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| Lean Startups – Scratch Book |
| BidWise |
| It’s a faster, simpler, and smarter way to trade debt. |

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| Jarmo Tahvanainen Eppu Hassinen Risto Teerikoski |
| 10-30-2024 |

Contents

[1. INTRODUCTION 6](#_Toc183588341)

[1.1. Purpose and Vision 6](#_Toc183588342)

[1.2. Key Objectives 6](#_Toc183588343)

[1.3. About Us 7](#_Toc183588344)

[1.4. Approach and Methodology 7](#_Toc183588345)

[2. WEEK 1: BUSINESS IDEA PITCH 9](#_Toc183588346)

[2.1. How it all began 9](#_Toc183588347)

[2.2. Early ideas for BidWise 9](#_Toc183588348)

[2.3. Exploring NPL Market challenges and opportunities 10](#_Toc183588349)

[2.4. Rolling around the idea 10](#_Toc183588350)

[2.4.1. Use of PMI for validating the idea 10](#_Toc183588351)

[2.5. Creating the first pitch 12](#_Toc183588352)

[2.5.1. Objective of the Pitch 13](#_Toc183588353)

[2.5.2. Research and Preparation 13](#_Toc183588354)

[2.5.3. Developing the Pitch Content 13](#_Toc183588355)

[2.5.4. Finalizing the Pitch 14](#_Toc183588356)

[2.5.5. Practice and Presentation 14](#_Toc183588357)

[2.6. Key learning and reflections 14](#_Toc183588358)

[3. WEEK 2: BUSINESS MODEL CANVAS 14](#_Toc183588359)

[3.1. First meeting 15](#_Toc183588360)

[3.2. Our team: introduction 15](#_Toc183588361)

[3.3. Defining roles and responsibilities 16](#_Toc183588362)

[3.4. Idea validation 17](#_Toc183588363)

[3.4.1. Interview with a small NPL seller 19](#_Toc183588364)

[3.4.2. Interview with a large NPL seller 19](#_Toc183588365)

[3.4.3. Interview with a small NPL investor 19](#_Toc183588366)

[3.4.4. Interview with a large NPL investor 20](#_Toc183588367)

[3.4.5. Interview with Other Key Stakeholders (e.g., regulatory bodies, legal advisors, tech consultants) 20](#_Toc183588368)

[3.5. Our first Business Model and Value Proposition Canvases 20](#_Toc183588369)

[3.6. Key learnings and readings of the week 22](#_Toc183588370)

[3.7. Meeting XX.11.2024: Refining the business idea 22](#_Toc183588371)

[3.8. Pitch for AI-Driven NPL Market platform 22](#_Toc183588372)

[3.8.1. Reflections about learning 22](#_Toc183588373)

[3.8.2. Jarmo’s reflection 22](#_Toc183588374)

[3.8.3. Risto’s reflection 22](#_Toc183588375)

[3.8.4. Eppu’s reflection 23](#_Toc183588376)

[4. WEEK 3: VALIDATION 24](#_Toc183588377)

[4.1. TASK: Value Your Business Idea 24](#_Toc183588378)

[4.1.1. Does your idea solve a significant problem? 24](#_Toc183588379)

[4.2. TASK: Business Model Canvas 26](#_Toc183588380)

[4.3. Jarmo’s notes and ideas from the 11.11.2024 lecture 26](#_Toc183588381)

[4.4. Identifying potential customers 27](#_Toc183588382)

[4.5. Questions for Customers (Debt Sellers and Purchasers): 28](#_Toc183588383)

[4.6. Questions for Potential Partners: 29](#_Toc183588384)

[4.7. Customer validation 30](#_Toc183588385)

[4.7.1. KTI-Perintä 30](#_Toc183588386)

[4.7.2. Initial feedback and analysis 31](#_Toc183588387)

[4.7.3. Deeper analysis of customer insights 31](#_Toc183588388)

[4.8. Research on the NPL market and trends 31](#_Toc183588389)

[4.9. Benchmarking similar business models 31](#_Toc183588390)

[4.10. Reflections about learning 32](#_Toc183588391)

[4.10.1. Jarmo’s reflection 32](#_Toc183588392)

[4.10.2. Risto’s reflection 33](#_Toc183588393)

[4.10.3. Eppu’s reflection 34](#_Toc183588394)

[4.11. Market validation and location-specific research 35](#_Toc183588395)

[4.11.1. Scoping out potential market segments 35](#_Toc183588396)

[4.11.2. Interview with a local investor 35](#_Toc183588397)

[4.11.3. Starting market and expansion markets 35](#_Toc183588398)

[4.11.4. Analysis of existing NPL platforms 35](#_Toc183588399)

[4.12. Pitch version 3 36](#_Toc183588400)

[5. WEEK 4: MVP 38](#_Toc183588401)

[5.1. Insights from the 18.11.2024 lecture 38](#_Toc183588402)

[5.2. Outcomes of assigned tasks for further validation 38](#_Toc183588403)

[5.2.1. Meeting with a potential partner 38](#_Toc183588404)

[5.2.2. Exploration of AI tools for analytics 38](#_Toc183588405)

[5.2.3. Initial talks with small investors 38](#_Toc183588406)

[5.2.4. Interview with an NPL consultant 38](#_Toc183588407)

[5.3. Refinement of the business model 38](#_Toc183588408)

[5.4. MVP development 39](#_Toc183588409)

[5.5. Pitch version 4 39](#_Toc183588410)

[5.6. Data and insights gathering 40](#_Toc183588411)

[5.7. Customer validation 40](#_Toc183588412)

[6. WEEK 5: METRICS 43](#_Toc183588413)

[6.1. Thoughts on lecture XX.XX.2024 43](#_Toc183588414)

[6.2. Defining key metrics for BidWise 43](#_Toc183588415)

[6.2.1. User engagement metrics 43](#_Toc183588416)

[6.2.2. Customer satisfaction and performance metrics 43](#_Toc183588417)

[6.2.3. Financial performance indicators 43](#_Toc183588418)

[6.2.4. Market insights and competitive positioning metrics 43](#_Toc183588419)

[6.3. Content notes for video presentation 43](#_Toc183588420)

[6.4. Reflections about learning 43](#_Toc183588421)

[6.4.1. Jarmo’s reflection 43](#_Toc183588422)

[6.4.2. Risto’s reflection 43](#_Toc183588423)

[6.4.3. Eppu’s reflection 43](#_Toc183588424)

[6.5. Pricing model development and revisiting the BMC 43](#_Toc183588425)

[7. WEEK 6 44](#_Toc183588426)

[7.1. Thoughts on lecture XX.XX.2024 44](#_Toc183588427)

[7.1.1. Peer feedback review and takeaways 44](#_Toc183588428)

[7.1.2. Planning the week’s objectives and next steps 44](#_Toc183588429)

[7.2. Financial calculations and projections 44](#_Toc183588430)

[7.3. Video planning 44](#_Toc183588431)

[7.3.1. first draft of the video script 44](#_Toc183588432)

[7.4. Defining roles within BidWise 44](#_Toc183588433)

[8. WEEK 7: THE PITCH 45](#_Toc183588434)

[8.1. Thoughts about the lecture 30.11.2020 45](#_Toc183588435)

[8.2. Preparing the final video 45](#_Toc183588436)

[8.3. Final pitch presentation 45](#_Toc183588437)

[8.4. Final reflections about learning 45](#_Toc183588438)

[8.4.1. Jarmo’s reflection 45](#_Toc183588439)

[8.4.2. Risto’s reflection 45](#_Toc183588440)

[8.4.3. Eppu’s reflection 45](#_Toc183588441)

[8.4.4. Julia’s reflection 45](#_Toc183588442)

[9. SUMMARY 46](#_Toc183588443)

[REFERENCES 47](#_Toc183588444)

[10. Idea Storage: 48](#_Toc183588445)

[10.1. Kysely asiakkaille ja partnereille 48](#_Toc183588446)

[11. Additional Stuff 51](#_Toc183588447)

[11.1. Funding 51](#_Toc183588448)

[11.2. Yearly needed funding 52](#_Toc183588449)

[11.3. Revenue expectations 54](#_Toc183588450)

# INTRODUCTION

This Scratch Book documents our startup journey with BidWise, a digital marketplace that connects small businesses and investors for buying and selling non-performing loans (NPLs). Our team – Jarmo Tahvanainen, Risto Teerikoski, and Eppu Hassinen – aims to address the unique challenges that smaller companies and NPL investors face in the NPL market. Through AI-driven valuation, analytics, and insights, we seek to create a more accessible and efficient platform for NPL transactions.

