

COURSE ON ACCELERATION

Modules 3, 4, 5

Supplemental Material: Customer Validation

CONNECT 2021-2024

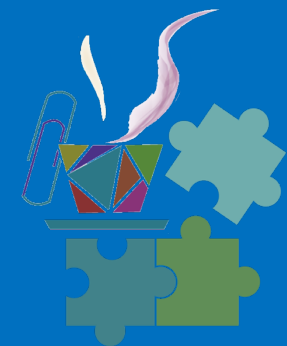
Connecting universities-industry through smart entrepreneurial cooperation and competitive intelligence of students in Moldova,

Georgia and Armenia

Erasmus +, KA2,

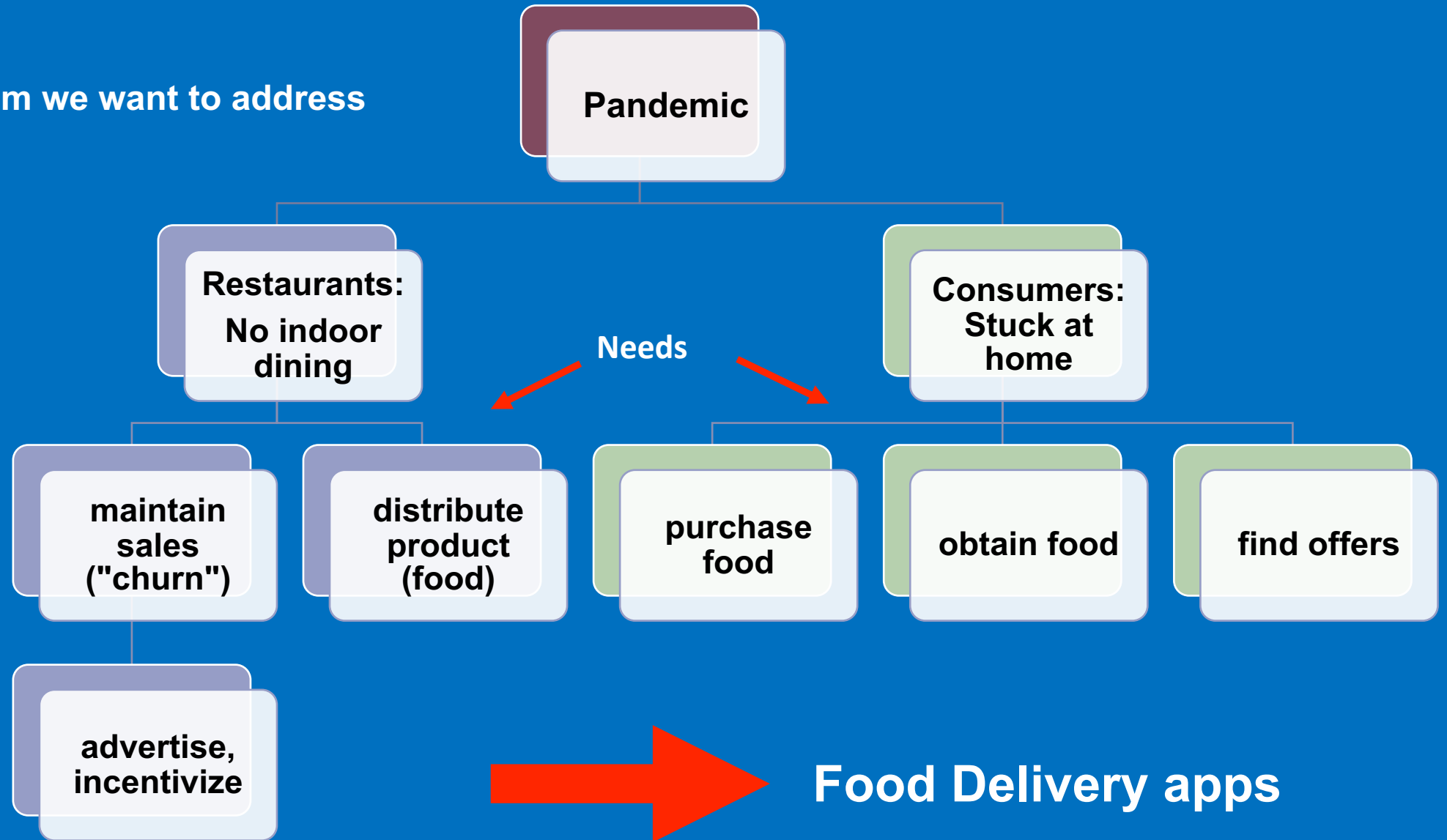
Capacity Building in the Field of Higher Education

617393-EPP-1-2020-1-MD-EPPKA2-CBHE-JP



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Mapping the problem we want to address























