



Technology Start-ups

Lecture 4

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The Team

- Problem Team

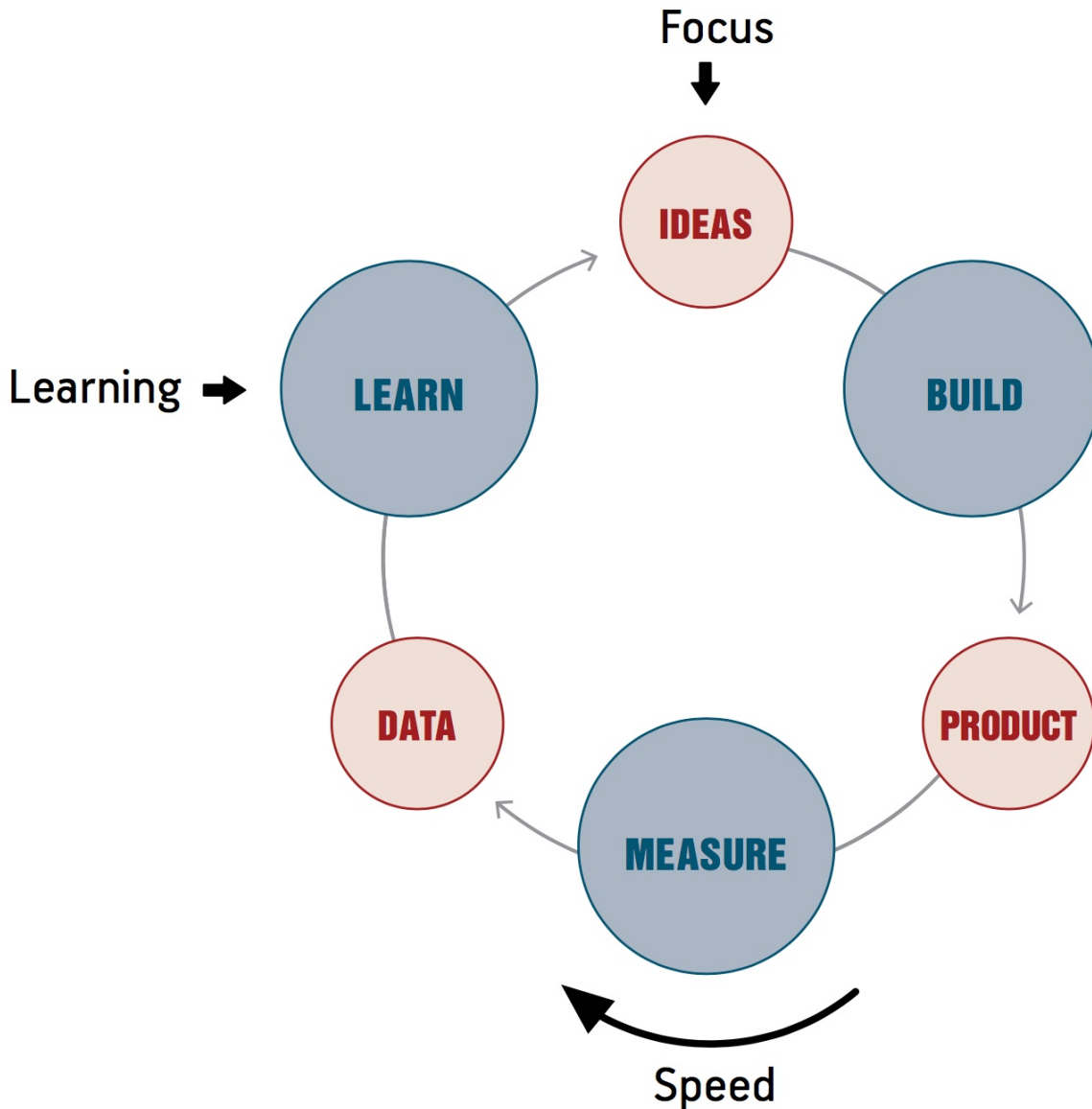


- Solution Team



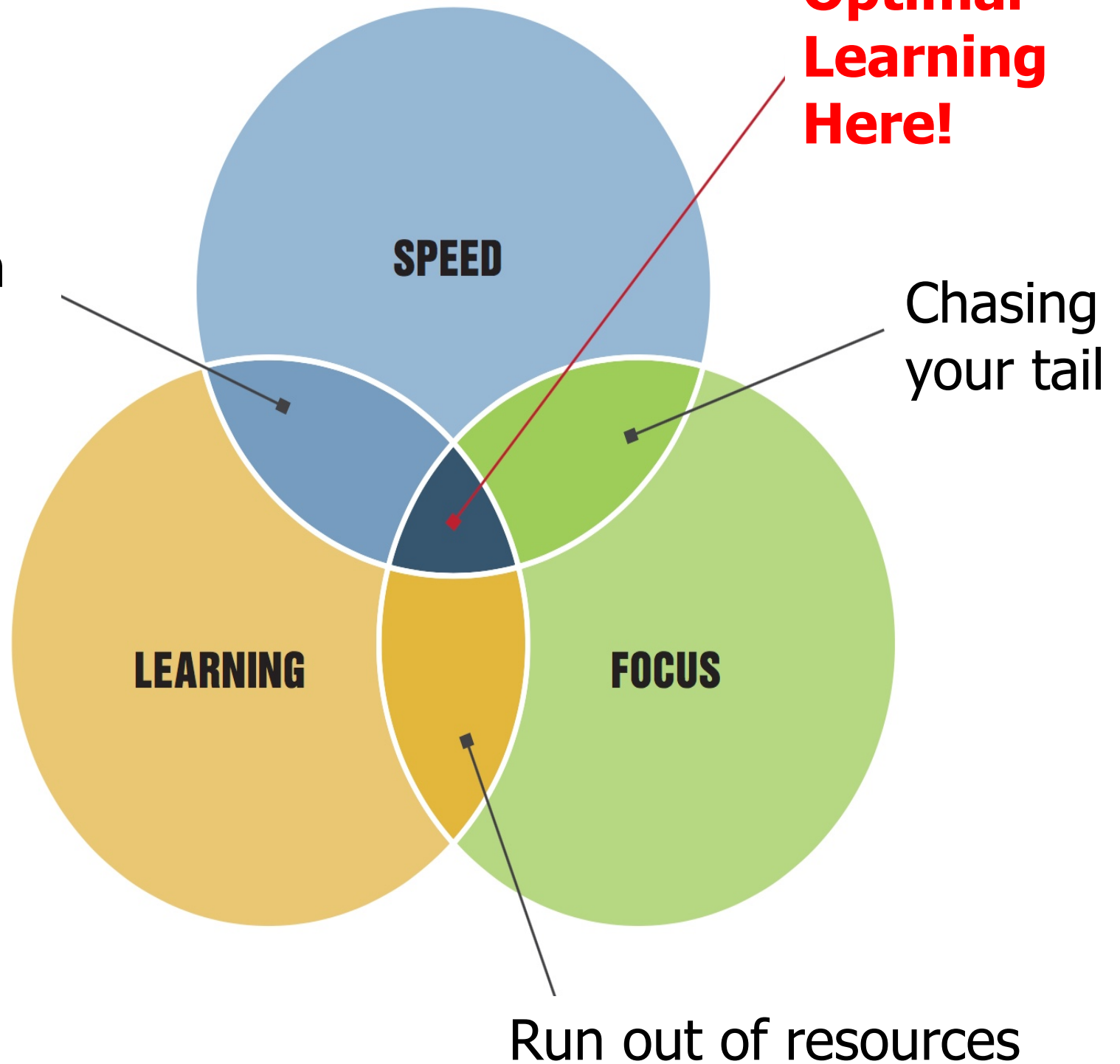


Effective Experiments



- Speed
 - Around Cycle
- Learning
 - About Customers
 - About Product
- Focus
 - Prioritize

Premature
Optimization



Run out of resources



Validating A Hypothesis

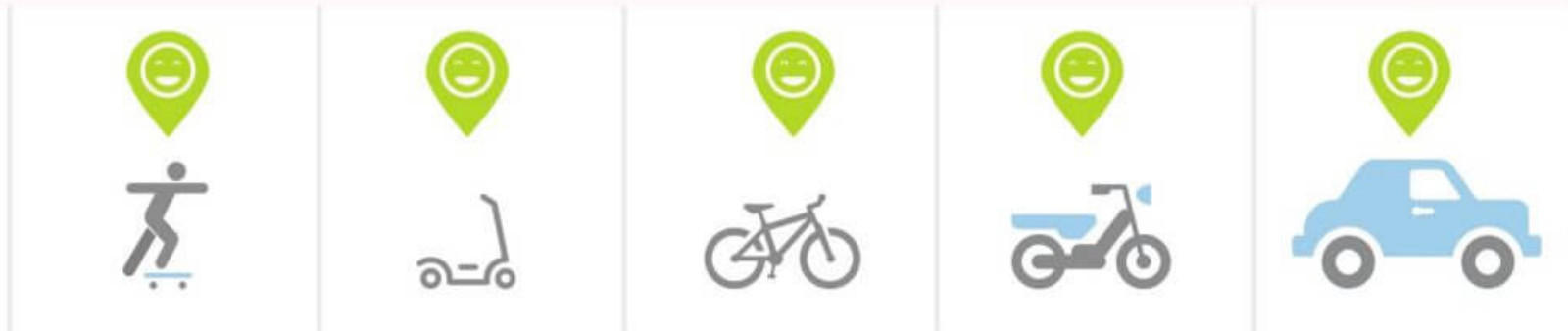
- Smallest thing possible to test a hypothesis

Don't build a product like this. You only discover if you have succeeded at the end.



MVP

Instead start with something basic and gather feedback as you get more complex.





Falsifiable Hypothesis

Falsifiable Hypothesis =

[Specific Repeatable Action] will

[Expected Measurable Outcome]

- Example 1
 - Being an expert will drive early adopters.
- Example 2
 - Blog post will attract 100 signups.



How many interviews?

- Lots of Uncertainty
 - Do not need lots of data to reduce it
- Lots of Certainty
 - Need lots of data to reduce uncertainty
- Initial goal is to get a strong signal (positive or negative)

What we Thought

MVP interviews will validate the UVP on the landing page.

MVP interview will validate pricing.

Outbound channels will drive 50 signups per week.

Insights

Our initial UVP which focused on product benefits didn't connect. Refined testing led to a UVP with a finished story benefit that got enough interest to want to learn more

Everyone we interviewed accepted the pricing & signed up for the service.

We had enough "warm" prospects & us at least four more weeks at that anticipated driving more traffic that needed to be tested