## Purpose and Vision

BidWise was created with the vision of opening up access to the NPL market, providing small businesses a platform to sell their non-performing receivables (NPLs). By combining AI technology with a user-friendly marketplace, we aim to make the process more accessible, transparent, and efficient for both NPL sellers and buyers. BidWise provides organizations a genuine possibility to sell their suppliers’ debts without binding themselves to expensive and time-consuming agreements with debt collectors. Instead, organizations can sell the credits desired to the platform’s bid prize. It also provides organizations with existing credit collection partnerships to find alternative ways and prices for credit collecting and thus gives the possibility to benchmark the current procedures.

## Key Objectives

This project will follow our journey from ideation to pitch, highlighting each phase of the development process, from creating our initial business model to validating market needs. It also includes weekly reflections on our learning and adaptation, capturing both our accomplishments and challenges. The Scratch book will function as a learning diary in our project, including all phases of the project from the very first thoughts of the project to the final product that is to be presented in the course. By completing this project, not only the learning requirements of the course are met, but the group members will have created a product the hopefully will become a functioning business idea that can be built in real life.

The objective of the project outcome is to make credit collection easier and more accessible to all kinds of organizations, without unnecessary costs or administrative burden. BidWise adds value by providing an opportunity with guaranteed, instantly paid price, enabling all organizations to secure an amount of the arisen debts.

## About Us

Our team brings together diverse skills in business development, AI technology, and market analysis, positioning us well to tackle the NPL market. We are passionate about empowering smaller businesses and are motivated by a shared vision to bring transparency and efficiency to financial transactions in this space.

Jarmo Tahvanainen is currently studying for a master’s in management and information technology, focusing on software engineering management at Tampere University’s Pori campus. Based in Lohja, Finland, Jarmo is diving into the world of software development and project management, learning how to connect tech skills with business know-how.

Eppu Hassinen is a 4th year student in Tampere University majoring in embedded systems and minoring in software business. He has also knowledge in robotics and machine learning.

Risto Teerikoski is a master’s degree student in Industrial Management from Tampere University, Pori campus. Risto is physically located on Åland Islands, Finland.

This group of four wannabe experts is on a route to delve into (pun intended) the realm of startups. But seriously, we see a great potential in this business idea and are more than happy to proceed with this is we somehow find the needed multimillion investment.

Our main mission? To dig into every exciting piece of building a scalable startup—brainstorming big ideas, fine-tuning the details, and figuring out what it really takes to make things fly. And yeah, we’d also like to pass the course, which should be a breeze if we nail the fun stuff first!

## Approach and Methodology

We employ a lean startup methodology, using iterative processes to validate our concept, gather customer feedback, and refine our value proposition. Core tools include:

* **Business Model Canvas** for mapping and refining our business model.
* **Customer Interviews and Surveys** to gain insights into the needs of small business owners and investors.
* **Competitive and SWOT Analysis** to identify our strengths, weaknesses, and market opportunities.
* **PMI** (Plus, Minus, Interesting) model to evaluate ideas and adapt quickly.

# WEEK 1: BUSINESS IDEA PITCH

## How it all began

The group was formed by the course teacher, after which the team members got in touch with one another through email. On Wednesday, October 30th, the group gathered for a first Teams meeting, where the group forming process started by introductions, short presentations and brainstorming of the ideas that the group members had. After short presentations, the team discovered that all of them were studying at Tampere university and that distance studies would be the best method to work further. There were two ideas on the table, of which the group decided to choose the concept of BidWise. The reason for choosing BidWise upon the other concept was that the group saw huge potential in implementing the BidWise solution to an actual business.

## Early ideas for BidWise

* 30.10.2024
  + Discussion about the different ideas.

When the team gathered on the Team for the first time, the participants presented their ideas. Risto presented his idea of a mobile application, in which the user can record his or her fish catches. The business idea was to gain revenue from advertising costs, member fees and from collect fishing data that can be sold to the fishing authorities in different countries. The group liked the idea of having this as a use case for the course but was more eager on implementing the second idea presented. The second idea was presented by Jarmo, who presented a concept of a platform for trading non-performing loans. The business idea for the platform would be a percentage of the fees paid per transaction, but additional income strategies were also discussed.

* + Team decided to focus to this NPL Market idea.
    - NPL stands for Non-Performing Loans (commonly used for referencing to all non-performing receivables, like unpaid invoices)
  + Initial team discussion about the idea of the NPL Market.
    - Idea itself
      * Platform for smaller businesses with consumers as customers to sell their non-performing invoices (NPLs) and for any debt purchasing entity to purchase the NPLs.
    - WHY
      * Business can sell their NPLs, instead of waiting for debtors to pay their open invoices. Selling of receivables is relatively new thing and it is not that common with smaller businesses to use in their credit management processes. By selling receivables, a business can liquidate their non-performing receivables and use that money more useful.
      * Debt purchase companies are very interested in purchasing debts from smaller companies. This platform works as an NPL market for smaller business and connects sellers and purchasers.
      * AI / ML can help in analysing the portfolios send to the platform and thus making it easier for purchasers to acquire smaller portfolios
    - Background of the idea
    - Basic context regarding the idea
      * Credit Management
      * Debt Collection
      * Selling Receivables
      * Helping smaller businesses
    - Platform usefulness considerations
      * Useful for smaller businesses and investors
    - Might have bigger affection to the whole credit management industry
    - Idea is suitable for a startup
      * Scalable
  + Consideration of idea assessment tools. We chose to use these:
    - Modern/light version of the traditional evaluation
    - A quick evaluation model presented in the lecture slides.
    - PMI (Plus, Minus, Interesting) model

## Exploring NPL Market challenges and opportunities

## Rolling around the idea

### Use of PMI for validating the idea

PMI (Plus, Minus, Interesting) is a decision-making tool that helps evaluate the positives, negatives, and unique aspects of an idea.

PMI analysis for BidWise idea:

**Plus**

* **Solves a Real Market Need**: Simplifies the process of buying and selling non-performing loans (NPLs), giving sellers faster cash flow and buyers valuable portfolio options.
* **AI-Driven Efficiency**: Automated valuations and recommendations provide fair pricing, saving time and reducing risk for both sides.
* **Scalable Revenue Model**: With transaction fees and subscriptions, BidWise is set up to grow profitably.
* **Unique Market Positioning**: Targets small and mid-sized NPL sellers with smaller NPL portfolios, an underserved niche with a huge growth potential.

**Minus**

* **Compliance Challenges**: Strict financial regulations mean high initial costs for ensuring legal and data security standards. Mitigate by investing in an in-house or outsourced compliance professional.
* **High Development Costs**: Building a secure, AI-powered platform requires significant investment in technology and expertise. Mitigate by starting with simpler AI models.
* **Trust-Building Needed**: BidWise will need to build trust around AI valuations and data security for users to feel comfortable. Mitigate by partnering with debt collection agencies until the trust is build up to the necessary level.
* **Limited to B2C Receivables**: This solution is primarily suited for B2C receivables, so it may not meet the needs of companies with B2B customers.

**Interesting**

* **Data-Driven Advantage**: AI models can provide predictive insights, setting BidWise apart in NPL analytics. BidWise can build own models and sell those.
* **Disruption Potential**: Decreases the need for the traditional debt collection services when there are no debts to collect once they are sold. Replaces Regarding the traditional NPL selling/purchasing process and a lot of manual work with a transparent, automated marketplace. BidWise can become as a major part of companies’ credit management processes.
* **Expansion Potential**: Start with smaller sellers and NPL portfolios, then expand to larger sellers and portfolios and other markets over time.

## Creating the first pitch

Initial pitch:

"Hi, I’m [Your Name], and I’m excited to tell you about BidWise. It’s an online marketplace that helps businesses quickly sell their unpaid debts (or open invoices if you like) and lets investors easily find good deals to buy.

Right now, selling these debts is slow and expensive for companies, and investors spend a lot of time hunting for the right opportunities. BidWise changes this. Our platform uses AI to instantly assess the value and risk of each debt portfolio, giving sellers fair prices and showing investors which options are a good fit for them.

With BidWise, companies get faster cash flow, and investors have a smart, easy way to find valuable portfolios—all in one place. **It’s a faster, simpler, and smarter way to trade debt.**"

2 –

Hi, my name is [Your name].

