



ACETECH

BY CEOs FOR CEOs

New Ventures B.C. Presentation

Ralph Turfus

April 4, 2012



“Assessing the Opportunity”

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



Ralph Turfus Background

- Education – BAsC, MASc 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 & sold 5 – plus 4 recessions and various ‘big pivots’
 - 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, AceTech
 - Investor – 19 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



The Purpose of Business – Dr. Peter Drucker

If we want to know what a business is, we have to start with its purpose. And the purpose must lie outside the business itself. In fact, it must lie in society, since a business enterprise is an organ of society. There is only one valid definition of **BUSINESS PURPOSE; TO CREATE A CUSTOMER**. The customer is a foundation of a business and keeps it in existence. The customer alone gives employment. And it is to supply the customer that society entrusts wealth-producing resources to the business enterprise.

Because it is the purpose to create a customer, any business enterprise has two – and only two – basic functions: **MARKETING & INNOVATION**. These are the entrepreneurial functions. **MARKETING** is the distinguishing, the unique function of the business.

Action Point: Find out what needs your customers want fulfilled today. Determine how well your products are meeting the needs of your customers.

THAT IS THE PURPOSE OF BUSINESS!!



What is a Startup?

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

Create and gain agreement from **CUSTOMERS** to use
a new Product or Service
under conditions of **extreme uncertainty**

