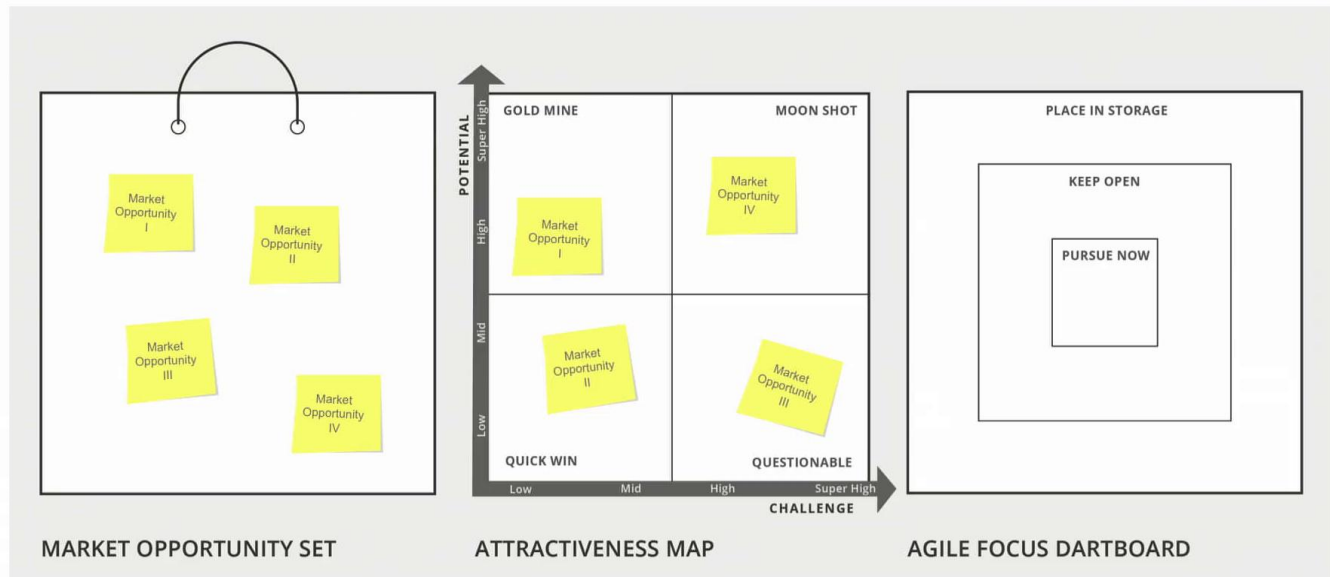


The Market Opportunity Navigator- 2nd step



Which markets to play in?

Hello again and welcome back to our session on the attractiveness map. The attractiveness map is the result of the evaluation process that we described in the previous sections of this week. In this video, we wish to explain what the four quarters of the attractiveness map actually mean. As a recall, the attractiveness map is the second step of the Market Opportunity Navigator following the evaluation of the options in your market opportunity set.

Notes

Summary

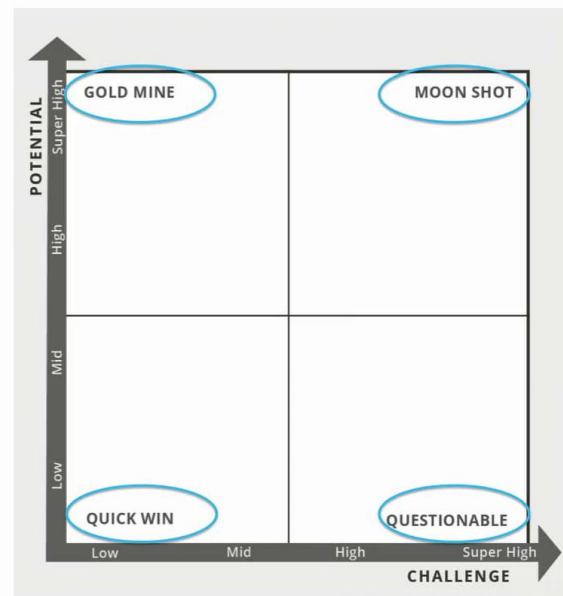


0m 04s

Analyzing the Attractiveness Map

The Attractiveness Map unleashes its power once you move your perspective from an individual opportunity to the **overall** set of options.

