



Session 7

Solutions, Features, and Business Models

Today's agenda

- Recap: Elevator Pitch Contest
- Updates from Teams
- Plan for this week
- Components of a Business Models
- Homework

Recap: Elevator Pitch Contest

- How did it go?
- What did you learn?
- What will you do to improve?

Recap: Elevator Pitch Contest

- Delivery is important but content is key!
 - Answer the questions on the investor's mind
- Be Passionate!
 - If you are not bothered why would the investor?
- Marry delivery with content

- Who are **you** and what is your background?
- What **problem** is your company solving?
 - Why is this an urgent problem?
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- How does your **product** solve the problem?
 - What makes it unique or better than **competitors**?
 - Why is your solution valuable?
- What is your **business model**?
- What is the **market opportunity**?
- What do you **want** from the listener?

Elements of an Elevator Pitch

- Who are **you** and what is your background?
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Updates from Teams

- What have you done so far?
- What is next?
- What help do you need?

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Plan for this week

- 2/7 (Today) – Refine business ideas and identify key features
- 3/7 – Office Hours
- 4/7 – Platform Day
 - Dialog, EtiSalat, and Mobitel in attendance
 - Chance to get feedback from mobile operators
 - Obtain technical details (APIs, dev. Platforms, etc.)
- 5/7 – Business Pitches/Plans
- 6/7 – Visit to STAX Labs

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Entrepreneurship Component

- **Understand the Basics**
 - JOURNEY: How do startups get established and grow?
- **Prepare Your Mind**
 - PSYCHOLOGY: What should be my attitude?
 - ETHICS: How can I remain true to my values?
- **Define Your Value**
 - PROBLEM: What problem am I solving?
 - MODEL: How will my startup make money?
- **Build An Organization**
 - TEAMS: How do I choose my co-founders?
 - RECRUITING: How can I attract talented employees?
 - LEADERSHIP: How can I motivate my team?
- **Build Your Product**
 - TECHNICAL CURRICULUM
- **Sell Your Product**
 - MARKETING: Who exactly is my target customer?
 - SALES: How can I get customers to buy my product?
 - POSITIONING: How can I compete against others?
- **Build Relationships**
 - MENTORS: How do I find advisors who can help?
 - FUNDING: How can I raise money to get started?
 - PARTNERS: How can I negotiate the best partnerships?

Key Elements of a Business Model

1. Who are you?
2. Who are your customers?
3. What is the market size?
4. How will you make money?
5. What is the competition? Why are you different?
6. How will you reach customers?

#1: Define Yourself!

Who are you?

What do you do?

Why does it matter?



#2: Know Your Customers

- Clearly identify your target customers
- Group your potential customers
 - Students, Business Professionals, Farmers etc
- Why do this?
 - Potential for customization
 - Guidance for price setting
 - Targeted advertising



#2: Create a target Customer Profile

- Develop a well defined **Target Customer profile**.
- Describes the market segment you have chosen to attack
- Can include important demographic information that will help you develop the market sizing calculation in the next step

Target Customer Profile Example

Customer profile

Gender	Male, female
Age	17-40 y.o.
Region	Cambridge MA (during initial growth stage)
Occupation	Student, young professional, internal migrant, middle management
Social level	Medium, high
Characteristics	Has a smartphone,
User category	Early adapters, technologically advanced
Other	Active users of social networks, outgoing personalities

