BMC for technology ventures

What is the problem to be solved?
Barbara Diehl, Innovation Academy UCD

www.innovators.ie
UCD Innovation Academy

- Teaching and training unit within UCD → training in creativity, innovation, entrepreneurial thinking & mindset
- Founded in 2010. Initially focused on PhD students
- Now working with UG, PG, PhD, Early-stage researchers, Corporate clients, Educators
- Strong international engagement
A great memory does not make a great mind, any more than a dictionary is a piece of literature

John Henry Newman (1801-1890)
Entrepreneurial Mindset

- Engage others
- Create value
- Learn from intentional iteration

Entrepreneurial mindset
“The gap between the skills people learn and the skills people need is becoming more obvious, as traditional learning falls short of equipping students with the knowledge they need to thrive…”
On Day 1 a start-up is a faith-based enterprise

Steve Blank
Top reasons why start-ups fail (2017)

1. No market need
2. Ran out of cash
3. Not the right team
4. Got outcompeted
5. Pricing/cost issue
6. Poor product
7. Need/lack business model
8. Poor marketing
9. Ignore customers

Source: https://www.entrepreneur.com/article/288769
Challenge: Think problem led NOT solution led

Most technology start-ups think solution led, NOT problem led
We tend to fall in love with our first idea – MAJOR MISTAKE
be open to change as you discover what customers want
The uncomfortable truth...

Your hunches about your venture are (probably) **WRONG**
At the early stage, accept that the baby is ugly...
things we think we know
then our known unknowns
then our unknown unknowns
Most successful entrepreneurs don’t begin with brilliant ideas – they discover them.
What Most People Think

What Successful People Know

Win

Fail

Fail

Fail

Fail

Win
Iterate & pivot
“Life’s too short to build something that nobody wants.”

Ash Maurya
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<th>Unique Value Proposition</th>
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Step 1: What is the need?

First, focus on the **PROBLEM** to be solved
Step 2: What is the need & who has this need?

Define the individuals who you think have the problem or need.

Go discover!
The Lean Canvas - Ash Maurya

- **Problems**
  - 3 problems

- **Solution**
  - 3 features

- **Key Metrics**
  - evaluate progress

- **Unique Value Proposition**
  - how we are different
  - worth buying

- **Unfair Advantage**
  - can't be easily copied

- **Channels**
  - sell to consumers

- **Customer Segment**
  - who we serve

- **Cost Structure**
  - most significant costs

- **Revenue Streams**
  - asset sale
  - licensing
  - subscription
What are the customer’s problems?

- **Problem priorities - What keeps you up at night?**
  - Real problems are the only ones that matter. *What do they care about?*

- **Problem drilldown**
  - Collect information on the evolution of the problem to see if changes are forthcoming. *What is the root cause of these problems?*

- **Intensity of pain / delight for the gain**
  - Questions around the intensity of the pain allow you to understand the buyer mode, the impact and the perceived value. *Why should you solve this problem?*

- **Problem ownership**
  - These questions help you understand if your prospect could be a buyer? *Could he/she purchase your solution?*

- **Influencers**
  - Influencers tell you how you can reach and influence these companies or individuals. *Who do they take advice from?*
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Cost Structure · most significant costs
Value proposition: On what grounds are you competing?

- Newness
- Performance
- Customization
- “Getting the job done”
- Price
- Risk/cost reduction
- Design
- Convenience/usability
- Accessibility
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How deep is your moat?

- Intellectual resources (e.g. brands, copyrights, patents, etc.)
- Human resources (e.g. special smart people)
- Physical assets (e.g. facilities, machines, etc.)
How are you delivering your value?

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Questions to ask:

- Through which channels do our customers want to be reached?
- How are we reaching them now?
- How are these channels integrated?
- Which channels work best?
- Which ones are the most cost-efficient?
- How are we integrating them with customer routines?

Types of channels:

- Sales force
- Web sales
- Own stores
- Partner stores
- Wholesaler
How are you going to make money?

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Questions to ask:

- For what value are our customers really willing to pay?
- For what do they currently pay?
- How are they currently paying?
- How would they prefer to pay?

Types of revenue streams:

- Asset sale
- Usage fee
- Subscription fees
- Lending/renting/leasing
- Licensing
- Brokerage fees
- Advertising
How much will it cost you?

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Cost Structure - most significant costs

Revenue Streams
- asset sale
- licensing
- subscription
Questions to ask:

- What are the most important costs inherent in our business model?
- Which key resources are the most expensive?
- Which key activities are the most expensive?

Characteristics:

- Fixed costs
- Variable costs
- Economies of scale
How are you evaluating your experiments?

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Conclusion

• No business idea survives the first contact with customers ...Failure is an integral part of the search for a business model.

• The facts/insights are not inside this building...get outside!

• Co-create your problem-solution fit with your customers!

• Learning that a hypothesis is wrong is not a crisis. A pivot is not a failure, it’s a normal part of the process...

• Build a minimally viable product (MVP). Great way to get customer feed-back!
Thank you!

Visit us at: www.innovators.ie