

## Opportunity Analysis

July 1, 2014



# Congratulations! Your Analysis Is Complete.

Below is the summary of your results.

Summary - Overall Opportunity Score

70%

Analysis Score	Needs Improvement	Excellent	Percent
OVERALL OPPORTUNITY	50		70%
INDUSTRY / MARKET	60		60%
ADDRESSABLE MARKET	2		40%
ORGANIC GROWTH	3		60%
TECHNOLOGICAL CHANGE	2		40%
SEASONALITY	3		60%
REGULATORY ENVIRONMENT	4		80%
OTHER MACRO TRENDS	3		60%
SUPPLIER CONCENTRATION	3		60%
SUPPLIER SWITCHING COSTS	5		100%
COMPETITOR CONCENTRATION	2		40%
COMPETITIVE RIVALRY	3		60%
PRODUCT / SERVICES	85		85%
UNMET NEEDS IDENTIFICATION	4		80%
CONCEPT RISK	4		80%
DEVELOPMENT TIME FRAME	5		100%
TECHNOLOGY LEVERAGE	4		80%

FINANCIAL	60	60%
FIXED ASSET INVESTMENT	3	60%
BREAKEVEN TIMING	4	80%
TOTAL INVESTMENT	1	20%
CASH CYCLE	4	80%
CUSTOMER	90	90%
TARGET IDENTIFICATION	4	80%
CUSTOMER CONCENTRATION	4	80%
IN-MARKET TIMING	5	100%
PRICE SENSITIVITY	5	100%

💡

Key Principle

📖

Definition

📌

Why This Matters

The rate of annual growth of the addressable market. (There are other methods of growing your business, such as market share growth and acquisition growth, but for purposes of analyzing the market, we should stick with the "organic" growth of the industry itself rather than different ways we can grow compared to our competitors.)


The higher your organic growth, the better the opportunity. The faster the market grows, the easier it will be for you to grow your business as a rising tide lifts all boats.


ANSWER

- ☐ Very low annual organic growth (<0%)
- ☐ Low annual organic growth (0 – 5%)
- ☒ Moderate annual organic growth (5 – 10%)
- ☐ High annual organic growth (10 – 25%)
- ☐ Very high annual organic growth (>25%)


x<sup>2</sup> Show Your Work (shared)

How You Answered		
Needs Improvement	Excellent	Percentile
OPPORTUNITY SCORE		
<div></div>		70%
INDUSTRY / MARKET ANALYSIS SCORE		
<div></div>		60%
ORGANIC GROWTH SCORE		
<div></div>		60%

 **Key Principle**

 **Definition**

The extent to which the ability to produce a product or service or the ability to sell a product or service depends on the time of year or season.

 **Why This Matters**


The less the seasonality, the better the opportunity. The less the seasonality, the more the potential for consistently higher asset utilization and consistent earnings.


ANSWER

- Very high seasonality (ability to produce or market demand < 3 months per year)
- High seasonality (ability to produce or market demand 3 – 6 months per year)
- ☒ Moderate seasonality (ability to produce or market demand 6 – 9 months per year)
- Low seasonality (ability to produce or market demand 9 – 12 months per year)
- Very low or no seasonality (ability to produce or market demand 12 months per year)


x<sup>2</sup> Show Your Work (shared)

How You Answered		Percentile
Needs Improvement	Excellent	
OPPORTUNITY SCORE		
<div></div>		70%
INDUSTRY / MARKET ANALYSIS SCORE		
<div></div>		60%
SEASONALITY SCORE		
<div></div>		60%

 **Key Principle**

 **Definition**

The extent to which the target industry is subject to government regulation. Generally, the less the regulation, the better the opportunity.

 **Why This Matters**


The less the regulation, the less the potential for unfavorable laws being passed that curtail demand or that unnecessarily drive up costs.


