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The Digital Startup Implementation Guide Book

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Aknowledgements

My thanks to Walid Triki and Hatem Dammak who contributed to the review of this document, which will serve I hope, as a basis to a wider collective work, serving new entrepreneurs of the Digital Economy.

Mondher Khanfir



What is a Digital Startup

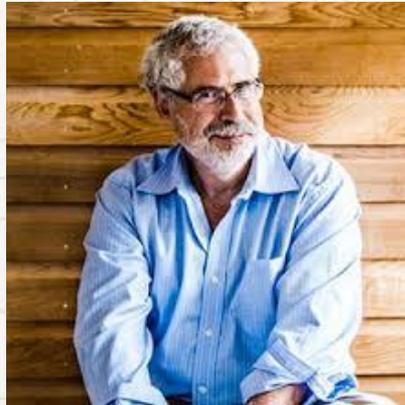


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What is a Startup

« A Startup is an organization formed to search for a repeatable and scalable Business Model»

- Steve Blank



What is a Digital Startup

The advent of the digital era is accompanied by the proliferation of Digital Startups contributing to and feeding off technological changes at the same time.

A Digital Startup is not only a company that uses hardware or software to automate business processes or deliver a technology service..... It's more about innovative business models, R&D and long-term strategies.



What is a Digital Startup



What is a Digital Startup

Different kinds of Digital Services

Transactional services

eLearning

Online Booking

Non
Embedded
services

Embedded
services

Cloud Data Center

Social media

Non Transactional services

What is a Digital Startup

Delivering technology as a service is different from services based on technology.



GROUPON



We can distinguish 4 categories of Tech Startups, based on the type of services they are delivering:

- Access to Technology infrastructure
- Support Services
- Interoperability services
- e-Business Services

The Digital Startup Business Modeling



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« A Business Model describes the rationale of how an organization creates, delivers, and captures value»

« The Business Model is like a blueprint for a strategy to be implemented through organizational structures, processes and systems. »

- Alexander Osterwalder

Is Technology required ?

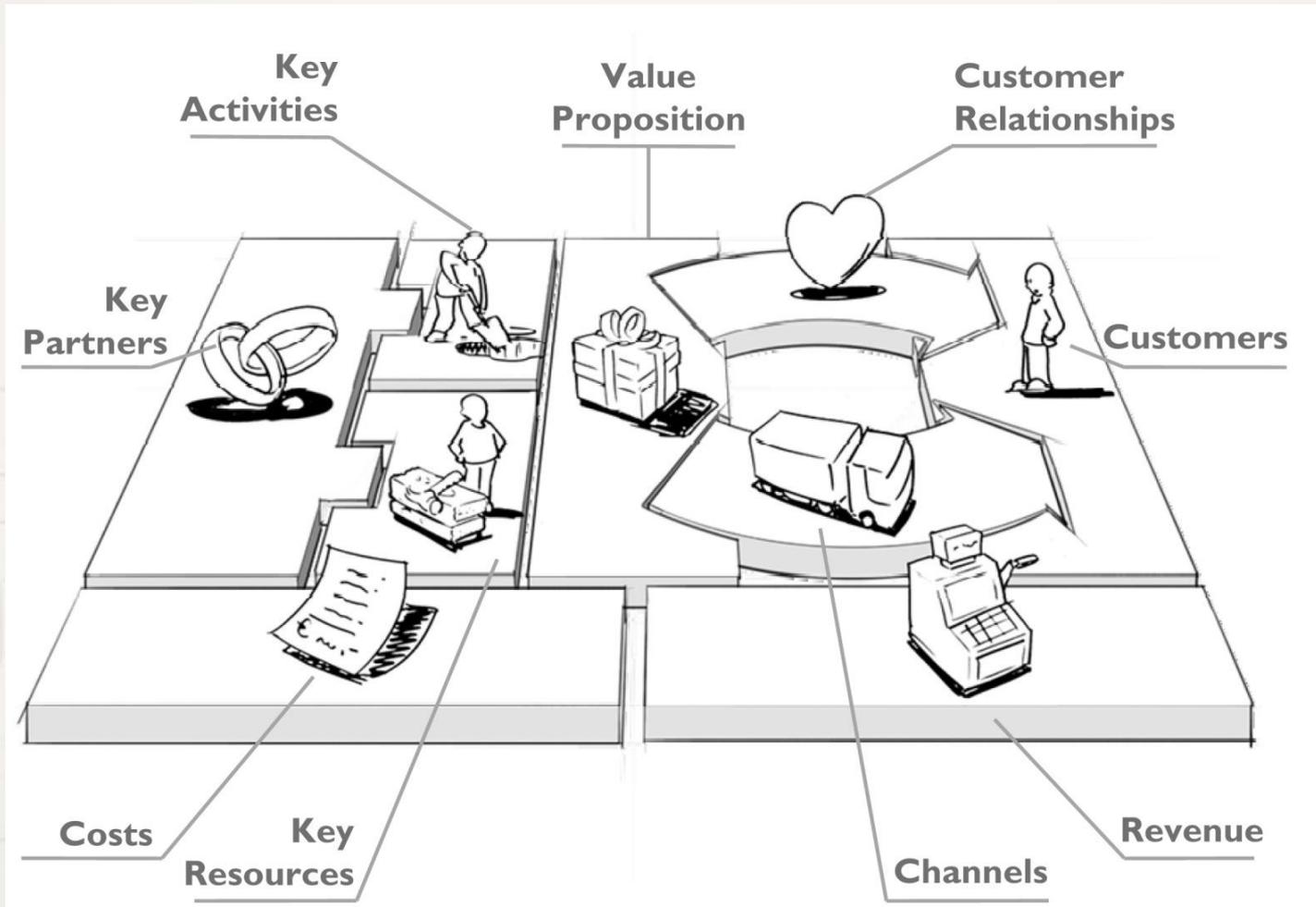
Technology is required, but it is certainly not the differentiator “And do not expect the winners to be based on the best tech”.

.....
It will come down to:

- Execution
- Closing deals
- Smart user acquisition strategies
- Scalability
- Growth
- ***And Game Changing***

The 9 Building Blocks

The Business Model Canvas of Alexander Oscarwalder



Every business model design project is unique and presents its own challenges, obstacles, and critical success factors.

Alexander Osterwalder outlines in his book “Business Model Generation” a five-phase process for designing business models. We summarize in this guide the most important steps and activities to be performed for a successful business model.



Business Model Design Process

Phases	Mobilize	Understand	Design	Implement	Manage
Object.	Prepare for a successful business model design project	Research and analyze elements needed for the business model design effort	Generate and test viable business model options and select the best	Implement the business model prototype in the field	Adapt the business model in response to market reaction
Focus	Setting the stage	Immersion	Inquiry	Execution	Evolution

