

**Trapezo Partner Fusion Platform:  
Optimizing Internet Partnerships**

— Trapezo, Inc.

# HURWITZ REPORT

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January 2001

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## Introduction: Partnerships Take Work

Organizations will need help from their friends to be successful in online commerce. You need online business relationships to augment and enhance your online operation, enabling you to offer your customers more and to perform better. Hurwitz Group finds successful online commerce operations that don't rely on external business relationships are rare indeed; success today is built on these relationships. For example, where would Amazon.com be without its publisher relationships?

But online relationships aren't easy. They first require time, effort, and understanding to find appropriate partners. Then the real work begins. The partners' contributions, whether they be products or information, must be thoroughly integrated into the commerce offering and continually maintained. The partnership itself must be managed and evaluated on an ongoing basis. And we're not talking about one, two, or a few partnerships. Successful online businesses can very easily encompass dozens, even hundreds of partners.

Complicating the effort is the lack of automated software to integrate and manage partnerships. Today, the task of integrating each partner's contribution into the commerce offering is a manual task, each link and placement on the page created by hand. With dozens of relationships, the effort can quickly overload a business operation, preventing it from growing and expanding critical relationships.

This white paper examines two often overlooked challenges in the rush to establish online commerce partnerships: (1) the process of integrating and maintaining information that comes from outside sources; and (2) the need to constantly optimize relationships to produce maximum value for the business initiative. It examines how software can help organizations optimize their Return On Opportunity™ (ROO)<sup>1</sup>. Then, it introduces Trapezo, a pioneer of a new class of ASP-based software that addresses both challenges by automating the process of aggregating, integrating, maintaining, and optimizing online content. Finally, it will explore some of the return on investment (ROI) and ROO implications of Trapezo's solution for businesses of all sizes.

## Bringing Partners Online: A Manual Process

Bringing partners online sounds simple enough until you try to do it on the scale required for successful commerce. Typically, online relationships contribute content or products, such as graphics, text, links, web applications, streaming audio, and video. These must be integrated into the web site. This can entail embedding links and adding descriptions. Increasingly, however, organizations want much closer integration by which each partner's content is appropriately displayed within the web site and matched to the site's look and feel.

Specifically, the partner integration process requires a web site staff member to review the partner content, which might be information or products from a catalog, and select the most appropriate material. Then, decisions must be made about which pieces of the partner content will appear on which pages and at which times. Finally, someone needs to manually construct the connections to the

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<sup>1</sup> Return On Opportunity (ROO) measures how a technology investment will lead to overall growth and success of the business. Unlike return on investment (ROI) and total cost of ownership (TCO), which analyze the budgetary implications of new hardware and software, ROO is defined in business terms — the ability to seize opportunity for competitive advantage.

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content, embed the links throughout the web site, and test each of them. This takes considerable time and effort, typically hours per link, effectively slowing the organization's time-to-market, especially when the partner is providing multiple pieces of content intended to appear on different pages within the web site. It doesn't take many partners before this task spirals completely out of control, requiring a huge expenditure of resources. No wonder managers are forced to limit the number of partnerships they can take on.

And the process of integrating online relationships isn't a one-shot deal. The partners' content must be continually maintained, reflecting changes at your site and those of your partners. Links must be updated, new content must be added, and outdated content removed. Similarly, businesses will likely be adding and removing partners. Needs change and business relationships don't last forever, especially in the highly dynamic online world.

Even as the value of business relationships becomes increasingly apparent to organizations, the process of integrating and maintaining these relationships remains misunderstood and unrecognized as the drain on resources that it is. Based on its analysis of dozens of online businesses, Hurwitz Group identifies four challenges to integrating and maintaining online business relationships:

- ▶ **Labor.** People must manually review, select, and place content
- ▶ **Cost.** Organizations must hire and maintain a growing staff just to support partnerships
- ▶ **Time.** The manual process is slow, severely impacting time-to-market
- ▶ **Quality.** People make mistakes, especially when the process involves inputting long, intricate links, which creates errors that lead to increased customer frustration

As revenue from online relationships soars and the typical number of relationships per site grows into the dozens or, increasingly, hundreds, the need to automate the process of online integration becomes essential. Yet, many online managers still think all that is required to integrate a business relationship is to add a few links to the partner's web site. They don't yet appreciate how much time and labor is involved. Hurwitz Group finds that lack of understanding is costing them dearly.