Food Delivery apps

But – delivery also means increased traffic & CO₂ = bad for Climate

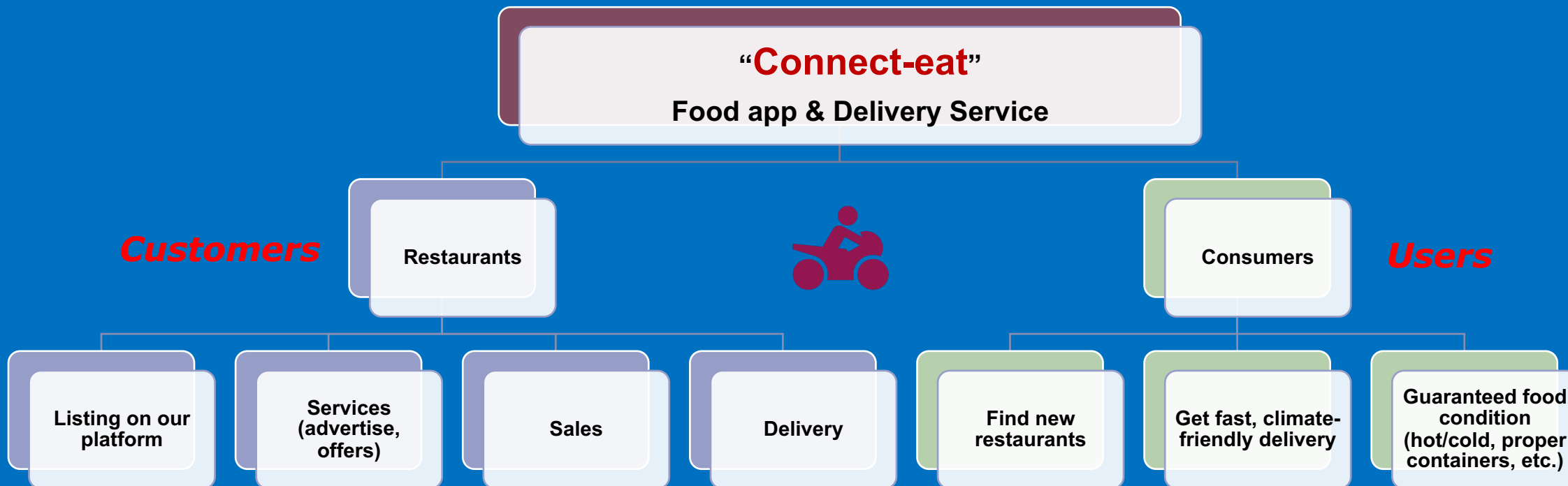


Competition: What the established delivery apps offer to their customers

	Listing & menu	Advertising	Food Delivery	Discounts & Offers
ABC DELIVERY				
FOOD-FAST				
SAMMY				
LIGHT99				
DELIVER-YOU				



1. Our Startup: a new climate-friendly app for food ordering, with electric delivery vehicles



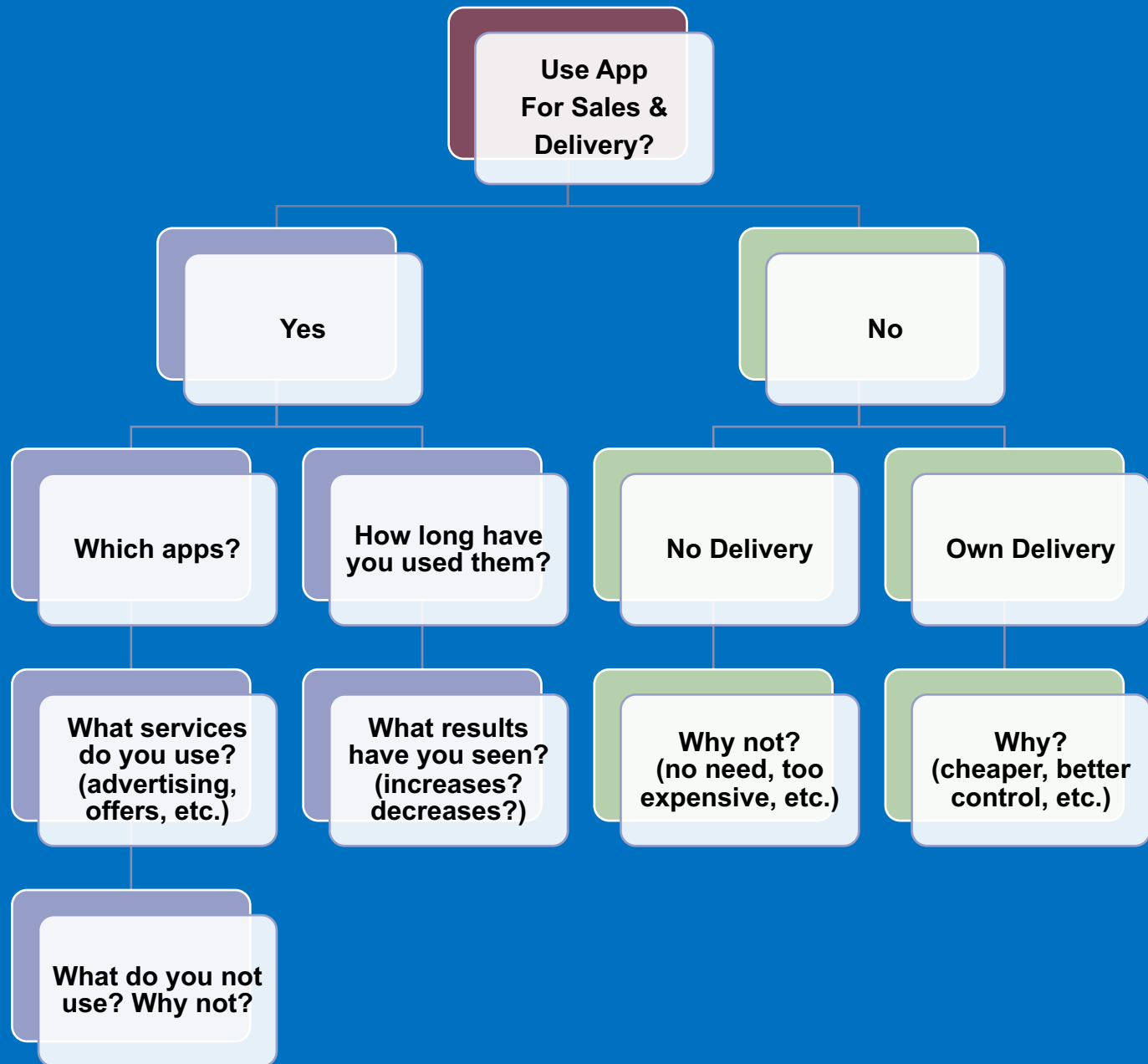
2. Needs Analysis & Validation:

Our Customers: Restaurants

Try to be as analytical as possible when you ask for information:

Express facts with numbers whenever possible:

- *“How many/what percent of your sales are achieved through the platform?”*
- *“How many offers did you feature in the last year? What was the response to those offers?”*



3. Needs Analysis & Validation: Our Users: Diners/consumers

Try to be as analytical as possible when you ask for information:

- *“How many/what percent of your meals are purchased through the platform?”*
- *“What is the average price you paid per meal?”*
- *“How many offers did you respond to in the last year? How much did you save?”*
- *“How often do you choose a restaurant because of an offer?”*
- *“How many new restaurants did you choose by using the app?”*
- *“Which restaurant was farthest away from your home?”*
- *“How often did your food arrive in good condition / as expected?”*



Competition: How we compare to the established companies

Listing & menu Advertising Food Delivery Discounts & Offers Electric Vehicles

ABC DELIVERY



FOOD-FAST



SAMMY



LIGHT99



DELIVER-YOU



Connect-Eat



Armenia



MI apps



Tashir Pizza



Sovats.am



Menu.am



Buy.am



Tumanyan ...



