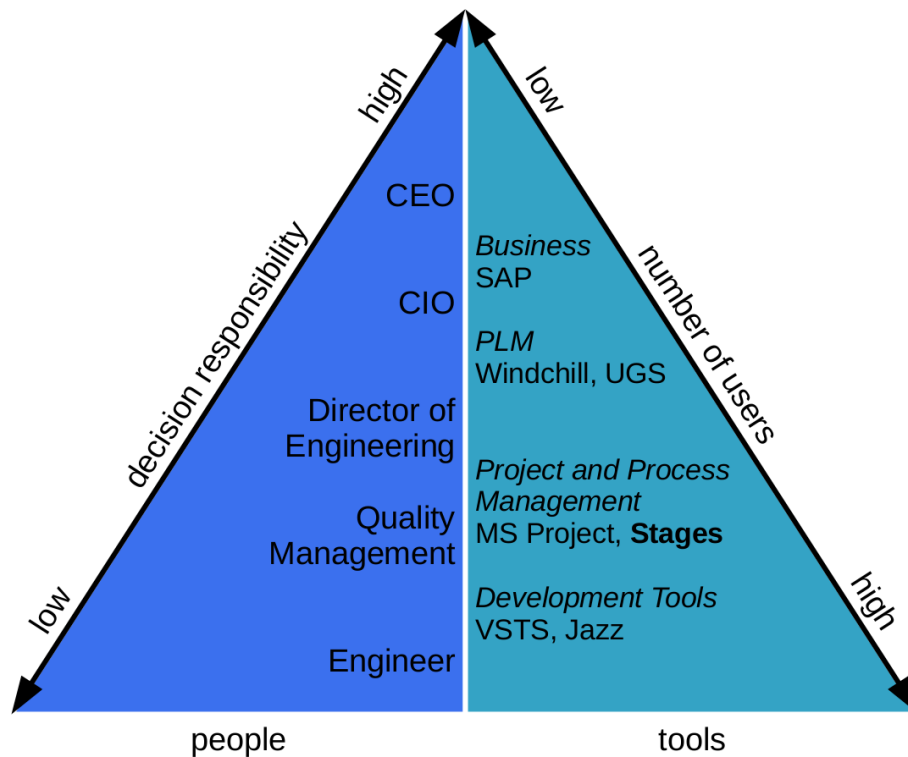


Figure 9: Employee roles and their tool needs and use cases

### 4.3 Sustaining vs. Disruptive Innovation

The team finally decided on the strategy to go towards implementing ALM, PLM and BPM tools. The question, however, was whether to follow a sustaining approach or to come up with a new disruptive product.

Through its sustaining innovation approach, Method Park had always focused on process modelers and process views. Previously, the company pitched its product to the middle of the pyramid. However, Meier wanted to pitch Stages to people at both the higher and lower ends of the hierarchy. So far, the focus had only been on process managers and quality managers of the client firms (middle of pyramid). The problem was that process managers are a rather small group that do not have much leverage in company policy. Meier wanted to target other stakeholders as well. Therefore, he believed that in order to disrupt, they needed to slow down the development for the process managers and focus on engineering features.

“At the top of the pyramid, there are the managers who control the budget and decide where to invest the money. At the bottom of the pyramid are the engineers and the end users that actually use the software; they come in large numbers. If we focus solely on the top level we can sell a license for a year, but that would be a one-time sell if the developers don’t like the product and soon after we will lose the customer,” Meier explained later in the meeting.

Method Park had been following a sustaining approach of adding features aimed at its current market. Meier decided a disruptive approach was required to capture new markets. At first, Meier decided to develop a new product with the functionality mentioned in the report, but later he decided to make a new product that is fully compatible with Stages.

“Through Stages we have all the information about process data, the core of events, the roles and the connections. We should leverage what we already have established through Stages, while adding more disruptive components to it,” Meier stated.

## 4.4 The New Product

The team estimated that the product development segment of the BPM market worldwide would consist of 5 to 10 per cent of the total BPM market which, as a rough estimate, would be €130 million to €260 million in 2011. By 2011, Method Park could reach 10 to 15 per cent of its target customers.

