



ACETECH

BY CEOs FOR CEOs

New Ventures B.C. Presentation

Ralph Turfus

March 30, 2016



“Assessing the Opportunity”

1. Your Go To Market Strategy

- **Explain clearly in business terms what you do!**
- **Explain how and why you will WIN!**

2. Your Market Opportunity

- **Is it realistic?**
- **Is it worthwhile?**

3. You as an Entrepreneur?



Ralph Turfus Bio

Background

- Education – BAsC, MASc and MBA
- ex ROTP and Air Force for 3 years; 3 years in industry prior to starting up Escom

28 + Years as Founder and CEO – 1976 to 2004

- Escom (founded 1976) name changed to Class (in 2000)
- 100% internally financed
- 1 shareholder only over 28 + years
- Many strategy changes; 4 recessions
- 8 startups & sold 5 of them
- Class sold in 2004
 - #1 in the world for Parks & Recreation; 730 customers in Canada, USA, Oz
 - 145 employees; ~\$20M in Revenue; ~18% EBITDA; 25% yr/yr growth rate

Tech Industry Involvement

- Associations – Premiers Technology Council; Past - Acetech & BCTIA
- Investor – started investing in 2004: made 22 direct (now 11) & 8 funds
- Boards – Chairman of 5 companies; CEO Mentor – 2 people

Recognition

- 2000 – Canadian Recreation Association Person of the Year
- 2006 – B.C. Technology Industry Association Person of the Year
- 2009 – AceTech Fellow – Growth Strategy Program
- 2013 – Queen's Diamond Jubilee Medal – for Technology Industry contributions
- 2015 – BC Angel Investor of the Year



The Purpose of Business – Dr. Peter Drucker

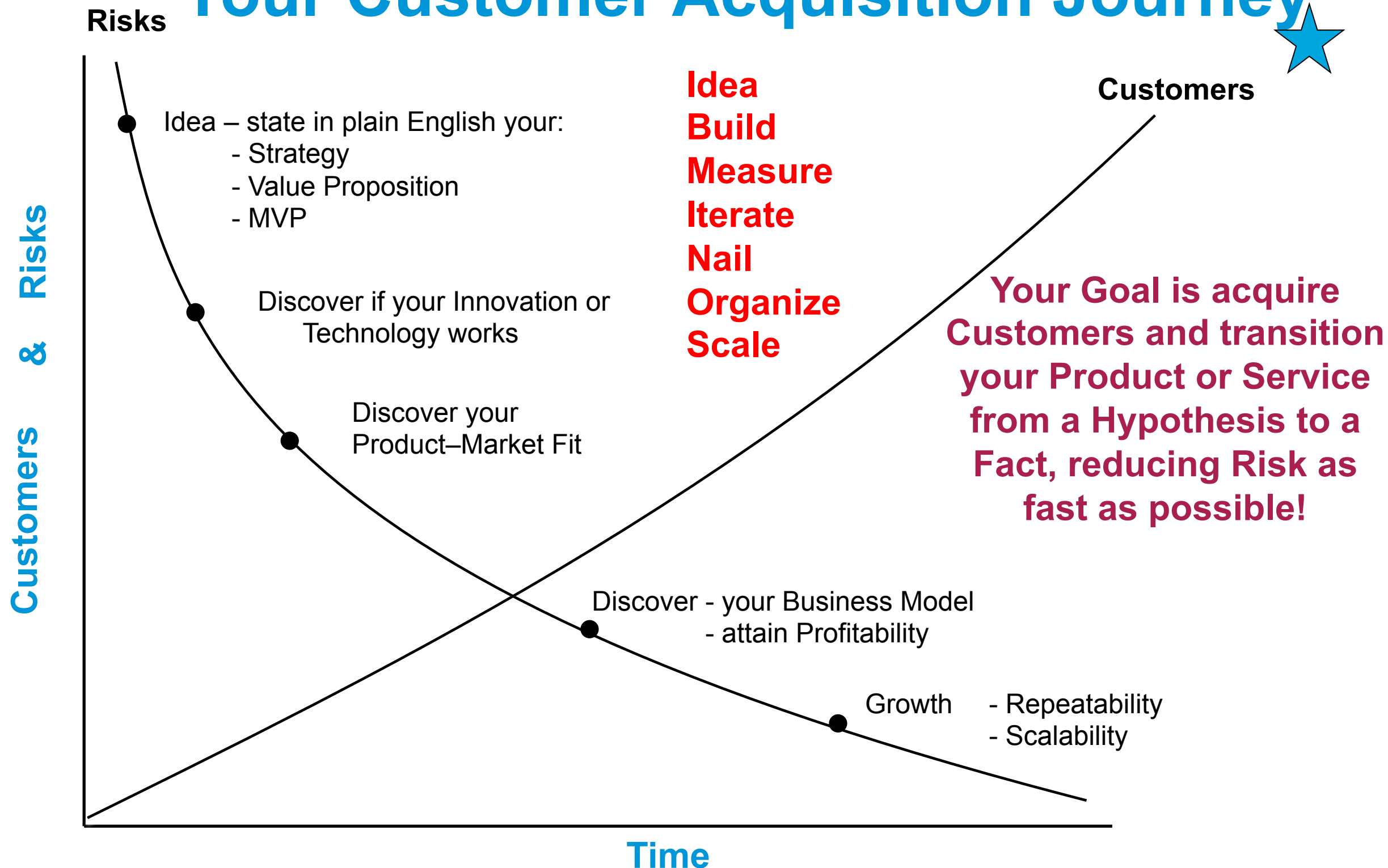
“If we want to know what a business is, we have to start with its purpose. And the purpose must lie outside the business itself. In fact, it must lie in society, since a business enterprise is an organ of society. There is only one valid definition of **BUSINESS PURPOSE: TO CREATE A CUSTOMER**. The customer 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.