Imagine this. You have a business with a lot of consumers as customers, so b2c business, for example a small newly fintech offering consumer loans.

What will you do when a great amount of your customers does not pay the loans you have granted to them?

You might try to contact them directly or use a debt collection agency to recover what is yours. Some of the customers pay back nicely, but some simply cannot pay you now and you will need to WAIT possibly forever. What will you do? You cannot do much.

What if we say you could have a possibility to get the market value of the debts with an easy and fast way? Would you consider this as the best option?

### Objective of the Pitch

The objective of the pitch is to show the value of the BidWise, which is connecting small NPL sellers to NPL buyers with an online platform, so that the selling is faster, easier and cheaper for both. Platform is also powered by AI.

### Research and Preparation

TODO:

Watch a couple of good pitched from Youtube and consider why they are good and what to we should learn from them.

What a good pitch answer to? Addresses a problem and gives and answer (solution) to that. Also gives a few points why this is the correct solution, so called unique selling points. In our case it might be ai analytics, risk assessment tools, pricing for the seller, transparent tender system.

Research:

The pitch should be understandable and short 1-3 minutes. Speech should be slow, but not too slow. Keep pauses in important parts to let the information sink in. Have a good start and ending.

### Developing the Pitch Content

Parts of the pitch:

**Introduction** A warm, quick intro that sets a positive tone and introduces BidWise as a game-changer in debt trading.

**Problem** Explains the current issues: selling debts is slow and costly for companies, while investors struggle to find good deals easily.

**Solution** Shows how BidWise changes this with a marketplace where businesses can sell debts quickly and investors can find valuable portfolios.

**The Role of AI** Highlights the AI-powered part**:** AI assesses value and risk instantly, giving fair prices to sellers and relevant options to investors.

**Benefits** Summarizes the benefits: faster cash flow for businesses, smart investment options for investors, all in one easy-to-use place.

**Closing** Ends with a tagline that reinforces BidWise as faster, simpler, smarter for trading debt, making the pitch memorable.

### Finalizing the Pitch

* *Describe how the team synthesized ideas and feedback to create a cohesive final version.*
* *Outline any final edits or adjustments made for clarity, impact, or structure.*

### Practice and Presentation

* *Explain how the team practiced delivering the pitch, including mock presentations or feedback sessions.*
* *Note any key learnings from practice, such as time management, clarity, or responding to questions.*

## Key learning and reflections

**It’s a faster, simpler, and smarter way to trade debt.**

# WEEK 2: BUSINESS MODEL CANVAS

## First meeting

## Our team: introduction

Our team at BidWise forms up of four founding members, each bringing essential skills to launch and grow the platform.

1. **[name], Product Development Lead**
   * **Background**: [name] brings expertise in [relevant experience, e.g., digital product design, user experience] and is focused on making BidWise intuitive and accessible.
   * **Role Focus**: [name]’s role centers on shaping the product to meet user needs, overseeing the platform’s development, and ensuring a seamless user experience.
2. **Eppu Hassinen, Technical and Data Lead**
   * **Background**: With a strong background in software engineering and data science, Eppu leads the technical technology implementation process and AI-driven features at BidWise.
   * **Role Focus**: Eppu manages the development of AI tools for valuation and risk assessment, creating a reliable and data-backed platform that benefits both sellers and investors. He is also the main technical advisor in what can be done with the technology available today.
3. **Jarmo Tahvanainen, Operations and Strategy Lead**
   * **Background**: Jarmo combines financial services know-how with strategic planning and hands-on operational skills, plus a solid grasp of regulatory needs. His background in credit management and business development and sales is a perfect fit for shaping BidWise’s operations. Bringing strong leadership and a data-driven approach to decision-making, Jarmo ensures everything runs smoothly and stays aligned with our big-picture goals.
   * **Role Focus**: Jarmo defines operational processes, sets strategic goals, and ensures efficient, goal-oriented operations across the team, aligning the platform’s development with business objectives.
4. **Risto Teerikoski, Business Development and Partnerships Lead**
   * **Background**: Risto’s expertise in investment negotiations, business development and project management are driving factors for BidWise’s early client relationships and partnerships. Risto is also responsible for the expansion planning and execution.
   * **Role Focus**: [name] is responsible for expanding BidWise’s reach, establishing partnerships, and ensuring the platform aligns with the needs of both businesses and investors.

Together, we’re building a platform that transforms the NPL market with smart, user-friendly technology tailored to our clients’ needs.

## Defining roles and responsibilities

**Product Development Lead**

* **Responsibilities**: Overseeing the design and development of the BidWise platform, ensuring a user-friendly and intuitive interface for both sellers and investors. This role involves working closely with the technical team to define features, prioritize tasks, and continuously improve the platform.
* **Suggested Person**: [name]

**Technical and Data Lead**

* **Responsibilities**: Developing and maintaining BidWise’s core AI models for valuation, risk assessment, and recommendations. This role involves selecting and refining AI algorithms, managing data pipelines, and ensuring the platform’s backend is robust and scalable.
* **Suggested Person**: [name]

**Operations and Strategy Lead**

* **Responsibilities**: Defining and managing operational workflows, strategic direction, and initial market positioning for BidWise. This role is focused on setting up smooth processes, coordinating between teams, and establishing clear goals and metrics for the company’s success.
* **Suggested Person**: [name]

**Business Development and Partnerships Lead**

* **Responsibilities**: Building relationships with potential clients, investors, and strategic partners, and driving user acquisition. This role is essential for promoting BidWise to key stakeholders, developing partnerships, and understanding client needs for ongoing growth.
* **Suggested Person**: [name]

## Idea validation

To validate BidWise’s idea, it’s essential to interview various types of NPL sellers and purchasers, each providing unique insights. Here’s a breakdown of potential interviewees and targeted questions for each:

* **1. Small NPL Seller (e.g., small businesses with unpaid receivables)**
* **Potential Interviewees**: Small business owners, financial managers, or accountants in industries like retail, telecom, healthcare, or utilities.
* **Questions**:
  + How do you currently handle unpaid receivables? What challenges do you face?
  + How long does it typically take to sell an NPL portfolio, and what costs are involved?
  + Would you consider using an online platform to sell NPLs? Why or why not?
  + What would make an NPL marketplace valuable for you? (e.g., faster sales, fair pricing, easy access to buyers)
  + How important is automated pricing and risk assessment for you?
* **2. Large NPL Seller (e.g., telecom companies, banks)**
* **Potential Interviewees**: Financial executives, credit managers, or debt portfolio managers in large firms.
* **Questions**:
  + How do you assess potential buyers and price your NPL portfolios?
  + What pain points exist in your current process for selling large NPL portfolios?
  + How open would you be to using an AI-powered platform for faster transactions?
  + What features would make you feel secure using an online marketplace (e.g., risk assessment, confidentiality, compliance tools)?
  + What value do you place on real-time market insights and buyer recommendations?
* **3. Small NPL Purchaser (e.g., individual investors, smaller debt collection firms)**
* **Potential Interviewees**: Individual investors or managers in smaller debt collection agencies.
* **Questions**:
  + How do you currently find and evaluate NPL portfolios to buy?
  + What are your main challenges when investing in NPLs (e.g., limited market access, difficulty in assessing value)?
  + Would access to a broader selection of NPLs and AI-driven insights influence your purchasing decisions?
  + How valuable would a recommendation engine be to streamline your search?
  + What subscription or fee models would be most appealing?
* **4. Large NPL Purchaser (e.g., investment funds, large debt collection firms)**
* **Potential Interviewees**: Portfolio managers, fund managers, or executives at large debt purchasing companies.
* **Questions**:
  + How do you currently source high-value NPL portfolios?
  + What do you consider most critical in the valuation and risk assessment of NPLs?
  + How would automated portfolio recommendations impact your buying process?
  + What level of data security, compliance, and confidentiality would you need to use an online marketplace?
  + How do you typically budget for transaction or subscription fees?
* **5. Other Key Stakeholders (e.g., regulatory bodies, legal advisors, tech consultants)**
* **Potential Interviewees**: Compliance officers, legal advisors, AI/tech consultants in financial services.
* **Questions**:
  + What are common regulatory challenges when trading NPLs online?
  + How can AI-driven platforms stay compliant and build user trust in this sector?
  + What security measures are essential to protect transaction data on a platform like BidWise?
  + How important is transparency in AI-generated valuations and risk assessments for users?
  + What trends are you seeing in NPL trading that could influence a platform like BidWise?

