Issues in choosing bundle/unbundle

1) Give an example of a bundle/unbundle product packaging decision (presumably to maximize the revenue opportunity) and either

- **Rationalize the decision or**
- **Propose an alternative strategy and defend it**

- **Your argument should include some of the following considerations:**
- **Customer-related issues:**
  - **Customer requirements**
    - **Which solution (bundled/unbundled) will be easier to use?**
    - **Migratability → SW solution**
    - **Customer desire for platform ownership → unbundled SW for existing platform**
    - **Customer desire for turnkey solution → bundled HW/SW solution**
  - **Customer buying behaviors – will they pay more for the solution if bundled with HW?**
  - **Platform availability – does a platform for running your software already exist? How stable is it? Can you control it? Can you depend on it?**
- **Product development and deployment issues (i.e. your own company's issues)**
  - **Ease of solution development – will it be easier to develop a bundled HW/SW solution? Or unbundled SW solution?**
  - **Capital costs**
    - **How much capital to develop and distribute the bundled solution?**
    - **How much capital to develop the unbundled solution?**
  - **Distribution issues**
    - **Can you sell a bundled solution?**
    - **Can you manage the inventory issues of a bundled solution?**

2) Which of these considerations led Network Appliance to sell a bundled solution?

Ex1: TiVo DVR – bundled solution

1) TiVo DVR
- **Customer-related issues:**
    - **Customer requirements**
        - **Customer desire for turnkey solution → consumer electronics model**
    - **Customer buying behaviors – priced comparably with other consumer electronics**
    - **Platform unavailability – existing PC environments lacked sufficient memory and video card**
- **Product development and deployment issues (i.e. your own company's issues)**
    - **Ease of solution development – easier to control user interface. Obviate inter-operability issues.**
    - **Capital costs**
        - **Sufficient market potential to raise capital for hardware development and inventory**
    - **Distribution issues**
        - **Can you sell a bundled solution?**
        - **Can you manage the inventory issues of a bundled solution?**

TiVo Series2 DVR
40 Hour capacity drive

Ex2: Synopsys Design Compiler - unbundled

1) Give an example of a bundle/unbundle product packaging decision (presumably to maximize the revenue opportunity) and either

- **Rationalize the decision or**
- **Propose an alternative strategy and defend it**

Example: Design Compiler, Synopsys

- **Your argument should include some of the following considerations:**
- **Customer issues**
  - **Platform availability – prevalence of Sun workstations in customer base made deployment on these preferable to bundled solution**
  - **Unbundled solution required less customer commitment – lower barrier to sales**
  - **Customer buying behavior – customer used to paying high price for electronic design automation (EDA) software. Unbundled model proved by Gateway Design Automation with Verilog simulation software**
- **Synopsys issues**
  - **Capital costs/distribution issues - Insufficient capital available to distribute a bundled solution**