

22/July/2013

# Class 15 – The Pitch

*Summer 2013*

Accelerating Information Technology Innovation





# Announcements regarding Thursday

- Present to class and to invited panelists.
- 20 minute periods include:
  - 10-min presentation
  - 8-min Q&A
  - 2-min transition.
- **Django files due to Josh by 9:00am Thursday**
- **Powerpoint presentations due to Josh by 12:00 Thursday**
  - You may send deliverables **by USB or email to [joshuap@mit.edu](mailto:joshuap@mit.edu)**
- This may include: Slides, digital photos, (video, web site optional)
- This will be a terrific event...
- Food and fun included!

**If you do not submit your documents on time your team will not be allowed to present!!**



## Remember:

**If you do not submit your documents on time your team will not be allowed to present!!**

**Why:** because changing laptops and schedule interruption are distracting and are terribly unprofessional. They make you look bad .. and they make us (the organizers) look very very bad.

**If you did this in front of an investor, game-over, no matter how good your presentation or idea is**

**If everyone is late with their slides, then no one will be presenting. There is no power in numbers!**

# Agenda for Thursday

- 1:00pm coffee and fruit on lawn
- 1:30pm Class Introduction by Josh and Leah
- 1:40pm               - Social Campus
- 2:00pm               - Event Advertiser
- 2:20pm               - MediCheck
- 2:40pm               - CediBeads
- 3:00pm               - Native Prints
  
- 3:20    Concluding Remarks
- 3:30    Adjournment
- 3:30 – 4:30         - Networking with guests on lawn + food & drinks



# What we expect

- Prepare a 15-minute presentation describing and demonstrating your app. Your presentation should concentrate on the product itself, although you may wish to emphasize any particularly impressive portions of your development process. You may wish to include:
  - Your sketches
  - Your TAM estimate
  - Your customer persona
  - Your customer persona story
  - Your pitch/ask
  - Your financial spreadsheet
- An effective presentation includes color photographs, sketches, or video presentation along with a live display of the application.
- This presentation should be of the quality you would make to convince a top management group to purchase the rights to your product or to fund its final development and launch.
- In addition to your classmates, a panel of experts will observe your presentations and evaluate the projects. Be prepared to answer questions about all aspects of your project.
  - Submit the slide presentation
  - Submit several high-quality digital photos of the prototype

# Your product will be demonstrated on Joshua's computer

- We are hosting your apps on Heroku
- We hope to demonstrate your apps directly from the internet. Please check with Leah if you have not yet hosted your app
- We need a backup plan if internet is down
  - Make sure to give your files to Josh or Leah by **9:00am**
  - If you do not do this you will not be allowed to present!



# Remember we have class on Friday

- Please come to class at the normal time of 12:00 on Friday.
- We will be handing out prizes on Friday
- We will be doing a class survey
- We will be completing you AITI profiles on the AITI website



# There are many types of pitches

- Elevator Pitch ... 60 second pitch
- Product Demonstration ... 10-15min presentation
- Many other types



# What is an Elevator Pitch?



- A simple and inspiring speech explaining what your company does and why it is valuable
- Typically 30-60 seconds long
- **Goal: Get the listener excited about your startup**



# Why prepare an Elevator Pitch?

- Used to explain what your company does to:
  - Potential Investors
  - Potential Customers
  - Potential Employees
  - Friends & Relatives
  
- People have very short attention spans....
  
- You never know if the person you meet will change the course of your company forever!



# Elements of an Elevator Pitch (I)

- Who are **you** and what is your background?
- What **problem** is your company solving?
  - Why is this an urgent problem?
  - Why are you passionate about it?
- How does your **product** solve the problem?
  - What makes it unique or better than competitors?



# Elements of an Elevator Pitch (II)

- Why is your solution **valuable**?
  - What is your business model?
  - What is the market opportunity?
- What do you **want** from the listener?
- Could close by describing your **vision** (brand)

# Good Elevator Pitches Are...

- Clear
- Concise
- Confident
- Clever
- Logical
- Interesting
- Inspiring





# Practicing Elevator Pitches

- Practice, Practice, Practice
- For a 60 second pitch you may need to practice for more than a few hours
- Watch yourself in the mirror as you pitch
- Film yourself (if you have a camera)
- Practice in front of friends (groups of 5) and ask them what you can do to improve

# Hand Gestures have many meanings

1

Open palm facing upwards (towards) the body



2

Open palms facing down or away from body



3

Closed relaxed hand as a pointer



4

Finger pointing or waving



5

Open Palm vertically or chopping air



6

Steeping



# Body language is important

- Don't speak to your notes
- Maintain eye contact with everyone in the room (don't just keep eye contact with one person or one side of the room)



# Nonverbal cues leave a lasting impression



**Winston Churchill's infamous "V" for Victory projected a position of assurance upon the public. Assurance of Victory and hope.**



