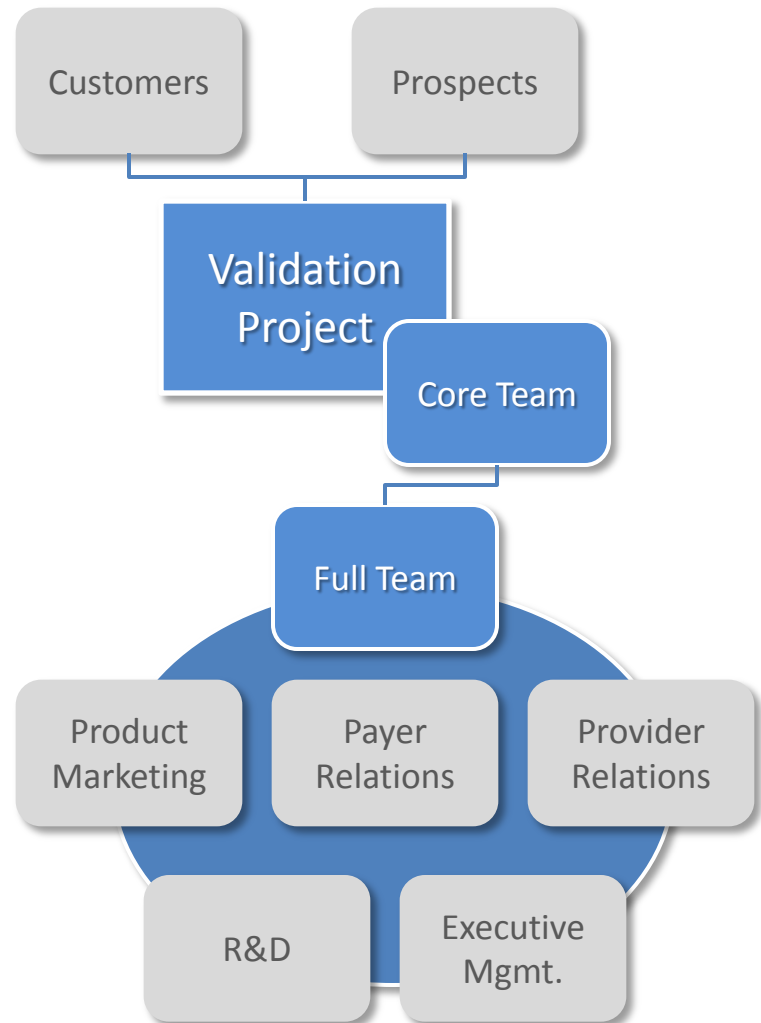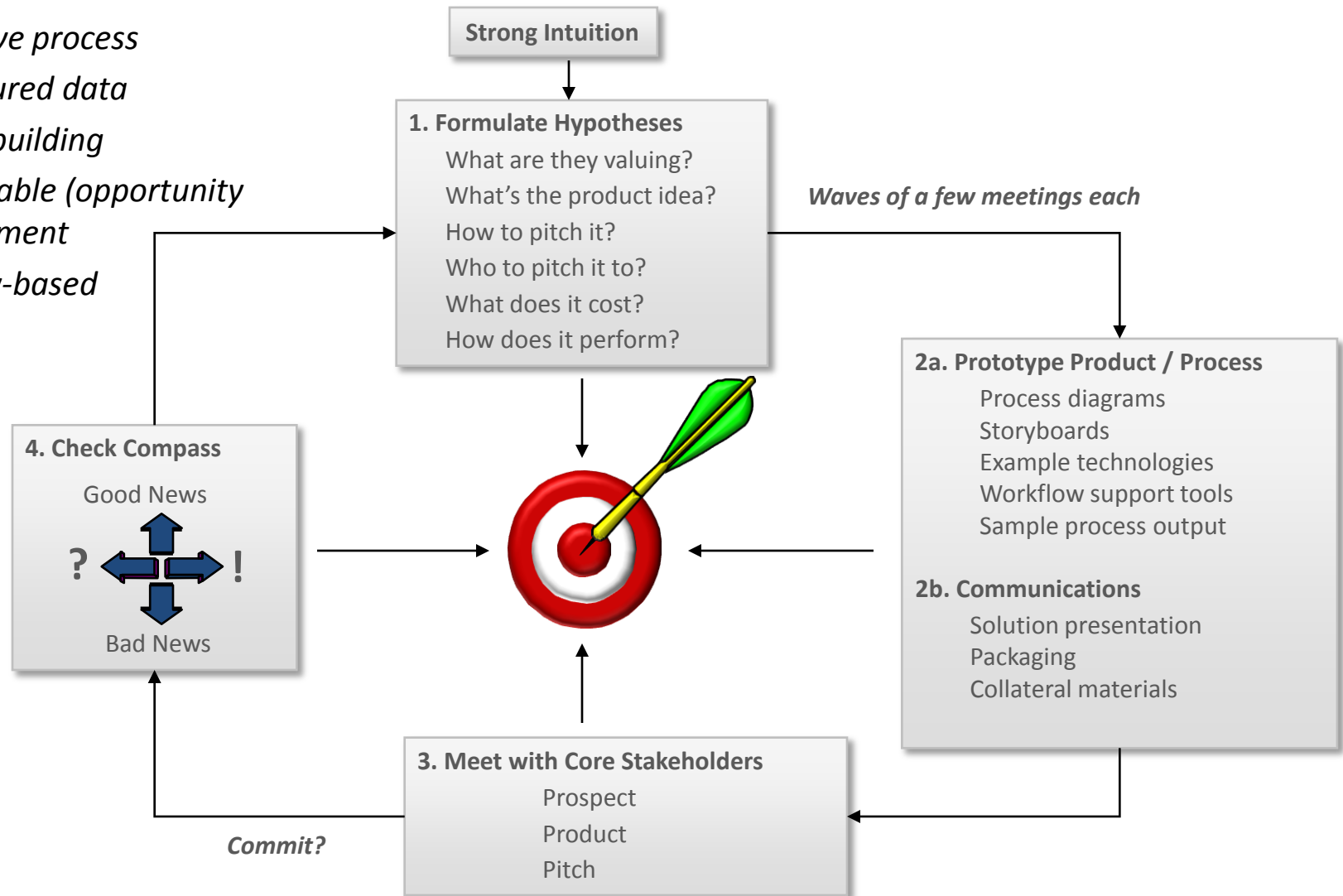# Market Validation