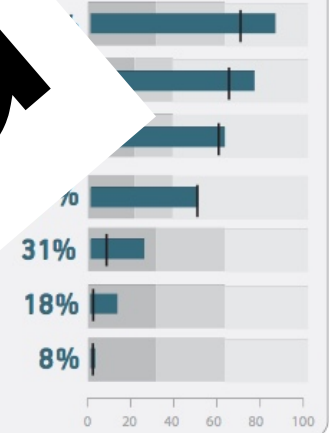
What's Next

Start testing other channels with audience.

KEY METRICS



237 signed-up



Dashboard

<p>KEY METRICS</p> <ul style="list-style-type: none"> A - Signup A - Created first gallery. R - Shared an album and/or video. R - Invited family and friends. R - Paid after trial 	<p>VALUE PROPOSITION</p> <p>Get to the more important things in your life. Faster.</p>	<p>UNFAIR ADVANTAGE</p> <p>Community</p>	<p>CUSTOMER SEGMENTS</p> <p>Parents (creators)</p> <p>Family and friends (viewers)</p>
	<p>High-level Concept:</p> <p>Photo and video sharing without the uploading.</p>	<p>CHANNELS</p> <ul style="list-style-type: none"> Daycare Birthday Parties Adwords Facebook Mommy bloggers Word of Mouth 	<p>Early Adopter:</p> <p>First-time moms with kids under the age of 3.</p>
<p>COST STRUCTURE</p> <p>Hosting costs - heroku (currently \$0)</p> <p>People costs - 40 hrs * \$65/hr = \$10k/mo</p>		<p>REVENUE STREAMS</p> <p>30-day free trial @ \$49/yr.</p>	
<p>Break-even Point: 2000 customers</p>			



What We Thought

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Insights

Our initial UVP which focused on product benefits didn't connect. Refined testing led to a UVP with a finished story benefit that got enough interest to want to learn more.

Everyone we interviewed accepted the pricing model and signed up for the service.

We had enough "warm" prospects on our email list to last us at least four more weeks at that rate. By then, we anticipated driving more traffic through additional channels that needed to be tested.



