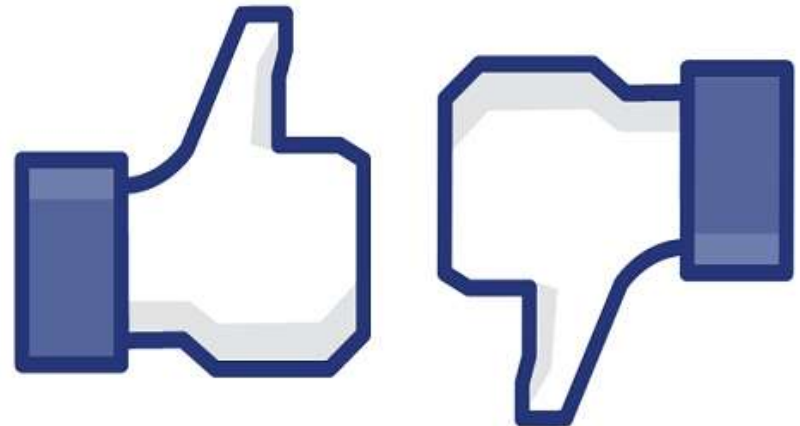


GSL Day 10

10 Questions Feedback, All the Stuff, & Branding

Good & Needs Work of 10Q



Who Are You?



Tan Zhi Wei

MMU Cyberjaya, Final Year 2014

Major: Software Engineering and Game Design

Director and Project Management



Alvin Ong

MMU Cyberjaya, Final Year 2015

Major: Game Development

Designer and Art Director

But sell yourselves more! Tell me why you are the perfect team for the job!

What is the Problem?

The problem

Non-communicable diseases are now the main cause of all deaths globally. According to the World Health Organization (<http://www.who.int/mediacentre/factsheets/fs310/en/index2.html>), the main non-communicable diseases are cardiovascular diseases, cancers, diabetes and chronic lung diseases. Working adults tend to be engrossed in their work so much that they often neglected the need to exercise. On the other hand, young teenagers often have to deal with the busy lifestyle of achieving good grades as well as social life. As a result, the need to exercise will always be their last priority. The lack of exercise is one of the main factors of non-communicable diseases among human beings. It is estimated that Malaysian spent on average about **USD 374** in total per person annually on healthcare expenditure, with the government contributing about **USD 218**. In 2008, this figure increased to about **USD 400 (RM 1296)** in total per person annually.

(<http://www.mma.org.my/Portals/0/Health%20Care%20Costs%20%20Challenges%20for%20Malaysia-Mac.pdf>)

Apart from that, there are cases in which those who suffer from asthma and wants to have pets such as cats or dogs but are unable to breeds in their household as The presence of allergens such as animal furs would intensified their problems (<http://www.nhs.uk/Conditions/Asthma/Pages/Causes.aspx>). Consequently, they will choose not to rear pets to play safe. In addition, asthma sufferers generally have difficulties in doing exercise and tend not to exercise due to the lack of motivation and support from friends and family.

Our Idea

We aim to create a mobile application that incorporated with gamification concepts that help young Malaysian to change their inactive lifestyle. In Malaysia, there are only 32.6 percent of youngster who are active in exercise which mean there are 67.4 percent of youngster who aged 15 and above are roaming inactively.

Good sourcing and numbers.

What is Your Idea/Product?



What is Your TAM?

Our Market

Research by the Malaysian Adult Nutrition Survey (MANS) have shown that the prevalence rate of the total population of Malaysia that ever-exercise meaning an individual's involvement in sports or exercise activities carried out in the two weeks prior to the study to is 31.3%, roughly only 9 million of the population. About 14.2% of the total population had adequate exercise that is exercise or sports activity performed at least three sessions a week and at least 20 minutes per session. That converts to only 4 million of the population had enough exercise.



In our product, we targeted people from the age group of 15 to 29 years old but still the numbers are shocking, as approximately only 2.7 million who ever-exercise while only 1.2 million who had adequate exercise. To mitigate this issue, we targeted those who does not exercise (roughly 5.8 million) and those who does not have adequate exercise (roughly 7.3 million) into our initial target of approximate 13 million but not all of them have smartphone and hence we get the number of user within the group who uses smartphone by calculating the percentage of smartphone penetration in Malaysia by Ericsson ConsumerLab and we want to find only the number of Android user thus we calculate the penetration of Android in the smart device market and finally we found our total market of approximately 6.5 million user.

