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9B17M051

BUSINESS MODELS AND the Online Venture Challenge (B): MOVING TO LAUNCHBOARD

Professors Chris Street and J. Robert Mitchell wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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It was January 2016, and Josh and Caleb Del Begio had gone to the United States Association of Small Business and Entrepreneurship (USASBE) academic conference to sell their product, the Online Venture Challenge (OVC), to earn some much-needed revenue. As a fallback plan, the brothers also hoped to demonstrate Launchboard, their other product idea. Both products were tools for entrepreneurship educators. Josh and Caleb had not had much success selling the OVC during the conference, but they did acquire commitments from two professors who wanted to use Launchboard that very semester. One of the professors was from Western Washington University and the other one was from the University of New Hampshire. The latter professor saw value in Launchboard because his students conducted many interviews with potential customers, and he needed a way to track and assess which students had done what and when. When this professor saw Launchboard, he immediately responded that he liked it and intended to start using it immediately.

THE CHALLENGE

The brothers’ experience at the USASBE conference seemed to indicate that the Launchboard product was superior to the OVC product in every way. Launchboard had all the benefits of the OVC, but it was much more flexible in terms of how it could be used in the classroom—something that the OVC lacked. Acquiring two customers with a barely functional demonstration version of the Launchboard product was encouraging, and it was clear to Caleb and Josh that they needed to change the focus of their business; yet they had conflicting emotions. On the one hand, they were thrilled to have sales, but on the other hand, they were disappointed about the lack of sales for the OVC. Caleb had been working part-time on the OVC for nearly two years, and had been thinking about the idea for even longer. However, the feedback from the USASBE conference indicated that he and Josh needed to de-emphasize the OVC product and focus on developing Launchboard. This shift would require starting over in many respects. Specifically, the brothers needed to deliver the product they promised to their new customers by the start of February 2016, so that both professors could use the product in the last month of their courses.

Accordingly, following the conference, the single focus of Caleb and Josh was to develop Launchboard to be usable for live users by February 1, 2016. The application needed to be stable and work well, not only to satisfy their new subscribers but also to be able to gather constructive feedback for any further developments. If the product simply did not work well or was inaccessible when students needed it, then the bulk of the feedback would undoubtedly be negative, but of no specific help in determining where to take the product next. After three weeks of very hard work, Launchboard (still on Google’s Firebase platform, where it was built) was commercially viable for Western Washington University and the University of New Hampshire on February 1, 2016 (see Exhibit 1).

A NEW FOCUS

While the development period in January was indeed frantic, February and March turned out to be no less demanding. From the beginning of February to the end of March 2016, Josh and Andrew Miller (a friend of the two brothers who was initially recruited by Caleb to work with Josh in marketing and sales for the OVC) conducted a blitz of customer discovery calls with the dual aim of determining what professors and students wanted in the the Launchboard product, and the percentage of professors who would actually use the product in their classes. The calls uncovered three main insights from professors: (1) professors primarily cared about the reporting, and wanted to know what individual students were doing and when; (2) professors wanted flexibility in organizing, structuring, and monitoring teams; and (3) professors wanted flexibility in setting up how students could share data and communicate among teams.

On a typical day, Josh, Caleb, or Miller would finish one of these calls with a professor or a student and then discuss what they had learned with the others. Responsibilities remained the same as they had been in the past, with Josh responsible for growth and sales; Caleb, for development; and Miller, for promotion and marketing. Ongoing development of the Launchboard product followed an agile development method with a revolving development priority list based on customer feedback. Decisions for development were mainly based on two considerations: developing the core features necessary to support what professors wanted to accomplish, and the response-based/reactive development of bug fixes. One example of core feature development during the first semester of use came from feedback from the Western Washington University professor, who was not getting enough of a sense of how students were progressing through the application because the system was tracking students’ completed work, but not how well the students were progressing toward validating the business model. In response to this input, Caleb added visual graphs and charts that showed the types of activity that were being done. Professors and students were able to start using it before the end of the semester, enabling even more feedback.

After the winter semester concluded in May 2016, Josh, Caleb, and Miller evaluated the experience and the feedback they had received so far. They decided there were two primary problem statements that Launchboard addressed:

* Problem 1: Lean start-up methodology required discipline, and the benefits were lost when loosely applied. It was common to misplace data, miss trends, rely on bias, and fail to make informed decisions. Bigger teams resulted in more disconnects, resulting in wasted resources and potentially dangerous misinterpretations.
* Problem 2: Lean start-up methodology happened best through experiential learning that also happened outside the classroom, but this meant that students might be more likely to struggle through these new experiences with little framework for success because educators did not have the tools to track and engage with their students’ work in real time, making it difficult to quickly recognize different types of success (e.g., a failure could be a superior learning experience).

Throughout May and June of 2016, Miller and Josh continued cold-calling entrepreneurship professors to inform them about the new Launchboard product. The strategy for the calls was to focus on these two problem statements, to validate the assumptions underlying the business model, and to refine the promotional message. The partners’ goal was to achieve 10 per cent conversion on the demonstrations they provided to those who responded to the 1,500 emails sent to entrepreneurship professors around the world.

MOVING FORWARD

In December 2016, the OVC product still existed and continued to be live, operating on a negligible budget with an estimate of CA$25,000[[1]](#footnote-1) profit for the 2016–17 academic year. The main question facing Caleb, Josh, and Miller was whether Launchboard represented a sufficiently viable business model to warrant continued and focused investment. They had a new version planned for launch for the September 2017 semester that provided better reporting to professors and teams, enabling students to show progress and demonstrate what they had learned more clearly. Fittingly, Caleb and Josh’s Launchboard product contained the very tools that they needed to answer this question.

Exhibit 1: the Layout and professor/student Interface of Launchboard

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Exhibit 1 (continued)

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Exhibit 1 (continued)

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Source: Company files.

1. All currency amounts are in Canadian dollars unless specified otherwise. [↑](#footnote-ref-1)