



ACETECH

BY CEOs FOR CEOs

New Ventures B.C. Presentation

Ralph Turfus

April 4, 2011



“Assessing the Opportunity”

- 1. Your Go To Market Strategy – how and why you will WIN?**
- 2. Your Market Opportunity – is it attractive and worthwhile?**
- 3. You as an Entrepreneur?**



Ralph Turfus Background

- Education – BSc, MSc and MBA
- Ex ROTP and Canadian Air Force Officer – 7 years
- 28 Years as Founder and CEO
 - Escom (founded 1976) and Class (2000 name change)
 - 8 startups & a bunch of strategy shifts & 4 recessions & sold 5 companies
 - Completely internally financed – 1 shareholder
- Class status when sold in 2004
 - #1 in the market for P&R solutions, Y's, Continuing Ed, University Student Recreation, Government CRM (new market) 730 customers in Canada, USA, NZ and Aus
 - 145 employees (25 in India); ~\$20M in Revenue; ~18% EBITDA; 25% per annum growth rate; 1+ office location
- Current Tech Industry Involvement
 - Associations – Premiers Technology Council, BC TIA & AceTech
 - Investor – 17 direct and 5 Funds (WUTIF, Yaletown I & II, BC Discovery, GreenAngel) ~ 105 total investments direct and indirect
 - CEO Mentor & Boards – 7
- Recognition
 - 2000 – Canadian Recreation Association Person of the Year
 - 2006 – B.C. Technology industry Person of the Year
 - 2008 – AceTech Fellow – Growth Strategy Program



Key Motivation for the Growth Strategy Program

"90% of the business plans we see don't stand up to serious scrutiny. A frequent problem is fuzzy thinking about the product, competition, and why customers can't live without it.

Furthermore, even the best product idea won't succeed without a winning strategy, and a practical plan to implement it."

Mike Satterfield

Yaletown Venture Partners



What is a Startup?

A Startup is a human institution (organization) formed to:

Create and deliver a **new Product or Service** under conditions of **extreme uncertainty**

Goal – market ‘beachhead’

and

Become **sustainable** through the **discovery** of a **Profitable, Repeatable** and **Scalable Business Model**

Goal – market ‘dominance’

Your immediate Goal is to transition your Product or Service from Hypotheses (Unknowns) to Facts (Knowns) and reduce Risk (attain Certainty) as fast as possible!

Comfort Zone & Additions to your Thinking

FROM

TO

Product & Feature
Internal focus

Selling Success



Customer & **Value**
External focus

Lots of Features
Reactive; R&D

Strategy Success



Differentiator / Sweet Spot
Proactive; Marketing & Sales

Unpredictable results
Cash In from **Investors**

Company Success



Reliable / Sustainable results
Cash In from **Customers**



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“Assessing the Opportunity”

1. Your Go To Market Strategy – how and why you will WIN?



Positioning Statement

“Any road will get you there if you don’t know where you are going!”

Create a **Hypothesis** of what you believe is a winning Product Offering and Go To Market Strategy.

Leverage all the Intellectual Capital you can access, especially so that you convert your Hypotheses to Facts, accurately.

Validate your Hypothesis and transition it to Facts first by talking to potential customers in your Target Market, then by actual Customer experiences when they are ‘Live’ with your Product.



Elements of a Positioning Statement

1- For

Specific Customer you could sell to in a key segment?

Your sandbox? Target customer is?

2- Who need

Needs/Pains/Hurts! Compelling reason to buy!

What Problem is being solved or new opportunity addressed?

3- Product X is

The product category is?

4- That provides

Key Benefit that addresses the compelling reason to buy?

5- Unlike competition A, B, C

Competitor product categories & leaders?

6- Our product

Key competitive differentiation?

7- Company also provides

What else is needed for a Whole Product?

Partners provide?



