Copernicus business design playbook

A programme of

Implemented by
Follow this playbook to discover, build and tap into the business opportunities of the expanding Earth observation market.
Future opportunities of Earth Observation (EO Application industries)

The global EO-market will keep growing steadily the next years. The question is how much. There is enormous potential for the Earth Observation Market to grow exponentially. The potential will be unlocked when new solutions will open new markets. There are three drivers for this potential.

The future EO market is a high growth future market! Do not miss out this opportunity!

Added Value lies in real problems, not in technology. When utilizing the EO data right you can add value through generating business related insights for verticals. Five high potential verticals are:

1. RETAIL
2. CONSTRUCTION
3. SMART CITIES
4. FINANCE
5. INDUSTRY 4.0

VAS (Value Adding Services)

Data

Source: Satellite-Based Earth Observation: Market Prospects to 2026, EuroConsult
See your goal
Understand the obstacles
Create a positive mental picture
Clear your mind of self doubt
Embrace the challenge
Stay on track
Show the world you can do it

SUCCESS
Content

**PREP IDEA & TEAM**
- Who is who?
- Team formation
- Teamwork and team roles
- List your goals as a team

**SPRINT 1 CUSTOMER PROBLEM**
- **Mile 1** Find your customers & size the opportunity
  - Who is your user and customer?
  - What problems do your customers and users have?
  - How to recognize & nail the most important customer questions?
  - HOMEWORK LIST
- **Mile 2** Nail your customer problems!
  - Does your solution fit the problem and customer?
  - How can you validate the fit?
  - How to get the X-factor in?
  - HOMEWORK LIST

**SPRINT 2 PRODUCTS /SERVICES**
- **Mile 3** Define a compelling & meaningful offering!
  - How to design a differentiated value proposition: functionalities, features, USP’s?
  - How to design a min viable product?
  - How to secure growth further - product platform planning
  - HOMEWORK LIST

**SPRINT 3 BUSINESS**
- **Mile 4** Make sure it brings enough of money!
  - How to make money (revenue & business model)
  - How to get traction in market?
  - How to get the business growing (marketing plan and roadmap)
  - HOMEWORK LIST

**SPRINT 4 PITCH**
- **Mile 5** Get prepared to raise funds!
  - Define your financial metrics
  - Funding strategy
  - Fundraising & pitching
  - HOMEWORK LIST
- **Mile 6** Just DO IT!
  - Tips and tricks for preparing your pitch!
  - Pitch Event
INTRODUCTION

Plan your program

To create your planning, put your deadlines on paper. You need something to hold on to.

Kick start:
Sharpen your idea & form the team!

MILE 1
Find your customers & size the opportunity
Customers, user segments

MILE 2
Nail your customer problems!
Problem & solution fit

MILE 3
Define a compelling & meaningful offering!
Product concept development

MILE 4
Make sure it brings enough of money!
Business concept development

MILE 5
Get prepared to raise funds!
Funding & Pitching

MILE 6
Just DO IT!
Final pitching event

GOAL:
Investment ready

A programme of

Implemented by
Tick these boxes along your way

✓ We have a **problem worth solving**.
✓ We set deadlines to make our **goals** concrete.
✓ We have got to know **customers**.
✓ We tailored an **addictive solution** to our customers.
✓ Our solution is **scalable**.
✓ We designed a **unique user experience** that our customers could have never dreamed of.
✓ We have created a story around our **unique value proposition**.
✓ We have worked **agile**, found shortcuts, copied and used existing resources.
✓ We claimed the **resources** needed by acting as urban warriors.
✓ We used and engaged our **mentors** in designing our solution.
✓ We survived the innovation jungle by acting as a **team**.
PREP

IDEA & TEAM

Lead questions to discuss with your mentor in this sprint.

• Who is who?
• Team formation
• Teamwork and team roles
• List your goals as a team
Build a good combination in your team

Fill in the names of your team members.

- **CEO**: Leadership, Management and Business Development
- **CTO**: Technical E0 Product and Service Development
- **CMO**: Marketing, Pricing and Sales
- **CDO**: UI and UX Creative
- **CBO**: Business Modeling and Value Engineering
- ?

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A programme of [Copernicus Incubation](https://www.copernicusincubation.com)

Implemented by [Verhaert](https://www.verhaert.com)
VULTUS AB

Vultus AB is using satellite data and prescriptive analytics to give farmers worldwide actionable recommendations regarding the nutrient needs and varying conditions of their fields. They recommend certain amounts of nitrogen use to combat over-fertilization and reduce fertilizer usage by up to 40%.

"The best ideas emerge when different perspectives meet."

Frans Johansson

Source: Vultus.se
Team formation

The goal of starting with preparation is to form a team of at least 3 people that share a passion to solve the same problem and work towards the same goals. On top of that, you'll have to demonstrate excellent team dynamics in your daily teamwork and have to feel that you would go to the end of the world with your team members. To put together that dream team you need to revisit and thoroughly re-discuss all the potential problems on the table - their possible solutions - and how everyone in the team can contribute to developing these solutions. This helps you see and decide who you would best fit together with.

GOALS
Team of 3 - 5 members is formed

TASKS
Team formation - Ideation

TOOLS
Mapping team roles & competences

GET INSPIRED
The Secret Phrase Top Innovators Use - by Warren Berger (HBR)
You will need to find a big problem, gather your team, clear your calendars, and gather some essential supplies. And you will need deadlines.

*Your design team might need a war room; here’s how to set one up*

Fast Company

In the beginning your team will ‘unpack’ everything they know. Expertise in most teams is asymmetrical: marketers know things that engineering and design don’t. All team members can contribute to each function even though one may be the lead. Start by creating a simple user story and set the scope for the first period.
Team formation

The first step in a design challenge: build team understanding
Fast Company

“How might we”: The secret phrase top innovators use
Harvard Business Review

Google Ventures’ secret mantra for super-productive meetings
Fast Company
Teamwork and team roles

When you have your team together, discuss through each other’s skills, strengths and weaknesses and fill in the table to divide roles and responsibilities between you all. Return to the table every time you are planning your tasks for the upcoming period. Consider switching “the additional roles” weekly.

**Additional roles**

- **Timekeeper** - makes sure that the team allocates time for all tasks and uses time efficiently.
- **Secretary** - takes, keeps and shares notes of all decisions and to-do-lists of the team.
- **Messenger** - informs team members about changes in the calendar, social events, etc.
- **Reporter** - is responsible for reporting & sending progress updates to your coach or mentor.
- **Party Starter** - makes sure that team members have fun options for free time.
Partner up with coaches and mentors!

Fill in the names of your coaches and mentors.

- **CHIEF MENTOR**: Business (within EO market) and team management
- **PRODUCT MENTOR**: Product development and prototyping
- **DESIGN MENTOR**: UX design for products/services
- **MARKETING MENTOR**: Marketing
- **IP LAWYER**: Intellectual property
- **INVESTOR**: Fundraising and financial management
- **EO Expert**: Earth observation / Copernicus data & services

Partner up with coaches and mentors!
**Tool** Mapping team roles & competences

<table>
<thead>
<tr>
<th>NAME</th>
<th>MAIN COMPETENCE</th>
<th>MAIN ROLE</th>
<th>ADDITIONAL ROLE</th>
</tr>
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<tbody>
<tr>
<td>F.e.</td>
<td>Anna Smith</td>
<td>Marketing</td>
<td>CMO</td>
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<td>7</td>
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</table>
PREP - IDEA & TEAM

List your goals as a team

What would be the final destination of your team’s journey? What’s the big dream?

1.

2.

3.

4.

5.

6.
SPRINT 1, Mile 1

CUSTOMER PROBLEM
Find your customers & size the opportunity

Lead questions to discuss with your mentor in this sprint.

