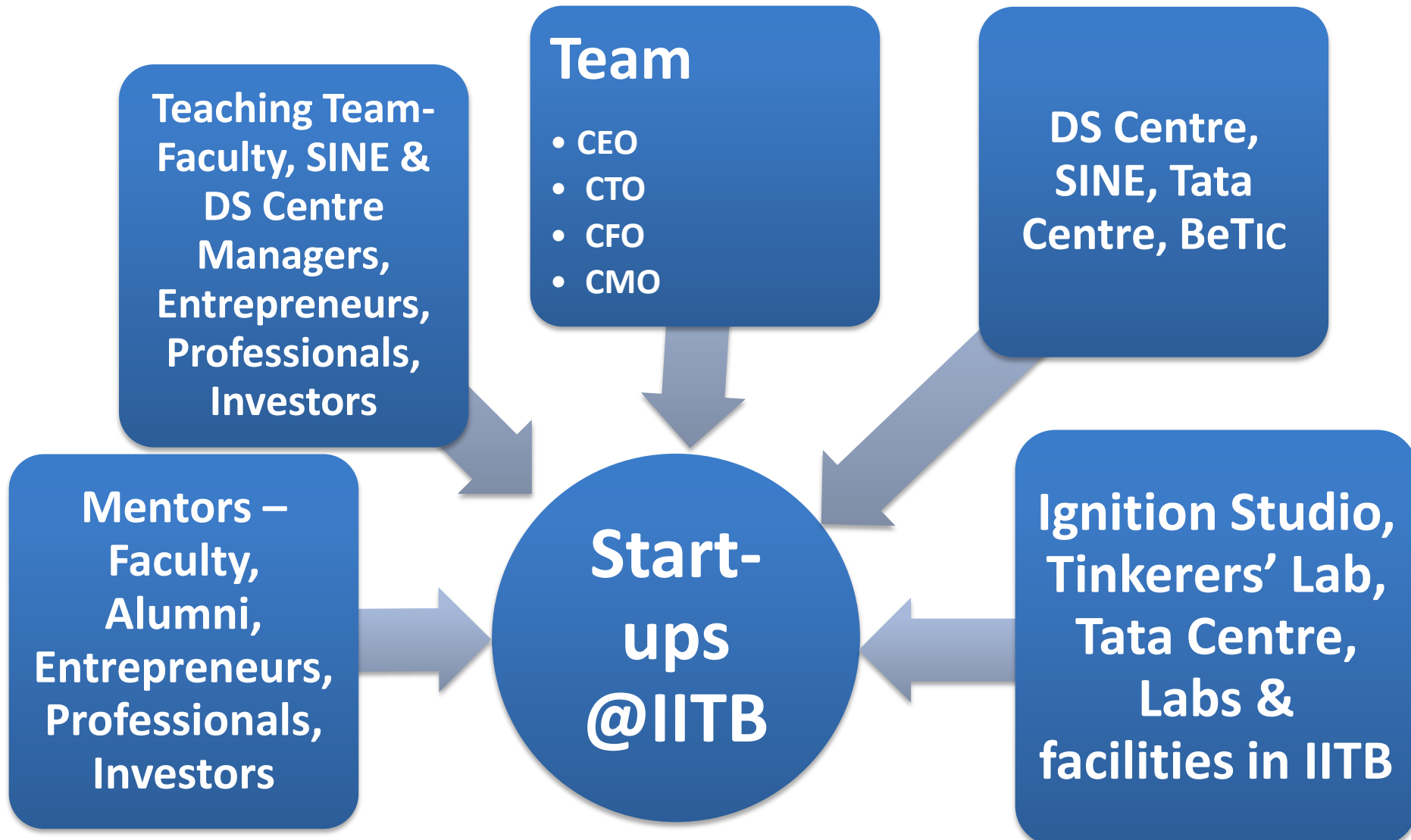


Tech Venture Formation Eco-system



Roadmap

WEEK 1

Opportunity Assessment

Team Selection, Initial Concept, Mentor

WEEK 2

Customer Discovery/Market Validation

Pitch Video, Concept Sign-off

WEEK 3

Go to Market Plan

WEEK 4

Financial Operating Plan

GATE I: Product/Market Fit – Thursday, Feb 02

WEEK 5

Product Development Plan

Roadmap

WEEK 6

VC Fund Structures & Multi-Stage Financing

WEEK 7

Capitalization & Equity

GATE II – Mon Feb 18 (CFO & CEO)

WEEK 8

VC Pitching and Corp Governance

Business Model Analysis

WEEK 9

VC Terms Sheets Discussion

WEEK 10

Business Model Discussion

Example Final Pitch

Roadmap

WEEK 11

Team Presentations Short Versions

Teams Present in Class

WEEK 12

Entrepreneurial Inspiration

Guest Speaker/s

WEEK 13

Dry Run – 13-04-2017

Teams Present to Teaching Team

WEEK 14

Final Presentations - 15-04-2017

Outside Investors and Guests

Role Description

- CEO – The Face of the Company – Strategy and direction to the company
- CTO – Decides the technological and product development roadmap, timelines
- CFO – Works towards fund raising, projections, cost and revenue structure
- COO – Handles end to end logistics and operations for the company
- CMO – Drives the Marketing Strategy – go to market strategy and works closely with the product development team to work out the timelines and marketing activities

Important Dates

| Important Dates | Lead Speakers | Panel Expectations |
|---|-----------------------------|--|
| Gate I 02-02- 2017 | CEO, CMO | Customer Discovery, Customer Validation, Product Development Plan, BMC |
| Gate II 18-02-2017 | CFO, CTO | Financial Plan, Product Development Status and Way forward, Milestones |
| Dry Run 13-04-2017 | CEO,CMO, CTO,CFO | Run up to final presentations - Consolidated presentation with your business plan, status, milestones achieved and timelines, Way forward |
| Final Presentations 15-04-2017 | CEO,CMO, CTO,CFO | Run up to final presentations - Consolidated presentation with your business plan, status, milestones |

Gate I: Questions for CEO

- What is the vision of your Company?
- What is the most compelling, novel aspect of your business?
- What are the most important things that must be validated about your product and/or market to have the best chance of success?
- What resources do you need to be successful?

Gate I: Questions for CMO (I/II)

- What do you sell – be specific?
- What is the burning need for your product/service?
Who needs you most (describe your ideal customer)?
- What is it about your product/service that uniquely satisfies that customer?
- How does that offering differ from other offerings (current and future)?
- What is the size of market – TAM and size of initial target segment (also describe the segment)?
- How do you plan to attract customers (be as specific as you can)?

Gate I: Questions for CMO (II/II)

- Have You Talked to Any Potential customers yet?
- How much will customers be willing to pay for the product or service?
- What is your GTM approach (draw scematic), and what part of your go-to-market approach do you plan to execute before the end of the quarter?
- What novel approaches are you using as you take your product/service to market?
- How do those novel approaches provide a sustainable advantage to your company?
- What partnerships do you need in order to be successful in selling and marketing your product/service?

Gate II: Questions for CTO (I/II)

- What do you sell – define your product or service as explicitly as possible?
- Provide a schematic (or architecture diagram) for your product or service
- What unique technology are you applying to your product or service?
- What is the current state of this technology?
 - What development has already taken place?
 - Who owns the rights to the technology?
 - Are technology partnerships required?

Gate II: Questions for CTO (II/II)

- What state of development do you expect it to be by the end of the quarter? What technical developments will you achieve in the next 6 weeks?
- What are the important milestones for the technology over the next 12 – 24 months? Consider providing a table, showing the significant milestones, timing, and resources required
- How does that technology provide a sustainable advantage to your company? How is the technology different from other technologies that exist or are in development by other companies?
- How well do the capabilities of your technology match the needs of your target market?

Meetings & Inputs - Capturing Action Points

1. Basic Details: Day, Date, Time, Expert/Resource person
2. Objective & Scope of discussion
3. Questions asked by the team
4. Feedback & Response by Expert
5. Questions by Expert
6. Response by Team – Level of response; further work required
7. Action points for next meeting
8. Schedule of next meeting

Team: Mention team leader first

Project Idea:

Mentor:

Faculty/Industry/Researcher

Opportunity Assessment

Gate I

Gate II

| | |
|---|--|
| Final Pitching | |
| Key Milestones (With Timelines) | |
| Progress Timelines (As planned) | |
| Milestones Achieved (Based on Timelines Planned) | |
| Any additional Information about the Startup – E.g. customer acquisition, funding, awards, incubation etc. | |
| | |

Guides and Mentors: Faculty

| Sl. No. | Faculty | Discipline | Entrepreneurial Activity |
|---------|---------------------|------------|------------------------------|
| 1 | B. Ravi | ME | Biomedical devices |
| 2 | R M Sonar | SOM | Mobile Apps [iKen] |
| 3 | S. Suryanarayanan | ME | Automotive systems [SEDEMAC] |
| 4 | Preeti Rao | EE | Audio Systems [Sensibol] |
| 5 | Rangan Bannerjee | Energy | Energy Management |
| 6 | Jayesh Bellare | Chem Eng | Biomaterials & Sensors |
| 7 | Madhav Desai | EE | VLSI Systems [Powai Labs] |
| 8 | Ramgopal Rao | EE | Nanotech [Nanosniff] |
| 9 | K. N. Narayanan | HSS | Healthcare & Environment |
| 10 | P. S. Venkataramani | MEMS | Ferrimagnetics |

Guides and Mentors: Entrepreneurs

| Sl. No. | Entrepreneur | Business Segment | Start-up Venture |
|---------|-----------------------|--------------------|------------------|
| 1 | Shridhar Shukla | IT Products | GS LAB |
| 2 | Kapil Bardeja | Security Systems | KritiKal |
| 3 | Ajay Bhagwat | Automation | Renu Electronics |
| 4 | Jiten Apte | Solar Energy | IgrenEnergy |
| 5 | Zishan Hayat | Education | Toppr |
| 6 | Pramod Chaudhary | Biotech | Praj |
| 7 | Reapan Tikoo | Electronics Design | Powai Labs |
| 8 | Ankit Mehta | UAV | IdeaForge |
| 9 | Girish Saraph | Network Systems | Vegayan |
| 10 | Kamal Kishore Kumawat | E-Commerce | Dealwithus |

Guides and Mentors: VCs/Angels

| Sl. No. | Name | Focus | Firm |
|---------|-------------------|-------------|---------------------|
| 1 | Anshuman Verma | Expansion | Accel Ventures |
| 2 | Sanjay Nath | Early stage | Blume Ventures |
| 3 | Anil Joshi | Seed Stage | Mumbai Angels |
| 4 | Anup Gupta | Expansion | Nexus Ventures |
| 5 | Zishan Hayat | Seed Stage | Powai Lake Ventures |
| 6 | Varsha Tagare | Early Stage | Qualcomm Ventures |
| 7 | Vani Kola | Expansion | Kalaari Capital |
| 8 | Sanjay Chinchonia | M & A | New Silk Route |
| 9 | Prashant Purker | Expansion | ICICI Ventures |
| 10 | Sushanto Mitra | Seed Stage | Lead Angels |

Guides and Mentors: Professionals

| Sl. No. | Name | Focus | Firm |
|---------|------------------|-----------------------|--------------------------|
| 1 | Shankar Rele | Accounts & Finance | ICE Advisors |
| 2 | Nishith Desai | Legal & IP | Nishith Desai Associates |
| 3 | Prasad Modak | Environment | EMCentre |
| 4 | Deepa Soman | Marketing | Lumiere Business |
| 5 | Raj Hirwani | IPR Management | URDIP |
| 6 | Laxmikant Pathak | Mobile E-Commerce | Edureka |
| 7 | Raj Jain | IT | RS Software |
| 8 | Sharad Sharma | Product Development | NASSCOM [iSPIRT] |
| 9 | K. M. Jayarao | Risk Management | ICICI Bank |
| 10 | H. K. Mittal | Technology Incubation | DST |

All the Best

CUSTOMER DISCOVERY

MH + FC



Products & Services

List all the products and services your organization built around.
Which products and services do you offer that help your customer get either a better deal, social, or control of job done, or help them live better lives, work?
Which services products and services help your customer perform the role of:
Buyer (e.g. products and services that help customer compare offers, decide, buy, take delivery of product or service...)
Co-creator (e.g. products and services that help customer co-design solutions, otherwise create their value to the solution...)
Transferor (e.g. products and services that help customer dispose of a product, transfer it to others or reuse...)
Products and services may offer by length (e.g. manufacturing goods, low to low customer service), digitalized (e.g. downloads, files, services and clubs), intangible (e.g. copyrights, audio, e-books), or based on knowledge (e.g. training services).
Rank all products and services according to their importance to your customer. Rank them based on their value to your customer.