## Optimizing Business Relationships: Creating the Right Content Mix

The second great challenge to online relationships is assembling the right mix of partners to produce maximum benefits, which Hurwitz Group refers to as optimizing the relationship. As noted above, integrating online relationships is a costly, labor-intensive effort. It is incumbent on the organization to get the most return from this effort. However, managers have little insight into how well a given partnership is adding to their bottom line.

To effectively optimize online relationships, managers need to see not only which partner produces results but also which individual elements, such as pieces of content or catalog pages, generate the most views or produce the most transactions. Similarly, managers need to be able to test and analyze

combinations of partner offerings and mix and match them to determine which mix of elements delivers maximum results.

Armed with this kind of information, provided by automated software such as Trapezo's Partner Fusion PlatformSM (PFP) technology, managers can rationalize their relationships. Understanding that each business relationship requires an investment of resources, managers may decide to eliminate poorly performing relationships. Or they may choose to reallocate resources directed toward partners in different ways. This type of effort, however, requires tools to easily track, analyze, model, and test the performance of online relationships.

## Moving Toward Optimizing Online Business Relationships

Software is instrumental in getting the most out of online business relationships. Software can automate the actual tasks involved in setting up relationships online, such as creating the necessary links and placing and integrating content. This reduces the need for staff, freeing existing staff to perform other tasks. At a time when online businesses are focusing on managing costs, this kind of automation can yield an immediate payback. But cost savings is just one benefit. The same software also can help the organization grow the business by allowing it to engage in more online relationships, which creates more and different opportunities to generate new revenue. And the information-reporting capabilities enable managers to analyze every online relationship in terms of its top line and bottom line contributions and optimize its performance.

### Hurwitz Group's Return On Opportunity

Organizations must follow a decision-making process to determine how to integrate and manage online business relationships. The decision process can include using traditional assessment methods, such as ROI, which address the bottom line. However, more businesses are beginning to consider the opportunity, or added business value, of an investment in terms of its top line impact, or how it enlarges the business. Hurwitz Group calls this Return On Opportunity.

Whereas traditional assessment methods use TCO and ROI to determine the impact of a new technology purchase, ROO assesses the business value, including the upside or added revenue impact of the investment. In the case of automated relationship-management software, this would include the ability to integrate more and different business relationships, each bringing additional value to the operation. ROO enables companies to adopt a strategic approach that focuses on revenue generation and quantifiable business benefits. ROO enables companies to illustrate that business benefits realized through implementing a strategy and solution lead to such critical improvements as expanded revenue potential, decreased time-to-market, and short process cycles.

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You can also view an ROO as the potential and practical upside of an investment. Whereas traditional ROI calculations focus on defining the cost savings and break-even point of investments, an ROO measurement focuses on defining new and expanded business opportunities. An ROO could be considered the upper bound of an ROI calculation because an ROO helps to quantify the top-line benefits of deploying new strategic business applications and technologies, such as relationship-management software. ROO looks at different metrics than ROI and therefore views investments differently.

What does this mean in terms of using software to integrate and manage relationships with online business partners? The business benefits include:

- ▶ Cost reduction
- ▶ Value of data in context
- ▶ Value of analytics and visibility into data associated with partner activity to optimize the online business relationship
- ▶ Time-to-revenue

Each of these is described below.

### *Cost Reduction*

By automating the creation of links, the selection and placement of content, and the maintenance of those links, an organization can significantly reduce the cost of the online business relationship-integration process. With such software, fewer staff can handle more online relationships, which increases productivity and lowers the cost per unit of work.

For example, Hurwitz Group estimates that the cost of a skilled staff person required to create web links and select and place content on the site runs about \$100,000 per year (including salary, benefits, taxes, and administrative overhead).