There are four zones in the Attractiveness Map



Which markets to play in?

Now the attractiveness map unleashes its power once you move your perspective from an individual opportunity to the overall market opportunity set that is placed on it. The map provides you with the ability to compare potential market opportunities, locate the most promising options and start designing your agile focus strategy. There are four zones in the attractiveness map- quick win, goldmine, moon shot, and questionable. Let us examine each quarter separately to understand what it means if your market opportunity is located in that zone.

Notes

Summary



0m 32s



Gold Mine

- ✓ Market opportunities with relatively high potential and low challenge
- ✓ They are ideally located but relatively rare
- ✓ Usually a result of identifying a significant unmet need that no one has addressed before. Or, by possessing unique know-how to overcome a challenging hurdle that others simply cannot overcome.
- ✓ A gold-mine opportunity has the features that would make it your primary market opportunity.



Which markets to play in?

The upper-left corner of the map is called goldmine- these are market opportunities with relatively high value creation potential and low value capture challenge. They are ideally located but relatively rare. A goldmine option is usually a result of identifying a significant unmet need that no one has addressed before, or a result of possessing unique know-how to overcome a challenging hurdle that others simply cannot overcome. If you do have a goldmine opportunity it has the features that would make it your primary market opportunity.

Notes

Summary



1m 17s



Gold Mine

- ✓ Market opportunities with relatively high potential and low challenge
- ✓ They are ideally located but relatively rare
- ✓ Usually a result of identifying a significant unmet need that no one has addressed before. Or, by possessing unique know-how to overcome a challenging hurdle that others simply cannot overcome.
- ✓ A gold-mine opportunity has the features that would make it your primary market opportunity.



Which markets to play in?

As an example, let's look at Gusto- a US-based startup founded in 2011 to develop a modern payroll system especially for small businesses. The potential of this market opportunity is definitely high. Although there are many payroll solutions, none are tailored specifically to the needs and the requirements of small businesses. Gusto's simple and affordable one roof solution is therefore highly compelling for a large volume market and even though their pricing is affordable the economic viability is also high especially due to customer stickiness. The value capture challenges are relatively low although competitive threats should definitely be considered. Implementation obstacles were manageable, and the product could be launched in a relatively short time. So overall, this high potential and low-mid challenge opportunity creates a goldmine option. Indeed, in 2015 the company employed over 300 workers, served over 30,000 clients and was valued for over 1 billion US dollars.

Notes

Summary



1m 54s



Moon Shot

- ✓ Market opportunities with relatively high potential but also high challenge.
- ✓ Truly innovative offers are usually located in this quarter, bearing high risk and high returns simultaneously.
- ✓ Some investors would argue that these are the most interesting options to invest in, if you believe that the team is qualified to overcome the major challenges.
- ✓ Moon-shot options may fit as your primary market opportunity, or as a long-term growth option



The upper-right corner of the map is called moon-shot. These are market opportunities with relatively high potential but also high challenge. Truly innovative offers are usually located in this quarter of the attractiveness map, bearing high risk and high return simultaneously. Some investors actually would argue that these are the most interesting options to invest in if you believe that the team is qualified to overcome the major challenges that it entails. Therefore, moonshot options may fit as your primary market opportunity or as a long-term growth option.

Notes

Summary



3m 17s



Moon Shot

- ✓ Market opportunities with relatively high potential but also high challenge.
- ✓ Truly innovative offers are usually located in this quarter, bearing high risk and high returns simultaneously.
- ✓ Some investors would argue that these are the most interesting options to invest in, if you believe that the team is qualified to overcome the major challenges.
- ✓ Moon-shot options may fit as your primary market opportunity, or as a long-term growth option



Expanding the scope of GI



Which markets to play in?