Ride Sharing

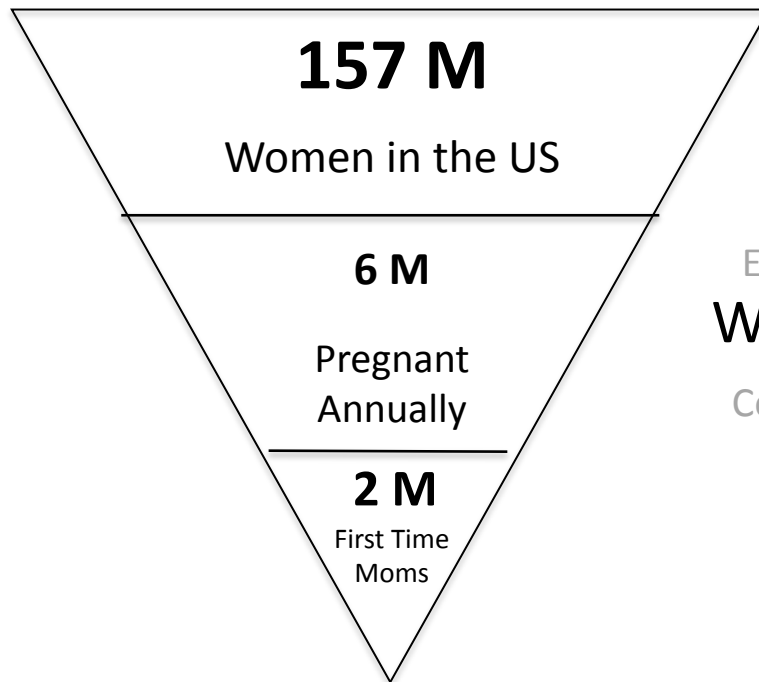
#2: Customer Profile Creation

- Take 10 minutes to determine your target Customer Profile
- Use the sample table for guidance

#3: Determine the Market Size

- Based on the customer profile and the market segment determine the total market size
- This is called the Total Addressable Market (TAM) – i.e. this is the maximum number of customers or dollars your product can acquire
- TAM is a key factor of a business plan

Market Sizing Example #1

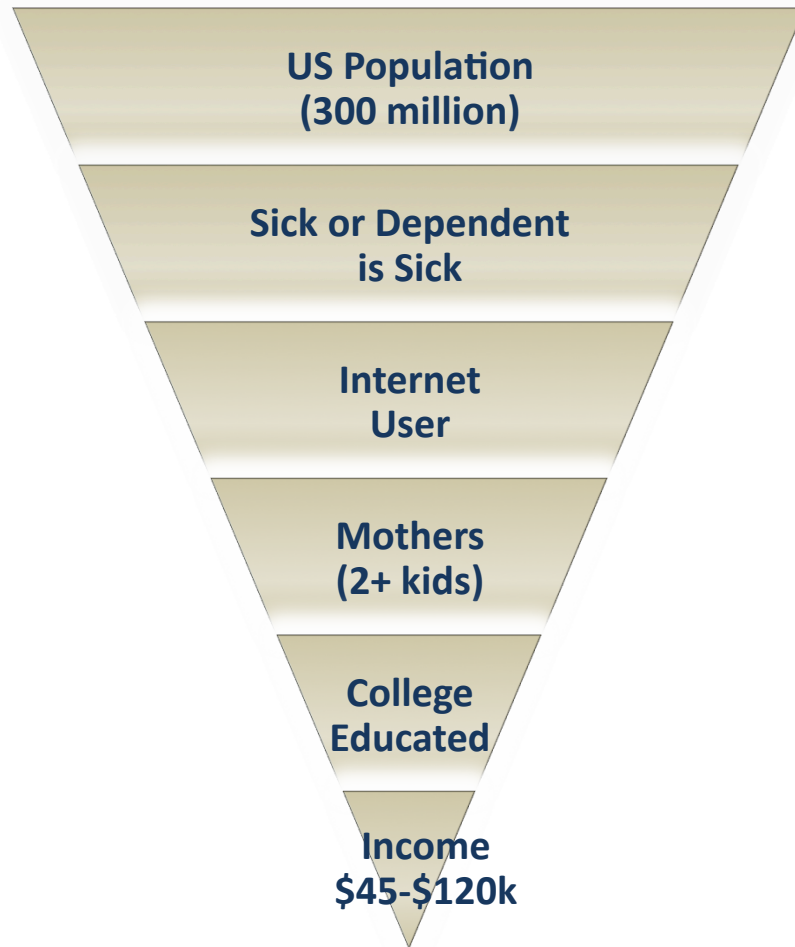


Technology Savvy
Extend her excitement
Indications
Use mobile “apps” to track health
Easy to use
Low maintenance
Want convenience
Real-time feedback
Comfortable to wear
Intuitive
Share monthly pregnancy photos
Share via social media
Connect with family and friends
Update her care network