### Interview with a small NPL seller

* Choose a random company with decent amount of unpaid b2c invoices.
* Call
* Ask the questions
* Write down thoughts from the interviewee.

### Interview with a large NPL seller

* Choose a company
* Call
* Write down thoughts from the interviewee

### Interview with a small NPL investor

* Choose a company. Maybe a smaller debt collection agency, like Perintäritari?
* Call
* Write down thoughts from the interviewee

### Interview with a large NPL investor

* Choose a company. Maybe a larger debt collection agency, like Lowell?
* Call
* Write down thoughts from the interviewee

### Interview with Other Key Stakeholders (e.g., regulatory bodies, legal advisors, tech consultants)

* Call
* Write down thoughts from the interviewee

## Our first Business Model and Value Proposition Canvases

A screenshot of a computer screen

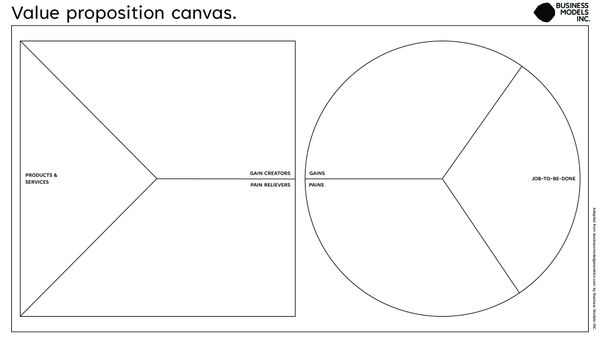
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A white paper with green arrows pointing to a diagram

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A diagram of a customer segment

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## Key learnings and readings of the week

## Meeting XX.11.2024: Refining the business idea

## Pitch for AI-Driven NPL Market platform

Our pitch in Hackathon was overly long and not very informative. Our pitcher needed to leave right before our presentation, and we needed to make a quick change.

### Reflections about learning

### Jarmo’s reflection

### Risto’s reflection

### Eppu’s reflection

I was the pitcher when Risto needed to leave when the presentations before us were longer than expected. The pitching was hard, and it did not go well in my opinion. I did not know much about what to say. We should have had more numbers and less complex sentences. One needs to have the idea and business model clear in their mind to be able to pitch it

# WEEK 3: VALIDATION

A close-up of a business idea

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## TASK: Value Your Business Idea

### Does your idea solve a significant problem?

**Significant problems:**

* Difficulty for small and mid-sized companies to sell NPLs: Small and mid-sized businesses often face challenges in selling their non-performing loans (NPLs) due to limited access to buyers and platforms. Our idea provides a streamlined and open platform specifically designed for these smaller NPL portfolios, enabling these businesses to sell their unpaid receivables more efficiently.
* Slow and costly NPL transactions for both sellers and investors: Selling NPL portfolios through traditional methods is both time-consuming and costly. Our platform simplifies this process, making it less expensive for sellers and investors alike. Smaller companies benefit by having an alternative to costly debt collection processes, and investors gain access to more portfolios without needing to search for sellers independently, offering a faster and cheaper way of acquiring portfolios.

**Is it truly market pain? (Value Proposition Canvas)**

* Yes, this is a genuine market pain. For sellers, traditional debt collection is expensive and slow, with few options to sell NPLs directly. For investors, finding quality NPL portfolios is resource-intensive, and they often lack data-driven insights for risk assessment and valuation. BidWise addresses these pains by creating a transparent marketplace where portfolios are pre-checked, ensuring data reliability.
* Validation needed:
  + Sellers: Engage with both small/mid-sized sellers who have sold NPLs before and those who have not.
  + Investors: Get feedback from smaller investors, like Suomen Perintäritari, and larger ones, like Lowell.
  + Partners:

**Are there markets for your idea?**

* Preliminary insights suggest there is a market for this idea. Additional research is necessary to confirm the needs and demand among small and mid-sized businesses.

**Who are the stakeholders in the market? (Competitor Analysis)**

* The primary stakeholders in the NPL market include debt collection agencies, NPL trading platforms, small and mid-sized sellers, investors, and regulatory authorities overseeing debt and data privacy laws.

**Are customers willing to pay to fix the problem?**

* Businesses that struggle with low NPL quantities are likely willing to pay for an affordable option that minimizes risk and maintains their cash flow. By providing a tailored solution, BidWise offers a valuable alternative for these customers.

**To find out answers, use secondary data like market reports, industry analyses, Statistics Finland, ministry reports etc.**

* By the end of 2024, there were 259 135 debtors under enforcement in Finland. 91 per cent of these were physical persons. In total, their enforced debt to a total of 7,3 billion euros. During 2023, there were 573 798 debtors under enforcement, which means that in 55 cases, the pendency of the debtors ended already in 2023 (<https://stat.fi/julkaisu/clmiusxvt4ymj0avvowu81pi5>).

**Use primary data, i.e., talk with several industry opinion leaders and potential customers, conduct a survey, etc.**

## TASK: Business Model Canvas

A yellow and white checklist

Description automatically generated

## Jarmo’s notes and ideas from the 11.11.2024 lecture

* Idea: It would be beneficial to have a direct interface with companies’ systems so that we could suggest selling overdue receivables when we detect a suitable volume of them. With the press of a button, the company could sell the receivables and receive the offered amount of money in return.
* BidWise partially makes debt collection unnecessary. Is this a good or bad thing?
  + Good receivables should remain in collection, while poor-quality receivables can be sold.
* Future Expansion: Potential to expand later to cover B2B and international receivables.
* Collaboration with Major Collection Agencies: A functional solution initially requires effective cooperation with the largest collection agencies. At some point, collection agencies may no longer be needed, and BidWise could even offer reminder and customer service solutions to companies.
* Questions:
  + How quickly could we generate revenue within the first six months?
  + Who would pay?
  + Where would funding come from?
  + What would the development costs be?
  + What would an MVP product look like?

## Identifying potential customers

BidWise’s potential customers fall into two main groups: debt sellers (small and mid-sized businesses with non-performing receivables) and debt purchasers (investors looking for profitable NPL portfolios).

Potential customers:

* Debt Sellers: These are companies seeking to convert their overdue receivables into immediate cash flow without relying solely on traditional debt collection. By using BidWise, they can streamline the selling process, reduce costs, and enhance liquidity.
* Debt Purchasers (Investors): This includes both small-scale investors and larger financial institutions looking for curated NPL portfolios. They benefit from BidWise’s data-driven valuation and risk assessment, enabling them to find and evaluate portfolios more efficiently

Potential Partners:

* Collection Agencies: These agencies can provide leads on companies that may be potential sellers, as they work with businesses struggling with overdue receivables. Collection agencies could also promote BidWise as an alternative option for companies looking to sell their receivables.
* Sales Ledger Platform Providers: Companies offering accounting etc. software could integrate BidWise into their platforms, allowing their clients to access our service seamlessly and sell receivables directly through their existing tools. Initially it could just advertise BidWise.

## Questions for Customers (Debt Sellers and Purchasers):

This is what we can say in the beginning of an interview:

”Tämä haastattelu on osa kouluprojektia, jossa harjoittelemme yrityksen perustamista kuvitteellisella liikeidealla. Työskentelemme kehittääksemme teoreettista alustaa nimeltä BidWise, joka toimisi digitaalisena markkinapaikkana velkasaatavaportfolioiden ostajille ja myyjille. Projektin tavoitteena on ymmärtää paremmin alan tarpeita ja haasteita, jotta voimme simuloida aidon yrityksen perustamista ja luoda toimivan liiketoimintamallin koulutyötä varten. Haastattelunne auttaa meitä saamaan arvokasta palautetta ja näkökulmia, joita voimme käyttää projektin kehittämisessä”

For Debt Sellers:

* 1. What challenges do you face in selling non-performing loans (NPLs) or in managing overdue receivables?
  2. Would a streamlined platform to sell NPLs quickly be valuable to your business? What features would you find most useful?
  3. How do you currently handle unpaid receivables? Have you considered selling them? If so, why or why not?
  4. How much would you be willing to pay for a service that helps you sell NPLs faster and more easily?
  5. Would you prefer a standalone platform, or would you find it easier to use if it was integrated into your existing credit management software?
  6. What would make you feel confident in using BidWise? Are there any concerns that might prevent you from adopting such a platform?

