



Good Product Ideas

 Most hi-tech product ideas for new start-up companies come from positions held with previous employers. Most entrepreneurs get product ideas from their current employment (E. Roberts, *Lessons from MIT and Beyond*, Oxford U. Press, 1991)





*"A hardware store owner does not sell drill bits, he/she sells holes"*Drill bit (means) - holes (ends) Develop product that delivers a benefit to your customers. One does not sell technology, one sells benefits ! *First find the holes that need filling with your technology, then you can design and develop your product.*





No Practical Application Whatsoever! SILLY PUTTY General Electric Laboratory - 1943 - New Haven, CT Scientist working on rubber substitute - combined boric acid with silicone oil in a beaker. A polymer 'gooey' substance was formed with unique properties. Sent out samples to the scientific community to find application - their response;

"This is an interesting material, but we are unable to find even one functional use for it."

Clever Product Ideas			
Not everything is Third Wave!			
Product ideas come from many places. Here a few from <i>Why</i> <i>Didn't 1 Think of That?</i> , by Freeman and Golden (both Brown alumni)			
\Box	New application of existing material		
\Box	Product from a waste material		
\Box	Combine 2 existing materials		
$\Box \!$	Health benefit		
\Box	Personal experience		
\Box	By accident		







Vaseline



A chemist in 1859 converted black residue from an oil-drilling-rig and converted it into a safe white jelly that could be applied to dry skin, and a number of other applications.

• Turned a seemingly worthless byproduct into a useful product.

Why didn't I think of that, Freeman and Golden



 Make a new product out of waste material from

 other process
 Why didn't I think of that,Freeman and Golden





Swiss Army Knife



A master craftsman in Switzerland who organized the Associated of Swiss Cutlers in 1890 develop the Swiss Army Knife for Swiss soldiers.

The knife needed to perform multiple tasks so they integrated into the knife scissors, cork screw, can opener, etc., the multi-purpose knife is used all around the world today. It was originally painted red so it could be easily spotted if dropped in the snow.



Why didn't I think of that, Freeman and Golden



Why didn't I think of that, Freeman and Golden

Post-It Notes

A 3M scientist and church choir singer didn't like to loose his place in the hymn book during service so he inserted scraps of paper between the pages....he was continually annoyed by the paper always falling out.

He recalled an adhesive developed at 3M by a coworker ('unglue') that was strong enough to grip yet could be easily removed. He developed a very practical use of the 'unglue - the post-it notes.

Why didn't I think of that, Freeman and Golden



Why didn't I think of that, Freeman and Golden



A Quick Introduction to New Product Issues

Market Driven - Technology Fueled
Avoid Playing the Marketing Game
Identify Real Customer
Collateral Revenue
Clear Distribution Channels
Product Positioning / Competition
Intellectual Property
Product / Service
Ergonomic / Human Factors
Identify Resources / Infrastructure
Time-to-Market











Identify Real Customers

- Who are your customers ?
- Some customers are good candidates for seed funding !
- Speak with potential customers ! Find out their needs.
- What is the buying cycle of your customers ?



Clear Distribution Channels

Visualize how product will be marketed and sold.

Products >\$50K are typically sold by direct sales representatives - expensive sales staff, highly trained, need to cover salaries and commissions for the sales force.

Products <\$5K are typically sold through distribution. Hire independent distributors or sales reps that promote your product. Can give up 40% of sale price for their efforts usually a proven distribution channel will accelerate the time to market.

Product Positioning and Your Competition

- Competing on the basis of cost alone
- Computer memory modules often gain market share primarily on the basis of price.

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Cost advantage alone does not guarantee success • for example, you develop a new word processing and speadsheet program equivalent to *Word* and *Excel* and sell it for one-half the price - customers recognize Microsoft, and perceive better customer service, product life, and future product upgrades.



Paperback Software International (Adam Osborne's low cost computer programs offered by PSI) • PSI was unique - product clearly differentiated by cost,

and functionality was perceived to be nearly as good as the more expensive giants.

• Name well-known, Osborne Computer was the first to sell a personal computer w/ software for < \$2,000.

• Company did not succeed because it lost a copyright infringement suit.

Before you launch your new product, know positioning w.r.t. competitors, and know what will be the perceived benefits in cost and functionality.

















Accurately Identify Needed Infrastructure for Development			
Two Extreme Examples			
	Software	Laptop FP Display	
Capital Investment	\$ 5-10 K	>\$0.5B	
Space	Basement/ Garage	50,000 ft ²	



Factors that Lead to New Product Success

- •Align Core Competencies / Identify Weaknesses
- •Capitalize on Business Environment
- •Pursuing Market Acceptance
- Motivating the Organization
- •Creating New Product Ideas
- •Designing New Products from Concepts
- Refining New Product
- •Tracking New Product





Capitalize on Business Environment

•Very complicated and tend to be global •Out of your control (natural resources, population, cultural values, technology, economy, laws & regulations)

Two Schools of Thought:

•Accept environmental trends and develop products around them

•Proactive, mediate & manipulate those individuals and organizations who can affect them

Forces: -politicians -regulatory agencies -media -financial institutions





New Product Ideas - Ways to Generate Them

Organization needs to develop new products for its future livelihood

Ideas come from internal & external sources:

Internal: engineers scientists marketing, etc. <u>employees</u>

External: customers competitors revival of obsolete products new products by acquisition

Designing New Products from Concepts

Develop written specification, statement of requirements, that is in a common language for R & D, marketing, accounting, sales can all understand.

