

# A!

Aalto University

# Fitech summer boost: 2nd support appointment

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# Today's agenda

**12:00 Homework assignment recap**

**12:30 Pitching your product idea: intro (Meri)**

**13:00 Pitching your product idea: teamwork**

**13:45 Break**

**14:00 Pitching practise & feedback**

**14:45 Wrap-up & next homework assignment**

# Homework assignment discussion

- **In teams, meet with a teaching staff member to discuss your findings from the interview assignment**
- **Bring your poster and the excel sheet with your interview findings**
- **20 minutes**

**A!**

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# Pitching your product idea

# For the final assignment for this course, you will need to pitch a 3D-printed product and business idea in a shark tank

**What exactly is a pitch?**

**What makes for an effective one?**

- Discuss with your group



# What makes a good pitch?

The main purpose of a pitch is to get someone interested enough for them to want to hear more or tell others about your product.

- **A good pitch balances business and emotional needs**
- **A good pitch is succinct**
- **A good pitch tells a story**
- **A good pitch focuses on benefits**

(Robinson, 2019)

# So how do you deliver a great pitch?

According to Startup Sauna, you need to

- 1) Stick to the format
- 2) Show us the product
- 3) Explain why YOU have the right team
- 4) Ask for something
- 5) Practise
- 6) Be honest

(Bradshaw & Pohjavirta, 2015)



# The pitch format

# What should you include in your pitch?

**Most startup pitches tend to have the same structure and components, which are roughly the following:**

- 1. Problem**
- 2. Solution**
- 3. Market**
- 4. Business model**
- 5. Team**
- 6. Traction**
- 7. Ask**



# What should be on your pitch deck?

according to VC's and succesful startups

	500 Startups	Guy Kawasaki	Sequoia Capital	NextView Ventures	Crowdfunder	Airbnb Pitch Deck
Slides	11	10	11	15+	12	13
Executive Summary				•		
<b>Problem</b>	•	•	•	•	•	•
<b>Solution/Value Proposition</b>	•	•	•	•	•	•
Market Validation/ Why Now?			•	•	•	•
Product	•		•			•
Market Size	•		•	•		•
<b>Business Model</b>	•	•	•	•	•	•

Underlying Magic	•	•		•		
<b>Competition</b>	•	•	•	•	•	•
Competitive Advantage	•					•
Marketing Plan / Go-to Market	•				•	•
<b>Founding Team</b>	•	•	•	•	•	•
Board/Advisors			•	•		
Traction / Milestones	•	•			•	•
Press / User Testimonials					•	•
<b>Fundraising</b>	•	•	•	•	•	•
Financial / Use of Funds		•	•	•	•	



# Problem & solution



**Problem: Who has the problem? What is the problem? (e.g. gap to fill, something wrong)**

*”(Sensitive documents) are freely accessible online, no password, no protection, nothing”*

**Solution: What is your solution? Why is it innovative? What are its benefits? Make sure you can explain this in layman’s terms**

*”We explore the non-indexed internet to protect major firms from costly data leaks”*

## **Who are your customers? Where are they located?**

*"Our clients are major European firms from multiple sectors such as Louis Vuitton, Sanofi, or Deutsche Bank"*

## **Why are they your customers?**

*"Imagine if a hacker could find this information. It could cost the company tens of millions of dollars in damages"*

## **How many (potential) customers are there?**

*"We will reach 2 million dollars in bookings this year, double from last year"*

## **Have you performed market validation (interviews or user testing)?**

## How will you make money? Who pays and when?

*"We make an average of 100,000 dollar per client, in annual recurring revenue, paid up front"*

## What are your customers paying for?

*"We look for the never-ending flow of data leaks. We provide them with a real-time information flow /.../ We detect the information as soon as it leaks, which enables our clients to act pro-actively, and neutralize the threat."*

## **Who are your team members? What are their areas of expertise?**

*"The founding team has unique expertise in crawling, data mining and algorithmics, and brilliant sales talents. We are 30, located in Paris."*

## **How can you establish credibility?**



## **What momentum is gathering behind your idea?**

*"We have achieved this with 1 million dollars seed raised last year"*

## **Expressions of interest from the public?**

*"We will reach 2 million dollars in bookings this year"*

## **Has anyone said "yes" to your product?**

*"Louis Vuitton, Sanofi, Deutsche Bank"*

## What's the reason you are pitching?

*"We are raising 3 million dollars. This will enable us to address a market that we estimate at 5 billion dollars per year."*

## Who are you pitching to? What do you want from them?

- Don't end your pitch without asking for something. Looking for an investment? Ask for it. Do you need connections in the pet food industry? Ask for them. Is your team missing an online marketing wizard? Just ask.

# Let's try out the formula!

**Together with your team, fill in your problem and solution on the worksheet**

# Putting it all together

# Don't forget to showcase your product

- The first question any judge or coach will ask after a bad pitch is ***“What the hell does your company actually do?”***
- A great way to solve this is to follow the who-how-why approach
  - Who has the problem, how does your product solve it, and why would they give you money?
- A good slogan can explain both the problem, solution and the value you have to offer
  - *“We explore the non-indexed internet to protect marjor firms from costly data leaks”*

# Bring your product to the pitch

- Behavioral psychologists have discovered that creating an ‘ownership experience’ by letting a potential buyer ‘try before they buy’ is a powerful way to close sales.
- Explainer videos, physical demos and and pictures can make your pitch significantly more effective



(Moretti, 2012)

# Get testimonials from current or test users

Being able to show social proof for your idea is a great tool to use when pitching.

