

## Nucleus Communications

### QUICK FACTS

#### Company:

Nucleus provided internet solutions to the pharmaceutical industry

#### Industry:

Internet Marketing

#### Geography:

Corporate Headquarters in Kalamazoo, with a satellite office in Morristown, NJ

#### Void:

- Fixed price and avoidance of revenue generation through fixed price
- Company growth

#### VRM Solution

eCluster Engineering

### EXECUTIVE SUMMARY

In 2002, WhiteSpace worked collaboratively with Nucleus Communications to identify a new space for Nucleus to address a clients' business problems, that of achieving Internet Dominance and subsequently Market Dominance.

Nucleus' goals for the new space:

- create a new space which will provide Nucleus market leader position;
- create a higher valuation point; and
- prepare for an IPO, M&A, or outright sale of the company to maximize value within five years.

### COMPANY PROFILE

In 2002, Nucleus was in its 21st year of business and was viewed as a Pharmaceutical Internet Marketing company. At that time, revenues were \$4m annually and approximately 70% of those revenues came from Pharmacia.

### VALUE PRODUCTION VOID

Early in 2002, Pharmacia implemented a cost cutting program; under this program, Nucleus was forced to provide its services on a time and materials rather than a fixed price. Nucleus believed this took away the recognition and remuneration of the value Nucleus brought to a project. The additional impact to Nucleus was that the 70% contribution towards total revenues was now reduced as they were providing the same level of service as specified in the contracts for 40% less overall revenue.

Nucleus had been financially healthy, profitable and debt-free until the recent Pharmacia cost-cutting initiatives. The dramatic cost reduction had an obvious negative impact and caused Nucleus' resources and capital to be more limited than previously experienced.

Nucleus' management team had felt the "clock ticking" in regards to having too large a portion of their business invested in projects with Pharmacia. The recent situation at Pharmacia further underlined the need for Nucleus to expand its client base and minimize the long-term risk to the firm's revenues. The management team recognized the need to create an offering whose value significantly out-positions the competition, thereby maintaining the profitability and valuation of the company.

Nucleus' end-game objective was to grow the company 35% per year for 5 years to achieve \$15m in annual gross sales at a 20% profit rate (minimum). The ultimate goal was to keep the profit number as high above 20% as possible, without going lower.

## Testimonial...

*"We could not have gotten this far and this fast in the meaningful reinvention of our business without the change management application of WhiteSpace. By the time WhiteSpace gets done with you, your clients will respect you, your employees will have new energy and pride, your marketplace will know your name and your competition will fear you. You will talk about your business in terms you cannot imagine today because your business will be changed. No longer answering to the marketplace, but leading the marketplace."*

Mike Debiak, President  
Nucleus Communications

### CONSULT WHITESPACE SOLUTION

The new space that WhiteSpace developed with Nucleus was termed eClustering (the Science of Internet Dominance), and the market offering, or value stream, was eCluster Engineering. The concept for eClustering was to provide the first rules-based, behavior-based scientific model to move the client closer to Internet Dominance. Built into the model was a tool to measure the conversion of information to action based on the Internet experience which provided the ability to define the Internet Spend for the first time. The eCluster Engineering offering was a propriety process which integrated message delivery systems, was industry neutral and allowed for exclusive product use.

Supporting assets (previously termed Value Hooks) such as Dominance Engine and Dominance Opportunity Model were all tools and/or techniques that would support the eCluster Engineering process and were all proprietary to Nucleus.

These assets were tested with WhiteSpace Value Dynamics Stream Testing™ model to validate the new offering and to determine which messages most resonated in the market place. This allowed Nucleus to develop its own message, positioning and branding to ensure the highest success rate when presenting the new offering in the market place.

Testing confirmed that eCluster Engineering positively impacted the Value Components® in a number of ways such as: provided behavior and rules-based data, validated traffic and the opportunity for potential Internet Dominance (Start Value); a recurring, measurable phenomenon (Identity Value); eliminated guesswork, provided quality information for action and incurred no cost for the opportunity awareness (Impact Value); for the first time the client was able to measure the conversion of information to action to define their eSpend (Relationship Value).