Do they...
Create savings that make your customer happy?
(e.g. in terms of time, money and effort...)
Produce outcomes your customer expects or that go beyond their expectations?
(e.g. better quality, less noise of something, less of something...)
Copy or outperform current solutions that delight your customer?
(e.g. regarding specific features, performance, quality...)
Make your customer's job or life easier?
(e.g. faster learning curve, usability, accessibility, more services, lower cost of ownership...)
Create positive social consequences that your customer desires?
(e.g. makes them feel good, produce an increase in power, status...)

Do something customers are looking for?
(e.g. great design, performance, specific or more features...)
Fulfill something customers are dreaming about?
(e.g. help big achievements, producing whole...)
Produce positive outcomes matching your customer's success and future criteria?
(e.g. better performance, lower cost...)
Help make adoption easier?
(e.g. lower cost, less investments, lower risk, better quality, performance, design...)
Rank each gain your product and services create according to its relevance to its customer. Is it substantial or negligible? The gain can be due to new offer or tactics.



Gain Creators

Describe how your product and services create customer gains. How do they create benefits your customer expects, desires or would be surprised by including functional utility, social gains, positive emotions, and cost savings?



Pain Relievers

Describe how your products and services alleviate customer pains. How do they eliminate or reduce negative emotions, unexpected costs and obstacles, and help your customer experience or avoid unpleasant, labor, during, and after getting the solution?

Do they...
Produce savings?
(e.g. in terms of time, money or efforts...)
Make your customers feel better?
(e.g. less frustration, convenience, things that give them a headache...)
Fix underperforming solutions?
(e.g. more features, better performance, better quality...)
Put an end to difficulties and challenges your customers encounter?
(e.g. make things easier helping them get done, alleviate weaknesses...)
Wipe out negative social consequences your customers encounter or fear?
(e.g. free of fees, power, trust, or status...)

Eliminate risks your customers fear?
(e.g. financial, social, technical risks, or what could go terribly wrong...)
Help your customers better sleep at night?
(e.g. by helping with big issues, alleviating concerns, or alleviating worries...)
Limit or eradicate common mistakes customers make?
(e.g. usage mistakes...)
Get rid of barriers that are keeping your customer from adopting solutions?
(e.g. lower or no upfront investment costs, flatter learning curves, less maintenance, changes...)
Rank each pain your product and services kill according to their relevance to your customer. Is it serious or very light?
The pain can be really low effort to occur. Rank your customer experiences or could experience before, during, and after getting the job done?

Gains



Describe the benefits your customer expects, desires or would be surprised by. This includes functional utility, social gains, positive emotions, and cost savings.

Pains



Describe what he encounters, or doesn't want and obstacles, and risks that your customer experiences or could experience before, during, and after getting the job done.

Which savings would make your customer happy?
(e.g. in terms of time, money and effort...)
What outcomes does your customer expect and what would go beyond his/her expectations?
(e.g. quality, less noise of something, less of something...)
How do current solutions delight your customer?
(e.g. specific features, performance, quality...)
What would make your customer's job or life easier?
(e.g. faster learning curve, more services, lower cost of ownership...)
What positive social consequences does your customer desire?
(e.g. makes them feel good, increase in power, status...)
What are customers looking for?
(e.g. great design, performance, specific or more features...)
What do customers dream about?
(e.g. big achievements, big risks...)
How does your customer measure success and failure?
(e.g. performance, cost...)
What would increase the likelihood of adopting a solution?
(e.g. lower cost, less investments, lower risk, better quality, performance, design...)

Rank each gain according to its relevance to your customer. Is it substantial or negligible? For each gain include how often it occurs.

Customer Job(s)



Describe what a specific customer segment is trying to get done. It could be the tasks they are trying to perform and complete, the problems they are trying to solve, or the needs they are trying to satisfy.
What functional jobs are you helping your customer get done?
(e.g. perform or complete a specific task, solve a specific problem...)
What social jobs are you helping your customer get done?
(e.g. establish, feel good, meet fit...)
What basic needs are you helping your customer satisfy?
(e.g. communication, etc...)

Rank each job according to its significance to your customer. Is it crucial or is it low? For each job include how often it occurs.
Buyer (e.g. anything to look good, gain power or status...)
Co-creator (e.g. activities, feel good, interests...)
Transferor (e.g. products and services that help customer dispose of a product, transfer it to others or reuse...)

Outline in which specific context a job is done, because that may impose constraints or limitations.
(e.g. while driving, outside...)

Rank each pain according to its severity & importance for your customer. Is it very serious or is it very light? For each pain include how often it occurs.

What does your customer find too costly?
(e.g. takes a lot of time, costs too much money, requires additional efforts...)
What makes your customer feel bad?
(e.g. frustration, disappointment, things that give them a headache...)
How are current solutions underperforming for your customer?
(e.g. lack of features, performance, underperforming...)
What are the main difficulties and challenges your customer encounters?
(e.g. understanding how things work, AI, getting going things done, motivation...)
What negative social consequences does your customer encounter or fear?
(e.g. loss of fees, power, trust, or status...)
What risks does your customer fear?
(e.g. financial, social, technical risks, or what could go terribly wrong...)
What's keeping your customer awake at night?
(e.g. big issues, concerns, worries...)
What common mistakes does your customer make?
(e.g. usage mistakes...)
What barriers are keeping your customer from adopting solutions?
(e.g. upfront investment costs, learning curves, resistance to change...)

But_{*}

- Your idea = bunch of untested guesses => “hypotheses”
 - Most products don’t survive contact with market

So_{*}

- Talk to potential customers, suppliers, partners
 - ~100 interviews = knowledge of market
- Agile Development of MVP

Product + Customer Prioritization



What actually addresses the critical need?

Niche Need >> Broad "Nice to Haves"

Distill both sides to the most **fundamental** value proposition and customer segment

Customer Archetypes



Find the customer begging you to build the MVP



Understand decision-making and buying process (Customer Context)

Keep it simple! 1-2 archetypes

What do they want you to do?

B2B

- Increase revenue?
- Decrease costs?
- Get them new customers?
- Keep up with or pass competitors?
- How important is it?

B2C

- Does it entertain them?
- Does it connect them with others?
- Does it make their lives easier?
- Does it satisfy a basic need?
- How important is it?
- Can they afford it?

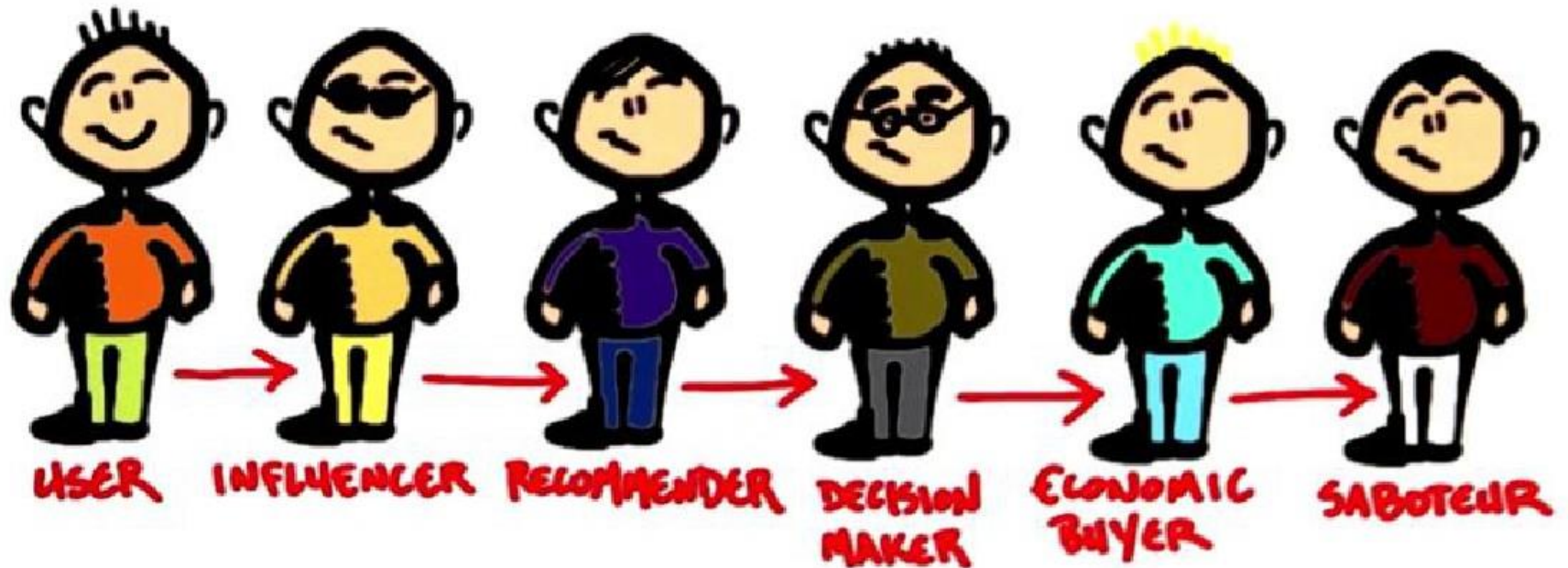
CUSTOMER PERSONA/ARCHETYPES



PROFILE

- POSITION/TITLE
- AGE/SEX
- ROLE
- DISCRETIONARY BUDGET
- MOTIVATIONS
- ROLE MODELS

WHO'S THE CUSTOMER? IN CONTEXT



M

MARKET TYPE

Customers:

Known

Existing
Market

Customer Needs:

Performance

Competitors:

Many

Examples:

Google

Risk:

Lack of branding,
sales, and distribution

M

MARKET TYPE

Existing Market



M

MARKET TYPE

Customers:

Possibly known

Resegmented
Market

Customer Needs:

Better Fit

Competitors:

Many if wrong,
few if right

Examples:

Southwest

Risk:

Market and product
re-definition

M

MARKET TYPE

Customers:

Unknown

New
Market

Customer Needs:

Transformational
Improvement

Competitors:

None

Examples:

Groupon

Risk:

Evangelism and
Education cycle

M

MARKET TYPE

Customers:

Possibly
Known

Clone
Market

Customer Needs:

Local Version

Competitors:

None

Examples:

Baidu

Risk:

Misjudge local
needs

JUST DO IT

Basic Tips

- Do it in person or video chat > want to watch pupils dilate
- Not a pitch!
- Test hypotheses
- Walk through a day in the life > discover pain points
- Ask for an order (if truly solving their problem)

Getting interviews

- Class Alumni (LinkedIn)
- Friends & contacts
- Cold emails
- Starbucks
- Get creative!

Interview as Entrepreneurs

... Not Census Workers!

Interviewee Issues

#s: B2C >> B2B

Preview
importance

Cut failed
interviews short

Hypothesis Testing

Be goal directed

Understand key
drivers; explore
alternatives

Push back!

Adaptive Interviewing

Recap context &
validated learnings

Craft & refine
frameworks / flow
diagrams

Stay Organized

[Customer Interview : In Person Meeting with Samy Lamouille, Principal Scientist, Sarcotein Diagnostics](#)

Michael Benzinou, Member, [DH.1] BioMatch 10/02/2013

Samy transferred from academic to biotech last year. He is now working at (SD) a small biotech: 1 CEO/founder/Investor; 1 Scientist (Samy); 2

- SD is developing a blood diagnostic assay for cancer.
- SD is renting lab space at CPMC and had only 1 full-time scientist

...

Hypotheses Feedback

Value Propositions

👍 "must have" [Accelerate outsourcing processes for biopharmaceutical and medical device companies](#)

👍 "must have" [Facilitate the matching of sponsors' specific needs and capabilities/capacities](#)

Key Insights

Very small biotech outsource at every stages of development. 15% of small biotech need admin support.