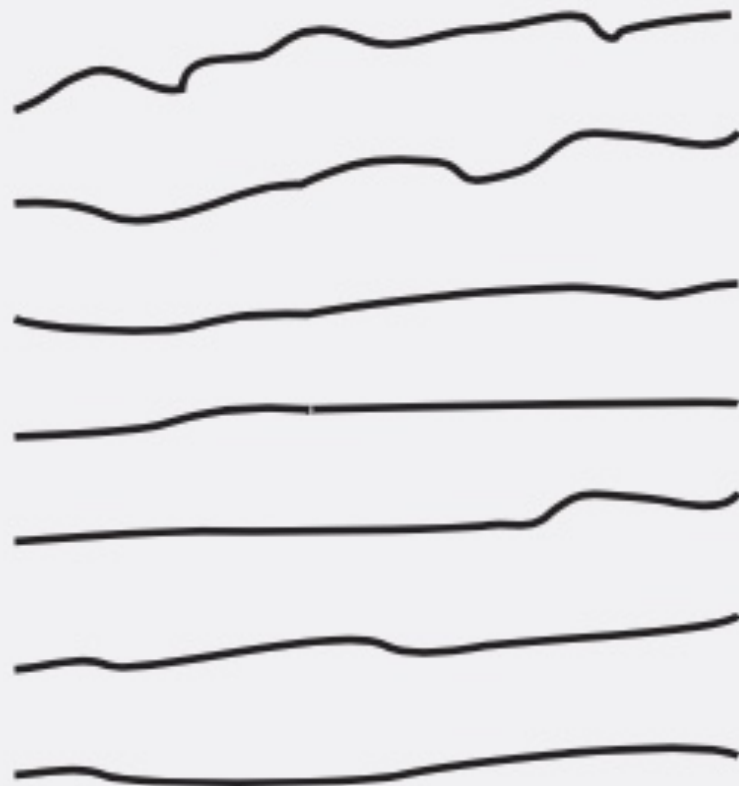
What's Next

Start testing other channels to drive traffic to a much wider audience.

