How product focus can lead to effective customer validation

Product   UX/UI   Marketing   Tech
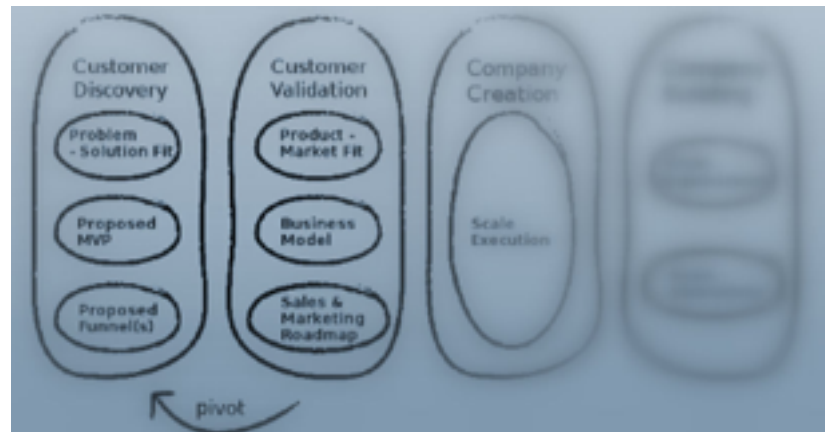
Somintec
www.somintec.com

Industry
Software for public sector and munici-palities

Founders and team
Based in Girona and led by Agustí Es-parducer, Somintec's 4-person team provides police departments and mu-nicipalities with Android apps to effec-tively manage parking tickets (fines) in cities and urban environments.

Somintec's four person team is com-posed of engineers (working on a part-time basis on the project), with no spe-cific employees our founders in areas like design, marketing or sales.

Somintec came into Google Launchpad with various products in development or fully de-veloped. The company also had multiple clients from day one, making it harder to val-idate its business model and sales tech-niques.

—"We had clients from day one, and that ended up being a problem" - Agustí Esparducer.

Throughout the program, Somintec worked on building methods to validate the potential number of clients willing to pay for its prod-uct, whether the size of the market was big enough to scale and how software develop-ment can help improve these areas and its internal organisation and structure.
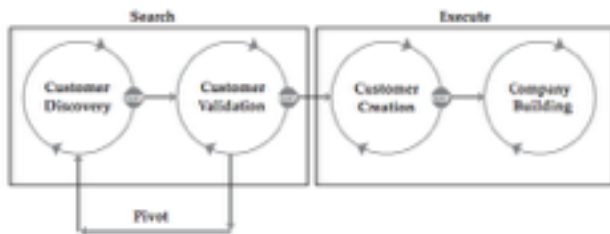
What were they focusing on prior to Google Launchpad?

At the beginning of the program, the startup had three main products:

- Software to manage parking tickets
- Software to manage general traffic tickets
- Software to allow users to pay for street parking

All of the products above were fully developed or in advanced stages of development when Google Launchpad started, with as many as 16 clients spread all over Cataluña. While the products worked, Agustí admits that in areas like design, the company's structure and in sales there was a lot of room for improvement.

Two main aspects surfaced during Launchpad:

- Somintec had too many products and features, thus the need to focus on a limited number of those.
- By satisfying their current customers, they had built a B2B and low-margin services company, rather than focusing on profitability and product development.

What feedback did they receive from mentors?
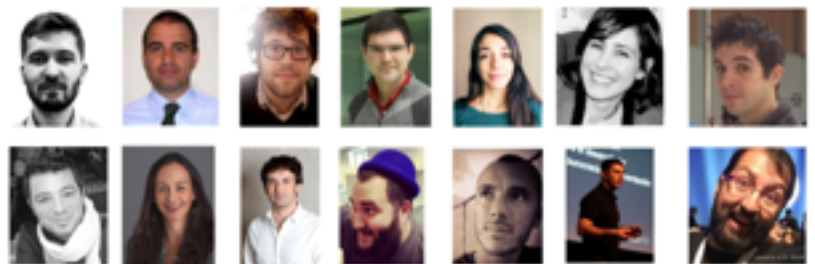
Well past its discovery phase, Somintec was advised to focus on <u>customer validation</u>*, in order to respond to two key questions:

1. How to provide value from a product point of view? Which products add real value to clients?
2. Is the market big enough to build a scalable business model?

Mentors also suggested making changes in terms of UX based on feedback from clients, building a clear product roadmap to be shared with the rest of the team and, in essence, to focus on validating the company's sales process and its technology.

What did they discover during Google Launchpad?

Somintec's struggles were not in finding new clients, but in customer validation and in discovering which clients would allow the startup to build scalable business model.

The fact that the startup had various products and clients from early on was reflected in two key aspects:

- Internal disorganisation.
- Difficulties in validating customer needs and sales process.

As a result of this, Somintec decided to hire its first full-time engineer during Google Launchpad and made the following decisions.

What is their new focus or action plan following Google Launchpad?

Somintec's action plan changed significantly over the week, and these are the measures they decided to take to improve their products and the company as a whole:

- Focus on customer validation.
- Analyse and improve its technology development processes.

Customer validation

The objective is to reach higher margins due to low-volume nature of business:

Actions:

1. Stop saying 'yes' to more clients in order to:

- Define number of clients willing to pay for the product.
- Determine size of the target market to define which product has a better chance of scaling into a profitable business.

2. Analyze sales process and techniques:

- Which clients are paying for the product? Those who do not, why?
- Does the startup need to hire a sales person?
- Should Somintec consider other sales channels or partnerships with institutions?

Technology development processes

Somintech hired its first full-time engineer during Google Launchpad to answer the following questions:

- Are there synergies that allow software productification?
- Can software product lines* be built?

Synergies in product development cycles would allow the company to establish a starting point to build new products and features, thus enabling a more efficient use of technical resources.

How can I use this in my startup?

As Steve Blank and Bob Dorf describe in The Startup Owner's Manual, customer validation is a key phase in the early life of a startup which will help determine its execution plan and whether a business is scalable. And in such case, which clients might provide most value to the startup.

This customer validation phase not only refers to customers, but also to the technology and software processes the startup has chosen to reach that later stage.

As seen in the case of Somintec, both aspects are closely related and decisions that affect them should be considered in conjunction.