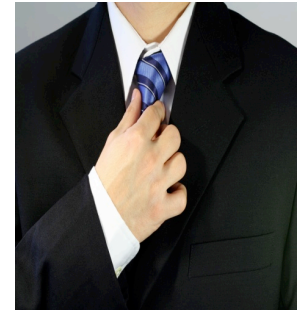
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Selling Transaction Fundamentals

BUYER



SELLER



NEEDS / PAIN / HURT



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Positioning Statement: Neoteric

FOR: blood bank departments in hospitals

WHO NEED: to lower costs by reducing blood wastage & transfusion labour

NEOTERIC IS:

THAT PROVIDES:

UNLIKE COMPETITORS:

OUR PRODUCT:

COMPANY ALSO PROVIDES:



ACETECH

Positioning Statement: FitBrains

FOR: females age 35 to 55 in North America

WHO NEED: to maintain their brain acuity in an effective way

FITBRAINS IS:

THAT PROVIDES:

UNLIKE COMPETITORS:

OUR PRODUCT:

FITBRAINS ALSO PROVIDES:



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Exercise

Exercise #1

~ 10 minutes

You create your first version of:

Lines 1 - Who is the Target Customer?

Line 2 - What is the PAIN that the Target Customer wants solved?

What Good Looks Like!

- **Target Market** - a clear definition of the typical buyer.
- **Pain** - a precise statement of the Pain and why. This should convey a big sense of OUCH!



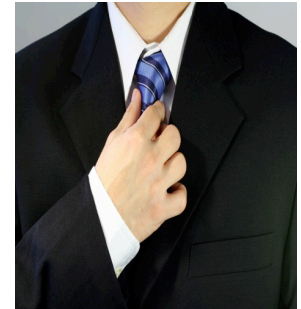
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Selling Transaction Fundamentals

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SELLER



VALUE



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Positioning Statement: Product X is

CATEGORY & POSITIONING



Words that define how Customers will find YOU



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Positioning Statement: That provides

Your RESCUE for the HURT/PAIN of the CUSTOMER



**The Quantity, Quality and Timing of VALUE Gained by the
Target Market/Customer from YOU**



Your Value

Feature, Benefit and Value Definitions:

Feature	What your Product does
Benefit	The gain that the Buyer derives from your Product Feature Measurable and/or Tangible – Logical (IQ) Hard to Measure and/or Intangible – Emotional (EQ)
Value	The Net Benefit that the Buyer receives

Benefits/Strengths

-

Costs/Weaknesses (includes your Price)

= Your VALUE



Examples of Benefits for a Customer

Logical / Tangible

1. Financial Changes
 - Increase Revenues
 - Decrease Costs
 - Increase Profits
2. Operational Efficiency
 - Productivity increase
3. Risk - think "insurance"
 - Reduction/Mitigation
 - Safety
 - Reputation



Examples of Benefits for a Customer

Emotional / Intangible

1. Satisfaction **Increase**
 - Customer
 - Employee
2. Time **saving**
 - Ability to Save Time / Convenience – its easy
 - Immediacy - now; faster and better
3. Personal Satisfaction **Increase** - Digital Media
 - **Easier** connectivity with others like you - creating & maintaining relationships
 - **Increase** Image / Reputation
 - Belonging – exclusivity; special club
 - Success & status
 - Desirability due to scarcity
 - Fun / Entertainment **increase**
 - Health & Well Being **increase** – information; games
 - Creative learning **increase**



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Positioning Statement: Neoteric

FOR: blood bank departments in hospitals

WHO NEED: to lower costs by reducing blood wastage & transfusion

NEOTERIC IS: a blood transfusion management hardware and software solution

THAT PROVIDES: controlled access storage so that unused blood allocated to operations can be returned to the central storage, eliminating wastage

UNLIKE COMPETITORS:

OUR PRODUCT:

COMPANY ALSO PROVIDES:



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FITBRAINS IS: a scientifically proven brain training technique delivered using an online casual games platform

THAT PROVIDES: a suite of online casual games that exercise all five main areas of the brain helping to provide a healthy life style

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Exercise

Exercise #2

~ 10 minutes

You create the first version of:

Lines 3 - What is the Category that your product fits into?

Line 4 - What is the Value (Benefits) that you provide?

What Good Looks Like!

- **Category** – the customer can use Google to describe your Product and find you
- **Benefit** – a clear statement of what the Benefit is that a Buyer is receiving. This Benefit statement ties directly to solving the PAIN ALOT!



