TIM 80C: STARTING
A NEW TECHNOLOGY COMPANY

Lecture 1  4-4-17

- overview
- syllabus
- Idea generation
- Project Kickoff
  Homework #1
Overview

Problem: How do we create a successful new technology company?

Approach: 6 steps

1. Vision/mission

2. Business goals

3. Product strategy

4. Market strategy

5. Business strategy

6. Financial strategy

- All 6 steps influence each other and are co-determined
1. Vision & Mission

- What is the societal need your startup will address? E.g., clean water, elder care, entertainment.
- How will the startup address the identified need?

2. Business Goals

- Revenue goals ($ in)
- Growth (%) (%)
- Profit Margin (%)

Ex: Generate $2 million revenue by year 2.
Grow revenue at 25% yearly for 4 years.

3. Product Strategy

- Generating ideas for the new product/service
- Selecting one idea to design & develop

Ex: Select smart watch
- Voice
- Video
- Text
- Email
4. Market Strategy

- Identify the appropriate market for the product
- Segment the market into customer groups
- Size the market
- Estimate # customers, % growth
- Select your target market & develop your marketing plan

<table>
<thead>
<tr>
<th>EX:</th>
<th>consumer electronics</th>
</tr>
</thead>
<tbody>
<tr>
<td>target:</td>
<td>college students</td>
</tr>
</tbody>
</table>

5. Business Strategy

- Who are the major wide, differentiated players (companies) in the target market?
- What is their competitive strategy?
- What is the appropriate competitive strategy for your company?
- Least cost

<table>
<thead>
<tr>
<th>EX:</th>
<th>Apple: market-wide, differentiated players (companies)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Samsung: market-wide price competitive</td>
</tr>
<tr>
<td></td>
<td>motorola: market-wide price competitive</td>
</tr>
<tr>
<td></td>
<td>Pebble: market-wide for your company?</td>
</tr>
</tbody>
</table>

Our strategy:
- Highly differentiated
- Focus on selected end users
6. Financial Strategy

Ex:
- Cash flow analysis
- Revenues & expenses over time
- Funding - who will finance the start-up?
  - Crowd sourcing
  - Venture capitalist
  - Angel investor
  - Loans, large company

Venture funding
20% ownership for $1 million in seed funds

TA: Sean Laney  916-969-5860

Note on workload:

Thursday: either HW or project reports due in class.
IDEA Generation

"Structured Brainstorming"

(1) Group designates a moderator
   - takes notes
   - keeps discussion on track

(2) Generate ideas 30-50
   - no limit to craziness of ideas
   - no judgement

(3) Categorize them
   - immediately implementable
   - implementable in a relatively short period of time, e.g., 2 years
   - speculative, long term