Introduction to Concepts

Sample goals

- Validate a packaging of products and services that is highly differentiated in your markets
  - Improving rates of adoption
  - Competitive against other players
- Validate a product and pricing approach that address key market issues
- Validate a vision that extends current functionality to impact the core businesses of payer and provider organizations
- Align all internal groups with respect to the market data and its impact on company operations
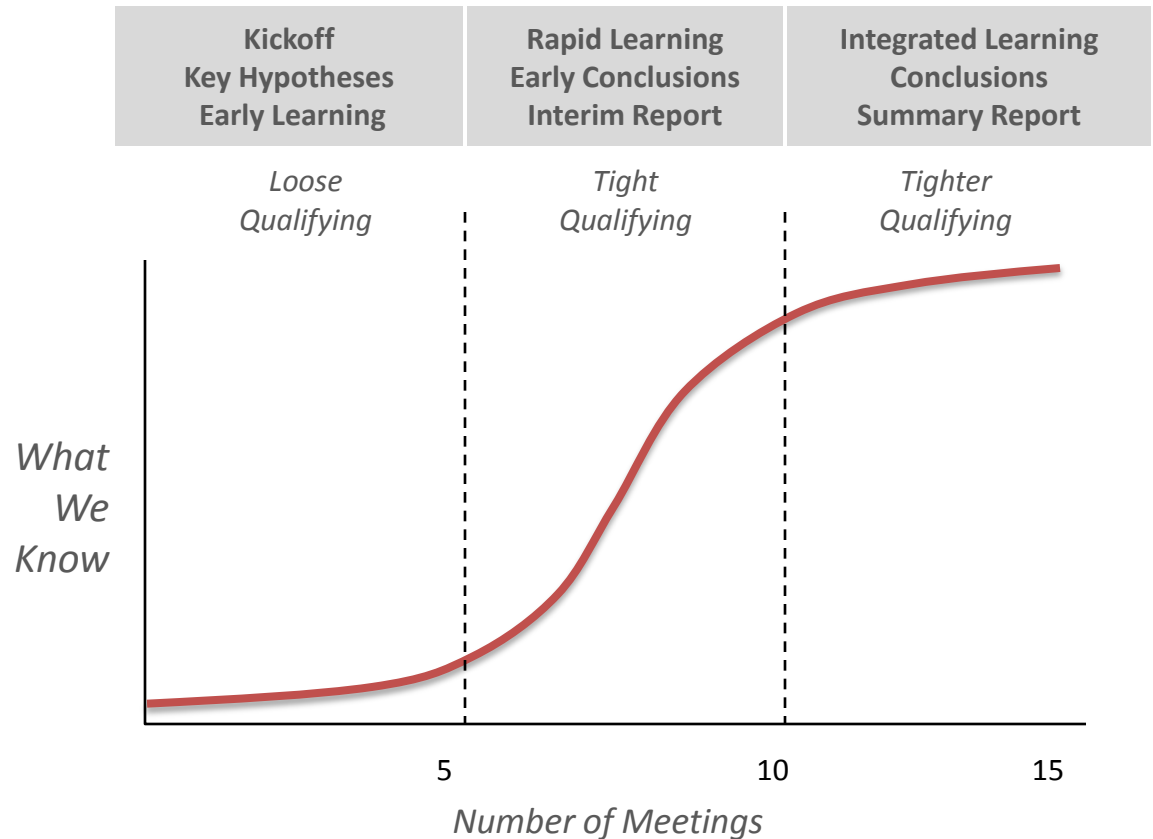
Customers

Prospects

Validation Project

Core Team

Full Team

Product Marketing

Payer Relations

Provider Relations

R&D

Executive Mgmt.