ANSWER

- Very high regulatory environment
- High regulatory environment
- Moderate regulatory environment
- ☒ Low regulatory environment
- Very low or no regulatory environment


x<sup>2</sup> Show Your Work (shared)

How You Answered		
Needs Improvement	Excellent	Percentile
OPPORTUNITY SCORE		
<div></div>		70%
INDUSTRY / MARKET ANALYSIS SCORE		
<div></div>		60%
REGULATORY ENVIRONMENT SCORE		
<div></div>		80%

 **Key Principle**

 **Definition**

The extent to which major trends in customer behavior or demographics play a critical role in shaping the market conditions and customer demand.

 **Why This Matters**


These “macro trends” are major trends that tend to affect the entire industry and typically come in the form of trends in customer behavior or customer demographics, but can also stem from slowly shifting dynamics in the industry that


ANSWER

- ☐ Very unfavorable macro trends (2 or 3 trends that negatively affect the target market)
- ☐ Unfavorable macro trends (1 trend that negatively affects the target market)
- ☒ Neutral macro trends (no identifiable trends that affect the target market)
- ☐ Favorable macro trends (1 trend that favorably affects the target market)
- ☐ Very favorable macro trends (2 or 3 trends that favorably affect the target market)


x<sup>2</sup>    Show Your Work (shared)

How You Answered		
Needs Improvement	Excellent	Percentile
OPPORTUNITY SCORE		
<div></div>		70%
INDUSTRY / MARKET ANALYSIS SCORE		
<div></div>		60%
OTHER MACRO TRENDS SCORE		
<div></div>		60%

 **Key Principle**


 **Definition**

The total size of the investment or capital required to buy or build the company, fully develop the opportunity or fully fund the business plan.

 **Why This Matters**

The smaller the total investment amount required, the better the opportunity. The smaller the total investment amount required, the more likely the opportunity will get funded (either by your personal resources or other investors), the

ANSWER

-  Very large total investment amount required (>500% of entrepreneur's liquid capital)
- Large total investment amount required (100 - 500% of entrepreneur's liquid capital)
- Moderate total investment amount required (50 - 100% of entrepreneur's liquid capital)
- Small total investment amount required (25 - 50% of entrepreneur's liquid capital)
- Very small total investment amount required (<25% of entrepreneur's liquid capital)

x<sup>2</sup> Show Your Work (shared)

How You Answered		
Needs Improvement	Excellent	Percentile
OPPORTUNITY SCORE		
<div></div>		70%
FINANCIAL ANALYSIS SCORE		
<div></div>		60%
TOTAL INVESTMENT SCORE		
<div></div>		20%



💡 Key Principle

📖 Definition

The average amount of elapsed time between when you experience the costs of the product or service you are delivering and when you collect from your customer for the product or service.

🚩 Why This Matters

The more efficient the cash cycle (the faster you get paid), the better the opportunity. The more efficient the cash cycle, the more cash flow is generated and the less the need for external financing for working capital and growth.

ANSWER

Very inefficient cash cycle (> 30 days)

Inefficient cash cycle (15 – 30 days)

Moderate cash cycle (1 – 15 days)

✔ Efficient cash cycle (0 days)

Very efficient cash cycle (< 0 days)

x<sup>2</sup> Show Your Work (shared)

☰ How You Answered

Needs Improvement	Excellent	Percentile
OPPORTUNITY SCORE		
<div></div>		70%
FINANCIAL ANALYSIS SCORE		
<div></div>		60%
CASH CYCLE SCORE		
<div></div>		80%

💡 Key Principle

📖 Definition

The amount of time it takes for your opportunity to breakeven from the time you launch until your net income is zero or positive.

🚩 Why This Matters

The shorter the breakeven timing, the better the opportunity. The shorter the breakeven timing, the less the risk of business failure due to not ever reaching breakeven.