**Clinton was recognized as a master of gestures that aided his overall believability**



# There are many types of pitches

■ Elevator Pitch ... 60 second pitch

■ Product Demonstration ... 10-15min presentation

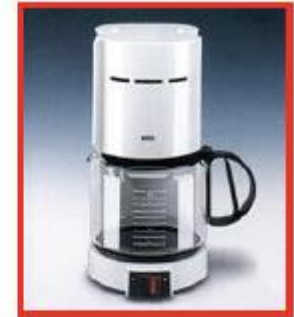
■ Many other types

# A good presentation includes

- Define the scenario.
- Present the opportunity.
- Highlight exemplary aspects of your process.
- Show your alpha prototype.
- Demonstrate the product in use.
- Show test results or customer feedback.
- Forecast its success.
- Prepare for tough questions.
- Involve the whole team (at least for Q&A).
- Examples are available on USB

# Three rules for quality slides

- Use graphics (people are visual)
- Legible fonts
- High contrast colours



**Big text reads best**



# You may want to include

## Your target customer persona and story

### Michelle's profile

**\$70K Income** \_\_\_\_\_  
**College Educated** \_\_\_\_\_  
**28 years old** \_\_\_\_\_

"I am both excited and unsure"  
 - many moms

"I would like to what he enjoys...even before he is born"  
 - Renee S. (mom)

**Lives with partner** \_\_\_\_\_  
**4 months pregnant** \_\_\_\_\_

"When I read to him, how does he react?"  
 - Pierre F. (dad)

**Wants to establish intimacy with her unborn baby...but how?**

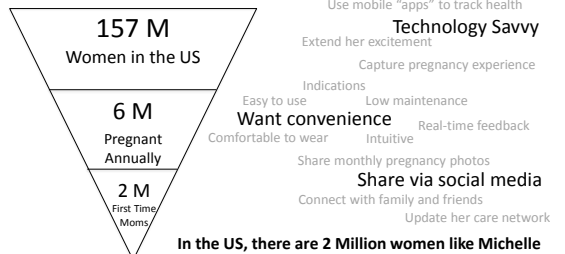


**inTouch**  
 Connecting mommies with their babies

Photo: shutterstock.com

## Your TAM

### Market Potential



**inTouch**  
 Connecting mommies with their babies

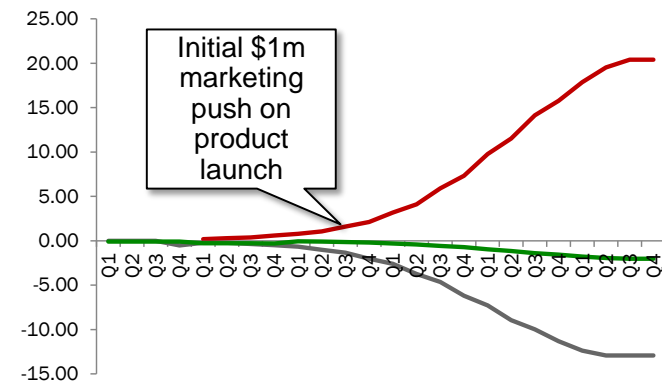
Photo: visualphotos.com

## Your sketches & photoshop/powerpoint drawings



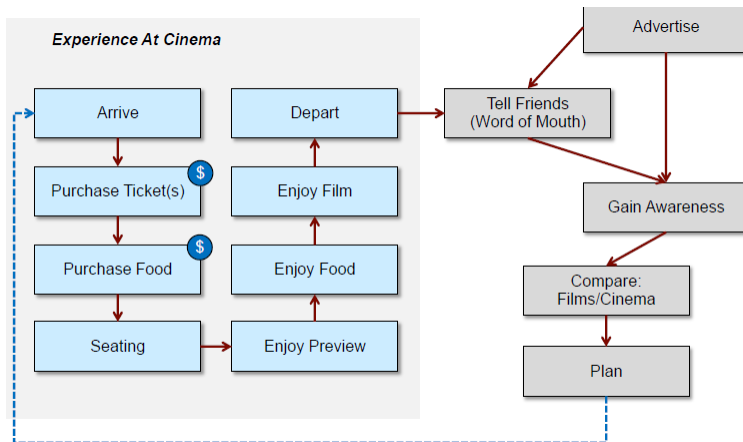
## Your financial projection (if available)

### Inflows & Outflows by Qtr



# You may want to include

## Your customer service design



## Your monetization strategy

1. Paid
2. Advertising
3. In-App Purchases
4. Webapp Subscriptions
5. Subscriptions
6. Sponsorship/Promotions
7. Lead Gen
8. Affiliate Sales
9. Analytics
10. Don't Make Money

## Your go-to-market marketing strategy



## Your branding / naming decisions





 **steam-ez**



Ash Koul / Elina Hu / Emily Albert /  
Josh Przybylko / Lana Cohen / Lauren Lo /  
Paulina Mustafa / Wooho Park

# Opportunity



- 100 million microwaves in the U.S.
- 70% of 100+ surveyed would like an improved cleaning solution



# Watch Our Video at [steam-ez.com](http://steam-ez.com)

steam-ez.com



[STEAM-EZ](#) [HOW IT WORKS](#) [HOW TO BUY](#)

## SIMPLIFYING MICROWAVE CLEANING

Like   You, Lauren Lo and 52 others like this.