An interesting example of a moonshot opportunity is Given Imaging- a venture that developed a swallowable imaging capsule for endoscopy procedures. Back in 1998 when the firm was founded, the idea of a miniature pill cam seemed like science fiction, yet the founders believed that a missile technology could be miniaturized to create such a medical device. While the potential of this market opportunity was super high, because there was no good solution for examining the small intestine at this time, the challenges were even higher. Fortunately, the firm succeeded in pursuing this moonshot opportunity and launched their first pill cam in 2001. In 2013, Given Imaging held close to 90% market share on video devices for gastro-intestinal endoscopy and was acquired for 995 million US dollars.

Notes

Summary



4m 01s



Quick Win

- ✓ Market opportunities with relatively low potential and low value challenge.
- ✓ In the risk-return analogy, they represent the low risk-low return alternatives. They offer limited value creation potential that is relatively safe.
- ✓ These options may offer a great jump-start, and may be combined with other opportunities to enhance the long term potential of the firm.



h markets to play in?



The lower left corner is termed “quick win”. These are market opportunities with relatively low potential and low challenge in the risk return analogy. They represent the low risk- low return alternatives. They offer limited value creation potential that is relatively safe. These options can offer a great jumpstart and can also be combined with other opportunities to enhance the long-term potential of the firm.

Notes

Summary



5m 05s



Quick Win

- ✓ Market opportunities with relatively low potential and low value challenge.
- ✓ In the risk-return analogy, they represent the low risk-low return alternatives. They offer limited value creation potential that is relatively safe.
- ✓ These options may offer a great jump-start, and may be combined with other opportunities to enhance the long term potential of the firm.

Eink®



Which markets to play in?

Many innovative firms start by targeting such quick win opportunity in the short term as a stepping-stone for a future moonshot. E-ink is such well-known example. Founded in 1997 as a spinoff from the MIT Media Lab, the venture developed a special form of electronic ink that could be used in electronic displays. The founders' vision was to create radio paper- a flexible electronic display that could replace books, magazines and newspapers. A clear moonshot opportunity. At the short-term option, the firm decided to focus on the large signage market. While this market opportunity suggested a relatively modest potential it was also much less challenging, especially in terms of the required technological know-how because the initial ink only worked in blue and white. Overall, E-Ink perceived this opportunity to be its best stepping-stone. By the way, reality proved to be different. Production costs were significantly above expectations. The firm had to invest a lot in building a sales force for this market and the customers themselves didn't like the blue and white ink limitation.

Notes

Summary



5m 37s



Questionable

- ✓ Market opportunities with relatively low potential and high challenge.
- ✓ While you will likely be better off finding a different target market, keep these questionable opportunities in mind, as conditions may change over time.
- ✓ Many venture projects fail because they pursue a questionable opportunity, often without even being aware of that



markets to play in?



Lastly, the lower right corner is called- questionable. These are market opportunities with relatively low potential and high challenge. Although this is the least desirable quadrant, you might just want to keep these questionable opportunities in mind because conditions may change over time and questionable options may turn into more attractive opportunities. Many venture projects fail because they pursue a questionable opportunity, often without even being aware of that. As studies show, they ran into the problem of having little or no demand for a product that they have built with much sweat. There is not sufficiently compelling value proposition or the market size is simply too limited. This is exactly what low potential and high challenge opportunity means. In fact in a post-mortem analysis of 101 startup failures done by CB Insight, the number one reason for failure was that the startups primarily addressed problems that are interesting to solve rather than problems that serve a market need.