Strategic planning for a Digital Startup implementation

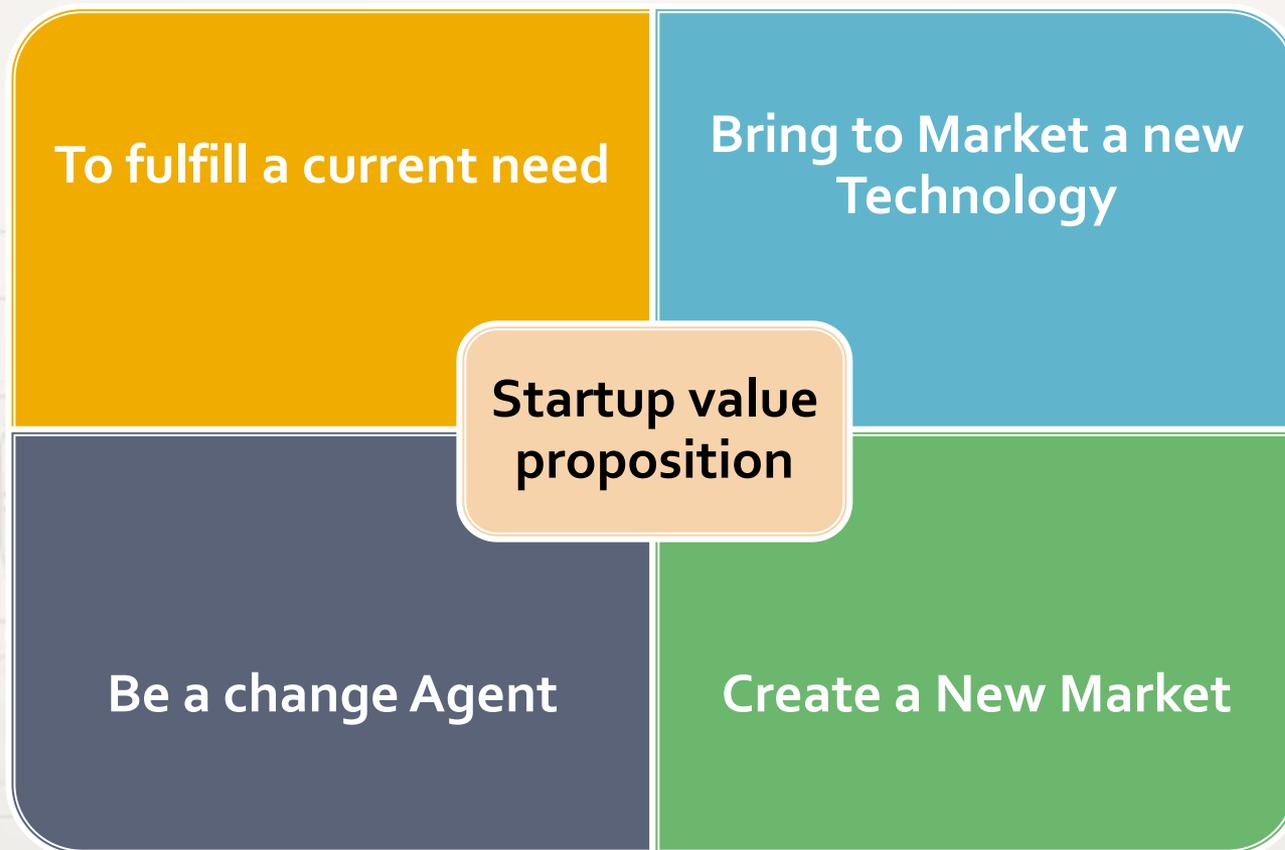


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Business Model Innovation

Business Model Innovation combines creativity with a structured approach of access to Market.

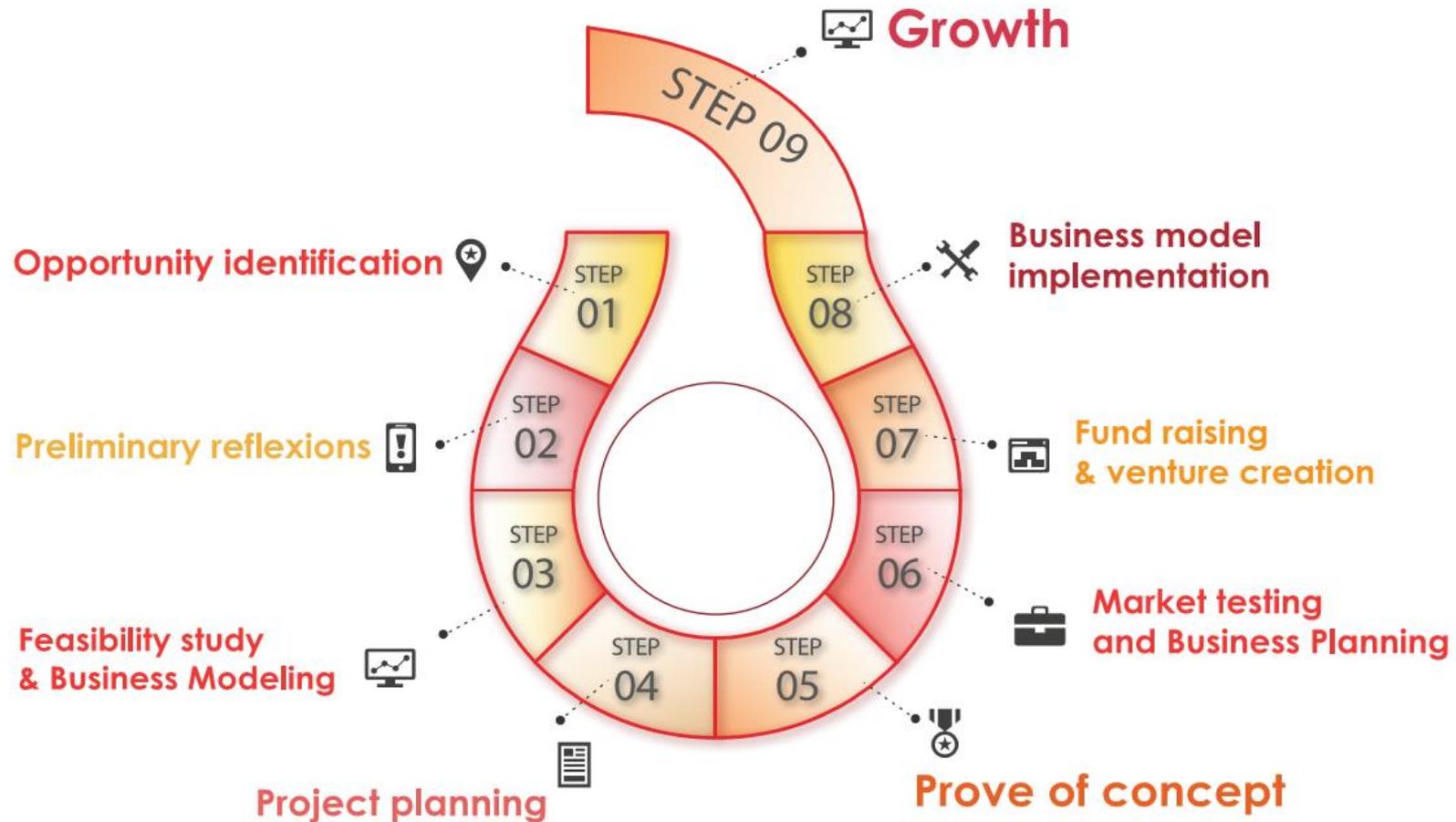
Innovations and new iterations of business models are usually made by Tech startups with one of the following purposes:



3 types of Innovation

- **Efficiency innovations** which produce the same product more cheaply, such as automating credit checks
- **Sustaining innovations** which turn good products into better ones, such as the hybrid car,
- **Disruptive innovations** which transform expensive complex products into affordable, simple ones, such as the shift from the mainframe to personal computers.

The long course of implementing an innovative Startup



The Digital Startup Strategies

When launching a Tech Startup, there are a number of factors to take into consideration to determine whether a startup is the most appropriate path to commercialization:

- **Demand:** Potential of the technology or the way we use it to provide a solid platform for multiple markets
- **Competition:** Identification of other companies that offer similar solutions.
- **Funding:** Availability of capital to build and grow the business.
- **Commitment:** Level of commitment and involvement of the entrepreneurs
- **Support:** Presence of a true supporter, incubator or accelerator
- **Management:** Experience, passion, and drive of the startup's executive team.

Key considerations when deciding whether or not to start an innovation project:

- Is the innovation a disruptive technology? If not, how would it be categorized?
- How soon can a commercial product come to market?
- What is the level of risk associated with this startup?
- Does the technology have clear applications and a definable market?
- Who owns the intellectual property ?
- What will be my role in the new company?
- What are the goals for the company?
- for an acquisition or a possible initial public offering (IPO)? Or, is it to build a small, yet sustainable business?
- Will capital from private investment companies be needed? If so, will the company eventually be sold or go public?

