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ΣInnoVest

EUREKA InnoVest Programme: Investment Readiness webinar 2:
"How to develop a compelling Value"

Presented by: Gitte Schober, Massimo Nobile and Lucas Noldus

23 February, 2016

How to develop a compelling Value Proposition

Gitte Schober, StartLife

Lucas Noldus, Noldus IT

StartLife
FOSTERING ENTREPRENEURSHIP

Noldus
Information Technology

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Who is talking?

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Dr BM (Gitte) Schober, Center of Entrepreneurship StartLife / Wageningen UR

Expertise: Start-up development, entrepreneurial skills and competences, business model canvassing and value proposition design

Sector: Agro, food, biobased economy

Part 1 - Value Proposition Creation and Customer Segmentation

Gitte Schober – Value Proposition Design

Topics:

- *How can you think of channelling your added-value product or service if you have not understood what real value it is creating and for who?*
- *Insight of the mind-set, tools and processes necessary to articulate your own unique value proposition,*
- *Starting from a clear understanding of who your target customers are.*
- *The dos and the don'ts when developing and communicating your value proposition*
- Based on: Osterwalder, A., Pigneur, Y., Bernarda, G., & Smith, A. (2014). Value Proposition Design. Wiley: Hoboken, N.J.

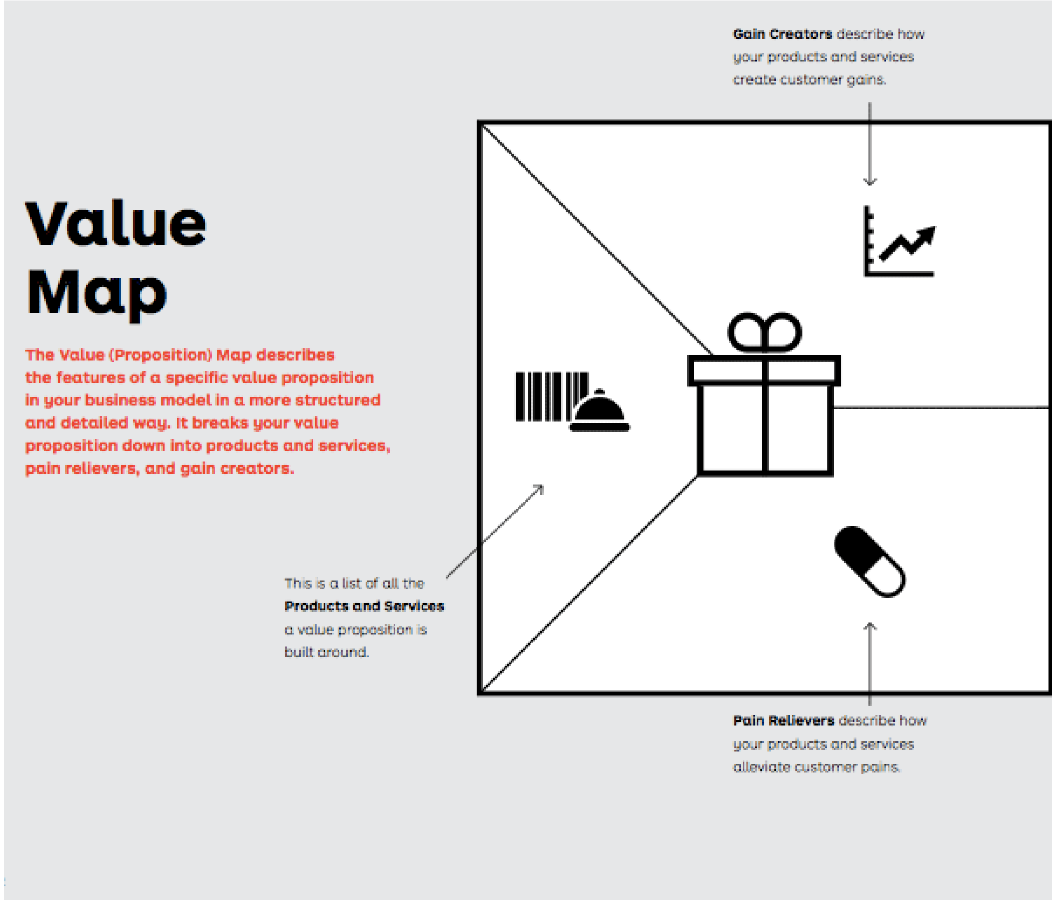
Part 1 - Value Proposition Creation and Customer Segmentation

Add Value!

Gain creators – how will customers benefit by using your products and services?

Pain relievers – how will you help your customers to solve problems and challenges?

Products and services – which mix of tools and support will you offer to a specific customer?