THINK – why would a Customer want your Innovation? How are you going to communicate why?



Your Customer Acquisition Journey





“Assessing the Opportunity”

Your Positioning Statement:

- Explain clearly in business terms what you do!
- Explain how and why you will WIN!

Your Message and you as the Messenger










The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

<h3>Key Partners</h3>  <p>Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?</p> <p>MOTIVATIONS FOR PARTNERSHIPS Optimization and economy Reduction of risk and uncertainty Acquisition of particular resources and activities</p>	<h3>Key Activities</h3>  <p>What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?</p> <p>EXTENSIBLES Production Problem Solving Platform/Network</p>	<h3>Value Propositions</h3>  <p>What value do we deliver to the customer? Which one of our customer's problems are we helping to solve? What bundles of products and services are we offering to each Customer Segment? Which customer needs are we satisfying?</p> <p>CHARACTERISTICS Newness Performance Customization "Getting the Job Done" Design Brand/Status Price Cost Reduction Risk Reduction Accessibility Convenience/Usability</p>	<h3>Customer Relationships</h3>  <p>What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established? How are they integrated with the rest of our business model? How costly are they?</p> <p>EXAMPLES Personal assistance Dedicated Personal Assistance Self Service Automated Services Communities Co-creation</p>	<h3>Customer Segments</h3>  <p>For whom are we creating value? Who are our most important customers?</p> <p>Types Market Niche Market Segmented Diversified Multi-sided Platform</p>																								
	<h3>Key Resources</h3>  <p>What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Stream?</p> <p>TYPES OF RESOURCES Physical Intellectual (brand, patents, copyrights, data) Human Financial</p>		<h3>Channels</h3>  <p>Through which Channels do our Customer Segments want to be reached? How are we reaching them now? How are our Channels integrated? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer routines?</p> <p>CHANNEL PHASES 1. Awareness How do we raise awareness about our company's products and services? 2. Evaluation How do we help customers evaluate our organization's Value Proposition? 3. Purchase How do we allow customers to purchase specific products and services? 4. Delivery How do we deliver a Value Proposition to customers? 5. After sales How do we provide post-purchase customer support?</p>																									
<h3>Cost Structure</h3>  <p>What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive?</p> <p>IS YOUR BUSINESS MODEL Cost Driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing) Value Driven (focused on value creation, premium value proposition)</p> <p>SAMPLE CHARACTERISTICS Fixed Costs (salaries, rents, utilities) Variable costs Economies of scale Economies of scope</p>		<h3>Revenue Streams</h3>  <p>For what value are our customers really willing to pay? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenues?</p> <table border="0"> <tr> <td>TYPES</td> <td>FIXED PRICING</td> <td>STAGNANT PRICING</td> </tr> <tr> <td>Asset sale</td> <td>List Price</td> <td>Registration (Bargaining)</td> </tr> <tr> <td>Usage fee</td> <td>Product feature dependent</td> <td>Yield Management</td> </tr> <tr> <td>Subscription Fee</td> <td>Customer segment dependent</td> <td>Real time Market</td> </tr> <tr> <td>Lending/Renting/Leasing</td> <td>Volume dependent</td> <td></td> </tr> <tr> <td>Licensing</td> <td></td> <td></td> </tr> <tr> <td>Brokerage fees</td> <td></td> <td></td> </tr> <tr> <td>Advertising</td> <td></td> <td></td> </tr> </table>			TYPES	FIXED PRICING	STAGNANT PRICING	Asset sale	List Price	Registration (Bargaining)	Usage fee	Product feature dependent	Yield Management	Subscription Fee	Customer segment dependent	Real time Market	Lending/Renting/Leasing	Volume dependent		Licensing			Brokerage fees			Advertising		
TYPES	FIXED PRICING	STAGNANT PRICING																										
Asset sale	List Price	Registration (Bargaining)																										
Usage fee	Product feature dependent	Yield Management																										
Subscription Fee	Customer segment dependent	Real time Market																										
Lending/Renting/Leasing	Volume dependent																											
Licensing																												
Brokerage fees																												
Advertising																												



