Technology Start-ups
Lecture 4

John Cavazos
Dept of Computer & Information Sciences
University of Delaware
The Team

- Problem Team
- Solution Team
Small Team (not too small)

- Two to Three people
  - Communicate Better
  - Build less
  - Keep costs low
- Ideal Team
Effective Experiments

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

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Effective Experiments

- Speed + Focus
- Chasing Tail
- Speed + Learning
- Premature Opt
- Focus + Learning
- Run out of resources

Premature Optimization

Optimal Learning Here!

Chasing your tail

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.

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

MVP
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 and signed up for the service.

We had enough “warm” prospects us at least four more weeks at anticipated driving more traffic that needed to be tested.

What’s next

Start testing other channels and audience.
MVP interviews will validate the UVP on the landing page.

MVP interview will validate pricing.

Outbound channels will drive 50 signups per week.
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

- Activation Rate: 84%
- 7 Day Retention: 79%
- 30 Day Retention: 60%
- 60 Day Retention: 54%
- Referral Rate: 31%
- Paid: 18%
- Canceled: 8%

237 signed-up
Product Risk

Make sure you have a problem worth solving
Define smallest Minimum Viable Product!
Validate the Minimum Viable Product (MVP)!
Verify your MVP at scale using metrics
Customer Risk

Identify who has the pain

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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)
Build/develop Inbound ("pull") channels
(Blogs, White papers, Search Engine Optimization)
Market Risk

Identify competition. Pick a price for your product.
Test price by what customers “say” (during interviews)
Test price by what customers “do”
Market Risk

Now optimize cost structure to make business model work!