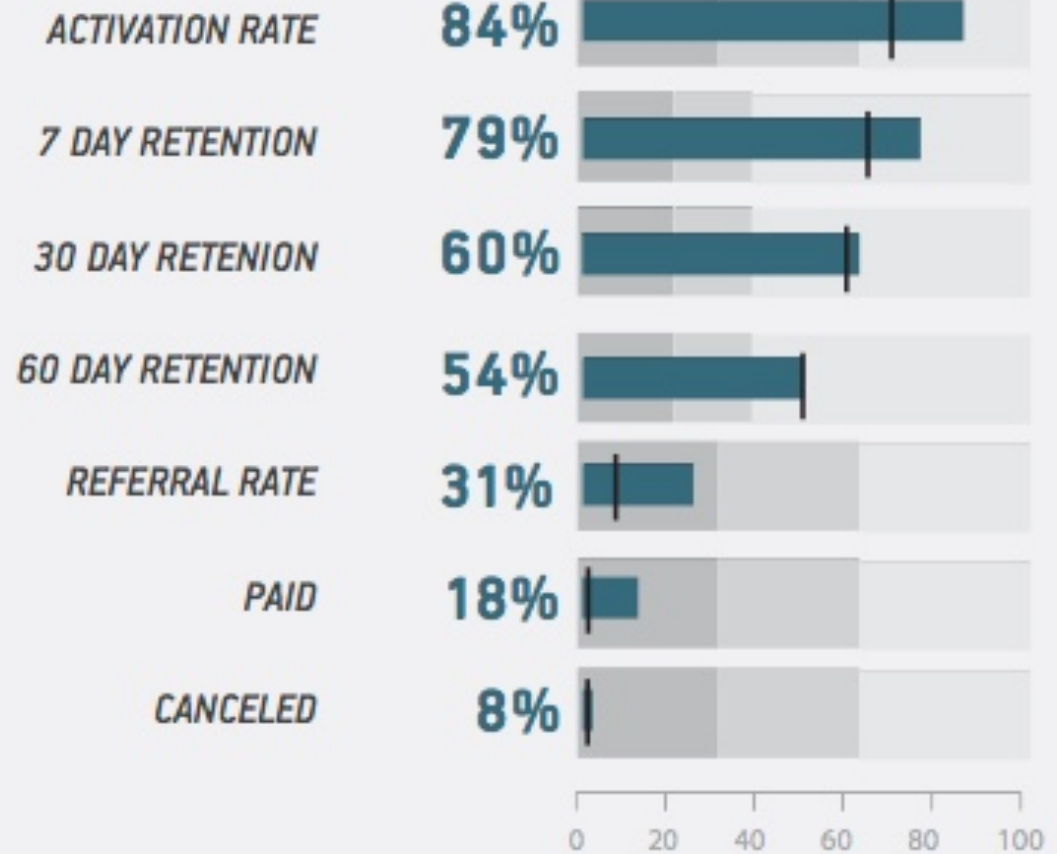


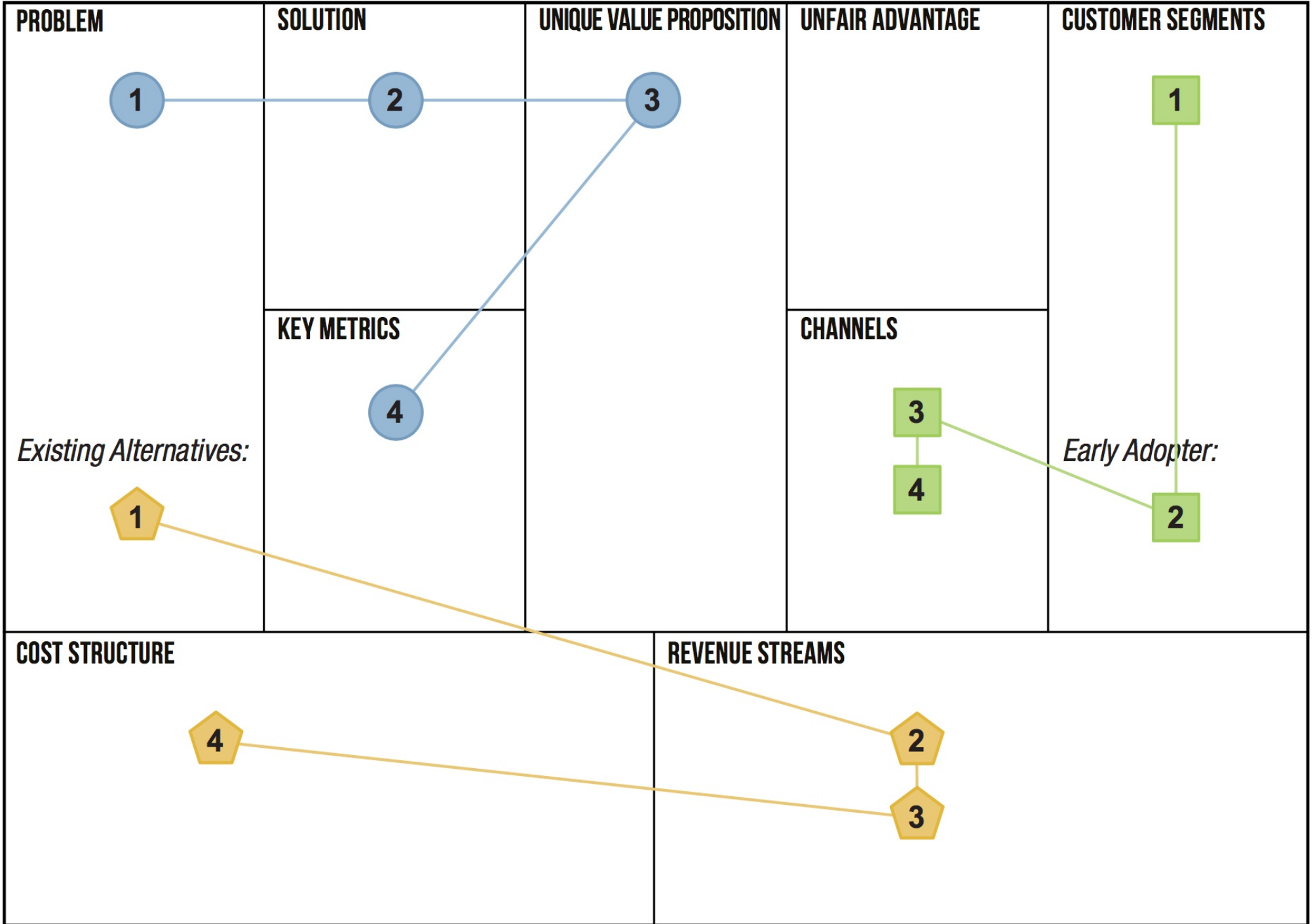
Key Metrics

KEY METRICS



↑ 237 signed-up

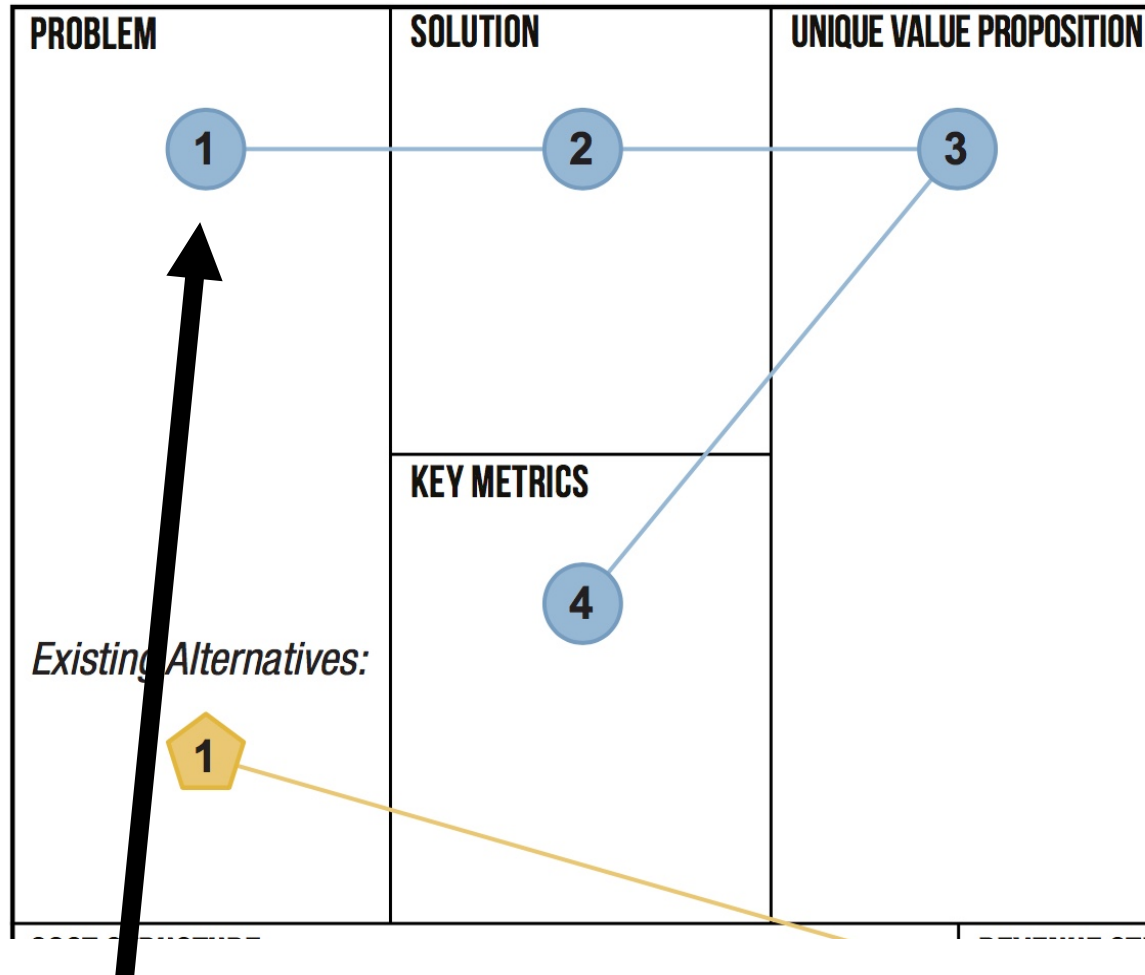




● Product Risk
 ■ Customer Risk
