Lean startup management – Assignment 1

Name: Reuben Varghese
Reg. No. 15BCE1170

A startup is a young company that is just beginning to develop. Startups are usually small and initially financed and operated by a handful of founders or one individual. These companies offer a product or service that is not currently being offered elsewhere in the market, or that the founders believe is being offered in an inferior manner.

In the early stages, startup companies' expenses tend to exceed their revenues as they work on developing, testing and marketing their idea. As such, they often require financing. Startups may be funded by traditional small business loans from banks or credit unions, by government-sponsored Small Business Administration loans from local banks, or by grants from nonprofit organizations and state governments. Incubators can provide startups with both capital and advice, while friends and family may also provide loans or gifts. A startup that can prove its potential may be able to attract venture capital financing in exchange for giving up some control and a percentage of company ownership.

Because startups don't have much history and may have yet to turn a profit, investing in them is considered high risk. Here are some ways that potential lenders and investors can value a startup in the absence of revenues:

The cost to duplicate approach looks at the expenses the company has incurred to create its product or service, such as research and development and the purchase of physical assets. However, this valuation method doesn't consider the company's future potential or intangible assets.

The market multiple approach looks at what similar companies have recently been acquired for. The nature of a startup often means that there are no comparable companies, however. Even when there are comparable company sales, their terms may not be publicly available.
The discounted cash flow approach looks at the company's expected future cash flow. This approach is highly subjective.
The development stage approach assigns a higher range of potential values to companies that are further developed. For example, a company that has a clear path to profitability would have a higher valuation than one that merely has an interesting idea.
Because startups have a high failure rate, would-be investors should consider not just the idea, but the management team's experience. Potential investors should also not invest money that they cannot afford to lose in startups. Finally, investors should develop an exit strategy, because until they sell, any profits exist only on paper.

Here is a list of 10 startups and their ideas:

1)Lucep

Lucep has a web widget and mobile app for sales acceleration. It claims to be able to connect leads generated on the site with the sales team in less than a minute. Prospective leads enter their name, number, and query using the Lucep tool. The sales team gets notified on the Lucep mobile app with specific analytics on the lead to speed up response time.

2)NowFloats

NowFloats helps businesses get discovered by online users. Even an SMS from a retail merchant sent to NowFloats can drive users to the store. Large enterprises too can post content on NowFloats to connect with local customers.

3)SayPay

SayPay uses voice and speech recognition to authenticate users for digital payments. Users simply have to speak out their crypto-token into the mobile app. Voice identities and biometric authentication can resolve some of the problems of text-based authentication and payments in markets like India with low bandwidth areas and users not adept with text.

4)Senseforth

Senseforth brings artificial intelligence into customer service. It automates responses to many customer queries and even helps customers perform a number of tasks. It also provides analytics based on these interactions.

5)Uncanny Vision

Uncanny Vision is a high-tech startup that provides software toolkits to get the most out of computer vision and deep learning. It has two products. UncannyCV has a computer vision library that can help speed up image processing by 2x to 20x. The second product, UncannyDL, is a deep learning library for mobile and embedded apps.

6)Kaltura

Lesson: Target several niches
Kaltura is an open-source video platform for managing, publishing and distributing video content. The platform successfully targets and caters to several niches: enterprise, education and media. Kaltura has built specific features and functions tailored to the needs of each of these sectors and is being used by 300,000 enterprise, education and media organizations, including Groupon, Bank of America, Harvard and HBO. Having recently raised $25 million, this startup's success illustrates the importance of targeting several niches. Don't target everyone, but select a few key niches and master them.

7)Pandora

Lesson: Offer personalization
Pandora is a personalized music-recommendation service which tailors stations to suit a listener's music taste and relies on feedback about songs and artists. By providing a personalized listening experience, individuals enjoy music selected just for them, which gives users a unique experience, a feeling that they matter, and most of all deep brand loyalty. Pandora is expected to raise $231 million in the sale of 10 million shares.

8) ShoeDazzle

Lesson: If it's not broken, don't fix it
ShoeDazzle is a personalized online styling platform and store, which helps women find and purchase shoes, apparel and accessories. Since its 2009 launch the company has built a user base of over 13 million members and has raised $66 million in funding. However, things weren't always dazzling. In 2011, the startup ditched its successful subscription model. This tried-and-trusted e-commerce model has since been reintroduced and the company is once again thriving. Takeaway? If it's not broken, don't fix it.

9) Prismatic

Lesson: Emphasize extreme team collaboration
Prismatic is a newsreader which uses algorithms to create newsfeeds tailored to suit a reader's unique interests. Based on a user's reading habits and liked content, the platform suggests other relevant news. Prismatic has more than 25,000 weekly users and $16.5 million in funding. Much of the startup's success lies in its super collaborative, hands-on working environment where engineers work very closely with designers, researchers and the entire team. Bradford Cross, Prismatic's CEO, learned about the intricacies of design so he could be actively involved in their uber-collaborative process.

10) MapMyFitness

Lesson: Go device-agnostic
MapMyFitness, which was acquired by Under Armour for$150 million, is a fitness-tracking platform that relies on GPS technology to map and record workouts. MapMyFitness initially only offered a fitness tracker but has since

added other fitness resources including online training tools, a nutrition-tracking product and fitness calculators. Since being founded, MapMyFitness has grown to over 13 million users and is compatible with over 200 devices including FitBit and Garmin bike computer. This device agnostic approach contributes to the platform's appeal and its consequent success.