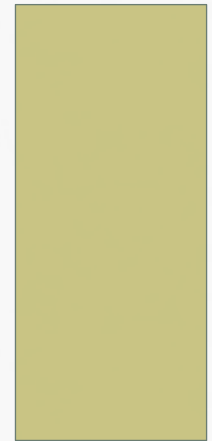




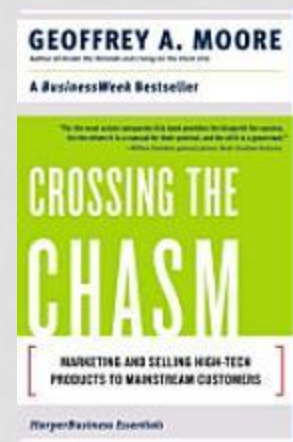
MARKET ASSESSMENT

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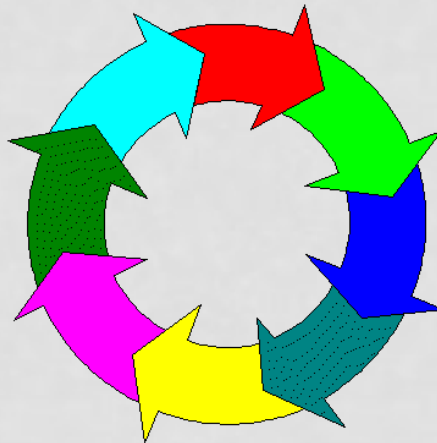
REMEMBER

- “If you don’t know where you are going, you probably aren’t going to get there.”
- “Crossing the Chasm: Marketing and Selling High-Tech Products to Mainstream Customers or simply Crossing the Chasm 1991, revised 1999), Geoffrey A. Moore



THE BASICS

- Everything is about Process



AGENDA

- **The Basics**
- **What is It?**
- **Product Assessment – Good and Bad Examples**
- Defining Your Customers
- The Pie Fight and how it relates to Customers
- Conclusion
- **Lots of Forms**

VALUE STATEMENT

- Eventually, your technology will become part of a product on the market.
- **What is the product?**
- **Why buy the product?**
- **What is your value** to each part of the product chain?

DEFINE PRODUCT

- Who has the problem?
- Who is willing to pay to fix the problem?
- What is it worth to fix the problem?

MARKET ASSESSMENT

- The market assessment also includes the **evaluation of your ability to enter the market.**



TWO STATEMENTS

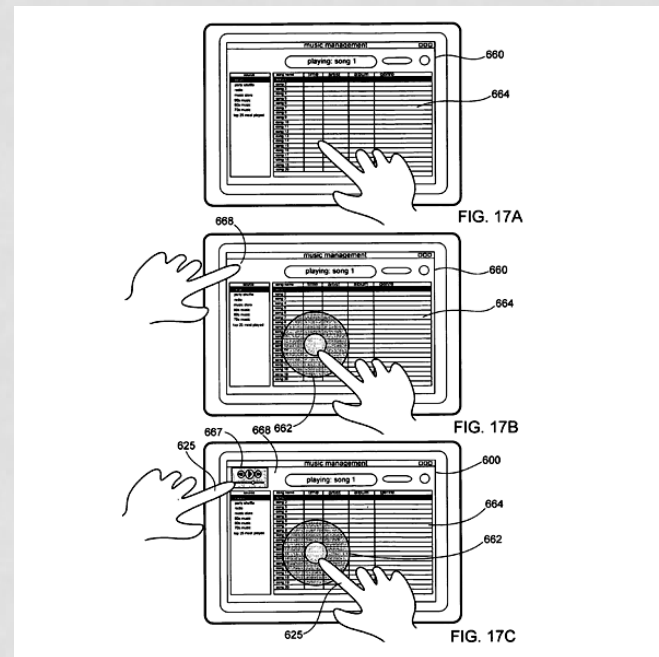
- These **two statements will end any discussion** of your idea:
 - “I have no competition.”
 - “Everyone in the world is my potential customer.”

COMMODITY

- Is the product a commodity? Both products and services can be commodities.
- Define your market so you will be first or number one in your market. This is how you differentiate.

INTELLECTUAL PROPERTY

- Do you need protection in multiple countries?



PRODUCT SYSTEM

- Is the Product part of a **larger system**?
- Will you be part of a **larger product**?

OUR EXAMPLE - WHAT IS IT?