- Discover who your customers and users are!
- What problems do your customers and users have?
- How to recognize & nail the most important customer questions?
Discover who your customer and user are! Size the opportunity

Customer development can happen if
- You have evidence (data) that your solution (product, service) is actually creating value for your customer
- Your product scales in the market.

Basically it means being in a good market with a product that can satisfy that market. In a great market - a market with lots of real potential customers - the market pulls the product out of the start-up. Lack of market is the #1 start-up-killer and neither a stellar team nor a fantastic product will redeem a bad market.

GOALS
Customer discovery
First ‘Solution/Customer/Market fit’ identified

TASKS
Customer description - Target market selection

TOOLS
Customer persona template - Customer insight tool -
Discover who your customers are - Target market template

TASK 1
Customer description
- Use the tools (see following pages) to describe your global customers (B2B or B2C) and customize your solution. Describe your customer as detailed as possible - you’ll need to talk to him/her at a later stage to validate your idea.

TASK 2
Target market selection
- The target market is the actual customer group to which your business will attempt to sell its products and services. For the target market definition, consider geography and industry segments.
- Use the tools in the following pages to select the market with the biggest potential and define your target market.

GET INSPIRED
Market selection - How to Select a Target Market for New Product Launch - Motarme
Customer persona - Personas for Need finding, Design & Growth - by Alexander Cowan
## Tool Customer persona

<table>
<thead>
<tr>
<th>Role or Job Title</th>
<th>Key Characteristics</th>
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<table>
<thead>
<tr>
<th>Age</th>
<th>Gender</th>
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### Goals

<table>
<thead>
<tr>
<th>Key Influencers</th>
<th>Other Applications</th>
<th>Feature Requests</th>
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### Needs

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### Frustrations & Points

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Tool Customer insights B2B

BUYER PERSONA, INFLUENCERS, USERS AND OTHER DECISION MAKERS

Describe different personas at your potential customer. That could be involved in the buying process. Details their roles, responsibilities and boundaries.

DECISION MAKING PROCESS

Lists all relevant decision making factors and rank in the order of importance. Detail as much as possible the decision making process.

BUSINESS CONTEXT OF PURCHASE DECISION

Highlight questions that could influence urgency, timing and pricing of purchases.
### Tool: Customer insights B2C

<table>
<thead>
<tr>
<th>WHO ARE THEY? (age, gender, other profile information, ...)</th>
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<tbody>
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</table>

<table>
<thead>
<tr>
<th>WHAT ROLES DO THEY TAKE? (parent, volunteer, young professional, ...)</th>
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</table>

<table>
<thead>
<tr>
<th>WHAT ARE THEIR KEY BEHAVIORAL PATTERNS</th>
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</table>

<table>
<thead>
<tr>
<th>WHAT ARE THEIR CONCERNS? (needs, pains, problems, ...)</th>
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#### BART THE CYCLING LOVER

**PROFILE:**
- 47 years
- Working at an NGO
- Married with 2 kids
- Vulnerable layer

**ACTIVITIES:**
- Following the cycling news
- Playing with the kids
- Going to work by bike (25 km)
- Bicycle training in his garage
- Sharing routes with his cycling buddies

**CONCERNS:**
- I have no problems investing money in my bicycle. I also save money by cycling to work instead of using a car.
- He would never leave his bicycle unguarded.
- He pays too much for his insurance for bicycle theft and damage.

**GOALS:**
- To climb the Eiffel Tower in a record time.
- To save as much as possible.
- To follow his friends cycling records, and also on Strava (The Social Network for Athletes).

**MOTIVATION:**
- Uses bike for the thrill in the sport, relaxing his mind and saving it.
- His job brings him no fun too long, his bicycle is his passion.

**ATTRIBUTES:**

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Tool: Experiments, tests & learning: discover your customers & users

Experiments
- Identify different possible market segments for your solution
- Validate users who make the market

Tests
- [Google Trends](https://www.google.com/trends) to collect data about what people search for
  - Design a Test & Learning card
- [Watson Analytics](https://www.ibm.com/analytics/watson-analytics) to analyze different markets
  - Design a Test & Learning card

Learning
- Different markets have different scalability opportunities
- Finding out which users fit which market

By the end of this sprint, you still might have alternative solutions to choose from. That’s great, but it’s also a problem, because you can’t prototype many solutions. You have to narrow down and make tough decisions. To prepare for prototyping, choose one Customer Persona and think of possible user scenarios for the prototyping.

- [How to decide what ideas to prototype - Fast Company](https://www.fastcompany.com)
- [Research, Schedule participants and draft interview guide - GV.com](https://www GV.com)
Tool: Chose the target segment

<table>
<thead>
<tr>
<th>SEGMENT 1</th>
<th>SEGMENT 2</th>
<th>SEGMENT 3</th>
<th>SEGMENT 4</th>
</tr>
</thead>
</table>

**MARKET VALUE**
- Size
- Growth rate
- Profit margins

**MARKET ACCESS**
- Competitors
- Availability & access to distributors/ channels
- Regulatory path

**YOUR MARKET EXPERTISE**
- Financial resources to enter the market segment
- Network & contacts
- Capability & market knowledge
SPRINT 1 - CUSTOMER PROBLEM

Homework list

What do you need to do to know your customers and users even better? Fill in your own goals to complete this sprint.

1.

2.

3.

4.

5.

6.
SPRINT 1, Mile 2

CUSTOMER PROBLEM
Nail your customer problem

Lead questions to discuss with your mentor in this sprint.

- Does your solution fit the problem and customer?
- How can you validate the fit?
- How to get the X-factor in?
Nail your customer problems

To show you have found the right problem-solution fit you need to have evidence that customers care about certain problems (gains/pains) and that you have designed a solution that addresses those problems.

Customer gains are outcomes and benefits your customers expect, require, desired or be surprised by. Customer problems (pains) are anything that prevent customers from getting a job done smoothly.

“Right” customer problems are:
- problems/pains/passions that many others have
- problems that occur often enough
- problems that are serious enough so that customers are ready to pay to get (rid of) them

If you succeed in finding a truly unique problem, addressing both pains and gains that nobody has tried to solve yet you can grow 10 X instead of 10% per year.

GOALS
Business idea fine-tuned

TASKS
Online evidence search - Idea development - Team roles planning

TOOLS
Recognize customer problems & segments – visual diary - Problem redefinition instructions

GET INSPIRED
The 7 All-time Greatest Ideation Techniques - by Chuck Frey (Innovation Management)
A team from the University of Vienna came up with a solution to a water resource management problem in the Marchfeld Area of Austria. The solution would be a service specifying irrigation requirements and crop development maps based on Earth Observation maps, weather data and forecasts.

After a demonstration campaign on 60,000 acres the Problem-Solution Fit 30 farmers were interviewed. 50% stated that improvements could be achieved by optimizing the distribution of irrigation events and the total amount of water requirements.

The farmers were asked if they were willing to pay for this kind of service, by either acquiring directly or via cost sharing. 54% was willing to pay for such a solution.

The service based on sentinel data integration with irrigation management services will lower the cost of the images. Also the cost of the sentinel data will lower the cost even further than a similar service based on commercial data could. The precision agriculture Service based on sentinel data will save 70% of the cost.

"Before investing months or years of effort towards building a product, the first step is determining if this product is something worth doing."

Ash Maurya

Source: Copernicus Market Report, Issue1 November 2016
Tool: Recognize the most important customer problems & segments

- CUSTOMER PROBLEM
  - Customer problems, pains

- IMPORTANT
  - Does failing the job lead to extreme problems?

- TANGIBLE
  - Can you feel or see the pain?

- UNSATISFIED
  - Are there unresolved problems, jobs?

