

Transcription

Identifying and Assessing the Idea

Identifying the Idea



I was just thinking about why I downloaded the music app “Saavn”? Remember this feeling, whenever you walk out of a movie during which you’ve heard a good song...you want to hear it immediately. And I remember trying to download songs and there was no platform or applications where I could immediately find that song. Saavn had created the mechanism to effectively find or search a song based on the actor’s name, movie name and the song’s name. And I think that was a great value proposition. I wonder if the founders of Saavn identified this market gap before launching this particular application or was it just coincidence. Let us go ahead and understand what made Rishi Malhotra and his co-founders launch Saavn.



The reason that Saavn started, the Genesis of Saavn is really the fact that we as co-founders are music fanatics/ music lovers. You have to be in love with the thing that is your business otherwise it’s never going to do well even years down the road. We cofounders grew up as North Americans- South Asians; we grew up

listening to Indian music in living room, and Led Zeppelin, Miles Davis in our bedrooms. We grew up and saw music on digital, there was no digital India, no digital south Asian content. You have a billion + people in country who are music fanatics/music lovers or music in the bone and you have some of the most blowing and indigenous content being made and it was all analogue. So the genesis of Saavn or the kernel is Hey let's take this all digital.



Rishi's Observations:

1. Wide appeal of music
2. Digitization of music in the west
3. Indian market required digitization

The founder of Saavn was a music lover and grew up listening to Indian music. He saw that in western countries a lot of content especially music was going digital. But then, he noticed that in a country of a Billion people, where people are music fanatics, music was not digital. And he decided to act upon this pain point and took South Asian content digital on their online platform to fill this gap in the market. The pain points we face in our daily lives, whether at work, at home, or in certain situations and under specific conditions, are often the best source of Need-Gap identification for new venture ideas. A Need-Gap is most of the times driven by these very simple pain-points. Let's hear from Phanindra Sama of redBus and Girish of Freshdesk to get an understanding of this.



in Diwali of 2005, when I went to book a ticket he made a few phone calls to the bus operators and told me there are no seats and just when I left, was leaving his office he told me that maybe another agent could get me a seat and that really intrigued me, I was thinking if this guy is an agent for bus tickets, he should know whether or not there is any seat which is going vacant from Bangalore to Hyderabad that evening, how is that, that he is asking me to go to another travel agent. But anyway I went to this other travel agent. After going to so many travel agents I ended up being in Bangalore without getting a seat but the next day when I woke up I was feeling guilty because maybe if I had gone to a tenth travel agent and maybe the tenth travel agent called the thirtieth bus operator and maybe the thirtieth operator had a seat which went vacant from Bangalore to Hyderabad that evening. It was loss to that bus operator because there was a customer in some corner of the city but he just didn't know about and that customer and it was loss to the four five travel agents that I went to because they had a customer in front of them, selling him a ticket they could have made some money but just didn't know which of these thirty operators to call. And it was a big loss to a consumer like me because I desperately wanted to be home for the festive season but just couldn't be there. So I realised that all the three of us are losing because information bus seats is not seamlessly available.



In 2009, I was moving back from the US to India and it so happened that I was shipping all my stuff back to Chennai and 2 months later my stuff arrived. My TV was broken. Now, I didn't actually worry about it too much because I had purchased insurance. So I thought it should be pretty straightforward to contact customer support and get my insurance money back. So a long story short, it was like a 28 email threads, multiple phone calls, submitting a ton of documentation and 5 months of time had passed but simply I couldn't even know the name of the insurance company that had underwritten my insurance. So at that point I was actually pretty frustrated and I didn't care about my money anymore. I just wanted revenge. So, I went online to a place called R2I club forums which is returned to India club forum, people who move back from the US to India use that forum. I went and actually posted my experience along with pictures of my broken TV and surprisingly the next day the president of the company came and apologized and the very next day money was in my bank. What traditional channels of support like phone and email couldn't accomplish, I was able to get when I took my problem online and then I started observing the others customers were also doing it. Like it was when I saw Twitter, like customer sharing their experiences on Twitter or Facebook or YouTube, now customer support had moved from being a 1 to 1 conversation between the customer and the company to customer's talking about the

company on social media and I think that was when I realized that most of the tools are still focusing on traditional channels of support like phone and email. So, I thought there is possibly opportunity for somebody like me who knows the market to build a next generation customer support software. That's why we called it Freshdesk as in fresh help desk which not only helps a company listen into customer support queries via phone and email but also through new channels like a mobile app or Twitter or Facebook or blogs and so on.



