

# Vision & Value Proposition: Foundational Conversations for Commercialization

Taking your success in the DoD to the open market

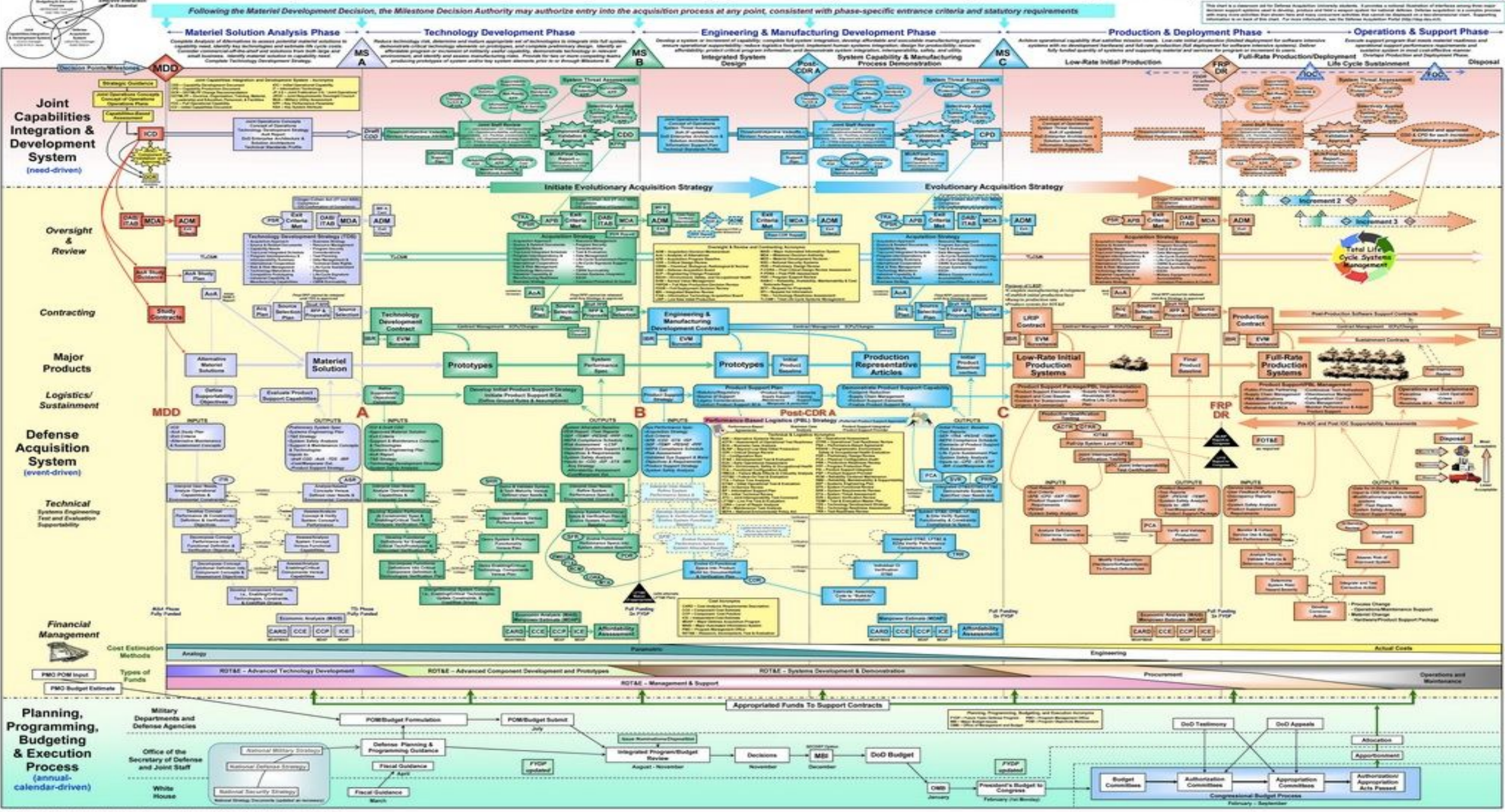
Todd Basche: [todd@bmnt.com](mailto:todd@bmnt.com)  
<https://www.linkedin.com/in/toddbasche>

# Going Commercial is Not Easy...

So why go commercial?

