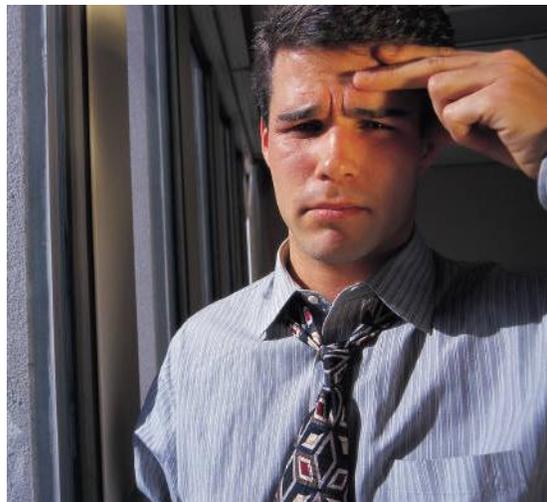


Case Study: MQX Electronics

Abstract: Patrick Ramsey heads the Strategic Intelligence team at MQX Electronics, a manufacturer of media player devices. The Board of Directors were meeting soon to decide an important investment direction and needed information about key competitor strategies. Despite their hard work, Patrick's team had not produced the needed insight until key information about their main competitor, Nimda Industries, is uncovered. That information is critical for helping the Board make the right decision. Patrick's only question is whether he can use it or not.



Patrick Ramsey put his feet on his desk and leaned back in his chair. His sleeves were rolled up and his shirt was loosely tucked into his slacks. The office was quiet at 9 PM except for the vacuum cleaner noise from the night cleaning crew. He rubbed his tired eyes to avoid looking at the mound of work on his desk.

It was not Ramsey's habit to stay so late but this was not a usual workweek for him. Only three more days until he was due to present the latest competitive intelligence report to the Board of Directors at MQX Electronics. Though it was not his first report to the Board, it might become his more important one. Running the Strategic Intelligence team for MQX was usually fun. This week, he would have used another word for the responsibility.

As he sat back and sipped from his half-empty coffee cup, he could not help but reflect on his ten years at MQX. He had started in Engineering building MQX's first generation media player. That was an exciting time for Patrick and MQX Electronics. Few other companies had the foresight and talent to create leading edge products like the first MQX Flash 101 device. Patrick

remembered how proud he had been to show off the product to his family and friends and to explain his role in its development.

When he tired of product development, Patrick landed a job in Marketing. Managing the market messaging fascinated him. He became proficient in describing product benefits, value propositions, positioning and a host of other critical marketing tasks. While in Marketing, Chet Samuelson, the Vice President of Strategy, noticed Patrick's work. He arranged to transfer Patrick to the Strategy team where, in due course, Patrick again excelled. He seemed to have a knack for bringing a multi-functional perspective to the strategic discussions. When Chet later decided to create a Strategic Intelligence team, Patrick was the obvious choice to lead them.

Although MQX Electronics had been a pioneer in media players, competition had long since caught up. They were five product generations past the initial Flash 101 device and their market share was steadily declining. The Board's challenge was to decide if more investment in media players was wise for MQX.

They needed Patrick to lay out the competitive environment in detail for them to support their debate. They specifically needed insight into strategies of their major competitors. Of course, Patrick and his team already had much of the needed information since they monitored the environment and competitors' strategies regularly. This time, though, the Board wanted more and were pressing Patrick to deliver fresher and deeper insights. All of the Strategic Intelligence team felt the same intense stress that Patrick felt. Where was this new insight to be found? Could they get it in time for the Board meeting? Failure to deliver was not an option.

Patrick looked over his extensive to-do list for the next day. There were analyst calls to make, meetings with his team to review material and the obligatory legal review with the corporate counsel, Samantha Turner. Three years ago, Samantha had instituted a standard process to review all strategic competitive intelligence information before it was presented to the Board. Ostensibly, this protected the corporation from improper use of information and prevented the Board from being exposed to something improperly obtained. Patrick liked Samantha and understood her goals. Nevertheless, he sometimes bristled under the conservative guidelines

mandated by Legal. She did not understand the world that Patrick and his team had to operate in every day. Competitors that did not have similar restrictions were probing for information about MQX constantly.