Keep concise notes so you can refer back easily

Always be hypothesis testing; update accordingly

Synthesize Key Insights; spend the extra time here

More Tips

- [Do Things that don't scale](#)
- Conducting Customer interviews step by step
 - <https://vimeo.com/87303446>
 - <https://vimeo.com/87302981>
 - <https://vimeo.com/87302891>
 - <https://vimeo.com/87302754>
 - <https://vimeo.com/87302631>
 - <https://vimeo.com/87302479>
 - <https://vimeo.com/87302329>
 - <https://vimeo.com/87302172>
 - <https://vimeo.com/87301903>
 - <https://vimeo.com/87301612>

STREET FIGHTING SKILLS

My background

- Double Masters EE and CS
- iOS/Android development at Lockheed Martin and onward
 - Team Lead 5 iOS apps
 - Team Lead 2 Android Apps (not by choice)
- Apple Deep Learning Research Team - Apple Maps
- TA CS229: Machine Learning
- TA CS224d: Deep Learning for NLP
- TA CS231M: Computer Vision (Mobile)
- <http://stanford.edu/~fchaubar/>

Why this presentation

if (you are technical)

to give you tips, links, websites, that I have found useful

else

to give you enough so you know what you are talking about

Who, What, When, How

Who

Who is going to build it and for how much

Software Engineer Salaries in San Jose, CA

4,233 Salaries

Updated Sep 25, 2015



Data Scientist Salaries in San Jose, CA

28 Salaries

Updated Aug 19, 2015



User Experience Designer Salaries

1,144 Salaries

Updated Sep 24, 2015



CS stanford undergrads... (maybe grad students but probably not)

<http://www.supost.com>

or

<https://www.freelancer.com>

<http://www.toptal.com>

<http://www.tivix.com>

<http://hire.appdev360.com>

<https://www.upwork.com>

<https://www.elance.com>

<http://www.sologig.com>

<https://www.flexjobs.com>

<http://www.guru.com>

DO NOT OFFER \$10/hr .. seriously

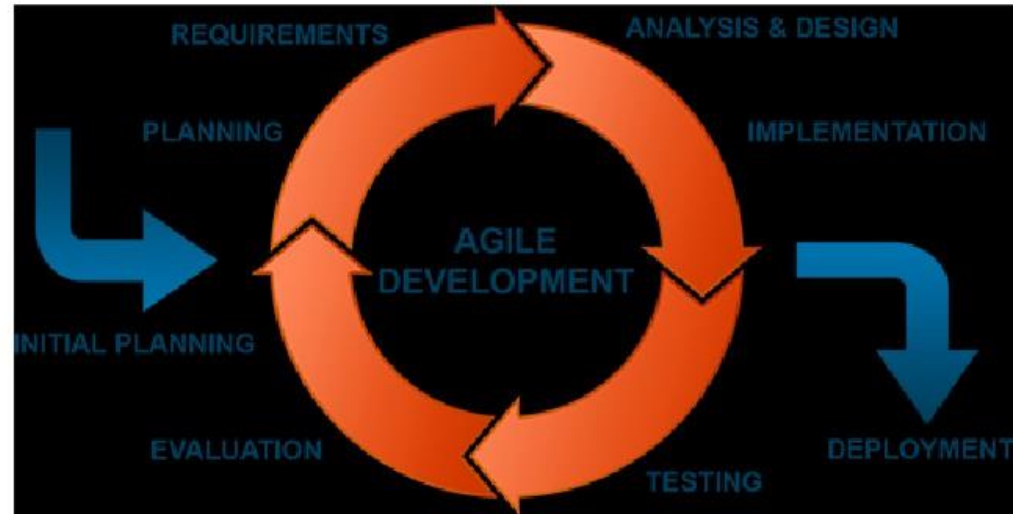
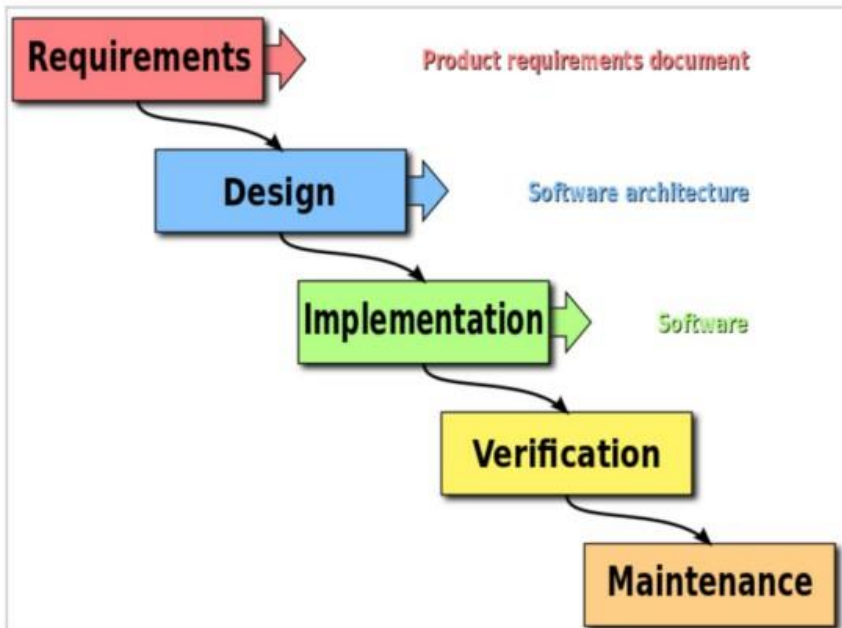
What

“MVP” 1.0

- Start with paper mockups
 - Get out your crayons and scissors
- Do 10 30-min interviews
- WATCH THEM.. DO NOT TALK JUST LISTEN
- Reimplement with feedback
- Do 10 30-min interviews AGAIN
- Then wireframing and feature set definition (requirements spec if you are >60 years old)
- *Now onto the fun part..*

When

Agile vs Waterfall



Pivotal + Slack + Bitbucket Break

How (technical people wake up)

iOS

- XCode
 - Objective C vs Swift
 - Parse backend
 - cocoa pods and github
 - mockup with keynote
 - or balsamiq Concept.ly
 - Lucidchart Pencil Project MockFlow etc
 - Use pivotal for tracking (yes it costs 15 a month)
 - for art.. noun project
 - test flight
- <https://itunes.apple.com/us/itunes-u/ipad-iphone-application-development/id473757255?mt=10>
- <https://www.cocoacontrols.com/>

Android

- Android Studio
 - Java
 - Parse
 - android arsenal and github
 - <http://www.android-arsenal.com/>
- <https://itunes.apple.com/us/book/android-programming-for-beginners/id968548649?mt=11>

HW

- 3D printing and CNC
 - PLA (easy), ABS (hard), NinjaFlex (awesome!)
 - PRL Product Realization Lab
 - Venture Studio has a printer
- Mechatronics (offline)
- Embedded? Arduino

Web (easiest)

SPACE: Stanford web servers, Register.com, Godaddy

TOOLS: Bootstrap / Templates like Ruby on Rails / etc
<http://startbootstrap.com/template-categories/all/>

ANALYTICS: Google Analytics, Optimizely, etc

AI

- Do you have data?
 - Mechanical Turk
- Do you have an algo?
 - AWS
- Do you know what you are talking about?
 - Python, Scikit
- Deep Learning?
 - talk to me about caffe/theano/torch

YOU HAVE TO CONVINCe PEOPLE OF YOUR
ASSUMPTIONS

MVP + User Insights = Conviction

EXAMPLES

IDEO

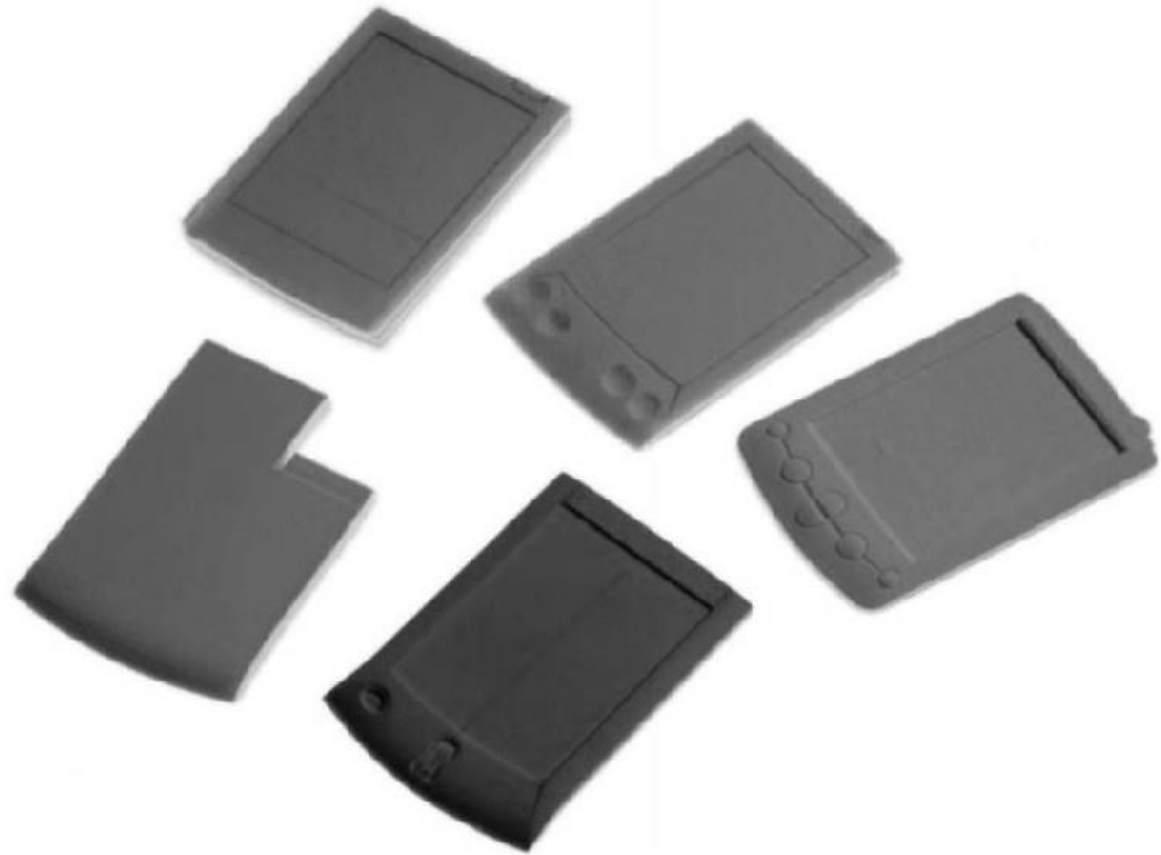
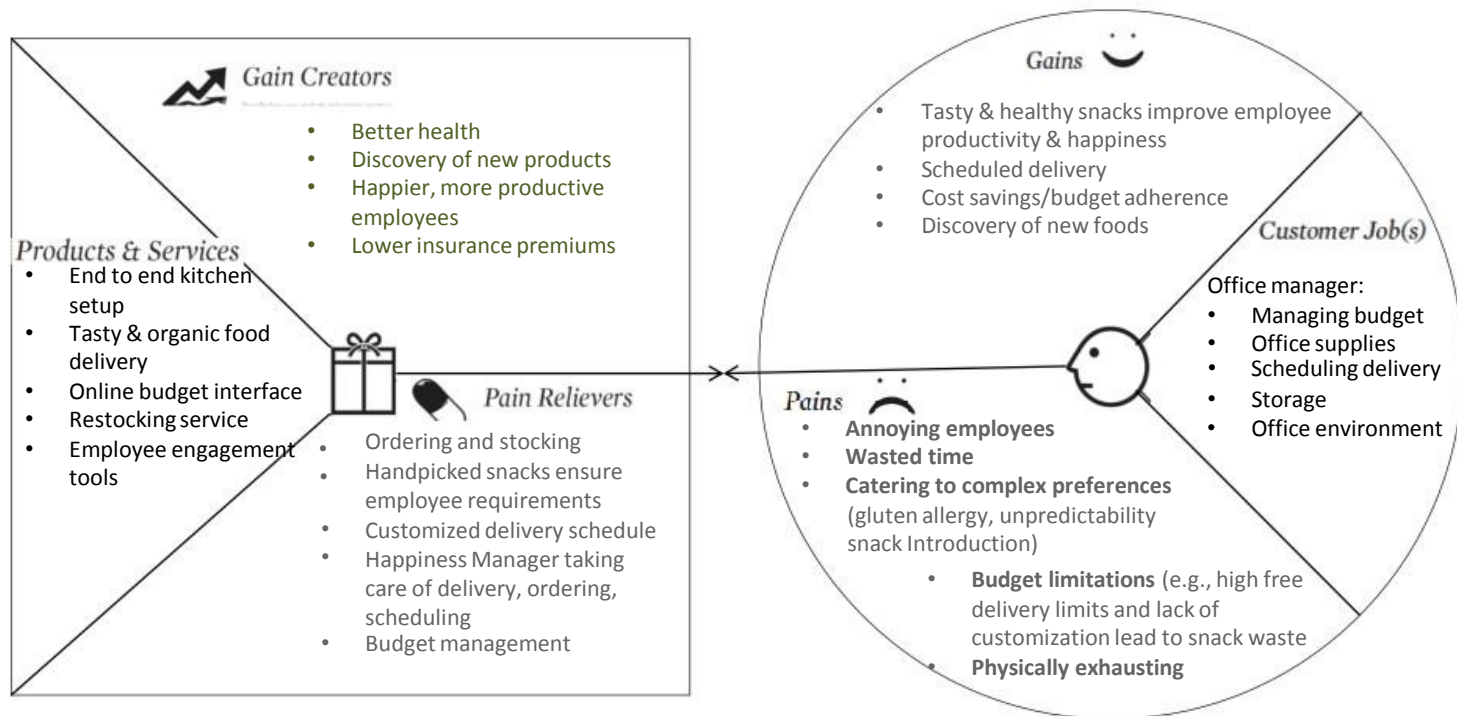