Approaches for building & connecting capacities



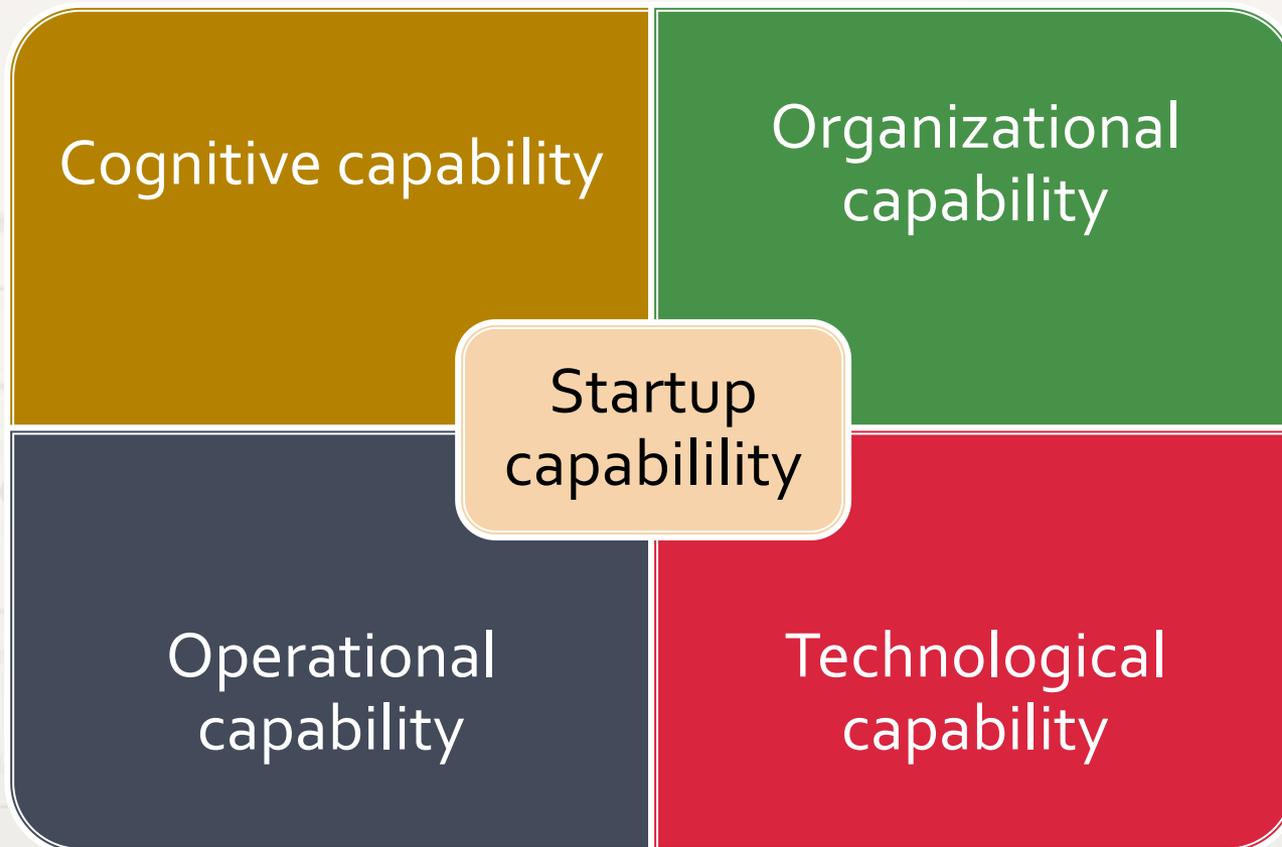
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A performing Digital Startup knows how to mobilize and take the most of two sets of Assets:

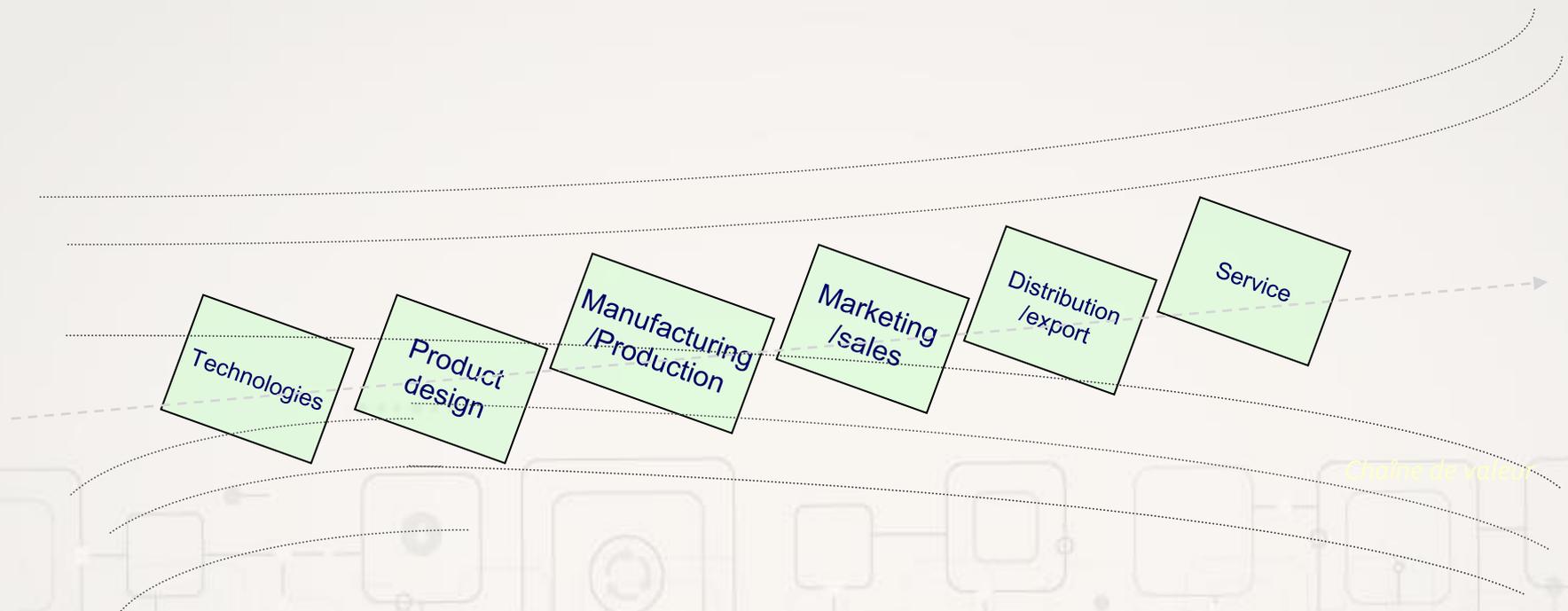
- Tangible and Intangible Assets

**Intangible assets are:
Knowledge, Information and intellectual Property...**

Business Model implementation requires to build up and to connect 4 types of capacities