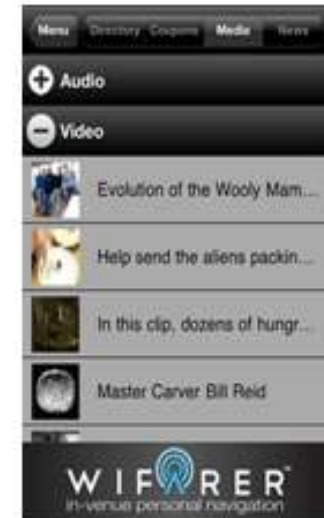
Who is Your Persona?

Users:-

(A)Liana is a 24 year old who likes to shop especially when there is sales promotion but she frequently takes a long time for shopping since she always forgot the route in big shopping mall to find the specific shops and suddenly lost. She hardly communicates with others when she is lost since she was a shy and humble person. Thus, she always asks her friend to accompany her. She wishes that she manage to have a better shopping experience without getting lost to find specific shops and reduce consuming time.

Who is Your Competition?

Name	Logo	Description
YO		Yo is one of the application by Life Before Us LLC . It is one of the simplest & most efficient communication tool in the world. Yo is a single-tap zero character communication tool where it works like any other social networking application, you create a username and password. From there, you can go through your contacts and start adding users.
Snapchat		Snapchat feature a few simple steps. Snap a photo or a video, add a caption, and send it to a friend. They'll view it. laugh, and then the Snap



Who Pays?

6. Who Pays?

The app is free. We can monetize this app by selling the statistic of anonymous user data to requested organization. Not including personal details like name & phone number. Advertisement space in the app.

While a lot of you were more detailed, you still need to think through exactly what you're selling, to who, and why they'd pay for it.

Keys to Success?

Keys to Success

1. Since all of us are still students from various universities, we are able to easily meet with head of faculty or vice chancellors of various universities. In addition, few of us are committee members of certain clubs and societies. For example, Alvin is the club president for Badminton club in MMU. This would make it easier for him to be able to communicate with the higher ups in his university and convince them to collaborate and implement this application with his university.
2. We are targeting MMU as one of the early adopters to use our application. Since MMU is one of the popular universities in Malaysia which highly focuses on tech and it's even located at the center of Cyberjaya which is the high-tech research and industrial area in Malaysia. MMU is also a university which highly promotes their students to develop new system for their university. This makes MMU more likely to implement a new system ahead of other universities in Malaysia.