ANSWER


- Very long breakeven timing (> one year)
- Long breakeven timing (six months – one year)
- Moderate breakeven timing (three months – six months)
- ✓ Short breakeven timing (one month – three months)
- Very short breakeven timing (< one month)

x² Show Your Work (shared)


☰ How You Answered

Needs Improvement	Excellent	Percentile
OPPORTUNITY SCORE		
<div></div>		70%
FINANCIAL ANALYSIS SCORE		
<div></div>		60%
BREAKEVEN TIMING SCORE		
<div></div>		80%

 **Key Principle**

 **Definition**

The "addressable market" is size of the market that is likely to have an interest in what you have to offer. It is that portion of the market that you are ready, willing, and able to serve.

 **Why This Matters**


The larger your potential market, the better the opportunity. The larger the market, the easier it will be for you to enter the market and carve out a sufficient amount of business in order to have a viable opportunity.


ANSWER

- ☐ Very small addressable market size (<\$5 million)
- ☒ Small addressable market size (\$5 million - \$25 million)
- ☐ Medium addressable market size (\$25 million - \$100 million)
- ☐ Large addressable market size (\$100 million - \$1 billion)
- ☐ Very large addressable market size (>\$1 billion)


x<sup>2</sup> Show Your Work (shared)

How You Answered		Percentile
Needs Improvement	Excellent	
OPPORTUNITY SCORE		
<div></div>		70%
INDUSTRY / MARKET ANALYSIS SCORE		
<div></div>		60%
ADDRESSABLE MARKET SCORE		
<div></div>		40%

 **Key Principle**

 **Definition**

The extent to which technology plays a major role in shaping the market conditions and the competitive landscape; where a new and exciting technology can cause large changes in market share shifting from one competitor to another.

 **Why This Matters**


The lower the degree of technological change, the better the opportunity. The lower the degree of technological change, the less risk that technological innovation could render your product or service obsolete in a short period of


ANSWER

- ☐ Very high degree of technological change
- ☒ High degree of technological change
- ☐ Moderate degree of technological change
- ☐ Low degree of technological change
- ☐ Very low degree of technological change


x<sup>2</sup> Show Your Work (shared)

How You Answered		
Needs Improvement	Excellent	Percentile
OPPORTUNITY SCORE		
<div></div>		70%
INDUSTRY / MARKET ANALYSIS SCORE		
<div></div>		60%
TECHNOLOGICAL CHANGE SCORE		
<div></div>		40%

 **Key Principle**

 **Definition**

The amount of market share concentrated among the largest competitors within an industry; an indication of the market power of the largest competitors.

 **Why This Matters**

The less concentrated your potential market, the more "competitive" the industry, but the better the opportunity for a new entrant. The less concentrated the marketplace, the easier it will be for you to enter the market and compete

ANSWER

- Very high degree of competitor concentration (top 4 control >80% market share or largest controls >40% market share)
-  High degree of competitor concentration (top 4 control 50 – 80% market share or largest controls 25 - 40%)
- Moderate degree of competitor concentration (top 4 control 25 - 50% market share or largest controls 15 - 25%)
- Low degree of competitor concentration (top 4 control 10 - 25% market share or largest controls 5 - 15%)
- Very low degree of competitor concentration (top 4 are not identifiable or control <10% market share and the largest is not identifiable or controls <5% market share)

x<sup>2</sup>      Show Your Work (shared)

How You Answered		
Needs Improvement	Excellent	Percentile
OPPORTUNITY SCORE		
<div></div>		70%
INDUSTRY / MARKET ANALYSIS SCORE		
<div></div>		60%
COMPETITOR CONCENTRATION SCORE		
<div></div>		40%

💡 Key Principle

📖 Definition

The total size of the investment required to assemble the fixed assets needed to operate the business.