SteamEZ\_Video



Like us on  
facebook!

# Introducing steam-ez

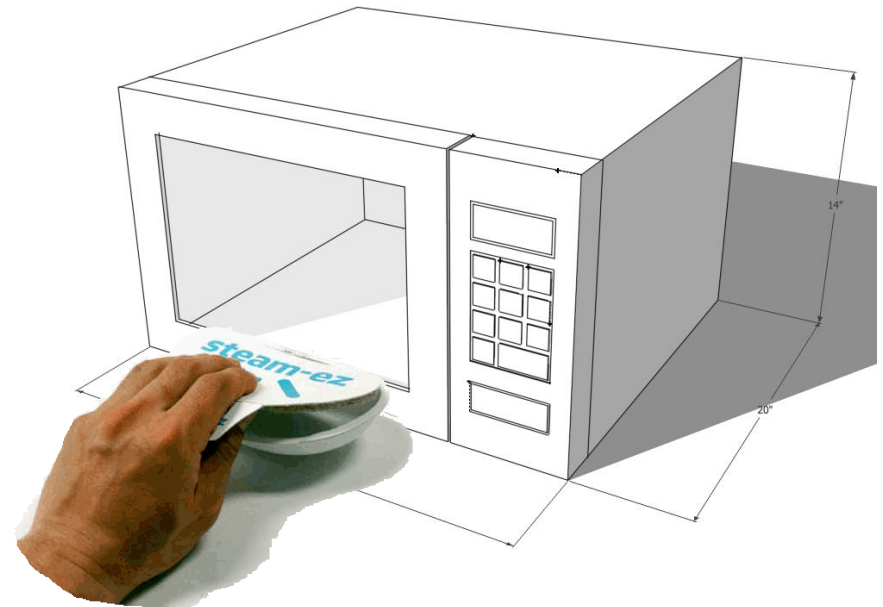
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Microwave cleaning made easy, safe + natural



*All natural  
formula in  
solid form*

# Package Design



- Flat edge to sweep grime into bowl
- Optimized depth for steam generation

# Lid/Sponge Design

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Integrated sponge and flat edge



Towel with instructions



# Optimal Formula

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# Optimized Solution Results

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Most Effective Design Parameters



Least Effective Design Parameters



# Demo Results

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# Field Trials





# User Segments

## Target Market

33%



40%



20%



7%



# Consumer Messaging

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Steam-EZ is:



**EFFECTIVE**



**EASY**



**SAFE**



**GREEN**

# Branding and Inspiration

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BRANDING OPTION 2: PHOTO FRESH

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BRANDING OPTION 3: GOING GREEN

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# Final Branding Scheme

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# Six Go-To Market Strategies

1

**Direct to Channel**



4

**Partnership with Microwave Manufacturer**



2

**Primary Strategy:**

**Via Distributor/  
Wholesaler**



5

**Ideas Competition**



3

**Partnership/  
Licensing to “Brand Name”**



6

**Online Only**



**Considerations:**

- Time to Market
- Cost, Effort, & Risk
- Market Reach
- Value Capture

# Patent Application

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<b>Electronic Acknowledgement</b>	
<b>EFS ID:</b>	15747471
<b>Application Number:</b>	61821973
<b>International Application Number:</b>	
<b>Confirmation Number:</b>	1092
<b>Title of Invention:</b>	Design for a Consumer Product for Cleaning the Inside of a Microwave

## 12 Claims, including:

- Active ingredients stored in anhydrous form
- Flat edged design
- Integrated sponger and paper towel
- Biodegradable design

# NPV Positive after Year 3

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## Financial Projection:

Production and manufacturing cost: \$1.40

Wholesaler margin: 40%

MSRP: **\$4 (one unit= two bowls)**

## Funding:

**Step 1:** Self funding: \$ 10,000

To finalize design and drive initial sales

**Step-2:** Online Sales

**Step-3:** Angel Investor

## Go-to-market Strategy

**Step 1:** Distributor/  
Wholesaler

**Step-2:** Partnership with FMCG

label

NPV over 5 Years	<b>\$1.23 m</b>
NPV over 6 Years	<b>\$4.98 m</b>

Market adoption rate & marketing spend is a major driver of early profitability

# Questions and Comments?

**THANK YOU** to our Professors and TAs for their counselling:

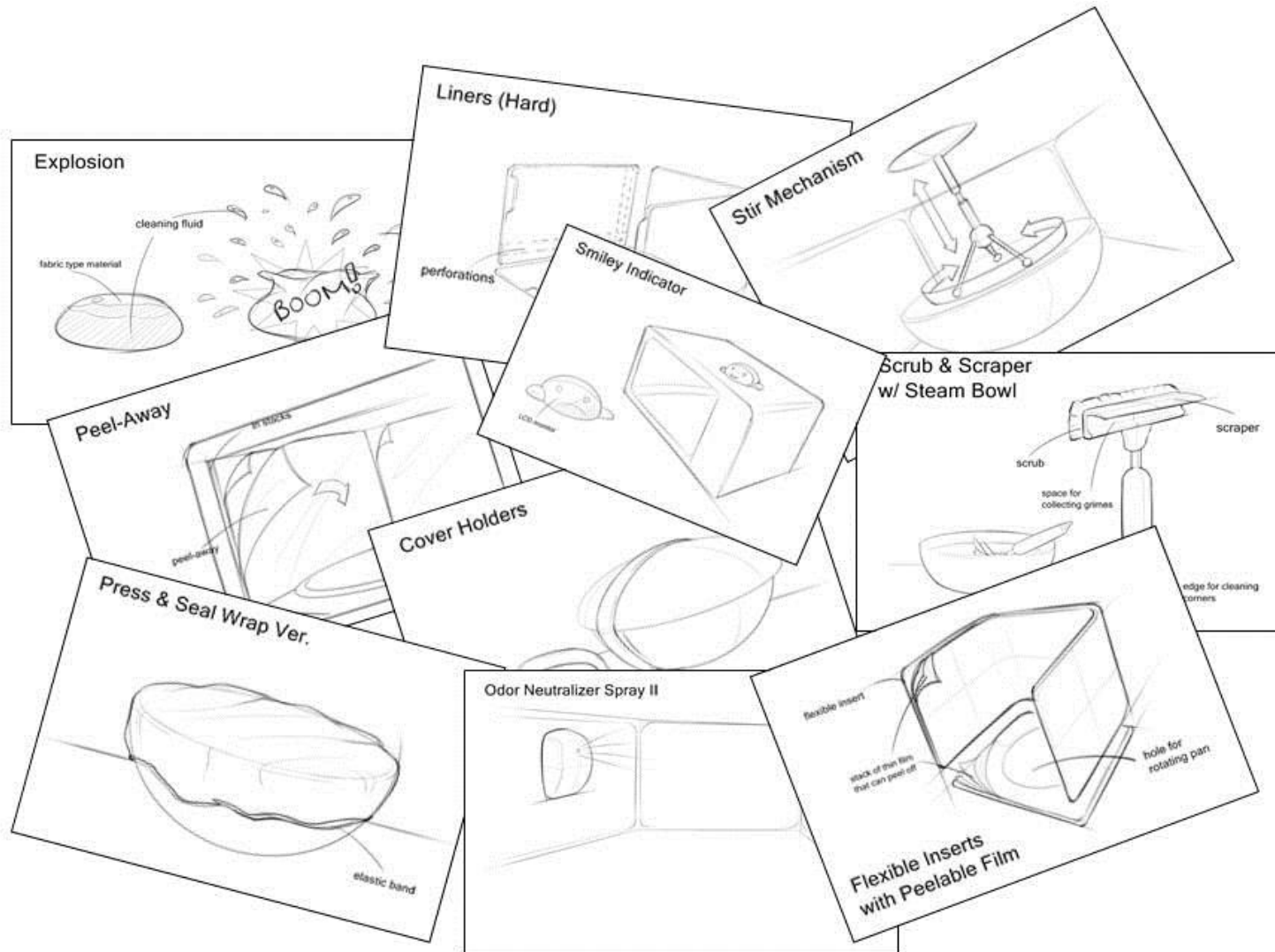
- Steven Eppinger
- Warren P Seering
- Matthew Kressy
- Erick Corona
- David Linders
- Alison Louise Olechowski
- Michael Seelhof

Also, thank you to all of the individuals who cleaned their microwaves for us and offered insight on everything from grocery store distribution to manufacturing.