For Debt Purchasers (Investors):

* 1. How do you currently find and evaluate NPL portfolios? What challenges do you face in this process?
  2. Would data-driven insights and risk assessment tools add value when evaluating portfolios? What specific insights would you prioritize?
  3. How frequently do you purchase NPL portfolios? What criteria do you use to decide on a purchase?
  4. Would you be open to a subscription or transaction fee model for access to a curated marketplace of NPLs?
  5. What would make an NPL platform convenient and trustworthy for you? Would you prefer personalized recommendations?

## Questions for Potential Partners:

For Collection Agencies:

* 1. Would you see value in referring clients to BidWise as an alternative to debt collection? What incentives would make this partnership attractive for you?
  2. Would you be open to promoting BidWise to your client base? If so, what would make this partnership mutually beneficial?

For Credit Management Platforms:

* 1. Would you consider integrating a service like BidWise into your platform? What technical or user experience factors would you consider important for a smooth integration?
  2. Do you believe your clients would use a feature to sell NPLs directly from their credit management system? Why or why not?
  3. How would you envision a revenue-sharing or co-marketing model to make this partnership profitable for both parties?

## Customer validation

### KTI-Perintä

Interview conducted on 19.11.2024.

KTI-Perintä is a smaller debt collection company based in Finland. During the interview, they clarified that they do not purchase receivables and have no interest in doing so. Initially, they misunderstood the platform's concept, assuming it was focused on trading B2B receivables in a manner similar to factoring without recourse, where a seller sells a performing invoice for immediate cash and transfers the risk to the buyer. KTI highlighted that platforms dealing with such receivables do not appeal to them, as they often feature unfamiliar or unconventional invoices.

However, KTI shared valuable insights into their current operations. While they do not purchase receivables themselves, they assist their clients in managing and selling their overdue receivable portfolios. These portfolios are regularly auctioned between two other debt collection companies, and the highest bidder acquires them. The process, while functional, is labor-intensive, particularly for new clients, and has led KTI to establish a minimum portfolio size of €200,000 to make the process worthwhile. They noted that if the process were simplified or automated, smaller portfolios could also become viable, unlocking new market opportunities.

One critical point raised was that debt collection companies that do not purchase receivables might perceive this platform as a competitor. They expressed concerns that such a service could redirect receivables they currently manage to other buyers, potentially resulting in a loss of their clients. This dynamic could limit their willingness to support or promote the platform’s growth.

Another major challenge they highlighted was reaching potential users of such a platform and increasing its visibility. KTI suggested that accounting firms and debt collection companies could be key channels for promoting the platform to the right audience. They also emphasized the importance of making the login process as simple and intuitive as possible for users. Integration with financial management systems like Fennoa or Priox could streamline operations and reduce manual workload. They proposed features like a free API and a dedicated button within financial software to facilitate receivables trading.

KTI further emphasized that the platform must host a large number of sellers to attract buyers and ensure sufficient options. Buyers require transparency and comprehensive data on portfolios to make informed decisions. They mentioned that spreading awareness through accounting firms could be crucial for the platform’s growth.

Potential partners mentioned during the interview included OK Perintä and Priox-related services. Credita was identified as a technically competent company, though its current offerings may not align with all financing needs. Finally, KTI highlighted that automation and simplification of processes could make smaller portfolio sales viable, broadening the market and providing value to both debt collection companies and smaller receivables sellers.

**Recommendations to Improve the Idea**

* Position the platform as a partner to debt collection companies, enabling them to offer receivable sales services.
* Simplify and automate the process to attract smaller portfolios.
* Integrate with financial systems like Fennoa to reduce manual work.
* Use accounting firms and financial advisors to promote the platform to potential users.
* Enhance transparency with detailed portfolio data to build buyer confidence.

### Initial feedback and analysis

### Deeper analysis of customer insights

## Research on the NPL market and trends

## Benchmarking similar business models

Since the planned business model is quite unique, there are not directly any similar business models that trade NPLs in an online platform. However, there is an organization called NPL Markets, which is, according to the company itself, *“A single integrated platform to manage credit portfolios and transactions”*. NPL Markets has a platform, where organizations can store their portfolio and transaction data and easily share these to investors when selling portfolios. However, NPL Markets does not function as a marketplace for the transactions but as a system which leads the buyer and seller from sales to a complete transaction.

Traditional actors such as Intrum, Ropo Capital and OK Perintä are examples of organizations that buy NPLs from organizations in the “traditional way”.

## Reflections about learning

### Jarmo’s reflection

This week, I focused on refining our Business Model Canvas and contributed to the Value Proposition Canvas. Through this, I realized the value of the Value Proposition Canvas in shaping and fine-tuning a startup idea. It's a powerful tool that clearly highlights the essential elements needed to address customer needs, particularly in terms of solving their pains and delivering gains related to their specific tasks.

I also spent time researching potential customers and partners, which turned out to be more challenging than anticipated. This task was crucial for building a list of companies we can approach to validate our idea and understand their situations better. I expect that after these discussions, our canvases will evolve, as we likely haven’t considered all perspectives yet.

On the partners and investors side, I found that the majority are large debt collection agencies that purchase NPLs, which makes it harder to locate smaller investors as they don’t openly market themselves as buyers. A possible next step might be to directly reach out to smaller debt collection agencies and explore if they are currently purchasing or would be interested in purchasing NPLs.

Another challenge lies with companies that have forward flow agreements, where they commit to selling NPLs monthly to a specific agency over a long-term contract. These companies might question the need for BidWise. One potential benefit for them could be splitting portfolios to sell to multiple buyers, potentially increasing their total returns. However, this approach adds complexity and would require BidWise to offer a transparent platform to manage such multi-buyer arrangements—a feature that might be better suited for later development.

In terms of teamwork and time management, I’ve noticed it’s been surprisingly tough to stay on top of everything. We would benefit from a better collaboration tool to streamline productivity and communication. Currently, we use Teams for messages and calls, but responses are sometimes delayed, which affects our productivity. Despite this, everyone on the team is fully committed and genuinely interested in the project.

Finally, pitching has proven to be a challenge. It’s tough to pitch effectively when we’re still defining the core aspects of our idea. But as we gain clarity each week, our pitches are likely to improve. We should probably dedicate more time to pitch practice to build confidence and clarity in presenting our vision.

### Risto’s reflection

This week’s tasks were to analyse the value of the business idea and to sketch out the first version of our project in a Business Model Canvas. We already started creating the business model canvas last week.

A new insight from this week was to dig deeper into the role of the NPL investor. The European Union strict directive (EU directive 2021/2167 on credit servicers and credit purchasers) that states who is allowed to perform as a credit servicer. As a credit servicer in an EU country, an organization must have its headquarters in that country. In other words, for an organization to be a credit servicer in the whole EU, it must have at least 27 different companies in total.

One thing that changed my approach, or more likely but dug me deeper into the business idea, was identifying the roles of the investors. Any investor can invest in different objects, but not all investors are credit servicers that are entitled to handle NPLs by law. Therefore, investors that are not credit servicers but are looking for investments in NPL need to find partners that are credit servicers or become one themselves. This means, that they somehow have to partner up with a credit servicer to be able to collect the debts from the NPLs. In addition to the transaction fee debited by BidWise, they would also need to give a steak of the incomes to a credit servicer. Would it be better if BidWise would be a licensed crediter, too, or sould BidWise team up with some other major players within the field to enable more investors to the market? Or would it be better for that market if the Key Account Managers at the credit servicers would focus on getting external financing and let BidWise find the debts? The BidWise model would also enable newcomers in the market, since it would mean that new credit servicers would gain access to smaller NPL batches that are available on the market thanks to the easiness of selling smaller batches.

### Eppu’s reflection

This week we had our first mentoring meeting. Pekka Abrahamsson liked our idea, but pitching is still a long way from perfect or even from good. Reflection is the most important part of this scratch book, and we need to write it more. Now after the hackathon, this week feels like the first real working week of this course. The first week guidance felt unclear and incomplete. Also, the Jyväskylä moodle is hard to use when one is used to their home university moodle page.

Filling out the value proposition canvas, we came to conclusion that BidWise should have a place in the NPL market. Although the idea can be amazing, but with no real customer need it will not fly. The next step should be validation of the idea with real customers. This cannot be simulated.