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Selling Transaction Fundamentals

BUYER

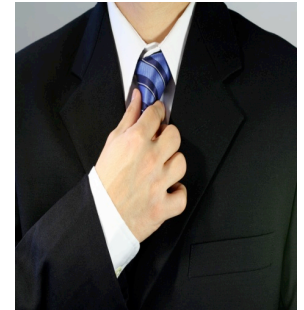


Needs

A Deal Occurs When:
Seller Solution & Value
best solves
ALL Buyer Needs

Solution

SELLER



Choices

COMPETITORS



DIFFERENTIATOR





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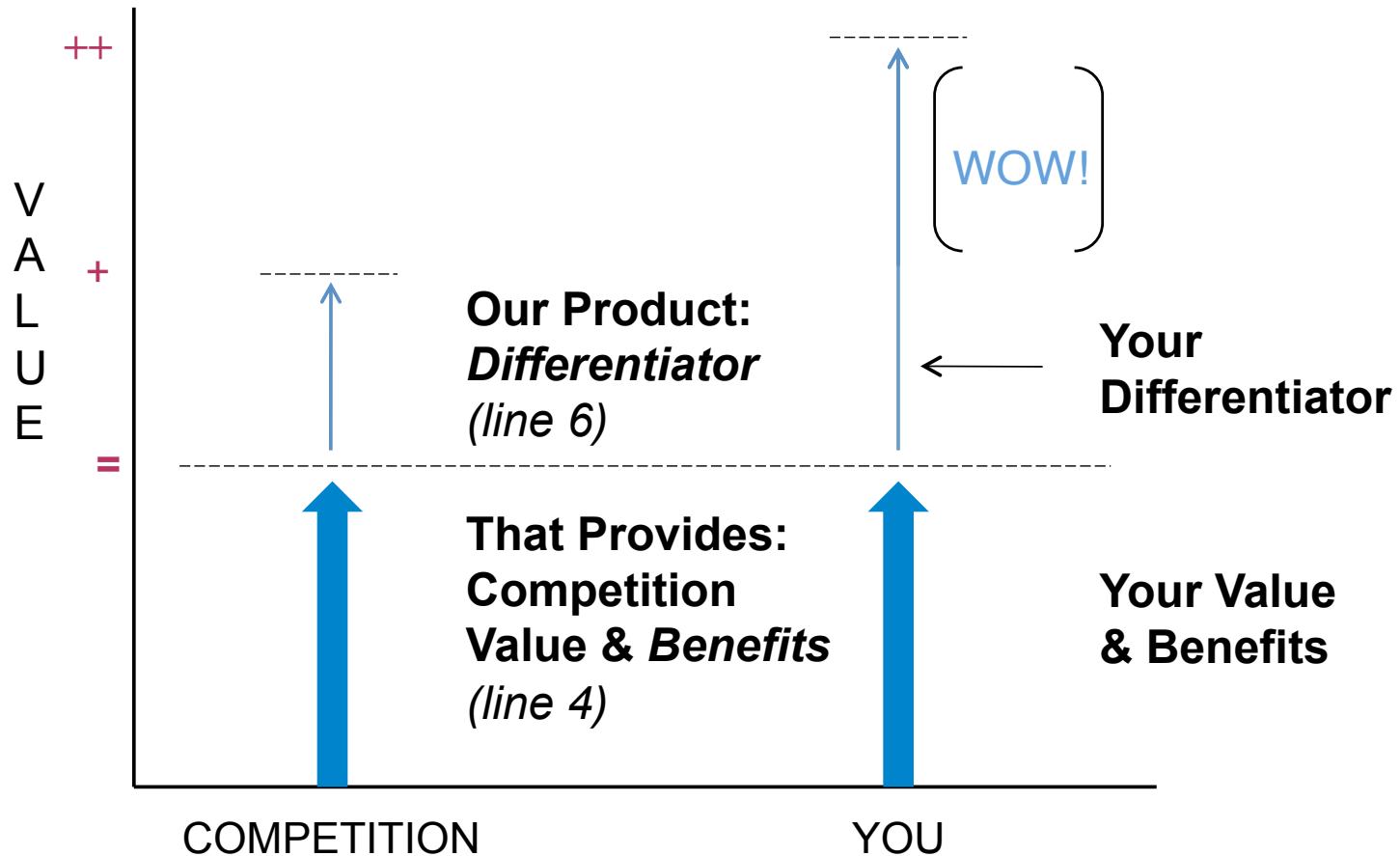
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What else is needed for a Whole Product?