Part 1 - Value Proposition Creation and Customer Segmentation

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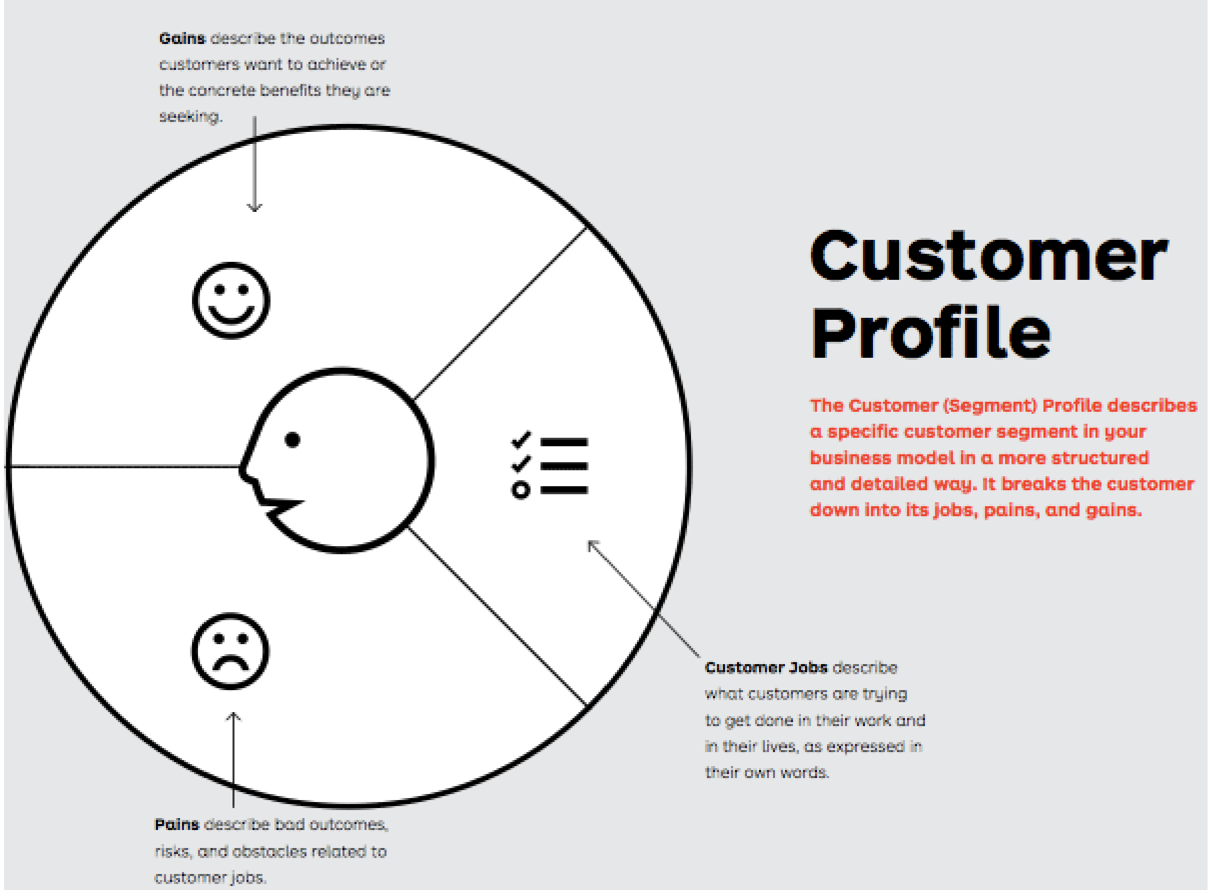
Value for whom?

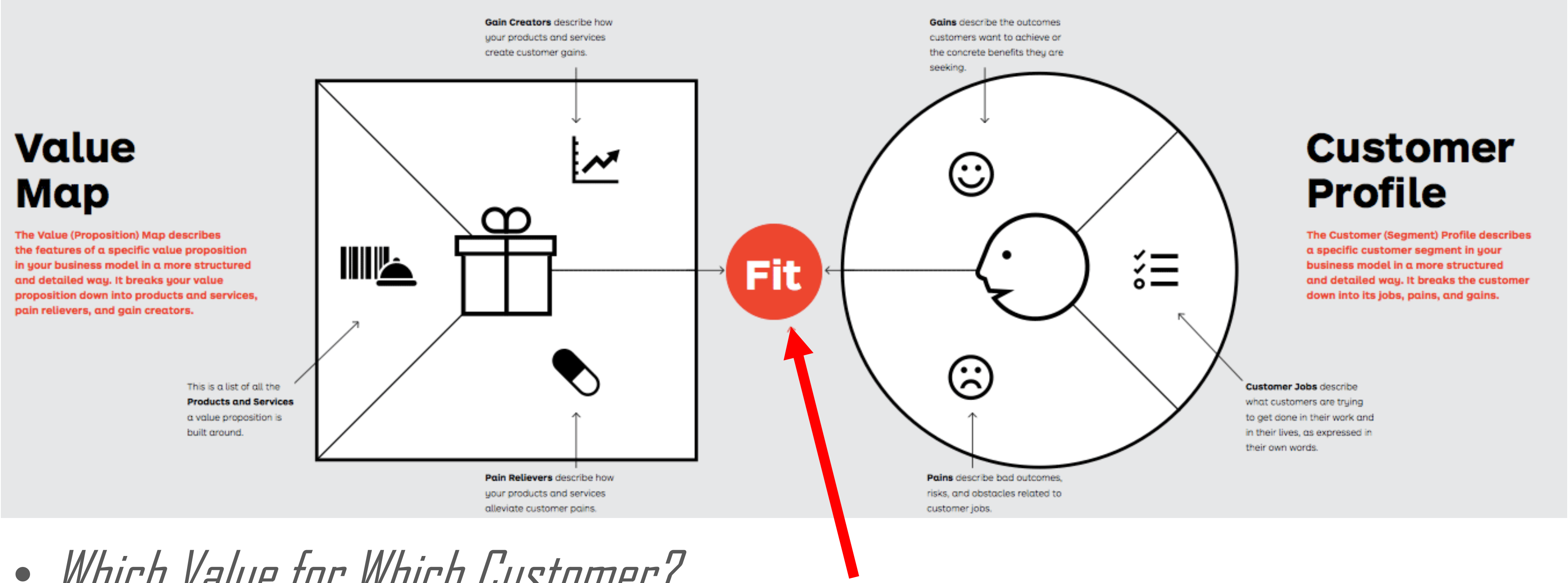
Gains and benefits - what business segements will grow and develop by using your products and services?

