Lecture 7
Value Prop and Competition
CURRICULUM

Week 1
- Context, techniques, and idea generation
- Programming tools, and backend

Week 2
- Executive summary, early adoption testing
- Mobile Web, Django, SMS Google App Engine

Week 3
- Hackathon #1
- Android and UI design

Week 4
- Networking Event
- Discretion of Instructors (based on class projects)

Week 5
- Hackathon #2 Baguio
- Growing, financing, and demo

Week 6
- Project Showcase
## SCHEDULE FOR TODAY

<table>
<thead>
<tr>
<th>Time</th>
<th>Topic</th>
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<tbody>
<tr>
<td>4:10PM</td>
<td>Guest Lecturer: Luis Sison</td>
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<tr>
<td>4:50PM</td>
<td>Value Prop and Competition</td>
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<tr>
<td>5:05PM</td>
<td>Android development</td>
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<tr>
<td>5:30PM</td>
<td>Break</td>
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<tr>
<td>6h15-9PM</td>
<td>Lab time</td>
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LUIS SISON

DOST-UP Enterprise Center for Technopreneurship
Program Leader · 2009 to present · Manila, Philippines

University of Philippines
Professor · 1990 to Present · Manila, Philippines
Vice Chancellor for Research and Development – 2006 – May 2011

Purdue University
Class of 2008 · Electrical Engg · MS/Phd · USA

http://www.linkedin.com/pub/luis-sison/17/312/59
THE 9 BUILDING BLOCKS

1. **CS** Customer Segments
   An organization serves one or several Customer Segments.

2. **VP** Value Propositions
   It seeks to solve customer problems and satisfy customer needs with value propositions.

3. **CH** Channels
   Value propositions are delivered to customers through communication, distribution, and sales Channels.

4. **CR** Customer Relationships
   Customer relationships are established and maintained with each Customer Segment.

5. **RS** Revenue Streams
   Revenue streams result from value propositions successfully offered to customers.

6. **KR** Key Resources
   Key resources are the assets required to offer and deliver the previously described elements.

7. **KA** Key Activities
   ...by performing a number of Key Activities.

8. **KP** Key Partnerships
   Some activities are outsourced and some resources are acquired outside the enterprise.

9. **CS** Cost Structure
   The business model elements result in the cost structure.
VALUE PROPOSITION

- Why would my target customer find my product compelling and buy it?
- What kind and how much value does it create for her?
HOW TO VALUE YOUR PRODUCT?

1. Define the target customer (see Lecture 6)
   - Figure out their decision making process (DMP)
2. Have a clearly defined product/service
3. Understand who can provide the money
4. Quantify what the person with the money cares about, i.e. the benefits that your product provides
HOW WILL YOU COMPETE?

- Product Excellence/Innovation
- Customer Intimacy
- Low Price
STEPS TO LAUNCHING YOUR BUSINESS

- Logical Flow
- Scaling
- Presentation

- Financial Statements
- Investor Strategy & Pitch

- Go to Market
- Sales
- Marketing

- Where to Extract Rent
- Pricing

- Value Proposition
- Competitive Advantage
- Development Plans

- Segment
- Direct Validation
- Competition

- Team Composition
- Values
- Setting Expectations

- Generation
- Analysis
- Testing on Key Stakeholders
CHOOSING YOUR COMPETITION

- Who do you want to compete with?
- Why? How are they strong? Weak?
- How is your product/service more appealing to customers? Why would they choose you?
COMMON MISTAKES

- Customers do not change easily
- Competitor have many advantages
- Existing customer base, and have tested the product
- Financial resources and revenue streams
- Existing infrastructure

BUT YOU HAVE
- Clean slate
- Get closer to the customer and can see problems that exist with establish products
- Can see from a new innovative perspective
PERSONAL EXERCISE

1. List a group of your top competitors. If you cannot find one within the Philippines, find a similar international company. -If you say you have NO competition – then there is NO market!

2. How do you group them (i.e. geographic, size, focus, vulnerable vs. weak)?

3. If you were YOUR competitor, how would you compete with you? List 5 weakness of your own business model, or places of improvement.