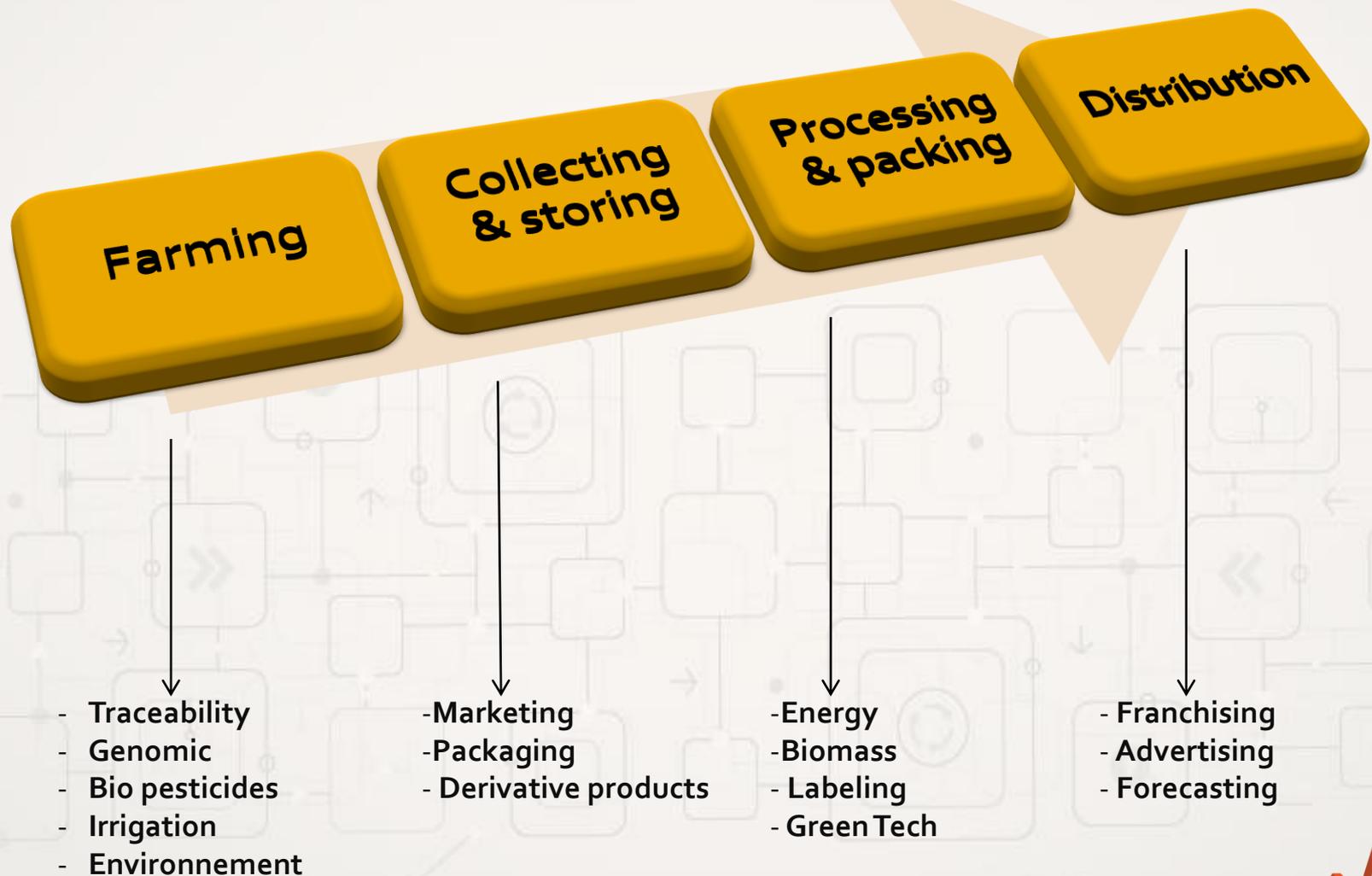
Value Chain and Start Up Positioning



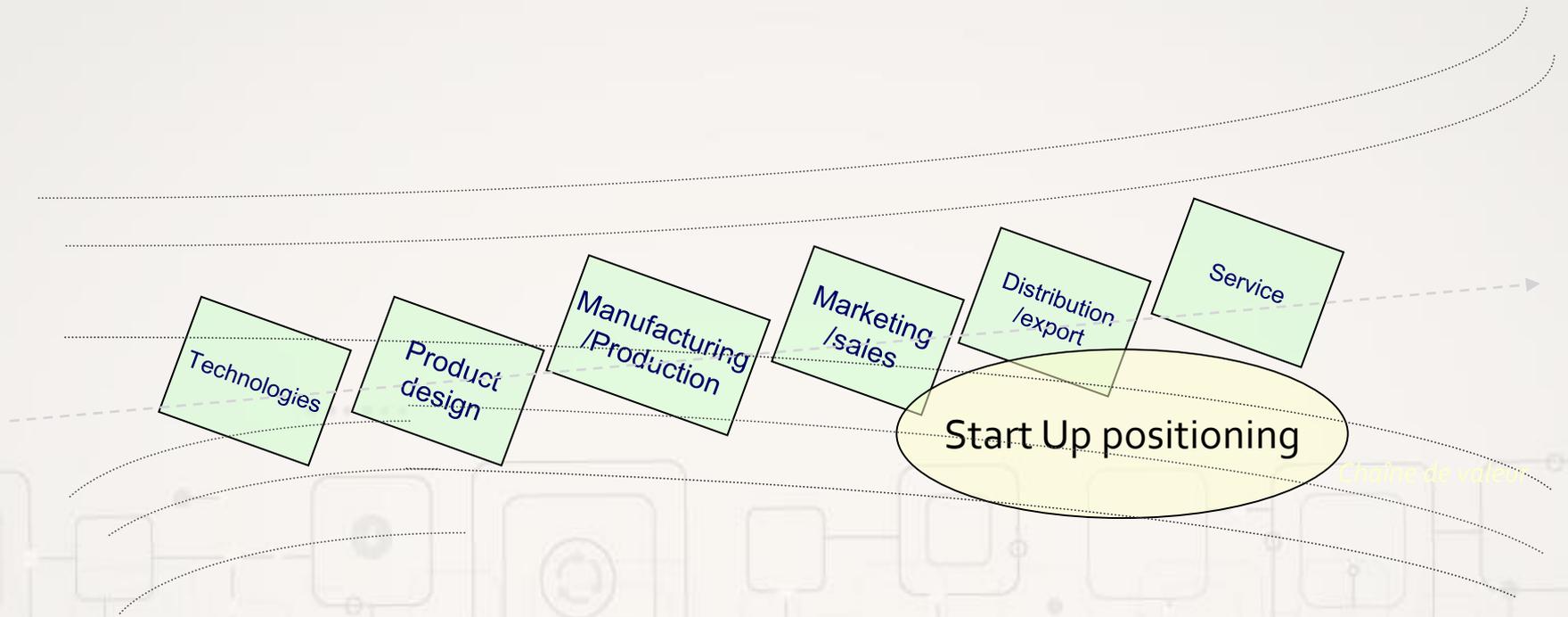
The Value Chain is a base for modeling the different activities for a specific industry, from the knowledge inception to enable the product design, to the manufacturing and marketing, and then to distribution and After Sales services.