The legal review tomorrow concerned the roadmap for MQX's biggest competitor, Nimda Industries. Patrick's team had analyzed Nimda's product lines and projected their future roadmaps. If they were right about the roadmap, then working back to their driving business strategy would be straightforward.

Until today, despite extensive research, Patrick assigned a low confidence level to the projected roadmap. However, at the status meeting earlier that day, a breakthrough occurred. Charlie Smith (a key analyst on Patrick's team) presented information with the details of Nimda's roadmap. Remarkably complete, he had slides that showed the products planned for the next two years across every media player segment. By analyzing the roadmap, Patrick realized that Nimda's strategic direction was changing. More importantly, he knew that the change presented a compelling opening that MQX could exploit to reinvigorate their growth. This was the kind of substantiated insight sought by the Board. Thanks to Charlie, the team (and Patrick) would look very good.

As the meeting broke up, Patrick motioned for Charlie to stay behind. When they were alone, Patrick said, "Well, you have really saved the day with the Nimda information. Good work, Charlie."

"Thanks. It wasn't easy information find," replied Charlie. "I have been working frantically through our usual primary sources and thought that there was no hope. Then, I called the purchasing guy at QinTech." MQX, like many other companies, outsourced their manufacturing to QinTech. Nimda also used QinTech.

"What did he tell you?" asked Patrick.

"Nothing, at first. We chatted for a while about our business together. I was about to hang-up when he asked me what I thought about Nimda," Charlie said. "I told him that we considered

Nimda one of our biggest competitors and were trying to understand how to beat them in the next generation of media players. He knew all of that, of course.”

“Yes, I have met that guy. He is really connected. Thankfully, he likes us more than he like Nimda,” replied Patrick. “What did he say then?”

“He said that, if I would keep it quiet, he would send me some information about Nimda’s plans,” said Charlie. “I asked him what kind of information he had.”

“And that is when he told you it was about their roadmap,” guessed Patrick.

“That’s right. He doesn’t like Nimda because, he says, they embarrassed him in a contract negotiation. Besides, we are his account now and he wants us to be successful,” Charlie explained.

Patrick asked, “Do we have any other confirmation of their roadmap?”

“Partial confirmation, at best,” answered Charlie. “We interviewed two ex-employees of Nimda and they were quite free to share information about product development activities. We also talked to one of our analysts that confided some insights into Nimda based on conversations with their management. Still, without the roadmap slides, we don’t have enough to satisfy the Board. Unsurprisingly, secondary searches came up blank.”

Patrick agreed, “I think that you are right, Charlie. Our case depends on the slides sent by QinTech. Leave a copy of the slides with me. I am working late tonight and I want to review them again.”

As he sat alone in his office that night, Patrick reviewed the Nimda’s slides. They showed information invaluable to MQX about Nimda’s products, technologies, market segments and timing. Seldom did MQX have such timely insight into a key competitor. Clearly, this insight would help the Board make the right decision about future investments.

Yet, Patrick also had a nagging feeling. The slides were marked as “Nimda Proprietary Information.” Should he remove the markings? Maybe he could use the information without

identifying the source. Perhaps he could claim that the confirmatory evidence was stronger than it really was. Then there was the possibility that the Board would not care where his team had gotten the information.

Before he got to the Board meeting, though, he had to pass Samantha's review. What should he do? It was going to be a long night.

Competitive Intelligence Case Studies (www.cicases.com) is an effort dedicated to advancing problem solving discussions among competitive intelligence professionals. The cases are fictional and any resemblance to actual people, companies or situations is coincidental. Read or contribute commentary about this case at <http://blog.cicases.com>. Contact Tom Hawes at tom@jthawes.com for permission to use this material in classroom or training settings.