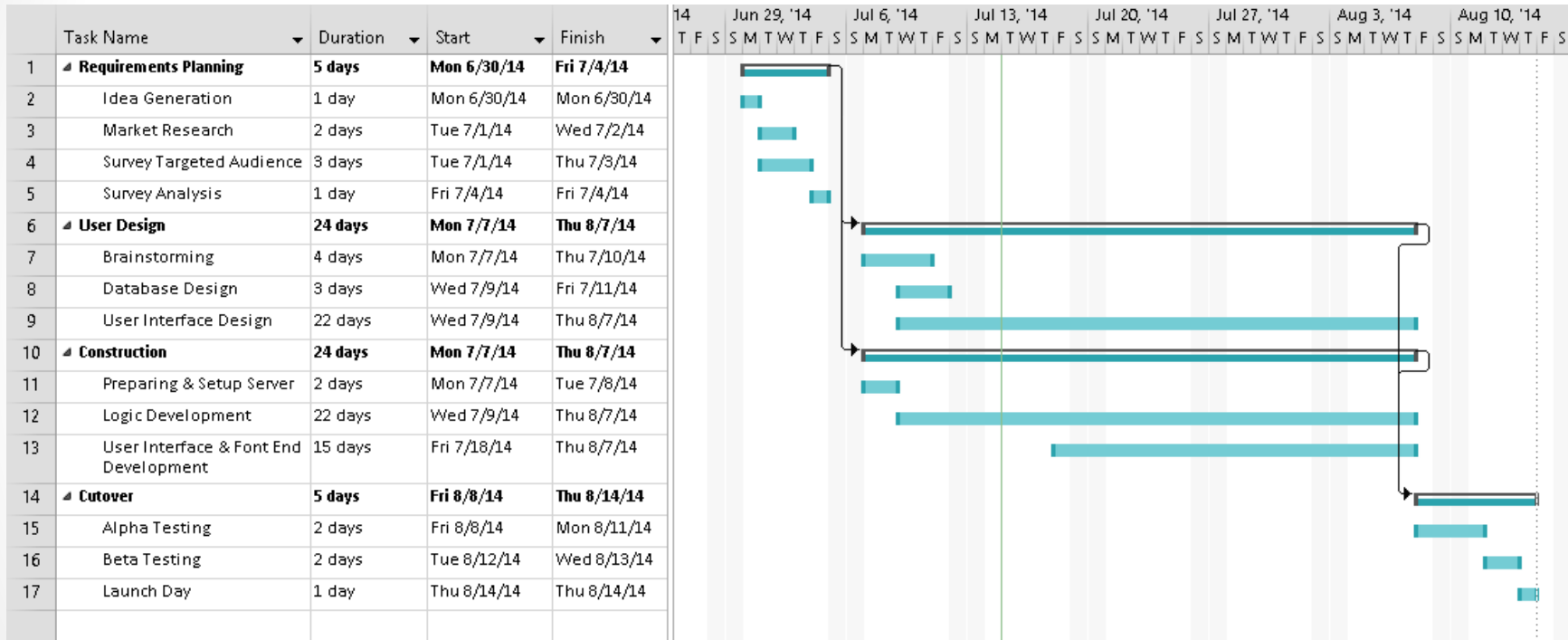
Major Risks?



Massachusetts International Technology Global Start-up Lab

The problems after we build this app is when people downloaded this app, but the merchants still having the same condition as before where their shops cannot attract customer. Other problems arise when this apps consuming too much of energy of

Key Milestones?



Financing Requirements?

ITEMS	PRICE (RM)	Required item	Calculation	Total (RM)
Beacon devise	150.00	8 device per floor	$8 \times \text{RM } 150.00 = \text{RM } 1,200.00$	
		5 floor in a shopping mall	$5 \times \text{RM } 1,200.00 = \text{RM } 6,000.00$	6,000.00
Rent devise location	100	8 location per floor	$8 \times \text{RM } 100.00 = \text{RM } 800.00$	
		5 floor in a shopping mall	$5 \times \text{RM } 800.00 = \text{RM } 4,000.00$	4,000.00
Advertisement of apps in shopping mall	500	2 ads	$2 \times \text{RM } 500.00$	1,000.00
Salary and wages	1,500 monthly	7 person per month	$7 \times \text{RM } 1,500.00$	10,500.00

What's missing?



Be Confident!!! You can do it!!!

Reviewing Use Case (exercise)