SAS.am



Karas

Georgia



Moldova

+



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Competition: what kinds of businesses should we consider competition?

**FOOD DELIVERY
SERVICES**

Direct Competitors

**RESTAURANT
OWNERS,
INDEPENDENT
DRIVERS,
ELECTRIC VEHICLE
SUPPLIERS**

Adjacent Competitors

**GOOGLE,
OTHER MAP
SERVICES,
ADVERTISING**

Tangential Competitors



Global Crises:

1. Pandemic
2. Climate Change (CO₂)

“Connect-eat: Climate-friendly food delivery”

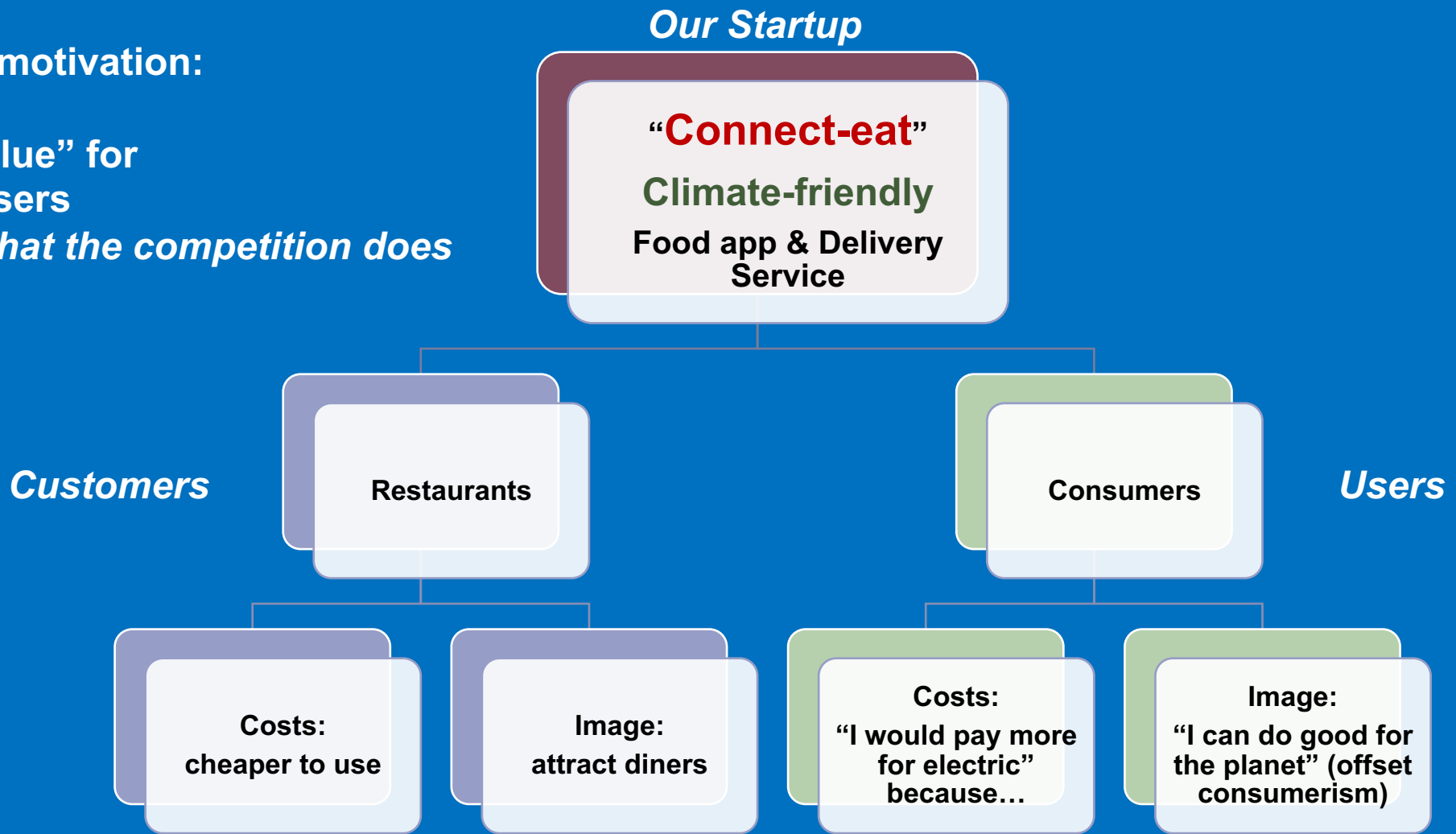
Question:

**Is “Climate-friendly” important enough
to Restaurants and Users
to attract them to our platform?**



Understanding motivation:

4. Our “extra value” for Customers & Users (what we offer that the competition does not)



- *How much does petrol-based delivery cost?*
- *What % of your customers care about Climate change? (How do you know this?)*

- *Have you purchased Climate-friendly products within the past year?*
- *How many and at what price?*