# Integrated Defense Acquisition, Technology, and Logistics Life Cycle Management System

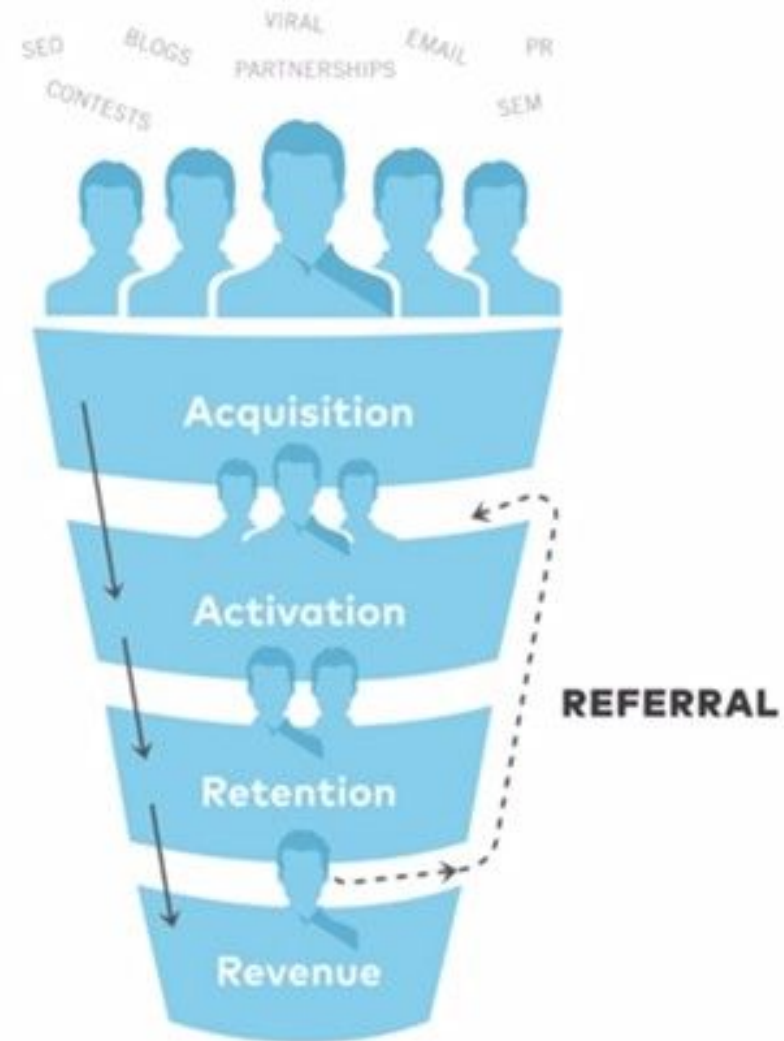
Version 5.4 15 June 2019



For a single copy of this chart, email us at: [acquisition@dau.mil](mailto:acquisition@dau.mil)

Send recommendations to improve the content of this chart to: [acquisition@dau.mil](mailto:acquisition@dau.mil)

# Vs. Commercial Marketing/Sales Funnel



## Larger upside for your business

- No profit cap \$\$\$\$
- Lower regulation
- Easier to work internationally

## Quicker growth

- More nimble sales and adoption
- Ability to continuously improve your products
- Easier to branch into adjoining markets

# Advantages of going commercial

# Going commercial is harder than you think

- Going commercial takes commitment
- Starting a commercial venture is not a “project”
- You are (almost) starting a new startup company
- You should partition parts of the company (infrastructure, team, etc.)

# Components needed for going commercial



Understanding of problems, customers & Unique Value Proposition (UVP)



Marketing and sales process

- Separate website, branding, etc.
- Who are the customers and where do I reach them ?



