Find the Value Proposition Through Ideation

Helping the Purdue community move ideas to impact through new ventures.

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Contents
A breakdown of the upcoming sessions.

1) Napkin Drawing
2) Problem Statement
3) Market Landscape
4) Market Development
5) Customer Architype
6) Competitors
7) Pitch Deck Alpha
Perspective of Investors

An investor is someone who gives time, money and resources.

Time

Money

Resources
Risk & Return
Evaluating from an investors perspective.

- Technology Risk
  New and Novel?

- Financial Risk
  Time to Revenue
  Time to Profit

- Market Risk
  Customer willing to pay?

- People Risk
  Expertise
  Experience
  Network
Napkin Drawing

Clearly Communicating Your Idea
Napkin Drawing
Clearly Communicating Your Idea

- Effectively communicate through verbal and visual communication
  - What it is
  - What it does
  - NOT too much detail
- Focus on what makes it unique
- Avoid industry jargon
Napkin Example 1
Napkin Example 2
The patient is equipped with a disposable sensor that attaches to the chest like a large Band-Aid, monitoring heart rate and respiration and wirelessly sending data to the doctor.
Conversation Example

Create Intrigue

Allow the other person to lead the conversation and ask questions.

“I have____ , it does_____for ____customer.”
Methods for Sharing

- 20 Minute Pitch
  - Channels
  - Milestones
  - Competitors
  - Financials

- 2 Minute Elevator Pitch
  - Problem
  - Market size

- 2 Sentence Intro
  - Product
  - Differentiator
  - Customer
Our Solution: The MAPS

Designed by students at Purdue University in West Lafayette, Indiana, USA in partnership with ACREST in Cameroon.
Problem Statement

What’s the problem you’re trying to solve?
Problem Statement

A strong problem statement has four elements:

1. **Real Problem**
2. **Shock Value**
3. **3rd Party Validation**
4. **Quantity**
Problem Statement
A strong problem statement has four elements

A real problem:
• A big enough problem that the customer will pay money to solve it
• An urgency to solve it
• It either ‘saves money or makes money’
  • B2B
  • B2C
Problem Statement
A strong problem statement has four elements

Has Shock Value:
• A statement of discontent about the problem
Problem Statement
A strong problem statement has four elements

Includes a 3\textsuperscript{rd} Party Validation:
• Reference an external statistic or source to validate the problem
Problem Statement
A strong problem statement has four elements

Can Be Quantified:
- Know the key metrics of the problem
- How big is the problem?
The Challenge: Transportation

- 31% of normal
- 85% unpaved
Problem Statement Example

- In Africa, there are 31 vehicles for every 1,000 people.
- 90% of transportation of agricultural produce is done on the heads of women in children (East Africa) [http://www.fao.org/docrep/018/i3259e/i3259e.pdf](http://www.fao.org/docrep/018/i3259e/i3259e.pdf)

The AgRover provides a low cost multi-utility vehicle for transportation and agriculture.
Market Sizing

Value proposition, customer segments & customer types

Total Available Market
How big is the total market?

Addressable Market
How big is the opportunity?

Target Market
How big is the target segment?
Market Landscape

Where does your idea fit into the existing market?
Market Landscape
Highlighting the Opportunity for Your Product or Technology

- Demonstrate where your idea fits in the existing landscape
- Illustrate the relationships between the existing solutions
- Identify the key forces that drive the marketplace
- Find your product market fit
What Category?
Building Your Category Map

Step 1: Define the Market Space – Title Your Map

Tips to Title Your Map:

• Think at a high level – 100,000 ft view
• Ask yourself- “Where does this idea fit?”
• Think broadly about the alternative solutions and approaches
Brainstorm Current Technologies

Step 2: List all ways the problem is currently being solved

Tips to Brainstorm Categories:

• Ask yourself “What are the alternative ways the problem is being solved today?”
• Think categories, not individual products
• Consider all possible solutions, even low-tech options
Market Drivers
Step 3: Determine the Key Drivers in this Market

Tips to Determine Market Drivers:
• Ask yourself “What is driving people to chose one solution over another in the market today?”
• Choose your divers based on your ideal customer
• Do NOT consider cost/price
Map Your Drivers & Categories