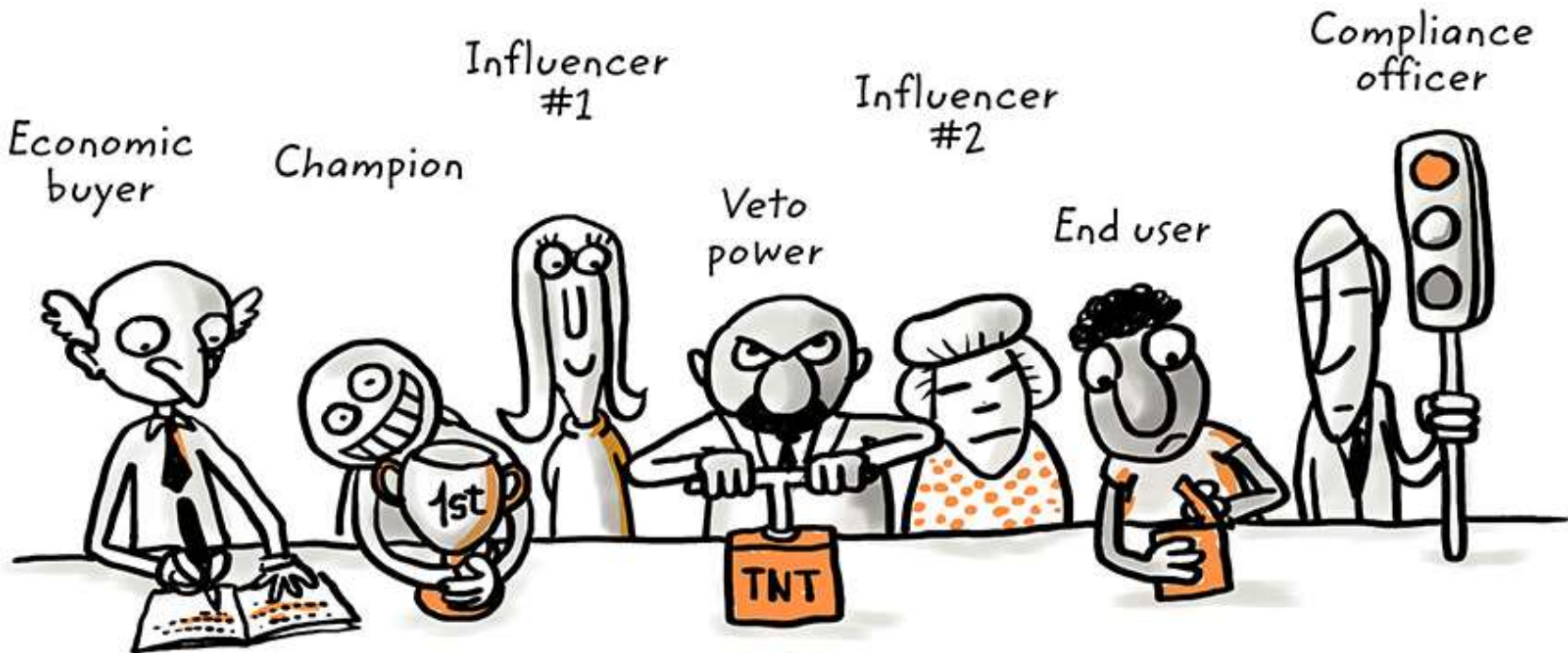
1. your customer finds that they are unhappy/less happy with their existing solution.
2. you offer something different/better. How does your customer find out about your product?
3. How will they analyze your product? What criteria will they use?

Where We're At

Who is Your Customer?	What Can You Do for Your Customer?	How Does Your Customer Acquire Your Product?	How Do You Make Money off Your Product?
<p>1) Market Segmentation</p> <p>2) Select a Beachhead Market</p> <p>3) Build an End User Profile</p> <p>4) Calculate the Total Addressable Market Size (TAM) for the Beachhead Market</p> <p>5) Profile the Persona for the Beachhead Market</p> <p>9) Identify Your Next Ten Customers</p>	<p>6) Full Life Cycle Use Case</p> <p>7) High-Level Product Specification</p> <p>8) Quantify the Value Proposition</p> <p>10) Define Your Core</p> <p>11) Chart Your Competitive Position</p>	<p>12) Determine the Customer's Decision-Making Unit (DMU)</p> <p>13) Map the Process to Acquire a Paying Customer</p> <p>18) Map the Sales Process to Acquire a Customer</p>	<p>15) Design a Business Model</p> <p>16) Set Your Pricing Framework</p> <p>17) Calculate the Lifetime Value of an Acquired Customer (LTV)</p> <p>19) Calculate the Cost of Customer Acquisition (COCA)</p>

Step 12: Define the Decision Making Unit (DMU)

- The people involved when your product or service is acquired.
- Carefully define each party and the nature of power in the acquisition process.



Determine Their Criteria

- For each influencer, list three of their purchasing criteria.
 - 1.
 - 2.
 - 3.



Step 13: Map the Process to Acquire a Paying Customer (DMP)

- Map out the each step with each person influencing the decision. Note the roles and various approval levels for each.
- Understand and be realistic about the time frame involved for each step.
- Remember to account for the budgeting process.