So how should one go about identifying the next stellar startup idea? Many people start and go through this process by spending their energy thinking about new and possible startup ideas. This is fundamentally wrong. Stop thinking about idea rather start thinking about real problems in your day-to-day life that need resolution. And every time you think of a problem, think about existing solutions, its possible alternative solutions, and who all it impacts. Ask yourself:

1. Who needs this right now?
2. How badly do they need it?
3. Will they buy it from someone they've never heard of?

If you can't answer these questions favourably or if the problem is such that its existing solution keeps people happy, and they do not need or look for an alternative solution, then the problem may not be significant enough for you to solve. Let's look at a start-up to understand the importance of aligning your start-up idea with the need gap. It's better to work on a problem that really exists.



We actually started off with a business called olatrip.com and pivoted that after 6 months into Olacabs.com. Olatrip was all about selling weekend holidays online and it was from a personal pain point of not able to, you know, book holidays around major cities. That never went anywhere, but while doing that, we realized that for the pain point of cab aggregation for hourly rental or out station travel and that's how we changed from selling trips to selling, you know, –to building a website where you can book cabs for going outstation, let's say from Bombay to Pune or Delhi to Agra etc. So that was the first portal we made and from there incrementally we kept learning more about the business, got people into transportation, learnt about how big an opportunity urban transportation is. So today, our mission is to build mobility for all of India.



Hi, my name is Harsha. In 2005, I completed my engineering and after that, for 10 years, I used to work in IT and Investment Banking. Ever since my engineering, this thought was in my mind that I am not adding any value. Even though I did engineering, I did not get a good grasp of Science. I used to rote learn, write exams and passed with distinction but the understanding of science with which I could help the nation was not there. So I wanted to do something for the future generation so that they don't feel science is just rote learning but they actually understand science and this is why I started Science Utsav.



In my third year of engineering, I got an idea to do something new, to make something so as to solve my problems. Then I felt that for the events of my college, I had to search for them everywhere. I had to search for them at bulletin boards, on Facebook. How nice it would be if all the events were available at one location. So that was how I started Campus Connect. And then I thought that apart from news and events, we could provide study material, ways to communicate with other students so that the whole campus experience could become digital.



It sounds obvious to say you should only work on problems that exist. And yet by far the most common mistake start-ups make is to solve problems no one has. For example Layoffspace, a start-up launched in April, 2007 and positioned itself as a new social networking site for the recently unemployed. It was designed like Myspace and LinkedIn and a hybrid for the unemployed, Layoffspace.com aimed to use the social networking in finding jobs. Unfortunately, it failed as the founders failed to realize that people don't want to bond with someone online over shared unemployment. Another problem was no one wanted to openly accept that they were unemployed. Another problem was no one wanted to openly accept that they were unemployed. To get startup ideas, start noticing yourself and people around you. Look out for the problems which you, your friends or someone is facing regularly. Ask your friends, family and colleagues what type of products they are looking for and what would solve their current problem.



But what if you are working on a problem which your consumers did not know they have? This is exactly what happened with Drew Houston when he came up with the idea of Dropbox, a file hosting service started in 2007 that offers personal cloud, file synchronization, cloud storage. The founders believed that File synchronization was a problem that most people didn't know they had, and that once they experienced the solution, they wouldn't be able to imagine how you ever lived without it. Dropbox wanted to validate this assumption. So they went about it in the following way. They created a video that demonstrated the working of their product to gain insights from consumers and to avoid the risk of building a product nobody wanted.



This simple video drove hundreds of thousands of people to their website and their waiting list went from 5,000 people to 75,000 people overnight.

Assessment of the Idea



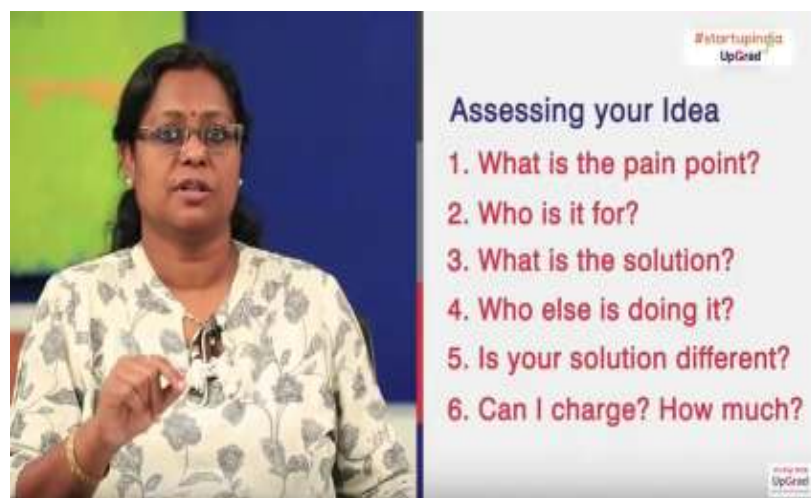
Great. I now understand that it is not just about having an identified pain-point, but it is very important to validate the idea and understand the depth in the market. When the pain-point is identified, you need to assess and ask yourself if the pain-point is large enough and critical enough for you to solve and it is something on basis of which a large business can be built. Sometimes, a personal pain-point can bring you

to a very large market. But how do you decide that the idea is valid, has potential and has a good chance of building into a successful business. Let's hear our subject matter experts now talk about this.



