

DMA INC.

PC MacTerm Marketing Report



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Executive Summary

Problem

- Whether DMA need to distribute the new product PC MacTerm by themselves or to go with Catalina Computing.

Challenge

- Uncertain product life cycle in the fast-paced computer industry
- Emergence of competitive products
- Uncertain market capture
- Relatively large risks if marketing by themselves

Market Opportunity

- The estimated installed base of personal computers in U.S. businesses was expected to grow.
- The number of Mac users is growing.
- Early reactions from critics indicated that PC MacTerm was set to win wide acceptance.
- Gain direct recognition and substantial monetary if PC MacTerm launches successfully.

Competitive Advantage of DMA

- Technical excellence in developing software

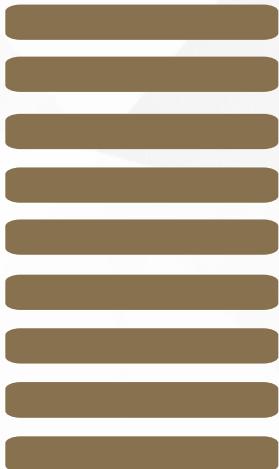
Recommendation *DMA INC should distribute the PC MacTerm themselves.*

Analysis 1 - Profit Analysis

This is a good space for a short subtitle

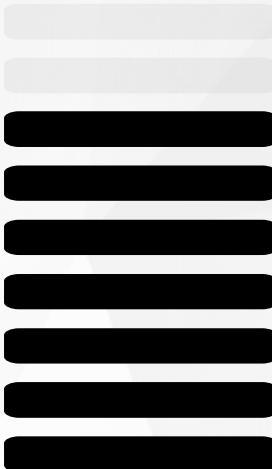
Expected Profit

\$1,666,177



Distributed by DMA

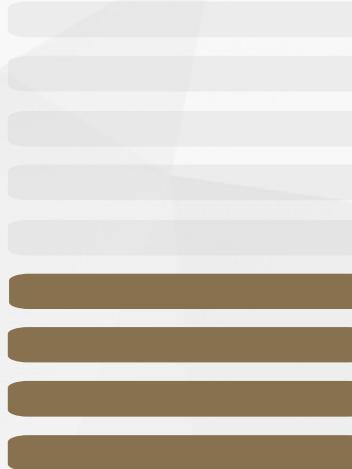
\$1,211,311



Distributed by Catalina Computing

Expected Profit Difference

\$454,866



Distributed by DMA - Distributed by Catalina Computing

Profit generated by distributed by DMA Computing is expected \$454,866 higher than that by Catalina within year to obsolesce.

Analysis 2 – Opportunity & Risk Analysis of Marketing by DMA

Positive Attributes

- The price of PC MacTerm is **\$46 lower** than DMA's Best seller(PCAnywhereIII)
- **Positive early reactions** from critics of *PC MacTerm*
- **Existed marketing and program development staff** of market support

Weakness

- **Larger risks** in terms of marketing by DMA



A **pilot product** for DMA to conduct marketing campaign.

Financial Consequence Overview

	Distributed by DMA(\$)	Distributed by Catalina Computing(\$)	Profit Difference (DMA – Catalina Computing)
Base-case Profit	-200,000	50,000	-250,000
Expected Profit	1,666,177	1,211,311	454,866
Risk(Interpreted by Standard Deviation)	1,518,016	940,843	1,125,432
90% Percentile Profit	3,589,351	2,436,881	1,417,219