Pains and risks – which challenges and problems are urgent issues? Are there technical, commercial or economic challenges?

Jobs and tasks – what is core business? And what is new product development? What is the sales funnel?



Part 1 - Value Proposition Creation and Customer Segmentation



- *Which Value for Which Customer?*

If your gain creators and pain relievers are translated into products and services that establish gains and relief pains in your customers' core business and new developments, you have created **Fit**

Part 1 - Value Proposition Creation and Customer Segmentation

The **mind-set** for your own unique value proposition: **Outside - In**

- Listen
- Be inquisitive
- Be involved in your customers world and learn from it
- Network, talk to your network and your peers
- Love thy customers
- Invest time and resources in your customers first
- Be ready to adapt, change and tweak your products and services towards the customer demands

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The **tools** for your own unique value proposition

- Get key data on your (potential) customers and their sectors
- Analyse your competitors
- Talk to potential customers and involve them in product development – GOOTFB
- Be your customer, use your own products and services
- Create experiments with minimal viable products
- Mingle with your customers, visit their markets and suppliers
- Look beyond the known world, explore different markets and applications
- Team up with other entrepreneurs and create combined solutions, use your networks!

Part 1 - Value Proposition Creation and Customer Segmentation

Assess your value proposition

- Is your value proposition solidly woven into your business model canvas? All resources and channels operating?
- Does it prioritize the best gains and pain relievers for quick customer delivery?
- Is your success also your customers success?
- Are you different enough from your competitors in the eyes of your customers?
- Can you outperform your closest competitors and does your customer know this?
- Are you difficult to copy? Really?

Part 1 - Value Proposition Creation and Customer Segmentation

Customers: find them and bind them

- Select a market and then customer segment, based on pains and gains you can tackle
- Identify the customers jobs, pains and gains and prioritize them based on your own core product or service values
- Find influencers and recommenders as launching customers and bind them through additional benefits
- Focus on decision makers
- Group customers based on usage, channel or desired customer relationships, bring them together and find common agenda's

Part 1 - Value Proposition Creation and Customer Segmentation

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The dos and the don'ts

- Create a Fit and prove it
- Focus on speed of delivery rather than on perfection unless demanded
- CSR is more than a hype, include it in your proposition
- Do not attack competitors to attract customers
- Always frame your value proposition in the customers environment
- Back up your claims, ideally through established customers
- Speak the language of your customers, not of your own R&D department

Part 1 - Value Proposition Creation and Customer Segmentation

The dos and the don'ts

- B2C is all about community building, new earning models like freemium and Internet of Things
- B2C needs big marketing budgets
- B2C needs MVP's for early adopters and robust scalable products for the mass market

In ICT and Life Sciences -

- B2B is all about strategic partnerships, customer intimacy and co-development
- B2B may have customers and end-users, especially in ICT and Life Sciences
- B2B needs big R&D and NPD budgets
- B2B needs validation, scalable production processes
- B2B needs account managers, not sales managers

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How to generate a compelling value proposition