 ⬠ Market Risk



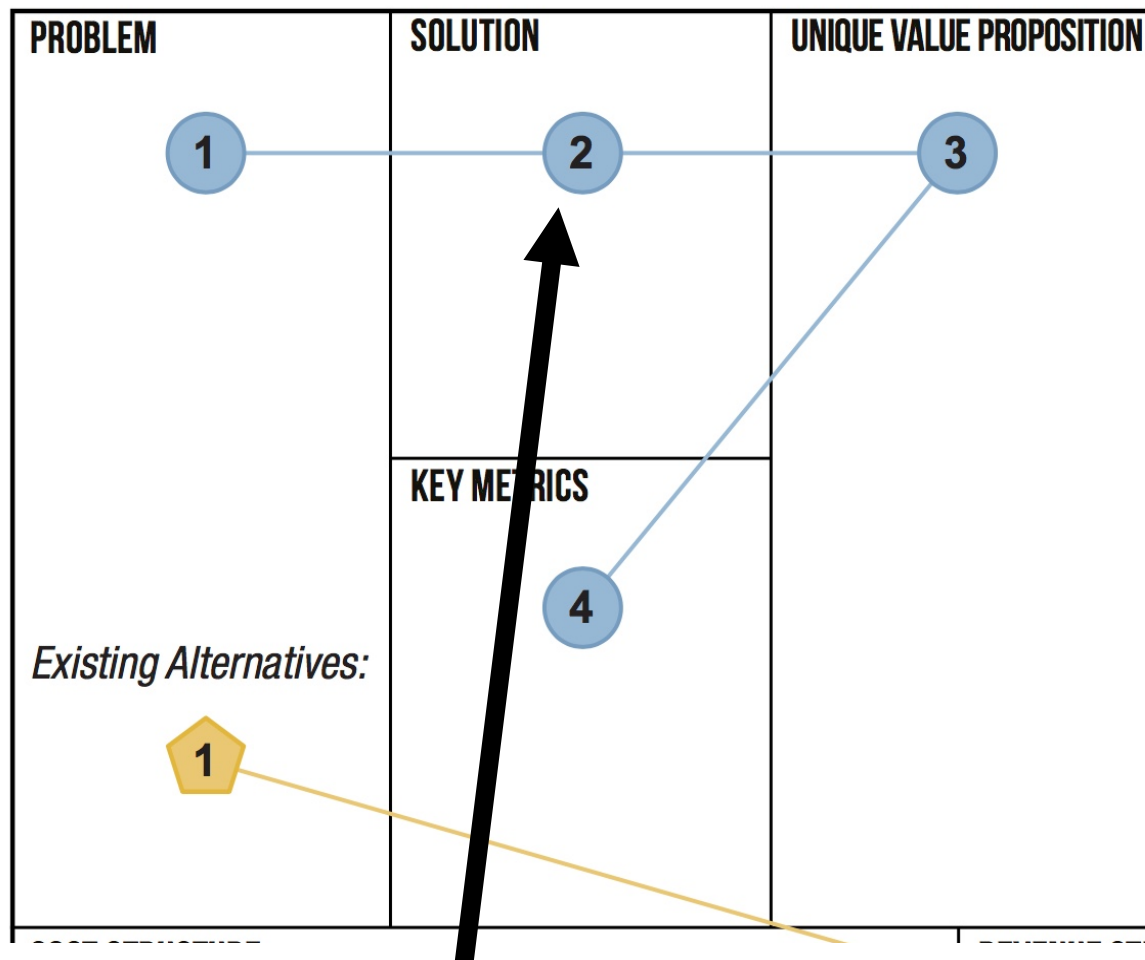
Product Risk



Make sure you have a problem worth solving



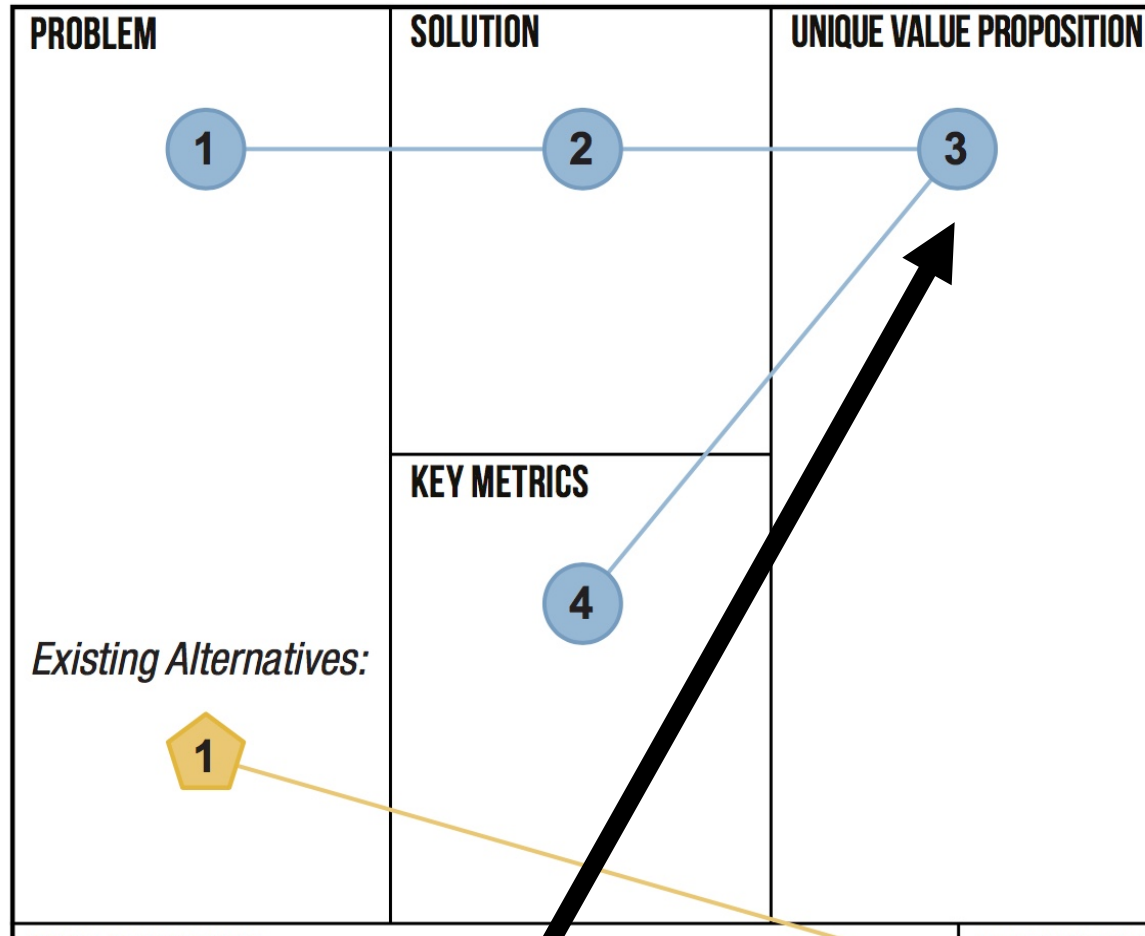
Product Risk



Define smallest Minimum Viable Product!



