Assignment 01

Technopreneurship HS353

Company: Xeros

Business Idea: Create a “virtually waterless” laundry machine that washes clothes and is quicker, uses less detergent, uses less water, and produces a smaller carbon footprint than conventional washing machines.

Pitch: Remember when you were a kid and you sat in front of a washing machine and watched the soaked clothes tumble through the suds? Although enjoyable for many, that experience may be a thing of the past. Researchers at Leeds University (located in the United Kingdom), which is home to one of the world’s most advanced textile institutes, have created a washing machine that uses 90 percent less water than traditional machines. Xeros, the company that will bring the technology to market, is a spin-out of the university. Here’s how it works. The patented technology cleans clothes using reusable nylon polymer beads. The beads have an inherent polarity that attracts stains, and are designed to gently but fully penetrate into a large load of laundry.

Only a small amount of water is needed to dampen the garments, loosen stains, and create the water vapor that activates the cleaning properties of the beads. The beads are then tumbled with the clothes, allowing the polarizing properties of polymer to attract and absorb dirt.

After a wash cycle is complete, the beads are automatically removed by the washing machine. The beads last for about 100 loads (six months for the average family) before they need to be replaced. The system is virtually waterless, uses 30 percent less energy (the tumble dry cycle is eliminated), and uses considerably less detergent. Clothes emerge from the system just as clean as if they were washed in a conventional manner. As an added benefit, the energy savings and reduction of waste water dramatically reduces the carbon footprint of the device, compared to traditional washing machines. In fact, based on independent assessments, if the Xeros system replaced all washing machines in the United Kingdom, the environmental impact would be equivalent to taking two million cars off the road.

The Xeros system is undergoing advanced prototyping to prepare for commercial launch. The company’s initial target market will be the commercial washing market, including hotels, nursing homes, and Laundromats. Downstream, the company plans to license its technology to mainstream washing machine companies to penetrate the consumer market. To reach its initial target markets, Xeros is partnering with Kansas City–based GreenEarth Cleaning, which has been a pioneer in the development of low-environmental impact dry cleaning solutions. The global market for laundry products is around $50 billion per year. This market’s size is a strong indicator of Xeros’s commercial potential.

Q&A: Based on the material covered in Chapter 05, what questions would you ask the firm’s founders before making your funding decision? What answers would satisfy you?

* Who are the company's board of directors and advisory board members? What is the market's trustworthiness? How much do they contribute to the firm in different areas?
* What makes the business concept unique?
* What makes up the company's supply chain?
* How long can it maintain its competitiveness?

If the advisory and directorial bodies contribute to the company financial areas that would show the sustainability of the firm. Supply chain and concept can make the competitiveness in market.

Decision: If you had to make your decision on just the information provided in the pitch and on the company’s Web site, would you fund this company? Why or why not?

If the aforementioned information is available on the company's website and they have a compelling narrative, a financing decision can be made. If not, one should not. Because that would help us to create a clear perception about the company's current state. If that would satisfies us there is no harm to give it a fund and be a part of financial assets.