Team members with commercial experience

Able to have autonomy and make decisions for the commercial venture



Clearly distinguished infrastructure

Accounting, budget authority, contractual review (making sure to not run afoul of gov)

# Things to consider

- Selling commercial is a real commitment
  - Spinout -
- It is much more than modifying your product to a new customer
- Think about how each portion of your business that will change
- Are you willing on taking the risk to focus on it
- Do you have the right
  - Resources
  - Partners
  - Employees



# Impact on your Business

- Sales
  - Different Sales Staff and Sales Cycle
- Customer Support
  - 24/7, service and install fleet
- Marketing
  - Materials (how does your website look)
- Back Office
  - Agreements, Warranties and Indemnities
- Deliver to Customer
  - Distribution strategies
- Risk profile

# Huge Differences



<b>Government</b>	<b>Commercial</b>
Defined Procurement Process	Customer specific sales process Who are your customers ?
<b>Requirements based purchasing</b>	<b>PMF based selling – Solves a problem</b>
No Marketing required	Marketing and channels critical to success
Purchases frequently on price, wants competition	Purchases on Value, less concerned about competition
<b>Partnership and Gatekeepers – primes, vetted contractors</b>	<b>Partnerships / Distribution</b>
Funding – Hard to raise VC, easier Gov Grants, PE	VC fundings if 50X returns, PE
Revenue – capped profits but stable	Unlimited upside, higher risk

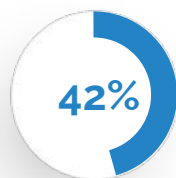
# It all starts with the four questions...

1. What Problem do you solve?
2. Who do you solve it for?
3. What are those people doing today?
4. What is your Unique Value Proposition (UVP)?

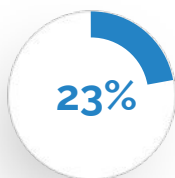
# 90% of Startups Fail, Whats the #1 reason ?



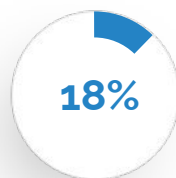
## Top 10 Reasons Startups Fail



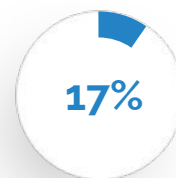
No Market Need



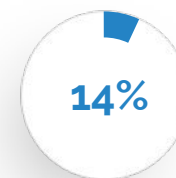
Not the Right Team



Pricing/Cost Issues



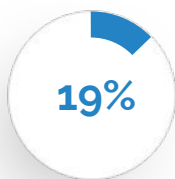
Product without a business model



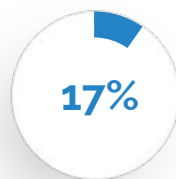
Ignored Customers



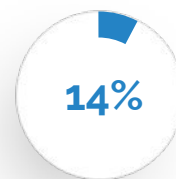
Ran Out of Cash



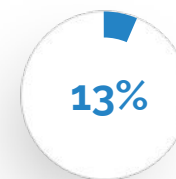
Got Out Competed



User Un-friendly Product



Poor Marketing



Product Mismatched



Did not have solid PMF



Ran out of money because they did not have PMF.



Not the right team to discover PMF.



# Mockup the total vision



**Must show  
the entire  
captivating  
Vision**

Backcast to V1

**Any fidelity  
is fine to  
start with**

Screen shots

Videos of how it would work  
if we did it.