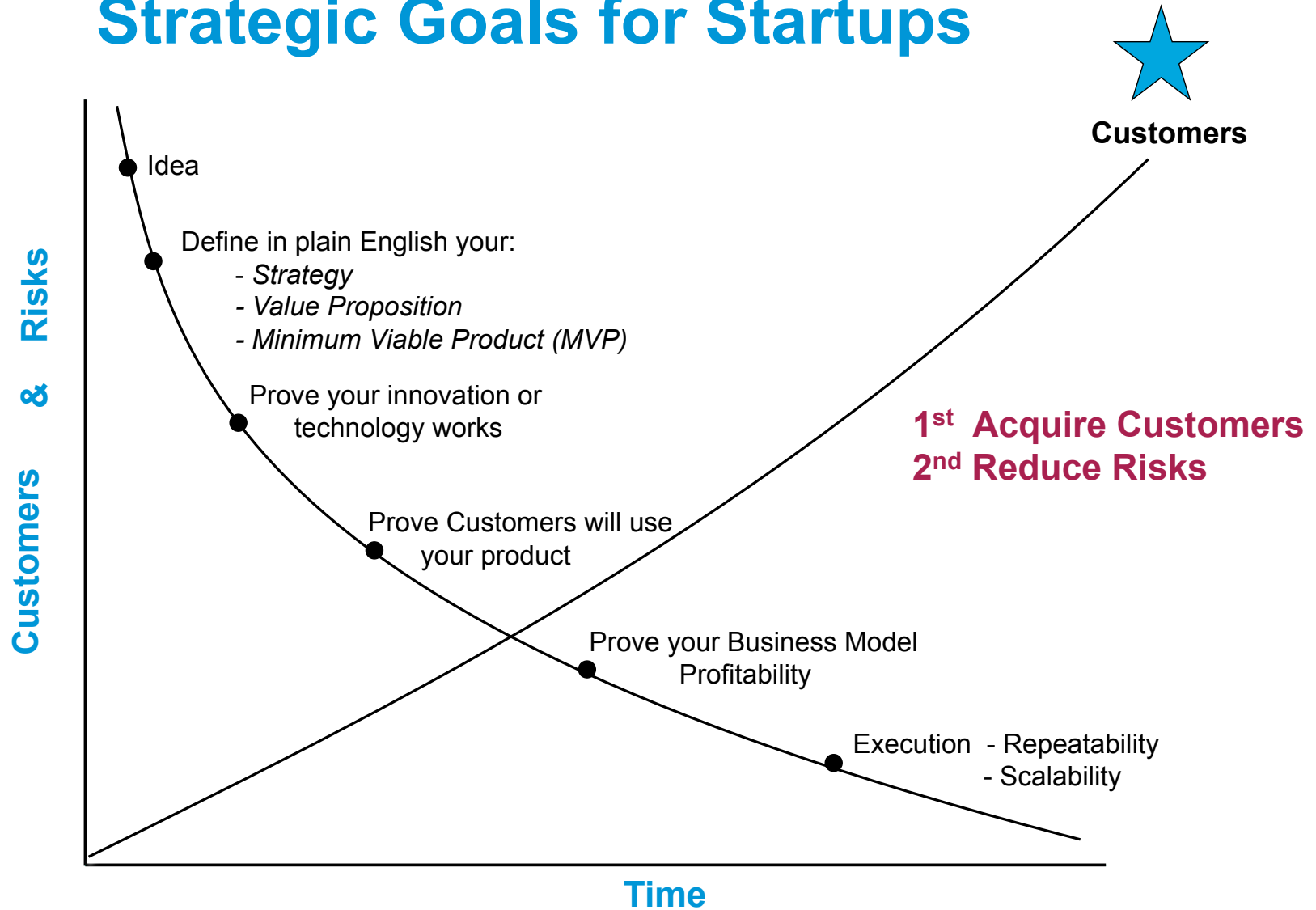
and then

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

**Your immediate Goal is acquire Customers and in doing so transition your
Product or Service from Hypotheses to Facts, reducing Risk as fast as possible!**



Strategic Goals for Startups





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 winning strategy, and a practical plan to implement it."

Mike Satterfield

Yaletown Venture Partners



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“Assessing the Opportunity”

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



Key Concepts

PAIN / GAIN: What a motivated Buyer must have in order for the buying process to start

VALUE: What a Seller must have to cause the Buyer to consider you

DIFFERENTIATION: What a Seller must have to Win the Buyer's business



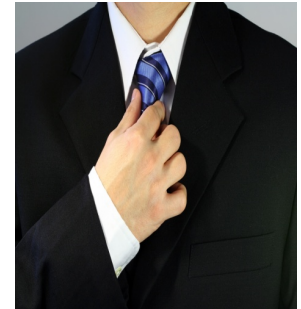
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Selling Transaction Fundamentals

Buyer



Seller





Positioning Statement – your Go To Market Strategy

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

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.

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



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?



PAIN / GAIN – What Good looks like for the Seller!!

KEY CONCEPT

For your Target Market BUYER
Who Need a **precise** definition of the PAIN / GAIN you address
intuitively defines the BUYER Demand in Supply & Demand

WHAT GOOD LOOKS LIKE for the SELLER

Magnitude of the PAIN / GAIN – #1 or #2 **Priority** for the Buyer

Timing to Resolve the PAIN / GAIN – **Must** be solved **Now**

Longevity - Pain will **Not** go away and there is no substitution for solving it



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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:



Elements of a Positioning Statement

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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 / Gain** - a precise statement of the Pain / Gain and why. This should convey a big sense of OUCH!



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Your **VALUE** to the Buyer to solve the **PAIN / GAIN**

KEY CONCEPT

Product X is your '**sandbox**'; connects BUYER to SELLER; positioning
That provides the **PAIN / GAIN** is solved by your Product
the **BENEFIT** / **VALUE** that you provide by solving the **PAIN / GAIN**

WHAT GOOD LOOKS LIKE for the SELLER

Sandbox – a potential Buyer easily **finds** you; **connects** Demand & Supply

Benefit – your Product delivers the biggest **VALUE** to the **PAIN / GAIN**



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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 Feature

Measurable and/or Tangible – Logical (IQ)

Hard to Measure and/or Intangible – Emotional (EQ)

Value – the Net Benefit (includes costs) that the Buyer receives

Benefits/Strengths

-

Costs/Weaknesses (includes your Price)

= Your VALUE



Examples of Benefits for a Customer - 1

LOGICAL / TANGIBLE

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



Examples of Benefits for a Customer - 2

EMOTIONAL / INTANGIBLE

1. Satisfaction **Increase**
 - Customer
 - Employee
2. Personal Satisfaction **Increase** - Digital Media
 - **Easier** Connectivity with others like you
 - **Increase** your Image
 - Reputational capital **increase**
 - Fun **increase**



The Nerve you can Hit!