Appendix

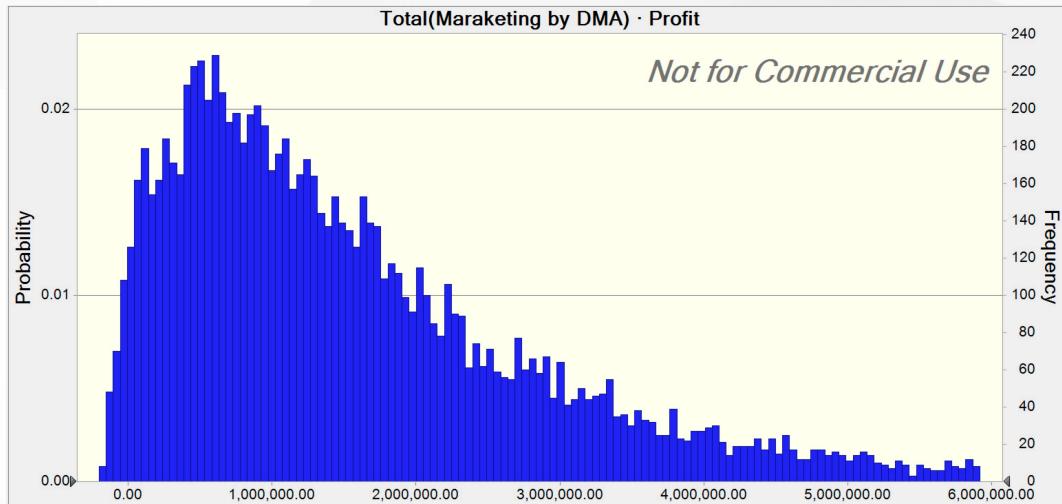
Model Explanation

Model – Variable Explanation

Input Variable	Distribution Assumption
The initial market size(units)	Triangular
Market growth rate	Triangular
Years to obsolescence	Triangular
Variable costs	Triangular
Initial market share	Triangular
Annual market share growth	Triangular
Forecast Variable	<ul style="list-style-type: none">• The Total Profit (Marketing by DMA)• The Total Profit (Marketing by Catalina Computing)• Profit difference(DMA – Catalina Computing)
Hidden Assumption	<ul style="list-style-type: none">• The market share is distributed evenly to every month within a year.• Years to obsolescence is rounded to one decimal point(round to month point).• DMA only does wholesale.• Minimum payment from Catalina computing will not be given if the product obsolete within two years.