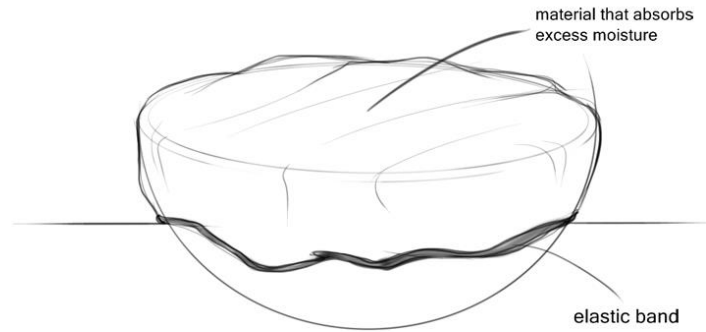


# Many Initial Concepts

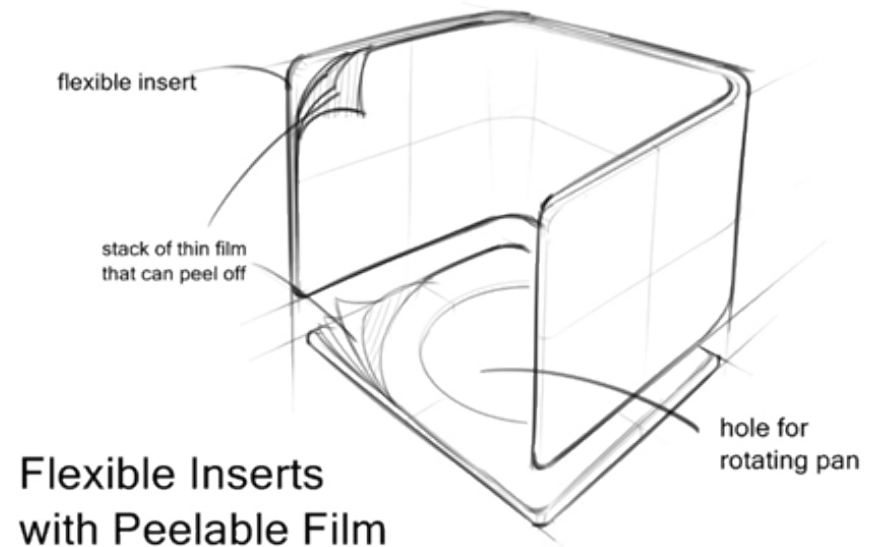
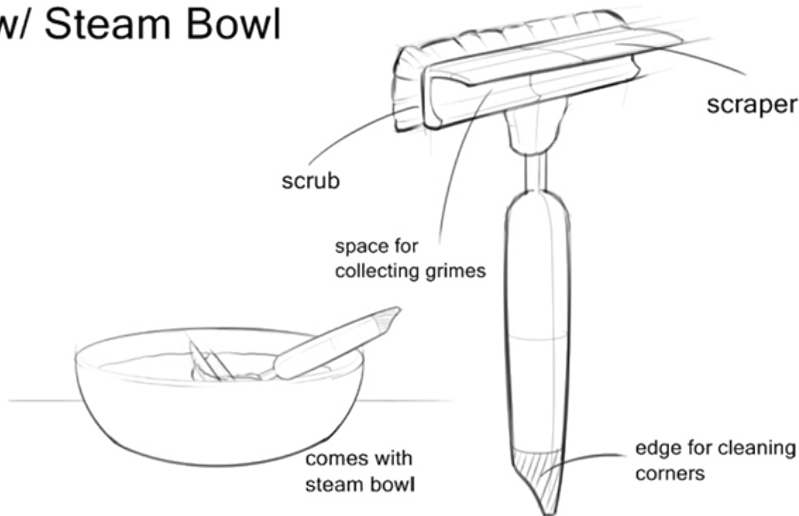


