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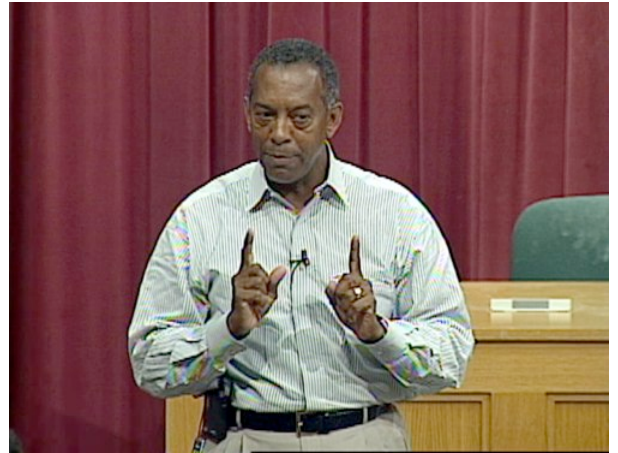
Customer Diversity is Essential

John Thompson, *Symantec Corporation*

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Thompson stresses the need for customer diversity. Software companies that were dependent on Fortune 1000 companies for their business suffered when their niche clients also suffered in the economic downturn. If a company is to survive challenging economic times, companies must have a diverse customer base, he says. Symantec brings stability to its business by serving individual customers as well as the largest governments and corporations. It brings essential geographic diversity by deriving 51% of its business from outside the US.



Transcript

That we've learned is that customer diversity is absolutely essential. If you think about what has happened to many of our brothers in the software space, they have had much of their customer concentration around Fortune 1000 or Global 1000 companies. As those Global 1000 companies found very challenging economic times around the world, so too did those software firms who only serviced those customers. By contrast, software companies that had a very diverse not only geographic reach but customer base have found an opportunity to continue to do well even in challenging economic times. I'll make the point for Symantec not as a commercial but more as a case in point. We serve the needs of individual consumers to the largest governments and enterprises in the world. In a time when the software industry around us has collapsed, we've grown revenues at 30% or better every quarter because that diversity of our customer base has proven to be rich and rewarding and hence, if you have the right distribution models, if you have the right marketing model, you can in fact take a very complex subject like security software and make it very simple and approachable and reachable by many diverse users or buyers in the marketplace. I think the part and parcel or the companion thing that we've learned is geographic diversity is clearly important. A case in point, when I was last here in the summer or spring of 2001, the dollar was as strong as it had ever been against any of the European currencies and we found ourselves on the backside of a strengthening dollar. Hence, when we repatriated 42% of our revenues, it was less than we thought it would be as we started the quarter, and we missed our first quarter and only quarter in terms of our forecast to Wall Street.

Now, we find ourselves on the flip side of that and hence the fact that 51% of our revenues are derived from outside of the United States. It's a very, very important element of how we bring stability to our business because many of the companies who are now focused principally on the United States where capital spending in the US is not as strong, where they don't have the opportunity to tap other markets have found that they too are struggling. The typical enterprise software company that's about 10 to 12 years derives about 60 to 65% of its revenues from the North America territory. I would argue with you that that's a recipe in challenging economic times for tough times for that company, and it has been played out time and time again over the course of the last few quarters.