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In a recent Hurwitz Group study, online business managers using PFP, Trapezo's automated business relationship-integration software, reported savings of 50% or more.  
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Furthermore, based on its analysis of online businesses, Hurwitz Group finds that a skilled staff person can handle about 10–15 partner relationships, including the maintenance and reporting associated with each relationship. If the relationships are unusually complex or detailed, or the content is changing frequently, the number of relationships per staff person could be even less than five.

Therefore, in terms of personnel expense, 10-15 relationships costs the business \$100,000, 20-30 relationships might cost \$200,000 and so on. An automated tool that allows a person to increase the number of business relationships he or she can handle by at least 50% could save the organization at least \$50,000 each year in personnel expense per 10-15 relationships. Additionally, these cost savings scale nonlinearly. The same human resource can increase the number of business relationships even further with only trivial extra effort, because there's no need to invest in consecutive, point-to-point integrations. Thus, the total cost savings for a

content-exchange network may be well in excess of 50%, depending on the number of relationships. In a recent Hurwitz Group study, online business managers using PFP, Trapezo's automated business relationship-integration software, reported savings of 50% or more in personnel expense.

This analysis looks at personnel costs only. It does not include the cost for hardware, software, and other special resources above and beyond a typical loaded headcount cost.

### *Value of Data in Context/Personalization*

Software like PFP also automates the process of aligning content with the web site context — one component of personalization — ensuring that web site visitors see content that is appropriate to the part of the site they are viewing. Such alignment contributes to stickiness, delivering pertinent content only, and keeping customers coming back.

The value of data in context can be seen in the following studies:

- ▶ A survey by the personalization consortium of over 4000 end-users found that 51% of those surveyed were willing to give out personal information if that translated into an online experience truly personalized for them. The conclusion — web site visitors clearly value content pertinent to their interests.
- ▶ The Cyber Behavior Research Center survey (1999) of over 600 consumers found that 81% of them had visited a site that used personalization and 64% found it useful. Again, web site visitors clearly value content pertinent to their interests.
- ▶ In a recent Hurwitz Group survey of over 500 companies that were deploying e-Business solutions, greater than 35% of the respondents were using some kind of customer profiling in their e-Business implementations. Such customer profiling is central to providing context-sensitive content for each visitor.

Software like PFP that helps web businesses do context-sensitive placement of relationship-generated content within the site helps the online business improve visitor satisfaction and increasing return visits, stimulating other desired activity.

### *Value of Optimizing Online Business Partnerships*

Not all online business relationships perform equally well. Understanding the performance of an online relationship is critical to managing the relationship for maximum return. The key to understanding how online relationships perform is data; managers must know in a timely way what activity is associated with each online business relationship. The manager can then determine which online relationships work best in which situations and take action to expand relationships that are performing well and to improve or curtail relationships that are not.

Hurwitz Group's analysis of online businesses reveal the following:

- ▶ The 80/20 rule applies to online relationships. The 80/20 rule states that a small number of relationships generate a large proportion of the activity. Managers must identify those top performers and allocate resources and online exposure to those relationships that deliver maximum return while they optimize the return on the rest of the relationships.
- ▶ In interviews with managers of new online sites, Hurwitz Group found strong levels of interest in collecting and analyzing information that would help them make intelligent decisions regarding content provided through relationships.

- ▶ In ongoing Hurwitz Group studies of users of decision-support and analytical software, managers report a near universal acceptance of the concept that the capture and analysis of performance data is key to optimizing business performance. This concept is so widely embraced that managers report it is no longer necessary to justify investments in analytical software on an ROI basis.
- ▶ Hurwitz Group finds little distinction between online businesses and conventional businesses when it comes to analyzing data to enhance performance. In a recent Hurwitz Group survey of several hundred companies, the top reasons for analyzing customer related data included identifying highest value customers and maximizing revenue potential.

### *Time-to-Revenue*

Streamlining and automating the process of integrating online relationships not only increases staff productivity, thereby lowering costs, but also speeds up the capture of revenue. If an online business can integrate content from a new relationship this week rather than next week or next month, today rather than tomorrow, it can begin receiving the benefits from that content that much sooner. When the content is revenue-generating, such as product content, a faster process helps the organization collect the revenue generated by those products sooner.