Specificities in the Life Sciences Sector

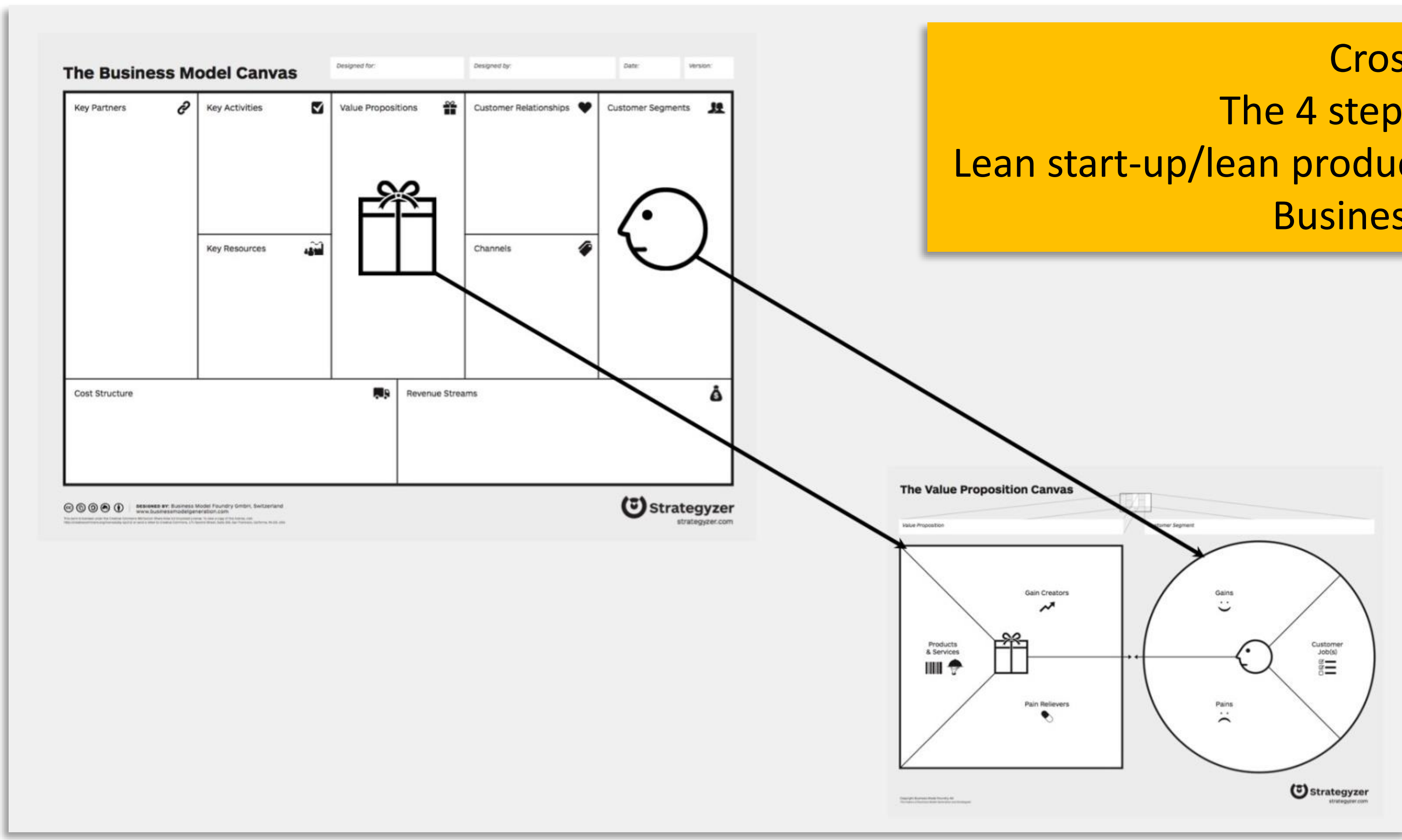
Massimo Nobile, CimArk

Specificities of the Life Sciences sector

- Return on Investment is foreseen in the long run:
  - High risk on product development
  - Magnitude of investments «Gigantic»
- Well established business rules, until now:
  - Authorities (FDA, EMA, etc)
  - Development path : rare shortcuts
- Market access highly difficult

The Value Propostion Canvas for Life Sciences?

Crossing the Chasm
The 4 steps to the Epifany
Lean start-up/lean product development
Business model canvas