- Ability to Save their Time
- Immediacy - now; faster and better
- Convenience - it is easy
- Comfort - e.g. have a choice of ads in or out
- Desirability due to scarcity
- Belonging – exclusivity; special club
- Creating & maintaining relationships - brokering
- Health and well being – information; games
- Success & status
- Entertainment - fun
- Creative learning



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ACETECH

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:



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: 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

UNLIKE COMPETITORS:

OUR PRODUCT:

FITBRAINS ALSO PROVIDES:



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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!



Elements of a Positioning Statement

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Buyer

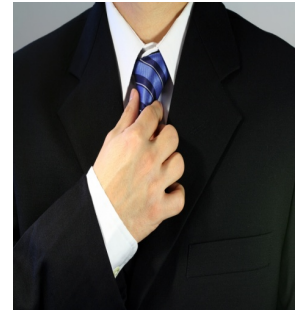


Needs

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

Solution

Vendor



Choices

Competitors





How you WIN!!

KEY CONCEPT

Unlike Competition the **complete** list of Competitors is known
Our Product your **Differentiation** that provides the Buyer extra **VALUE**
your Differentiation & its Buyer VALUE causes you to **WIN**

Two types of **Differentiation**

We do that also but better

We and only We do that

WHAT GOOD LOOKS LIKE for the SELLER

Unlike Competition – you know in detail what your key Competitors are doing

Our Product – your Differentiators are the best now and there is a plan for more



You WIN when:

Your Company

Benefits/Strengths

-

Costs/Weaknesses

= Your VALUE

The Competition

Benefits/Strengths

-

Costs/Weaknesses

= Their VALUE

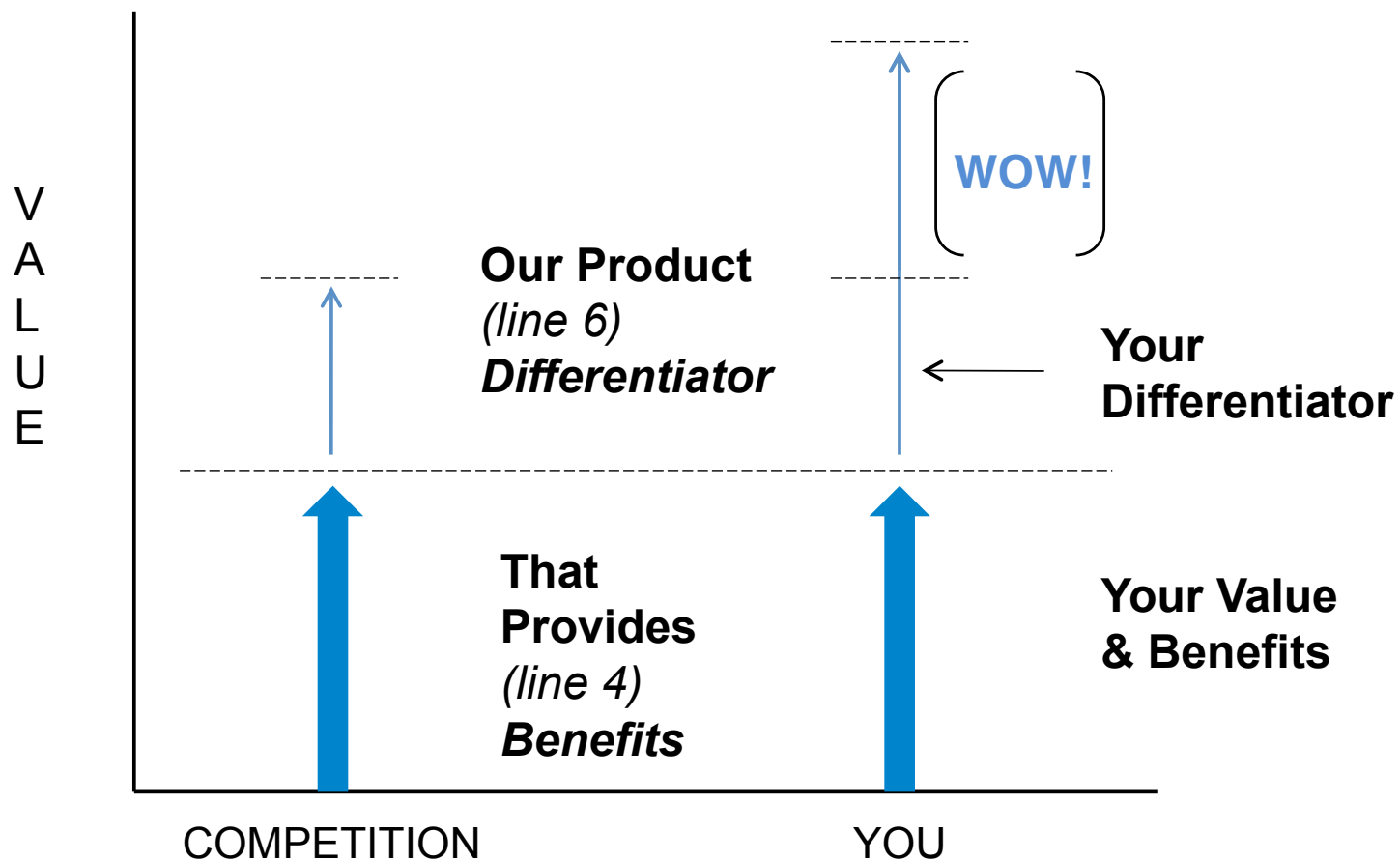
Your Company's VALUE

> >

Competitor's VALUE

AND the Buyer **AGREES**

YOU WIN!





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Smartphone Positioning Statement

1- For **People who are mobile**

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

3- Product X is **An all in 1 device for email, phone, internet access and apps**

4- That provides **On line access to important processes & data**