Notes

Summary

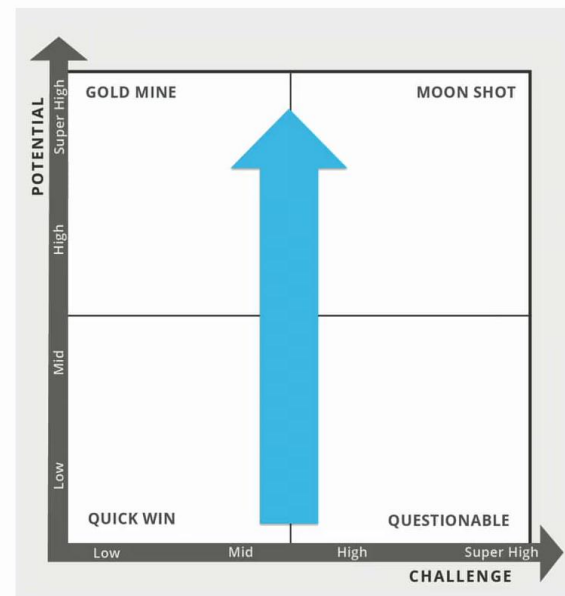


7m 07s

Shaping an Opportunity to Improve its Location

Improving the 'Potential' of a market opportunity:

For example - try to increase demand by re-segmenting your market



Which markets to play in?

One question that comes to mind after you map your options is whether you can do anything to improve the location of a market opportunity on the map. Well, the characteristics of a market opportunity are not written in stone. You can strive to change them so that the opportunity becomes more attractive. To improve the potential of a market opportunity, you can try to think differently about your market or to resegment it in another way so that you aim for a segment that feels a stronger pain, or is simply significantly larger. For example, if you offer an environmental monitoring solution to hospitals you can segment this market based on private versus public hospital, but you can also segment it according to the size of a specific department within the hospital. These different approaches can influence the potential level of your opportunity.

Notes

Summary

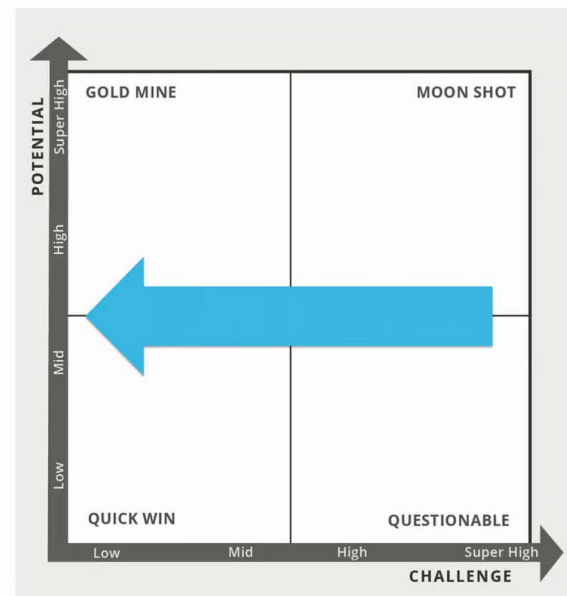


8m 25s

Shaping an Opportunity to Improve its Location

Improving the 'Challenge' of a market opportunity:

For example - try to decrease your risks through strategic partnerships



Which markets to play in?

You can also strive to decrease the challenges of an opportunity. One way to accomplish this is to find a strategic partner or an ally that could help you to overcome your weaknesses. For example, cooperating with another player in the value chain may help you to decrease the challenges in developing a product to reduce your external dependencies on third parties or to shorten your time to revenues.

Notes

Summary



9m 27s

Summary



Use these distinctive quarters to easily discriminate between your options, and to grasp their differences.

The map allows you to compare potential market opportunities, to locate the most promising options, and to start designing your **Agile Focus Strategy**.

Which markets to play in?

So overall, once you map your opportunities you can use these distinctive quarters to easily discriminate your options and grasp their differences. The map provides you with the ability to compare potential market opportunities, locate the most promising options and start designing your agile focused strategy. In week 4, we will learn in details how to choose your primary market opportunity and how to design a promising strategy.

Notes

Summary



9m 57s