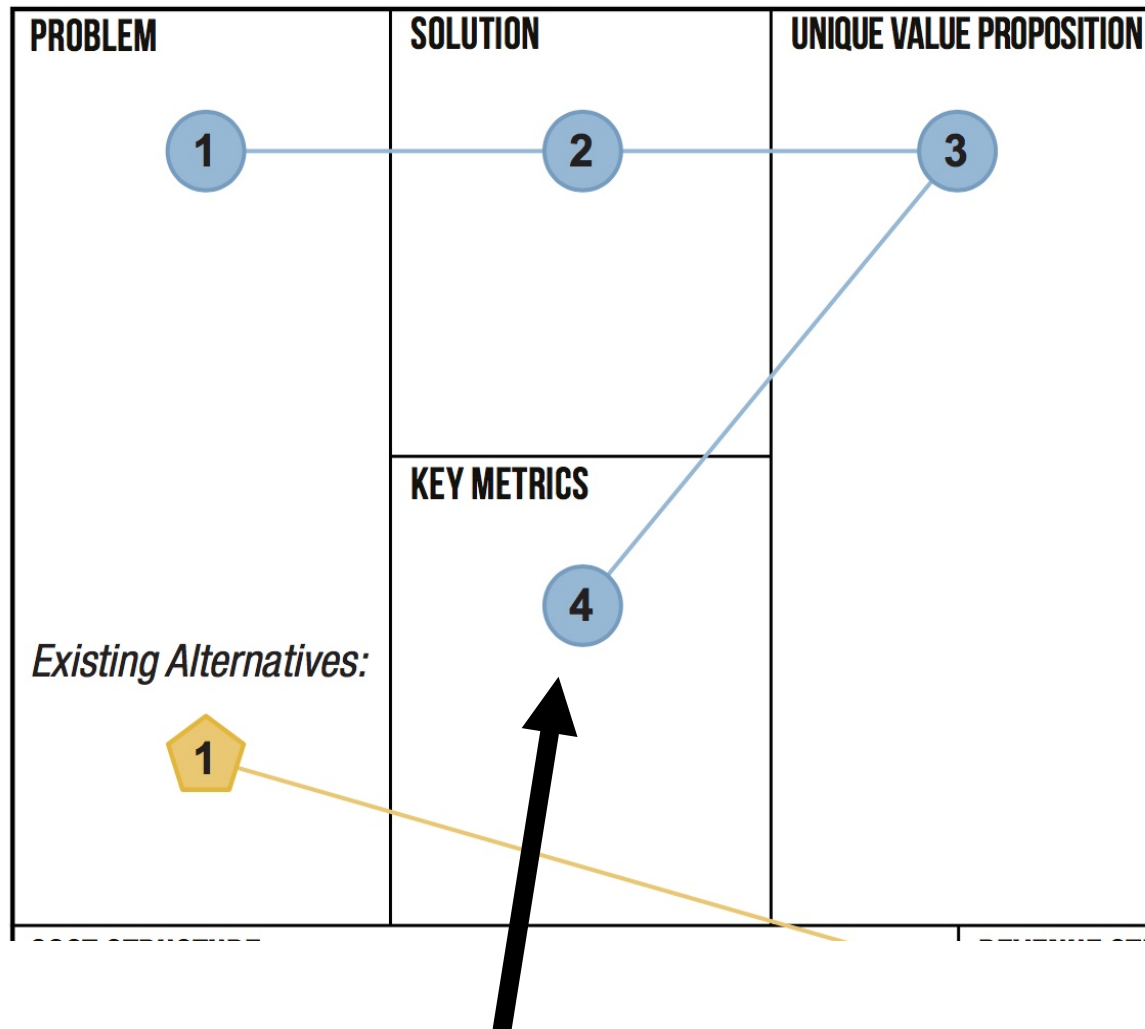
Product Risk



Validate the Minimum Viable Product (MVP)!