I was meeting with different deep tech startups in Tampere University this week. They were struggling with the same problems as us. One team had an idea to get rid of the batteries in animal monitoring devices used by farmers by capturing energy from the animal movement to power the transmitter of the monitoring device.

They had a working prototype, and I was thinking that this is a concept worth money. The team had thought that too, and they got 750 000 € from Business Finland to make the idea into a company. A study was conducted to get to know what features farmers would like to have in the device. The result of the study was shocking. Farmers do not need the technology at all. They are perfectly happy with their battery powered devices. Batteries last five years and they buy new devices when batteries run out.

This was a good example that the team having an idea need to validate the need with the customers as quickly as possible to minimize unnecessary work. Pivoting should always be an option, and the team should not fall in love with their idea to be open minded to pivot their idea towards the customer needs.

## Market validation and location-specific research

### Scoping out potential market segments

### Interview with a local investor

### Starting market and expansion markets

BidWise’s initial focus will be on the Finland / Nordic region, targeting small to mid-sized companies with B2C receivables and investors interested in local NPL portfolios. Once established, BidWise plan to expand into European markets, leveraging cross-border opportunities and addressing international NPL trading needs. Future growth could also include B2B receivables and partnerships with global investors.

### Analysis of existing NPL platforms

The current NPL platforms largely focus on institutional clients and large portfolios, leaving smaller sellers and B2C receivables underserved. Here's an overview:

1. NPL Markets

* Market: Europe (e.g., Germany, Italy, Spain).
* Focus: Large institutional clients, complex tools for high-value deals.
* Gap: Not accessible for small sellers.

1. Debitos

* Market: Europe (Germany, Austria, Switzerland, broader EU).
* Focus: Auction-based platform for mid-to-large portfolios.
* Gap: Unsuitable for small sellers needing quick, predictable transactions.

1. DebtX

* Market: Primarily U.S., some presence in Europe and Asia.
* Focus: Large portfolios with advanced valuation tools.
* Gap: Lacks customization for small businesses.

Key Takeaway:

BidWise can fill the gap by focusing on smaller sellers, offering a user-friendly, AI-driven platform for faster, transparent, and cost-effective transactions. The Nordic region and underserved European markets present key opportunities.

## Pitch version 3

Hi, I’m [Your Name], and I’m here to introduce BidWise, a smarter way to trade unpaid consumer related invoices, or with business jargon non-performing loans, or in short NPLs.

Every year, businesses struggle with unpaid receivables. Small and mid-sized companies, in particular, face challenges in turning these into cash quickly without relying mainly on expensive and slow debt collection methods. On the other hand, investors often spend too much time searching for quality portfolios, with little transparency or data-driven insights to help them decide.

That’s where BidWise comes in. Our platform connects businesses looking to sell their overdue receivables with investors seeking new opportunities. Powered by AI-driven analytics, BidWise ensures sellers get fair valuations and buyers gain clear risk assessments—instantly.

Imagine this: A small business can upload their receivables, and with the click of a button, receive offers from multiple investors. No waiting, no uncertainty—just streamlined transactions. For investors, our tailored portfolio recommendations and transparent data make finding and evaluating NPLs effortless.

We’re starting with the Nordic market, where small businesses often lack solutions for selling B2C receivables. As we grow, we plan to expand across Europe, addressing an even bigger gap in the NPL market.

To build and launch BidWise, we’re seeking €300,000 in funding for the first year to develop the platform, onboard partners, and execute our go-to-market strategy. We anticipate modest revenue of €50,000 in year one as we establish our presence, followed by €200,000 in year two, with rapid growth expected thereafter as we scale operations and expand to larger markets. By year five, we project multi-million euro revenues, driven by increased transaction volumes and customer acquisition.

At BidWise, we’re not just creating a marketplace; we’re building a more accessible, transparent, and efficient future for NPL trading. Whether you’re a seller or an investor, BidWise is your smarter choice for trading debt.

Let’s make the future of NPL trading faster, simpler, and smarter - together.

# WEEK 4: MVP

## Insights from the 18.11.2024 lecture

The lecture provided the team with new tools for further processing the business idea and the product. the Minimum Viable Product (MVP) process helps us map how we should proceed with shaping our idea to a concrete product that fulfils the minimum requirements set by the market, i.e., the users.

The guest lecture by Jarno Mikkonen gave valuable insight in the importance of registering patents and gaining copyrights to the products. At least a patent pending should be put into processing before revealing an idea, in which a patent can be considered being an efficient way of protecting the intellectual property of the product. However, our product is a product consisting of a platform for NPL trading, which means that the intellectual property is not very unique; there are tremendous amounts of online platforms already. However, the name BidWise could, of course, be registered as a trademark.

## Outcomes of assigned tasks for further validation

### Meeting with a potential partner

### Exploration of AI tools for analytics

### Initial talks with small investors

### Interview with an NPL consultant

## Refinement of the business model

## MVP development

The team decided to prepare a prototype that would demonstrate how the MVP would look like. This would be done by creating a mock-up MVP, with the aim to make the plans visual and to have a first product to work with further. To be more efficient, the mock-up should have been just pictures, but Eppu wanted to improve his skills to make a real web page with yet no real functionality.

## Reflections about learning

### Jarmo’s reflection

### Risto’s reflection

### Eppu’s reflection

We decided to do a mock-up page of the Bidwise platform. I know the efficiency is the key in problem validation. Most efficient way of making the mock-up would have been just to make pictures to show the interface of the platform. However, I wanted to validate my own skills as well. I wanted to practice my web-dev skills, and I used couple of hours to make the raw version of the mock-up page.

The development process of any startup idea should always focus on the needs of the potential customers. Validation of the problem. Validation of the customer. Validation of the solution. Validation of the market. These all needs to be done to prevent unnecessary work in the early stages of the startup journey.

## Pitch version 4

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Every year, businesses struggle with unpaid receivables. Small and mid-sized companies, in particular, face challenges in turning these into cash quickly without relying mainly on expensive and slow debt collection methods. On the other hand, investors often spend too much time searching for quality portfolios, with little transparency or data-driven insights to help them decide.

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## Data and insights gathering

## Customer validation

1. What are the demographics, trends, patterns of change, and life-cycle stage of the industry?

The demographic trend of NPL trading is, at least within the European Union, restricted to national markets. This is because of the customers’ strong position in the EU member states’ customer protection regulations. Due to EU regulations, only the nation in which the original trade has been done, can be the home nation for the debt-collecting agency. In other words, to be able to collect debt in an EU country, an organization must establish a subsidiary company in that member state. Each member state has its own legislation and procedures, which affects the attractiveness level of this kind of business in countries.

2. What are barriers of entry and are there any barriers you can set up?

The major entry barrier consists of the current market, which has been established in a specific way, which in turn has become the traditional way for trading debt. Normally, the debt collectors have agreements with customers, who more or less are bound to the debt-collecting agencies with their NPLs. Trading NPLs in a platform-based environment, with a firm with which the organization has no specific agreement upon that trade, is almost unique and currently only occurs for very big transaction amounts. Tackling how organizations could sell their NPLs to the open market instead of to their cooperative partners is the biggest barrier towards organization with existing debt-collecting partner agencies. However, the coin can be twisted as a benefit for BidWise, too. By offering an easy and more transparent way of trading NPLs, any potential binding cooperation agreements with specific agencies become more irrelevant.

3. What is the status of technology and R&D expenditures, and what is the level of innovation?

Initially, the R&D expenditures can be kept low, because the platform is non-complex to its structure and basically quite easy to build. After all, it is a platform with a database, customer (investor or seller) profiles, transaction details and trade documentation. In further development steps and when there is further trade data available, artificial intelligence will be implemented to determine the target prices for the debts.

4. What are typical profit margins in the industry?

The cost of debt collecting can be both in percentage of the sum that is to be collected or a listed price for the service. Typically, the profit margins are high, ranging from 15-60 per cent, due to the risk in investing in debt. Depending on the probability of getting the money back or not, also the profit margin fluctuates.

5. Who are opinion leaders in the industry and how do they affect the industry?

Intrum, Lowell and OK Perintä are the biggest degt-collecting organizations in Finland. These organizations are not only represented by themselves but also by the Collection Agencies’ Association, which is the roof organization for debt-collecting agencies in Finland. From the State of Finland’s side, it is the Regional State Administrative Agency (AVI) who has the controlling role. An organization must be in AVIs register to gain their license and AVI is also the controlling agency in the industry.