# Final Three Concepts

## Disposable Cover

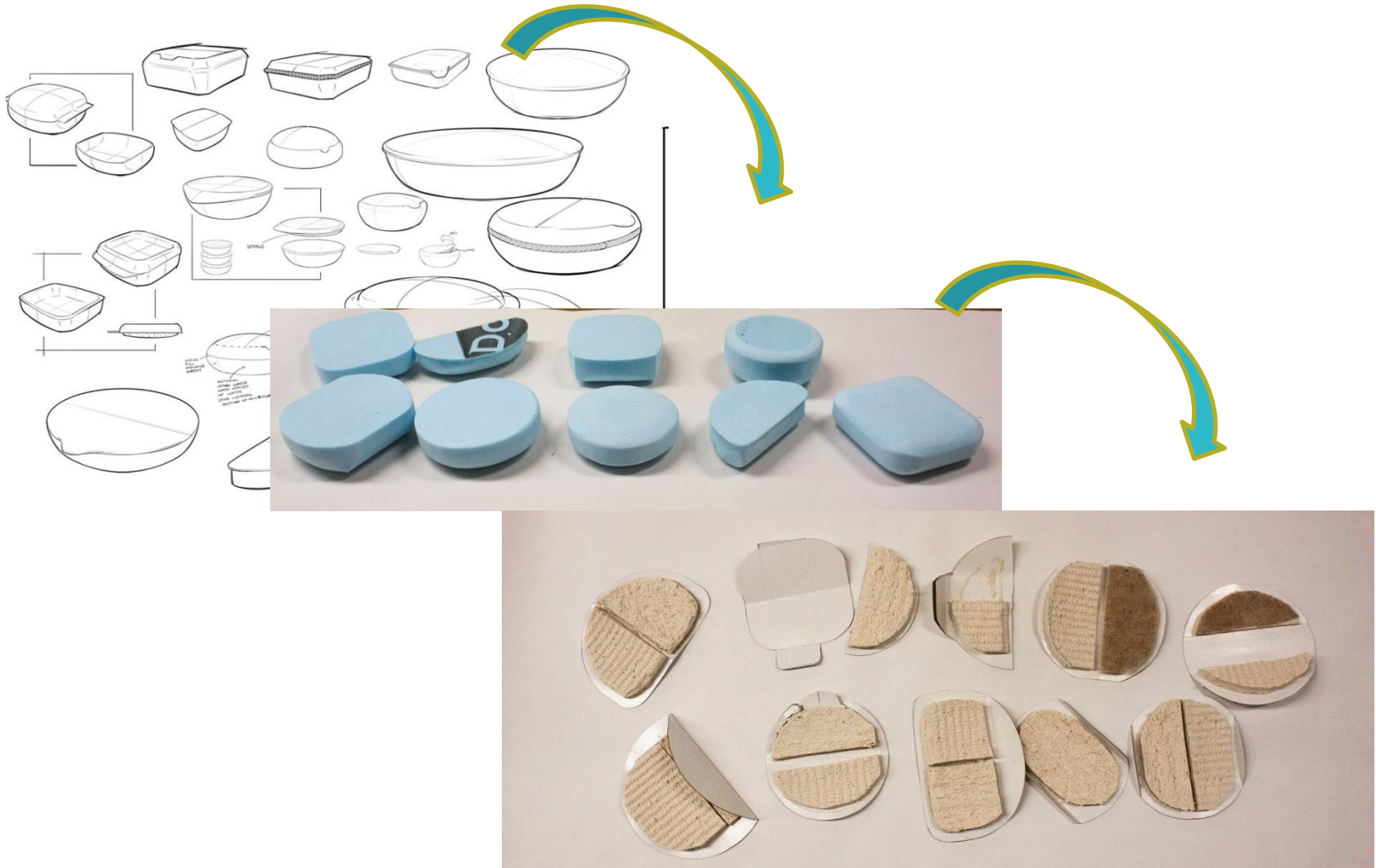


## Scrub & Scraper w/ Steam Bowl



# Many Design Iterations

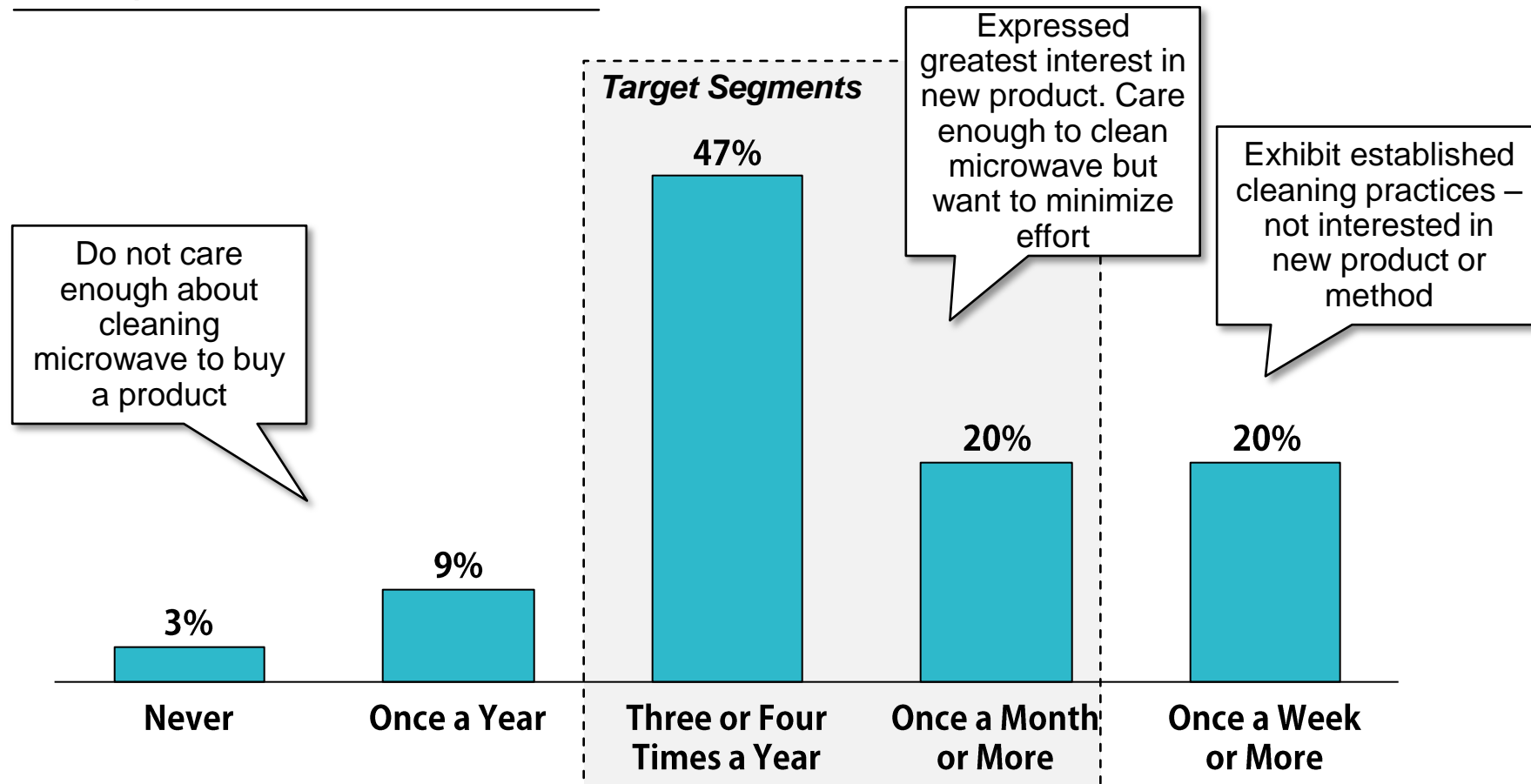
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# Frequency of Cleaning

## Frequency of Microwave Cleaning

% of respondents



Survey size: N=98

Q: How many times per year do you clean your microwave on average?