Your Value Proposition – Positioning Statement

NEED What a motivated Buyer must have for the buying process to start

PAIN What is the Problem (Pain) that you are going to solve. Be very crisp and precise

VALUE What you do to solve the Problem (Pain)

BENEFIT What you must have to cause the Buyer to consider your Solution

DIFFERENTIATION What separates you from the Competition
What property is unique to you? Algorithms or patents or such?
What is your 'unfair advantage'?

Elements of a Positioning Statement

1- For

Specific Customer you could sell to in a key segment?

Your sandbox? Ideal 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 alternative – the one most likely?

6- Our product

Key competitive Differentiation?

7- Company also provides

What else is needed for a Whole Product?

Partners provide?



Positioning Statement: UBER

FOR: people in a City

WHO NEED: to conveniently book transportation to get around cheaply

UBER IS: a taxi service through a mobile app

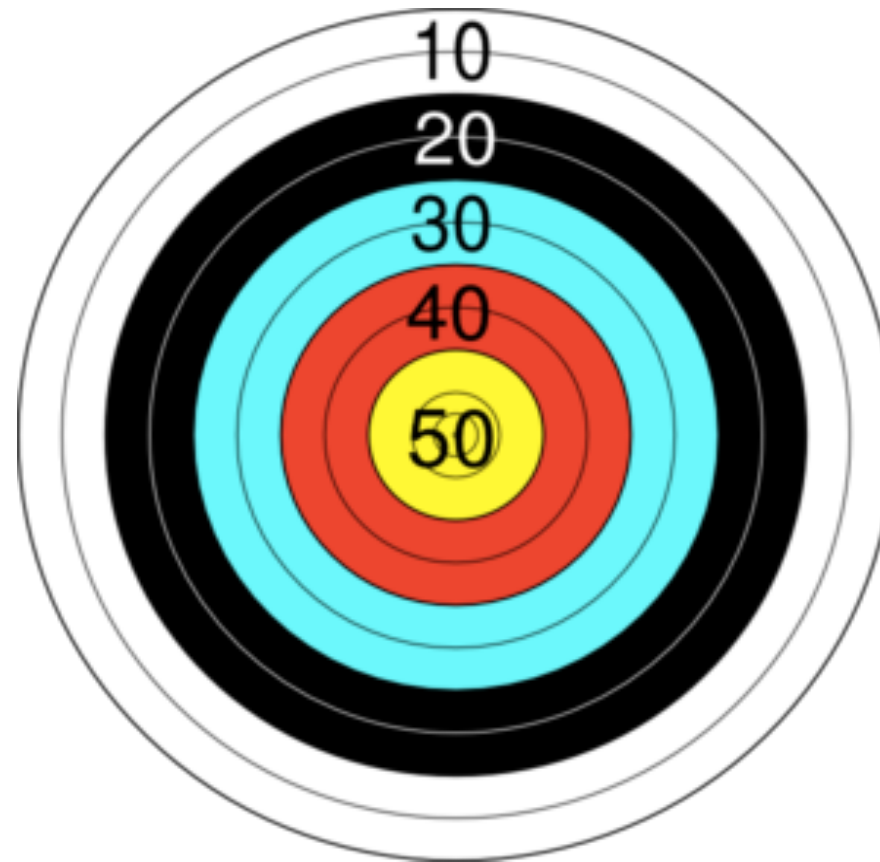
THAT: allows people to easily book a taxi through their mobile app and that sets fees while booking

