



Interpreting Opportunity in Technology

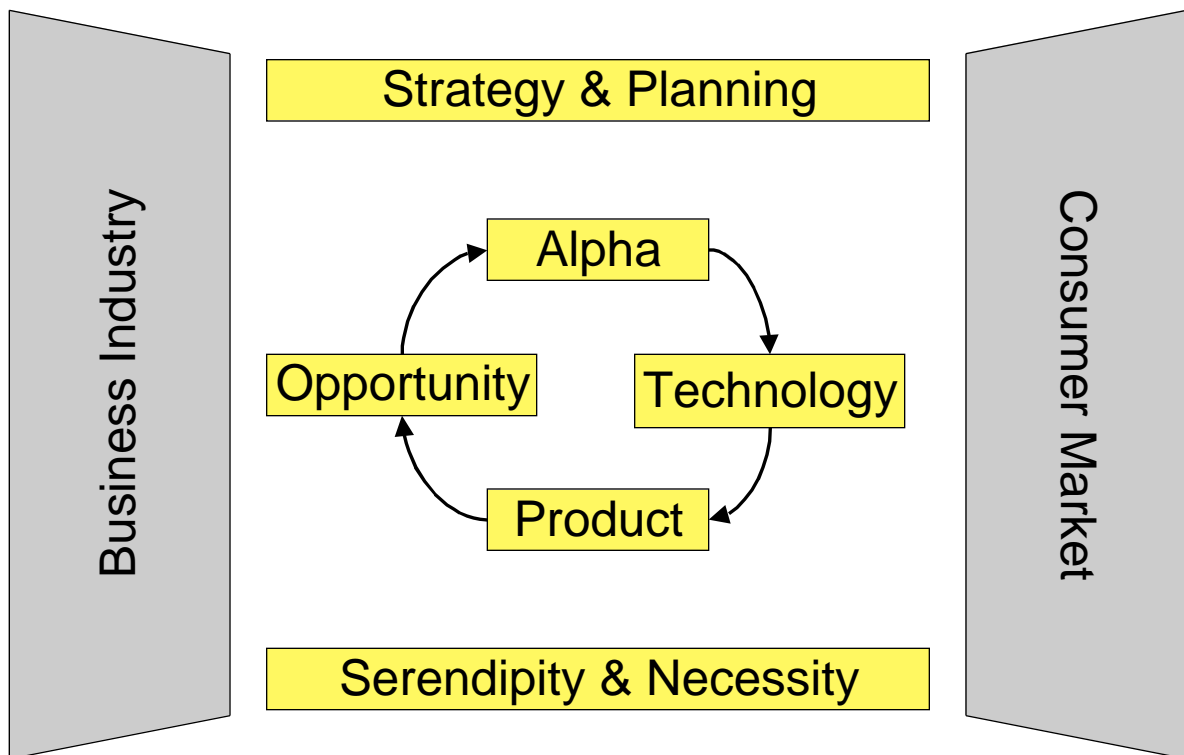
Assessing the Effect of Innovation In Maximizing Opportunity

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Innovation - A Common Language? Not Really!