**Some questions you can ask:**

- *Name, title, and website*
- *What problem were you looking to solve when you decided to try our product/service?*
- *What's your favorite feature of our product/service?*
- *Is there anything that can be improved?*
- *Would you recommend it to friends and colleagues?*

**Robinson, 2019**

- Upcoming course assignments are designed to help you with this

# Use an attention grabber

***“You have 90 seconds, if you’re lucky. If you can’t make your point persuasively in that time, you’ve lost the chance for impact.”***

*-Shark Tank judge Robert Herjavec*

**Cybelangel used a physical prop (throwing papers around), but you could use any of the following**

- *Give a startling fact*
- *Ask a rhetorical question*
- *Use a story or quote*
- *Use a visual attention grabber or physical demonstration*





# In conclusion

- **Know your product**
- **Create the perfect pitch and slides to match (no bullet points!)**
- **Practice your pitch, line for line until you can recite it in your sleep**
- **Pitch with enthusiasm and energy; the audience needs to see you are passionate about your product**
- **Anticipate and answer questions before your audience asks them**

# Evaluation criteria to keep in mind while preparing your pitch

1. The target market: Is the target market worth pursuing? Is the customer well defined?
2. The problem/need: Is the problem real, does the customer have significant unfulfilled needs?
3. The solution: Is it better, faster, cheaper or more convenient than what is already available? Does it make sense to produce using additive manufacturing?
4. Overall presentation: Clear, convincing, engaging, passionate, handled Q&A, knows facts & numbers, honest, likeable
  - Please note that these may change slightly as the course progresses

# Finally...



# Homework assignment for 5.7.

# The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

## Key Partners



Who are our Key Partners?  
Who are our key suppliers?  
Which Key Resources are we acquiring from partners?  
Which Key Activities do partners perform?

### MOTIVATIONS FOR PARTNERSHIPS

Cost reduction and economy  
Reduction of risk and uncertainty  
Acquisition of particular resources and activities

## Key Activities



What Key Activities do our Value Propositions require?  
Our Distribution Channels?  
Customer Relationships?  
Revenue Streams?

### EXAMPLES

Production  
Problem Solving  
Platform/Network

## Key Resources



What Key Resources do our Value Propositions require?  
Our Distribution Channels? Customer Relationships?  
Revenue Streams?

### TYPES OF RESOURCES

Physical  
Intellectual (brand patents, copyrights, data)  
Human  
Financial

## Value Propositions



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?

### CHARACTERISTICS

Revenue  
Performance  
Customization  
"getting the Job Done"  
Design  
Brand/Status  
Price  
Cost Reduction  
Risk Reduction  
Accessibility  
Convenience/Usability

## Customer Relationships



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?

### EXAMPLES

Personal assistance  
Dedicated Personal Assistance  
Self Service  
Automated Services  
Communities  
Co-creation

## Channels



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?

### 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?

## Cost Structure



What are the most important costs inherent in our business model?  
Which Key Resources are most expensive?  
Which Key Activities are most expensive?

### IS YOUR BUSINESS MODEL

Cost Driven (lowest cost structure, low price value proposition, maximum automation, extensive outsourcing)  
Value Driven (focused on value creation, premium value proposition)

### SAMPLE CHARACTERISTICS

Fixed Costs (Salaries, rents, utilities)  
Variable costs  
Economies of scale  
Economies of scope

## Revenue Streams



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?

### TYPES

Asset sale  
Usage fee  
Subscription/Fees  
Licensing/Renting/Leasing  
Licensing  
Brokerage Fees  
Advertising

### FIXED PRICING

List Price  
Product Feature dependent  
Customer segment dependent  
Volume dependent

### DYNAMIC PRICING

Registration/Bargaining  
Yield Management  
Real Time Market

# Homework assignment for 5.7. (1/2)

Find out about the business model canvas and how it is used. Use any source of your choice, as long as you are able to grasp the concept, for example:

- **Quick:** *This website offers a brief, practical starting point for how to fill it out using with examples: <https://isaacjeffries.com/blog/2018/9/8/how-to-fill-in-a-business-model-canvas>*
- **Medium:** *This video from Stanford ECorner (53 minutes) gives an overview of the business model canvas by its inventor, Alex Osterwalder <https://www.youtube.com/watch?v=8GIbCg8NpBw>*
- **In-depth:** *For more detail, see Osterwalder & Pigneur (2010), Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers. The e-book is available from several sources online, for example [helmet.fi](http://helmet.fi)*

# Homework assignment for 5.7. (2/2)

- Fill out the business model canvas for your team's idea. You can find a copy of the black canvas here: <https://www.strategyzer.com/canvas/business-model-canvas>
- Prepare to present and discuss your business model canvas at the next support appointment, 5.7.