## **Trapezo's Partner Fusion Platform (PFP) Technology: Integrating and Optimizing Online Partnerships**

Trapezo enhances the value of online business relationships by reducing the effort required for technical integration and maintenance. It enables organizations to leverage relationships and increase web site stickiness, customer satisfaction, and revenue. Trapezo's relationship optimization solution, PFP, removes all the technical barriers to fast, efficient, and profitable online partnering. PFP delivers a comprehensive, automated solution that integrates the entire relationship process end-to-end, allowing organizations to rapidly implement information-based relationships, manage the flow of dynamic content between businesses, and optimize and track performance.

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Founded in March 1999, San Francisco-based Trapezo allows nontechnical managers to quickly integrate and manage multiple partnerships through automation, replacing the costly, labor-intensive, primarily manual process used today. As such, it enables rapid growth and speeds time-to-market by allowing organizations to add or remove partners quickly and easily. Following the ASP model, Trapezo services are easy to set up and use, requiring no hardware or software implementation. As an ASP, Trapezo provides a hosted software solution designed to provide all the end-to-end functions necessary to aggregate partner content as structured data, manage multiple relationships, control the display and behavior of dynamic content, enable the optimization of performance, and track results.

Trapezo's PFP supports dynamic content delivery, whether the content is information, products for purchase, or services. It delivers content to end-users, tracking user activity and displaying the content and products that represent the best match for each user. PFP also delivers personalized content based on user behavior and ensures that all partner content shares the same look and feel as the hosting web site. With Trapezo's solution, the organization controls the design and behavior of all partner content and can make changes at any time.

Powerful tracking and reporting tools in the PFP help stakeholders continually evaluate relationship performance through real-time reporting by business, product, category, and more. Stakeholders are able to see what works best and can make adjustments to improve partnership performance.

The PFP technology consists of the following key components:

- ▶ **Command Center.** Manages all content through a web-based interface to content rules and design templates. Through the Command Center, organizations can manage their partnerships and content, design and display rules, and can access real-time reports. Security is ensured through password-protected accounts, which have different permissions and controls based on the privilege level and type of account, content publisher, or distributor.
- ▶ **Display Modules (DM).** Partner content is delivered through HTML objects referred to as Display Modules. Each Display Module is generated by a request to the Trapezo DM servers. The DM servers in turn deliver the appropriate content in the preconfigured look and feel, which is viewed by users through their browser. Display Modules consist of one or more slots, which are placeholders within which a single item, such as a product or article, is displayed. This ordered structure enables managers to have a great deal of control over the presentation and content assignment of Display Modules.
- ▶ **Display Module Server.** A server at Trapezo that prepares Display Modules to be delivered upon request. It manages slot-based content rules, templates, item weighting, and keyword filtering.
- ▶ **Industry standards.** Trapezo supports widely embraced industry standards, including XML, HTML, WAP, WML, and JavaScript. In addition, its open architecture makes it compatible with common enterprise solutions.

Trapezo's extensive real-time performance reporting enables managers to effectively optimize their partnerships. Managers can test different combinations of partner content and explore various partner mixes in an effort to optimize web site performance and monetize the web site. Using Trapezo reports, for example, a manager can determine that certain content generates greater activity during certain periods or with certain pages. The manager will be able to compare the performance of one partner or piece of content with another.

Trapezo provides tables and graphs on impressions generated and click-throughs by partner, product, product category, and associated category. A stakeholder may produce several types of reports that track results as well as select from a list of preset reports. All reports can be generated in a number of formats including HTML, Adobe PDF, and text.

## Trapezo ROI/ROO

Return on investment refers to the payback that results from expenditures. Technology solutions that reduce the time it takes to complete a task, reduce the number of workers required, and eliminate errors produce hard savings that directly contribute to the ROI.

Return On Opportunity occurs when technology solutions open up new sources of revenue. By enabling an organization to handle more partners, to bring partners online faster, and to optimize the partnership mix, for example, Trapezo creates opportunities for more revenue faster than the organization could likely achieve without the Trapezo solution.