Model - Profit from Marketing by DMA

Distribution Plot

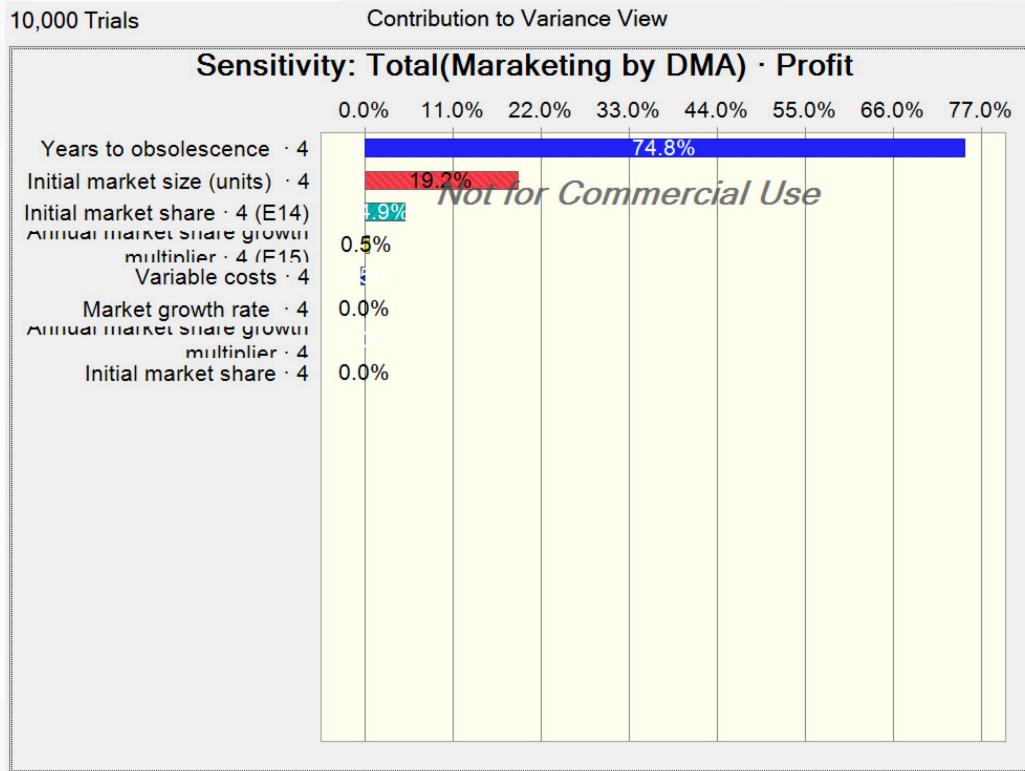


The Statistics

Statistics	Total(Marketing by DMA) · Profit
Trials	10000
Base Case	-200,000.00
Mean	1,666,177.42
Median	1,261,648.95
Mode	---
Standard Deviation	1,518,015.78
Variance	2,304,371,911,573.96
Skewness	1.91
Kurtosis	8.54
Coeff. of Variation	0.9111
Minimum	-200,000.00
Maximum	13,482,449.95
Range Width	13,682,449.95
Mean Std. Error	15,180.16

Model - Profit from Marketing by DMA

The Sensitive Chart

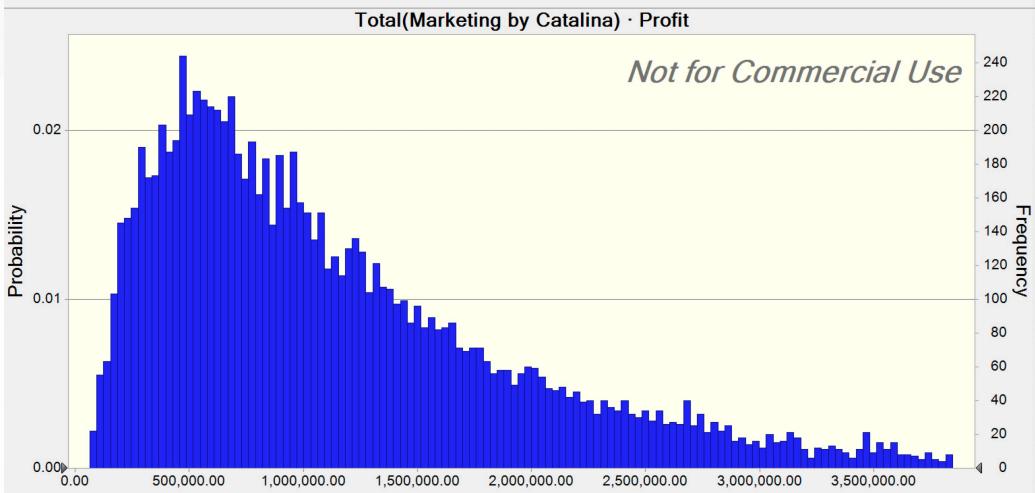


The Forecast Chart

Percentiles	Forecast Values
0%	-200,000.00
10%	235,665.60
20%	490,255.81
30%	718,341.70
40%	972,999.36
50%	1,261,571.40
60%	1,598,740.23
70%	2,008,576.35
80%	2,613,033.03
90%	3,589,351.24
100%	13,482,449.95