PPT A day in the life in the  
new world

**MVP**

Establishes the vision while  
delivering the MINIMUM to  
Earlyvangelists

<https://youtu.be/TVMnz9WhUhM>

<https://youtu.be/7Eqte4TgarQ>

# Lean Methodology

Validating the path forward

# Using the Lean Startup Framework

---

Find Product Market Fit

---

Determine a Business Model

---

Figure out the resources needed

---

And if you can make a business

---

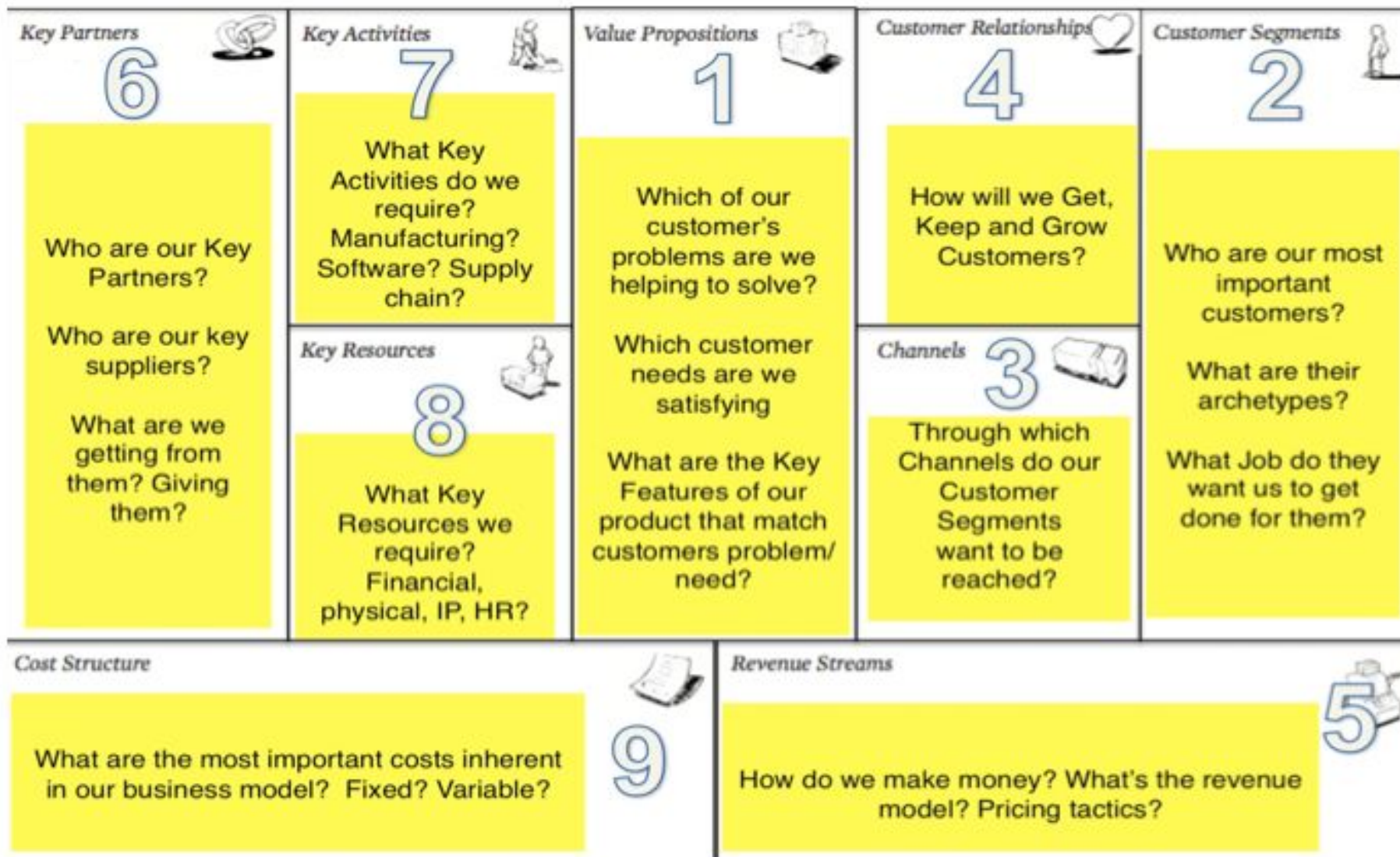
All at low cost

---

But with real evidence

---

# Business Model Canvas





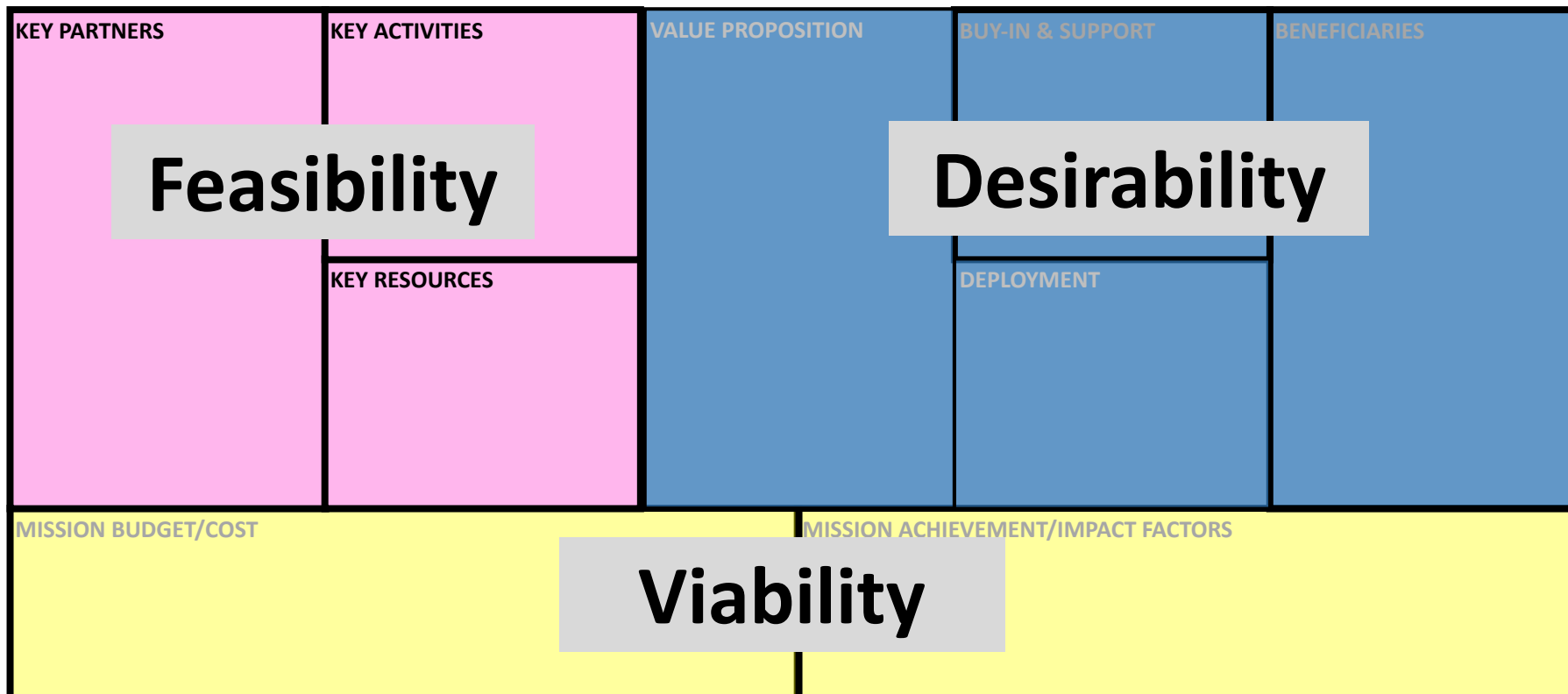
# The Mission Model Canvas

Mission/Problem Description:

Designed by:

Date:

Version:



This work is licensed under the Creative Commons Attribution Share Alike 3.0 Unported License. To view a copy of this license, visit <http://creativecommons.org/licenses/by-sa/3.0/> or send a letter to Creative Commons, 579 Second Street, Suite 302, San Francisco, California, 94105, USA.

DESIGNED BY: Strategyzer AG & Steve Blank  
The makers of Business Model Generation and Strategyzer

Strategyzer  
strategyzer.com

# Summary

# Best Practices

- Start with Rock solid answers to the 4 questions.
  - Undertake Customer Discovery to understand your Unique Value Proposition.
- Treat the commercial venture as a new business you are launching.
- Wall off your new commercial venture as much as possible from the government side.
  - Create new systems, policies, and procedures to limit cross-contamination.
- Hire people with relevant industry experience who can head up commercialization.
- Have predefined “gates” for PMF and early traction so you know if the venture is tracking correctly.

# Going commercial is not easy...

But we are here to help - every step of the way!

[tbasche@bmnt.com](mailto:tbasche@bmnt.com) [raragon@bmnt.com](mailto:raragon@bmnt.com)