UNLIKE: traditional taxi services that can be difficult to find/book and can over charge for the journey

UBER: has certainty – your pick up time; your charge; the quality of the vehicle



Positioning Statement: Who need – the PAIN



KEY CONCEPT

For -

Define precisely your **Target Market** BUYER

Who Need -

Define **precisely** the BUYER PAIN / NEED you address
intuitively defines the BUYER Demand



ACETECH

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 and efficient way

FITBRAINS IS:

THAT PROVIDES:

UNLIKE COMPETITORS:

OUR PRODUCT:

FITBRAINS ALSO PROVIDES:

Elements of a Positioning Statement

1- For

Specific Customer you could sell to in a key segment?

Your sandbox? Ideal 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?



Exercise

Exercise #1

~ 10 minutes

You create your first version of:

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



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? |

Positioning Statement: Product X is

CATEGORY & POSITIONING



Words that define how Customers will find YOU

KEY CONCEPT - Product X is

Define your **'sandbox'**; **connect** the BUYER to YOU

Make it is easy for a potential Buyer to **find** you and understand what you do

Key Word Searching – what are the best and fewest key WORDS?

1st page in a Google search is the goal

Another Positioning approach – 'we are like ABC Product only different and better because....'



ACETECH

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)

Costs – Includes all Buyer costs including your Price

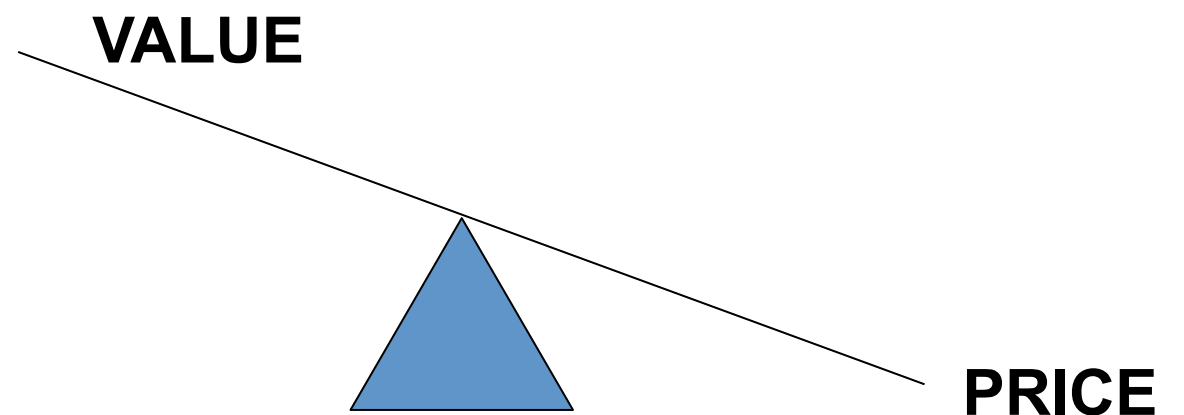
Value – The Net Benefit - includes all the Costs that the Buyer incurs

Benefits

-

Costs

= Your VALUE





You WIN when:

Your Company

Benefits

-

Costs

= Your VALUE

Your Company's VALUE

The Competition

Benefits

-

Costs

= Their VALUE

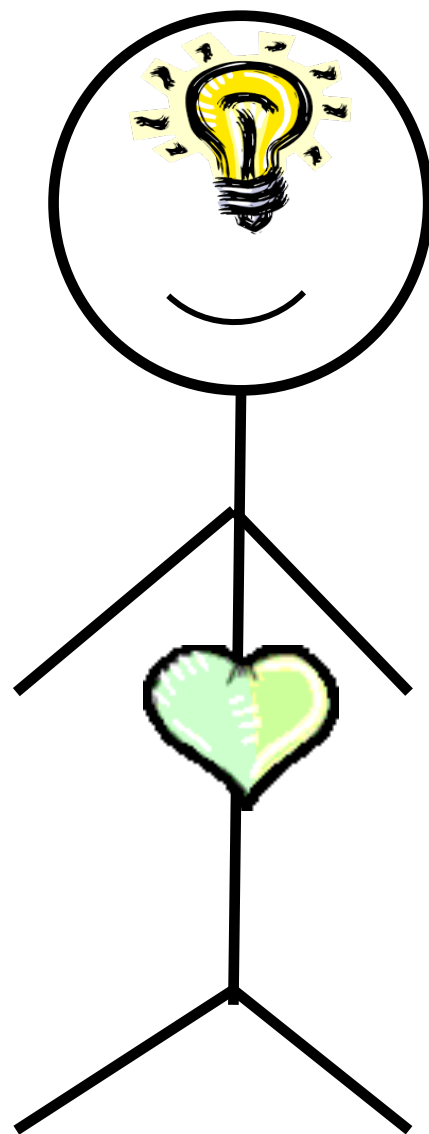
Competitor's VALUE

> >

AND the Buyer **AGREES**

How a Buyer decides

The Prospective Customer decides that they will **BUY from YOU** because:



**Logical /
Data**

Your Product's Value outweighs all other choices. The Value is **provable using:**

1. A Return on Investment Calculation (ROI)
2. A Reference (if you have one)

QUANTATIVE



**Emotional /
People**

You Create Trust & Belief in You and an Emotional connection to your Product:

- You will **deliver** the proposed solution
- Your solution meets the **Buyer's Emotional Needs** the best

QUALITATIVE

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

1st, **Best Value + Best Differentiation** – its an easy decision!

2nd, Lowest Price then 3rd, Lowest Risk



Examples of Benefits for a Customer - Logical

LOGICAL / TANGIBLE / QUANTITATIVE

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



Examples of Benefits for a Customer - Emotional

EMOTIONAL / INTANGIBLE / QUALITATIVE

1. Corporate - Satisfaction **Increase**
 - Customer
 - Employee
2. Personal Satisfaction **Increase**
 - Ability to save 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
 - Connecting - creating & maintaining relationships
 - Health and well being
 - Success & status
 - Entertainment - fun
 - Creative learning



‘Roles’ in the Buying Process

User Buyer – can say Yes or No

- The Role that represents the use of your Solution and how well it will meet the Needs of the Users
- Concerned about the feature content and fit – will it really solve the PAIN the best?

Technical Buyer – can only say No

- Support Roles for the decision maker(s) – Legal, Purchasing, Finance, IT

Economic Buyer - can say Yes or No

- The Role that causes funds to transfer to you
- Concerned about Price and best Value / ROI
- Generally the final Decision Maker



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:



Positioning Statement: FitBrains

FOR: females age 35 to 55 in North America

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

FITBRAINS IS: a scientifically proven brain training system delivered using both SaaS and Mobile platforms

THAT PROVIDES: a suite of challenging 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:

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? |



Exercise

Exercise #2

~ 10 minutes

You create the first version of:

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

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

What Good Looks Like!