Meier decided to assign 50 per cent of the developer effort to develop the new disruptive product. He estimated that with current effort input, they could release the first version within a year. There was no precise cost estimation or budget planning for the new product, even though a rough headcount estimate put the required budget at around €2 million to €3 million. Meier planned to convince one of the major customers to finance the new product. However, he stated that if they could not draw the attention of any of their major customers to the new product, they would still continue with its development albeit at a slower pace. Furthermore, Meier wanted to make sure that 50 per cent of the new license and maintenance revenue share would also flow towards the development of the new product.

When Meier tried to assign a team to develop the new product, it turned out to be quite a challenge for him as all the developers wanted to work on the new project. Some of the senior developers who had to remain a part of the old Stages development team threatened to quit their jobs if they were not given the opportunity to work on the new product. With the years of experience and great knowledge they possessed, Method Park could not afford to lose them. Hence Meier decided to have only one team working on two different projects with separate product backlogs. Developers were told to split their efforts equally between the projects. Meier ensured that the focus was on developing the disruptive product and made sure that the sustaining innovation did not consume more than 50 per cent of the developers’ efforts.

## 4.5 The Risks of the New Product Strategy

### 4.5.1 Losing market leadership

Since the economic recession in 2008, the defense market has undergone a period of change. Massive cost pressures have forced many governments to reduce their defense budgets. Many projects were either canceled or postponed. The risks in the medical market stem from the high level of conservatism shown by manufacturers and the changes that have taken place in legal frameworks and regulations. However, risks due to fast-growing competition in the market cannot be ignored. Similarly, there are numerous competitors in the automotive industry. Exhibit 2 provides a list of competitors in these sectors.

One of the main factors of success for Method Park is that it is the market leader where Stages is offered. Being the first company to release a product like Stages, it gained a significant reputation and a strong market position. However, competition is steadily rising and other companies are introducing their own products which now threaten Stages’ market position.



### 4.5.2 Small development team

The revenue from Stages, per employee (including the developers in the Products department), was estimated to be around €150,000.

In 2011, the development team for Stages consisted of 10 developers. The CFO of Method Park insisted there must be a ratio of 2.5 or more between revenue per developer and cost per developer so that it would make sense for them to hire new developers. As the product manager, Herrmann found this ratio too restrictive and frequently struggled with limited resources. The analyst team also suggested that Method Park lacked a sufficient number of employees to serve the growing demand and maintain its market position. With the current number of developers, it would be a tough task to balance the efforts between applying changes requested by the customer and developing new and innovative features at the same time.

### 4.5.3 Losing old customers

If Method Park decided to focus more on the new product, it would have to deny some of the requests from customers so that more effort could be directed towards developing the new product. Consequently, this could lead to customer dissatisfaction. Losing the support of one of the major customers had always been a nightmare for the board members and in particular for Bowman. For instance, Continental paid €150,000 to Method Park just for the maintenance of Stages on their servers in 2010. Figure 10 shows the revenue share from Stages maintenance. Terminating the contract with major customers would not only cut the cash flow but also affect the decisions of prospective customers.