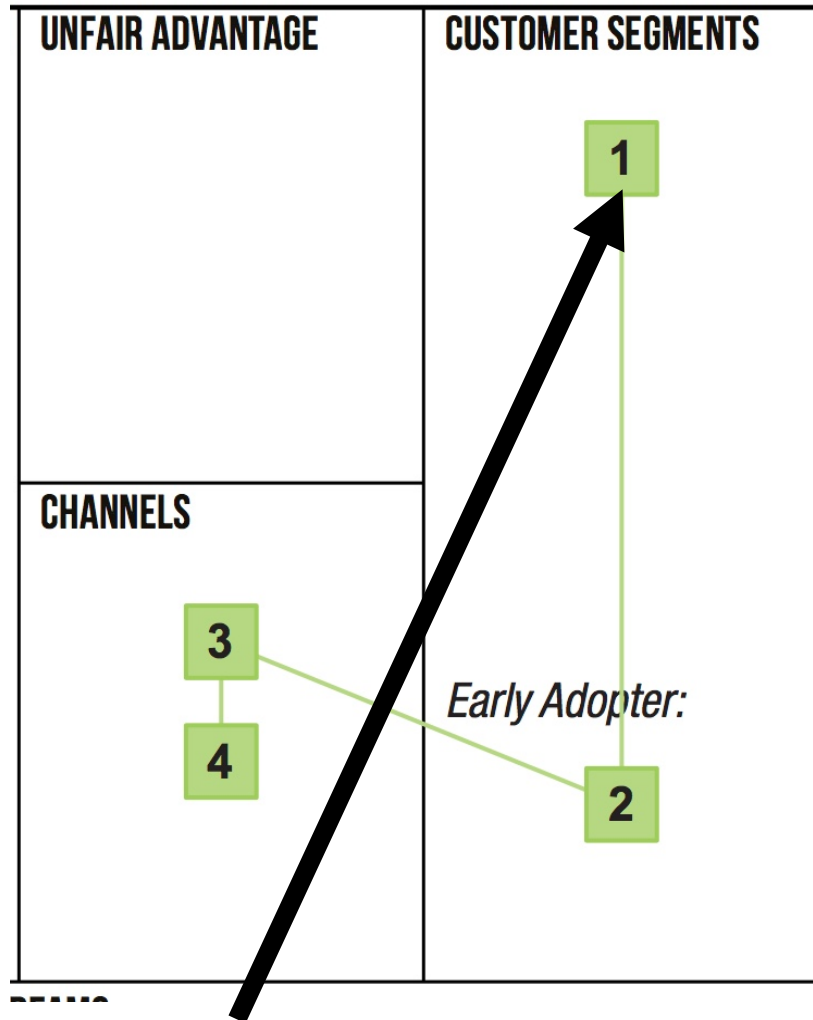
Product Risk



Verify your MVP at scale using metrics



Customer Risk



Identify who has the pain



Customer Risk

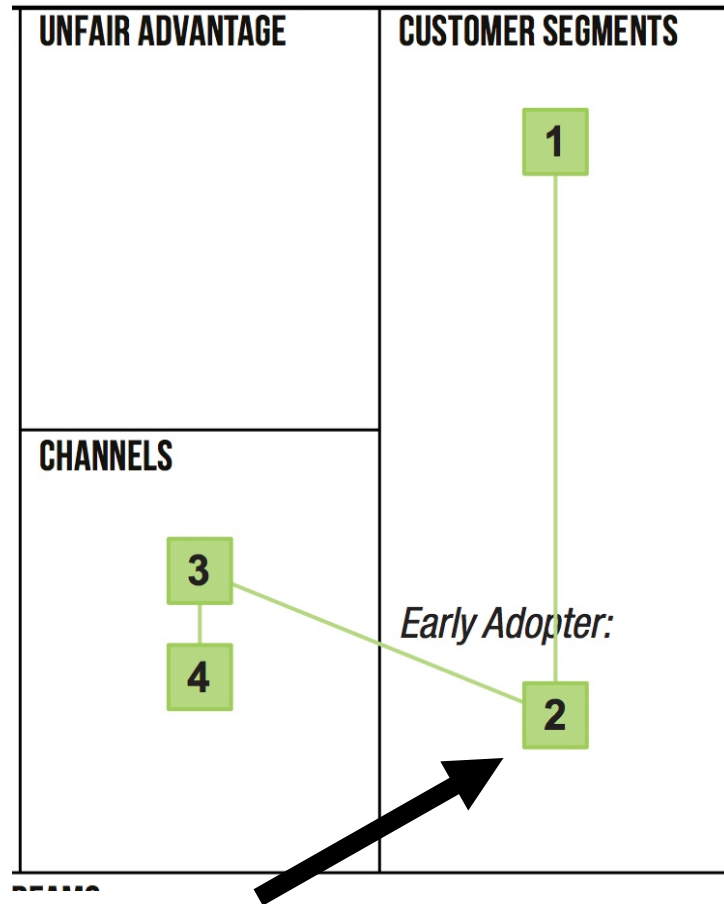
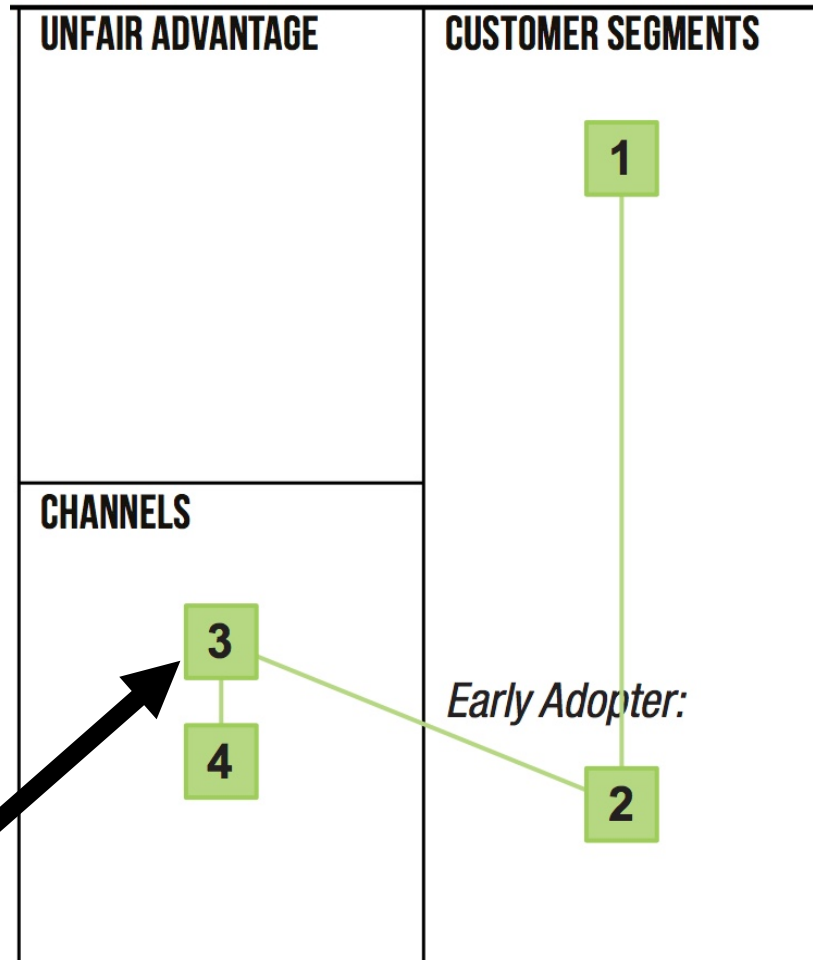


Figure out who are early adopters that want product now



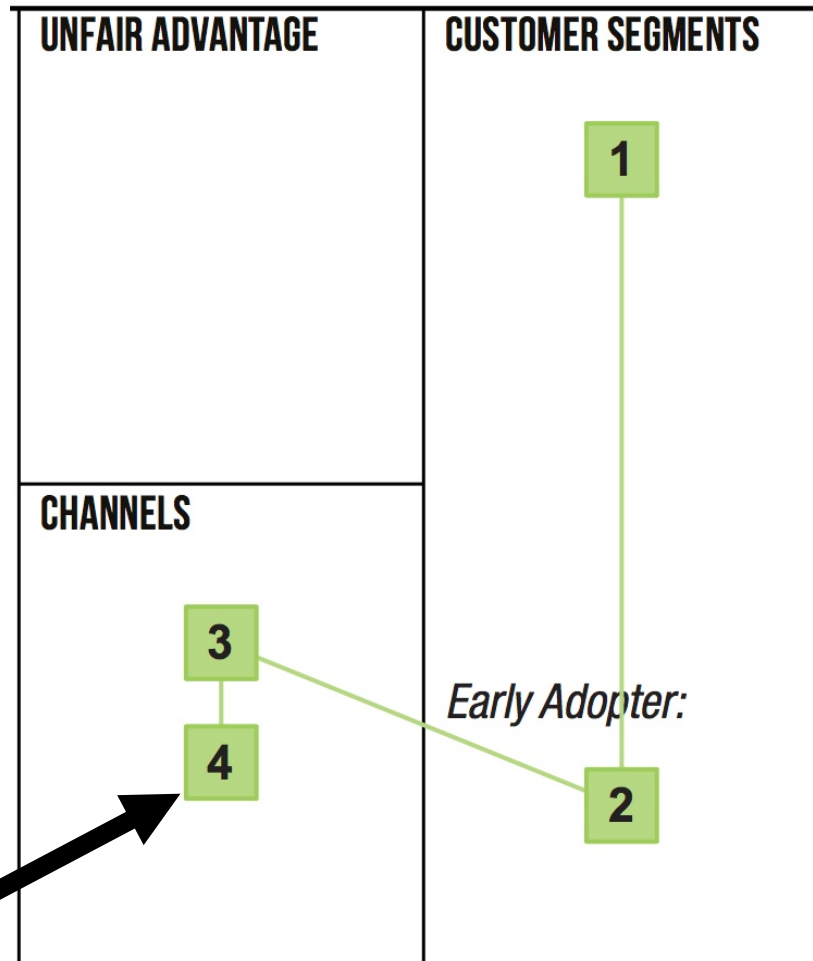
Customer Risk



Start with Outbound (“push”) channels
(interviews, search engine/social network “pay per click” marketing)



Customer Risk



Build/develop Inbound (“pull”) channels
(Blogs, White papers, Search Engine Optimization)