Example: Water Treatment Installation

- Contact CIO → get approval, access to Company Specialist
- Company Specialist → connect to Green Czar, Corporate Facilities Manager → influence Engineer
- Engineer → work together to define water system and specifications
- General contractor, Purchasing → ensure purchase and proper installation

Lead generation	Access to influencers	Access to design engineers	Design phase	Construction phase: actual sale to contractor	Installation
1-2 months	2-4 months	2-4 months	6-12 months	12-15 months	1 month

Step #14: Broader TAM Sizing

- Which markets will you expand to after you have dominated your beachhead market? Which market segments follow naturally?
- Calculate annual revenues from the top follow on markets.
- Calculating a broader TAM, shows the potential that can come from winning your beachhead. It can also motivate you to do so quickly and effectively.



Example: Smart Skin Care, Inc.



Step #15: Designing a Business Model

- Business Model – the plan implemented by a company to generate revenue and make a profit from operations
- What are the different types of way to get paid for your product? Which method aligns best with all key stakeholders' interests?
- Good business models can help your company flourish. Poor ones can make it sink.



Types of Business Models

- One Time Upfront Charge (plus maintenance)
- Licensing
- Subscription/Leasing
- Shared Savings
- Consumables
- O&M (Operating and Maintenance)
- Cost Plus
- Upsell high margin add-ons
- Advertising
- Transaction %
- Freemium
- Cell Phone Plan (or PPA in energy)
- Utility model (per usage)
- Franchise model
- Micro-transactions

Business Model Considerations

- Customer Perspective
- Lifetime Value of the Customer
- Process to Acquire Customer (DMU)
- Maturity of Product
- Your Financial Resources



Step #16: Pricing Framework

- Determine a framework to test pricing for your new product and make a decision on what the initial price will be.
- Small changes in pricing can have a huge impact on your profitability.



Basic Pricing Concepts

- Costs shouldn't be a factor in deciding price.
- Use DMU/Process to paying customer to decide key price points.
- Understand the prices of the competition.
- Different types of customers will pay different prices based on the risk to them.
 - Technological enthusiasts and early adopters
 - The early majority (pragmatists)
 - The late majority (conservatives)
- Be flexible with pricing for early adopters.
- It's always easier to lower the price!



Tips to Figure Price

- Know your costs but price off of value.
 - 50 pounds per year to use horses to clear mines
 - 17 pounds per year to use a steam engine
 - Savings \rightarrow Value = 37 pound per year
- Rule of thumb: start by pricing at least 10x your manufacturing cost. If cost \$10, price at \$125.
- How much do you want to have to sell before you break even?
 - Example: Computer Mice, Inc. Breakeven is 2 Mil per year.
 - (Selling Price – Manufacturing Cost)
 - $\$25 - \$15 = \$10 = 200,000$ units option A
 - $\$45 - \$15 = \$20 = 100,000$ units option B



Step #17: Lifetime Value of Customer

- Estimate the Net Present Value of the total profits you will get from a new customer over the lifetime of that customer.
- Even though these might change, it is important to see a path to success.
- To complete the unit economics, you now need to estimate & understand the drivers of the Life Time Value (LTV) and it should get to at least 3X the Cost Of Customer Acquisition (COCA).




Step #18: Map Sales Process

- Visually map the short, medium and long term way you will **create** and **fulfill** demand for your product.
- This is very important to figure out and vet with experienced professionals. It can have a very large impact on your success, profits, and COCA.





Example: Graphic Designs, Inc.

Short Term

- Direct Sales (100%)  All end customers w/ focus on strategic accounts in target market




This would continue until Word of Mouth becomes significant and product is matured and proven. Then as move from demand creation to demand fulfillment ...