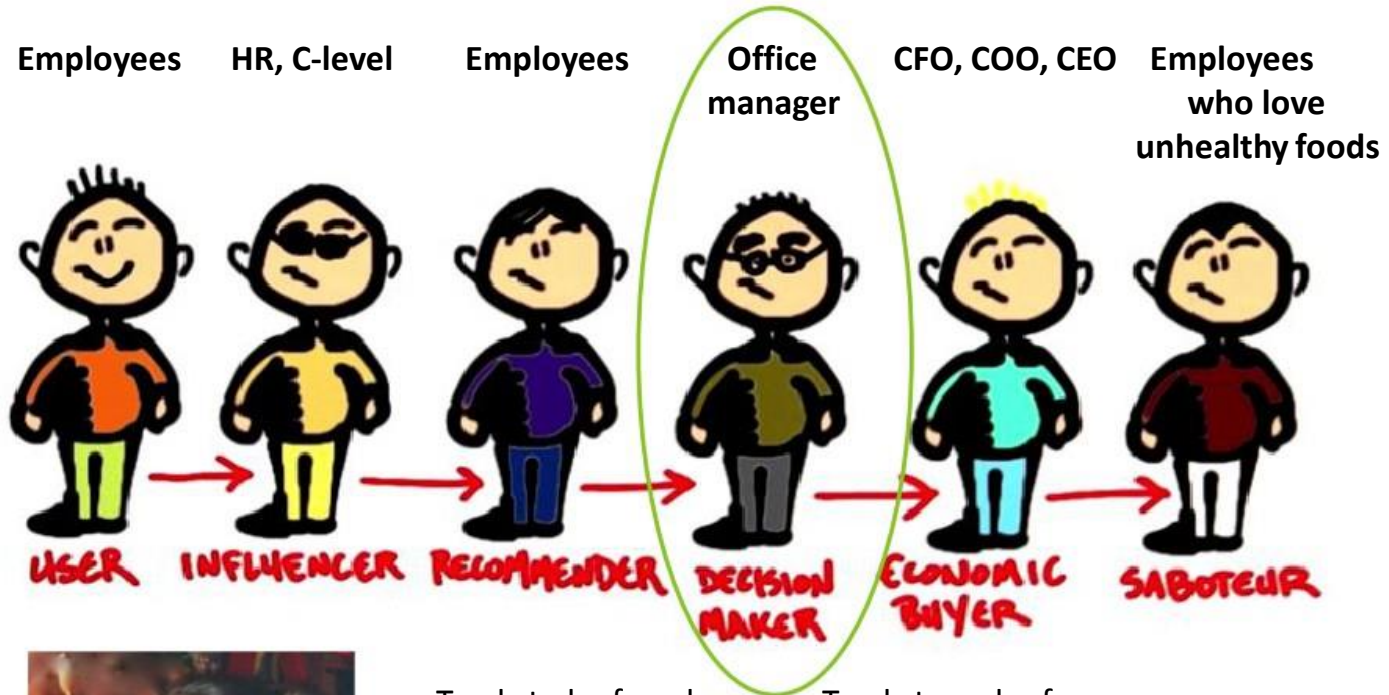
FIGURE 1: Physical Prototypes to Explore Various Aspects of the Palm V Hand-Held Device

VALUE PROP CANVAS

Tech companies offering food as a benefit

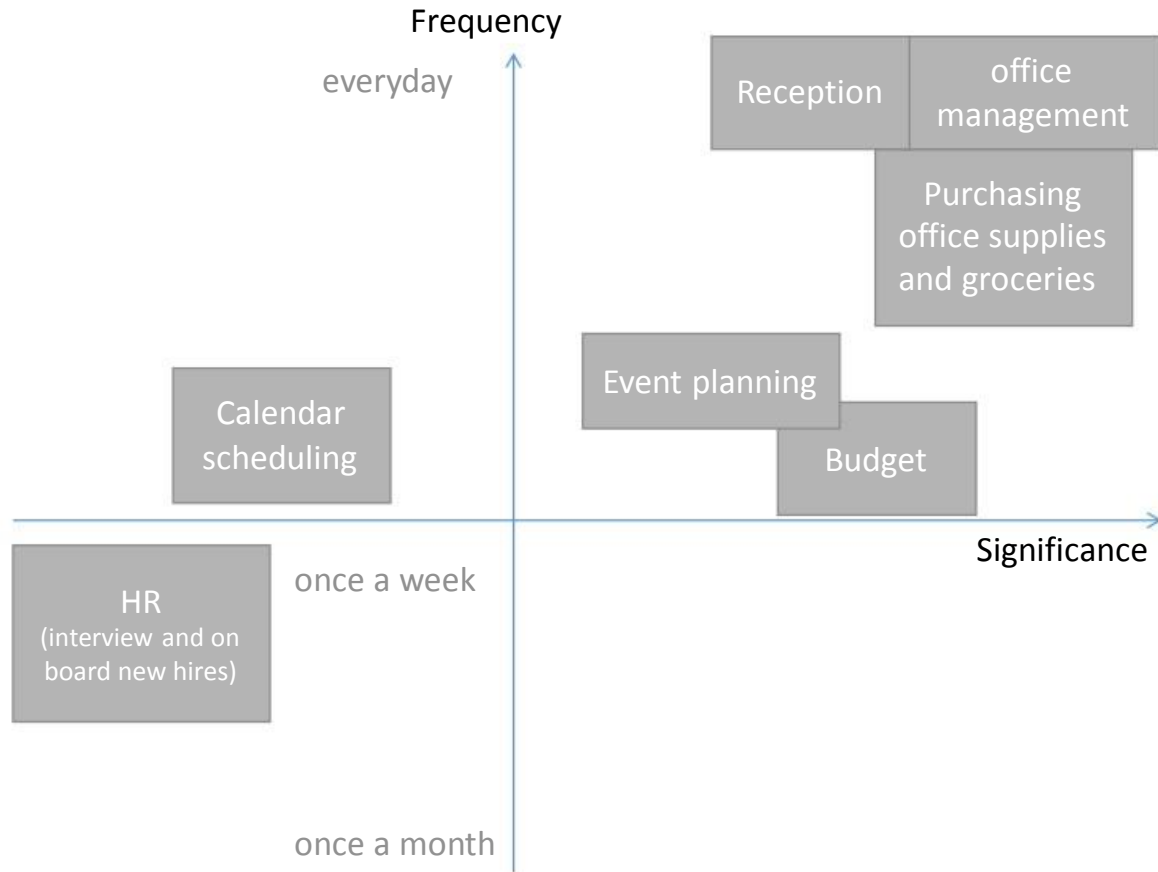


THE CUSTOMER (<150 employees)

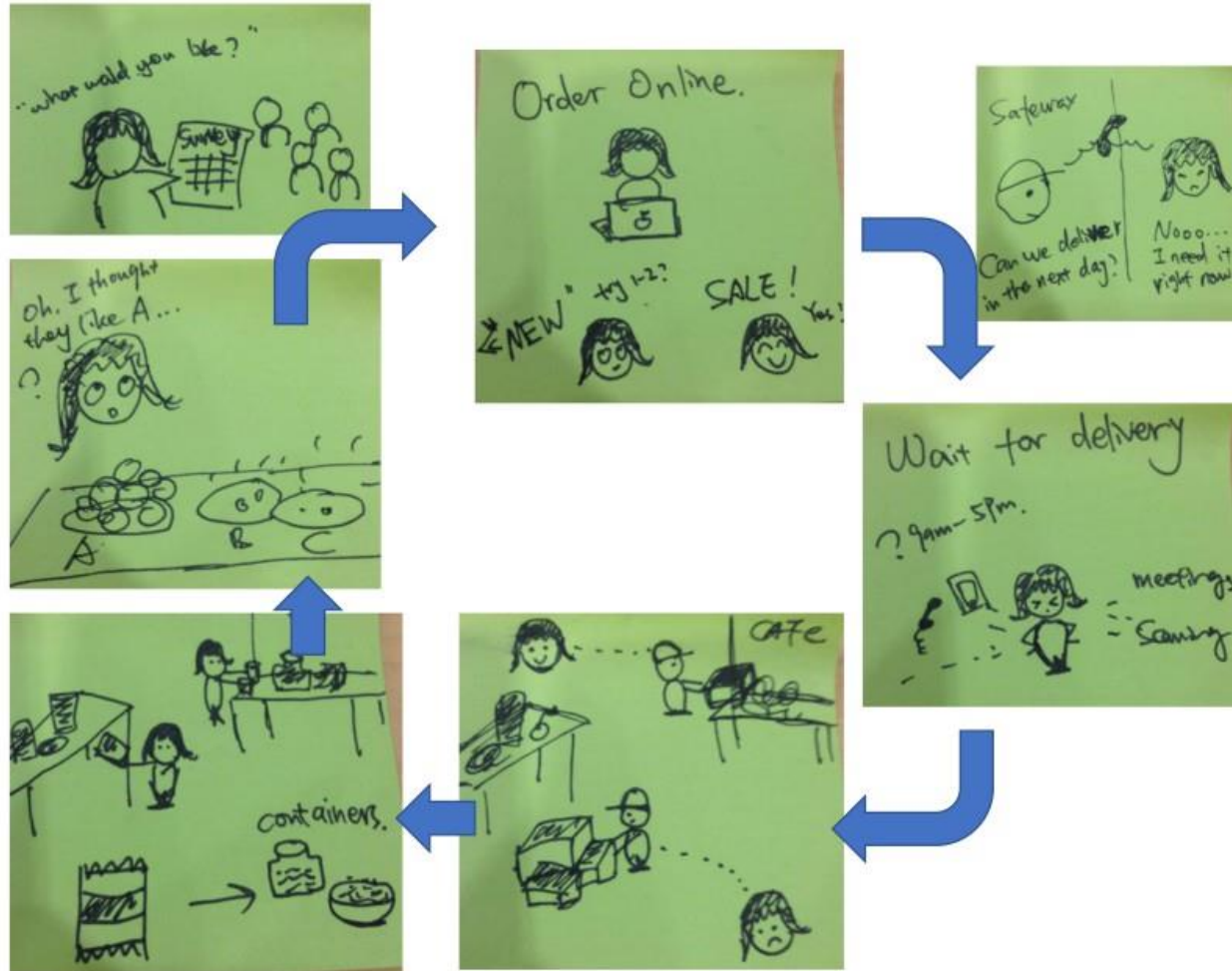


- Tends to be female
- In their 30s
- Less tech savvy
- Strong social network
- Tends to order from Safeway or Costco
- Purchasing is 10-15% of their job
- Reacts to employee feedback

D Y IN THE LIFE *



CUSTOMER WORKFLOW



CUSTOMER VISITS



SIGNED
for trial!!!