Hurwitz Group interviewed a number of early adopters of Trapezo's PFP solution to determine the return on investment they experienced. The early adopters reported significant savings in time and labor, equal to one full-time employee in one case, which they expected to translate into an attractive ROI. They also found that the use of PFP enabled them to better leverage their existing relationships and take on more relationships, which opens up greater opportunities, effectively boosting the ROO.

These results are preliminary. All the organizations interviewed considered themselves new users and had not tested the full capabilities of the Trapezo solution. Their initial efforts tended to focus on relationship integration. Optimization of the relationships typically comes later, although a few organizations are starting to explore the optimization capabilities. Still, initial reports from these early adopters clearly highlight the value of Trapezo's PFP:

- ▶ **An ASP specializing in a vertical market (real estate) reports that Trapezo eliminates most of the manual effort required to integrate partnerships.** "We will need fewer technical resources. With Trapezo, just about anyone is capable of setting up a new partnership," a manager reported. More importantly, partnerships are critical to the success of the venture from an opportunity standpoint. Eventually, the company expects as many as 250 content partners. Without Trapezo, managing this many partnerships simply would not be feasible.
- ▶ **A major search portal is using Trapezo to manage the partnerships for its shopping component, a key to monetizing the web site.** In initial tests, Trapezo enabled it to quickly automate the integration of 12 products into its shopping channel. "It displays the partner's entire catalog and we can simply click in the products we want. It is very fast and simple," a manager explained. The manager calculated that Trapezo saves the organization one full-time equivalent in human resources with just the small number of partners in the test. As it substantially expands its set of partners, the organization expects correspondingly greater savings. The search portal has also taken advantage of Trapezo's partnership optimization capabilities to adjust the product mix offered by its various partners. "We are able to run reports, make changes, and run the reports again," the manager explains.

- ▶ **A community-building web site turned to Trapezo to better target advertisers' messages in an effort to boost revenues.** Its advertising partners provide content in the form of links, which PFP dynamically displays in the most appropriate areas of the site and in front of the most likely prospects. With Trapezo's solution, the organization can easily offer advertisers highly specific context-based advertising. The appeal of such context-based advertising already has led one advertiser to boost expenditures on the site, from \$50,000 to \$75,000 for a single campaign.
- ▶ **A leading online content publisher uses Trapezo to dynamically link training courses offered to article content based on key words.** Without Trapezo, the staff would have to create links for every page by hand, which would be an overwhelming undertaking. The organization also takes advantage of PFP's reporting and optimization capabilities, which the manager reports finding highly valuable.

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In ongoing Hurwitz Group research, time-to-market repeatedly turns up as a key factor in online success. All PFP adopters interviewed cited the speed at which the solution allows them to integrate online businesses. "With Trapezo, one person can set up a new relationship in an hour or less," reported one manager. Without Trapezo, the process could easily take days. Given the importance of time-to-market, Trapezo's value in this area alone promises both an attractive ROI and ROO.

## **Conclusion: Online Business Relationships — An Increasingly Critical Issue**

As online business matures, relationships are emerging as a key to success and the management of relationships as a critical success factor. Until recently, however, many managers paid scant attention to the process of integrating online relationships, focusing instead on establishing the relationship. However, the process of integrating relationships is crucial given the time-to-market imperatives for online success. In addition, as the number of relationships increases, the cost of manually integrating and maintaining those relationships will become increasingly prohibitive.

Although a number of tools exist, such as content management or site monitoring, that automate part of the process, these tools fail to fully address the problem of online relationship management and the need to optimize the relationship. Or, they are difficult to implement and use.

With its PFP technology, Trapezo is pioneering a solution that specifically addresses the needs of relationship integration, management, and optimization. And, through its ASP model, it is providing a solution that is easy to use, fast to deploy, and cost-efficient — a proven formula for high ROI and ROO.

# Experience. Insight. Action.

Hurwitz Group, Inc. is a research and consulting firm providing strategic guidance with e-Business initiatives and is recognized for its real-world experience and pragmatic approach. Clients include Fortune 2000 organizations as well as business-to-business software and services vendors. Hurwitz Group strategists leverage the company's research to provide market development and positioning strategies, enterprise technology strategies, and custom consulting.