Value Chain and Startup Positioning

Examples of Tech Startups opportunities in the Dattes Value Chain



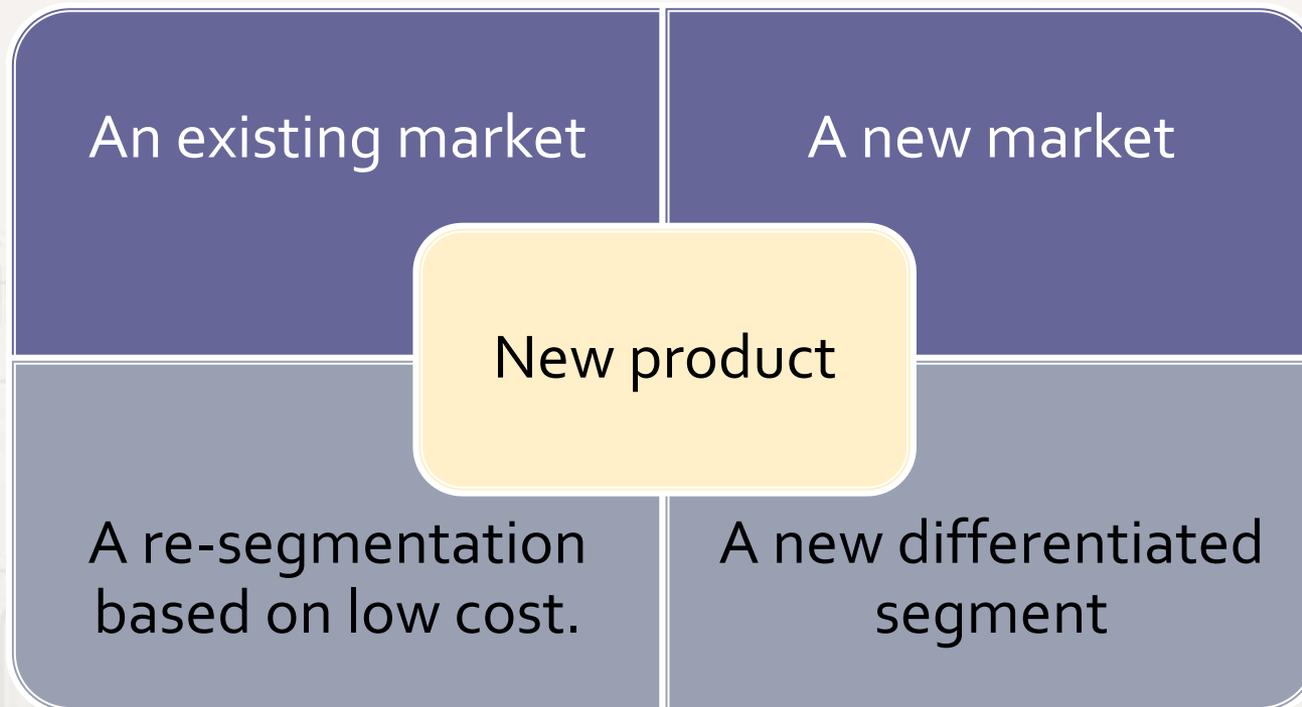
Value Chain and Start Up Positioning



A startup's market type dictates early positioning strategy and affects everything the company does.

Value Chain and Startup Positioning

The first step in positioning a startup is to understand the four market types:



Value Chain and Startup Positioning

The second step in positioning a startup is to identify the Master Mind and to understand the specific high-level positioning strategy for each market:

Market Type	High-Level Positioning Strategy
A new product in an existing market	The market already knows your competitors, so focus on why your features are better/different than the competition.
A new product in a new market	Don't focus on your features since your potential customers don't know your product. Sell your vision – sell the problem that your product solves.
A new product attempting to resegment an existing market via low cost	Fight your competitors head-on focusing on your low price.
A new product attempting to resegment an existing market by creating a niche	Focus on how your product is better than specific elements of the current product that has fallen out of favor with the market.

Digital Startup challenges

Startups purposes are

- **To fulfill a current need** in the market which no other product or company are meeting.
- **Bring to market a new technology**, product or service
- **Be a change agent** in the Tech services industry by introducing a new business model. This can be done out of a desire to bring innovation, create an evolution in the market or simply to change things up and breathe new life into the industry.
- **Create an entirely new type of business**

The main challenges for a constantly changing environment as the Technology sector:

- **Finding the right model**
- **Testing and Re-testing the model before a full-scale launch**
- **Inducing the market to adopt the new model**
- **Adapting the model in response to market feedback**
- **Managing uncertainty**



Evaluating the Business Model soundness



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Evaluating and Assessing the Business Model

Digital Entrepreneurs must be in possession of tools that allow them to frequently and robustly evaluate and assess their businesses in order to:

- Have awareness of their strengths and weaknesses,
- Analyze how well their team has performed,
- Create quantitative goals and encourage smart spending,
- Develop different managerial levels so they are ready for the next step in the business,
- Provide inspiration and delegate decision-making and responsibility to the team,
- Streamline their businesses so they can get more market share and have increased cash flows,
- Face obstacles with a defined plan of action appropriate to the nature of the obstacle.

Some questions that an entrepreneur can ask:

- What technique or tool can lend validity to my business model and ensure that it is the right choice for my company?
- What method can I use to analyze and monitor my business on a periodic basis?
- What steps do I need to take to ensure continuous improvement in my business?

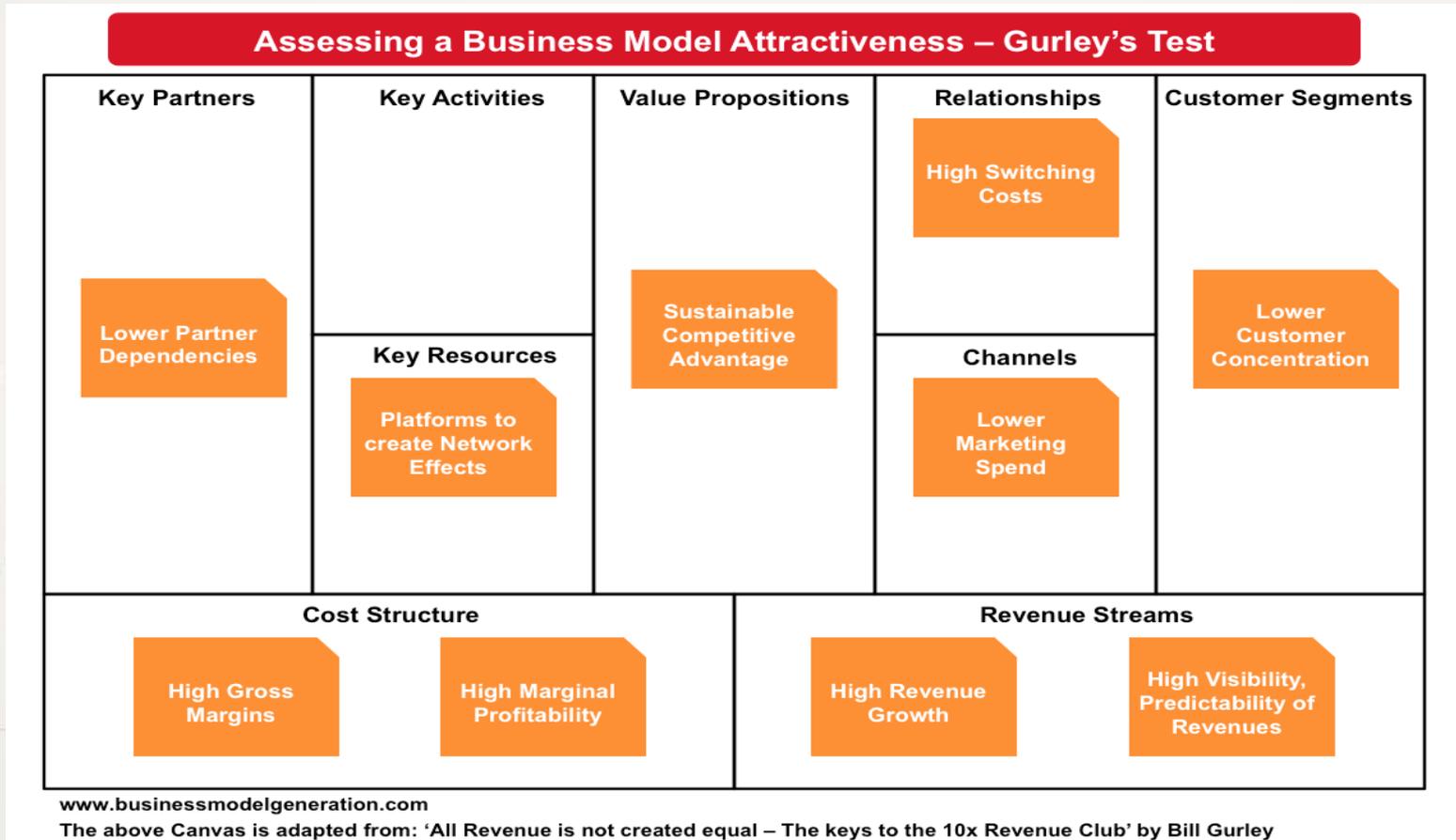
Assessing Tool: Gurley TEST

To assess a Business Model attractiveness, we will follow the “Gurley Test” using the 10 following criteria:

1. Sustainable Competitive Advantage.
2. Presence of Network Effects.
3. Visibility/Predictability are highly valued.
4. Customer lock-in/High Switching costs.
5. Gross Margin Levels.
6. Marginal Profitability calculation.
7. Customer concentration.
8. Major partner dependencies.
9. Organic vs Heavy Marketing spend.
10. Growth.