🚩 Why This Matters

The smaller the fixed asset investment required, the better the opportunity. The smaller the fixed asset investment required, the less risk of not being able to repurpose your investment or change direction with your business

ANSWER

Very large fixed asset investment required (>60% of the total investment amount)

Large fixed asset investment required (40 - 60% of the total investment amount)

✔ Moderate fixed asset investment required (20 - 40% of the total investment amount)


Small fixed asset investment required (10 - 20% of the total investment amount)


Very small fixed asset investment required (<10% of the total investment amount)

x² Show Your Work (shared)


☰ How You Answered

Needs Improvement	Excellent	Percentile
OPPORTUNITY SCORE		
<div></div>		70%
FINANCIAL ANALYSIS SCORE		
<div></div>		60%
FIXED ASSET INVESTMENT SCORE		
<div></div>		60%

 **Key Principle**

 **Definition**

The intensity with which the target industry competitors compete with each other over customers.

 **Why This Matters**


The less the competitive rivalry, the better the opportunity. The less the competitive rivalry, the higher the margins tend to be in the industry as competitors invest in their current customers rather than fighting over them.


ANSWER

- Very high competitive rivalry (> 15% customer churn)
- High competitive rivalry (10% - 15% customer churn)
- ☒ Moderate competitive rivalry (5% - 10% customer churn)
- Low competitive rivalry (2.5% - 5% customer churn)
- Very low competitive rivalry (< 2.5% customer churn)


x<sup>2</sup> Show Your Work (shared)

How You Answered		Percentile
Needs Improvement	Excellent	
OPPORTUNITY SCORE		
<div></div>		70%
INDUSTRY / MARKET ANALYSIS SCORE		
<div></div>		60%
COMPETITIVE RIVALRY SCORE		
<div></div>		60%

 **Key Principle**

 **Definition**

The amount of supplier market share concentrated among the largest suppliers within an industry; an indication of the market power of the largest suppliers.

 **Why This Matters**

The less concentrated the suppliers in your potential market, the more "competitive" the suppliers and the better the opportunity. The less concentrated the suppliers, the easier it will be for you to negotiate favorable raw materials or


ANSWER


- ☐ Very high degree of supplier concentration (50% or more of the variable input costs are only available from a few suppliers each)
- ☐ High degree of supplier concentration (25 - 50% of the variable input costs are only available from a few suppliers each)
- ☒ Moderate degree of supplier concentration (10 - 25% of the variable input costs are only available from a few suppliers each)
- ☐ Low degree of supplier concentration (5 - 10% of the variable input costs are only available from a few suppliers each)
- ☐ Very low degree of supplier concentration (all inputs are readily available from an abundance of suppliers)

x<sup>2</sup>    Show Your Work (shared)


How You Answered		
Needs Improvement	Excellent	Percentile
OPPORTUNITY SCORE		
<div></div>		70%
INDUSTRY / MARKET ANALYSIS SCORE		
<div></div>		60%
SUPPLIER CONCENTRATION SCORE		
<div></div>		60%



 **Key Principle**


 **Definition**


The costs involved in switching from one supplier to another. The lower the switching costs, the better the opportunity.

 **Why This Matters**


The lower the switching costs, the easier it will be for you to negotiate favorable input costs for your product or service from among the various suppliers with the real threat of switching to a different supplier and without being held captive


ANSWER

- Very high supplier switching costs (>200% of total monthly supplier cost)
- High supplier switching costs (100% - 200% of total monthly supplier cost)
- Moderate supplier switching costs (50% - 100% of total monthly supplier cost)
- Low supplier switching costs (25% - 50% of total monthly supplier cost)
-  Very low supplier switching costs (<25% of total monthly supplier cost)


 Show Your Work (shared)

How You Answered		Percentile
Needs Improvement	Excellent	
OPPORTUNITY SCORE		
<div></div>		70%
INDUSTRY / MARKET ANALYSIS SCORE		
<div></div>		60%
SUPPLIER SWITCHING COSTS SCORE		
<div></div>		100%

 **Key Principle**

 **Definition**


The ability to identify the target market's needs that are not currently being met or that are being under served by an existing product or service.