Classical Life Sciences value propositions

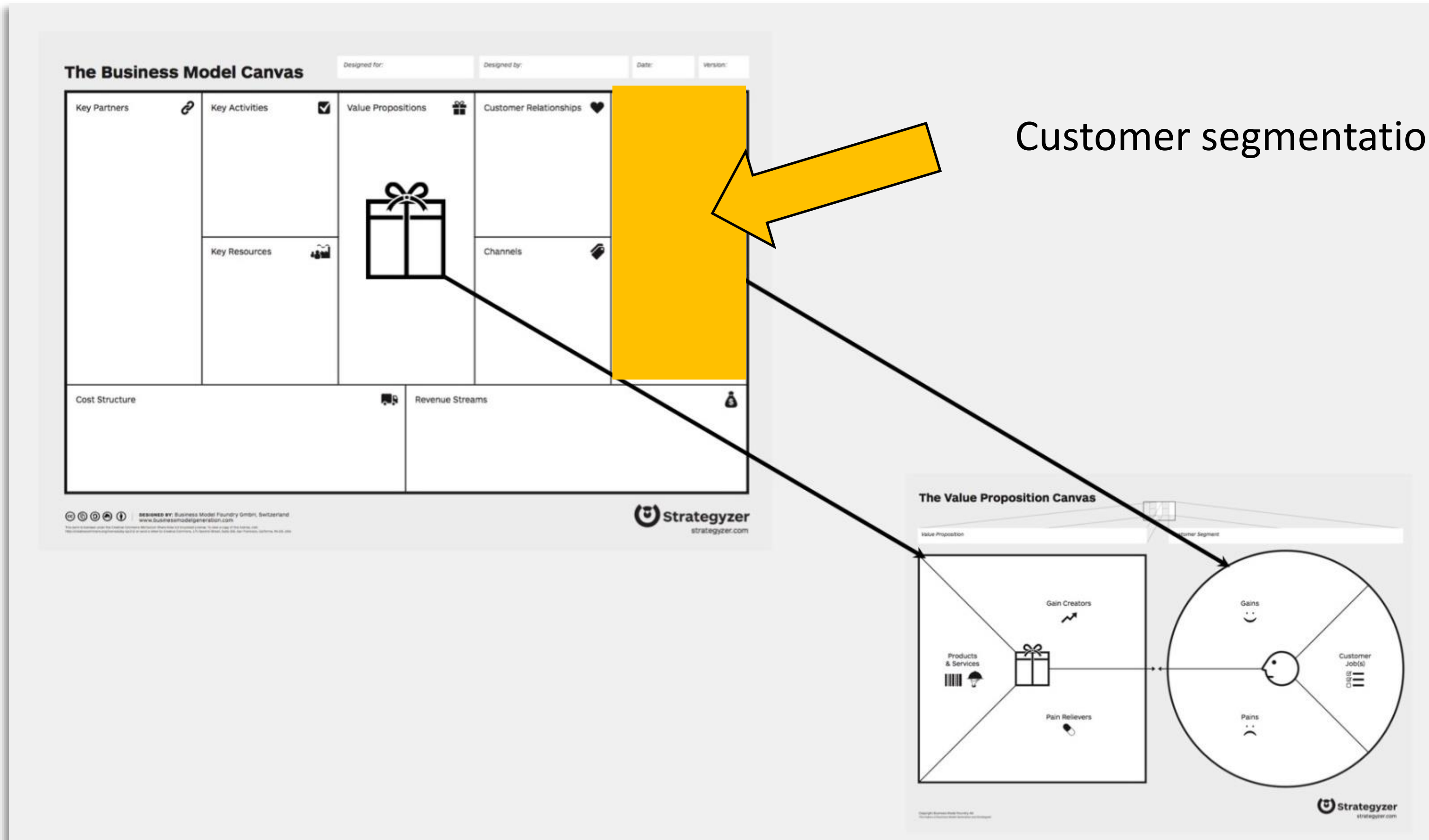
- «Our **molecule XZY** is inhibiting a novel target, marking our product a **first-in-class**…»

- « Our company is proposing a molecule addressing an **unmet medical need**, by …»

- « NewCo Inc. is proposing a **point-of-care device with a single molecule detection sensitivity**….»

- "In 2012, **29.1 million Americans, or 9.3% of the population**, had diabetes." … an amazing big market….

How to use The Value Propostion Canvas in Life Sciences?



Customer segmentation?

Key is in adapting the market segmentation in the Canvas

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- Understanding the market: moving from a «Patient Centric» to «Stakeholders» model:
  1. Patients
  2. Authorities
  3. Investors
  4. Pharma/Biotech business environment
  5. Competition / Development partners

Consider all the stakeholders as a client!

Patients

- Deep understanding of incidence/prevalence/epidemiology data…
- Behaviour in front of the disease (compliance to current treatments, etc.)
- Segmentation: age, sex, disease grade
- Speak to physicians, associations of patients, foundations, etc.

For example: define a classical day in the life of the patient

Authorities

- FDA/EMA/Swissmedic, etc. : it is mandatory to understand very early on the regulatory environment for any kind of product

- Reimbursment strategies (essentially for the medtch industry) is a «Catch 22» – this will impact the marketability of the products

You cannot live with «in between» answers: invest in experienced people

Investors

- «Age» of the fund: it is important to align the long term financing capacity to possibilities of the Investors

- Analysis of **investors portfolio** is key: are you going to make a «competitor» proposition or are you filling a gap in the portfolio?

- Propose an investment/project plan with a **clear risk assessment and mitigation plan** linked to a milestone invesment approach

How the value of the company will evolve along the investment ? Make a concrete market analysis of exits in the field your are entering

Pharma/Biotech business environment

- Bringing a Life Sciences products on the market will be done by big(ger) players in most of the cases

- Understand strategic environments, identify which partners is needing your product in the pipeline

- Define the startegy: co-development, trade sale, out-licensing – pro/cons?

Open innovation is today more than a trend, it's a reality!

Competition / Development partners

- Define well the ballpark in which you are going to play!
- First, second, third … line of treatment?
- Companies and technology assessments … Know your enemies!
- IP environment: FTO is mandatory!