- LUCRATIVE
  - Are there many with that problem & ready to pay?

- TOTAL SCORE
  - Focus on the highest value jobs & related problems.

Scoring scale: 1 (low) to 5 (high)

**Tool** Visual diary

**why**
Users report in a daily diary activities, experiences, problems and events around a particular topic. You let the user map his/her user action mapping. Try to determine in advance what you want to know.

**who**
About ten users. Go for a good mix of users.

**what**
A diary with a few simple questions and commands that users must perform and a simple camera.

**how**
Find a number of users willing to participate in the study. Give them a few days the diary and ask them to answer questions and commands.

---

By monitoring precisely —by means of a visual diary— the ‘obvious’ daily behaviour and actions, you can come to amazing insights about all possible interfaces and problems between the user, the environment and your intended solution.

**TIP**
Provide a one page in the diary in which the participant can describe his experience and actions.

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Tool Problem redefinition

Problem redefinition technique helps you to invent new ways of looking at a problem and by re-defining that problem, ultimately come up with other, even better solutions.

How to do it?

**Step 1** - Start with formulating the idea (= problem + solution + customer) that you agreed on as an opportunity/problem statement starting with “How do we...”

Example: How do we sell EO data based recommendations to farmers?

**Step 2** - Write this statement

**Step 3** - Next, pick three of the more interesting words in the sentence and generate creative alternatives (8 to 10) for each choice. Think of choosing words that represent a who, what, when, where, why and how.

In the above example, the three words you might choose are “we”, “sell”, and “farmers”.

So for the first word “we” the 8-10 creative alternatives could be:
1) the sales force 2) fertilizer manufacturers 3) friends of farmers, 4) farming unions, 5) food chain 6) farming equipment machine builders...

**Step 4** - Continue creating alternatives for the other two selected words, writing them on the paper in columns

**Step 5** - Re-define the opportunity/problem statement by randomly combining words from each of the three to give you an entirely new statement.

Here are a couple of examples:
1) How do we get fertilizer manufacturers to be incentivized to sell recommendations to farmer unions?
2) How do we get farmers to sell recommendations to farming machine builders?

**Step 6** - Use these fairly crazy combination sentences as triggers for brainstorming to generate new ideas.

You might want to take the statements not too literally though. As such, the first statement might inspire an idea about creating a program to incentivize...

How can you validate the fit?

As a start-up, you will be making many assumptions but you need to avoid spending time and money on building something nobody wants. In order to do so you need to validate the problem and the solution with your customers before starting product development.

Validation also forces you to get in touch with your users which could save you the pain of building a product that is hard to use or understand. Customer validation will help you to figure out if people will buy your product before you build it.

GOALS
Problem, solution & customer validated

TASKS
Customer feedback collection (GO OUT OF THE BUILDING!) - Customer feedback analysis (and pivoting) - Plan next week

TOOLS
Test & Learning Card - User research tools - Problem-Solution Fit - Product-Market Fit

GET INSPIRED
Validate or Die: Using Validation to Build the Right Product - by Kunal Punjabi (Mind The Product)
**Tool** Experiments, tests & learning: provide evidence that customers care about your solution

**Problems & pains**
You strive to identify the problems & pains that are most relevant to customers. Your next step is to provide evidence that customers care about your solution (products & services). If you don’t find the evidence you need to design a new solution.

**To provide the evidence you run the tests**
- Google Trends to understand what people search for in your business domain
- Google Adwords Keyword Planner gives you information on how companies promote their solutions (discover their value propositions) in your business area
- Contact your customers directly - either face-to-face, by email, phone or social media channels
- Build trackable landing page (Instapage) for your products & services to collect leads of future users

**Tools**
- [Google Trend](#)
- [Google Adwords Keyword Planner](#)
- [Instapage](#)

**Experiment workflow**
- Design Test & Learning Cards (each test separately)
- Run the tests (e.g. customer contacts, Google Trends, Keywords Planner, Ads, etc.)

| Organize the experiments on any other social media (LinkedIn, Twitter) and ad platform |
| (Facebook, etc.) that you are familiar with or that is more suitable for your solution. |

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**Test card**

<table>
<thead>
<tr>
<th>TEST NAME</th>
<th>ASSIGNED TO</th>
<th>DEADLINE</th>
<th>DURATION</th>
</tr>
</thead>
</table>

**STEP 1: HYPOTHESIS**

We believe

We need to

**STEP 2: TEST**

We measure

**STEP 3: METRIC**

We are right, if

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Adopted from:
Strategyzer, A. Proposition
DesiOsterwalder, Value gn, Available at https://www.strategyzer.com
Tool: Product-market fit

Product & Market
Product-market fit takes place when you:
• Have evidence (data) that your solution (product, service) is actually creating customer value
• Your product scales in the market

Tasks
Find the strongest fit between different markets & your solution (products):
• List 3 different customer segments (markets) for your solution (use separate canvas for each customer segment).
• Use Post-it Notes to describe the markets on the Outsmart model Canvas!
• Analyze the business opportunity of each market (scalability) & prioritize the markets

• Find the market where the fit with your solution is the strongest
• If you find a weak fit or no scalability consider to pivot, change your solution

Tools
• Outsmart model

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Homework list

Fill in your own goals to complete this sprint.

1.

2.

3.

4.

5.

6.
SPRINT 2, Mile 3

PRODUCTS/SERVICES
Define a compelling & meaningful offering

Lead questions to discuss with your mentor in this sprint.

- How to design a differentiated value proposition: functionalities, features, USP’s?
- How to design a min viable product?
- How to secure growth further – product/service platform planning
Design a differentiated value proposition: functionalities, features, USP’s

**Product definition** is an important milestone in your business planning. It forces you to make choices on specific set of features and functionalities. This will serve a pathway for estimating time2market as well as necessary development efforts. Moreover, you will be able to use it for first prototypes in order to test and validate with customers in several iteration cycles. This will help you to improve and eventually have a validated attractive product/service proposition with optimal development efforts and costs.

**GOALS**
Product/service definition

**TASKS**
Define your value proposition - Elaborate on features and functionalities - Outline your differentiation strategy & USP

**TOOLS**
Value proposition design diagram - Value & attribute map - Concept sharpening tool - Differentiation & USP tool

**TASK 1**
Design your value proposition

- Define a value proposition of your product (service) starting from customer job2be done statements (value proposition design diagram)
- Come up with the key product/service values & corresponding features and functionalities to get a first top level product/service definition (left side of value proposition design diagram).

**TASK 2**
Value - attribute mapping

- Make a map of your product / services values by connecting them to specific functionalities and features (value & attribute map)
- Do a sanity check with your team whether the defined set of features and functionalities nail the promise of your product/service.

**TASK 3**
Differentiation strategy & USP

- Decide on features that will be the key for your differentiation strategy. Make sure that your USP are features have high value perception in the eyes of your customers and users.
  - Use **concept sharpening tool** to assess the value perception of each feature from the perspective of customers & users
  - Use **differentiation & USP tool** to map your proposition against other alternatives in market (competitive benchmarking). Discuss the necessary performance level of all your features. Pay extra attention to the desired performance level of your USPs.

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**GET INSPIRED**

- **Product differentiation strategies** – Dany Robberecht
- **Blue ocean strategy** - Kim & Mauborgne. Blue Ocean Strategy
### Tool: Value Proposition Design

**Design your value proposition starting from basic solution idea & customer problems/needs**

This will allow to make a transition from a top level product concept to a more specific product definition with specific list of functionalities and features.

#### Task 1: Detail the customer need and critical customer values

Rank each statement on importance to facilitate your exercise.

#### Task 2: Create product/services promises as answer to specific problems of customers

At this stage you can work with general product/service promises. They aim is to define the key building blocks of your products/services based on its promises.

