

Business of Software CSC454/2527 - Assignment 2

Team Industry Analysis (10%)

BACKGROUND & PERSPECTIVE

Successful startups are the by-product of entrepreneurs solving the real world's most massive problems in a particular industry's market segment that they are enormously interested in or passionate about. There is often a lot of confusion as to what is an industry versus a market segment so let's take a step back for a second and do some definition level setting.

A national economy is comprised of "sectors". In Canada and the U.S. economies have several sectors (see Table 1) which can describe nearly all of the business activity in both economies. Each sector is broken down into a collection of

industries which describes a more specific grouping of companies with highly similar business activities. Each industry is made up of a collection of market segments. A market segment is a category of customers who have similar preferences. These customers can be individuals, families, businesses, organizations or a blend of multiple types. An important characteristic of a market segment is that they are known to respond somewhat predictably and in sync to a marketing strategy. This is why startups and established companies use "segmentation" when evaluating and targeting a market with its value proposition.

Table 1: Sectors in the Canada – U.S. Economies	
Accommodations & Food Services	Manufacturing
Administrative & Support, Waste Management & Remediation Services	Mining & Oil & Gas Extraction
Agriculture, Forestry, Fishing & Hunting	Professional, Science and Technical Services
Arts, Entertainment, & Recreation	Public Administration
Construction	Real Estate, Rental, & Leasing
Educational Services	Retail trade
Finance & Insurance	Transportation & Warehousing
Health Care & Social Assistance	Utilities
Information & Cultural Industries	Wholesale trade
Management of Companies & Enterprises	Other services (except Pub-Ad)

https://strategis.ic.gc.ca/eic/site/cis-sic.nsf/eng/h_00006.html

According to Investopedia;

"To meet the most basic criteria of a market segment, three characteristics must be present. First, there has to be homogeneity among the common needs of the segment. Second, there needs to be a distinction that makes the segment unique from other groups. And third, the presence of a

common reaction, or a similar and somewhat predictable response to marketing, is required. For example, common characteristics of a market segment include interests, lifestyle, age, gender, etc. Common examples of market segmentation include geographic, demographic, psychographic and behavioral.” <http://www.investopedia.com/terms/m/market-segment.asp>

As an example let's take the huge utilities sector. Within it are several standalone industries namely, electric, gas, water, telecom. Each of these industries are subdivided according to their product and service offerings. Take telecom, it separates into several sub-categories one being the telecom mobile industry, and that branch subdivides at the business and consumer levels. So you get the idea that ultimately a company can get pretty granular with regards to market segmentation. For the purpose of this assignment let's just keep it simple and confine the notion of a market segment to the broad collection of business types that make up a standalone industry.

The reasons why the market segment aspect is so fundamental to a startups survivability will be elaborated on in future lectures and assignments. For now just be aware that having a clear understanding of the market segment is the make or break for all startups.

ASSIGNMENT OBJECTIVES

The first objective of this exercise is to acquaint students with idea of researching an industry and developing an appreciation for the notion of a market segment. The second objective is to begin getting students comfortable with speaking in a public forum about themselves, their ideas and ventures. The third objective combines the output of the first two objectives and trains the students in the art of the trade-off. That trade-off forces the students hand to convey a lot of critical information from the completed industry research in a very short period of time while speaking at an intelligible pace. It will be super challenging to select and say only the essentials, succinctly, without any visual, written or digital aids. The fourth objective is for students to inform their classmates of their innate capabilities and what they are interested in or passionate about. This information will come in handy later on when students have to decide who to team with. Team assemblage and team dynamics are essential to a venture's success so pay close attention to your classmates' presentations so that you can make judicious choices. Remember in this course only 25% of your grade is in your direct control. The other 75% of your grade is calculated from your team's effort. I will have much more to say with regard to team dynamics. The last objective is for every student to come up with and think through an original venture idea so that when teams are formed each team founder will have an idea to contribute to the conversation when the teams decide which idea to pursue for the remainder of the semester.

Loosen up, ask questions, learn a lot while having fun with this exercise and get to know each other. You all are outstanding students (that's why you're here) and you have plenty to share.

ASSIGNMENT DELIVERABLES

Assignment 2a– Team Written Industry Analysis (Please post the written part of this assignment in Basecamp by 10pm on Tuesday September 26, 2017)

Please title the PDF file as follows.

Team_ Name_ Assignment 2_ Written Industry Analysis

In essay/report form describe the industry, its various market segments and the specific market segment in which you are interested in possibly solving a major issue in. Identify the industry's trends, including analysts' predictions for its market segments. This assignment asks you to zero in on a specific market segment within your chosen industry. That market segment must meet the overarching characteristics of being:

- global in nature
- a market segment size of \$1 Billion+
- innovation driven

Your write-up should be limited to a maximum of five (5) pages including graphs or tables and include all seven (7) items from the list below in the order shown

1. High level description of the industry that you will be applying VR technology to – (Example: market segments, dominant players, regulatory considerations, suppliers, distributors, effects of globalization)
2. Size of the industry and the individual market segment that your team is interested in
3. Market segment trends (Example: within the market segment that you are interested in)
4. Major factors affecting market segment growth in your chosen market segment
5. Competitive environment (e.g., key players in your chosen market segment)
6. New entrants in your chosen market segment
7. Key technologies in your chosen market segment

The term “market segments” in Item 1 refers all segments within the industry including your own. The term “market segment” in Items 2 to 8 should focus only on the industry market segment that interest your team and has major problems to solve.

All claims must be backed up with reasonable research and cited in the final submission as outlined in the syllabus. What you say and how you source it all matter because it plays directly to credibility and subject matter expertise. If anyone challenges you with properly sourced information and you cannot defend your claim through solid citations you put your credibility at risk. Also remember that information is time sensitive with a depreciating shelf life. Using information that is even two years old could make a major difference so don't just rely on

historical data over the past five years to discuss trends but also speak to the most current information.

Assignment 2b – Team Presentations with slides (In-class on Wednesday September 27, 2017)

You will be doing a five-minute timed pitch (strictly enforced) with slides where you are asked to;

- Briefly introduce the team (using some information from Assignment 1)
- Sequence your slides as in the write-up points in section 2a, items 1 through 7
- Highlight the industry's market segment that interests you the most and any potential problems that present themselves as startup opportunities
- Have no access to any written aids

Please don't underestimate how challenging this part is. Prepare your pitch early and practice it dozens of times using a timer until you boil it down to the essentials. It will tax the most organized and clearest thinking mind.

The quality of your team presentation is highly dependent upon the quality of the research that you do. If your research is solid and you know what you are talking about then that will be the source of the inspiration for a great presentation. We will insist that you have completed the industry analysis write-up before being able to stand in front of the class and speak.