Partners provide?



YOU WIN!





You WIN when:

Your Company

Benefits/Strengths

-

Costs/Weaknesses (Price)

= Your VALUE

Your Company's VALUE

The Competition

Benefits/Strengths

-

Costs/Weaknesses (Price)

= Their VALUE

Competitor's VALUE

> >

Your Differentiator is your 'trump' to WIN!!



Talking Points

Sources of Customer Value, in descending order of strength:

- Your Product – **Features → Benefits**
- Your Company
- Your People

Decision Making process by the Buyer, in descending order of strength:

- 1st, **Best Differentiated Value**
- 2nd, Lowest Price
- 3rd, Lowest Risk



“Smartphone” Positioning Statement

1- For **People who are mobile**

2- Who need **To stay connected constantly**

3- Smartphone is **An all in one device for email, phone, internet access and apps**

4- That provides **Inexpensive, mobile, real time access to key processes & data**

5- Unlike competition A, B, C **RIM, Apple and Google (Android)**

6- Our product is

RIM – secure data communication

Apple – high usability and ‘cool’

Google – ubiquitous and choices

(against Apple & Google)

(against RIM & Google)

(against RIM & Apple)



ACETECH

Positioning Statement: Neoteric

FOR: blood bank departments in hospitals

WHO NEED: to lower costs by reducing blood wastage & transfusion labour

NEOTERIC IS: a blood transfusion management hardware and software solution

THAT PROVIDES: controlled access blood storage so that unused blood allocated to operations can be returned to the central storage, eliminating wastage

UNLIKE COMPETITORS: such as paper based systems and manual methods

OUR PRODUCT: eliminates deaths from blood mismatching using barcode confirmation

COMPANY ALSO PROVIDES: full implementation and support services; solution updates; customer conferences



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Positioning Statement: FitBrains

FOR: females age 35 to 55 in North America

WHO NEED: to maintain their brain acuity in an effective way

FITBRAINS IS: a scientifically proven brain training technique using an online casual games platform

THAT PROVIDES: a suite of online casual games that exercise all five main areas of the brain helping to provide a healthy life style

UNLIKE COMPETITORS: such as Lumous Labs

OUR PRODUCT: is fun, social and competitive as you wish, causing people to keep coming back

FITBRAINS ALSO PROVIDES: a range of research papers on brain fitness, constant product innovation through new product updates



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Exercise

Exercise #3

~ 10 minutes

You create the first version of:

Lines 5 - Who are the top 1 or 2 Competitors?