Connect-2-eat Business Model

Key Partners Delivery drivers Fuel / charging stations Insurance company Restaurant Union/Chamber of Commerce Climate-based advocacy organizations Food-affiliated groups Chefs	Key Activities *Provide access (through platform) to restaurants *Provide ordering and payment capabilities *Delivery services (facilitate) *"matchmaking" - getting both sides into our marketplace: restaurants & consumers (generate awareness from each towards the platform)	Value Propositions access to food access to customers delivery services payment services climate-friendly correct condition (hot/cold)	Customer Relationships <i>Restaurants:</i> <ul style="list-style-type: none"> • free for 3-months • featured advertising of their business <i>Consumers:</i> <ul style="list-style-type: none"> • no delivery fee • free meals or payments to try out our service <i>Climate friendly:</i> <ul style="list-style-type: none"> • make a contribution towards a green initiative with each meal delivered 	Customer Segments Consumers who wish to have restaurant food at home Consumers who can afford to spend extra for delivery Restaurants in our city that are able to offer food to be delivered
	Key Resources Employees (developers, sales & marketing, management & operations Funding (payroll & development) = our own funds, loan, or investment Delivery vehicles		Customer Channels online advertising (users) offline advertising (targeted) in-person sales (restaurants)	
Cost Structure Salaries: Building product, running the business Delivery: need to decide on the relationship with the drivers Advertising & marketing Fixed costs - rent, insurance, utilities Related to product: servers, technical, sales costs (app-related)		Revenue Streams <i>Restaurants</i> <ul style="list-style-type: none"> • payment for participating (listing, ordering, delivery) <i>Consumers</i> <ul style="list-style-type: none"> • commission on each delivery 		

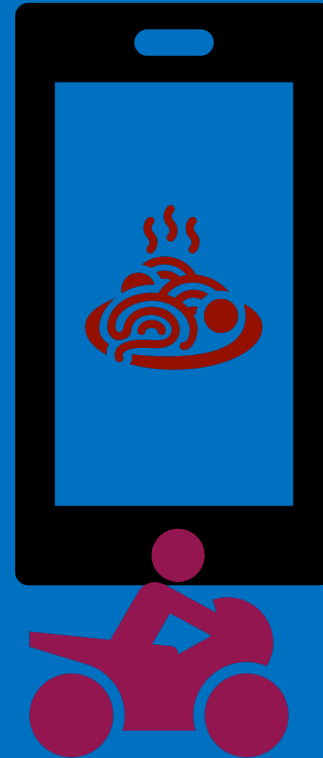


<p>Key Partners</p> <ul style="list-style-type: none"> Delivery drivers Fuel / charging stations Insurance company Restaurant Union/Chamber of Commerce Climate-based advertising organizations Food-affiliated groups Chefs  <p>25</p> <p>•Petrol subsidy •Electric scooter</p>	<p>Key Activities</p> <ul style="list-style-type: none"> *Provide access (through platform) to restaurants *Provide ordering and payment capabilities *Delivery services (facilitate) *"matchmaking" - getting businesses into our marketplace Business & consumer awareness Platform 	<p>Value Propositions</p> <ul style="list-style-type: none"> access to food access to customers delivery services payment services climate-friendly temperature regulation (hot/cold) <p>15% buy "eco" 30% concerned about climate</p> 	<p>Customer Relationships</p> <p>Restaurants:</p> <ul style="list-style-type: none"> • free for featured offers • featured offers <p>business:</p> <ul style="list-style-type: none"> • no delivery fee • free meals or payments to try out our service <p>Climate friendly:</p> <ul style="list-style-type: none"> • make a contribution towards a green initiative with each meal delivered <p>5 orders/month Avg. spend = €10</p>	<p>Customer Segments</p> <ul style="list-style-type: none"> Consumers who wish to have restaurant food at home Consumers who can afford to pay extra for delivery <p>Restaurants in our city that want to offer food to be delivered</p>  <p>100</p>  <p>100</p> <p>No commission Featured offers</p>
<p>Cost Structure</p> <p>Salaries: Building product, running the business</p> <p>Delivery: need to decide on the relationship with the driver</p> <p>Advertising & marketing</p> <p>Fixed costs - rent, insurance, utilities</p> <p>Related to product: servers, technical, sales costs (app-related)</p> <p>€5,000</p>  		<p>Revenue Streams</p> <p>Restaurants</p> <ul style="list-style-type: none"> • payment for participating (listing, ordering, delivery) <p>Consumers</p> <ul style="list-style-type: none"> • commission on each delivery 		



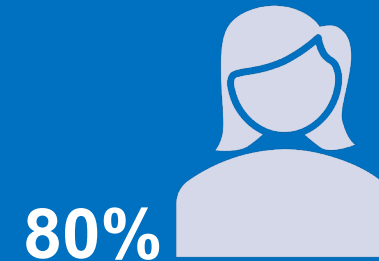


- **100 Restaurants list on platform**
- **Agree to 3-month free**
- **After 3-month, 25% commission**



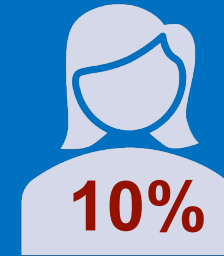
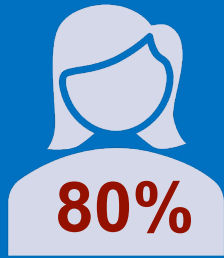
- **12 Drivers agree to do deliveries using the electric scooters (4 @ 6-hour shifts)**

Simple MVP to check



- **500 people download the app & install**
- **80% (400) create profile**





Month 1

Month 2

Month 3

- During 3 months, our 3 electric scooters delivered only 85 meals
- At the end of 3 months, we retained only 5 restaurants & 10% of users...



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- During 3 months, 3 electric scooters delivered only 85 meals

BUT

- Our 3 scooters were seen by more than 1000 people
- Each rider received more than 40 requests about where they could buy the same vehicle, mostly from other delivery riders!



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PIVOT:

Phase 1:

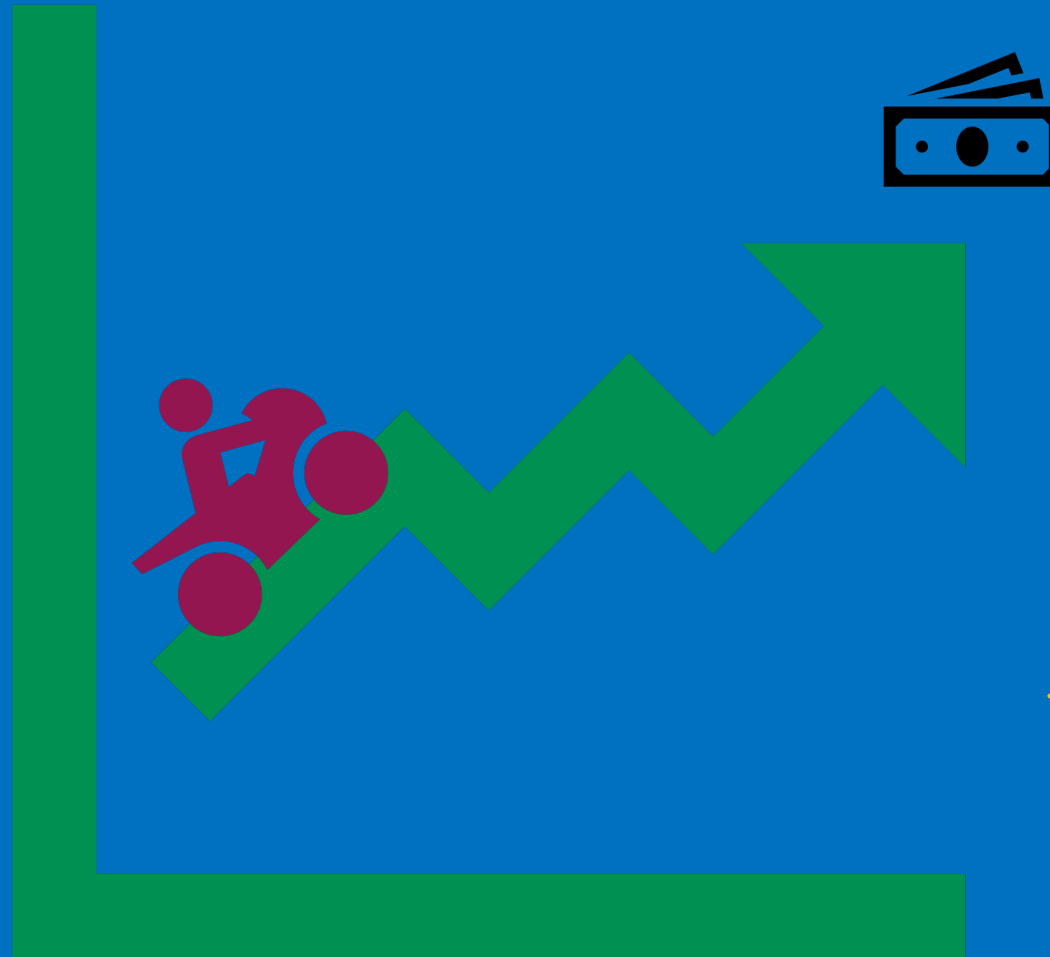
- Import electric scooters for direct sales

Phase 2:

- Launch rental service (add more scooters)
- Import charging station hardware & install around city

Phase 3:

- Partnership with Delivery companies
- Expand vehicle offerings
- Launch in new city



**Happy
ending?**



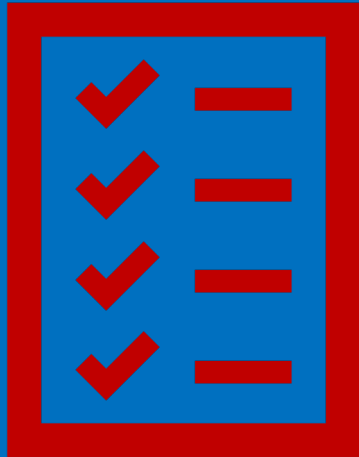
Meet the Team



<p>Mina CEO Degree: Econ & French 3 yrs. @ National Bank</p>	<p>Sergei CFO (CTO) Degree: ICT 5 years @ IT startup</p>	<p>Katerina COO Degree: Mech. Eng. 4 years @ VW</p>
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(Re)Launching the Startup:



- **Test market demand (consumers)**
- **Test B2B partnerships (hotels, rental car Co's)**
- **Budget**
- **Incorporation**
- **Inventory**
- **Operations**



Test market demand (consumers)



- **Build simple web page with CTA (call to action)**
- **Button to click**
- **Gather email addresses**
- **Estimate ridership**



Test market demand (partners)



- **Launch market = Armenia**
- **Tourism growing (2019)**
- **Mobility-as-a-Service popular with target end-users**
- **Hotels & apts looking to augment their offerings**
- **Possible relationship with tour guides also**



Test B2B Partnerships (hotels, rental cars)



- **Contact rental car companies (@airport, hotels)**
- **Research rental agreements**
- **Research third-party agreements (hotels)**
- **Meet with hotels**



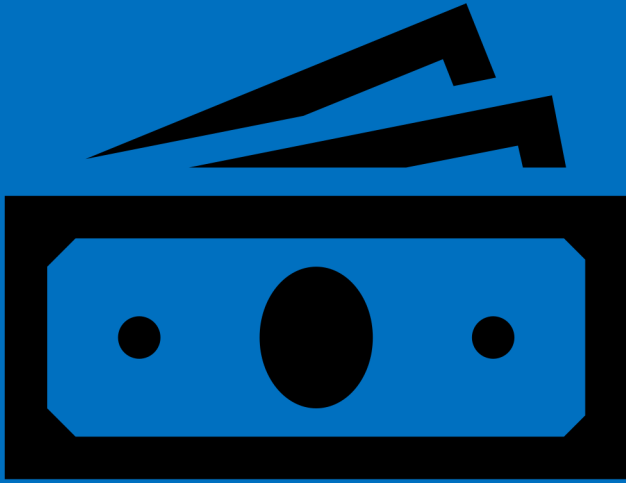
Test B2B Partnerships (hotels, rental cars)



- **Hotels are best clients**
- **Agree to 1-yr lease @ 90 euros (50,000AMD) per scooter**
- **Minimum # scooters / hotel = 2**
- **3 hotels sign accept,**
- ***Thus, 6 scooters needed to start***