 **KISSmetrics**

HIGH FIDELITY MVP

[Http://www.ohmygreen.com](http://www.ohmygreen.com)



SUMMARY

“It’s better to
build something a
small number of
users love than
something a lot
of users like”
-Paul Buchheit YC



1. Get to Product <> Market fit via customer discovery
 1. Discover before you build
2. Understand your market
 1. Different competitive dynamics prevail
 2. B2B vs B2C vs B2B2C
3. Develop Customer Archetypes
 1. Understand burning need
 2. Understand dynamics and day in the life
4. Build an MVP that solves most critical need
 1. Ask for an order

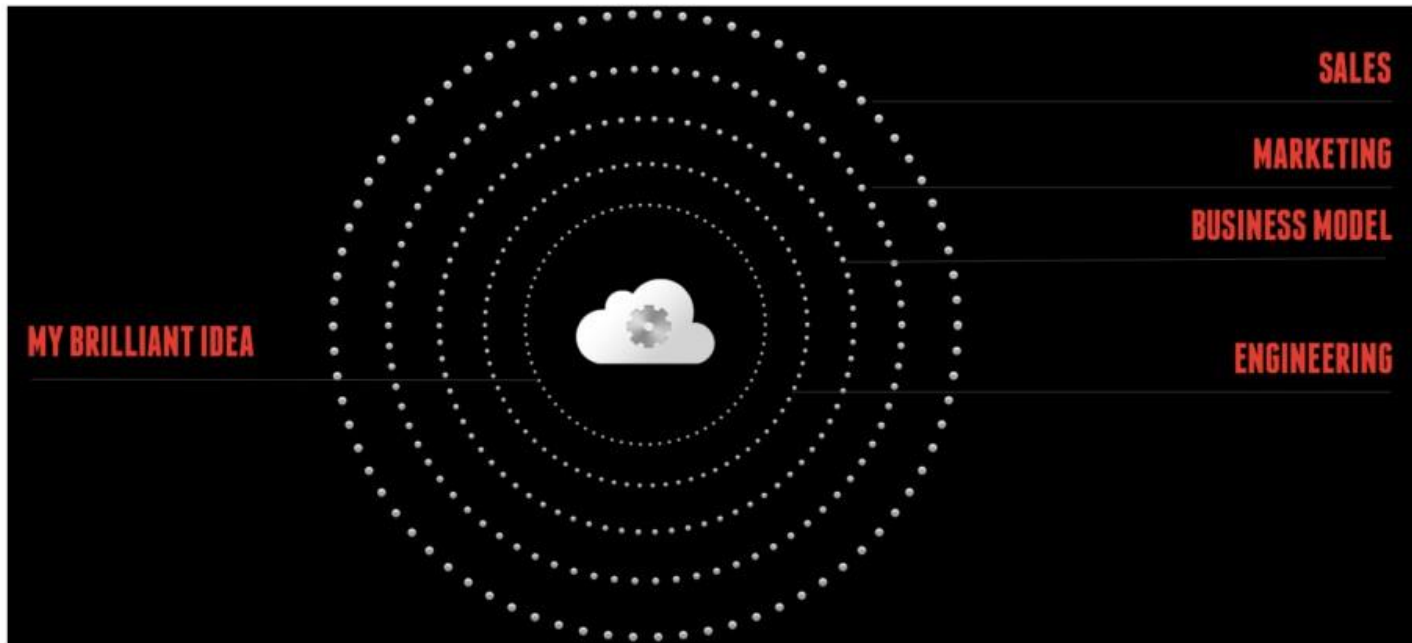
QUESTIONS?



Developing Your Go-to-Market Strategy

Presented by Lynda Smith,
Fenwick and West Consulting Professor,
Stanford Technology Ventures Program

Moving an Idea to Market



Source: Adapted from Stanford University.

The Nine-Point Strategy Checklist

| | | |
|--|-----------------------------|----------------------------------|
| Source of money | 1. Target Customer | |
| | 2. Compelling Reason to Buy | Source of demand |
| To fulfill the compelling reason to buy | 3. Whole Product | |
| | 4. Partners and Allies | Needed for whole product |
| Function of whole product integration complexity | 5. Distribution | |
| | 6. Pricing | Function of all other factors |
| Reference competitor in the same category | 7. Competition | |
| | 8. Positioning | Relative to reference competitor |
| Next move | 9. NextTarget | |

Source: TCG Advisors LLC

Finding Target Customers

- HAS A PROBLEM/OPPORTUNITY WITHOUT A (GREAT) SOLUTION
- THAT PROBLEM/OPPORTUNITY IS A HIGH PRIORITY RELATIVE TO OTHERS
- WOULD FIND YOUR OFFERING COMPELLING
- CAN AND WILL PAY
- IS IN A BIG MARKET SEGMENT

Individual vs. Company Dynamic

B2C

About the
Individual

- HAS A PROBLEM/OPPORTUNITY WITHOUT A (GREAT) SOLUTION
- THAT PROBLEM/OPPORTUNITY IS A HIGH PRIORITY RELATIVE TO OTHERS
- WOULD FIND YOUR OFFERING COMPELLING
- CAN AND WILL PAY
- IS IN A BIG MARKET SEGMENT

B2B

About the
business

About the
Individual

Knowing Your Customer: Twilio Example

| | |
|---|---|
| Who is your target customer? | Developers - 4 types |
| What's their problem? | Integrating communications into their web and mobile apps |
| On a scale of 1 (low) to 10 (high), how big a problem is it? | 10 - Telecom = 's whole different world |
| Would your offering be compelling? | Yes |
| Do they have the money/budget to pay and will? | Yes - but price will be a differentiator |
| Is it a big market segment aka lots of opportunity to sell? | Yes |

Developer Audiences

CODE FOR ENJOYMENT = Hackers

CODE TO BUILD A BUSINESS = Entrepreneurs

CODE TO SOLVE A COMPANY CHALLENGE = Corporates

CODE TO MAKE A LIVING = Guns for Hire

How Big is the Pie? Market Size - Total Available Market



Total Available Market (TAM)

- How many **people** would want/need the product?
- How large is the market (in \$'s) if they all bought?
- How many units would that be?

How Do I Find Out?

- Industry Analysts - Gartner, Forrester
- Wall Street Analysts - Goldman, Morgan
- Bottom-up Analysis - based on # users and your pricing

How Big is My Slice? Market Size - Served Available Market



Served Available Market (SAM)

- How many people need or can use the product?
- How many people can I reach given my sales strategy?
- How many people have the money to buy the product
- How large would the market be (in \$'s) if they all bought?
- How many units would that be?

How Do I Find Out?

- Talk to potential customers

Where Do I Start? Market Size - Target Market



Target Market

- Who am I going to sell to in year 1, 2, 3?
- How many customers is that?
- How large is the market be (in \$'s) if they all bought?
- How many units would that be?

How Do I Find Out?

- Talk to potential customers
- Identify and talk to channel partners
- Identify and talk to competitors

Think “Outside In”

Company Centered Focus

Answers the Question:

What can we deliver based on our capabilities?

Customer Centered Focus

Answers the Question:

What SHOULD we deliver based on customer needs?

Customer Needs Vary With TALC

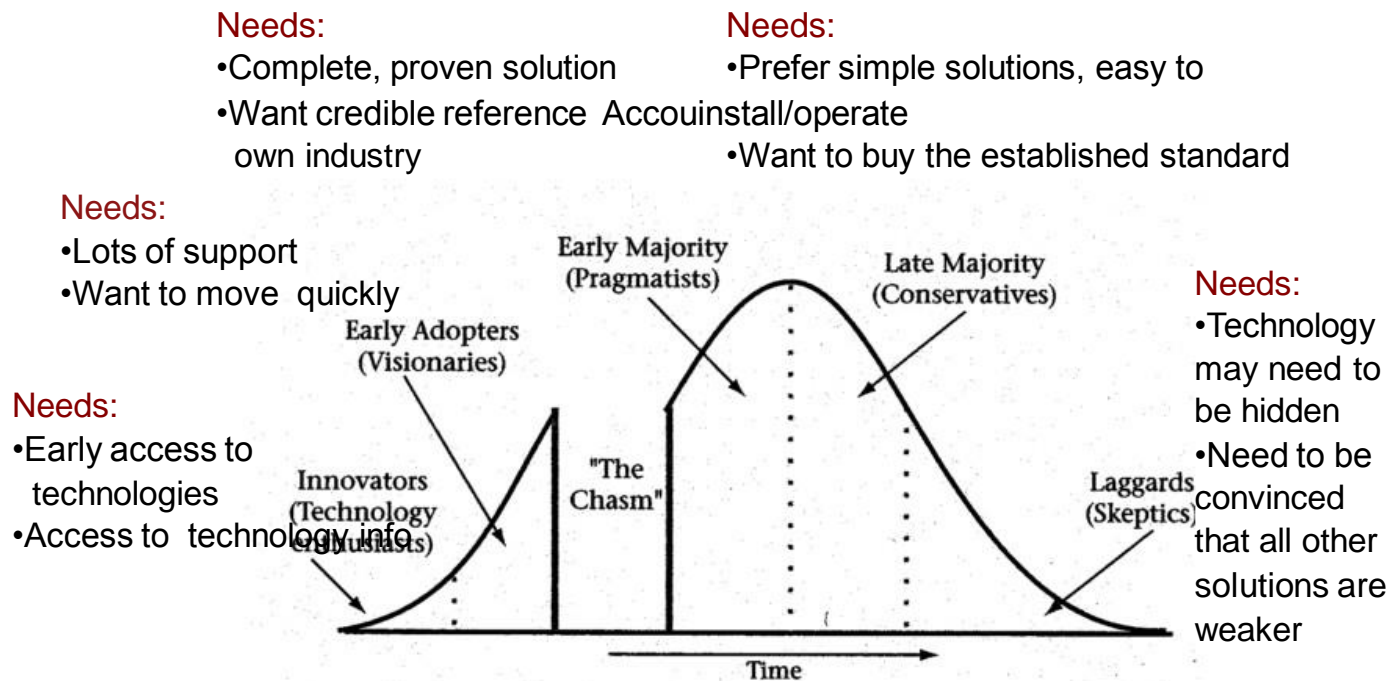


FIGURE 4-5: The Chasm in the Technology Adoption Life Cycle

Value Proposition Creation & The Compelling Reason to Buy

Answers the Question - Why should I buy your product?

| | B2B | B2C | B2D |
|-----------------|------------------------------|--------------------------|--------------------------|
| Target Audience | The Company An Individual | An Individual | An Individual |
| Focus | Burning Business Need | Burning Personal Need | Burning Personal Need |



Twilio virtualizes the entire communications infrastructure in a cloud-based, global environment, making it simple to integrate voice, messaging and VoIP into your applications using any programming language.