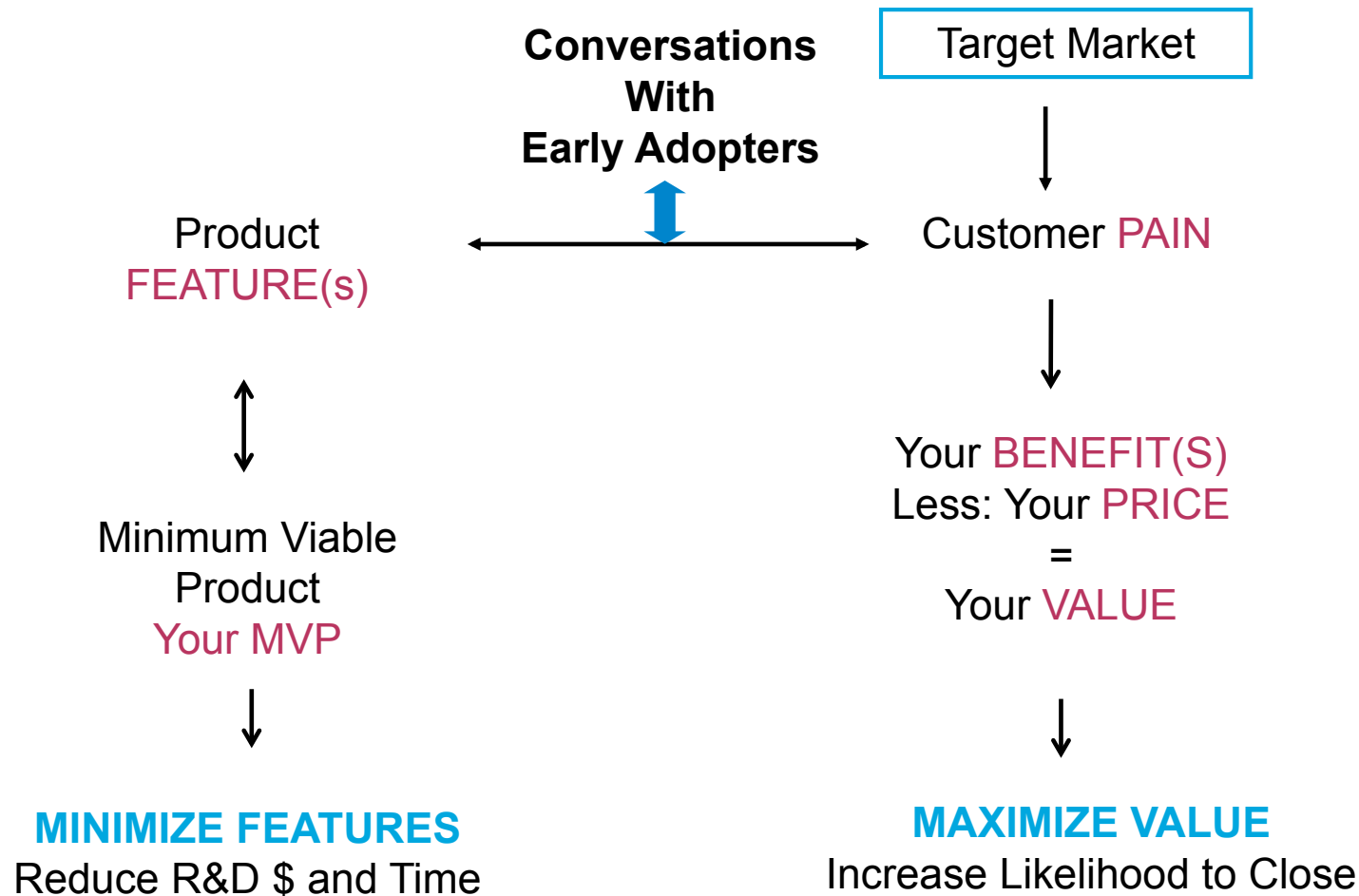
Line 6 - What is your Differentiator for each Competitor?

What Good Looks Like!

- **Competitors** – the top 1 or 2
- **Differentiator** – compared to each competitor, what is the WOW factor that they don't provide. Good = the overall value increases A LOT and WINS the deal!



Connecting Feature(s), Benefit(s), Price & Value





Why the Positioning Statement is Important!

Perspectives

Staff – involved; empowered; aligned

Investors – confidence; focused; business like – value, not features

Customers – involved; they want your product to be the best

Risk Mitigation – ‘think 1st, then do’; **convert Hypotheses to Facts**

You – you looked at all the choices and selected the ‘best’
confidence about doing the right things, right
you have a communications tool – your 17 second pitch



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“Assessing the Opportunity”