Medium Term

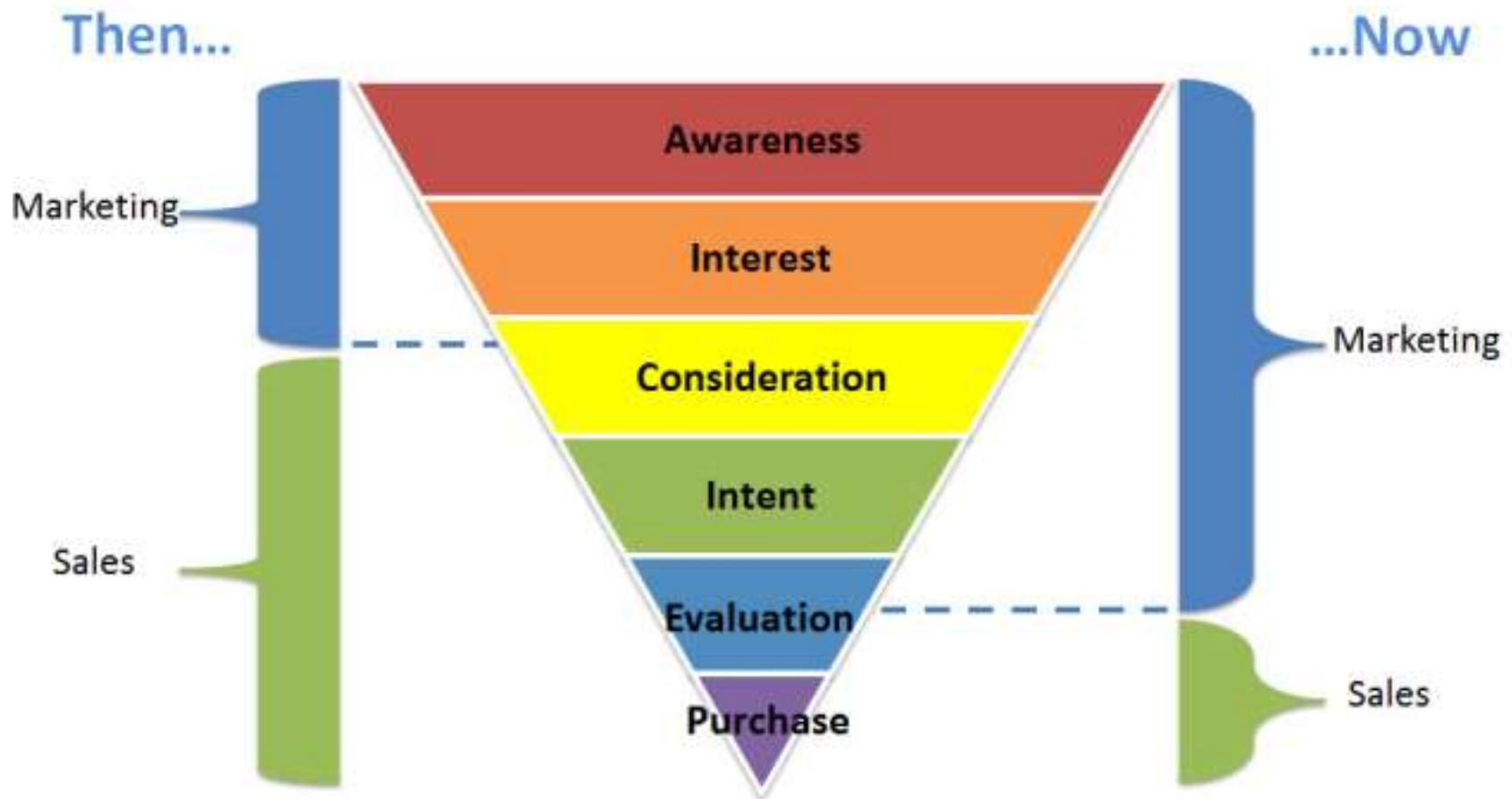
- Direct Sales (50%)  Largest customers
- Selected Regional Exclusive VARS (50%)  Medium and small accounts in target market

This would eventually evolve to more of an online commerce as the product becomes the standard and the product line expands & new markets are tested – estimated in year 3

Long Term

- Direct Sales (25%)  Top 50 accounts & new market
- Selected Regional Exclusive VARS (40%)  Accounts below Top 50 & non-core markets
- Thru Web Site & Direct Telemarketing (35%)  All customers in core market (with commission to VARS & Direct Sales)

The New Marketing & Sales Funnel



Exercise: How would your company sell to the first customer?