#### Task 3: List features/functionalities of your solution to fulfill the service/customer promises.

How will you deliver the promise? What service features will be needed? What would be the easiest (most useful) for your customer to take advantage of your solution?

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**YOUR CUSTOMER PROBLEMS/NEEDS**

<table>
<thead>
<tr>
<th>need/pain</th>
<th>critical value</th>
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</thead>
<tbody>
<tr>
<td>1. Get most out of agricultural fields</td>
<td>Accuracy of info</td>
</tr>
<tr>
<td>2. Optimize costs</td>
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**SERVICE/PRODUCT PROMISES**

| Provide estimate of the yield for the crop and field in question |
| Provide advice on optimal field treatment (fertilizers, water..) to maximize field potential |

**KEY FUNCTIONALITIES & FEATURES**

- Yield simulator for different crops / different parts of field
- Fertilizer prescription plan
- Irrigation alerts based on soil conditions, growth model and weather insights

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A programme of

[Logo: Masters in Innovation]

Implemented by
Tool Value & attribute mapping

Map your product (service value) to identify functionalities & features

Task 1: Identify values based on your value proposition design
Review your value proposition canvas & copy values on the top part of the canvas.

Task 2: Identify features & functionalities to meet the desired value
Ideate different options for meeting the value with product functionalities & features.
Select the features that deliver the highest fit to desired values.

VALUES

fast

ATTRIBUTES

Total processing time: 10 min
Start-up time: max 5 s

Tool: Concept sharpening tool

Concept sharpening is an essential step in developing a convincing feature set in the eyes of your customers. If you have selected a relevant target customer group and a specific solution that solves an important problem in an adequate way, it is time to sharpen this concept and find the out-performers compared to other solutions in market.

Task 1: Each participant receives a card deck of features to assess individually on two axes
- Pleasure of having: Would customers be extremely pleased to have this feature or would it leave them indifferent? (e.g., Airbags vs. heated seats in a car)
- Pain of absence: Would customers consider this a weak product if this feature was not present?

Task 2: Make a consolidated assessment of all functionalities & features
When you have scored each feature, you can map them on the product sharpening canvas.

Task 3: Review your outperformers
Do you have enough of outperformers? If you fall short on outperformers organize an ideation session to search for more.

Task 4: Review your "indifferent" features
Drop these features unless they have a strategic importance in your proposition or you can upgrade them to another value category.
**Tool: Differentiation and USP**

Finding USPs that are relevant to your customers is critical to give your product a chance in market. Some companies try to be better than others on all features. In fact, it is not necessary. You need to be unique and better at a set of relevant features, yet others must be “good enough” in they eyes of customers not to jeopardize an overall value perception. By trying to excel in all features you might end up with an over-engineered and very expensive product. Thus, it is essential to choose your USPs strategically since it will basis for both your go2market and development priorities.

**Task 1: Discuss customer expectations & their “good enough” level for each feature**

List all your features on the horizontal axis. Have a discussion with your team to get aligned on general market expectations and what is the basic & good enough expectation from a customer in your market & product category.

**Task 2 : Map key competitors & their performance**

Score the performance of each feature as executed by the most important competitors. Evaluate the features from the perspective of customers.

**Task 3 : Map your own intended performance level of each feature & agree on features that will be a core part of your USP**

If you end up with no features that could significantly differentiate your product/service from other alternatives in market organize a brainstorming session to collect ideas on potential outperformers & differentiators.
Prototyping

Paper prototyping is mostly known for prototyping user interfaces but can also be used to make customer journeys, visualize ideas or just to have some fun. People say a picture is worth a thousand words. If that’s true, a prototype is worth a thousand pictures. Prototyping on paper is cheap, allows rapid iteration, increased creativity and engages all team members in making their idea tangible.

**GOALS**
MVP (Minimum Viable Product) prototype is ready for validation

**TASKS**
Sketch a storyboard - Build a paper prototype - Prepare for customer validation

**TOOLS**
MVP Checklist - Paper prototyping toolkits – Test your prototype - Test & Learning cards - Surveymonkey

**TASK 1**
Sketch a storyboard

- Draw a storyboard with up to 15 frames. Start with an opening scene where customers/users find your solution and add all other scenes. Check the tools to get instructions.

- Storyboarding means sketching an actual situation showing how a user would use your solution (e.g. web, mobile app, product):
  - where (s)he clicks
  - what info (s)he enters
  - what (s)he thinks etc.

**TASK 2**
Build a paper prototype

- Use the storyboard tool to make sure that your product/service will be the most minimalistic version of your solution still delivering great value to your customer (MVP). **Aim to build the prototype around 1 product feature or functionality only.**

- Based on the storyboard, define and prototype the individual interactions (screens) on paper.

**TASK 3**
Customer validation preparation

- For validation by testing:
  - prepare the Test & Learning Card for validating your problem and solution with your customers tomorrow via testing hypotheses.

- For validation by customer interviews:
  - prepare a questionnaire on Surveymonkey for collecting more detailed customer feedback - use these questions for reference. Digitalize your paper prototype with popapp.in

**GET INSPIRED**
Prototyping - [Prototyping for Web and Mobile Workshop](#) - by Simon Phillips (Slideshare)
Customer validation - [How to Interview your Customers](#) - Customer Development Labs
Before starting with product/service development make sure that the product that you will be building is really the minimum viable product (MVP).

<table>
<thead>
<tr>
<th>FEATURE</th>
<th>IMPORTANCE OF THE FEATURE</th>
<th>MVP (YES/NO)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRITICAL</td>
<td>Delivers customer value in short term.</td>
<td>Minimum set of features: - to deliver intended customer value, - to achieve shortest time-to-market - to get market traction</td>
</tr>
<tr>
<td>SECONDARY</td>
<td>Nice-to-have</td>
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<tr>
<td>MUST-HAVE</td>
<td>Critical for technical feasibility</td>
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</tbody>
</table>

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To build a prototype after storyboard is much easier. The goal is to take the ideas you have generated and sketch an actual solution showing how a user would move through your solution – where they click, what info they get/enter. You can build you storyboard as a page of a comic book or a drawing illustrating different touchpoints. It is important to cover all use steps and touchpoints.
Tool Paper & digital prototype ready

Build a prototype in a few hours
Plan for doing the impossible: build an entire realistic-looking prototype from simple materials.

Option 1 : Paper prototype

Option 2 : Digital Prototype
Focus on having user interface mock-up. You can make your screenshots in a PowerPoint program or with dedicated digital prototyping tools.

Select tools based on your needs & skills
- invisionapp.com
- POP for mobile apps - super easy mobile app to scan paper screens and make first clickable prototype in your mobile
- Proto.io - simple but more serious solution for web and mobile prototypes.
- Appery.io - start designing apps with some code attached, build mobile back-ends later
- Google Material Design - professional source for designers
_Tool_ Test your prototype

**Test Your Prototype**

You'll show your prototype to real customers in 1-on-1 interviews.

By the end of prototyping and testing, all your ideas will have been exposed to oxygen - some will be smash hits, while others will meet an early end. When a prototype flops, it means you have spotted critical flaws early in your process.

There are ca 26,000 new product introductions each year. 70% of success is how meaningful and unique is the product for the customer.

The key to success is rapid cycles.

[Got a bright idea? Test it with a rapid-fire user study](Fast Company)

[Research: Interview participants and summarize findings](GV.com)

[How Cluster uses live user testing](Medium)
Tool Test & learning card

Check your prototype using the following criteria.