2. Your Market Opportunity – is it attractive and worthwhile?



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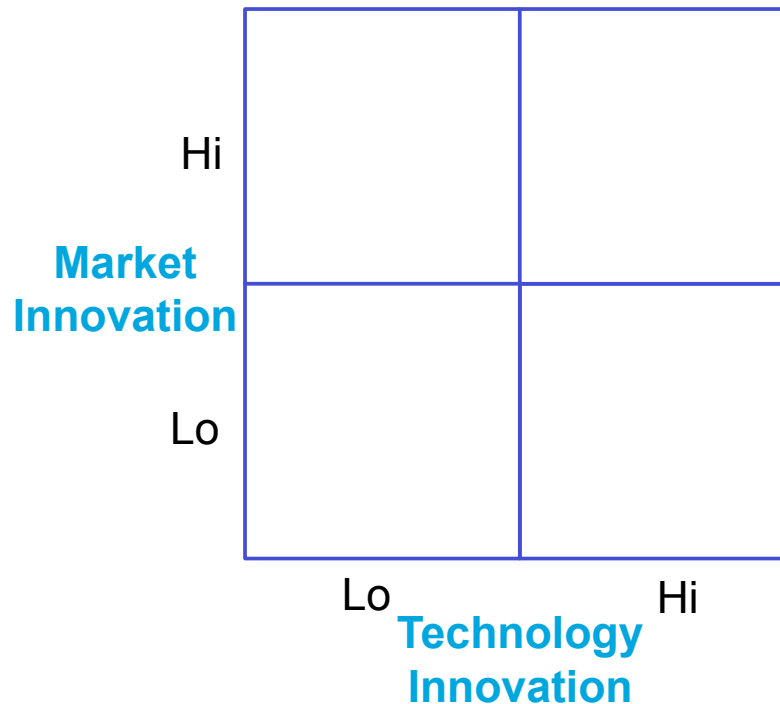
Business Hypotheses Creation

Your Source of Innovation

Your Opportunity in \$\$

**Think like an investor, because you are,
and likely the biggest one!**

Innovation Source - Market & Technology



Lo to Hi Boundary

- New - revolutionary
- Disruptive

Questions & Comments

- What is your **Innovation** – Market, Technology, Both?
 - What is the source of your **Innovation**?
 - What is your **Unfair Advantage** that you bring to this **Innovation**?
 - Do you know the **Risks** you face? They are easy to miss or underestimate!
- Innovation** means **Risks** which convert into **time** and **money to solve**



Your Opportunity – How BIG is it?

How **BIG** can this **Opportunity** get?

Total Market – if ALL Buyers bought at your Target Price

- Revenue = Your Target Price X ALL Units
- **OK is a Total Market > \$100M**

Total Addressable Market – the Market that you can realistically sell into

- Revenue = Likely Price X Likely # of Units
- **OK is a Total Addressable Market > \$50M**

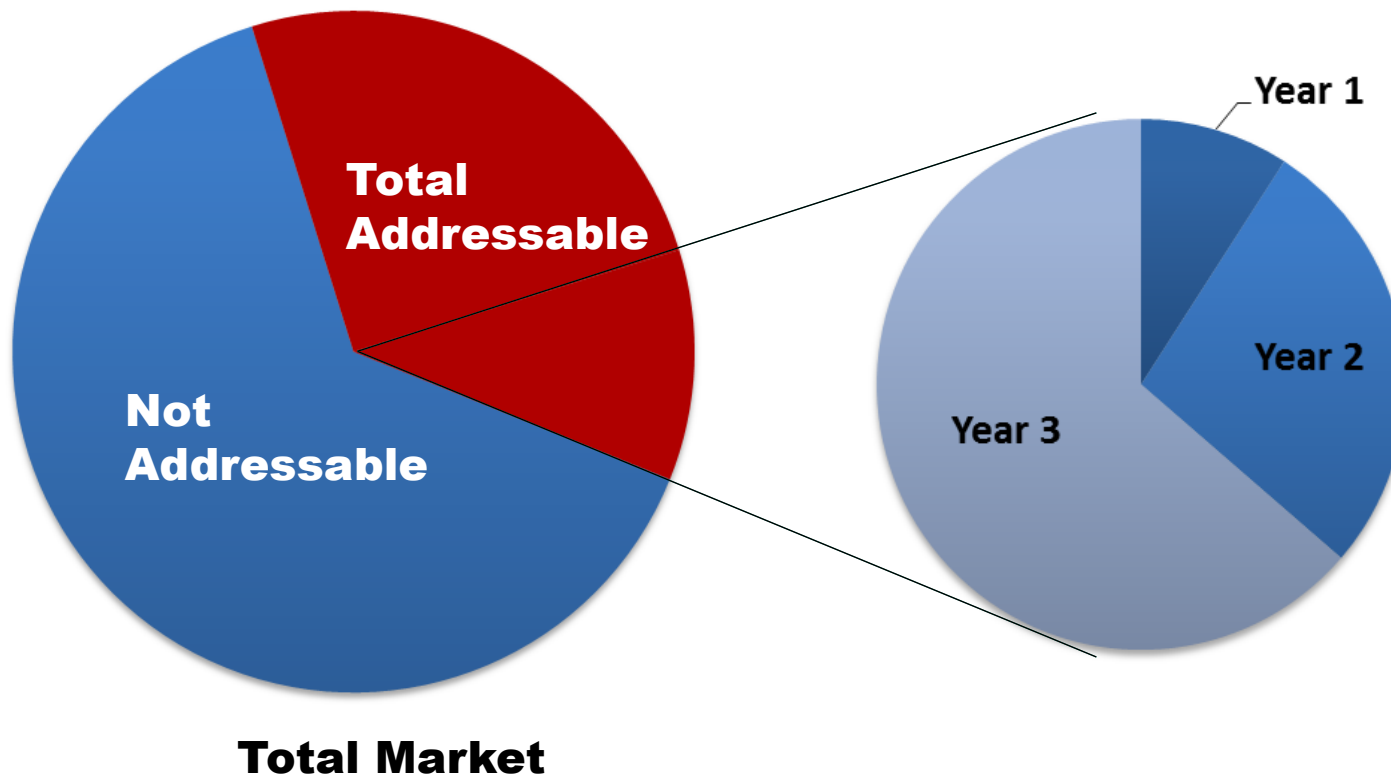
Year 1, 2, 3 – Expected Market Results for the first 3 years