Step #19: Cost Of Customer Acquisition (COCA)

- Estimate the total marketing and sales expense (including unsuccessful sales attempts) in a given period and then divide this by the number of new customers.
- COCA is a simple but effective proxy for how sustainable and attractive your business will be as it scales.
- Note what might drive your COCA down over time.



By Now You Should:

- Know who your customer is with great clarity.
- Have high confidence in your value proposition and your competitive advantage.
- Have good confidence that you can make sufficient money.
- Have an increasingly specific product definition.
- Now it is time to think about making the investment...



Income Statement Assumptions

Revenue = Units x Price

- What is your sales unit (device, subscription, royalty, etc)
- How are you determining price

Cost of Revenue = Units x Cost to Produce

- How much does it cost to produce a sales unit
 - Materials, Labor or both

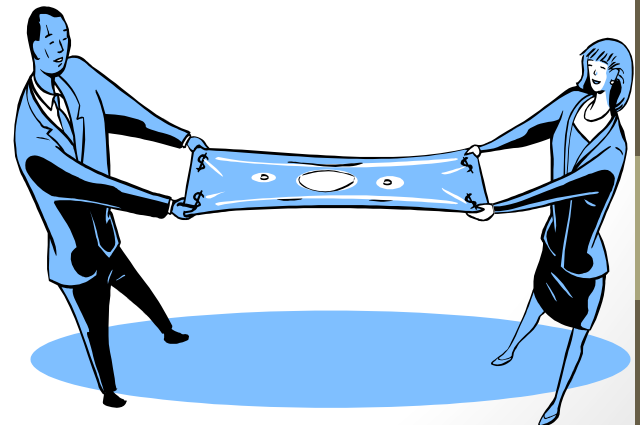
Operating Expenses

- Salaries, Commissions & Benefits
- Rent & Utilities
- Marketing, Tradeshow, Advertising
- Insurance
- Travel & Entertainment
- Research & Development
- Recruiting
- Shipping
- Repairs & Maintenance
- Fees
- Office Expense
- Website



Valuation & Equity Dance

- Entrepreneur concerns
 - Loss of control of the company
 - Future capital needs and Dilution
 - Stock forfeiture if terminated
 - Adequacy of financing
 - Investors you can deal with
- Investor concerns
 - Accuracy of valuation
 - Ability to achieve liquidity/exit
 - Level of risk
 - Ability to participate in later rounds
 - Control over management and strategic direction



Components of a Business Plan

Business Plan – a living document that generally projects 3 to 5 years and outlines the route a company will take to grow revenue.

Executive Summary

- Snapshot of your company as a whole.
- Includes who your company is, where it's going, and why the idea will be successful. This can include addressing the problem and the market.
- This is your first chance to make an impression upon your reader.
- Often the last thing you write.



Company Description

- Describes what you do, what differentiates you from others, and the markets your business serves.
- Explain the problem you are solving for a specific market and the product that you have created.
- Give specific examples of potential or actual customers and explain your core competitive advantage.



Market Analyses

- A description and analyses of your target market.
 - Critical needs, characteristics, and demographics
- Size of your target market. Is it projected to grow?
- What is your pricing scheme? What is your expected market share?
- Analyze your competitors.



Organization and Management

- Who are your team members? What do they specialize in?
Why are you the perfect team?
- Have you incorporated and if so, who has ownership stakes?
(Don't worry about this right now.)



Service or Product Line

- Describe your product. How does it fill needs better than other products?
- What is your product life cycle as described by the use case scenario?
- Do you have any special Intellectual Property (IP)?



Marketing and Sales

- How will penetrate the market?
- How do you plan to grow your sales and business?
- What are your distribution and communication strategies?