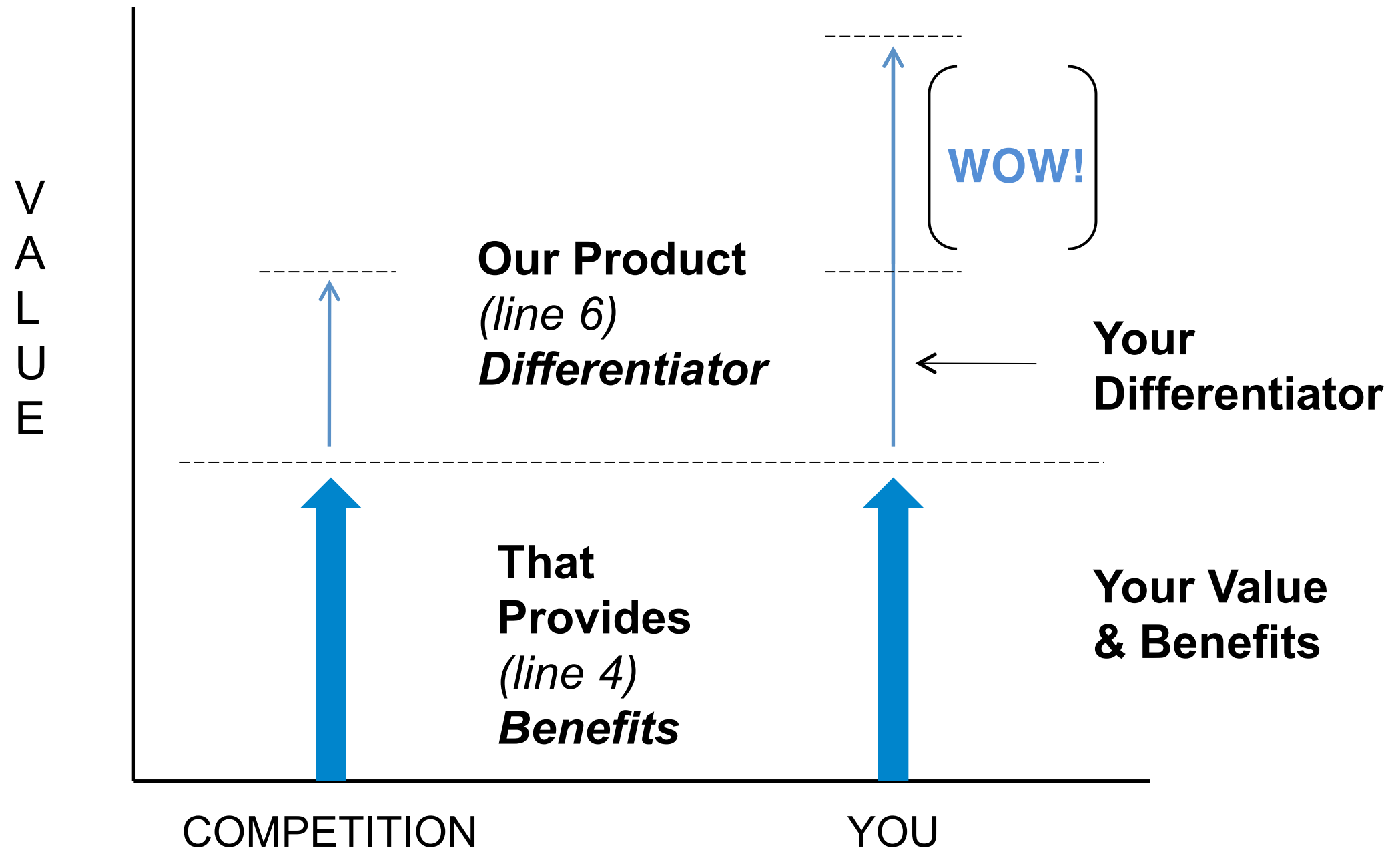
Category – the customer can use a Google search criteria to describe your Product and then find you

Benefit – a clear statement of what the Benefit is that the Buyer is receiving. This Benefit statement ties directly to solving the PAIN!

Elements of a Positioning Statement

- | | |
|-------------------------------|--|
| 1- For | Specific Customer you could sell to in a key segment?
Your sandbox? Ideal 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? |

You Win using Differentiation!





How you WIN using Differentiation!!

KEY CONCEPTS

Your Product

Your **Differentiation** provides the Buyer the extra **VALUE** & **Wow** factor that causes you to WIN

Two types of Differentiation

Me too only better than the Competition!

Only me (exclusive) and the Buyer must have me!!

WHAT GOOD LOOKS LIKE for the BUYER

Unlike Competition – You understand your key **Competitors selling strategies**

Our Product – Your Differentiators are the **BEST** and needed by the BUYER

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 **Real time access to the World**

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’)



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



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 using SaaS and Mobile platforms

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 mobile, fun, social and as competitive as you wish, motivating users to keep coming back

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

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? |



Exercise

Exercise #3

~ 10 minutes

You create the first version of:

Line 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 identified

Differentiator – compare to each competitor, what is the WOW factor that you provide. BEST = the overall VALUE increases to Win!

Why the Positioning Statement is Important!