Overview of market validation process

- *Iterative process*
- *Structured data*
- *Team building*
- *Actionable (opportunity assessment*
- *Reality-based*

Strong Intuition

1. Formulate Hypotheses

   What are they valuing?

   What's the product idea?

   How to pitch it?

   Who to pitch it to?

   What does it cost?

   How does it perform?

Waves of a few meetings each

2a. Prototype Product / Process

   Process diagrams

   Storyboards

   Example technologies

   Workflow support tools

   Sample process output

2b. Communications

   Solution presentation

   Packaging

   Collateral materials

4. Check Compass

Good News

? !

Bad News

3. Meet with Core Stakeholders

   Prospect

   Product

   Pitch

Commit?

Validation is iterative progressive refinement

- Off-Broadway to start
- Then to the heart of the market
- Do a few then break and analyze
- Work concurrently with prospects and customers
- Iterate fiercely
- Ask for the order
- Line up early customers
- Interim reports integrate findings with the full team

Kickoff Key Hypotheses Early Learning	Rapid Learning Early Conclusions Interim Report	Integrated Learning Conclusions Summary Report
Loose Qualifying	*Tight Qualifying*	*Tighter Qualifying*

What We Know

Number of Meetings

5   10   15

Sample questions and hypotheses

Big Questions: Develop a set of core questions to be answered by the project. Examples might be:

- How can we best leverage our unique assets to differentiate our services from those of competitors?
- Does extending the service to other areas create more value?
- Is there a packaging approach that allows customers to more easily purchase?
- What product functions would increase appeal to different market segments?

Hypotheses: Develop a set of central hypotheses about the product / service concept. Examples include ideas:

- About the product or service
- About the value proposition
- About the prospect
- About the positioning
- About the pricing and packaging
- About performance

Presenting to the heart of the market

Validation Presentation: Build the hypotheses into a presentation to customers and prospects. The approach blends market research with consultative selling and might have the following outline:

- Introduction to the validation
- The stakeholder interests, experience and opportunities with our product area
- What does the stakeholder value?
- Context of our product area
- Product pitch
- Product limitations
- Stakeholder preferences, objections, justifications
- Various calculators, rankings, prioritizations
- Pricing
- Wrap up, summary feedback and next steps
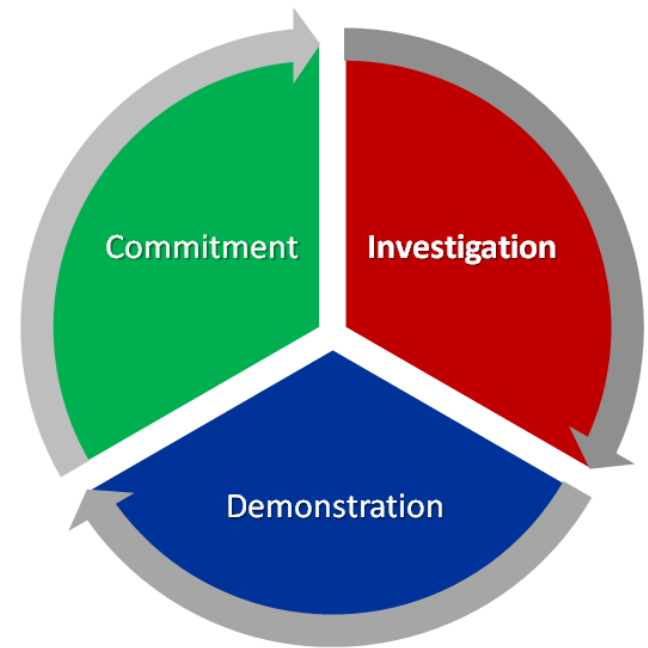
Validation meetings

- Schedule and conduct validation meetings with customers and prospects

- Each meeting is likely to last from an hour to an hour and a half.

- Most can be conducted as a web meeting.

- It's typical to schedule a short call first (15 minutes) prior to the actual validation call.

- Prospects often include multiple participants in the validation meetings.

- At the end of the validation ask for the order for an early customer program with the prospect.

Debrief meetings (half hour after each visit/call)

- Immediate gut reaction or burning issues… what's the first things on your mind?
- Why did the prospect take the meeting? What were they trying to achieve?
- Good News / Bad News: what supports our thinking and what doesn't
- Key learning and insights: what didn't we know before?
- Value proposition and outcomes: What results are they after and what were they valuing?
- Objections and obstacles? What's in the way?
- Quotes of the day
- How do we need to change the presentation?
- What follow up items are there?
- Rate the customer as to psychographic: techie enthusiast, early adopter, mainstream buyer, laggard (we're after the mainstream buyers)
- Rate customer ABCDF as to willing to buy
- Buy if: what has to be changed to get to an A or B?

Reporting

- Findings by stakeholder

- Hypotheses proved and disproved

- Stakeholder quotes

- Summarized metrics of any calculators, such as Opportunity Assessments or $100 R&D Tests

- Validated product pitches

- Beta candidates for the new product/service

- Meeting notes