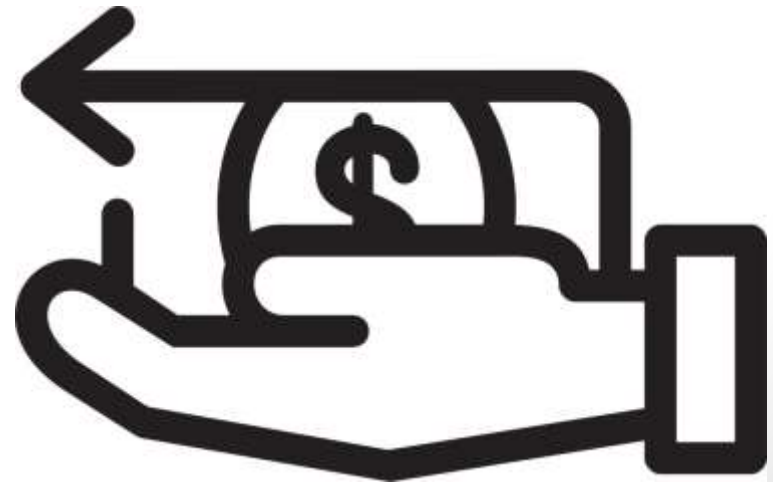
Funding Request

- How much money do you have?
- How much money will you need over the next few years and what do you plan to do with it?



Financial Projections

- Figure out what your past financials have been.
- Include projections for future financials.



Branding

Components of Branding

- Tie your brand to your core, value, and mission.
 - Be consistent in your image and message.
 - Connect emotionally.
 - Reward and cultivate loyalty.
-
- What is your company personality and style?
 - Do you have a story for your brand?
 - Finally, how do you visually represent your brand?
 - Name, logo, tagline, colors, fonts, etc.

Tie Your Brand to Your Core

- What is your company mission and core? Make sure you reflect this.



Be Consistent

- Make sure that every bit word, actions, or images you send out aligns with your mission and core.



Coca-Cola®

Connect Emotionally

- Don't just reason with them and try to convince them with your price or performance statistics. How can you get them to buy in with their heart?



iPhone 6
The Sign of Design.
With You in mind.

Reward and Cultivate Loyalty

- When people keep using your product over other brands or support you strongly, reward that. Do things that make them feel valued so they keep coming back.

KICKSTARTER

EVERY BACKER MAKES A DIFFERENCE!

**ADDITIONAL cards already
UNLOCKED for ALL GAMES!**



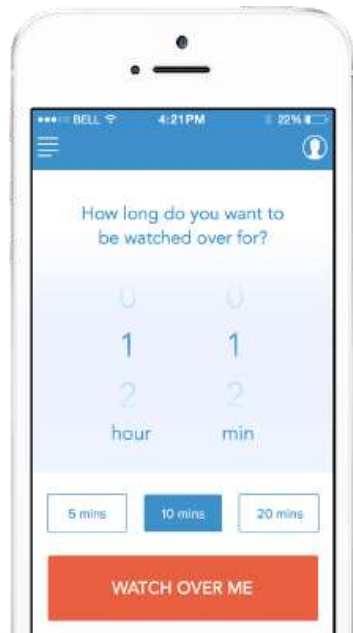
Company Personality/Style

- How do you talk to customers?
- How do you manage your employees?



Brand Story

- Why do you do what you do?
- What is your inspiration? What got you started? What keeps you going?



Visual Representation

- Name – catchy, simple, ties into your mission

$1 \times 10^{100} \rightarrow$ 

- Tagline – catchy and reinforces your mission



\rightarrow Simplify Your Life

Visual Representation...

- Logo – simple, easily recognizable, contains the essence of your name and mission



Meanings of Color

Loyalty, Confidence

Nature, Peace

Energy, Excitement

Happy, Fun



Finally, Be Consistent

- Use the same colors
- Use the same fonts
- Use similar layouts.
- Make everything familiar.

CONSISTENCY
IS 

Homework: Due Mon @ 12pm

- Logo (tagline if you want)
- Mission statement and Executive Summary
- Brochure highlighting key features and presenting a clear value proposition. (No more than 2 pages.)

Demo Day Deliverables

- A written business plan
- A 5 to 7 minute presentation to industry judges describing your product, core, value, competitive advantage, etc. (more details forthcoming)



Structure for Rest of Course

- Open office hours – come talk to us when you need to.
Weekly field trips/guest lectures.
- Get out and talk to people!
- Weekly full team check-in with all instructors.
- Weekly entrepreneurship check-in with Cole and Ellen.
- Weekly milestones for each meeting.