# Competing Products

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## Oven Mate Sponge



- Difficult to buy (online channels only)
- MSRP = \$7

## DIY Solutions



- Less than 4% of respondents use this solution
- Less convenient, efficient, and effective than steam-ez

# Convenience Has a Price

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# Total Addressable Market = 200m units/year

#Microwaves in US	100	#Million
Target Group 1 (cleans 3-4 Times per year)		
% of Households	47%	%HHs
Units per Household per Year	2	units/year
Target Group 2 (cleans once a month but less than weekly)		
% of Households	20%	%HHs
Units per Year	5	units/year
<b>Total Market Size</b>	<b>194</b>	<b>#Million units/year</b>

**We are targeting 20% of total addressable market**

# Manufacturing and Material Costs

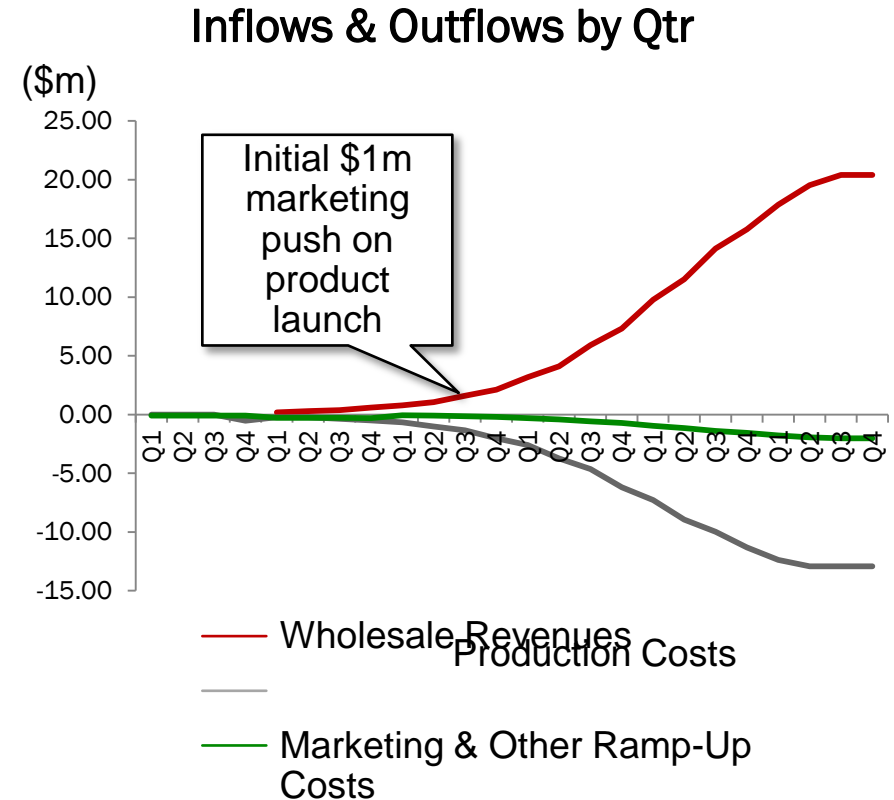
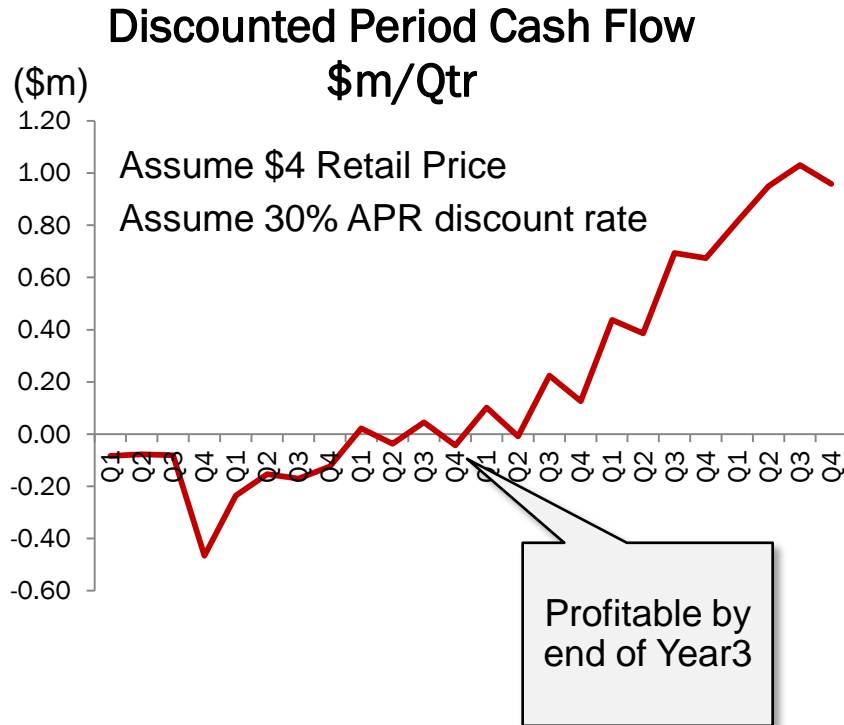
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Category	Value	Units
<b>Production Cost per Unit</b>	<b>1.52</b>	<b>\$/unit</b>
<b>Bill of Materials (Two Bowls per Unit)</b>	117	cents/unit
AgroResin Material Bowl	30	cents/unit
Card Material Lid	6	cents/unit
Distilled Vinegar	3	cents/unit
Lemon	16	cents/unit
Sponges	50	cents/unit
Labelling & Print	10	cents/unit
Adhesive	2	cents/unit
<b>Labor and Value Add</b>	35	cents/unit
Assembly and Manufacturing	30	cents/unit
SupplyChain to US	5	cents/unit

