Product strategy
Step-by-step

ancestry

Step	Guidance	Example*	Your product
1 **Markets, customers, and technology**	What markets and customers are we targeting today? What are the key trends? Is this market shrinking? flat? growing?	We target consumers who deeply care about their ancestry and see it as part of their identity. The market has been growing by X% year, and this is expected to continue for the next 5 years.	
	Is there growth in adjacent markets that might offer us new opportunities?	Ancestry has traditionally focused on understanding the geographic origins of a customer's genetic background, but these same customers often want to know what health characteristics they inherited. DNA health testing is currently valued at $Z million per year and is growing at a rate of Y%.	
	What geographies are we targeting today? Are there new geographies with growth opportunities for us?	We primarily target people in US, Canada, Europe, Australia. The market in South America is small today but growing rapidly. Other regions with significant historical people migration, like India, are a longer-term future target.	
	Are there important regulatory, political, or other environmental changes that might cause problems or create opportunities?	Privacy concerns continue to grow, with stricter regulation (varying by country), and increasing consumer sensitivity.	
	What is the state of technology in our space? Is it stagnant or rapidly evolving? What is our technology position? Are there new opportunities for us? New problems for us?	We rely on DNA tests to separate out a person's genetic heritage. Both the breadth and accuracy of these tests are expanding rapidly, driven by volumes of data, especially with underrepresented populations. We are in a solid position – with direct connections to leading scientists, and one of the biggest data sets on the planet.	

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*Example only, not real data

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2 **Competitive differentiation**	Who are our competitors? Is our competition weakening, flat, or intensifying?	We compete with 23andMe, and they are a significant competitor. We have X% market share, and 23andMe has Y%. 23andMe's share has been increasing, but mostly at the expense of smaller competitors.	
	What is our competitive advantage today?	Our competitive advantage comes from our large number of users, giving us an unmatched data set. This allows us to give finer details on a person's genetic heritage (for example a region in Ireland vs. a more generic "Ireland"). It also allows us to find lost (or unknown) relatives, who may have also used our service. Continuing to expand our number of users – faster than 23andMe – will give us an enduring competitive advantage.	
	Are there disruptive technologies that could damage us, or offer new opportunities for growth?	DNA testing will continue to evolve, but we are able to stay ahead of – and use – latest technologies.	
3 **Business models**	What is our business model? How do we make money today? Will this business model need to change in the next 2-3 years?	We break even on one-time DNA testing services but make money when we convert these users to memberships, with monthly fees.	
	Are there emerging business models that we should consider?	We could consider a lighter-weight yearly subscription to DNA testing – with annual tests that apply the latest science for ever more accurate results.	

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4 **Top-level recommend-dations**	Considering all the above - opportunities (and challenges) with our markets, customer, technology, competitive differentiation, business models – what are your top 1-3 recommendations for major initiatives we should do over the next couple of years?	Expand beyond DNA ancestry testing into DNA health testing. Do this for 3 reasons: 1) our customers find value in health tests, 2) we prevent 23andMe taking share from us, and 3) provide Ancestry with millions of additional customers to potentially convert to monthly subscriptions (memberships). Explore and develop health-based subscription services.	
	How will your recommendations help us meet our vision and objectives?	DNA health testing helps us meet our vision by providing a fuller story to our customers – with genetic heritage including both the geographical spread of their ancestors, plus inherited health characteristics. DNA health testing makes our offering more insightful, prevents share loss to 23andMe, and increases our profit through affiliated subscription sales.	
	Are there any recommendations that you considered, but rejected? Why did you reject them?	We considered putting our full focus on DNA testing for a deeper understanding of where a customer's ancestors are from, and not doing DNA for health characteristics, but the revenue upside for this is small, and this strategy leaves us vulnerable to 23andMe.	

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5	**Capabilities and gaps**	Do we have the skills, capabilities, or products we need to succeed with these recommendations? If we have gaps, how will we fill them?	We have the 90% of the capabilities we need, but we have gaps around health knowledge. We will need an additional team of five scientists to help us find and understand new DNA-evidenced health traits. We also need to broaden our university research connections.	
6	**Staging, pacing, and product roadmaps**	With your recommended initiatives, and skills, capabilities, and products we need to succeed with these initiatives, what should we do first, second, third? What is our sequence and timing?	Q1: develop and prototype early versions of DNA Health using our in-house knowledge and skills. Also hire a new team of five health scientists Q2: release first version of DNA health tests. Q3: expand our DNA testing to include a second wave of health characteristics (guided by our recently hired scientists). Continue to work with customers and refine our offering. Q4: Pilot first health-related subscription services	
		How does this change our top-level product roadmap?	We need to add the DNA health services for Q2 and Q3 releases and add the pilots for new health subscription services in Q4.	

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7 **Impact**	What is the *cost* of these recommendations? What investments (people, budget, etc.) will be required?	Total investment required in this year is approximately $X million, with salaries for the new scientists accounting for most of the costs.	
	What is the *benefit* of these recommendations? How will it impact our vision and objectives? Customer value, users, market share, competitive differentiation, revenue, profit, etc.	DNA health testing will generate $X million in additional revenue this year, expected to grow to $Y million next year. With affiliated subscription services, total incremental profit will be $P million this year, and $Q million next year. Adding DNA health testing will increase our user base by X million people, and likely give us 4% share gain vs. 23andMe.	

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