- The technology is a smartphone application which will allow medical staff to scan patient information and medications and upload them to the patient accounting system via hospital Wi-Fi.
- Cost savings will be found in more efficient inventory tracking and more accurate patient billing.

WHAT IS IT? PART ONE

- It's an **inexpensive application** to be sold online.



WHAT IS IT? PART TWO

- It's **part of a hospital inventory system** which allows the hospital to manage on floor inventory as well as managing the ordering process.



WHAT IS IT? PART THREE

- Therefore, it's part of a **hospital information system**. Inventory tracking is part of the ordering and patient billing process. The more efficient this process, the more efficient the billing process.



WHAT IS IT? A SUMMARY

- In the first slide, limited. In the second slide and third slide, **your customers are software companies** which sell hospital information system, hospital administration groups, and other groups which need to track inventory and billing.

COMPELLING PROBLEM WITH COST

- **Problem Definition is Key**
- **Establish interest of listener** who will follow your solution.
- Assume listener is knowledgeable in your business area.



COMPELLING PROBLEM WITH COST - EXAMPLE

- **Administrative time for keying information – 12%**
- Lack of timely inventory management
- More efficient order management
- More accurate patient billing



BAD EXAMPLE - COMPELLING PROBLEM WITH COST

- Hospital staff must enter information on patient medicines on a regular basis
- Time savings from use of scanning system
- Less mistakes
- Everyone has a smart phone

DISCUSSION OF HOW PRODUCT IS USED

- Demonstrate your knowledge of the business and the products currently in use
- Demonstrate why your idea is an improvement on the current systems
- Justify why your solution is unique or protected by patent



DISCUSSION OF HOW PRODUCT IS USED - EXAMPLE

- Doctors and nurses scan information at patient bedside
- Synchronization occurs automatically on predefined intervals or events
- In the event a bar code is unreadable, the information will be manually reentered at the nurses' station

BAD EXAMPLE - NO DISCUSSION OF HOW PRODUCT IS USED

- Nurses scan patient and medical bar codes and therefore save time using our system

DISCUSSION OF SYSTEMS

- **Your product is part of a larger system**
- How the product is implemented and utilized is key to your success
- Your understanding of systems demonstrates your knowledge of the business issues



DISCUSSION OF SYSTEMS - EXAMPLE

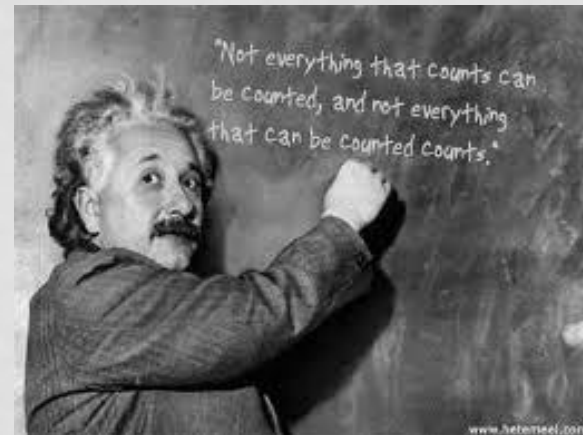
- The smartphone application **uploads a CSV file** to the main hospital IS systems which can be imported.
- The application uses the hospital Wi-Fi for communications.
- By scanning patient medicine bar codes, there will be no requirement to download information, only uploading data.

BAD EXAMPLE - NO DISCUSSION OF SYSTEMS

- The smartphone application is a standalone device and can be used with any hospital information system.
- It reads all bar codes.

DOCUMENTATION OF ROI

- Definition of the problem leads to definition of the cost of fixing the problem.
- Key step is to identify the groups who have the problem and can justify spending to fix the problem.
- ROI includes the cost of not fixing the problem, which is an option.



DOCUMENTATION OF ROI - EXAMPLE

- Efficient tracking allows more thorough accurate billing of products.
- **More efficient tracking of administrative costs / overhead associated with the product.**
- Updated inventory management allows for more efficient order quantities and floor stocking.



DOCUMENTATION OF ROI – BAD EXAMPLE

- Less administrative time for nurses.
- Less nurses and hospital staff required.
- Low cost to enter information.

NOT EVERYONE IS A CUSTOMER

- **Startups cannot focus on 'everyone' as a target.**
- Defining targets by a problem area or size allows you to allocate resources for specific groups.
- Building on successes at one customer will allow you to use their testimonial at similar customers.



