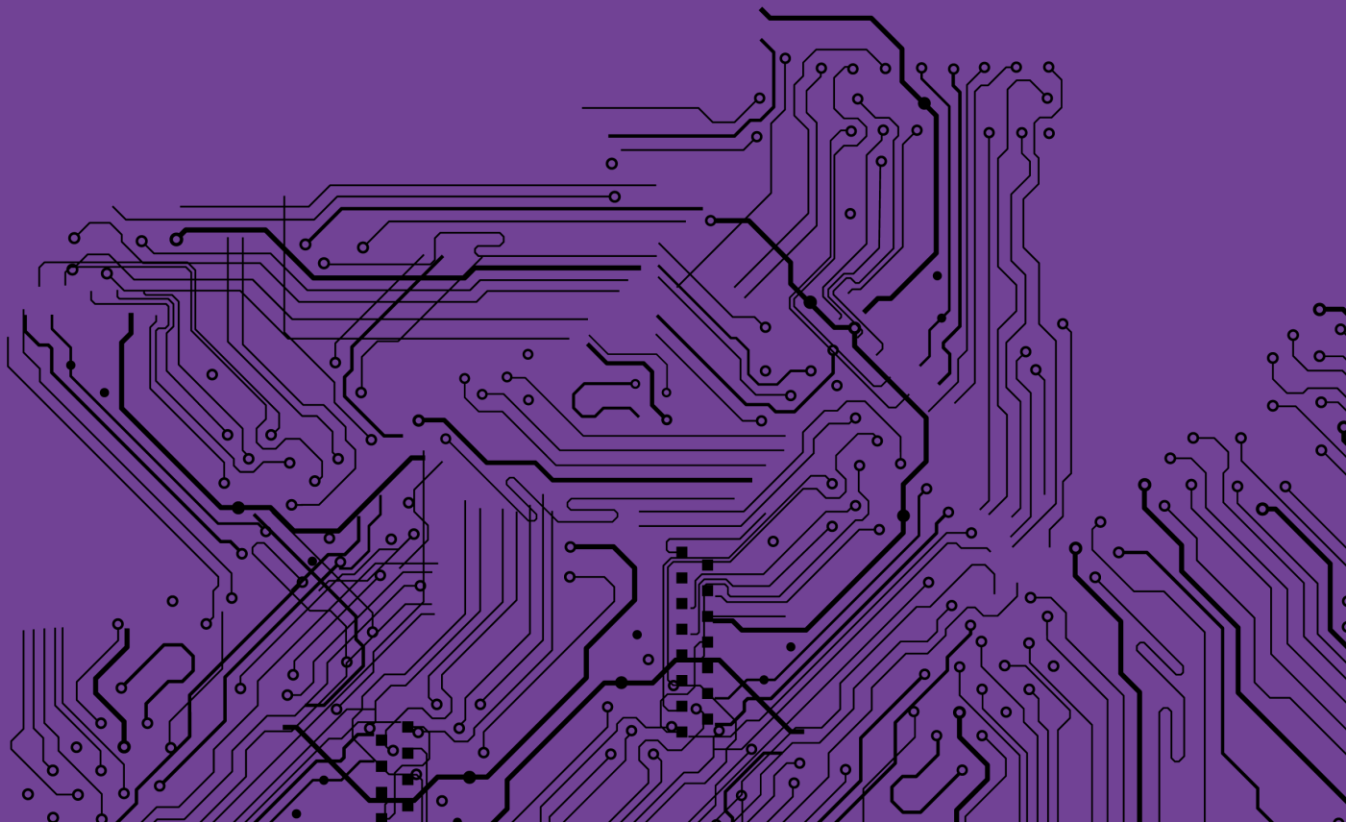


# LOOKING TOWARD 2020

## Part Two

December 2019



## Looking Toward 2020 – Part Two

*Written by: Kirk Hoaglund, Chief Executive Officer*

As I mentioned in [Part One](#):


*"[In 2019] We struggled to respond to pricing pressure. We were able to get our feet under us on this by year-end, but it was difficult and still needs work. Finding talent remains a challenge that we need to address.*

*What will we do in 2020 to remain relevant, competitive, and delivering innovation to our clients?"*

To address our top two challenges, we'll need to be agile, adaptive, and a bit scrappy. As we've watched sales improve in fourth quarter, bringing on more projects, we also began flirting with a shortage of capacity. It was difficult and time consuming to find new people to join the Clientek delivery team. At the same time, our competitors are chipping away at pricing. As much as we talk about the value we bring, we must respond to those pricing pressures.

### **TALENT**

Finding talent in the Midwest sometimes seems nearly impossible. Time-consuming and costly, this slows us down. Our clients have always appreciated our agility and our ability to spin-up a delivery team very quickly. We cannot let the talent challenge stand: we began looking outside the Midwest labor market in the middle of 2019 and will accelerate that in 2020.



A very promising solution lies just to our north, in Canada. Travel to and from Toronto and Montreal is quick and in-expensive. There is quite a bit of affinity between the upper Midwest and Canada. Some Minnesotans think of themselves as living in Southern Canada with many having family to the north, so it seems a natural option.

Canada knows this and is making consideration of Clientek Canada a real possibility. Our initial exploration has been very positive. The software industry is well supported through education, training, and infrastructure. In 2020 I look forward to a deeper consideration of this path.


Other, nearby, countries are also finding ways to make doing business outside of the U.S. easier. Central American locales such as Mexico and Costa Rica have seen the opportunities presented by our tight labor market. As they've geared up education, infrastructure, and policies, they've become attractive alternatives. We've enjoyed great success with our first trials in San Jose, Costa Rica. Sharing our time-zone and not-too-far-away are many, well-trained, hard-working Costa Ricans. We've found a stellar work ethic and exceptional communication abilities. We will continue to expand in Costa Rica in 2020.

## **PRICING**

Few of us enjoy thinking about pricing. We feel that we deliver a stellar result at a fair price.

Can't we just talk about value?

Not quite.



We've honed a delivery approach and an engagement model that we think is unique and effective. Our clients agree and have helped us continue to refine it. But we remain vulnerable to lower prices offered by our competitors. To remain compelling, we need to do two, important things.

- 1) We must improve the way we describe our services to make the real value apparent. There are advantages to how we do things that make us competitive. During the selling process and within the first month-or-so of an engagement it is important for us to clearly communicate that. We started working on improvements there at the end of the summer. There is a big challenge when crafting such a message – it can sound like it is all about us. We need to make it all about our clients. We are working on that.
- 2) We must find a way to remove costs from the middle of our delivery chain, thus allowing us to improve our pricing, passing those cost savings on to our clients. Using international resources does give us access to less expensive labor but it comes with a lot of middle costs. We've begun looking at ways to cut some of muck-in-the-middle, with some early successes that we'll build on.

I expect 2020 to be an exciting year for us and for our clients. I look forward to tackling these challenges and continuing to provide high-quality solutions at very competitive prices.