Expanded Twilio “Compelling Reason(s) to Buy”

Flexible - Pay as you go; no contracts

Independence - No hardware, no capex

Scalable - Expand when you need to

Reliable - 99.99 API uptime

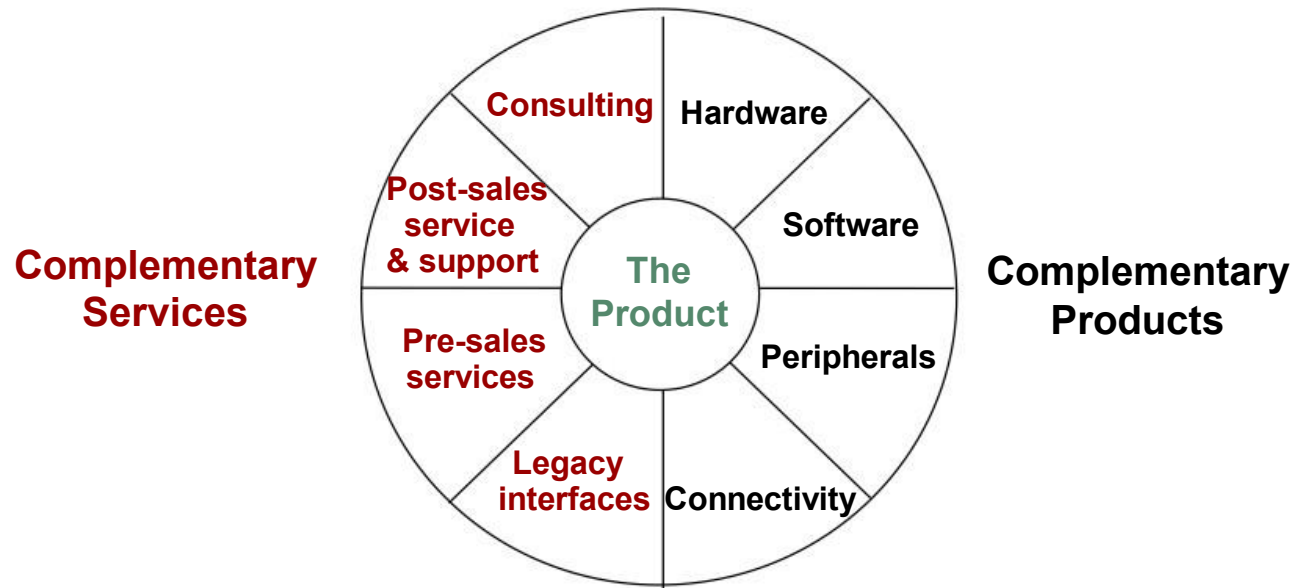
Global - Communications across 6 continents

Immediate Access - Available “minute 1”

Simple - No special knowledge needed

Innovation - Tailor solutions to your needs

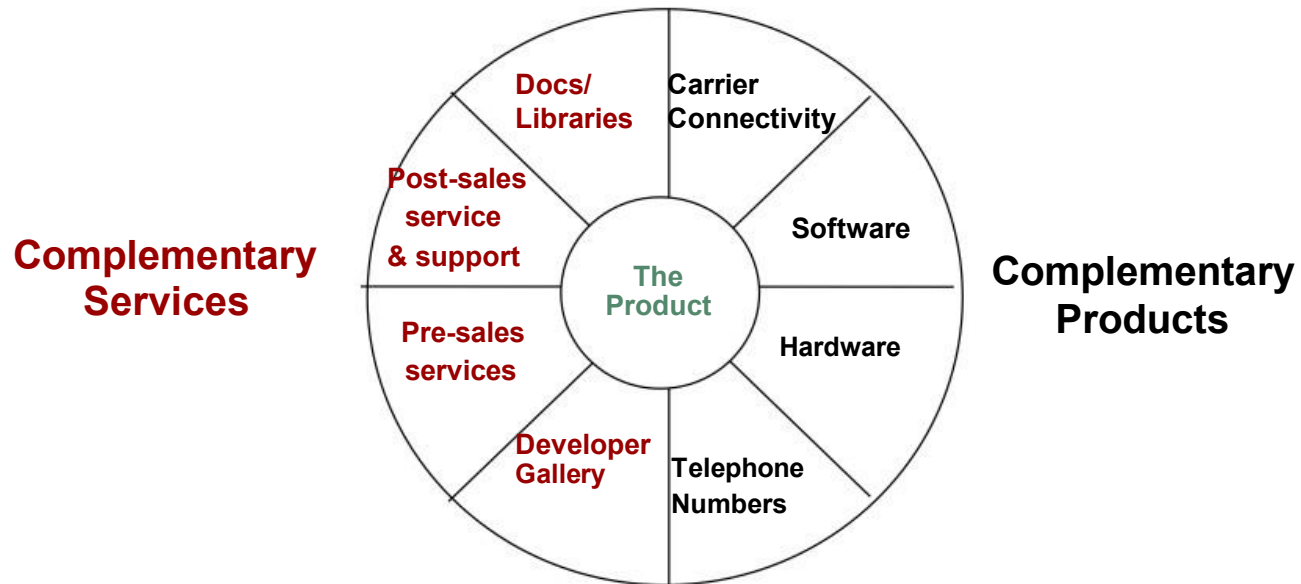
Whole Product: Design an Offering to Deliver Key Benefits



The whole product is the minimum set of products and services needed to fulfill the target customer's compelling reason to buy.

Source: High-Tech Marketing © 2005, TCG Advisors LLC

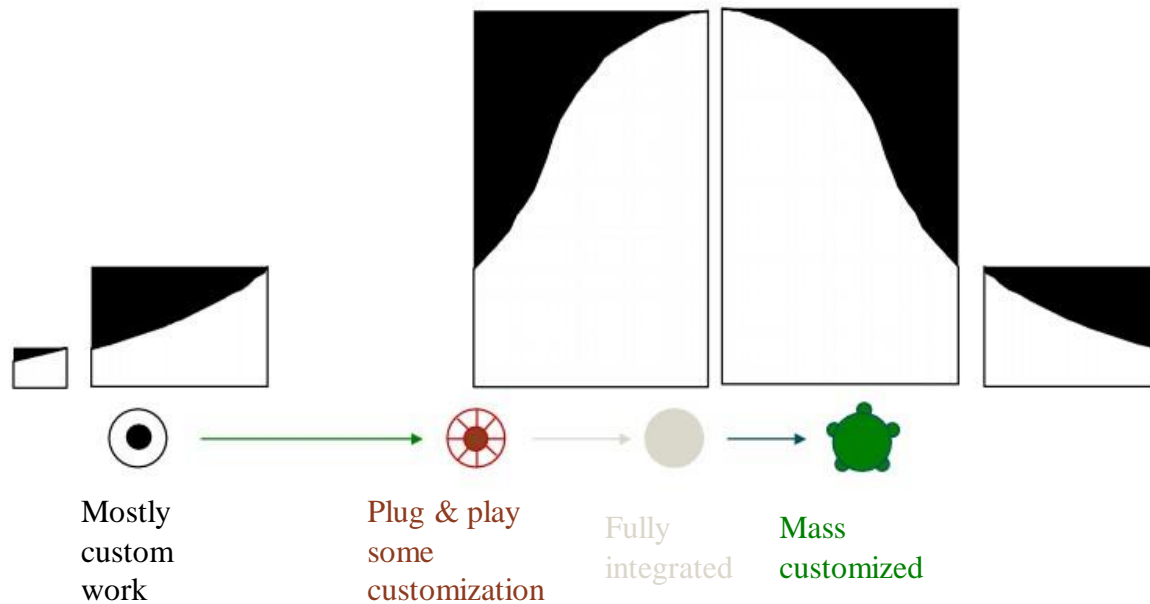
Whole Product: Twilio Example



Compelling Reason to Buy: Twilio makes it easy to add voice, SMS and VoIP to any web or mobile application in any programming language, bridging the gap between old world telephony and the new world of software people.

Source: High-Tech Marketing © 2005, TCG Advisors LLC

Evolution of the Whole Product



Different whole product priorities at different stages of the life cycle.

Core Partner Types

| Supplier Partners | Distribution Partners | Influence Partners |
|--|--|---|
| <p><i>Strategic Question:</i></p> <ul style="list-style-type: none">• Buy or build? <p><i>Role:</i></p> <ul style="list-style-type: none">• Complete the solution• Enable faster time-to-market• Facilitate focus on core competencies• Give competitive advantage• Reduce costs | <p><i>Strategic Question:</i></p> <ul style="list-style-type: none">• Indirect or direct? <p><i>Role:</i></p> <ul style="list-style-type: none">• Extend sales reach• Accelerate sales• Reduce costs | <p><i>Strategic Question:</i></p> <ul style="list-style-type: none">• Together or alone? <p><i>Role:</i></p> <ul style="list-style-type: none">• Provide brand leverage• Extend market reach• Afford cost sharing |

Source: Lynda Kate Smith

Looking at Partners and Your Value to Them: Twilio Example

WHO ARE YOUR PARTNERS?

| | With Whom Would You Partner? | Partner Business Proposition |
|------------------------------|-------------------------------------|--|
| Supplier Partners | Telcos | Additional business from a market not earlier accessible |
| Distribution Partners | Yes in select markets e.g. Japan | New business not tapped before |
| Influence Partners | Accelerators e.g. TechStars | Unique developer cred |

Sales and Distribution

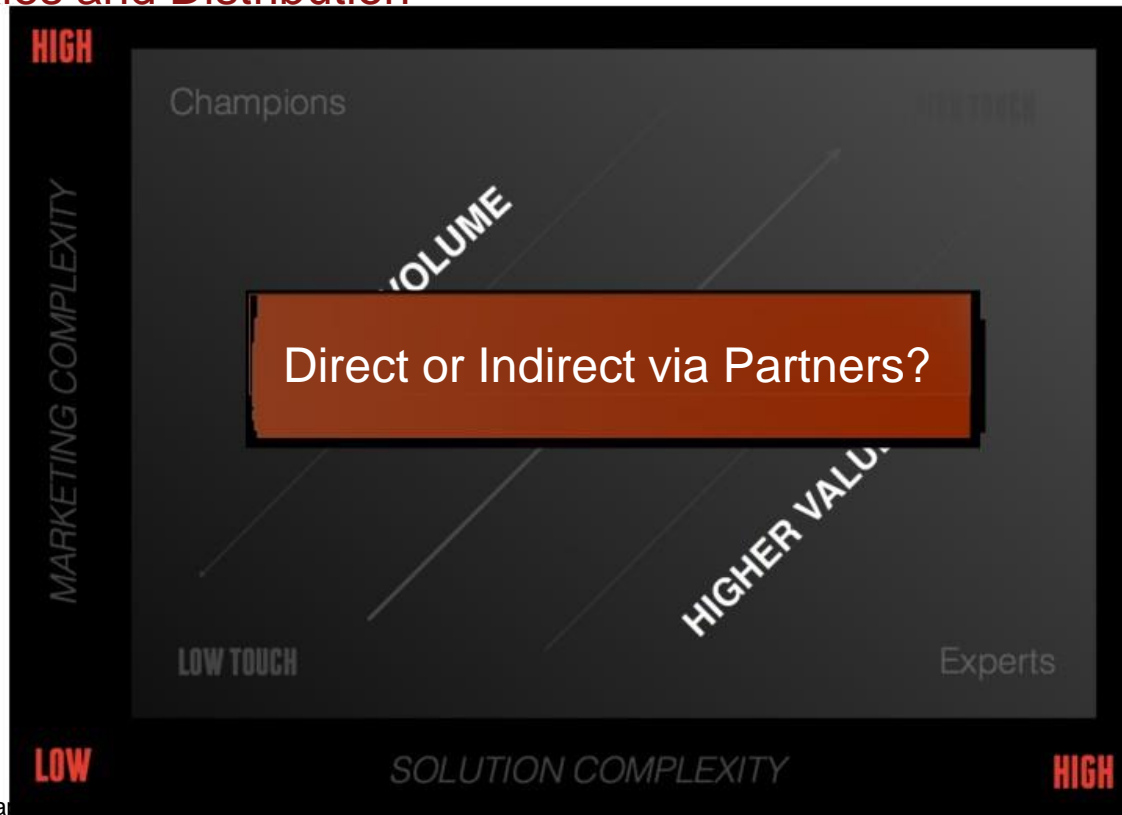


Source: Ada

Low and High Touch Distribution Models

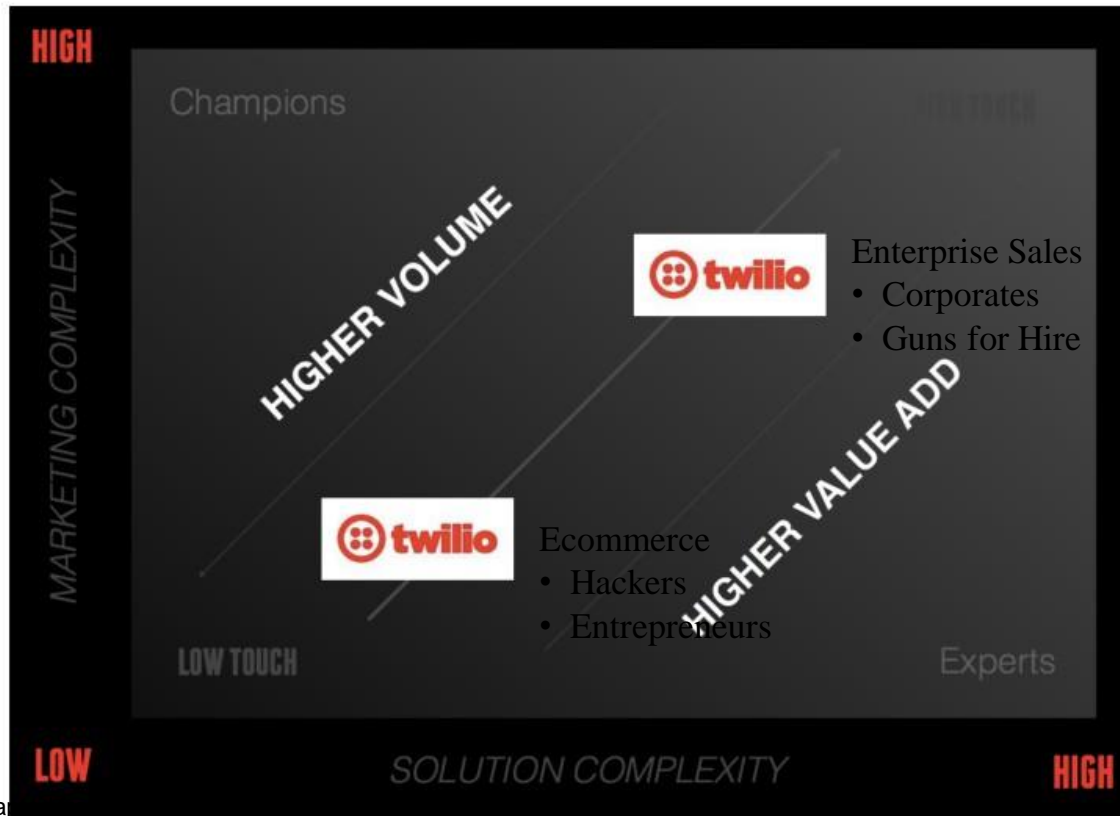
| Low Touch | High Touch |
|--------------------|---------------------|
| Online/Ecommerce | Field Sales |
| Retail - Low Touch | Inside Sales |
| | Retail - High Touch |