 **Why This Matters**


The greater your ability to identify unmet needs, the better the opportunity. The greater your ability to identify unmet needs, the more precisely you can design your product or service to meet the customer demand, the easier it will be


ANSWER

- ☐ Very low ability to identify unmet needs
- ☐ Low ability to identify unmet needs
- ☐ Moderate ability to identify unmet needs
- ☒ High ability to identify unmet needs
- ☐ Very high ability to identify unmet needs


 Show Your Work (shared)

How You Answered	
Needs Improvement	Excellent
Percentile	
OPPORTUNITY SCORE	70%
PRODUCT / SERVICES ANALYSIS SCORE	85%
UNMET NEEDS IDENTIFICATION SCORE	80%

 **Key Principle**


 **Definition**

The risk that the value proposition will not be easily understood, accepted and adopted by the potential customers.

 **Why This Matters**


The more difficult it is to articulate the value proposition, the more complex the product or service, the more unsophisticated the understanding of the customer decision making unit (DMU) and the more difficult the pricing


ANSWER

- Very high concept risk (new service/product + new pricing model + new to the industry)
- High concept risk (new service/product + readily understood pricing + new to the industry)
- Moderate concept risk (readily understood service/product + new pricing model + new to industry)
-  Low concept risk (readily understood service/product + readily understood pricing + new to industry)
- Very low concept risk (readily understood service/product + readily understood pricing + current industry participant)


x<sup>2</sup> Show Your Work (shared)

How You Answered		
Needs Improvement	Excellent	Percentile
OPPORTUNITY SCORE		
<div></div>		70%
PRODUCT / SERVICES ANALYSIS SCORE		
<div></div>		85%
CONCEPT RISK SCORE		
<div></div>		80%

 **Key Principle**

 **Definition**


The total time that it takes to bring your product to market or perfect your service so that your service is ready to take to market.

 **Why This Matters**


The shorter the development time frame, the better the opportunity. The shorter the development time frame, the less the risk, the lower the investment and the lower the development effort.


ANSWER

- ☐ Very long development time frames (>2 years)
- ☐ Long development time frames (1 - 2 years)
- ☐ Moderate development time frames (6 months – 1 year)
- ☐ Short development time frames (3 months – 6 months)
- ☒ Very short development time frames (<3 months)


 Show Your Work (shared)

How You Answered		Percentile
Needs Improvement	Excellent	
OPPORTUNITY SCORE		
<div></div>		70%
PRODUCT / SERVICES ANALYSIS SCORE		
<div></div>		85%
DEVELOPMENT TIME FRAME SCORE		
<div></div>		100%

 **Key Principle**

 **Definition**

The ability to use technology in order to automate a business process and reduce costs, increase productivity and/or increase quality.

 **Why This Matters**


The greater the technology leverage, the better the opportunity. The greater the technology leverage, the better the chance to create a proprietary "edge" in your industry and to create "outsized" margins. When looking for the best


ANSWER

- Very low technology leverage (technology can reduce <5% of the typical cost structure)
- Low technology leverage (technology can reduce 5 – 10% of the typical cost structure)
- Moderate technology leverage (technology can reduce 10 – 15% of the typical cost structure)
- ☒ High technology leverage (technology can reduce 15 – 20% of the typical cost structure)
- Very high technology leverage (technology can reduce >20% of the typical cost structure)


x<sup>2</sup> Show Your Work (shared)

How You Answered		
Needs Improvement	Excellent	Percentile
OPPORTUNITY SCORE		
<div></div>		70%
PRODUCT / SERVICES ANALYSIS SCORE		
<div></div>		85%
TECHNOLOGY LEVERAGE SCORE		
<div></div>		80%

 **Key Principle**

 **Definition**


The ability to identify the name and contact information of those potential customers in your addressable market.

 **Why This Matters**


The higher the ability to identify targets or customer prospects, the better the opportunity. The higher the ability to identify targets, the better the chances of being able to grow your business.