Analyze the failures and understand the reasons

Strategic Document in the Life Sciences sector: Target Product Profile (TPP)

It's a «living» document running in parallel of a classical Business plan and summarizing for all the stakeholers the value proposition

Target Product Profile and Strategic evaluation /1

- Target Market Profile (TMP)
  - Global Market Constraints:
    - Applicable EU/US Guidelines, Recommendations (etc.)
    - Regulatory environment
    - Patient populations
    - Standards of health care practices
    - Endpoints of Clinical trials
    - Competitive assessment
    - Market Access considerations (Price & Reimbursement and competitors)
  - Company's constraints:
    - Linked to development status
    - Linked to industrial constraints (e.g. product manufacturing)
    - Development global or by region (e.g. single Member State or EU or US separately)
    - Technology transfer aspects

Target Product Profile and Strategic evaluation /2

- **Strategic Target Profile (STP)**
  - Pharmacoeconomic aspects (incl. value drivers, pricing, patient share)
  - Revenue, profitability, ROI
  - Investments (R&D, GOGs, SG&A)
  - Licenses, royalties
  - Target attributes (desired label) – TPP version 0, Upside case
- **Target Product Profile (TPP)**
  - Status of the TPP

Conclusion

- Continuous dialogue with Stakeholders is essential (customer creation approach)

- Business Development Strategies have to be flexible : hard to make acceptable for Investors

Developing a value proposition in the ICT Sector

Noldus Information Technology

Theory and Practice

Lucas P.J.J. Noldus, Ph.D.

23 February, 2016

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Speaker biography

- M.Sc. Leiden University, The Netherlands (biology)
- Ph.D. Wageningen University, The Netherlands (behavioral ecology)
- Founder and Managing Director, Noldus Information Technology
- Co-founder, TeleMetronics Biomedical
- Vice President, Netherlands Academy of Technology and Innovation
- Chairman, ICT for Brain, Body & Behavior
- Secretary, Man-Machine Interaction Platform

Company profile

- Developer of professional software, hardware and integrated solutions for behavior research
- Founded in November 1989 by Lucas Noldus
- 140 employees worldwide
- Headquarters in Wageningen, The Netherlands
- Offices in France, Germany, Spain, Hungary, USA, Canada, China
- > 7,000 customers in 85 countries

R&D organization

Research & Development (35):

- Focus on existing markets and products
- Activities:
  - Strategic planning
  - Research in image processing, video technology
  - Software and hardware product development
  - Custom development

New Business Development (11):

- Focus on new markets/business
- Activities:
  - Technology try-out, research
  - High-risk try-outs of new products, markets, business opportunities, often in collaboration projects
  - Prototype development and piloting
  - Market research

Strategic planning for value propositions

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Yearly strategy cycle (MT, PPM's, market research)