6. What are distributors, competitors, retailers, and others saying about the industry?

The industry is perhaps not the most respected from the customer perspective, since the business idea is to collect consumer debts. However, the platform and its functionality would not be considered by the customers, because it is only a platform through which the NPLs switch owners.

7. What are the demographics of the target market?

The three biggest debt-collection agencies in total have a revenue of about 250 m€ <https://www.hs.fi/talous/art-2000008004598.html>). In October 2024, there were 365 000 persons in Finland with a payment default indication. On average, each of these persons has 14 payment default indications, which means that the total amount of indications is 5,11 million to the amount. There are currently 84 organizations in AVI’s register of registered debt-collecting agencies in Finland. The Collection Agencies’ Association only has 15 members, so the market cannot be considered equivalent to the number of agencies they are representing.

8. What is the profile of the first customer?

For the first transaction to succeed, both an investor and a seller are needed. Therefore, there should be two first customers. Most likely, the first customers are a small or mid-sized company, desiring faster cash flows from accounts receivable.

9. How do you approach customers to learn about their needs?

In an initial phase, potential customers to the platform are contacted through phone calls and e-mails, where they are requested to give input on whether this kind of platform is of interest to the organization. The input given by the potential customers will affect how the platform is developed further. Also, the customers will confirm that there is a need for this kind of a solution for trading debt.

10. Who are your competitors, and how are you differentiated from them?

The competitors can be divided into two segments: competing platforms and potential investing customers, i.e., debt-collecting agencies. Since the platform market is quite new, there is only one other platform, NPLMarkets, that shares the same kind of business model as BidWise. However, NPLMarkets focuses on big transaction portfolios rather than small and mid-sized companies’ portfolios.

The other competitors are the debt-collection agencies that strive to find cooperative agreements directly with companies who are eager to have a one-partner method and sell the NPLs according to the agreement. However, these actors could be turned into cooperative partners by having a

# WEEK 5: METRICS

## Thoughts on lecture 25.11.2024

## Defining key metrics for BidWise

### User engagement metrics

### Customer satisfaction and performance metrics

### Financial performance indicators

### Market insights and competitive positioning metrics

## Content notes for video presentation

## Reflections about learning

### Jarmo’s reflection

### Risto’s reflection

### Eppu’s reflection

## Pricing model development and revisiting the BMC

# WEEK 6

## Thoughts on lecture XX.XX.2024

### Peer feedback review and takeaways

### Planning the week’s objectives and next steps

## Financial calculations and projections

## Video planning

### first draft of the video script

## Defining roles within BidWise

# WEEK 7: THE PITCH

## Thoughts about the lecture 30.11.2020

## Preparing the final video

## Final pitch presentation

## Final reflections about learning

### Jarmo’s reflection

### Risto’s reflection

### Eppu’s reflection

### Julia’s reflection

# SUMMARY

Here is a frame for the summary:

**Project Overview**

* Briefly describe the concept of BidWise as an AI-powered marketplace for trading non-performing loans (NPLs) and its objective: to make the NPL market faster, smarter, and more accessible.

**Key Milestones**

* Highlight the major steps in the project, such as idea generation, market research, product development planning, and feedback from potential users.

**Lessons Learned**

* Summarize the most valuable insights gained throughout the project, including what was learned about the needs of small NPL sellers and investors, as well as insights into the NPL market.

**Challenges and Solutions**

* Briefly discuss any obstacles encountered, such as understanding regulatory requirements, building trust around AI-driven valuations, and defining a clear value proposition, along with how the team worked to address them.

**Potential Impact and Value**

* Explain how BidWise could impact the NPL market if launched, focusing on the benefits it offers to small sellers and investors by streamlining the transaction process and providing data-driven insights.

**Next Steps**

* Outline future possibilities, including refining the concept further, conducting more in-depth market testing, and exploring steps to formally establish BidWise as a business. This section can emphasize that, based on project outcomes, founding the business could be a viable next step.

# REFERENCES

# Idea Storage:

Here everyone can add any ideas that pops up in his/her mind!

Jarmo:

I think it would be a good idea to have quate for a company. Should we use this to begin with:

***Quote 0.1 “It’s a faster, simpler, and smarter way to trade debt.”***

## Kysely asiakkaille ja partnereille

**Velkasaatavien myyjille:**

1. Nykyiset haasteet: Mitä haasteita kohtaatte myydessä erääntyneitä saatavia (NPL) tai hallitessanne maksamattomia laskuja?
2. Arvon havaitseminen: Olisiko sujuvampi alusta saatavien myyntiin hyödyllinen yrityksellenne? Mitkä ominaisuudet olisivat mielestänne tärkeimpiä?
3. Myyntitavat: Miten käsittelette tällä hetkellä maksamattomia saatavia? Oletteko harkinneet niiden myyntiä? Jos olette, miksi tai miksi ette?
4. Hinnoitteluodotukset: Paljonko olisitte valmiita maksamaan palvelusta, joka nopeuttaisi ja helpottaisi saatavien myyntiä?
5. Alustaintegraatio: Suosisitteko erillistä alustaa vai olisiko helpompaa, jos se olisi integroitu olemassa olevaan laskutus- tai luotonhallintajärjestelmäänne?
6. Luottamus ja läpinäkyvyys: Mikä lisäisi luottamustanne käyttää BidWise-palvelua? Onko jotain huolenaiheita, jotka voisivat estää teitä ottamasta sitä käyttöön?

**Velkasaatavien ostajille (sijoittajat):**

1. Portfolion etsiminen: Miten löydätte ja arvioitte NPL-portfoliot tällä hetkellä? Mitä haasteita kohtaatte tässä prosessissa?
2. Alustan ominaisuudet: Lisäisikö dataan perustuva analyysi ja riskinarviointityökalut arvoa portfolioiden arvioinnissa? Mitä erityisiä ominaisuuksia arvostaisitte eniten?
3. Ostotottumukset: Kuinka usein ostatte NPL-portfolioita? Mitä kriteerejä käytätte ostopäätösten tekemiseen?
4. Maksuhalukkuus: Olisitteko valmiita maksamaan tilausmaksun tai transaktiokohtaisen maksun saadaksenne pääsyn räätälöityyn NPL-markkinapaikkaan?
5. Käyttäjäkokemus: Mikä tekisi NPL-alustasta helppokäyttöisen ja luotettavan teille? Suosisitteko henkilökohtaisia suosituksia?

**Velkasaatavien ostajille (sijoittajat) - Haastattelupohja perintäyhtiölle, joka ei ole vielä ostanut erääntyneitä kuluttajasaatavaportfolioita:**

1. Miten lähestytte tällä hetkellä velkasaatavien käsittelyä? Oletteko harkinneet kuluttajasaatavaportfolioiden ostamista? Jos kyllä, millaisia haasteita arvioitte kohtaatte prosessissa?
2. Lisäisikö dataan perustuva analyysi ja riskinarviointityökalut arvoa portfolioiden arvioinnissa, mikäli harkitsisitte ostoja? Mitä erityisiä ominaisuuksia tai tietoja pidätte tärkeinä ostopäätöksissä?
3. Millaisia tekijöitä ottaisitte huomioon, jos päättäisitte alkaa ostaa NPL-portfolioita? Kuinka tärkeänä pidätte läpinäkyvyyttä, hinnoittelua ja riskitietoja?
4. Olisitteko valmiita maksamaan esimerkiksi vuosimaksun tai transaktiokohtaisen maksun, jos saisitte pääsyn NPL-markkinapaikkaan?
5. Mitä erityisesti arvostaisitte NPL-alustassa, joka voisi helpottaa sen käyttöönottoa teidän näkökulmastanne? Olisiko henkilökohtaisesti räätälöidyt suositukset tai helppokäyttöisyys teille tärkeää?

**Kysymyksiä mahdollisille kumppaneille:**

**Perintätoimistoille:**

1. Yhteistyömahdollisuudet: Näettekö arvoa ohjata asiakkaitanne BidWise-palveluun vaihtoehtona perintätoimille? Millaiset kannustimet tekisivät yhteistyöstä houkuttelevan? Omien liidien osalta voisitte edelleen jatkaa saatavien perintää, jos ostetta ne itselle.
2. Markkinointiyhteistyö: Olisitteko valmiita markkinoimaan BidWise-palvelua asiakaskunnallenne? Mikä tekisi yhteistyöstä molemmille osapuolille hyödyllisen?