Test card

<table>
<thead>
<tr>
<th>TEST NAME</th>
<th>ASSIGNED TO</th>
<th>DEADLINE</th>
<th>DURATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>STEP 1: HYPOTHESIS</td>
<td>Critical</td>
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<td></td>
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<tr>
<td>We believe</td>
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<tr>
<td>STEP 2: TEST</td>
<td>Test notes</td>
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<tr>
<td>We need to</td>
<td>Data reliability</td>
<td></td>
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<tr>
<td>STEP 3: METRIC</td>
<td>Time required</td>
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<tr>
<td>We measure</td>
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<tr>
<td>STEP 4: CRITERIA</td>
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<td></td>
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<tr>
<td>We are right, if</td>
<td></td>
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</tbody>
</table>

Learning card

<table>
<thead>
<tr>
<th>INSIGHT NAME</th>
<th>PERSON RESPONSIBLE</th>
<th>DATE OF LEARNING</th>
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</thead>
<tbody>
<tr>
<td>STEP 1: HYPOTHESIS</td>
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<tr>
<td>We believe</td>
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<td>STEP 2: OBSERVATION</td>
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<tr>
<td>We need to</td>
<td>Data reliability</td>
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<tr>
<td>STEP 3: LEARNING &amp; INSIGHTS</td>
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<tr>
<td>Therefore, we will</td>
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</table>

Tool Test your prototype with users & find

Why worry about usability testing so early in the process when prototyping already has a big enough to-do list? Because unless your prototype is usable, all your testing will tell you that people don’t like terrible products.

The best way to understand your users is to simply ask!
A product platform planning is essential for multiple reasons:
1. Cost optimization in customization.
2. Manufacturing flexibility & speed to please customers with products and lead time.
3. Optimized internal and external value chain and its processes.
4. Upscaling on module level to achieve higher benefits of economies of scale.

You need to think about how your product or service could be manufactured. Could it be done in a modular way? A modular product architecture is often considered best practice in product design.

GOALS
Product/service platforming for further growth

TASKS
Define fit with various platforming approaches - Design your platform approach

TOOLS
Product sharpening & positioning - Platforming potential evaluation tool

**TASK 1**
Search for platform and modularity potential

- Review a variety of platform approaches (input from the training session), discuss advantages and disadvantages of each of them.
- Assess the fit of different platforming strategies to your case.

**TASK 2**
Define your product/service platform & modules

- Break up your offering in different modules (follow the tool platforming potential evaluation tool)
- Define module requirements (performance, technical, interfaces with other modules) as detailed as possible
Tool Platforming potential evaluation tool

Make an outline for your platform strategy.

Assess platform strategy potential for your product. You can start either with platform and investigate different modules based on it. Alternatively, first define modules (different offerings) based on “job to be done” segmentation and afterwards identify the generic part - platform - for all of them.
Homework list

Fill in your own goals to complete this sprint.

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6.
SPRINT 3, Mile 4

BUSINESS
Make sure it brings enough money

Lead questions to discuss with your mentor in this sprint.

- How to make money (revenue & business model)?
- How to get traction in market?
- How to get the business growing (marketing strategy, campaign and roadmap)
How to make money (revenue with the outsmart model)

Monetization is one of the aspects key to your potential investors. They look for the frequency of the revenue stream, and whether or not it is recurring and easily predictable. A strong Outsmart Model is particularly important, it shows how you will monetize your solution.

**GOALS**
- Outsmart model designed

**TASKS**
- Design outsmart model

**TOOLS**
- Outsmart model design

**TASK 1**
Design a outsmart model for your business

- Use inspiration from other industries to define the best fitting Outsmart model for you. Study different models with examples and design your revenue model.

**TASK 2**
Run quick tests with customers on your revenue model

- Organize brief interviews with a few customers to question your new outsmart model and pricing ideas
- If necessary re-visit your outsmart model to improve it based on customer feedback

---

**GET INSPIRED**

- Revenue Model - *6 Drivers That Determine Your Revenue Model* - by George Deeb (The Next Web)
- Marketing strategy - *15 Early Traction Growth Hacking Strategies For Startups* - by Stuart McKeown (Gleam)
The outsmart model describes how a business generates revenue streams from its products and services. A strong revenue model is most important for early stage start-ups; their investors are usually very conscious of monetization. Let’s put it simply - a strong revenue model gives you money!

Tasks
- Design your unique revenue model which will give you high growth and market traction.
- Test with your customers their willingness to pay for the product/service.
- Find the optimal price points during your customer interviews.

Sample revenue models
- Paid App Downloads – e.g. WhatsApp
- In-app purchases – e.g. Candy Crush Saga, Temple Run
- In-app subscriptions – e.g. NY Times app
- Advertising – e.g. Flurry
- Transactions – e.g. Airtel Money
- Freemium – e.g. Zynga, Skype
- Subscription – e.g. World of Warcraft
- Premium – e.g. xBox games
- downloadable Content – e.g. Call of Duty
- Ad-supported

The ultimate master list of revenue models
BMNOW
How to make money (business model)

A strong value proposition embedded in a fitting business model is difficult to copy and more likely to grow exponentially. Some business models fit better than others and produce better financial results. The business model fit is key to a profitable and scalable business.

GOALS
Business model completed & scalable for growth

TASKS
Complete your business model

TOOLS
Profitable and scalable business - 7 questions to test your business model

TASK 1
Complete your business model

- Re-visit and finalize your business model on Lean canvas - keeping the value proposition in focus!
- Your business model must be designed for fast growth and global scalability. Assess your business model and its scalability by using the tool: 7 questions to test your business model.

GET INSPIRED +30 Business & Revenue Model Examples - Board of Innovation
Bird.i activities and revenue model

Bird.i is an early stage Earth observation start-up who analyse satellite images to give their clients insights into production progress. Their biggest focus is providing speed and accuracy for commodity traders, exposing them to a new kind of information and analysis.

“Take a fresh look at your model regularly. You may need to overhaul a successful model sooner than you thought.”

Alexander Osterwalder

Business Model Insight

Bird.i uses a "revenue share" model to make their service more affordable and build partnerships. Satellite operators give Bird.i free access. They only take a revenue cut when the images are used for one of Bird.i’s clients.
Tool Profitable and scalable business models

Business model fit takes place when a **value proposition** is embedded in a **profitable and scalable business**. Your job is to get both the business model and the value proposition right. It is a process of back and forth until you nail it.

- Can you profitably create & deliver value around this particular customer value proposition?
- Is your value proposition in your business model really creating value for your customer?

**Tasks & tools**
- Lean canvas to create 3 alternative business models.
- Describe the final version of your business model!
- Discuss the business model with all your team members - how to develop your solution on top of the business model.

**Assess the business models**
Some business models are better than others and will produce better financial results, be more difficult to copy, and better to outperform competitors. **Assess the weaknesses of your business model prototypes (next page).** Ask yourself how could you improve or change your initial value proposition?

When assessing your business model, focus on Death Threats - the risks which might cause the idea to fail. No more Death Threats = usually a business that can work. Focus on the biggest Death Threats first.
### Tool 7 questions to test your business model

Assess your business model design. Circle how you perform on a scale from 0 to 10.

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<th>Question</th>
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<td><strong>1. Switching Costs</strong></td>
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<td>Nothing holds my customers back from leaving me</td>
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<td>My customers are locked in for several years</td>
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<td><strong>2. Recurring Revenues</strong></td>
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<td>100% of my sales are transactional</td>
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<td>100% of my sales lead to automatically recurring revenues</td>
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<td><strong>3. Earning vs. Spending</strong></td>
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<tr>
<td>I incur 100% of my costs of COGs before earning revenues</td>
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<tr>
<td>I earn 100% of my revenues before incurring costs of goods &amp; services</td>
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<td><strong>4. Game-changing Cost Structure</strong></td>
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<td>My cost structure is at least 30% higher than my competitors</td>
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<td>My cost structure is at least 30% lower than my competitors</td>
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<td><strong>5. Others Who Do the Work</strong></td>
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<td>I incur costs for all the value created in my business model</td>
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<td>All the value created in my business model is created for free by external parties</td>
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<td><strong>6. Scalability</strong></td>
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<tr>
<td>Growing my business model requires substantial resources and effort</td>
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<td>My business model has virtually no limits to growth</td>
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<td><strong>7. Protection from Competition</strong></td>
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<td>My business model has virtually no limits to growth</td>
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</table>

How to get traction in the market? How can you convince the market?