Internal/external analysis → SWOT

↓

Strategic issues

↓

Product roadmaps

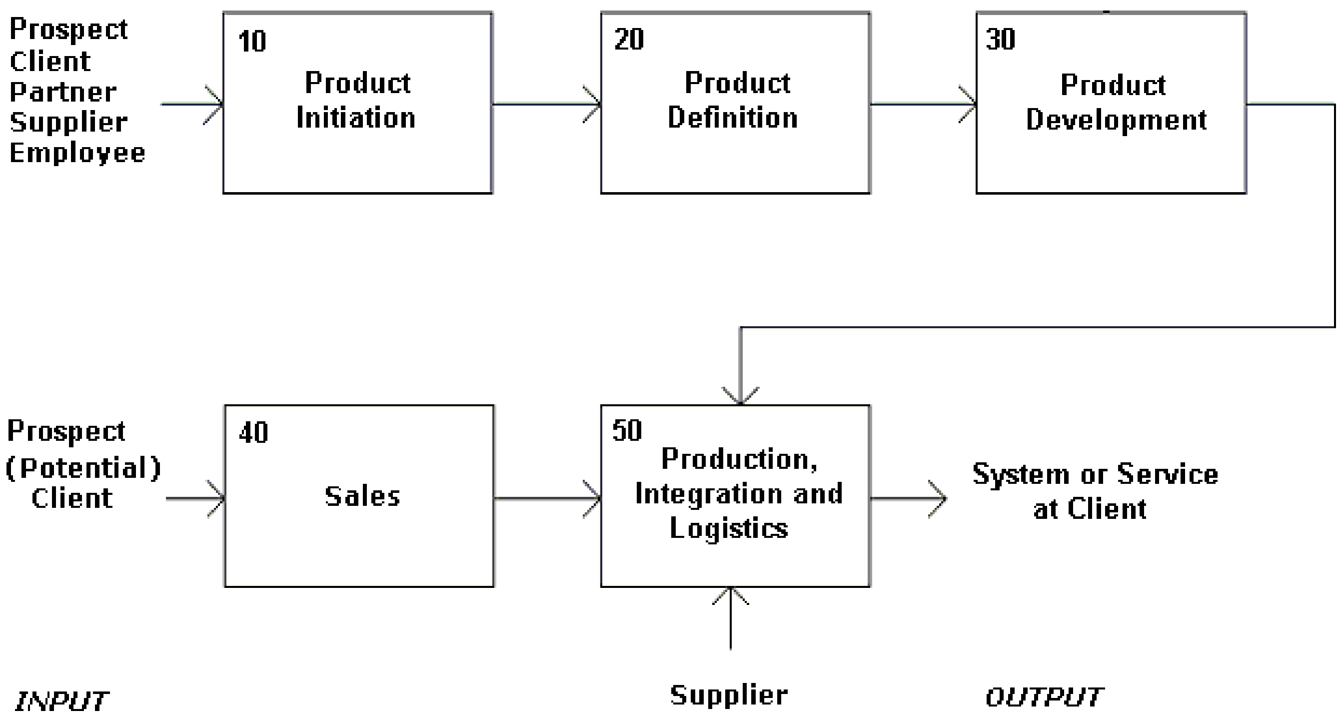
↓

Development priorities

General strategy: Product development

- Primary focus on standard products, rather than custom development
- Product choices: pro-active anticipation of market trends, customer demands and available technology
- Design & featuring: generic, flexible software, suitable for diverse applications
- Modularity: base product plus add-on modules offer choice to the customer without individual customization

Primary process for developing a value proposition



Product development process

Product Initiation:
- Idea for new product/new product release

Draft Product Business Case → MT approval

Product Definition:
- Analyze requirements (user-centered), market potential
- Estimate investment, risks, etc.

Product Business Case → MT approval

Product Development:
- Development
- Testing (functional, usability, beta testing)
- Prepare market introduction

Release → start sales, delivery, installation, training, etc.

EthoVision
Competition

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Why is competition good?

- It forces you to be creative and leads to innovation
- It teaches you
- It promotes focus
- Competition forces a more customer oriented approach - improving customer service will lead to loyal followers
- It promotes growth
- Internal - competition prevents the people from becoming 'lazy'

Competitors for EthoVision

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20 years ago mainly hardware based solutions (IR-beams)

Gradually more competitive systems were video based

Now video tracking for standard rodent tests seems a 'commodity'

Competitors look very carefully at us for new plans/developments

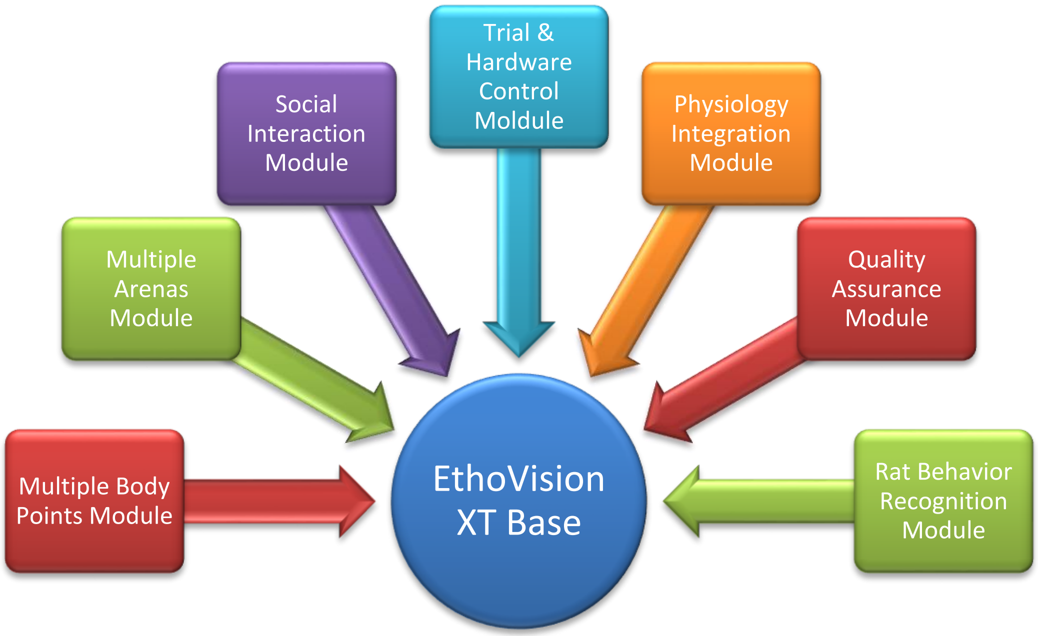
Competitors try to gain market share by:

- Lowering prices
- Offering unfinished products/Making false promises
- Fighting us head-to-head

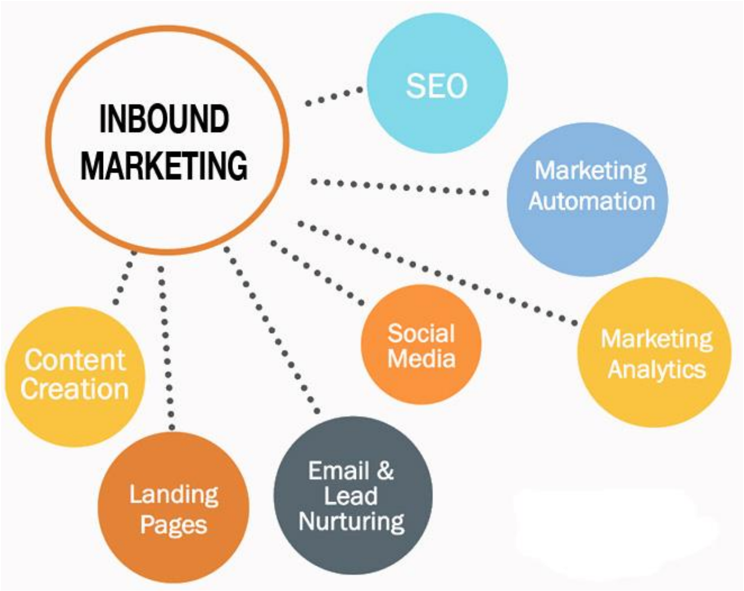
We stay ahead by:

- Staying in close contact with the market – know the needs and expectations
- Continuous investment in research to stay innovative (detection methods, hardware control, analysis options, etc..),
- Continuous development so we can regularly release a new version with improved and new features
- Delivering service and support (24/7 worldwide)
- A customer intimate business model

EthoVision is suited for Customer Intimacy



EthoVision Marketing Communication



Product marketing changed a lot over the years

In the past it was mostly about *sending messages:* e-mailings, advertising (*interruption marketing*)

The last couple of years it is mostly about **inbound marketing:**

- Targeting customers who are actually interested in your products
- Provide useful and quality content so a prospect will actively go and get more information about your products or services.
- So, in essence, you give them something in order to get them to come to you
- Eventually this is a much more affordable marketing strategy
- Note: There are several ways to conduct a successful inbound marketing strategy, all of which require an **online presence**.

EthoVision Marketing Communication

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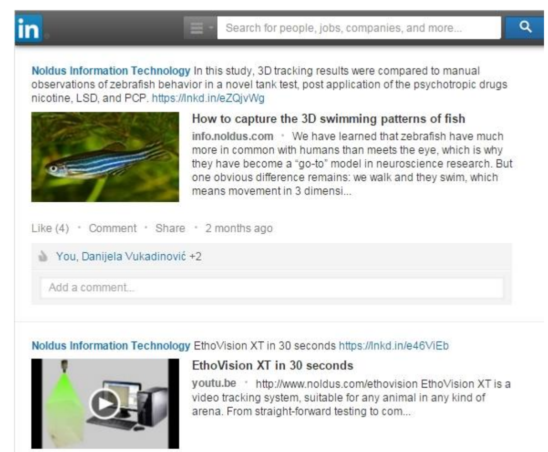
EthoVision Releases – External communication materials

- On-line content (web pages)
  - Blog posts about research in which the product is feature
  - New general page
  - New features page
  - Videos and photos
- Social media
  - Messages about the new release with links to the web pages
  - Messages referring to the blog posts
- Leaflets:
  - Product leaflet
  - Neuroscience leaflet



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EthoVision What did we achieve?

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93- 98 MS-DOS

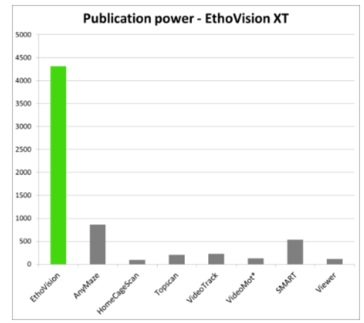
- Launch at Neuroscience in 1993
- Releases 1.10 – 1.96 (MS-DOS period)

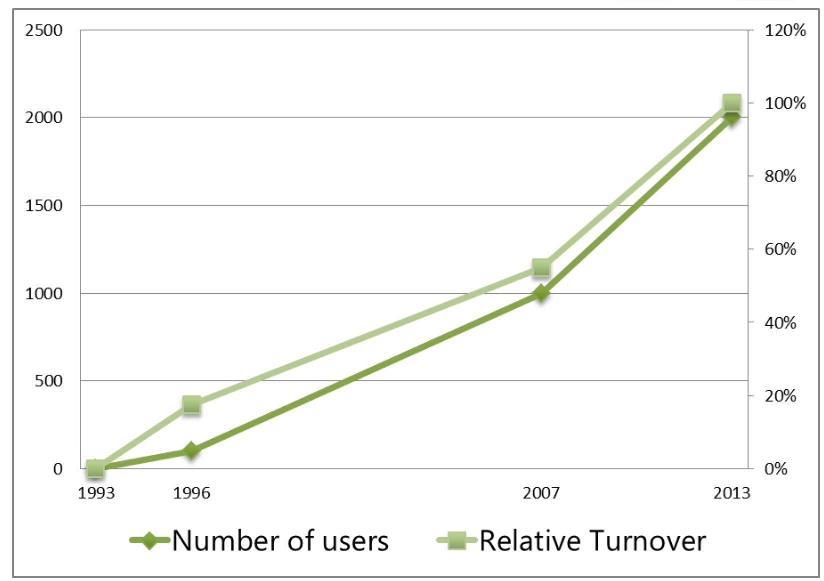
99- 2005 Windows

- First Windows version released in 1999
- Releases 2.0 – 3.1

Z ì today XT

- EthoVision XT
- Releases 4.0 – 11.5
- Modules
- User Guidance, Templates
- Tutorial





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Questions and Answers

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