Various Perspectives

Staff – involved; empowered; aligned

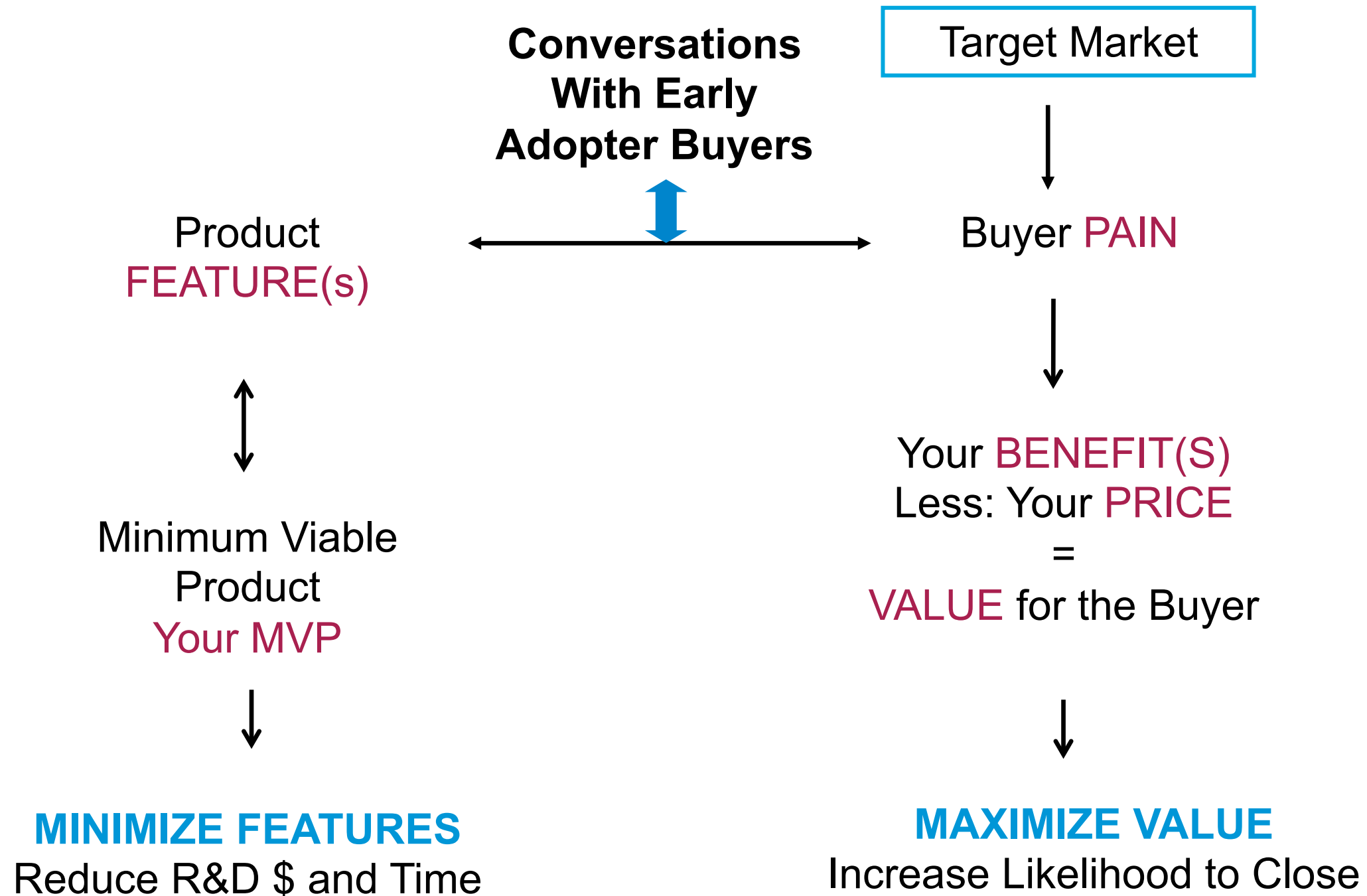
Investors – confidence; committed

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

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

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

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





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!!**
Leverage all the Intellectual Capital you can - get out of the Building!!

Aligns your and your Teams thinking with the market.

Focus - sets jobs and priorities.

Sets the **communication** statement - **17 second pitch**.

CONFIDENCE that you are **doing the Right thing, RIGHT**.



“Assessing the Opportunity”

2. Your Market Opportunity

- Is it realistic?
- Is it worthwhile?



Is this a Worthwhile Opportunity?