Gurley TEST

These 10 criteria can be visually represented over the Business Model Canvas as follows. The visual representation will help us easily remember these 10 criteria.



The Rules of a successful Digital Start Up implementation



Dealing with uncertainty

« A Startup is a human institution designed to deliver a new product or service under conditions of extreme uncertainty »

- Eric Ries



The 4 3 2 Canonic Rules



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Where is the opportunity.... How to address it?

- Project = opportunity identified and structured around a vision and a mission by the entrepreneur (s) behind the idea.
- Project Survival = realistic idea + strong business model + resilient project team.
- Prime factors of success: risks understanding and anticipation, Project/Entrepreneur adequacy, good training for the team
- Lean and flexible teams make great innovations and successful projects, not the best inventions.

The Four Proofs

1. Proof of Feasibility

- Also known as “Proof of Relevance”.
- Brings all the elements and information to validate the technical and economic benefits of the innovation
- Techniques used to assess the potential impact of the invention and its “sustainability” in a competitive and dynamic environment.
- Technology Transfer process.

2. Proof of Concept

- Develop a “model”, a “prototype” or “Beta version” of the product or service .
- Going through an incubator helps mobilize adequate seed funds
- First tangible results: reassures the first partnering investors + win the confidence of the first customer.

3. Proof of Positioning

- Differentiate and have a competitive edge.
- Make sure the market is scalable and your product is sellable
- Technological validation can be proven from the first Market Tests
- Achieve greater visibility by soliciting the help of networks of experts and field professionals

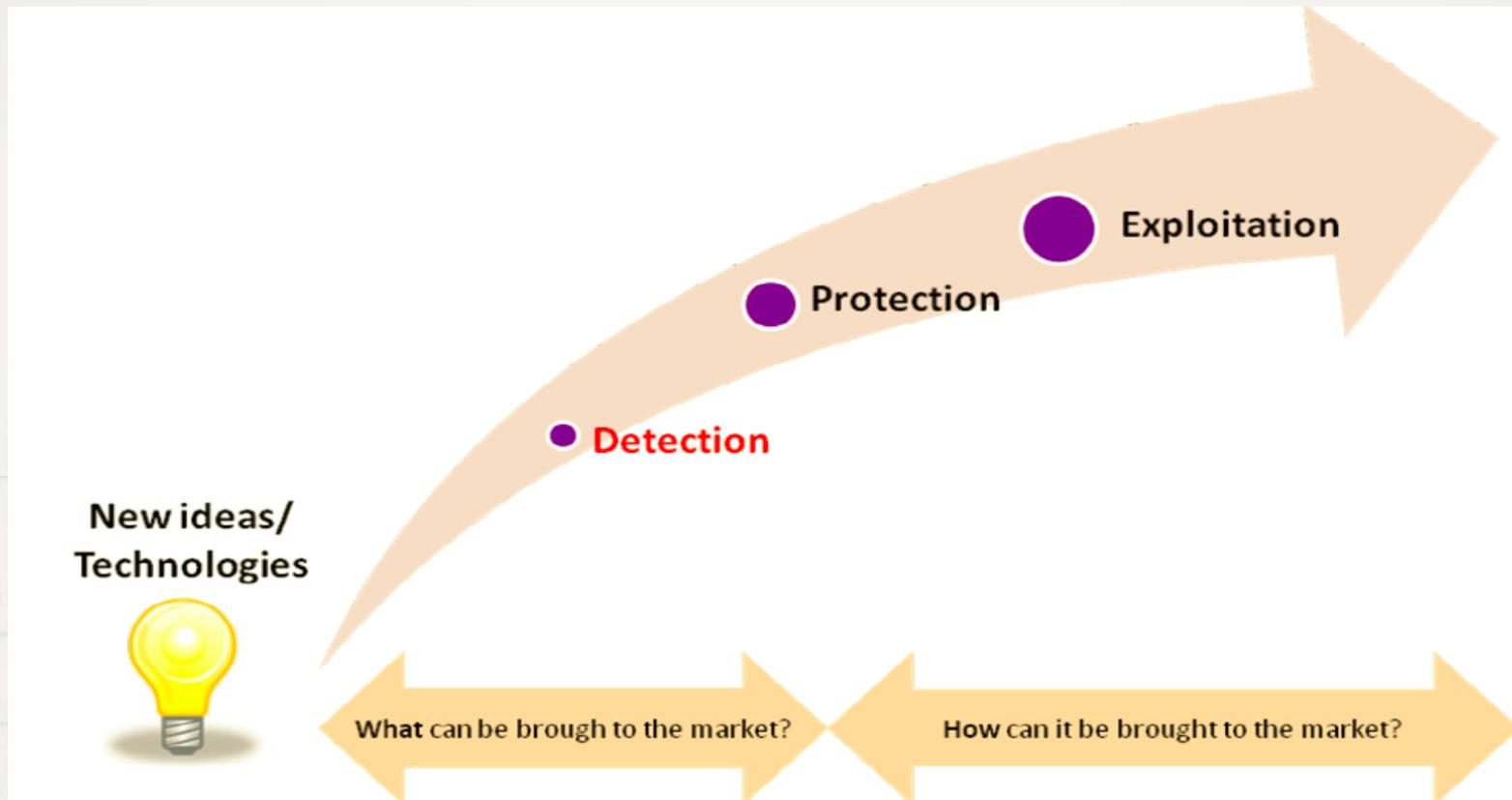
4. Proof of Scalability

- First contact with the market = invaluable source of information useful for the viability of the Startup.
- Take into account the requirements of the market, the standards and practices of the actors
- This is where you fine-tune the size of investments
- This is where the profit margin long awaited by investors can be reached with a good strategy and scalability plan