- Revenue = Year 1, 2, 3 – Price Expected X # of Units per Year
- **Good is Year 1 ~ \$0, Year 2 > \$500K, Year 3 > \$1M**

Is this opportunity **Worthwhile**?



What is your Market Size?





Your Opportunity

Measure	# of Units	X	Price per Unit	=	Total Revenue
Total Market	_____		_____		_____
Total Addressable Market (TAM)	_____		_____		_____
Year 1 Revenue	_____		_____		_____
Year 2 Revenue	_____		_____		_____
Year 3 Revenue	_____		_____		_____



Exercise

Exercise #4

~ 10 minutes

You create the first version of:

- Your Opportunity Expectations in \$\$
- Where did your Opportunity come from? What is your Unfair Advantage?
- Describe the Source of your Innovation. Market or Technology or Both
- List of Key Risks – Market & Technology

What Good Looks Like!

- **Opportunity Expectations** – good market size; beachhead; large room to expand
- **Unfair Advantage** – your leverage to get you started



“Assessing the Opportunity”

3. You as an Entrepreneur?



You as an Entrepreneur

Ralph's Personal Experience & Thoughts – “Control of My Destiny”

Starting Out

Boss Choices - setup for disaster to work for anyone, probably.

Risk & Challenges – liked challenges; sports & school. Was an investor through school. Liked the deep end of the pool; sink or swim.

Attitude - built for startups and not big companies. Perseverance and persistence – prepared to invest the time and energy, and did.

Financial Rewards – modest salary + BIG Capital Gains

Skills Help

Unfair Advantage - MBA helped for good business fundamentals. Technical education helped for vetting technology, especially in the beginning.

Sales – I liked sales; took ~ 6 sales training courses in the 1st 6 months



You as an Entrepreneur

Ralph's Investor Criteria – Management, Management, Management

Attitudes

Listen, Learn, “Do” Loop – can have a rational and balanced conversation with the person and see some results.

Smart & Savvy – but not arrogant!

Attitudes – high energy, perseverance, very competitive, judgment, honest, likes great people to work with.

Business, Value, Customer oriented – likes being in front of Customers and selling because they like to compete in solving their Needs; good communicator.

Skills & Experiences

2nd Time being a CEO of a startup

Unfair Advantage – marketing, domain and/or technical expertise



Summary – the “Winning” Combination

1. Find a **BIG Customer Need**, solve the Need with superior Value and Differentiate yourself from the Competition – your Go To Market Strategy

in a

2. **Market** that is Attractive and Worthwhile

with a

3. Highly focused, committed and skilled **Entrepreneur**

It is an absolute **BLAST** for the right type of person!!

BEST of LUCK!!



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Wrap Up Thought

**“WITHOUT EXCEPTION, ALL OF MY BIGGEST MISTAKES
OCCURRED BECAUSE I MOVED TOO SLOWLY”**

John Chambers – CEO, Cisco