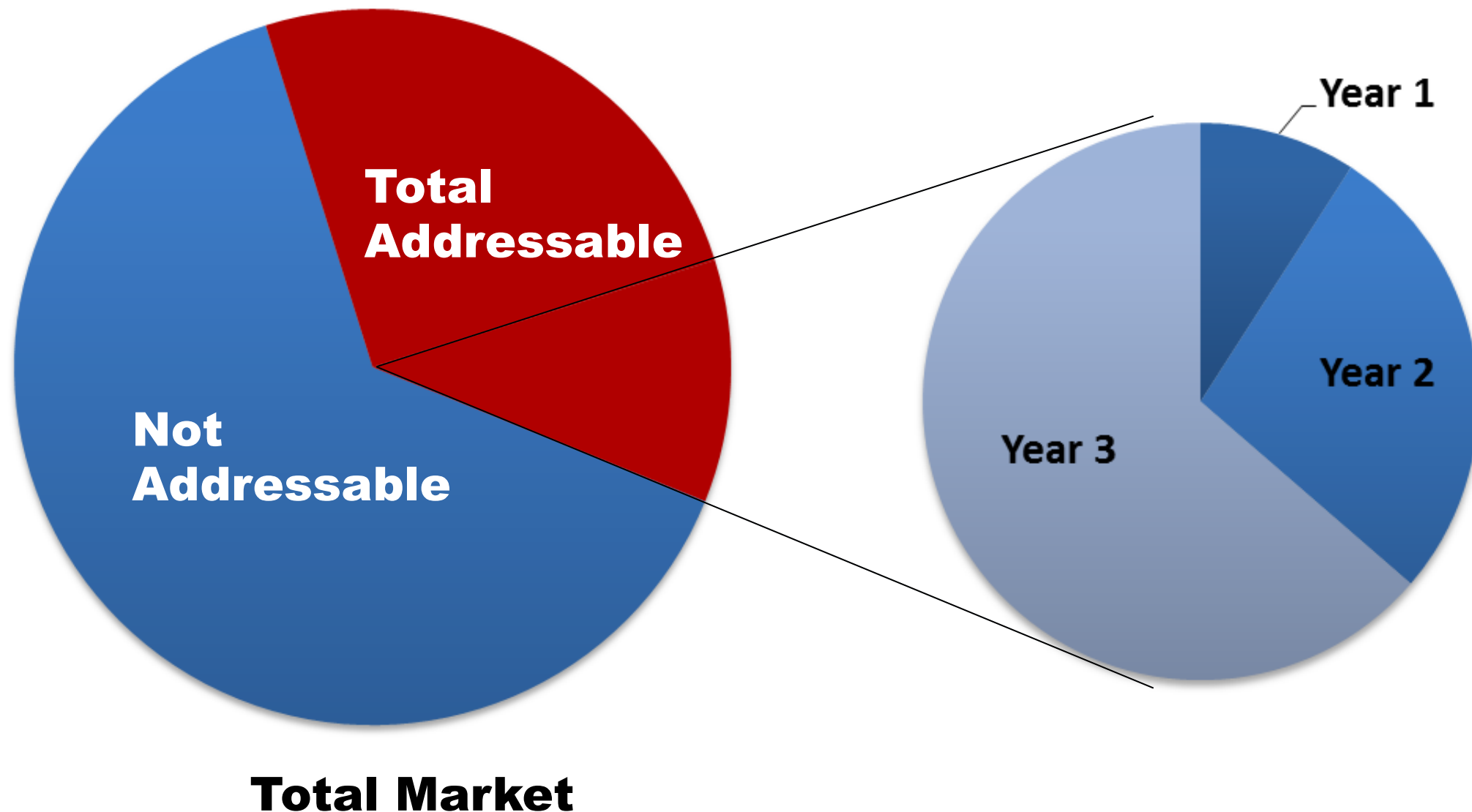
KEY CONCEPTS

How **Big** can this Opportunity become?

How much of this Opportunity do you think you can **WIN** in the next few years?

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 a **Worthwhile Opportunity** for you?

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 strategy defined; large room to expand
- **Unfair Advantage** – you have leverage to get you started such as domain experience



“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 university education courses. Did not look for the easy way. Deep end of 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.



You as an Entrepreneur

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

PASSION - About being an Entrepreneur & for the Opportunity!!

ADAPTABILITY – Pivoting will happen!!

JUDGMENT – Separating Facts from Noise; Decision Making; Focusing

EXPERIENCE - Experience in the domain and / or in business helps a lot!!

GETS RESULTS – Consistently delivers more than expected with limited resources!



Summary

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

Find clear and big 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 opportunity will take 5 to 10 years of your life!

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

BEST of LUCK!!



Wrap Up Thought

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

John Chambers – CEO, Cisco



Strategy Concepts & Choices

There are 3 choices for a Strategy and they are:

- 1. Product Innovation – Technology & Business Model**
- 2. Customer Intimacy – ‘Solution fits like a glove for the Customer’**
- 3. Operational Excellence – Low Price**

In the Technology Industry, your Strategy evolution will likely be:

Product Innovation



Customer Intimacy