Sales and Distribution



Source: Ada

Sales and Distribution: Twilio Example



Source: Ada

Pricing Models with Quick Explanations

High (e.g., Tesla, Hulu, Umi)

Skimming - priced to go for margin

Premium - charge a “surcharge” for premium aspect of product

Low (e.g., Amazon.com)

Discount /Penetration/Lifetime Value - priced to go for market share

Cost Plus - charge the cost to the company for the product + an additional amount

Contribution Margin - price based on product needing to “contribute” a certain margin

Target Return - price based on a target return on investment

Market (e.g., supply, demand, elasticity)

Value - price based on value returned to the buyer

Competitive reference - price based on the competitor as the reference price

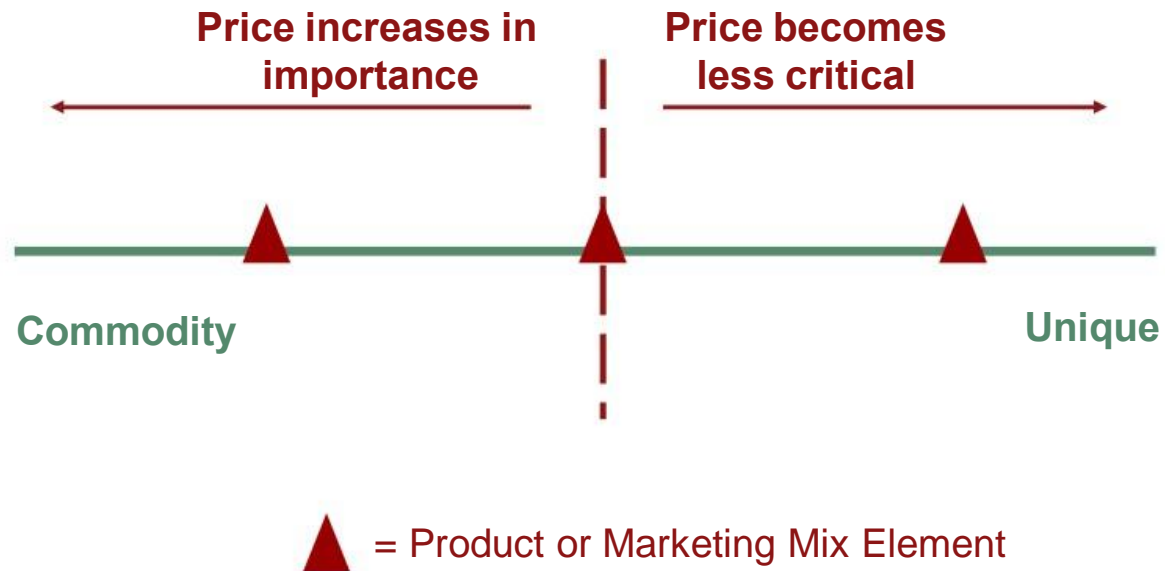
Dynamic - price changes with shifts in market e.g. think oil prices

Psychological (i.e., price as a signal) - price set to send a message in the market

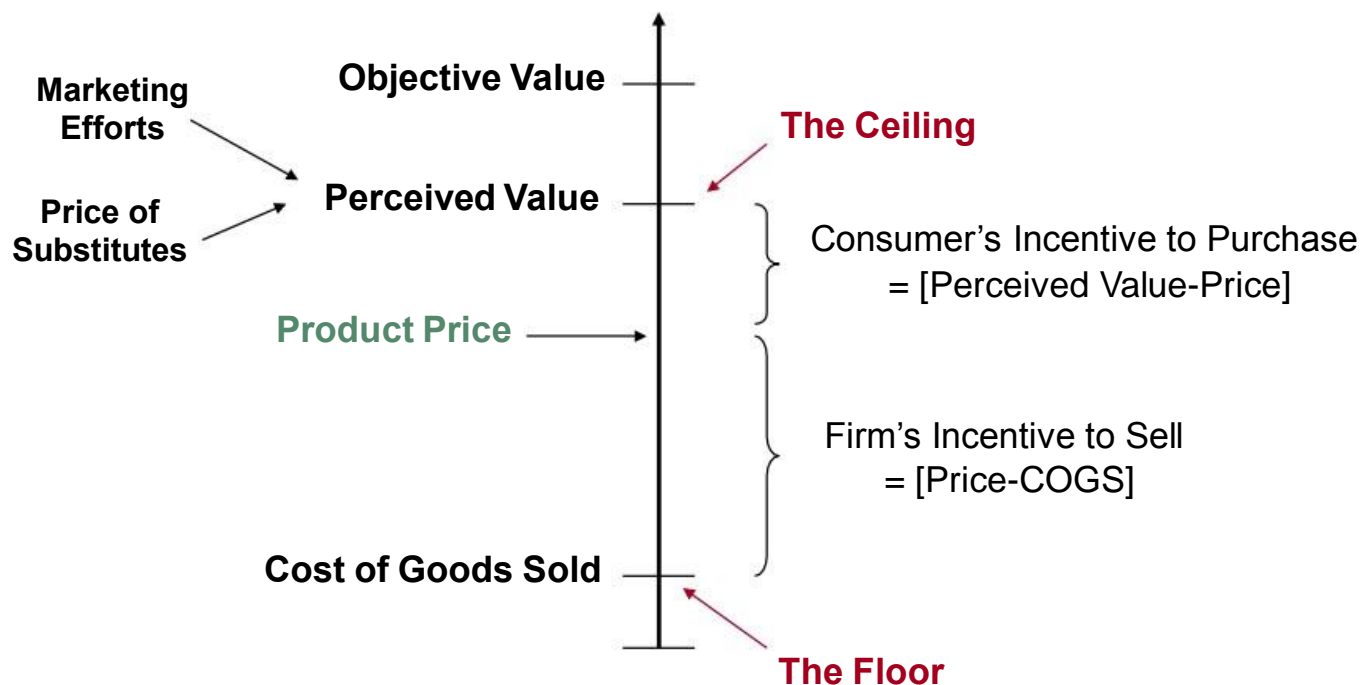
Switch

Freemium (e.g. Skype) - product offering offered for free to get people “in door

Continuum of Value and Pricing



The Value-Pricing “Thermometer”



Source: Principles of Pricing, HBR, January 12, 2006

Price Sensitivity

Customer Economics

- Will the decision maker pay for the product him or herself?
- Does the cost of this item represent a substantial percentage of the total expenditure?
- Is the buyer the end user? If not, will the buyer be competing on price in the end-user market?
- In this market, does a higher price signal higher quality?

Customer Search and Usage

- Is it costly for the buyer to shop around?
- Is the time of the purchase or the delivery significant to the buyer?
- Is the buyer able to compare the price and performance alternatives?
- Is the buyer free to switch suppliers without incurring substantive costs?

Competition

- How is this offering different from competitor's offerings?
- Is the company's reputation a consideration? Are there other intangibles affecting the buyer's decision?

Source: *How do you know when the price is right?*, HBR, Sept - Oct 1995

Twilio: Pricing as a Differentiator

SEND A MESSAGE = THREE QUARTERS OF A CENT

BUY A PHONE NUMBER = \$1

PLACE A VOICE CALL = A CENT A MINUTE

} Price
Point







NO CONTRACTS

NO COMMITS

NO UPFRONT FEES

} Pricing
Structure

Competitive Advantage: Identifying Your Secret Sauce

| | | |
|--|---|---|
| <p>Cost Leadership</p> | <ul style="list-style-type: none"> Driving costs lower than industry norms based on efficiency, size, scale, scope |  |
| <p>Product Characteristic Differentiation</p> | <ul style="list-style-type: none"> Distinguishing products or services from others in the industry in a compelling way that attracts target customers Differences include quality, function, features, design |  |
| <p>Product Breadth Differentiation</p> | <ul style="list-style-type: none"> One stop shop – offering unmatched range of relevant products and services to target customers |  |
| <p>Distribution Differentiation</p> | <ul style="list-style-type: none"> Creating distinctive access or availability to products or services via unique distribution relationships, channels, or capabilities (e.g., direct marketing) |  |
| <p>Niche Market Dominance</p> | <ul style="list-style-type: none"> Outperforming competitors in a narrow market segment Advantage can be achieved via segment-specific offerings, services, servicing levels or model, etc. |  |
| <p>Customer Experience Differentiation</p> | <ul style="list-style-type: none"> Delivering uniquely streamlined, direct, proactive, consistent customer experience for critical customers' interactions |  |

Source: Trish Hayward, Catalyst Strategies (2010) **Best Practices**

Twilio's Secret Sauce

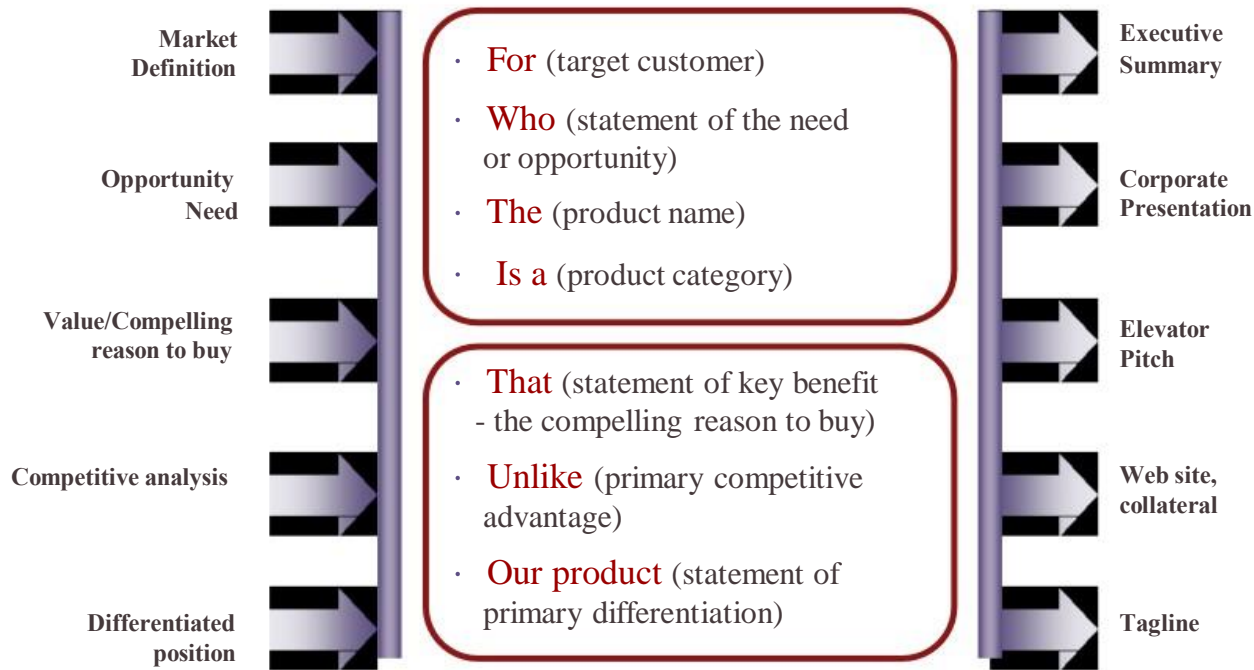
Ten Companies With Developer Cred

Twilio

Last but definitely not least popular with coders is Twilio, the original developer marketing pioneers. Twilio made it into *Fast Company's* [Most Innovative Companies](#) list last year by letting developers add voice, SMS, and VoIP functionality into web, desktop, or mobile software. You can even build an [entire call center](#) system with Twilio's cloud API including call queuing, routing, and call recording. Another RESTful API, making a call or sending an SMS only takes a line of code. Bryce Keane, cofounder of [3beards](#), said "Twilio has an amazing team of developer evangelists who you'll often find at hackathons and other tech events, not just mentoring but hacking as well. They really get their developer audience because their team comes from that world."