NOT EVERYONE IS A CUSTOMER - EXAMPLE

- Targeting 100-500 bed hospitals in the EU
- Larger hospitals have their own systems
- Smaller hospitals will not see the ROI
- There are 252 hospitals in the EU who fit our profile



BAD EXAMPLE - EVERYONE IS A CUSTOMER

- All hospitals give medicine to patients and need to track the accounting.
- We need to cover all hospitals.

THERE IS COMPETITION

- Competition is necessary – it defines a market which has needs you can address.
- Competition allows you to define your solution in terms of options on the market.
- Competition allows you to develop a sales strategy in terms of products already in the marketplace.



THERE IS COMPETITION - EXAMPLE

- Multiple competitors exist in larger IS systems for hospitals.
- There is a low barrier to entry in the development of smartphone applications.
- Under current billing processes, hospitals may not have a compelling reason to implement the system.



BAD EXAMPLE - THERE IS NO COMPETITION

- There are no competitors in this space who are focusing on the hospital market.
- It is difficult to create systems which solve the problem we have described.

IP STRATEGY

- IP allows you to mark off a space in the marketplace for your product.
- Without IP, you must create a sales / marketing advantage for your product.
- Both models will work.



IP STRATEGY - EXAMPLE

- We have developed a provisional patent application in conjunction with our attorney.
- The product is a sales / marketing play and we will be developing the name brand by trademarks and web site reservations.



BAD EXAMPLE - NO IP STRATEGY

- We have taken no steps to copyright, trademark, or patent our product line.
- We have no strategy to create a name brand for products which are a sales / marketing play.

INTERNAL EXPERTS AND ADVISORS

- Seek external advisors with industry experience.
- Experts are critical for networking and introductions, not just advice.



INTERNAL EXPERTS AND ADVISORS - EXAMPLE

- **Key advisor** – Herbert von Karajan, former hospital administrator, Berlin Philharmonic Hospital.
- **Beta site** – Staff members of the PDQ Bach Hospital, Warsaw, Poland have agreed to help evaluate the product during the pre-beta and beta stages.



BAD EXAMPLE - NO INTERNAL EXPERTS OR ADVISORS

- We are a team of 5 programmers who have developed several games for the iPhone and Android phone.
- Sales are small but we have demonstrated our ability to create and sell the game.

SALES PROCESS

- Critical to all planning
- Understand customer targets, length of time to close sale, time to place orders, time to supply, time to receive payment.
- From the initial contact, this can be 6-9 months on a successful sale.
- Establish plan which allows you to survive between the sale and payment.



SALES PROCESS - EXAMPLE

- Pilot of 1 hospital for beta phase
- Target 15 geographical advantageous hospital for first quarter
- Develop sales plan for additional 100 hospitals for 2011
- Advance sales plan for additional 100 hospitals in 2012-2013



BAD EXAMPLE - NO SALES PROCESS

- Roll out to 75 new hospitals each quarter
- System is self supporting

PARTNERSHIPS FOR MANUFACTURING AND SALES FORCE

- As a startup, you have limited resources for infrastructure.
- Use contract manufacturing and determine the point in sales when it is feasible to develop your own manufacturing.
- Use relationships with complementary sales organizations to move product.



PARTNERSHIPS FOR MANUFACTURING AND SALES FORCE - EXAMPLE

- We plan to leverage relationships with groups who already sell to hospitals in our target market.
- We plan to interface with other hospital IS systems and become key partners to these organizations.
- For manufacturing, we have identified contract manufacturers.

BAD EXAMPLE - CREATE OWN MANUFACTURING AND SALES FORCE

- We will hire a small sales force to contact these hospitals and sell the product.
- If there is manufacturing, we will need to build our own plant.

GOAL FOR END OF SECOND YEAR

- Develop a vision for your organization at the end of the second year.
- Include revenue, staffing, customer base.
- Develop implementation plan backwards from that point and create milestones.
- Stay focused on goals.



GOAL FOR END OF SECOND YEAR - EXAMPLE

- Develop stable business process by mid 2012.
- **Develop network and relationships for growth with revenue target of \$1.5M US.**
- Anticipated sales to 175 hospitals by late 2013 with staffing levels of 15 people for sales, support, administration, and development.

BAD EXAMPLE - NO GOAL FOR END OF SECOND YEAR

- Continue to grow sales
- Add Asia and Middle East to targets in 2013

REALISTIC FINANCIALS

- Start from the bottom with planning.
- Identify specific customers, action plans, and expectations for closures.
- Assign probabilities to unknowns.
- Create realistic growth plan.
- Do not create expectations of controlling a percentage of the market without putting a name to the customers.