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

6- Our product is

RIM – secure data communication

Apple – highly useable and ‘cool’

Google – ubiquitous (available ‘everywhere’)



Talking Points

Sources of Customer Value, in descending order of strength:

- Your Product – **Features → Benefits / Value**
- 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



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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: 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?

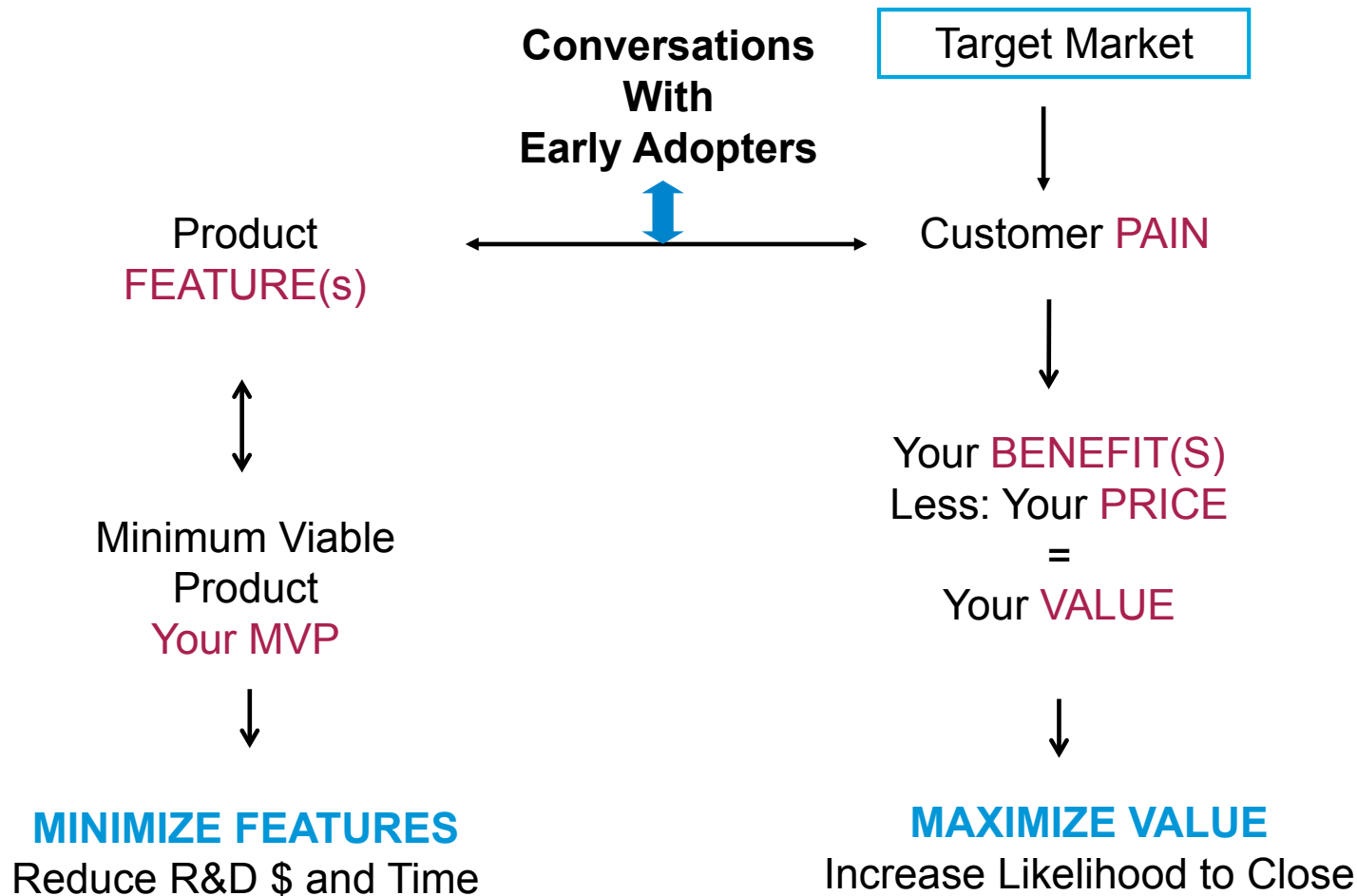
Line 6 - What is your Differentiator for each Competitor?

