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

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| 10-30-2024 |

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# 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

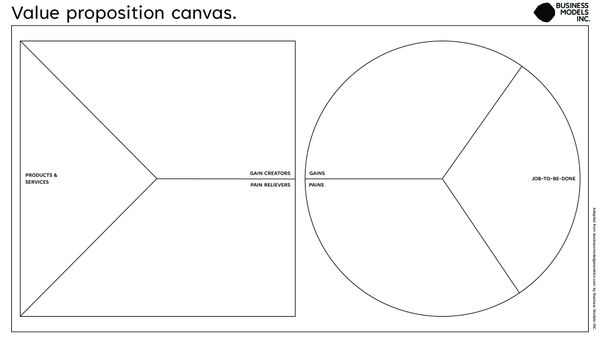
## Our first Business Model and Value Proposition Canvases

A white paper with green arrows pointing to a diagram

Description automatically generated

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

Task this week:

A close-up of a business idea

Description automatically generated

WEEK 2: a) Value Your Business Idea

* Does your idea solve a significant problem on the market?
  + Significant problems:
    - Small/mid sized companies have difficulties selling NPLs
      * Our idea solves this problem by offering a platform that makes it possible for smaller and mid sized companies with smaller NPL portfolios to sell their unpaid receivables. The platform solution is streamlined and open for all.
    - Selling NPL portfolios is slow and costly for both sellers and investors.
      * Our idea solves this by generalizes the selling of NPLs and makes it less costly for both the sellers and the investors. By using this platform and selling receivables a smaller company do not have to only use debt collection measures for collecting unpaid receivables.
      * When this platform has more and more portfolios, it helps investors to get access to new portfolios and they do not need to search for the potential sellers by themselves and thus making this option as faster and cheaper way of acquiring portfolios.
* Is it truly market pain (value proposition canvas)?
  + Yes, it is a genuine market pain. For sellers, the traditional debt collection process is costly and time-consuming, and there is no easy way to sell NPLs directly. Investors face a different pain point: spending time and resources on researching NPL portfolios without efficient data-backed tools for risk assessment and valuation. BidWise addresses these pains by offering a transparent marketplace. BidWise prechecks that the data in the portfolios are as expected.
  + We need to validate this and ask from the potential users (small sellers) and the investors:
    - Sellers
      * Small/mid seller
        + Have sold before
        + Never sold before
    - Investors
      * Smaller investors
        + Suomen Perintäritari
      * Biggers investors
        + Lowell
* Are there markets for your idea?
  + Seems like there is. Research needs to be done to find out the true needs of small and mid-sized businesses.
* Who are the stakeholders in the market (competitor analysis)?
  + NPL markets
* Are customers willing to pay to fix the problem?
  + Customers who do not have the possibility to trade NPLs due to low quantities are willing to choose the best suitable option that minimizes risk and keeps cash flow current.
* 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.

A yellow and white checklist

Description automatically generated

## Notes and ideas from the 11.11.2020 lecture

* Idea: Olisi hyvä jos yrityksien järjestelmiin saisi suoran rajapinnan, niin että voisimme ehdottaa yrityksille erääntyneiden saatavien myyntiä, kun olemme havainneet sopivan määrän myytäviä erääntyneitä saatavia. Nappia painamalla yritys voisi myydä saatavat ja saada tarjouksen mukaisen summan rahaa tilalle.
* BidWise tekee perinnän osittain tarpeettomaksi. Hyvä vai huono asia?
  + Hyviä saatavia kannattaa pitää perinnässä ja huonot myydä
* Myöhemmin laajentuminen yrityssaataviin ja kansainvälisiin saataviin
* Toimiva ratkaisu edellyttää toimivaa yhteistyötä suurimpien perintäyhtiöiden kanssa. Ainakin alkuun. Jossin vaiheessa perintäyhtiöitä ei tarvita vaan bidwise voisi tarjota jopa muistuttamisen ja asiakaspalvelun ratkaisut yrityksille.
* Miten nopeasti saisimme liikevaihtoa ensimmäisen puolen vuoden aikana? Kuka maksaa? Mistä rahoitus? Mitä maksaa kaikki kehitys? Mikä olisi MVP tuote?

## Identifying potential customers and partners (e.g., small NPL sellers, investors)

## Questions for potential business partners

## Customer validation

### Initial feedback and analysis

### Deeper analysis of customer insights

## Research on the NPL market and trends

## Exploring local investor networks

## 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

**Reflection Guide for Team Members**

1. **Key Contributions**
   * What tasks did you complete this week?
   * How did your work impact our progress?
2. **Challenges and Solutions**
   * What challenges did you face, and how did you overcome them?
   * What would you do differently next time?
3. **Team Collaboration**
   * How was the teamwork this week?
   * Did you help foster a positive team environment?
4. **Learning and Growth**
   * What new skills or insights did you gain?
   * Did you learn something that changed your approach?
5. **Next Steps**
   * What should our focus be next week?
   * How will you contribute to improve our work?

### Jarmo’s reflection

### 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

### Julia’s reflection

## Market validation and location-specific research

### Scoping out potential market segments

### Interview with a local investor

### Starting market and expansion markets

### Analysis of existing NPL platforms

## Pitch for XX.XX.2024

# WEEK 4: MVP

## Insights from the XX.XX.2024 lecture

## Outcomes of assigned tasks for further validation

### Meeting with a potential partner

### Discussion with a tech provider

### Exploration of AI tools for analytics

### Initial talks with small investors

### Interview with an NPL consultant

## Refinement of the business model

## MVP development

## Pitch XX.XX.2020

## Data and insights gathering

# WEEK 5: METRICS

## Thoughts on lecture XX.XX.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.”***

# 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.