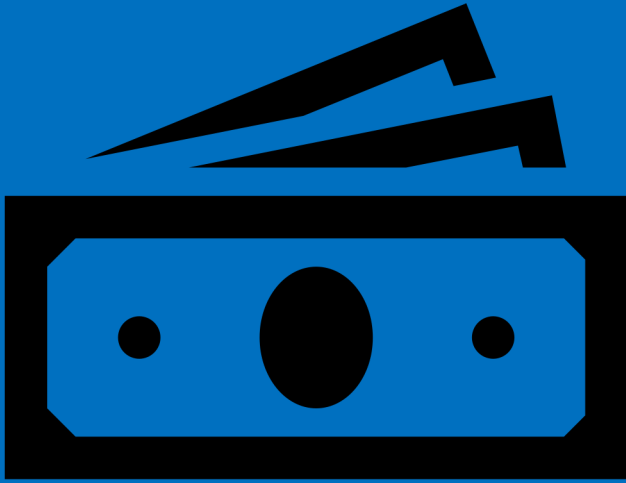
Budgeting & Finance



- **HR needs: salaries @3 people**
- **Cost structure: B2B subscription**
- **Cash flow: plan for 3 years**
- **Financial needs: path to profit**



Budgeting & Finance: EBITDA



Revenue (all proceeds from sales)
- Expenses (all costs, inc. salaries)

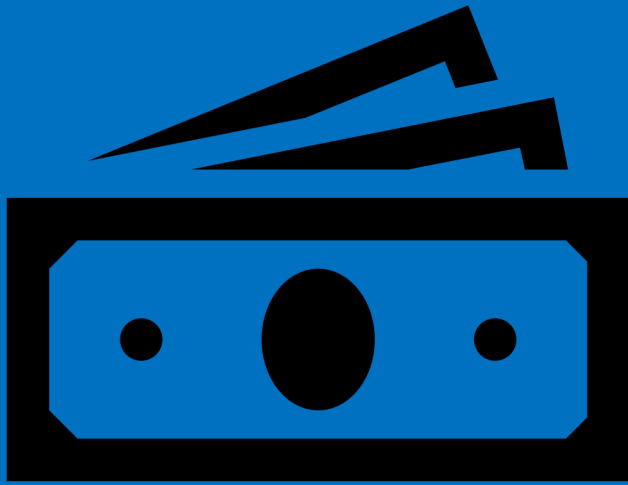
Earnings (EBITDA; gross profit)

Earnings (EBITDA)
Interest
Taxes

Debt
Amortizations



Budgeting & Finance



- **Financial needs:**
€30,000
- **Investors**
- **Grants**



Incorporation



- Choose good, *independent* associates (lawyer & accountant)
- Establish appropriate form of legal entity (Limited partnership vs. Corporation)
- Gather initial capital (Founders ++?)



Incorporation



- **Equity Split between Founders**
- **Common vision for company**
- **Shared ideas about company culture**
- **Identifying roles & leadership**



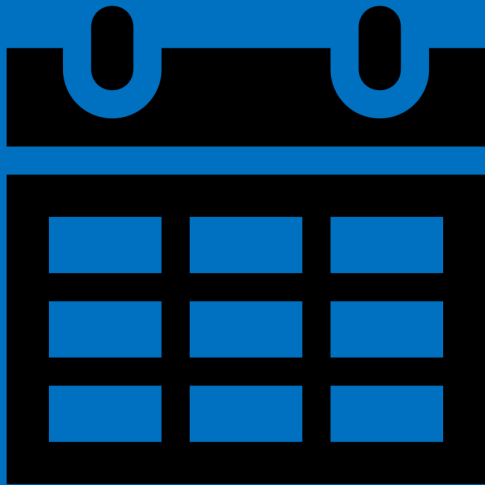
Inventory



- **Place initial orders for scooters and equipment (helmets, locks, batteries, etc.)**
- **Warehouse: locate, rent, set up with tools, etc.**
- **Insurance**



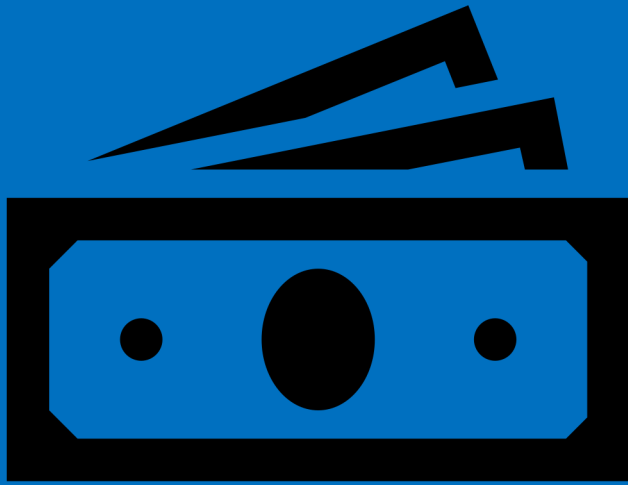
Operations



- **Recruit & interview staff**
- **Set up processes (payroll, etc.)**
- **Negotiate B2B agreements**
- **Marketing actions**



Fundraising



- **Finding investors**
- **Pitching the Business**



Fundraising: Finding Investors



- **Target your search**
- **Research their past investments**
- **Read their posts or blogs**
- **Understand what they may be looking for (sector, business model, etc.)**



Fundraising: Contacting Investors



- **Warm Intro**
Try to find someone in your network who can connect you (friends, other founders, colleagues)
- **Cold Contact**
 - **Social Networks (LinkedIn, AngelList)** – ask them politely if they would agree to look at your pitch before sending anything
 - **Website:** most funds have directions about how to apply – read and follow these as they ask



Ecosystem Resources

	Support Organizations	Programs & Events	Investing
Armenia	https://startuparmenia.am/	https://www.iarmenia.org/sevan-startup-summit/	https://aica.social/ https://www.catapultvc.com https://hiveventures.co/ https://www.fast.foundation/en/program/865 https://www.smartgate.vc/ https://www.smeda.am/am/
Georgia	https://startupburo.org/ https://tbilisi.impacthub.net/	https://www.startupgrind.com/tbilisi/ https://thecrossroads.global/	https://axelnetwork.org/
Moldova	See for a comprehensive list: https://startupmoldova.digital/players/	https://startupmoldova.digital/ro/	https://www.businessangels.md/



Fundraising: What to send to Investors



- **Pitch Deck – customize it to each investor**
- **Product Demo – anything that shows how your product works: video, app, etc.**



Fundraising: Pitching your startup

Your deck should cover:

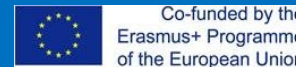
- Problem
- Solution
- Team
- Market Size & character
- Competition & competitive advantage
- Business Model
- Go to Market strategy
- Traction (so far)
- Financials & revenue (forecast)
- Investment Needs
- Contact info



For a well-known, time-tested template use this link: [Sequoia Capital](#)



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Fundraising: Some things to remember:

- Pitching is storytelling – you want to engage them
- Don't try to “sell” to them – give them what they need to “buy-in” to your vision
- Present your information Clearly and Concisely – use images &/or graphs
- Investors want answers to 3 basic questions:
Why this? Why now? Why you?