Clear, Differentiated Positioning



MS&E 271 GEM

Source: High-Tech Marketing © 2005, TCG Advisors LLC

Twilio Positioning Statement

FOR SOFTWARE PEOPLE (DEVELOPERS)

WHO HAVE BEEN ENCUMBERED BY THE COMPLEXITY AND EXPENSE OF TRYING TO BUILD COMMUNICATIONS-ENABLED BUSINESS SOLUTIONS

TWILIO

IS A COMMUNICATIONS API PLATFORM

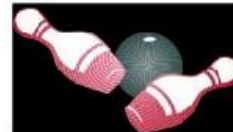
THAT ENABLES MODERN SOFTWARE COMMUNICATIONS SOLUTIONS: CLOUD-BASED, INTERNET SCALE, WEB TECHNOLOGIES, AND API-FOCUSED.

UNLIKE THE STATUS QUO OF ON-PREMISE COMMUNICATIONS AKA TELEPHONY ENTRENCHED AND HIGHLY RELIANT ON PROPRIETARY SOFTWARE

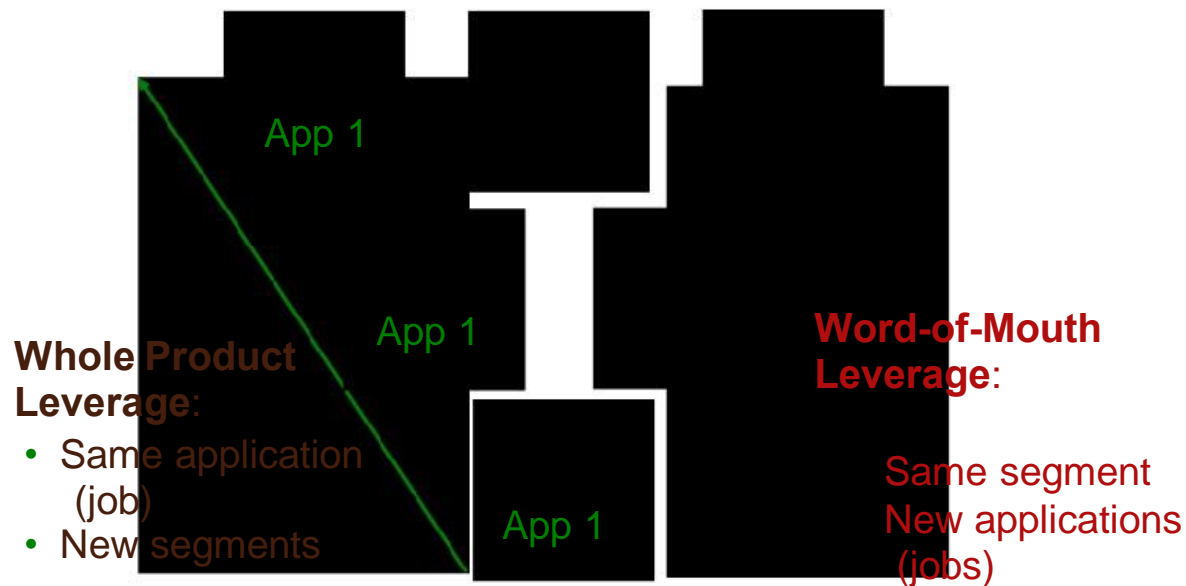
TWILIO IS SIMPLE, SCALABLE, FLEXIBLE, AND HIGHLY ACCESSIBLE.

Jibo Positioning Statement



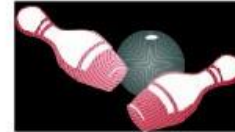


Where Do I Go Next? Think about Bowling

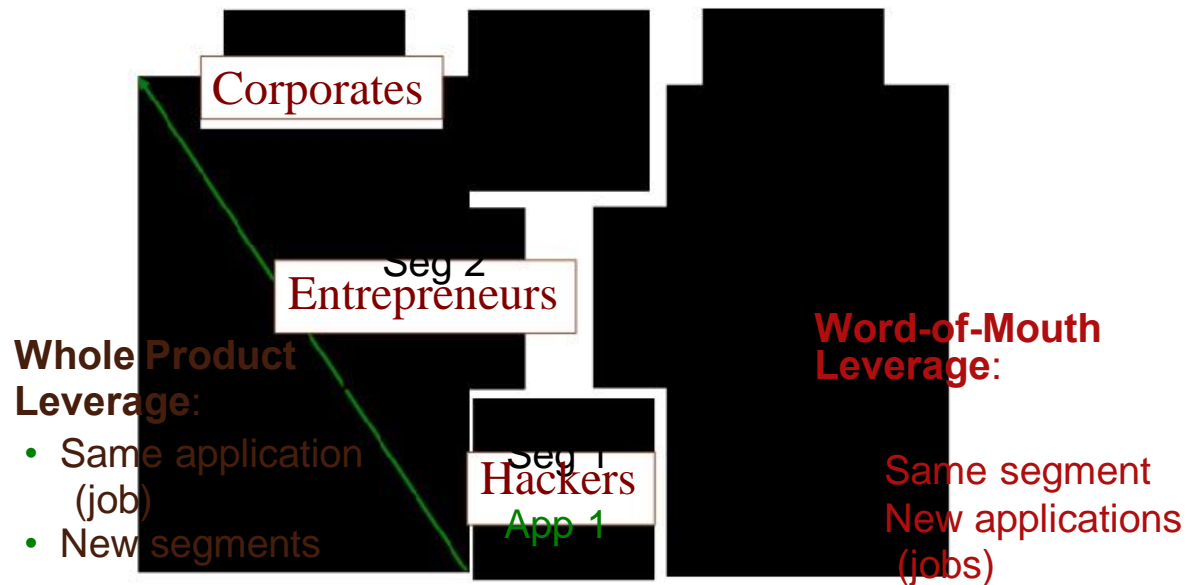


Leverage is the key

Source: High-Tech Marketing © 2005, TCG Advisors LLC



Where Do I Go Next? Think about Bowling



Leverage is the key

Source: High-Tech Marketing © 2005, TCG Advisors LLC

The Nine-Point Strategy Checklist

| | | |
|--|-----------------------------|----------------------------------|
| Source of money | 1. Target Customer | |
| | 2. Compelling Reason to Buy | Source of demand |
| To fulfill the compelling reason to buy | 3. Whole Product | |
| | 4. Partners and Allies | Needed for whole product |
| Function of whole product integration complexity | 5. Distribution | |
| | 6. Pricing | Function of all other factors |
| Reference competitor in the same category | 7. Competition | |
| | 8. Positioning | Relative to reference competitor |
| Next move | 9. NextTarget | |

Source: TCG Advisors LLC

Appendix

Team Exercise: Understanding The Customer

| | |
|---|--|
| Who is your target customer? | |
| What's their problem? | |
| On a scale of 1 (low) to 10 (high), how big a problem is it? | |
| Would your offering be compelling (yes, no)? | |
| Do they have the money/budget to pay and will? | |
| Is it a big market segment aka lots of opportunity to sell? | |

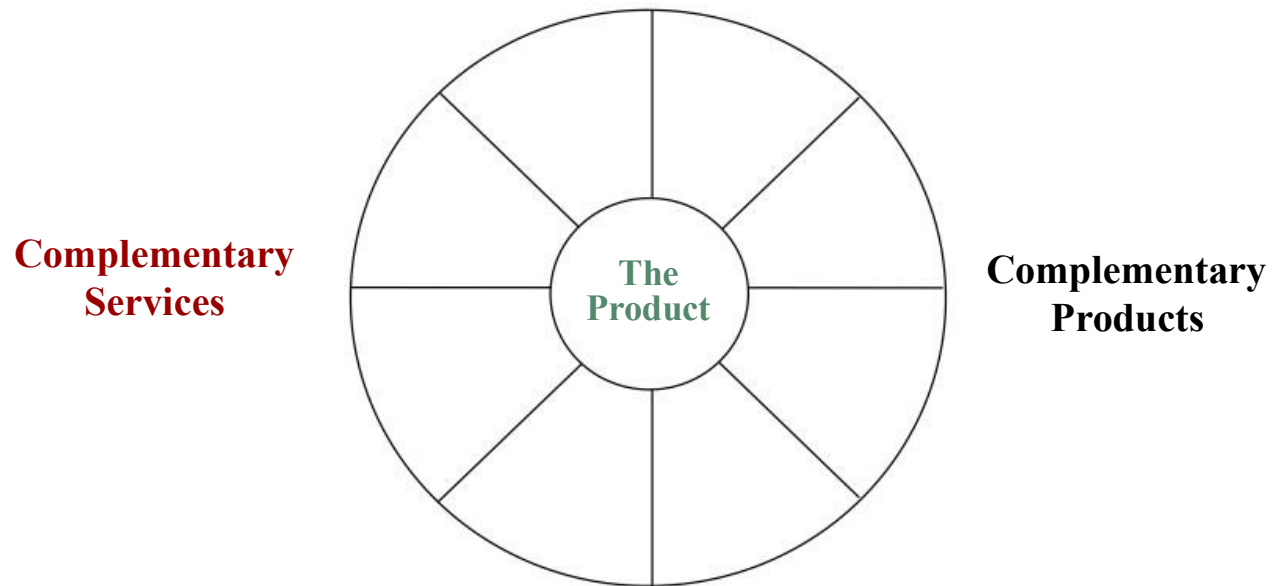
Team Exercise: Your Compelling Reason to Buy

Think “outside in”...

| | |
|--|----------------------------|
| Who is your target audience? | Discussed in last exercise |
| What are their needs? | Discussed in last exercise |
| What is the compelling reason to buy your product or service? | |

Team Exercise: Defining Your Whole Product

USING THE WHOLE PRODUCT MODEL, DEFINE YOUR WHOLE PRODUCT.



Team Exercise: Defining Your Partners and Value

WHO ARE YOUR PARTNERS?

| | With Whom Would You Partner? | Partner Business Proposition |
|------------------------------|-------------------------------------|-------------------------------------|
| Supplier Partners | | |
| Distribution Partners | | |
| Influence Partners | | |

Team Exercise: Defining Your Distribution Strategy

DEFINE YOUR DISTRIBUTION STRATEGY AND JUSTIFY.

| | |
|--|--|
| Is a high touch or low touch model appropriate and why? | |
| Will you distribute directly or indirectly and why? | |

Team Exercise: Deciding How You Will Price Your Offer

1. Which pricing construct?
2. Pros and Cons of that decision?

| | Pros | Cons |
|---------------|-------------|-------------|
| High | | |
| Low | | |
| Market | | |
| Switch | | |

Team Exercise: Creating Your Value Proposition

USING THE POSITIONING MODEL, CREATE YOUR OWN POSITIONING STATEMENT.

| | |
|---|--|
| For (target customer) | |
| Who (statement of the need or opportunity) | |
| The (product name) | |
| Is a (product category) | |
| That (statement of key benefit - the compelling reason to buy) | |
| Unlike (primary competitive advantage) | |
| Our product (statement of primary differentiation) | |