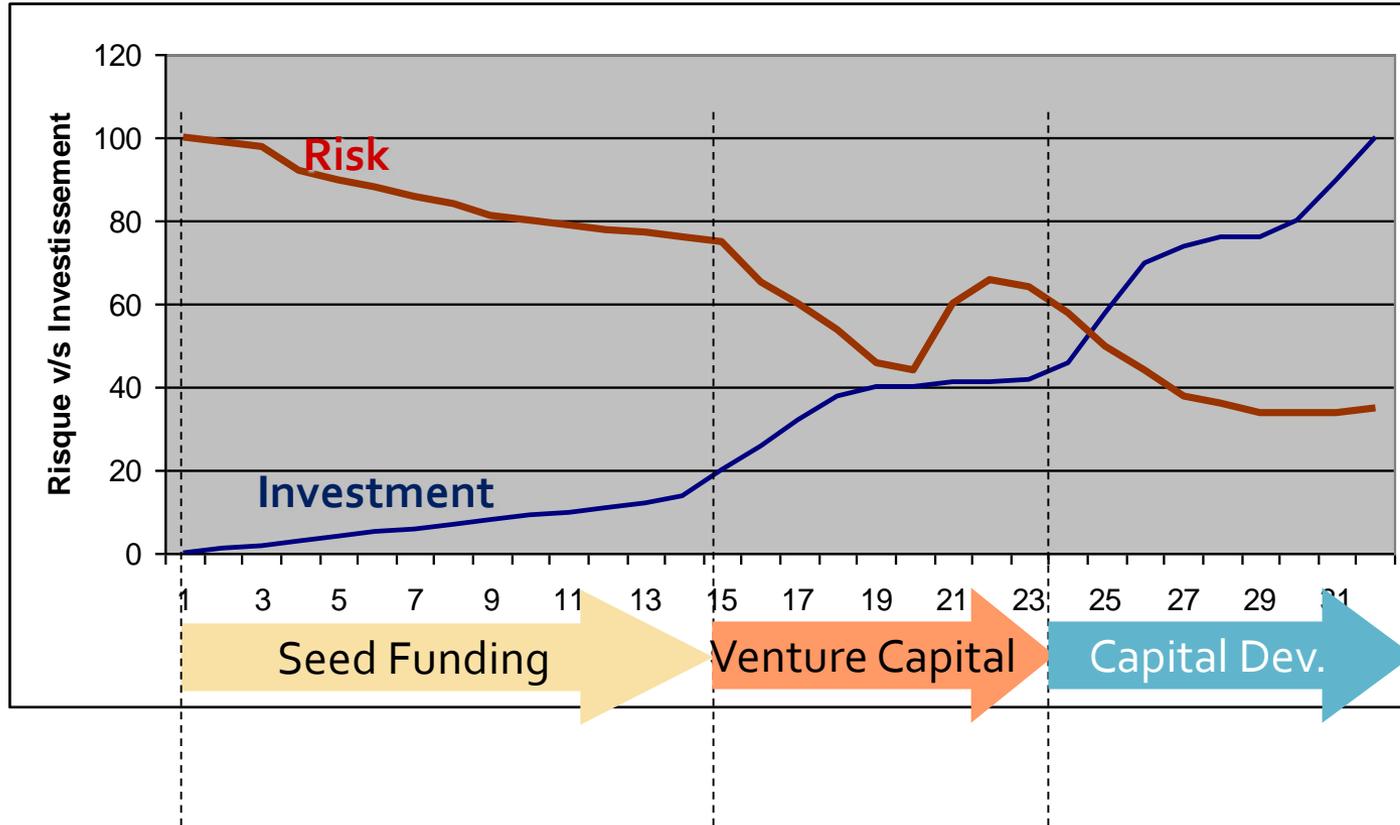
The Three Keys to Success

1. Access to information



Source: FITT for Innovation Digiteo & INRIA

2. Access to capital



2. Access to capital

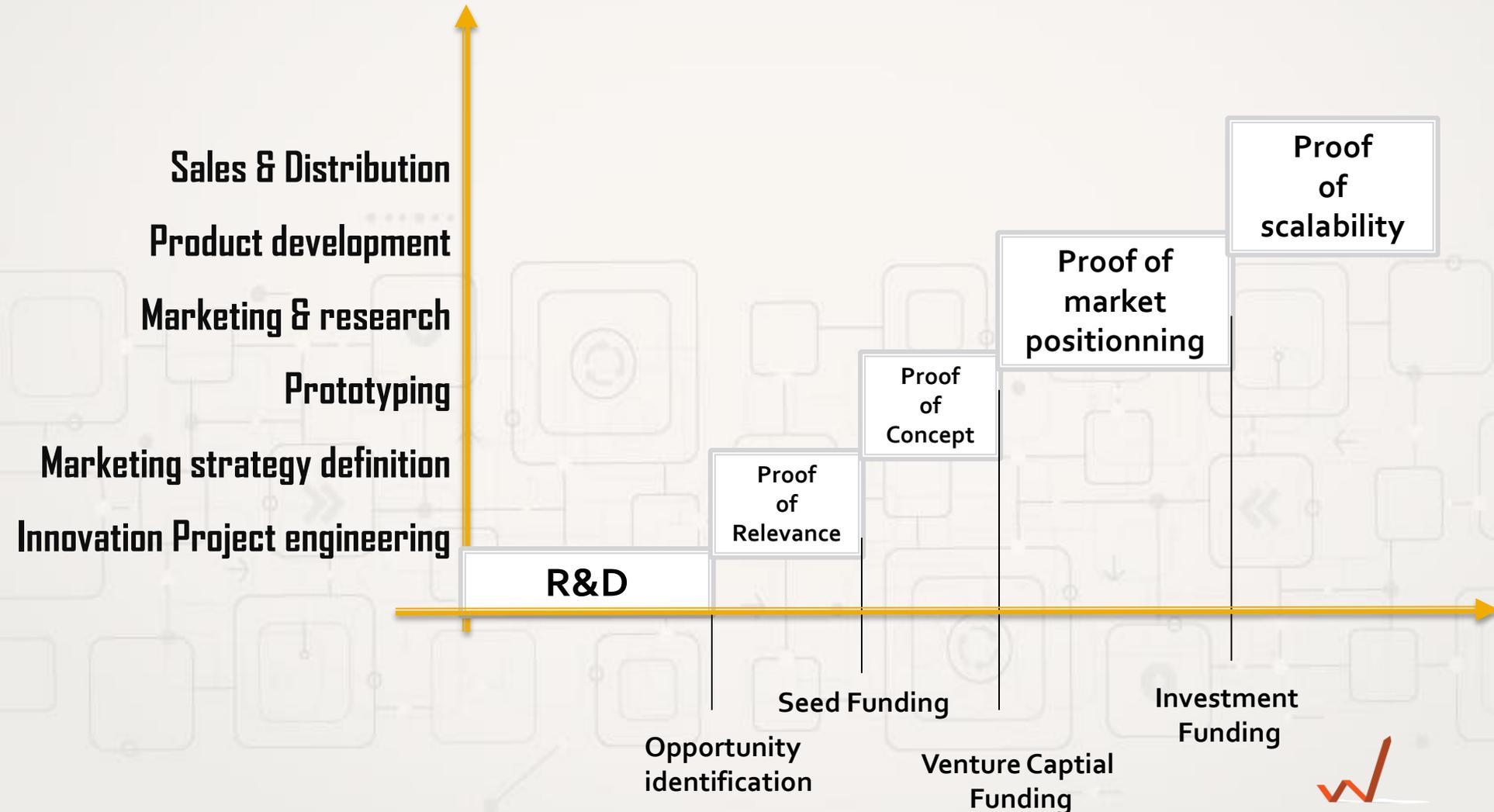
When starting a company, generating funding to support the business is perhaps the single most important task at hand. Before embarking, it is necessary to determine how much funding is required and from where it will come. Here are some factors to consider in determining how much funding is necessary:

- Time to market (that is, how long before initial sales)
- Employee salaries and benefits
- Space & Equipment
- IP protection and Legal fees