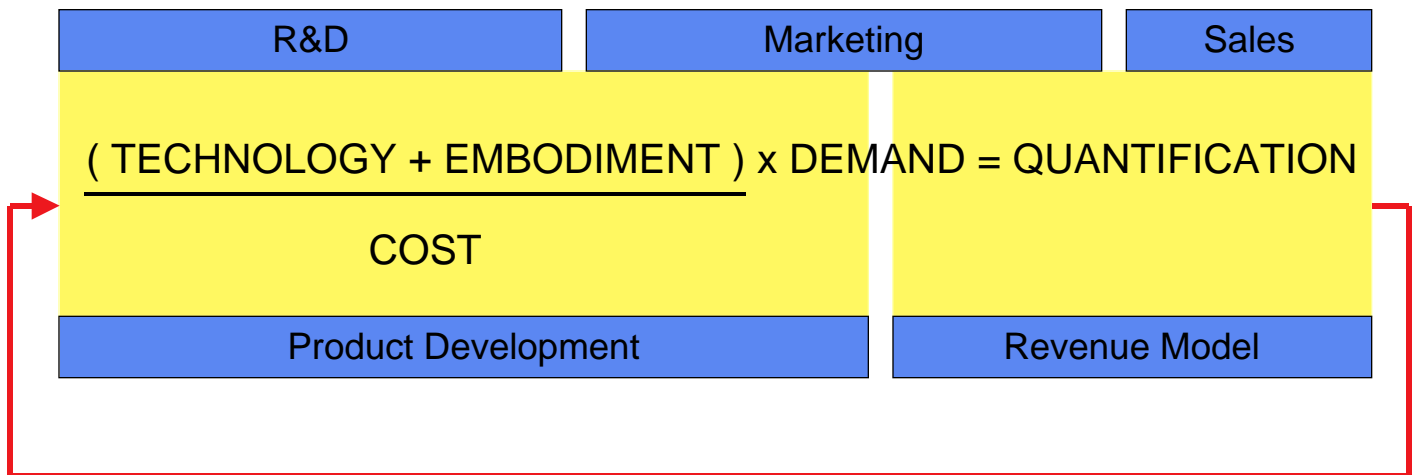
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Opportunity Equation - Where to Apply Innovation?

- There are five key areas where innovation can be applied to increase the market opportunity of a new technology





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Technology - Can Position Determine Opportunity?

- The opportunity for a new technology can be determined by understanding its position wrt accepted industry standards

Technology	Characteristics	Potential Opportunity
Core	Industry standard technology	Limited Competitive market sharing
Complementary	Extends the (incumbent) core technology	Limited Sell to core tech market
Disruptive	Radical and new technology	Large Replaces core technology
Obsolete	No longer viable in current industry	Small Apply to new markets

- **Innovate** - Try shifting the technology across categories, try finding new applications to expand potential opportunity



Embodiment - How to Deliver Technology to Buyers?

- The embodiment is the way by which buyers acquire a technology - determine
 - Who derives the most value out of the technology
 - Smallest feature set to solve the need
 - Easiest way to deliver it to buyers
 - Simplest structure to package it
- The closer the embodiment to what buyers understand, the higher the demand
- **Innovate** - Find unique delivery/packaging that does not require the buyer to learn new ways to get it



Cost - Can It Be Done Cheaper?

- The simplest of factors - lower cost increases demand and yields a higher quantification
- Trim all unnecessary features that are not essential to the technology or the embodiment effectiveness
- Reduce cost - reduce, reduce, reduce cost - and then reduce some more
- **Innovate** - Interesting ways to reduce cost have come from applying methods from outside industries



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Demand - Who Needs It?

- Product is adopted if it does what people are already doing, only better, faster, cheaper, simpler and the product is easy to get
 - If you ask consumers to change to adopt the product, demand will diminish proportionally - Corollary: Avoid having to educate the consumer.
- Demand for product increases if you understand what it means to prospective buyers and competitors in the space
 - Companies with core/complementary products are threatened by a new product. Corollary: Is the 800-pound gorilla in the space threatened by your product?
- **Innovate** - Adopt the buyers language, what they already do, understand and speak, to accelerate demand - also understand how similar companies reach their buyers. Can you do better?



Quantification - How Is Opportunity Transformed?

- Determine the best model for transforming product into revenue
 - Understand the revenue models used by the competition
 - Do these models work, why or why not?
 - Can you create a new and better business revenue model?
- Choose appropriate model by balancing quantification factors with the rest of the Opportunity Equation factors
 - Be realistic and conservative about opportunity
 - Prepare for both failure and success
- **Innovate** - Create new models that leverage companies and consumers already established in your industry



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Interpreting Opportunity - Was It Real?

- Excessive optimism, pessimism, reluctance to change, lack of curiosity - the most common and worse enemies of innovation
- Improve opportunity by innovating on each factor in the equation - iterate many times over each one!

Innovation, and knowing where to apply it, is the best path to improve an opportunity!