Market Risk

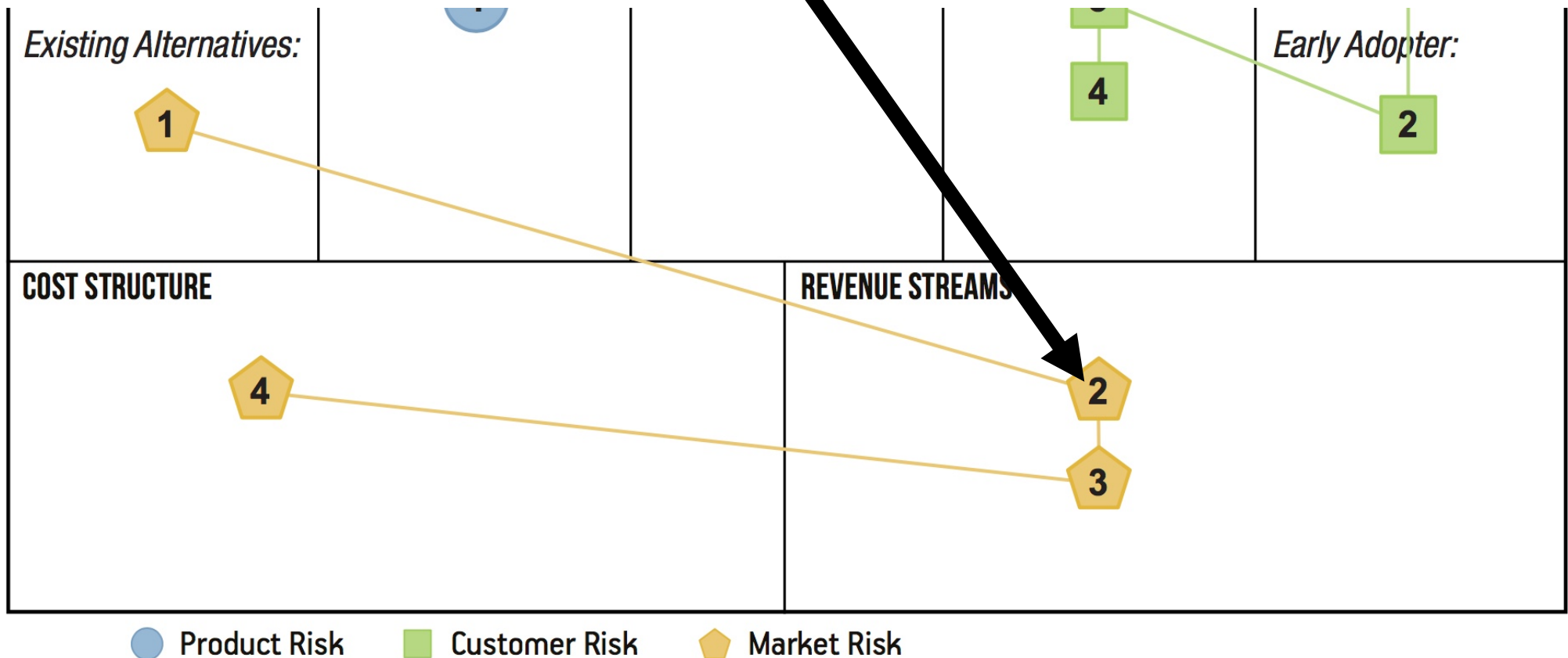
Identify competition. Pick a price for your product.





Market Risk

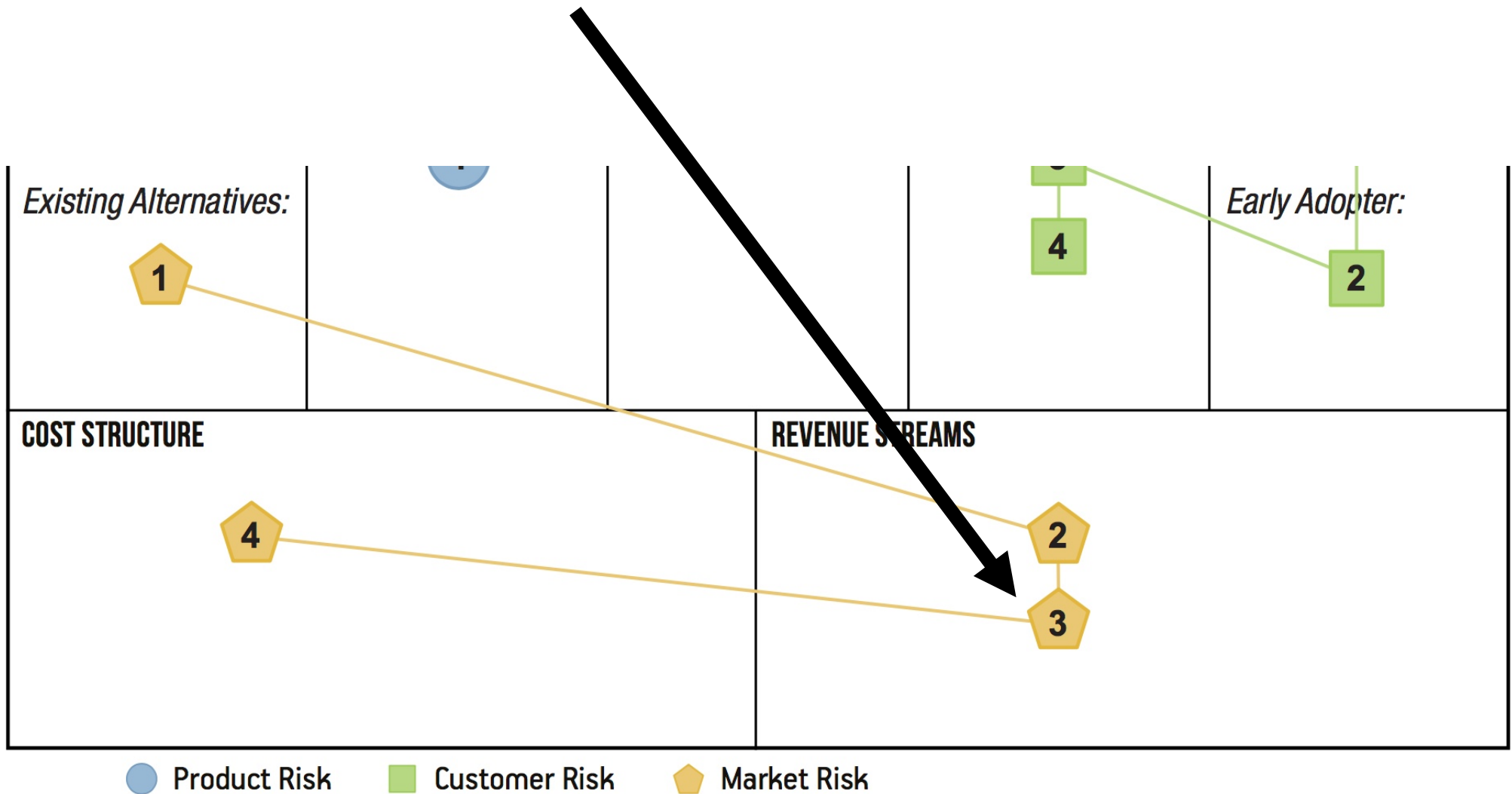
Test price by what customers "say"
(during interviews)





Market Risk

Test price by what customers do





Market Risk

Now optimize cost structure to make business model work!