The document should contain illustrations, models, simulations that integrate a multidisciplinary team's thoughts.



Refining Your New Product

As you mold your new product idea into a prototype, many problems will arise.

Refine is triggered by testing:

- $\alpha\,$ Alpha testing with the organization
- β Beta primary user base
- γ Gamma those who might construct barriers or facilitate sales (regulatory agencies, media, politicians)

 $\delta\,$ Delta - testing after product launch

Tracking Your New Product

Tracking product after launch is essential - first real test in customer hands in real situation.

Marketing should also be tracked

- business environment can be changed
- advertising may not be effective

Make sure you have contingency plans!

Make Your Product Clearly Understandable This may be hard for an engineer, often concoct elaborate product ideas. My novel LC display is based on thin-film-transistor technology that has a uniquely patterned alignment layer providing four-domain orientation on the pixel level for expanded view-ing angle in four viewing quadrants. In addition we have implemented addressing schemes so we can drive a 40-diagonal display with 300 pixels/inch resolution... with a discrimination ratio exceeding 1000:1.



You have targeted in on a good product idea ! You have approached potential customers You have confirmed a large and growing market You have identified a number of obvious benefits Compared to competition, you are well positioned and protected Time to lay the groundwork for actually producing your product.



How Does a CD Work?

The CD player compares the amount of light diffracted back from that slit and converts this to a 0 or a 1 (bits). This digital language is converted into music.













Building Strategic Alliance

- Combine expertise
- Share market risk
- Facilitate establishment of standards
- Integrated organization response to innovation; marketing just as important as R&D







Establishing CD Standards



Philips and Sony merged to establish a common format.

Electronic Industry Association (EIA) of Japan

Digital Audio Disc Council

- Two competing corporations (Telefunken and Matsushita) withdrew their technology and bought a license

- Record industry reluctant, but creative and powerful marketing overcame resistance because of strong customer and trade interest

3 cent royalty on each CD sold











Statement of Requirements

(may or may not be applicable to your product)

What is your product ?

- Features
- Applications and uses
- Benefits delivered
- Needs met

Market Analysis and Requirements

- Competition
- Estimate riding
- Who is the user?
- What are the sales/distribution channels

Statement of Requirements (Cont.)

(may or may not be applicable to your product) <u>Product Requirements</u>

- Competitive Positioning
- Target production costs
- Who installs the product
- Training and field support
- Customer support requirements
- Warranty policy
- User and reference manuals
- Product packaging
- Maintenance considerations
- Product life
- Testing schedule

Statement of Requirements (Cont.)

(may or may not be applicable to your product)

Functional Requirements

- Performance requirements
- Systems requirements
- Human factors

External Requirements

- Environmental requirements
- Space requirements, infrastructure

Other Requirements

- Regulatory requirements
- International and export requirements

Functional Specification

(may or may not be applicable to your product)

- Technical terminologyHardware platform
 - Program inputs/outputs
 - Operating environment
 - Reliability
- User-interface standards
- Help system
- Input devices supported
- Copy protection

• Operating system

- Product features
- Documentation
- Debugging support
- Limitations and restrictions

Your Product Design Will Only Incorporate:

External Specification: Translate the 'whats' in the functional design into 'hows' - states everything about the product that can be seen, felt, measured or touched by the customer.

Internal Specification: How you will accomplish the external spec., e.g. software, what language or data structures to be used, for hardware, define actual components down to the component level (part #).

Implementation and Testing

No more questions on how well the product will operate, with what parts, and how everything interconnects.

Test final product design - performance, reliability, highly product dependent.

Beyond the scope of this class!







Is a lightbulb a lightbulb ?

Light Bulbs



Functional Specification - translating the statement of requirements into a functional specification Soft White Light - white pt. measured with spect spectroradiometer (see color chromaticity diagram).

Lifetime - turn lightbulb on and see how long it takes to degrade to inferior performance (8760 hrs/year).

Direction of light - monitor the brightness (lumens) of light as a function of angle.

Efficiency = brightness / power [lumens / watt] General Electric 11.6 Lumans / Watt [@50 Watts] Philips 15.3 Lumans / Watt [@75 Watts]

Temperature - operate at different tempertures for limits

































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Let's make up an example product

Electronic Newspaper

- Revolutionary electro-optic material sandwiched between thin mylar sheets - 200 μm thick
- Download newspaper from computer
- Interactive advertisement capability
- Material reflects ambient lighting for low power operation no illumination source needed.
- mW operation battery life approaches 16 hours
- Light weight, under 2 pounds