Market traction is quantitative evidence of market demand and it shows momentum in market adoption. This is usually the first and the most important indicator that the investors want to see. It means that somebody really wants your product. If your marketing isn’t generating enough leads it means that it’s not working. Your marketing strategy and go-to-market plan must address 4 crucial aspects:

- What will you sell? (solution & unique value proposition)
- Who will you sell to? (customer segment)
- How will you reach your target market? (distribution channels, partners, etc.)
- Where will you promote your product? (marketing channels)

GOALS
Marketing strategy defined - Marketing campaign designed - Landing page ready

TASKS
Define marketing strategy - Design marketing campaign - Build landing page - Start creating IP protection plan

TOOLS
Questions for marketing strategy – 5 P’s - Market Traction tool - Marketing campaign template - Marketing strategy map - Content plan template - IP protection plan

GET INSPIRED
Campaign improvement - [10 Solutions To Fix Your Busted Marketing Campaigns](#) - by Oli Gardner (Unbounce)
IP strategy - [Does Your Mobile App Need a Patent?](#) - by Rahul Varshneya (The Next Web)
Marketing campaign - [A Step-by-Step Guide to Running Successful Marketing Campaigns](#) - by Amanda Durepos (Unbounce)
Landing page - [ASP 43: How to Create Kick Ass Landing Pages](#) - Authority Pub
**Tool** Questions for marketing strategy

Answer these questions to guide you when preparing your marketing strategy draft.

| Your goals (business + marketing) - for 1-3 month, for 3-12 month. | Marketing message(s) (1 per each customer persona). |
| Your defined revenue streams: where is the money? | Competitors. Why are you better? What to learn from other successes/failures? |
| Service/product & unique value proposition (UVP). | Main possible marketing channels (fb, e-mail, guest blogging, content marketing etc.) with main activities and goals. |
| Customer persona + target groups. | What technology are you already using or planning to use? NB! What platform? |
Tool Questions for marketing strategy

Answer these questions to guide you when preparing your marketing strategy draft.

Sales or pre-sales campaign planning?

Marketing and Sales process (visitor-subscriber- lead-sign- up-trial- paid etc.).

KPIs what you will start to measure in marketing this product/service?
### The Periodic Table of Content Marketing

**An overview of the key elements of content marketing**

<table>
<thead>
<tr>
<th>Elements</th>
<th>Content Strategy</th>
<th>Format</th>
<th>Metrics</th>
<th>Sharing Triggers</th>
<th>Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cs</td>
<td>Article</td>
<td>Video</td>
<td>Sh Screenshot</td>
<td>V View</td>
<td>Vi Visualization</td>
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<tr>
<td>Ar</td>
<td>Article</td>
<td>Video</td>
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<td>Rp</td>
<td>Reputation metrics</td>
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<td>Pm</td>
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<td>Tm</td>
<td>tweet</td>
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</tbody>
</table>

**A seven-step guide to success**

1. **Take some time to define a strategy.**
2. **Figure out the formats you can use.**
3. **Think about the content types that will appeal to your audience.**
4. **Do your research.**
5. **Share your content across the key content distribution/social platforms.**
6. **Track the key metrics, and map these to your goals.**
7. **Be aware of the main sharing triggers.**

---

**Adopted from:**
Econsultancy, C. Lake,
Marketing strategy map,
available at https://econsultancy.com
Market traction

Market traction is quantitative evidence of market demand. This is usually the first and the most important indicator that the investors want to see as it is proof that somebody really wants your product. Traction can be demonstrated by different indicators, depending on the type of your start-up: profitability, revenue, active users, registered users, engagement, partnerships/clients, traffic etc. It shows momentum in market adoption. Use specific numbers (ex: 10,000 registered users) or growth numbers (ex: 20% weekly growth in users) to communicate the traction. To really excel, include a graph of your accelerating growth!

Task 1 : Customer engagement
- Adjust your customer engagement campaign
- Discuss the campaign with your Marketing Mentor
- How 23 Web & Mobile Start-ups Got Their First Users
  Autosend

Task 2 : Pitch like a boss
Start preparing the final pitch slide deck.
When you are able to pitch like a boss, it means that you are able to talk and sell your ideas - to anyone anytime, and anywhere, be it Warren Buffett himself. Often, how you pitch may become even more important than what you pitch. There are very clear do's and don'ts for pitching, and a concrete checklist of content that you are expected to address.
- The ultimate pitch deck
  Forbes
Outline the key elements of your marketing approach. Make sure that the 5 p’s strengthen one other.

**Product:**
What products or services do you provide? What are the specific features that you offer to your customers? And what makes you different/ more unique compared to the competition?

**Price:**
What are you charging for your product or services? Are you getting the maximum out of your value proposition ("value selling")? Is it enough to cover all your expenses on long and short term and still to make a profit?

**Place:**
How does your distribution and sales network look like? How will you get the products/services to your customers and clients? What are the key channels?

**Promotion:**
What kind of marketing strategy will you apply to reach your target group and trigger interest about your product/services? How will you communicate your product value and will it attract the customers?

**People:**
Who are your customers? How can you segment and characterize them? Where can you find them? Are the services or the communication to your target group customer/user friendly? Easy to comprehend? And applicable for all?

Frey, A. 1961
Tool Digital marketing tools

Which digital marketing tactics to pursue:

- Email marketing
- Social media marketing
- Search engine marketing
- Content marketing
- Display advertising
- Referral marketing
- Paid search
- Mobile advertising
- Digital video advertising
- Affiliate marketing
- Other
Marketing Campaign actions

To achieve measurable results with your marketing, you need to treat every single one of your marketing activities as a marketing campaign. It means that for every single project you’ve got to set clearly defined goals, a finite start and end date, and a means of tracking success (and failure).

GOALS
Marketing campaign preparation at full speed

TASKS
Configure Google Analytics - Create marketing campaign actions according to your marketing campaign plan - Launch marketing campaign - Request influencer tweets

TOOLS
Action list - Google Analytics

TASK 1
Configure Google Analytics for landing page

- Set your analytical engine to help you to improve on-the-go.

TASK 2
Create marketing campaign actions according to marketing campaign plan

- Build marketing campaign for social media channels according to your content plan.
- Build Google AdWords campaign.
- Fulfill other tasks according to your marketing campaign plan.

GET INSPIRED
Google AdWords - How to Create a Profitable Google AdWords Campaign (from Scratch) - by Phil Frost (KISS Metrics)
Social media campaign - A Cheat-Sheet for Creating the Best Social Media Campaigns EVER! - by Scott Ayres (Post Planner)
Tool  Marketing campaign template (pre-launch)

Based on the marketing strategy that you have defined with your marketing mentor describe your marketing plan here: what your action plan is (pre-launch, during launch, post-launch, by channels, with KPI’s).

### PRE-LAUNCH

<table>
<thead>
<tr>
<th>WHAT ACTION</th>
<th>TIME</th>
<th>WHAT CHANNEL</th>
<th>DEFINE KPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
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<td>10.</td>
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</tbody>
</table>
Based on the marketing strategy that you have defined with your marketing mentor describe your marketing plan here: what your action plan is (pre-launch, during launch, post-launch, by channels, with KPI’s).