Model - Profit from Marketing by Catalina

Distribution Plot

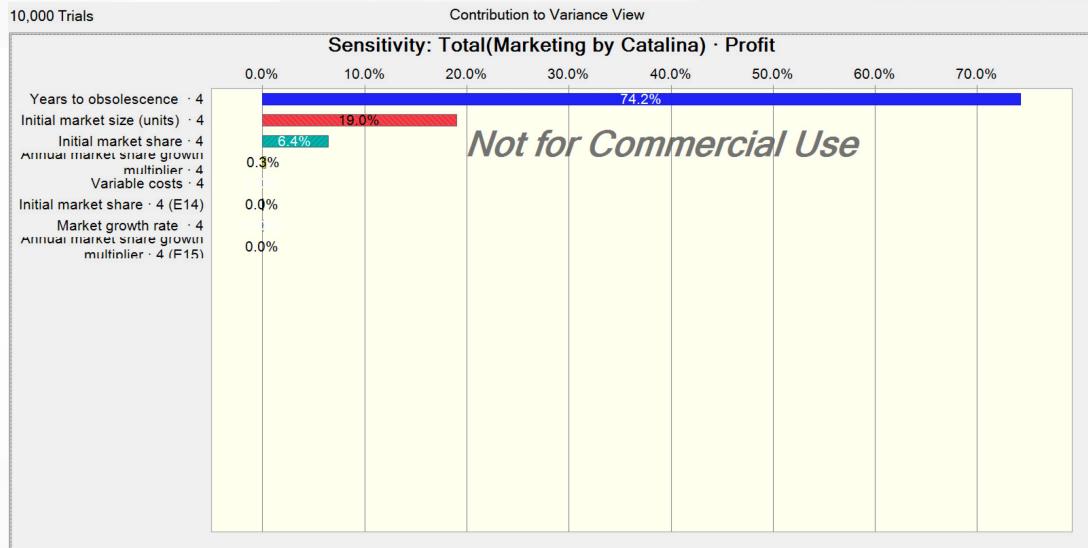


The Statistics

Statistics	Total(Marketing by Catalina) · Profit
Trials	10000
Base Case	50,000.00
Mean	1,211,311.10
Median	952,656.20
Mode	125,000.00
Standard Deviation	940,843.18
Variance	885,185,890,155.28
Skewness	1.91
Kurtosis	8.70
Coeff. of Variation	0.7767
Minimum	65,000.00
Maximum	8,420,265.99
Range Width	8,355,265.99
Mean Std. Error	9,408.43

Model - Profit from Marketing by Catalina

The Sensitive Chart

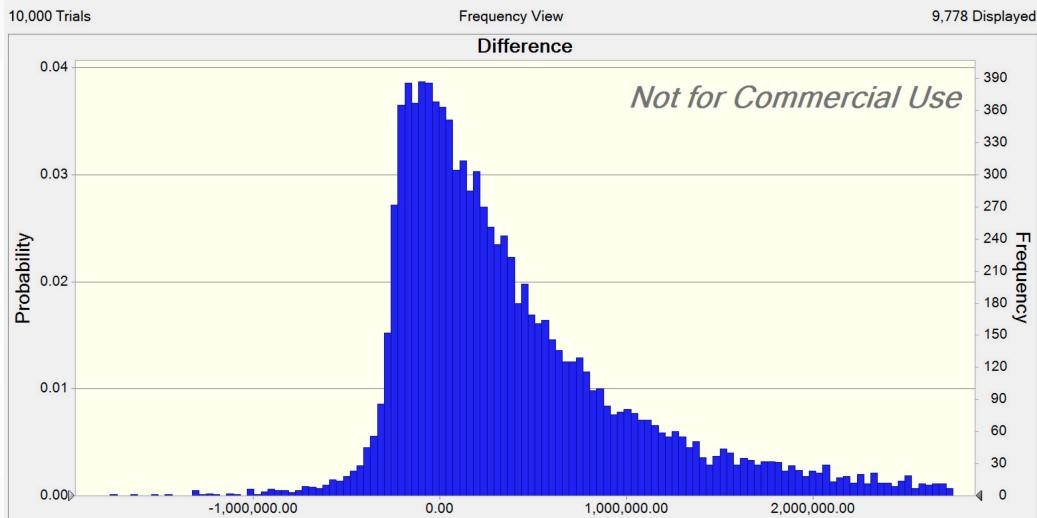


The Forecast Chart

Percentiles	Forecast Values
0%	65,000.00
10%	329,566.50
20%	483,113.57
30%	620,991.06
40%	774,351.72
50%	952,576.28
60%	1,164,411.53
70%	1,426,111.85
80%	1,797,175.33
90%	2,436,880.97
100%	8,420,265.99