**Luotonhallinta-alustoille:**

1. Harkitsisitteko BidWise-palvelun integrointia alustaasi? Mitä teknisiä tai käyttäjäkokemukseen liittyviä tekijöitä pitäisitte tärkeinä sujuvan integraation kannalta?
2. Uskotteko, että asiakkaanne käyttäisivät ominaisuutta, jonka avulla he voisivat myydä saatavia suoraan luotonhallintajärjestelmästään? Miksi tai miksi ei?
3. Miten näette mahdollisen tulonjako- tai yhteismarkkinointimallin, joka tekisi yhteistyöstä kannattavaa molemmille osapuolille?

# Additional Stuff

## Funding

NOTE VERY ROUGH AND INITIAL VERSION!

**Funding Estimate for BidWise**

1. **Platform Development**
   * **Website and App Development**: €50,000 - €70,000 for initial build.
   * **Cloud Infrastructure (Hosting, Storage, Servers)**: €10,000 - €15,000 annually.
   * **Security and Compliance**: €5,000 - €10,000 for GDPR compliance.

**Subtotal**: €65,000 - €95,000

1. **AI Development and Data Acquisition**
   * **AI Model Development**: €40,000 - €60,000 for initial model setup.
   * **Data Acquisition**: €10,000 - €20,000 for historical NPL data.
   * **Ongoing Model Maintenance and Training**: €10,000 - €15,000 annually.

**Subtotal**: €60,000 - €95,000

1. **Personnel Costs**
   * **Data Scientists and Engineers** (2 roles): €60,000 - €80,000 per person annually → **€120,000 - €160,000**.
   * **Platform Developer** (1 role): €60,000 - €80,000 annually.
   * **Sales and Marketing Specialist** (1 role): €40,000 - €60,000 annually.
   * **Customer Support Specialist** (1 role): €30,000 - €40,000 annually.

**Subtotal**: €250,000 - €340,000

1. **Marketing and Customer Acquisition**
   * **Digital Marketing Campaigns**: €20,000 - €30,000.
   * **Partnership Development**: €10,000 - €20,000.

**Subtotal**: €30,000 - €50,000

1. **Operational Expenses and Working Capital**
   * **Legal and Compliance**: €5,000 - €10,000.
   * **Office and Operational Costs**: €10,000 - €20,000.

**Subtotal**: €15,000 - €30,000

**Total Revised Funding Required**

With these updated figures, the **total estimated funding required for BidWise’s launch is approximately €420,000 - €610,000**. This budget covers platform development, AI model setup, essential personnel, and marketing for the first year, allowing for initial growth and scaling.

## Yearly needed funding

* **Year 1: Initial Development and Launch**
* **Platform Development & AI Setup**: €65,000 - €95,000 (one-time cost for initial build).
* **Personnel** (5 team members): €250,000 - €340,000.
* **Marketing and Customer Acquisition**: €30,000 - €50,000.
* **Operational Expenses**: €15,000 - €30,000.

**Total Year 1**: €420,000 - €610,000

* **Year 2: Expansion and Optimization**
* **Platform Maintenance and Updates**: €20,000 - €30,000 (ongoing improvements and new features).
* **AI Model Improvements**: €15,000 - €20,000 for data and model refinement.
* **Personnel** (Expand to 7 team members to support growth):
  + Data Scientists/Engineers: €120,000 - €160,000.
  + Platform Developer: €60,000 - €80,000.
  + Sales/Marketing Specialist: €40,000 - €60,000.
  + Customer Support (expand to 2 members): €60,000 - €80,000.
  + **Total Personnel Cost**: €280,000 - €380,000.
* **Marketing and Partnerships**: €40,000 - €60,000 to increase user acquisition.
* **Operational Expenses**: €20,000 - €30,000.

**Total Year 2**: €375,000 - €520,000

* **Year 3: Scaling and New Features**
* **Advanced Platform Features** (e.g., advanced analytics, user dashboard improvements): €25,000 - €40,000.
* **AI Model Expansion**: €20,000 - €30,000 for additional capabilities.
* **Personnel** (Expand to 9 team members for scaling):
  + Data Science, Engineering, Sales, and Support expansions: €350,000 - €450,000.
* **Marketing and Customer Growth**: €50,000 - €70,000 for expanded campaigns.
* **Operational Expenses**: €25,000 - €35,000.

**Total Year 3**: €470,000 - €625,000

* **Year 4: Continued Scaling and Market Expansion**
* **Platform Maintenance and Feature Expansion**: €30,000 - €45,000 for new tools and optimizations.
* **AI Enhancements**: €25,000 - €35,000 to stay competitive.
* **Personnel** (Expand to 12 team members for broader market reach): €450,000 - €550,000.
* **Marketing and Strategic Partnerships**: €60,000 - €80,000 for increased presence.
* **Operational Expenses**: €30,000 - €40,000.

**Total Year 4**: €595,000 - €750,000

* **Year 5: Full-Scale Operations and Market Dominance**
* **Advanced Platform Development**: €35,000 - €50,000 for high-level features or regional expansions.
* **AI Optimization**: €30,000 - €40,000 to improve predictive capabilities.
* **Personnel** (Maintain 12 members with potential salary increases): €500,000 - €600,000.
* **Marketing and Brand Building**: €70,000 - €90,000 to solidify brand.
* **Operational Expenses**: €35,000 - €45,000.

**Total Year 5**: €670,000 - €825,000

* **5-Year Investment Summary**
* **Year 1**: €420,000 - €610,000
* **Year 2**: €375,000 - €520,000
* **Year 3**: €470,000 - €625,000
* **Year 4**: €595,000 - €750,000
* **Year 5**: €670,000 - €825,000

**Total 5-Year Investment**: **€2.53 million - €3.33 million**

This budget allows BidWise to build, launch, expand, and eventually dominate its market with a full-scale operation. Adjustments can be made based on actual revenue growth and customer acquisition success in early years.

## Revenue expectations

**Revenue Projections by Year**

**Year 1: Initial Traction**

* **Transaction Fees**: 30 transactions at €100,000 average → €3 million in transactions, 1.5% fee → **€45,000**
* **Subscription Fees**: 100 subscribers → **€60,000**
* **Brokerage Fees**: 5 large transactions at €100,000 average → €500,000 in transactions, 5% fee → **€25,000**

**Total Year 1 Revenue**: €130,000

**Year 2: Growth Phase**

* **Transaction Fees**: 80 transactions at €100,000 average → €8 million in transactions, 1.5% fee → **€120,000**
* **Subscription Fees**: 200 subscribers → **€120,000**
* **Brokerage Fees**: 10 large transactions at €100,000 average → €1 million in transactions, 5% fee → **€50,000**

**Total Year 2 Revenue**: €290,000

**Year 3: Scaling Up with Larger Portfolios**

* **Transaction Fees**: 200 transactions at €150,000 average → €30 million in transactions, 1.5% fee → **€450,000**
* **Subscription Fees**: 400 subscribers → **€240,000**
* **Brokerage Fees**: 15 large transactions at €150,000 average → €2.25 million in transactions, 5% fee → **€112,500**

**Total Year 3 Revenue**: €802,500

**Year 4: Expansion and Increased Average Portfolio Value**

* **Transaction Fees**: 400 transactions at €150,000 average → €60 million in transactions, 1.5% fee → **€900,000**
* **Subscription Fees**: 600 subscribers → **€360,000**
* **Brokerage Fees**: 20 large transactions at €150,000 average → €3 million in transactions, 5% fee → **€150,000**

**Total Year 4 Revenue**: €1.41 million

**Year 5: Full-Scale Operations with Large Portfolios and Clients**

* **Transaction Fees**: 800 transactions at €200,000 average → €160 million in transactions, 1.5% fee → **€2.4 million**
* **Subscription Fees**: 1,000 subscribers → **€600,000**
* **Brokerage Fees**: 30 large transactions at €200,000 average → €6 million in transactions, 5% fee → **€300,000**

**Total Year 5 Revenue**: €3.3 million

* **5-Year Revenue Summary**
* **Year 1**: €130,000
* **Year 2**: €290,000
* **Year 3**: €802,500
* **Year 4**: €1.41 million
* **Year 5**: €3.3 million

**Total 5-Year Revenue**: **€5.93 million**

This revised projection reflects BidWise’s ability to attract larger portfolios and high-value clients over time, scaling both transaction volumes and portfolio values for higher revenue growth.