Low manufacturing/material costs further decrease  
with volume



# Profitable by Year 3

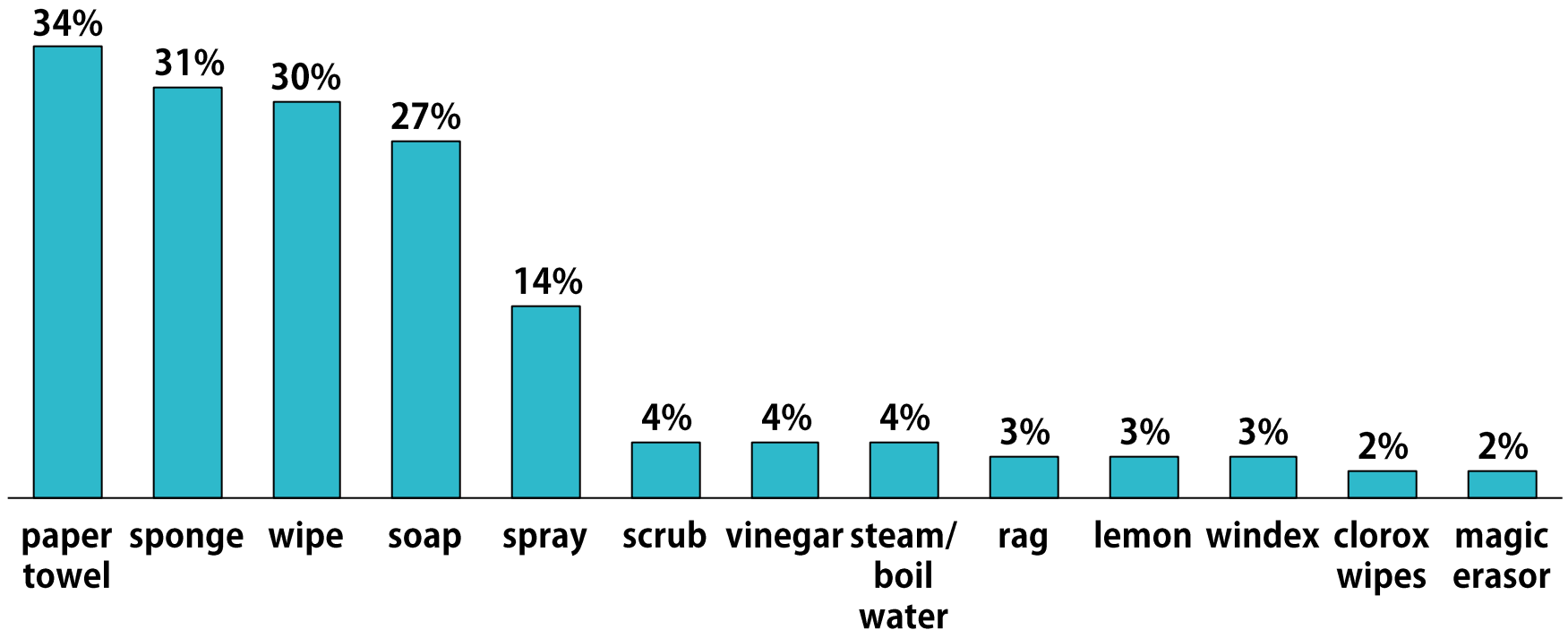


Profitable earlier with less marketing but slower adoption

# Existing Cleaning Practices

## Common Terms Used to Describe Current Microwave Cleaning Methods

% of respondents\*



Survey size: N=98

Q: "How do you clean your microwave?"

\*Frequencies are not mutually exclusive. Multiple terms may be used in the one description