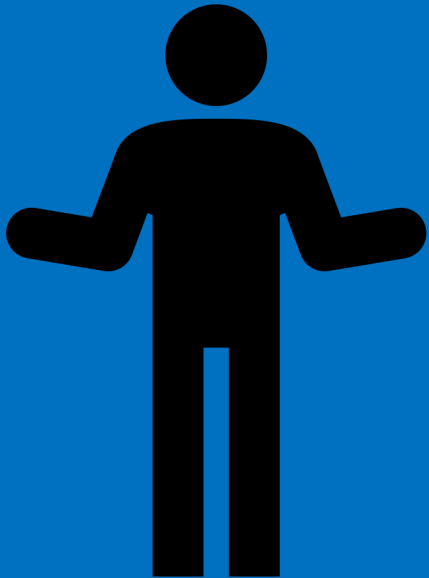
Pitch Deck: Problem Slide



- **Describe the problem**, ideally from your own perspective
- **How many other people** share the same problem
- **Quantify the size** of the problem: Does it manifest in loss of Time? Money?



Pitch Deck: Problem Slide



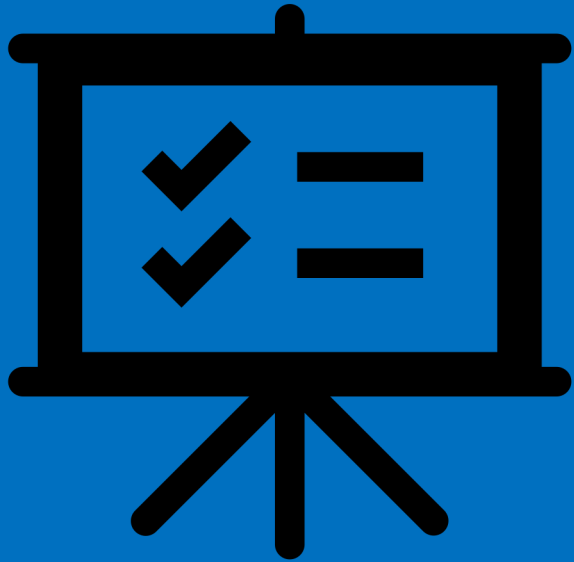
“Going to work each day, it took me 1 hour to travel 15 km on the bus. And another hour to get back home.

I don’t have a car, and I don’t want one because of the expense and parking.

I want a better form of personal transport, that is available whenever I need it, and so do 40% of my peers”



Pitch Deck: Solution Slide



- **How does your solution address the problem:**
- **Technical?**
- **Business Model? (Shutterstock)**
- **Other Innovation?**



Pitch Deck: Solution Slide



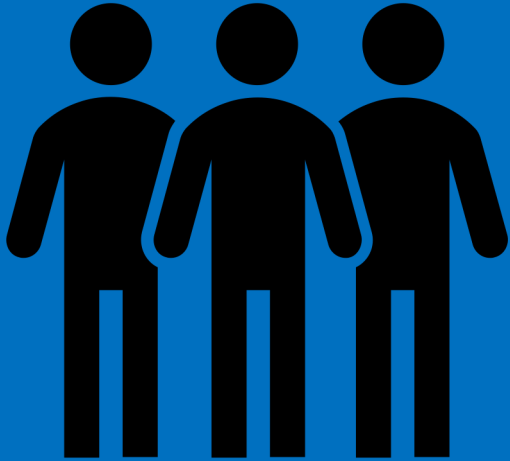
“We bought 6 electric scooters and built an app for locking and unlocking them.

During the first month, our ridership was 50% booked, the second month it was 80%, and this month we are 100% at capacity, with a waiting list.

We’d like your help to expand our fleet and grow our business.”



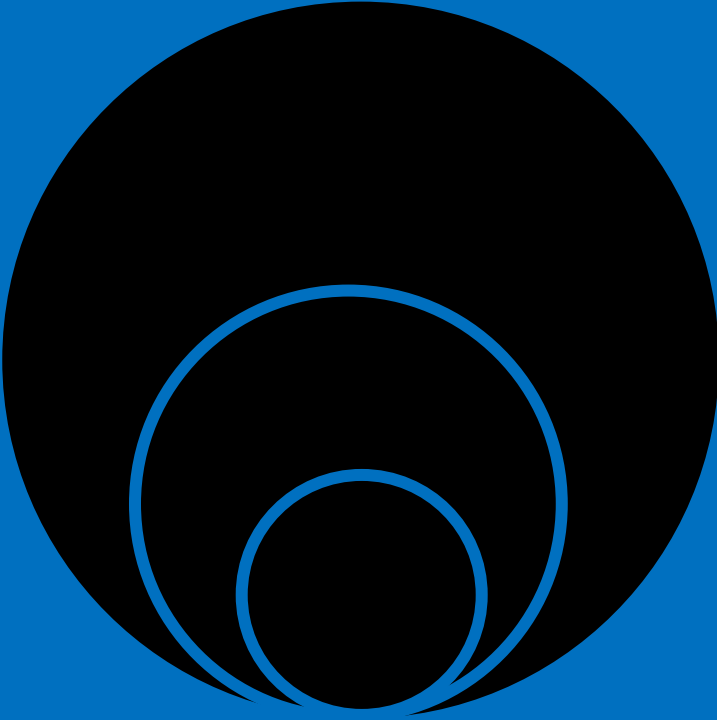
Pitch Deck: Team



- **Who are you and your co-founders?**
- **What past experiences do you have that make you the right team to invest in?**
- **Include Advisors**