What Good Looks Like!

- **Competitors** – the top 1 or 2 are known
- **Differentiator** – compare to each competitor, what is the WOW factor that they don't provide. Good = the overall VALUE increases A LOT!



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





Why the Positioning Statement is Important!

Various Perspectives

Staff – involved; empowered; aligned

Investors – confidence; committed

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

Risk Mitigation – enough ‘think 1st, then do’; minimize retrys

You – focused; confident about doing the right things, right; Winning



Summary

You now have a **Hypotheses for a Positioning Statement** and are ready to **determine the FACTS** by talking to representatives **in the Target Market!!**

Doing the Positioning Statement sets you up for Success by requiring you to think about and decide
how and why you are going to WIN and making the BEST CHOICES!

You now have a **17 Second Pitch** to tell others what you do

Doing the Positioning Statement provides you and those around you
CONFIDENCE that you are **doing the Right thing, RIGHT.**



“Assessing the Opportunity”

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



Is this a Worthwhile Opportunity?

KEY CONCEPT

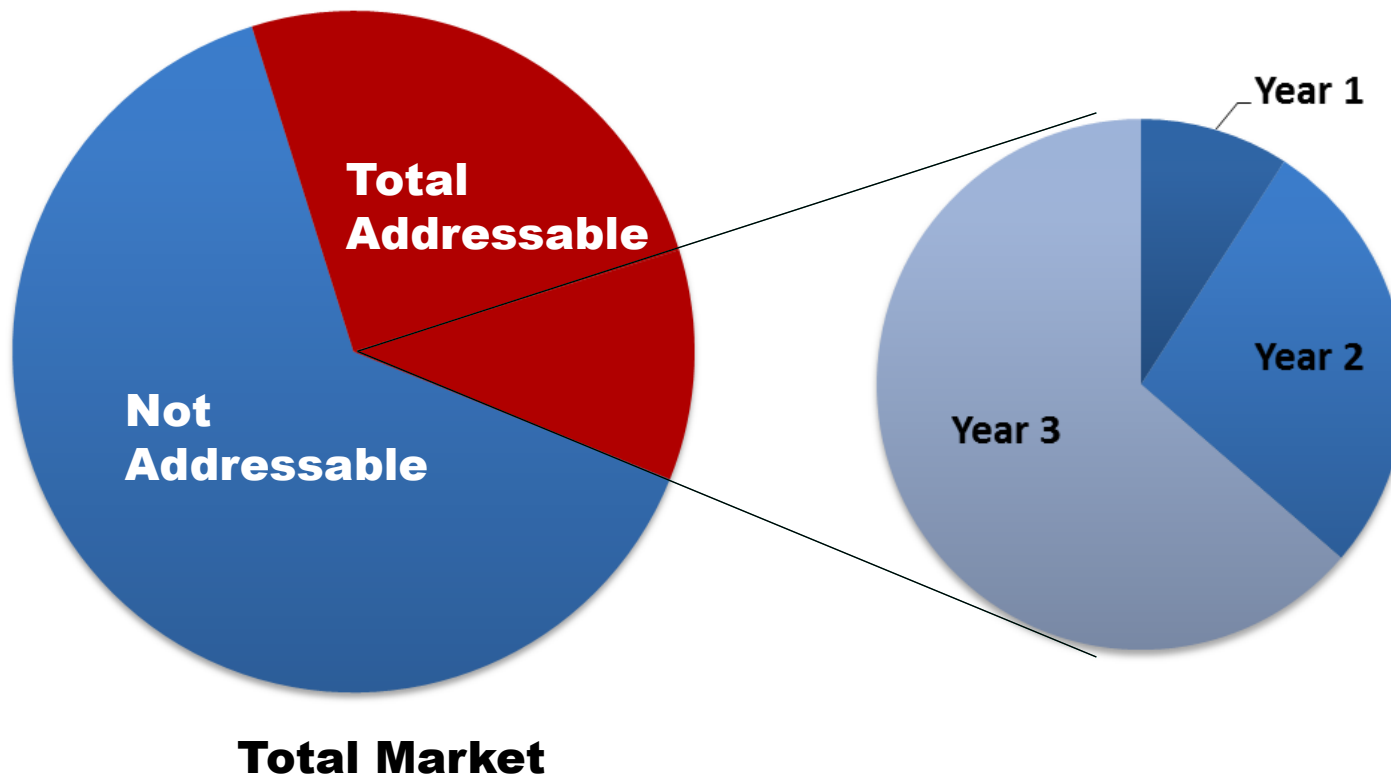
How **Big** can this Opportunity become? Mike Volker

How much of this Opportunity do you think you can **WIN**?

You will spend 5 to 10 years of your life pursuing this Opportunity should you decide to commit to it – is this Opportunity **worthwhile enough** to make this commitment?



What is your Market Size?





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

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

- Revenue = Likely Price X Likely # of Units

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

- Revenue = Year 1, 2, 3 – Price Expected X # of Units per Year

Is this opportunity **Worthwhile**?



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 \$\$
- Your Total Addressable Market
- Your Years 1,2,3 Revenue expectations

What Good Looks Like!

- **Opportunity Expectations** – good market size; beachhead; large room to expand
- **Unfair Advantage** – you have 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”

Boss Choices - there wasn't a boss I thought I could work for and learn lots. I was not employable long term. Instant set up for disaster to work for anyone.

Risk Taker & Like Challenges – athletics, tough education course. Do not look for the easy way. Deep end off the pool; sink or swim. Good dose of personal confidence, but not arrogance.

Financial Rewards – Financial rewards came but they were not the primary focus.

Like Creating & Seeing Customers smile – enjoy creating something new and seeing the satisfaction that customers derive AND telling you.

Unfair Advantage - MBA helped for business fundamentals and savvy. Technical education helped a lot – tough to BS.



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You as an Entrepreneur

Ralph's Investor Criteria – its all about the people!

PASSION - Being an Entrepreneur; the Opportunity

ADAPTABILITY – Pivoting will happen

JUDGMENT – Separating the Facts from the Noise; Decision Making; Focusing



Summary

Walk in the shoes of a Customer, always! Think HURT & RESCUE!

Find PAIN / GAIN, deliver Value and Win with your Differentiator!

Ensure that your Opportunity is worthwhile pursuing!

Decide if you want to be an entrepreneur – a typical initiative will take 5 to 10 years of your life!

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