Model - Profit Difference

Distribution Plot

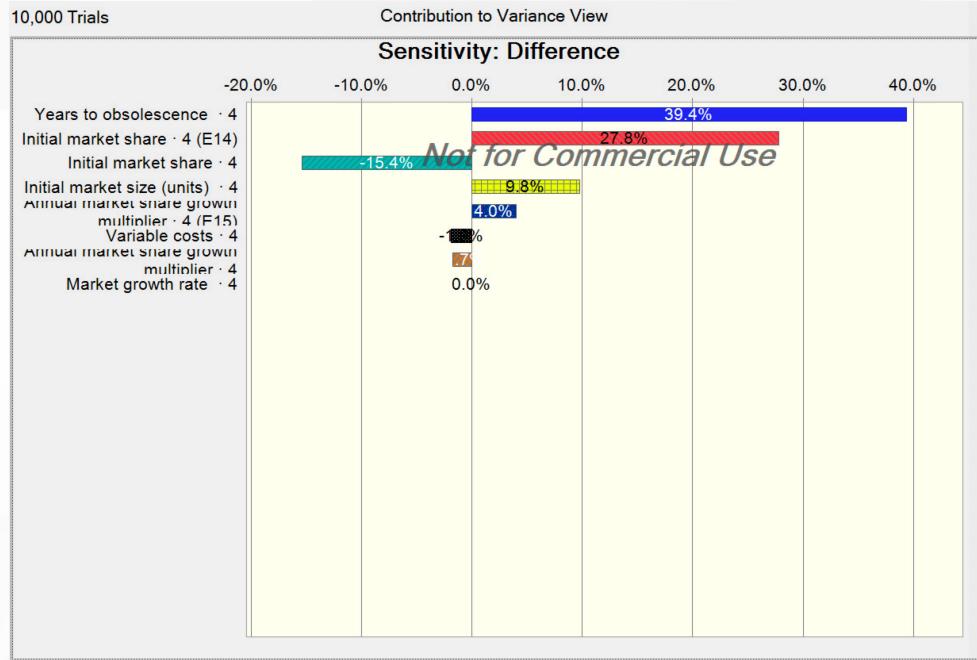


The Statistics

Statistics	Total(Marketing by Catalina) · Profit
Trials	10000
Base Case	-250,000.00
Mean	454,866.33
Median	220,007.20
Mode	---
Standard Deviation	819,127.72
Variance	670,970,220,691.69
Skewness	2.50
Kurtosis	13.63
Coeff. of Variation	1.80
Minimum	-2,531,778.18
Maximum	9,099,064.71
Range Width	11,630,842.89
Mean Std. Error	8,191.28