### DURING LAUNCH

<table>
<thead>
<tr>
<th>WHAT ACTION</th>
<th>TIME</th>
<th>WHAT CHANNEL</th>
<th>DEFINE KPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
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<td>10.</td>
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</table>
Marketing campaign is ready: get down with the plan of actions

A marketing campaign isn’t something that comes to you while you’re taking a shower. Successful campaigns tend to be carefully researched, well thought-out and focused on details and execution, rather than resting on a single, grand idea.

A Step-by-Step Guide to Running Successful Marketing Campaigns
Unbounce

You are free to use any other digital marketing platform more suitable for your marketing campaign.
In the template below, develop a content plan for social media usage - what exactly (text/photo/video), when (date) and where (channel) you plan to share. Include link/image/file of your shareable content.

<table>
<thead>
<tr>
<th>Web marketing channels</th>
<th>Check the box if your pick this</th>
<th>What message(s) will you share?</th>
<th>When will you share your message? (date)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook</td>
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<tr>
<td>LinkedIn</td>
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<td></td>
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<td>Twitter</td>
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<td>Instagram</td>
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<td>Youtube</td>
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<td>Pinterest</td>
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<td>Google +</td>
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<td>VK</td>
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<td>Flickr</td>
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<tr>
<td>Meetup</td>
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<tr>
<td>Reddit</td>
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<tr>
<td>Scoop.it</td>
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<td>Quora</td>
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<td>Slideshare</td>
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<tr>
<td>Visual.ly</td>
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<tr>
<td>Other …</td>
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</tbody>
</table>
In some markets "speed" is critical, in others - it’s customer service and your relationships. Yet, make sure you understand the value of and the risks to your IP, especially when your IP accounts for a high percentage of the company’s value.

Your intellectual assets and IP are important to provide you with competitive advantage as well as give you strong arguments with your investors.

Different types of IP assets are treated differently when it comes to the frequency, focus, and required actions. Thus, choose your method and actions wisely!

**GOAL:**
Have a clear approach on protecting your key assets & don’t take risks with your competitive edge

**TASKS:**
Audit your assets IA & IP – draft a plan on how to protect it

**TOOLS:**
IP protection checklist, IP protection options

---

**TASK 1**
Evaluate your assets and decide on protection method

Be confident in your go-2-market without having fear that your solution might be copied and your competitive advantage taken away.

**TASK 2**
Make sure you have taken all the necessary actions to protect your key assets under competitive risks

Be smart, be protected - install processes and legal measures as necessary!
While no law in any country protects simply a “good idea”, there are various components of your Intellectual Property that can indeed be protected. These include your brilliant invention, smart software, clever design, brand name, logo, music, tagline, secret recipe, and the like. These protectable components generally take the following forms:

- Utility patents protect your invention (hardware, software, and mechanical components).
- Design patents protect the aesthetic aspects of your invention (look, design, decoration).
- Trademarks protect your business and product names (logo, brand, colour, tagline).
- Copyrights protect your expression (song, jingle, poem, marketing materials, videos, source code).
- Trade secrets protect your confidential business information that provides your competitive edge. (Note that this is unregistered protection that you are responsible for guarding - e.g., formula for Coca Cola.)

<table>
<thead>
<tr>
<th>WHAT IS PROTECTED?</th>
<th>PATENTS</th>
<th>TRADE MARKS</th>
<th>REGISTERED DESIGN RIGHTS</th>
<th>COPYRIGHT</th>
<th>TRADE SECRETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventions</td>
<td>Brand identity, including words &amp; logos</td>
<td>What the product looks like</td>
<td>Source code business plan, marketing materials</td>
<td>Business methods, strategies, list of suppliers, clients, processes</td>
<td></td>
</tr>
<tr>
<td>HOW LONG?</td>
<td>Up to 20y (subject to annual renewal)</td>
<td>Forever (renewals every 10y)</td>
<td>Up to 25y</td>
<td>Life plus 70y</td>
<td>Unlimited</td>
</tr>
<tr>
<td>WHAT DOES IT PROTECT AGAINST?</td>
<td>Your idea being used, sold, manufactured</td>
<td>The use of your trademarks by others without permissions</td>
<td>Your product being manufactured, sold or imported</td>
<td>Your work being copied, reproduced</td>
<td>Unfair competition by commercial espionage, breach of contract and breach of confidence</td>
</tr>
</tbody>
</table>
Homework list

Fill in your own goals to complete this sprint.

1.

2.

3.

4.

5.

6.
SPRINT 4, Mile 5

PITCH
Get prepared to raise funds

Lead questions to discuss with your mentor in this sprint.

- Define your financial metrics
- Funding strategy
- Fundraising & pitching
Define your financial metrics

As a start-up, you need to manage your financial metrics a bit different than the traditional finance focus in companies. The difference between these is that finance in start-ups is more focused on monitoring and validation, in traditional company’s is the focus more on planning and budgeting.

So as a start-up you need to fill in metrics to evaluate whether you can scale up your business with the current building blocks of your business model.

**GOALS**
Financial KPI’s calculated

**TASKS**
Calculate & define financial KPI’s

**TOOLS**
Financial improvements - 5 year financial projection - Risk management - Risk hedging options - 65 VC questionnaire

---

**TASK 1**
Define your financial metrics

- Identify relevant financial metrics
- Evaluate & calculate these matrices and process these in your pitch deck.

**TASK 2**
Evaluate regularly

- Evaluate the results of these calculations
- Make changes in your business model if it's necessary
As already mentioned startups need some other finance focus then traditionally companies. To optimize your financial structure you need to map the profit and losses. When you have identify these profits and losses you can generate options to improve your business case. You can do this exercises for different time slots 1 year, 3 years or 5 years.
As already mentioned startups need to have a different angle on finance than traditionally companies. The areas of key performance indicators you need to monitor as a startup:

- **Cash**: Where does the cash burn? What’s run away? What’s the run rate?
- **Product**: What is the customer satisfaction.
- **Sales**: What’s the productivity vs. the efficiency and what will be the ROI.
- **Marketing**: What’s the efficiency vs. the cost to acquire and what will be the ROI?
- **Operations**: What is the efficiency vs. the effectiveness?
- **Team**: What is the commitment vs. the enthusiasm.
Tool 5 year financial projection

Make a first draft of the financial projections of the first 5 years.

<table>
<thead>
<tr>
<th>Costs</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start-up investments &amp; costs</td>
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</tr>
<tr>
<td>Running field costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Running variable costs</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Income</th>
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</table>

<table>
<thead>
<tr>
<th>Balance at the end of the year</th>
<th></th>
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</tr>
</thead>
</table>

© Verhaert 2013
## Tool: Risk management

### Listing the risks

1. **Product market specific risks**
   - 1
   - 2
   - 3

2. **Firm specific risks**
   - 1
   - 2
   - 3

### Categorizing / characterizing the risks

- Operating risk
- Financial risk
- Continuous risk
- Event risk
- Small risk
- Catastrophic risk
- Risk assessment

### Measure the effect of the risks

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### Tool: Risk hedging options

Generate risk hedging options/strategies for the risks you identify on the previous page.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Risk hedging options / strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>
What will be your strategy to get funding?

Financing a whole start-up project by yourself is very hard, their fore almost every start-up is looking for funds. But there are a very small group that receive funds. So what to you need to do to be the lucky one that receive funding? At one side you need to choose the right funding strategy, not every start-up have the same needs so it’s is very important to identify yours.

Successful entrepreneurs are not always the one with het most elaborated business plan, but the one who think creative about how they can acquire cash. Which creative combination you make to acquire the cash your start-up need?

**GOALS**
Funding strategy is defined. Ready for pitching.

**TASKS**
Create a funding strategy - Prepare your pitch & pitch deck

**TOOLS**
Design a funding strategy - The 5 P’s of a good pitch - Fundraising & pitching - The 11 slides of a funding pitch - Become a VC - Funding acquired.