1. So how do you start?
2. How do you ensure that the opportunity you have identified is a winner?

Let's say you now have an idea, how can you tangibly assess its merit? In this segment, let's discuss as to how you will assess your idea with respect to the market.



For assessing your idea, you should try and answer these questions:

1. What pain point are you trying to solve?
2. Who are you solving it for?
3. How are you trying to solve it?
4. Is anyone else doing it?
5. Can you do it differently from them?
6. Can I charge my customer? How much?



UC Pain Points Identified

1. Fragmented local industry
2. Lack of standardization
3. Lack of convenience
4. Lack of trust

Let us take the example of UrbanClap to understand how to assess an idea. UrbanClap enables users to find any service professional like a plumber, a wedding photographer, a yoga teacher, or an interior designer. UrbanClap helps people by providing them with trusted, efficient, affordable and credential professionals for all service needs. What are the problems that they are trying to solve? Problems which UrbanClap came across are: The local service industry was broken and highly fragmented. People used to gather information about service providers from Google, JustDial. Even after getting the information, process was not standardized in terms of pricing and booking a service. Lack of convenience in availing a local service. Finding the quality supplier of service professionals, from booking to execution of service, generally takes a lot of time and management at consumer end. Lack of trust between customers and service professionals. How can a consumer assess the quality of service provider before availing that service?



UC Target Audience

1. Working professionals
 - i. Face problem finding technicians
 - ii. Delayed solution

Who are you solving it for? Or what are your target customer segments? UrbanClap addressed the identified problems for:

1. Working professionals/urban people - Working people in urban cities have a problem looking for people like the plumber or a technician and they delay this issue for days which would've been solved quickly.



2. New residents in a city- People moving to new cities who are not familiar with the local professionals who would help them solve their problem.



The third aspect would be, how is this problem being solved? Let's look at the possible solutions which UrbanClap is providing to its target segments for solving their problems:

1. Standardization of the market- They built a platform for bringing consumers and service professionals together and standardized the market in terms of pricing
2. In addition to this, they also incorporated a feedback/review cess for refining service professionals in terms of quality of service
3. Convenience- As finding a quality supplier of service professionals, from booking to execution of service, generally takes a lot of time and management at consumer end; they created a one stop for all from seeking information to booking.



Is there anyone in the market who can be a threat to UrbanClap? Let us look at UrbanClap's competitors, they are Timesaverz, Doormint, LocalOye etc. these start-ups provide similar service to consumers as UrbanClap. JustDial and Sulekha can also act as a competitors as consumers can always reach out to them for information which can pose as a threat to UrbanClap.



Next question is, can you do it differently from existing players? There are multiple areas in which organizations could differentiate themselves from their competitors and maintain a sustainable competitive advantage over others. For instance, it could be on the basis of say – material used, providing superior technology, exclusive design etc. With so many competitors in the market, how does UrbanClap differentiate from others? Now, let's look at how UrbanClap is trying to differentiate itself from its competitors –

1. They have a customized offerings for consumers as per their need.

2. Through the use of technology and smart processes, they successfully end up organizing the unstructured market, using the match-making algorithm and connecting the customers to the correct service provider.
3. Consumer Trust is built by providing the service seekers, the social network profile links of service professionals whom they are thinking to hire for their work. It is a way for users to authenticate the services which has been put up by UrbanClap and finally,
4. They have mechanism of removing service professionals with low rating. So, that sense of competition and fear of exit among providers is improving the quality of service and enhancing the brand of UrbanClap.

So next question which you should ask is, Can I charge my customer and how much?



Monetization essentially, deals with how the business is making money. In case of UrbanClap, it gets commission-cut from what the service providers charge the users. Then, they have another addition to their revenue model, called reverse auction, wherein UrbanClap charges the service providers meeting consumer requirements for putting forward their leads superseding others.

Summary: Identifying and Assessing the Idea



We looked at the importance of identifying the need gap for getting start-up ideas. We also went through an example of lay-off space which highlighted that you should not risk building a product which nobody wants. We also looked at the case of Dropbox where the consumers didn't know about the problems they had. Finally, we also learnt about how to evaluate an idea by asking someone the basic right questions. This session, gave direction on how you should decide an idea and was very helpful in figuring out how to assess an idea and get a sense of the viability and feasibility. Sometimes, a personal pain-point can be the best possible idea since it can help you understand your target segment along with the perfect market sizing for your product. In the next session, we will understand the importance of market sizing and understand market sizing techniques such as top-down and bottom-up approach to calculating market size through an example of sizing the market for a burger chain.

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