Model – Profit Difference

The Sensitive Chart

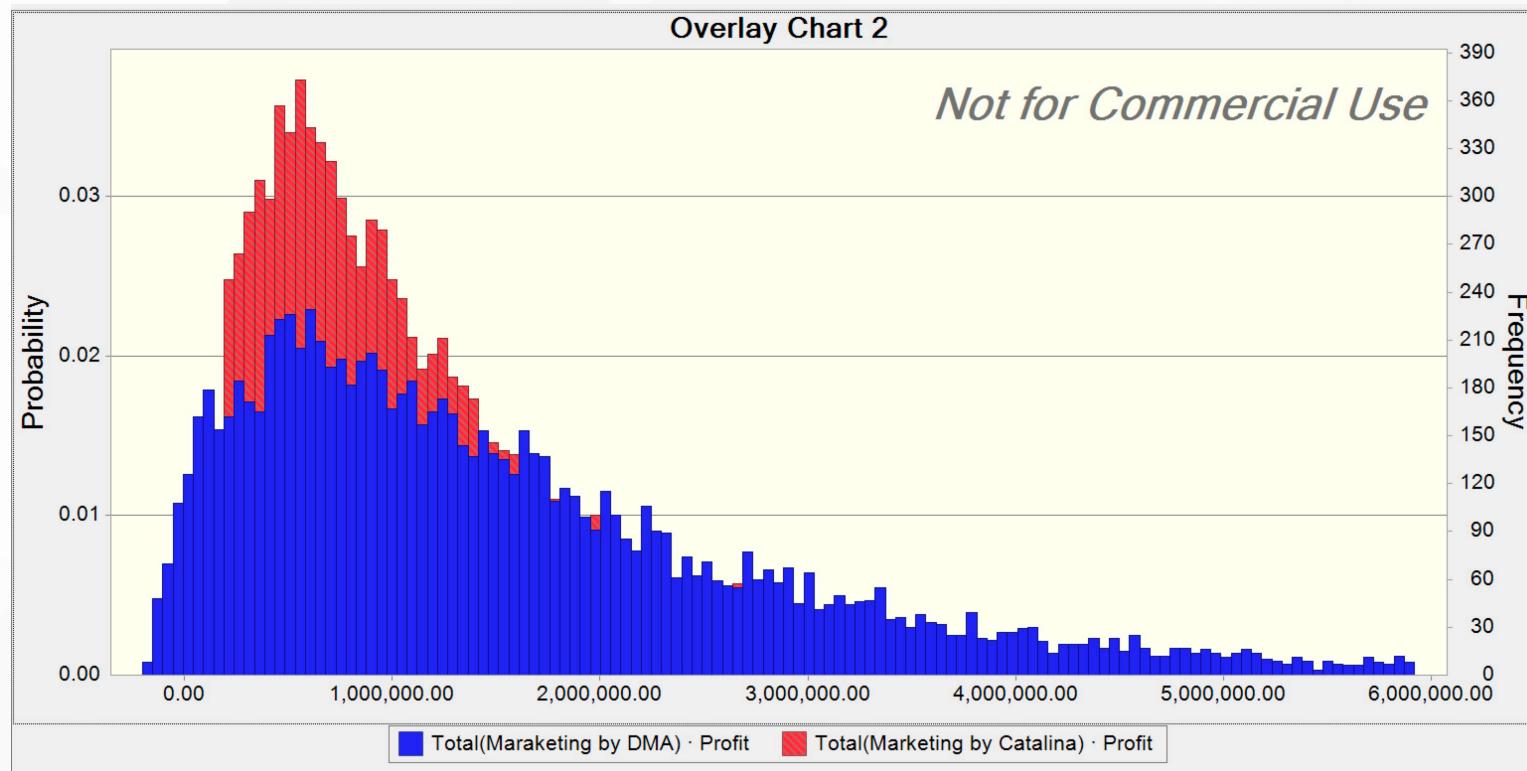


The Forecast Chart

Percentiles	Forecast Values
0%	-2,531,778.18
10%	-202,928.24
20%	-107,065.04
30%	-10,304.14
40%	96,404.56
50%	219,946.10
60%	368,190.73
70%	567,155.65
80%	858,911.75
90%	1,417,219.24
100%	9,099,064.71

Model - Profit Comparison

Overlay Chart of Profit by Both Marketing Methods



Model - Further Analysis & Conclusion

We further studied on the time to obsolesce and found below conclusion:

Month to Obsolesce < 15 months: Marketing by Catalina Computing will gain a higher profit.

Month to Obsolesce > 15 months: Marketing by DMA themselves will gain a higher profit.

Based on the assumption we set and the overall result, **marketing by DMA** will generate a better profit result. In the meanwhile, the company needs to bear a higher risk.



THANKS FOR REVIEWING