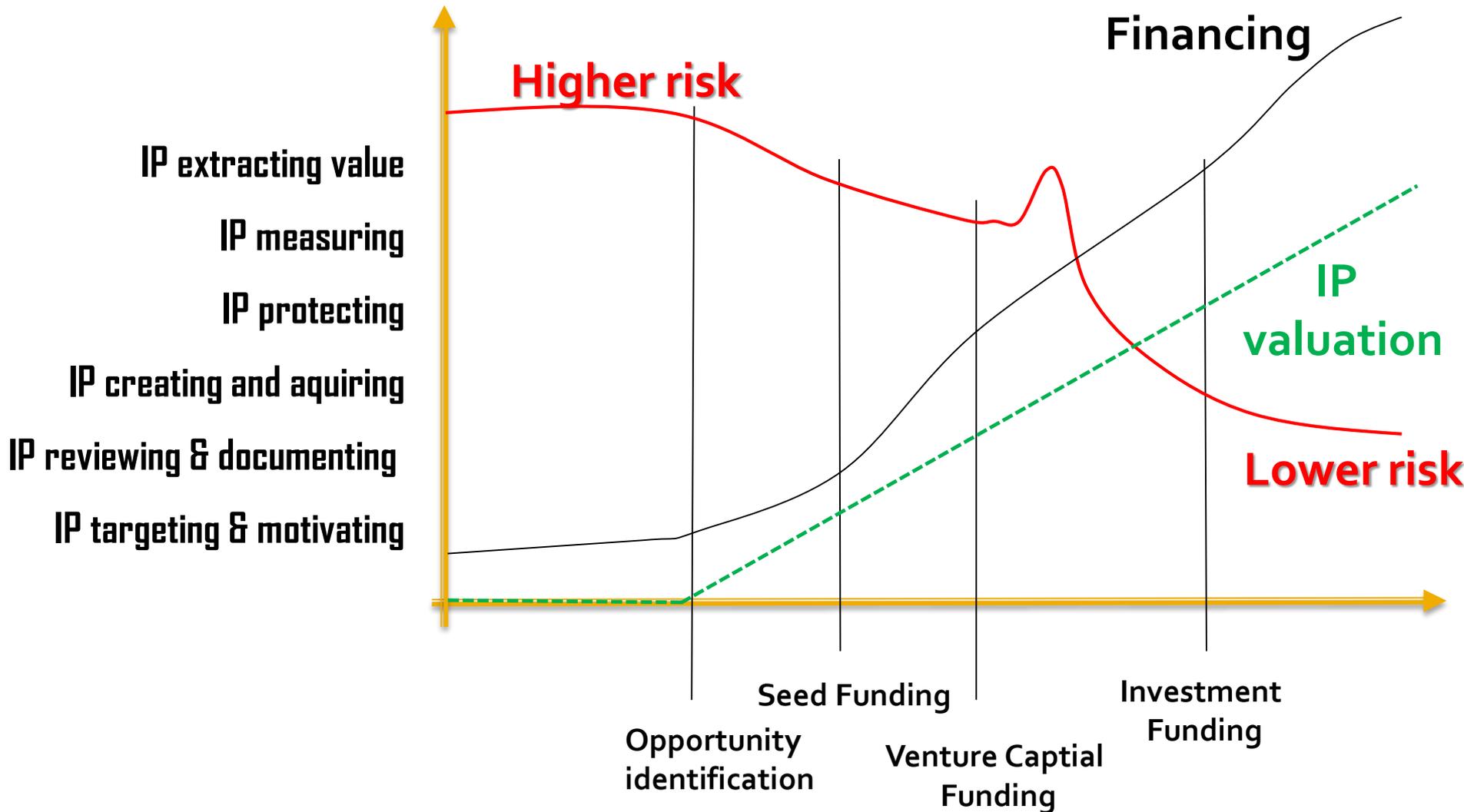


3. Access to market

The commercialization cycle



In summary....



The two moments of Truth

Two moments of truth



Milestone 1 “First invoice” :
Startup’s ability to enter the market



Milestone 2 “Break even” : the company’s ability to develop a financial autonomy

It is the illustration of the growth curve



The Ten Commandments of Digital Entrepreneurs



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The Ten Commandments of Digital Entrepreneurs

1. Have a dream and share it with your team, partners and associates.
2. Focus on the value you bring to the market and the social & economic model that produces it.
3. Invest both in the startup core business and in an environment conducive to its development.
4. Value your difference and seek synergies with the ecosystem actors.

The Ten Commandments of Digital Entrepreneur

5. Integrate the human factor in the process of value creation.
6. Be flexible towards changes and rigorous towards uncertainty.
7. Measure the risks and prepare a contingency plan.
8. Identify and observe carefully the key players in the target market.



The Ten Commandments of Digital Entrepreneur

9. Stay positive. Don't give up to difficulties, and find "out of the box" solutions.

10. Learn from your failures and change strategy whenever necessary.

The rising generation of Arab Tech Startups

The logo for Vimov, featuring the word "vimov" in a bold, green, rounded font.The logo for Woopra, featuring the word "woopra" in a blue, sans-serif font with a stylized infinity symbol or eye shape above the "oo".The logo for Integration Objects, featuring the letters "io" in a stylized orange font, followed by the words "integration objects" in a black, sans-serif font. Below it is the tagline "Your partner for operations excellence" in a smaller orange font.The text "twitmail" in a blue, sans-serif font with a white outline.The logo for "the 99 ninety-nine", featuring the word "the" in a small italicized font above the large, stylized number "99", with "ninety-nine" in a smaller italicized font below it.The logo for Greendizer, featuring the word "Greendizer" in a green, sans-serif font with a green leaf icon above the "i".

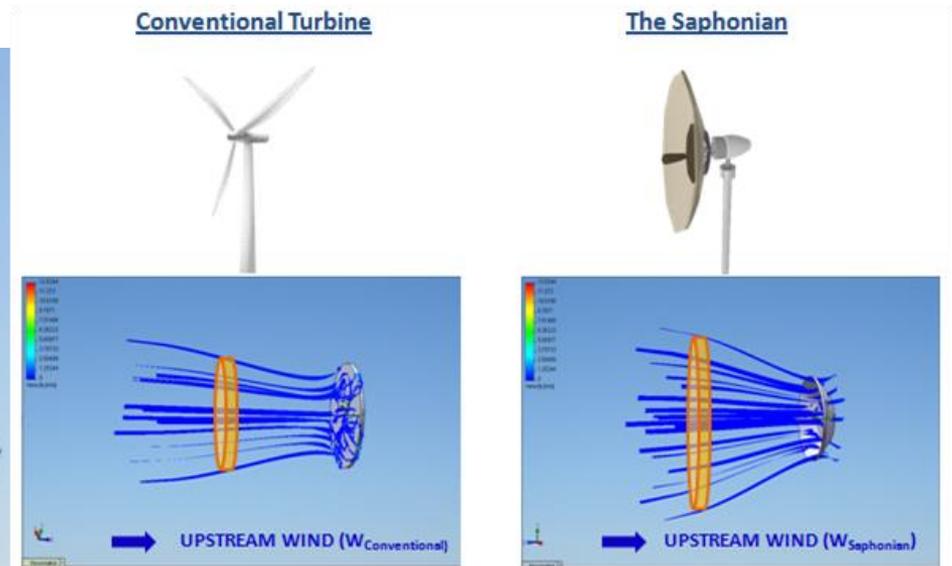
Top MENA Tech Startups that are going global
according to

<http://www.wamda.com/2012/09/top-15-mena-tech-startups-going-global>



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The rising generation of Arab Tech Startups



$$W_{\text{Saphonian}} = 2.3 W_{\text{Conventional}}$$

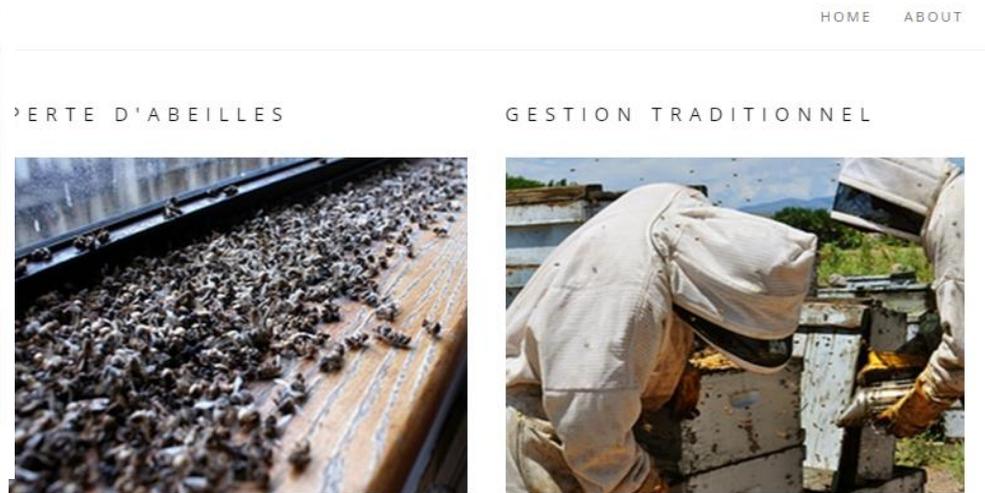
Saphon Energy is based on an invention; the zero blade turbine. It won a lot of awards and prizes, in particular the 2015 Gulfstream Navigator Award at Savannah, Georgia, USA



The rising generation of Arab Tech Startups



BOUCHOUCHA KHALED



Iris Technologies is based on a Tech platform to optimize bees hives management and honey production process.

**Thank You for your
Time & Attention!**



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