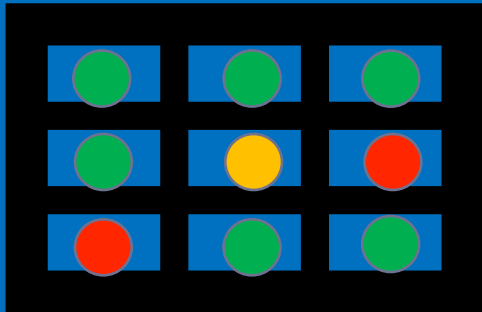
Pitch Deck: Market Size and Character



- **TAM** (Total Addressable Market)
- **SAM** (Segmented Addressable Market)
- **SOM** (Serviceable Obtainable Market)
- **Other Indicative Characteristics**



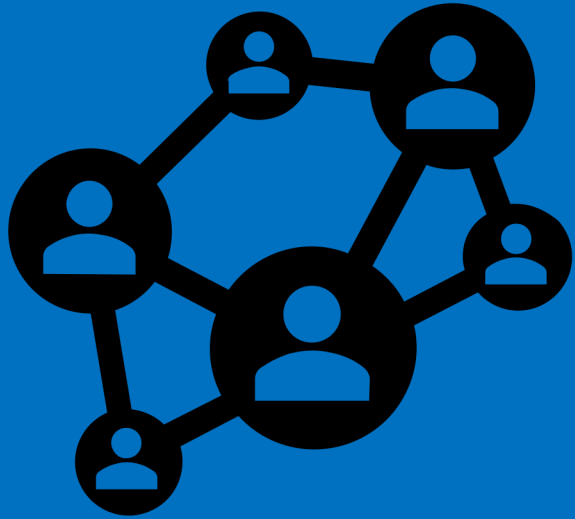
Pitch Deck: Competition & Competitive Advantage



- What other companies are addressing this problem currently?
- How are you different from your competitors?



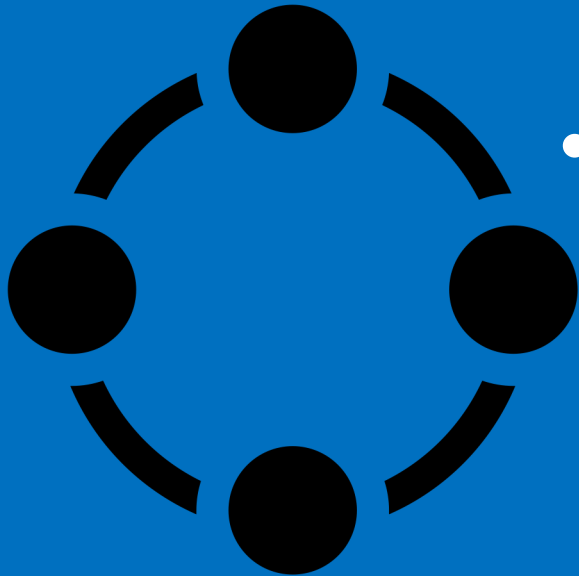
Pitch Deck: Business Model



- **How will you make money?**
- **What are the key factors/players you must combine for your business model to succeed?**
- **How do you see your customers/sales/users growing over time?**



Pitch Deck: Go to Market



- **What strategies and tactics will you use to gain customers?**
- **What relationships must you activate in order to speed up your market entry?**

****Hint: this is not just about marketing***



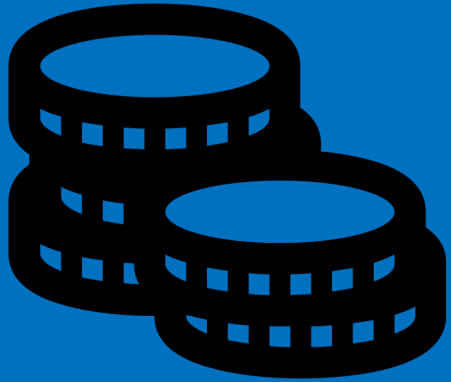
Pitch Deck: Traction & timeline



- **What have you accomplished so far?**
- **What are your near future plans?**
- **What expectations do you have about each milestones?**



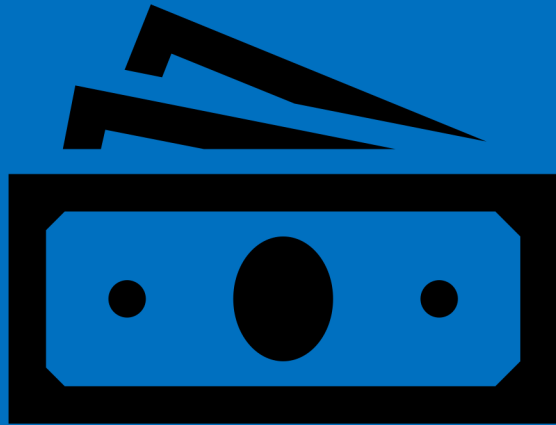
Pitch Deck: Financials & Revenue



- **Provide a forecast of your expected financial development**
- **Show: Revenue, EBITDA, and Cashflow for 3 years**
- **Clearly indicate when you will turn profitable**



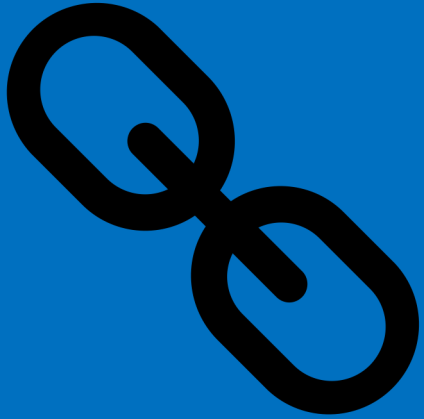
Pitch Deck: Investment Needs



- **How much money you need for the next 12-18 mos.**
- **How you will use the money:**
% marketing, sales, product development, etc.
(make a graph)
- **How you would prefer to structure the investment** - Convertible Note or Priced Round? (Equity? Valuation?)



Pitch Deck: Contact Info



- **Name & position**
- **Mobile# & Email**
- **Company website**
- **Social Media Links**
- **QR code (for downloads)**