**TASK 1**
Choose a suitable funding strategy

- Use het six Mission Critical Metrics to identify relevant financial metrics
- Evaluate & calculate these matrixes and processed these in your pitch deck.

**TASK 2**
Finalize your pitch deck

- Add the last financial data or insights that you get by making the financial exercises.
- Try to pick the most relevant data
- Make sure that you have an interesting about your financial data
- Figure out what the counter arguments can be and find a good answer.
### Tool

**Design your funding strategy, select and combine**

<table>
<thead>
<tr>
<th><strong>Bootstrapping</strong></th>
<th>Funding your enterprise of start-up project without debt.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Friends, Families and Fools = Win-win loan (BE)</strong></td>
<td>A subordinated loan, which one of the F’s granted you. More info <a href="#">Agentschap innoveren en ondernemen &amp; PMZ</a>.</td>
</tr>
<tr>
<td><strong>Crowdfunding</strong></td>
<td>Public funding via an online platform. It’s important to choose a good platform, 3 types: financial, rewarding or donation.</td>
</tr>
<tr>
<td><strong>Business Angels</strong></td>
<td>A private investor, who has enough time, money and business experience who’s willing to mad these resources available for an entrepreneur in a seed- or start-up phase.</td>
</tr>
<tr>
<td><strong>Incubators and/ or accelerators</strong></td>
<td>Incubator = a substantively program to coach a start-up, accelerator = a physical space where a modest content start-up coach program is offered.</td>
</tr>
<tr>
<td><strong>Venture capital</strong></td>
<td>Capital that is invested by venture capitalist to fund start-ups with a big risk to fund.</td>
</tr>
<tr>
<td><strong>Partnerships</strong></td>
<td>A partnership is an arrangement in which two or more individuals share the profits and liabilities of a business venture.</td>
</tr>
<tr>
<td><strong>Small business grants</strong></td>
<td>Non-repayable funds or products disbursed by one party, often a government department, corporation or foundation. More info (Flanders) <a href="#">Subsidy database</a>.</td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td>The act of giving money, property or other material goods to another party in exchange for future repayment of the principal amount along with interest or other finance charges finance.</td>
</tr>
<tr>
<td><strong>Battering</strong></td>
<td>Trading goods or services between two or more parties without the use of money.</td>
</tr>
<tr>
<td><strong>Customer funding</strong></td>
<td>Business arrangement between a vendor and its customer wherein the customer agrees to provide the vendor with some level of up-front funding in advance of delivery of the product or service.</td>
</tr>
<tr>
<td><strong>Leases</strong></td>
<td>A form of credit whereby the lender or lessor buys business equipment, assets or durable consumer goods and makes it available to the borrower or lessee for a pre-agreed term and at a fixed fee.</td>
</tr>
</tbody>
</table>
Tool 5 P’s of any good pitch

- **Problem** - What is the real problem that you solve with your product/service?
- **Promise** - What do you promise to your customers?
- **Proof** - Why would I believe you?
- **Profit** - In which way will you make money?
- **Passion** - I’ll do whatever it takes!

**TIP**

Guy Kawasaki’s 10/20/30 Rule for PowerPoint

- 10 slides
- 20 minutes to present the slides
- 30 point font or greater
The purpose of a pitch is to stimulate interest, not to cover every aspect of your startup and bludgeon your audience.

1. **Title**: Provide company name, your name and title, address, email and cell number.
2. **Problem/Opportunity**: Describe the pain that you are solving or the problem you are providing.
3. **Value Proposition**: Explain the value that you provide or the value that you create.
4. **Underlying Magic**: Describe the technology, secret sauce or magic behind your product. The less text and the more diagrams, the better.
5. **Business Model**: Explain who has your money temporarily in his pocket and how you’re going to get it into yours.
6. **Go-to-Market Plan**: Explain how you are going to reach your customers without breaking the bank.
7. **Competitive Analysis**: Provide a complete view of the competitive landscape. Too much is better than too little.
8. **Management Team**: Describe the key players of your management team, board of directors and advisors as well as your key investors.
9. **Financials & Metrics**: Provide a three-year forecast, including not only your business but also key metrics, such as number of customers and revenue rate.
10. **Status & Timeline**: Explain the current status of your product, what you need to look like, and how you’ll use the money you’re going to raise.

© Verhaert 2019
Venture capital competition enables you to step into the shoes of a VC and think like one. You will act as a VC investor search online for a start-up/funding presentations and asses these from a VC perspective. Listening to pitches and assessing them form the VC point of view will help you better understand how investors compare and select their preferred projects. This, in turn, will help you better prepare and fine-tune your own pitch.

Making an impression to the investors with the first seconds of your appearance and pitch will be crucial and can mean everything for your future business success or failure.

**Tips to act like a real VC**

- Make notes of things you like and things you don’t like.
- Evaluate the following criteria.
  - Team
  - Market opportunities
  - Value propositions
  - Investment propositions
  - Risks
- Select a team in which you want to invest.
Funding acquired!

When your presentation is finished and you’re ready to give a pitch for certain venture capitalists, there are some ‘rules’ that you need to keep in mind.

• The objective of the pitch is to get a meeting.
• Slides are a support to tell your story, you are the start of you’re presentation, not your slides.
• You need to build an effective pitch, 80% need to be about the problem, 20% need to be on the solution.
• Practice your pitch.
• Be ready to answer questions, but be careful and precise with numbers and facts.
• Show your enthusiasm, be energetic and passionate to make the investors love what you love.
• Don’t loose your sense of humor, even if there is something that goes wrong.

FUNDING QUESTIONS

• What do you see are the principal risks to the business?
• How can the early traction be accelerated?
• What are the company’s three-year projections?
• What is the cost of a customer acquisition?
• What relevant domain experience does the team have?
Homework list

Also fill in your own goals for this sprint.

1.

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6.
SPRINT 4, Mile 6

FINAL PITCHING EVENT

Just do it

Lead questions to discuss with your mentor in this sprint.

• How should I act out?
• What key messages will work?
How to act during a funding pitch?

As a start-up, you need to raise interest and build confidence in your idea! This means that you have an convincing validated proposition as well as motivation to carry it out!

Firstly, it is a story that needs to have the right content packaged in a concise way. Secondly, it’s a story that needs to be communicated as irresistible investment opportunity. Thirdly, it’s a story of your team that will make it happen with passion and hard work!

**TASK 1**
Building your story and pitch deck!

**TASK 2**
Practice the story telling
- Organize a few dry-runs
- Ask others to listen and give you feedback
- Iterate as many times as needed

**GOALS**
To perform a good funding pitch

**TASKS**
Evaluate and improve your own skills

**TOOLS**
Pitching frameworks
Tool: Mehrabian’s tool

Do you know when to use a low voice?

- Vocal: 38%
- Verbal: 7%
- Visual: 55%

Do you know when to wear a power suit?

Source: Albert Mehrabian, PhD
Tool Pitch guidelines

Adopted from: Extreme presentations, Dr. Abela, available at https://extremepresentation.com/ © 2019
Tool Structure of the story

- Hook
- Buy-in
- Main bones (in bits)
- Spine (the big promise)
- Summary
- Call to action
**Tool** Speaker: body language

- Keep eye contact
- Avoid tics
- Move around
- Open attitude
- Use your arms/hands
- Frontal contact
- Smile
**Tool** Cast-method

### CONTENT


### TELLING

Who design your story? Who will validate them?

### AUDIENCE

Who is your audience? And which lean- and decision styles they have?

### STORY

What is the structure of your story? What are the characters of your story? What’s the sense of urgency? Do you have a presentation plan?

---
