Beyond buzzwords and technology

Starting a business is complicated and quite tricky and there is no entrepreneurship gospel

Ever been to a talk on startups? The usual stories, nuggets of business wisdom and formulas. You get the picture: it’s something you can duplicate in some 1-2-3 sequence and become equally successful. In particular, it is the repeated stress on being “new” or if not new then somehow novel that makes the judge/listener more than a bit wary of the pitch that he knows must come next. How many times do we have to hear the term “Business 2.0” or some other new “2.0” to realise that being new is somehow of itself valuable and will be the primary selling point for our continued attention? Once in a while however, someone goes against the grain and admits that there is no entrepreneurship gospel; that starting a business, and especially a tech-heavy business, is complicated and quite tricky.

“If we thought marketing wasn’t easy, then the marketing of technology is even harder,” said Morris Simons, president and CEO of Websense, before the panel discussion – an advisory firm that helps other companies identify, select and implement business and investment decisions. The Harvard Business School graduate held senior executive positions at companies like Nestle, Hewlett-Packard, Bell Mobility, IBM and Canal. He was speaking at a roundtable organized by the Singapore-MIT Alliance for Research and Technology (SMART). ‘But why?’

An example, as the Global Positioning System (GPS) was already a proven technology, the Global Positioning System (GPS) was already a proven technology, with no less than 30 years of testing and no concern was expressed about whether the new device could work. However, without the corresponding change in the marketing department, the company that claimed it could profit from such a technology was the one in a box. Would the GPS device could not de facto be regarded as a must-have by consumers, they did not have the same interest as the consumer.”

The total potential value to the consumer was only to be realised some 25 years later after the new GPS investors were made and protected. In this case, “you cannot have the real value if you’re going to make money.”

“Why and for whom?”

A common sound of the e-commerce model was heard: “We’ve had enough of the old model, it’s time for new business models.”

Finding value in wrong places

Making mistakes is not the exclusive domain of web-based start-ups. According to Mr Simons, even experienced entrepreneurs make some pretty basic mistakes. Some of the most common include mistakes about the real size of market needs, ignoring substitutes or alterations, and the “destruction” of models. What makes you think you can sell something when people have been conditioned by the internet culture to expect it for free?

Another common sound of the e-commerce model was heard: “We’ve had enough of the old model, it’s time for new business models.”

To illustrate this point, Mr Simons shared a study of the pricing model of a company that seemed to have gotten it right: Alien Technology Inc, a US company that has deals with dental malpractice, in other words, the fixing of crooked teeth. They had technology that could measure a person’s mouth alignment, and through computer modeling, predict the changes required to realign the teeth to the desired state.

Their software would then build 3D models, showing the series of progressive steps that a set of teeth would have to go through between the current and desired state. These 3D models translate into a series of wire-frame instructions that can programme machines to custom manufacture a set of transparent plastic braces. Next, as with braces, they send the patient a set of instructions on how long to wear each one in sequence before moving to the next one in a prescribed fashion. Additionally, the transparent plastic braces involved an issue long faced by orthodontists: it offered an alternative to metal dental braces – something which would greatly prevent people from even considering the procedure. “They figured out a way to get people who were never going to use braces to consider using them,” said Mr Simons.

To drive sales, Alien Technology tapped on a network of dentists. These dentists had to be certified by the company in order to use the patented technology. “We set a future upgrade to their dentists, we trained them for one week and we’re that patient. This technology also allowed dentists to save time and save each patient while charging a premium for the convenience.”

Mr Simons believes this is an example of a mix of factors crucial to understanding how successful businesses work. Clearly, the company got its priorities right when it patented not just the technology but the field of digital teeth and basically ended up selling the field of application for what patent lawyers call “freedom to operate.” It is fashionable to talk about “breaking the rules,” but rules must only be broken for a valid reason. “Any business must deliver value to the customer in ways that others may not have done before to be successful,” he said.

However, it is important to be highly selective of the problem. “All innovation and openness and technology throughout cannot help. If you don’t choose the right problem to solve as a startup company – a timeless issue for all budding entrepreneurs – it’s hard to hear the latest and greatest.”

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