REALISTIC FINANCIALS

- Financial statement included with sales costs and realistic process and startup costs.
- Assumptions noted in revenue cost calculations.
- **Justifications for assumptions along with explanations of issues which would affect the financials.**

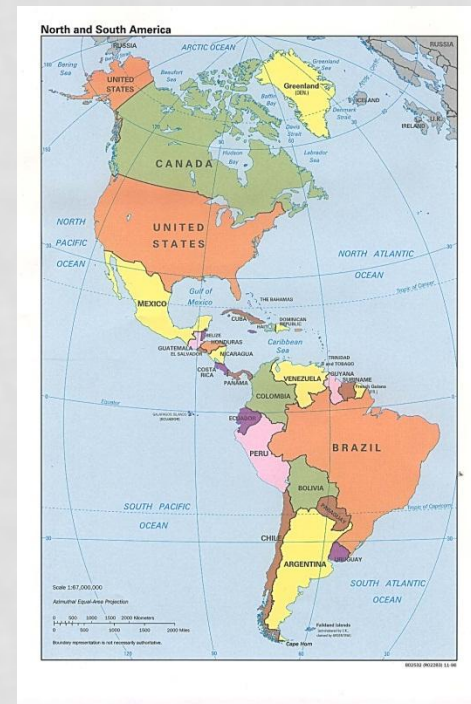


DEFINE COMPETITION

- You always have competition.
- Who is your market? Geographic? Vertical?
- Are competitors acting individually or moving together?

FIND LOCATION OF OPTIMAL MARKET

- Geographical Linking of Markets
- After this country, who is next?



RESEARCH MARKET

- Localization Issues
 - Government Regulation to Import
 - Easy to do in bulk?
 - Process for importation?
 - Tariffs or favoritism to local products?
 - Directions / Labels / Manual in correct grammar?
 - Government Regulations to Sell
 - Local taxes and business establishment

REMEMBER

- “The place most crossing-the-chasm marketing segmentation efforts get into **trouble is at the beginning, when they focus on a target market or a target segment instead of on a target customer.**”
- From Crossing the Chasm



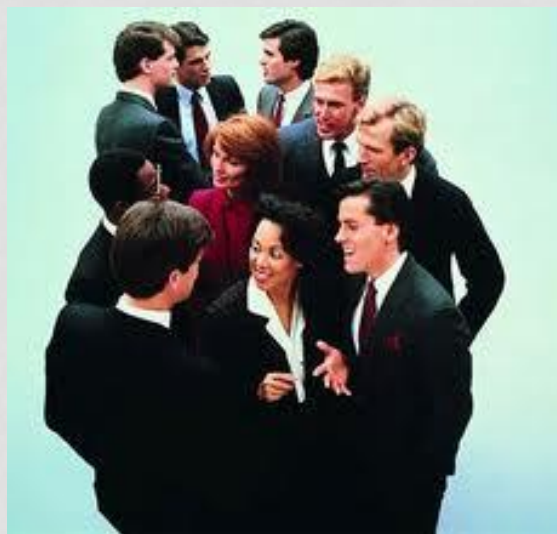
DIFFERENTIATION OF COMPETITION

- How you are different
- How you are the same



DEFINE CUSTOMERS

- **Sales Barriers to Competition**
 - Relationships in place
 - Funding
 - How accepted is the technology in the marketplace?



COMPLIMENTARY COMPETITION

- Other products in different spaces which will affect budget decisions
- If they don't spend money on you, where else will they spend it?
- When drug companies introduce new products, insurance companies need to determine reimbursement rates and hospitals must adjust their budgets and make decisions on purchasing other medications or treatments.

FUNDING SOURCES FOR COMPETITORS

- Sales
- Investors
- Corporate Partners
- Sales Channels

MARKET SALES FOR COMPETITORS

- Total Sales
- **Length of Sales Process**
- Optimal time to start selling?
- Optimal time to close?
- Is the market open for competitors?



PRICING MODEL

- What Problem does this product solve?
- How much does it cost to fix this problem?
- What is the urgency to fix this problem?
- What is the urgency to fix competitive problems?

PRICING SOLUTION

- How short or long term is the fix to this problem?
- If licensing, will your customers be willing to share the data?