Step 4: Place your drivers and map your categories

- Mobile Devices
  - Laptop Computers
  - Tablet Devices
  - E-reader
  - Smart Phones
  - Smart Watches
  - Cellular Phones
  - Smart Pens

Functionality vs. Portability
Highlight the Area of Opportunity

Step 5: Identify the area where the next innovation is likely to appear

- Laptop Computers
- Tablet Devices
- Smart Phones
- Cellular Phones
- Smart Watches
- Smart Pens
- E-reader

Portability vs Functionality

Mobile Devices

Idea to Impact
Market Development

Who is your customer?
Market Development
Exploring and identifying customer sets for your innovation

• Explore the best possible customer sets for an innovation
• Consider new uses and potential applications beyond your original thinking
• Explore possible fields of use
• Drill down and “discover” specific customer subgroups
• Determine which customers really value the unique attributes that you have developed
Market Development
First, the language

A **market is..**

a broad landscape of buyers looking to solve different types of problems

*Example: Healthcare*

A **segment is...**

an identifiable sub-group of buyers looking to solve the same kind of problems

*Example: Neurosurgeons*

A **lead customer is...**

a representative of the target segment (who is ready to work with you now)

*Example: Dr. Smith at Cleveland Clinic*
Build Your Market Development

Brainstorm New Market Opportunities

Unique Features of Your Innovation
- Two-way in motion IP connectivity
- Predictive switching between cellular and satellite networks
- Intelligent gateway to monitor, prioritize and route traffic balancing cost and throughput

Fleet
- Commuter Buses
- Commercial Trucking
- Limousine Services

Health Care
- Remote Diagnosis
- Mobile Clinics
- Paramedics

Rail
- Commuter
- Inter-City
- Light Rail
- High-Speed
- Commercial Trucking
- Limousine Services

Consumer
- Rental Cars
- Fire/Rescue
- Pleasure Boats

Emergency Response
- Disaster Recovery
- EMS
- Remote Diagnosis
- Mobile Clinics
- Fleet
- Health Care
Build Your Market Development

Step 1: List Your Unique Features

Unique Features of Your Innovation

- Two-way in motion IP connectivity
- Predictive switching between cellular and satellite networks
- Intelligent gateway to monitor, prioritize and route traffic balancing cost and throughput
Build Your Market Development

Step 2: Brainstorm Your Markets

Idea to Impact

Unique Features of Your Innovation
- Two-way in motion IP connectivity
- Predictive switching between cellular and satellite networks
- Intelligent gateway to monitor, prioritize and route traffic balancing cost and throughput
Build Your Market Development

Step 3: Identify Your Segments

Fleet
- Commuter Buses
- Commercial Trucking
- Limousine Services

Rail
- Inter-City
- Light Rail
- High-Speed

Consumer
- Commuter
- RVs
- Freight

Health Care
- Remote Diagnosis
- Mobile Clinics
- Paramedics

Emergency Response
- Disaster Recovery
- EMS

Unique Features of Your Innovation
- Two-way in motion IP connectivity
- Predictive switching between cellular and satellite networks
- Intelligent gateway to monitor, prioritize and route traffic balancing cost and throughput
Build Your Market Development

Step 4: Select Your Target Segments

Unique Features of Your Innovation

- Two-way in motion IP connectivity
- Predictive switching between cellular and satellite networks
- Intelligent gateway to monitor, prioritize and route traffic balancing cost and throughput

- Fleet
  - Commercial Trucking
  - Commuter Buses
  - Inter-City
  - Light Rail
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  - Limousine Services
  - Commuter
  - RVs
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  - Rental Cars
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火次元
Customer Archetype

What does your target customer look like?
Customer Archetype
Defining your target customer

- Profile the target customer environment
- Share insight on the customer needs, motivations, organizational characteristics and buying criteria
- Sketch a picture of each proposed target customer segment
- Outline four key customer attributes:
  - Definers
  - Descriptors
  - Context
  - Compatibility
Definers

Quantifiable characteristics used to measure the number of potential customers in a segment

Definers:

• Geography or Location
• Size of Target Organization
• End User Size/Population
Descriptors

Characteristics that describe the thought process and buying motives of a potential customer

Descriptors:

• Buying Decision Process
• Titles of Decision Makers
• Product Criteria
• Evaluation Metrics
Context

How will the customer use the product? Include primary & secondary uses

Context:

- Customer Uses for the Product
- Application Areas/Departments
- Goals: Cost Cutting, Revenue
- Generation, Service Quality, etc.
Compatibility:

• Interfaces Required
• Industry Standards
• Certifications and Approvals
• Integration to Existing Platforms
## Customer Types

Value proposition, customer segments & customer types

<table>
<thead>
<tr>
<th>Customer</th>
<th>Value Proposition</th>
<th>Type</th>
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<tbody>
<tr>
<td>Patient</td>
<td>Quicker Recovery</td>
<td>End User</td>
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<tr>
<td>Family Member</td>
<td>Living Member</td>
<td>Decision Maker</td>
</tr>
<tr>
<td>Doctor</td>
<td>Reputation/Result</td>
<td>Influencer/Saboteur</td>
</tr>
<tr>
<td>Hospital Admin</td>
<td>Money Saved</td>
<td>Decision Maker, Influencer, Saboteur</td>
</tr>
<tr>
<td>Insurance Company</td>
<td>Fewer Claims</td>
<td>Decision Maker, Influencer, Saboteur, Payer</td>
</tr>
</tbody>
</table>
Go To Market

How does your product or service get to your customer?
Product

What do customers get?

Physical

Features
Functions
Packaging

Value Added

Installation
Training
Support
Ecosystem Mapping
Who is involved in the product/service delivery?

• Understand the role that your product plays in adding value in the ecosystem
• Identify the potential partnership opportunities
• Find participants in your industry and their respective position in the ecosystem
Value Chain
Understand your role and potential partnerships

Pet Care Value Chain

Equipment/Materials -> Manufacturer -> Distributor -> Provider -> End User

Chemicals, Compounding Equip
Me, Manu 1, Manu 2
Me, Dist 1, Dist 2
Vet Clinic/Hospital
Pet/Owner

Idea to Impact
Distribution Channels

How will you get your product to your customer?

- Swipe Sense
- Distributor
- Direct Sales
- Online Sales
- Hospitals
Distribution Channels

How will you get your product to your customer?

- Swipe Sense
- Online Sales
- Distributor
- Clinics
Business Models

How will you make money?

Direct Sales/Service
Retail/Online
Original Equip. Manufacture
Razor/Blade
Lease/Consumables
Freemium
Subscription
Licensing
Milestones
Building Your Development Plan

- Outline to the larger plan
- Show ability to create detail plan
- Visualize your strategic plan
- Identify your goals/milestones
  - What do you need to do
  - How much money you need
  - How long it will take you
Milestones
Building your development plan

Phase I

Milestones
• Milestone 1
• Milestone 2
• Milestone 3
• Milestone 4
• Milestone 5

Phase II

Milestones
• Develop prototype
• 10 beta testers

3-6 Months
$250K

Phase III

Milestones
• Milestone 1
• Milestone 2
• Milestone 3
• Milestone 4
• Milestone 5

6-12 Months
$750K
Competitive Profile

How do you compare to your competition?
Competitive Profile Tool
Identify and compare solutions in the market

Purpose of the tool:
- Develop an awareness of the competitive landscape
- Create a profile of your key competitors

Tool lets you:
- Capture information about your competitors in three areas:
  - Product/Technology
  - Markets/Customers
  - Organization/Operations
Competitive Profile Tool
Identify and compare solutions in the market

Identify metrics used by customers to select a product.

- **Price**
  Price range, quantity, quality, ability to customize, etc.

- **Ease of Use**
  Difficulty range, connectivity, size, weight, etc.

- **Accuracy**
  How accurate are the results, does the product or service deliver what it promises, etc.

- **Validated**
  Third party tested, meets industry standards, etc.
# Competitive Profile Tool

Identify and compare solutions in the market

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**Step 1:**
Identify 3-5 Competitive Products
## Competitive Profile Tool
Identify and compare solutions in the market

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**Step 3:** Indicate Competitor Offerings
Team

Who is supporting you and your idea?
Your Team
Who brings value and provides support for your idea

Team Skills
Track Record
Domain Expertise
Advisors
Presentation & Pitch Template

What should be included?