ANSWER

- ☐ Very low ability to identify targets (<10% of the addressable market at a cost of less than 1% of revenue)
- ☐ Low ability to identify targets (10% - 25% of the addressable market at a cost of less than 1% of revenue)
- ☐ Moderate ability to identify targets (25% - 50% of the addressable market at a cost of less than 1% of revenue)
- ☒ High ability to identify targets (50% - 75% of the addressable market at a cost of less than 1% of revenue)
- ☐ Very high ability to identify targets (>75% of the addressable market at a cost of less than 1% of revenue)


 Show Your Work (shared)

How You Answered		
Needs Improvement	Excellent	Percentile
OPPORTUNITY SCORE		
<div></div>		70%
CUSTOMER ANALYSIS SCORE		
<div></div>		90%
TARGET IDENTIFICATION SCORE		
<div></div>		80%

 **Key Principle**


 **Definition**


The amount of market share concentrated among the largest customers within an industry; an indication of the market power of the largest customers.

 **Why This Matters**


The less concentrated the customers in your potential market, the more "competitive" the customers and the better the opportunity. The less concentrated the customers, the easier it will be for you to negotiate favorably with


ANSWER

- Very high degree of customer concentration (top 4 control >80% market share or largest controls >40% market share)
- High degree of customer concentration (top 4 control 50 – 80% market share or largest controls 25 - 40%)
- Moderate degree of customer concentration (top 4 control 25 - 50% market share or largest controls 15 - 25%)
-  Low degree of customer concentration (top 4 control 10 - 25% market share or largest controls 5 - 15%)
- Very low degree of customer concentration (top 4 are not identifiable or control <10% market share and the largest is not identifiable or controls <5% market share)


 Show Your Work (shared)

How You Answered		
Needs Improvement	Excellent	Percentile
OPPORTUNITY SCORE		
<div></div>		70%
CUSTOMER ANALYSIS SCORE		
<div></div>		90%
CUSTOMER CONCENTRATION SCORE		
<div></div>		80%

 **Key Principle**

 **Definition**


The ability to identify the timeframe in which the customer prospect is most likely to make the buying decision regarding your product or service.

 **Why This Matters**

The higher the ability to identify the in-market timing, the better the opportunity. The higher the ability to identify the in-market timing, the better the chances of being able to grow your business.


ANSWER


- ☐ Very low ability to identify in-market timing
- ☐ Low ability to identify in-market timing
- ☐ Moderate ability to identify in-market timing
- ☐ High ability to identify in-market timing
- ☒ Very high ability to identify in-market timing

 Show Your Work (shared)


How You Answered		
Needs Improvement	Excellent	Percentile
OPPORTUNITY SCORE		
<div></div>		70%
CUSTOMER ANALYSIS SCORE		
<div></div>		90%
IN-MARKET TIMING SCORE		
<div></div>		100%



 **Key Principle**

 **Definition**

The awareness of the customer to what they perceive to be the range of prices within which they will buy a particular product or service.

 **Why This Matters**

Customers with high price sensitivity will exhibit purchasing behavior that is directly tied to pricing and affected by relatively small movements in price (a condition called an elastic price or price elasticity), whereas customers with

ANSWER

- ☐ Very high degree of price sensitivity
- ☐ High degree of price sensitivity
- ☐ Moderate degree of price sensitivity
- ☐ Low degree of price sensitivity
- ☒ Very low degree of price sensitivity

x<sup>2</sup>

Show Your Work (shared)

How You Answered		
Needs Improvement	Excellent	Percentile
OPPORTUNITY SCORE		
<div></div>		70%
CUSTOMER ANALYSIS SCORE		
<div></div>		90%
PRICE SENSITIVITY SCORE		
<div></div>		100%



OpportunityIQ

Smart Analysis. Smart Business.

[OpportunityIQ.com](http://OpportunityIQ.com)