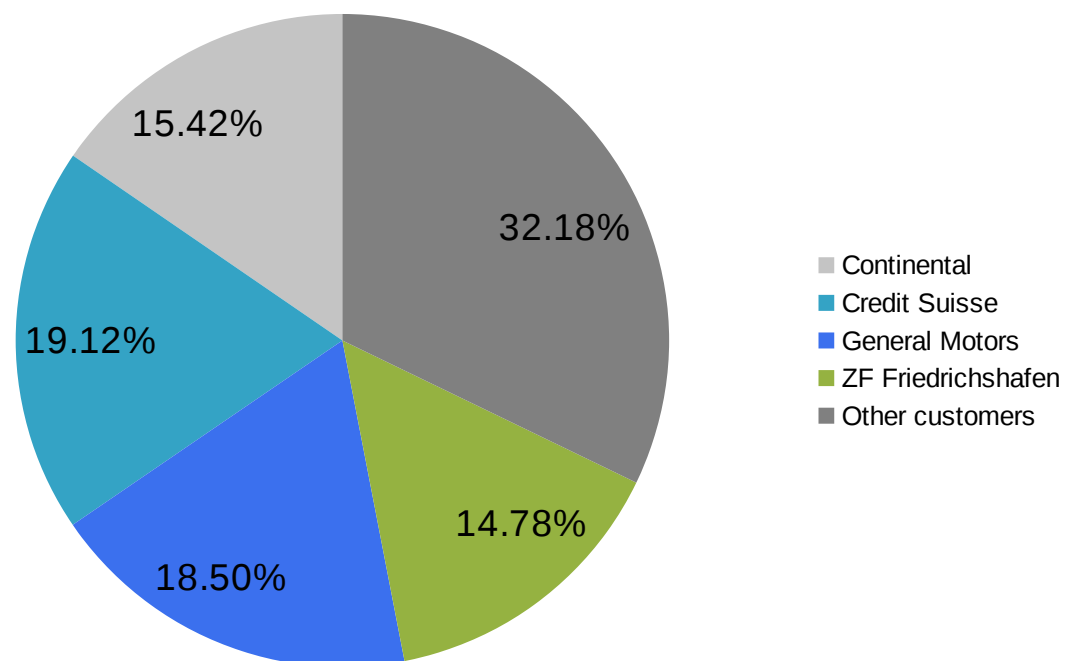


Figure 10: Revenue share from Stages maintenance (2010)

Meier wondered how he could keep the customers satisfied with continued support services for Stages and at the same time develop a new product. His risk-taking attitude tipped the balance in favor of disruptive innovation. In the meantime, the fate of Method Park's market position continues to hang in the balance.



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## List of Abbreviations

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ALM	Application Lifecycle Management
AG	Aktiengesellschaft
BPM	Business Process Management
CIO	Chief Information Officer
PLM	Process Lifecycle Management
SaaS	Software as a Service

# Appendix

## Exhibit 1

Functionality	Stages As A Service Standard Edition	Stages As A Service Premium Edition	Stages Enterprise
Infrastructure	Shared server	Dedicated virtual server	Server at the customer site
Process instances	1	Up to 5	Any number
Smart Start Process Best Practice development process	x	x	x
Process modeling	x	x	x
Process visualization	x	x	x
Process baselining	x	x	x
Process metamodel	Standard	Individual	Individual
Compliance management		x	x
Norm and standards		All available	All available
Document management Subversion integration		x	x
Project collaboration, MS project integration, infocenter, tracking, components, download center		x	x
Interface to engineering and IT systems			x
Security	SSL encryption	SSL encryption	SSL encryption, single sign on
Backup, monitoring	x	x	Individual
Customization (metamodel, configuration, etc.)		€190/h	Individual
Price (license types)	€130/month for Power User, unlimited viewers	€19/month for Standard User, €65/month for Project Manager, €325 /month for Power User, minimum: 5 Users, 1 Power User	Request quote
Administration fee	€400	€650	None
30 day free trial	x	x	Individual
Minimum contract	3 months	3 months	

### Stages suite comparison

## Exhibit 2

Business unit	Competitors
<b>Competition in the automotive industry</b>	
Products	ARIS, N5 Solutions, ViFlow, EPF, IBM Rational Method Composer, Savvion
Engineering	EB, Complement, Vector
Training and Consulting	MBTech, KMC, SQS, Synspace, BeOne, SQS, KMC, Synspace
<b>Competition in the medical industry</b>	
Products	Vicon (ViFlow), CollabNet, Progress (Savvion), Lombardi (Teamworks), Appian (BPM Suite), Metastorm
Engineering	Imbus, Sepp.Med, Infoteam, Astrum IT, develop group
Training and Consulting	Institut für IT im Gesundheitswesen, Optana, Klaas Consulting, mdi Europa, Metecon, TÜV
<b>Competition in the defense industry</b>	
Products	ProcessMax (Pragma Systems), Rational Method Composer, EPF (IBM)
Engineering	-
Consulting and Training	Lamri

*List of competitors*

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## About this Case

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This teaching case was taken from the [Product Management by Case](http://pmbycase.com) collection, a collection of free cases for teaching product management, available at <http://pmbycase.com>.

Conceptual guidance and teaching notes are available to lecturers. To receive them, please send an email to [case-requests@group.riehle.org](mailto:case-requests@group.riehle.org) or [dirk@riehle.org](mailto:dirk@riehle.org).

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### Case Credits

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Copyediting by Dinakar Geddapu, FAU Sprachendienst, Dirk Riehle.

### Case Data

Short code: Case-2012-01-Methodpark-Ensure

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Case revision: 180807

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Case 2016-03: Hard software marketing choices at ownCloud

Case 2016-04: Pricing at Everest SARL

Case 2017-01: The case of SUSE Manager