In the US, there are 2 Million women like Michelle



Market Sizing Example #2



$$\begin{aligned}
 &6.3 \quad \text{million mothers} \\
 &4 \quad \text{consultations per year} \\
 &x \quad \$7.99 \quad \text{per consultation} \\
 \hline
 &= \mathbf{\$201 \text{ million/year}}
 \end{aligned}$$

6.3 million mothers

#3: Market Sizing Activity

- Take 15 minutes to determine your target market
- Calculate the market size based on the customers who will buy your product
- Take 5 minutes to present your findings to class

#4: Possible Pricing Schemes

- Free
- Flat price for everyone
 - How do you determine the flat price? \$0.99 – 14.99
- “Freemium”
 - Free for basic version
 - Charge to unlock other capabilities or to get another version



#5: What is the Competition?

- Things to consider:
 - What else is out there?
 - How is your product different?
 - Functionality
 - Quality
 - Price

#6: How do you reach your customers? How do you get more customers?



Advertising Schemes

- Traditional:
 - Posters
 - Billboards
 - Newspaper Ads
 - TV/Radio Ads
- Nontraditional:
 - Mobile advertisements
 - Printing on sides of cars
 - Offering promotions

Promotional Schemes

- Earn a reward for the first time you use the service.
- Earn a reward for every recommended friend who also uses the service.
- Free trial (one week - one year free)
- Random draw reward for downloading the service.
- These are only a few examples.



Session 7
Afternoon Session
Customer Use Case and Business
Summary

Afternoon activity

- Work to identify the following for your product
 - What will the product do?
 - What features will your product have?
 - How will you build this product?
 - Mock-up UI Design
 - Customer Use Case

Customer Use Case

- Develop and step through in detail an illustrative and pretty standard **Use Case** for the need, acquisition and benefits of your offering.
- It is extremely important to go all the way through a use case with your target customer
 - How your product/service will work for the target customer?
 - How exactly does it fit into the value chain?
 - What are the key interface points?
 - Why exactly would they acquire it?
 - What barriers to adoption might arise?
 - It is also important to extend your use case to not just how the target customer would use your product but then to the wider acquisition and post installation support process.

Class Activity 1: Describe your Idea

- In 140 characters or fewer
- Used to send an intro to potential mentors
- Make it appealing

Send final idea description by 5pm Today

Class Activity 2: Build a Customer Use Case

- Develop and step through in detail an illustrative and pretty standard **Use Case** for the need, acquisition and benefits of your offering.
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Submit Final Customer Use Cases by Tonight 11:59pm

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Any good Business Pitch will cover these topics

Elements of a Business Pitch

- **1. Summary**
 - Hook
 - Overview
 - Need/Ask
 - **2. Problem**
 - Why big/painful
 - Who faces it
 - **3. Solution**
 - User perspective
 - Technology
 - **4. Opportunity**
 - Market size
 - Business model
 - **5. Positioning**
 - Competition
 - Advantage (unique)
 - **6. Marketing**
 - ...
 - **7. Milestones**
 - If any so far...
 - **8. Team**
 - Who you are
 - Why you're best
 - Contact details
- Need not be in this order!

Homework 5 – Business Summary

- **What it is:**
 - A slide presentation summarizing your startup (no more than 10 slides)
- **Why it is useful:**
 - Think of it as a written Elevator Pitch! Brevity is contagious
 - Often used to when people make introductions for you
- **Your assignment:**
 - Each team should create a pitch deck of their product
 - Start by writing your ideas according to the topics defined
 - Have different sections written by the relevant VP
 - CEO should edit and refine the final document
 - Rough draft **due Wednesday night 11:59pm**

Appendix