DEFINE CUSTOMERS

- Where are my customers?
- Where do they go?
- What do they have in common?
- **When do they make their buying decision?**

UNDERSTANDING CUSTOMERS

- End Users
- Evaluators, Purchasers
- Decision Makers
- Gatekeepers
- Tire-Kickers

THE GREAT RACE

- Key roles explained in terms of a pie fight



END USER

- A end user is the person who will use the product
- The thrower



EVALUATOR

- An evaluator is the person who will be the first point of contact in the organization who is responsible for considering new technologies or changes and will make recommendations to others in the organization.
- The cast will evaluate the product.



INFLUENCER

- **An influencer is a key person** to the evaluator who will be part of the decision process.
- The gentleman in white will not throw pies or be hit by one, but will influence the choices.



PURCHASER

- The purchaser is the person responsible for budgets and purchasing decisions.
- **Becoming an approved vendor is a critical step.**
- The director and crew will make the decision on what and how much to buy.



DECISION MAKER

- The decision maker is the senior manager who will have final authority to move ahead with the project.
- The director is the final decision maker. He also gets to throw a few pies at Natalie Wood.



GATEKEEPER

- The gatekeeper is the administrator or secretary who will block you from talking to the decision maker.
- If you ask these folks, you will get nowhere in the buying process.



TIRE KICKER

- A tire-kicker is someone who will waste your time by having meetings while they have no authority on the project.
- Two characters not in the scene will not help you.



FOR OUR TECHNOLOGY

- **User** – Nurse
- **Evaluator** – Hospital Administrator
- **Influencer** – Accounting Department, Medical Staff, Insurance Companies
- **Purchaser** – Developer of Hospital Information System, Application Store, Purchasing Department
- **Decision Maker** – Hospital Administration, Product Development at Hospital Software Group
- **Tire Kicker** – Anyone who is there for the free coffee and snacks

IN CONCLUSION ...

FINAL EXAMINATION

- You should be able to fill out the information on the following slides about your idea and technology.



INFORMATION ON YOUR TECHNOLOGY - PAGE 1

Company	
Innovator	
Address	
Phone	
Email	
Website	
Evaluation	
Reviewer	
Date	
Type of Interview (In Person/Skype/Phone)	

INFORMATION ON YOUR TECHNOLOGY - PAGE 2

Definition of the Technology	This section is to be filled out by the initial reviewer. The definition is a short summary of the technology.
Problem the Technology Solves	The problem should be defined as one which has financial impact and therefore, has value in solving the problem.
Existing Solutions to Problem	Solutions include current technologies as well as the option of not solving the problem.
Competitors	Competitors include direct product competitors as well as alternative solutions or projects which compete for budget dollars
Advantages of Technology over Existing Solutions and Competitors	Is there a market advantage?

INFORMATION ON YOUR TECHNOLOGY - PAGE 3

Status of the Technology	
Prototype or Market Ready Versions	Description of the product status
Status of Local IP Protection	
Status of Global IP Protection	
IP Barriers to Market Entry	Are existing patents affecting the technology?

INFORMATION ON YOUR TECHNOLOGY - PAGE 4

Technology Systems	
Describe first and second level systems	Product will be part of larger system which will be part of additional system
Describe advantage to product as part of the system	
Key System providers in the marketplace	Who are the key system competitors?
Targets of System Providers	Who are the targets / providers of the system?

INFORMATION ON YOUR TECHNOLOGY – PAGE 5

Commercialization Process	What is the path to the marketplace?
Define 'Next Steps' for Successful Project	What are the innovators seeking – partnership, licensing, sales, investment?
Resources Required for Next Steps	
Team Required for Next Steps	Who are their resources and what will they need to advance the innovation?

INFORMATION ON YOUR TECHNOLOGY - PAGE 6

Definition of the Market	
Development Stage of the Market	New, mature market, commodity based market?
Major Players in the Market	Competitors
Opportunities for Partnership	Companies seeking to enter the market
Barriers to Market Entry	Issues to market entry?
Time Frame for Market Entry	Requirements to Enter the market

GOOGLE

- Search Google for examples of your technology or similar ideas

INFORMATION ON YOUR TECHNOLOGY - PAGE 7

- Google Search Topic 1:
 - Results
- Google Search Topic 2:
 - Results
- Google Search Topic 3:
 - Results

INFORMATION ON YOUR TECHNOLOGY - PAGE 8

Overall Comments on Technology		Ranking 0-5
Overall Comments on Team		Ranking 0-5
Overall Comments on IP		Ranking 0-5
Overall Comments on Next Steps		Ranking 0-5
Overall Comments on Other Issues		Ranking 0-5
Total Score		0 -25

THANK YOU

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QUESTIONS?

