

Sales & Distribution

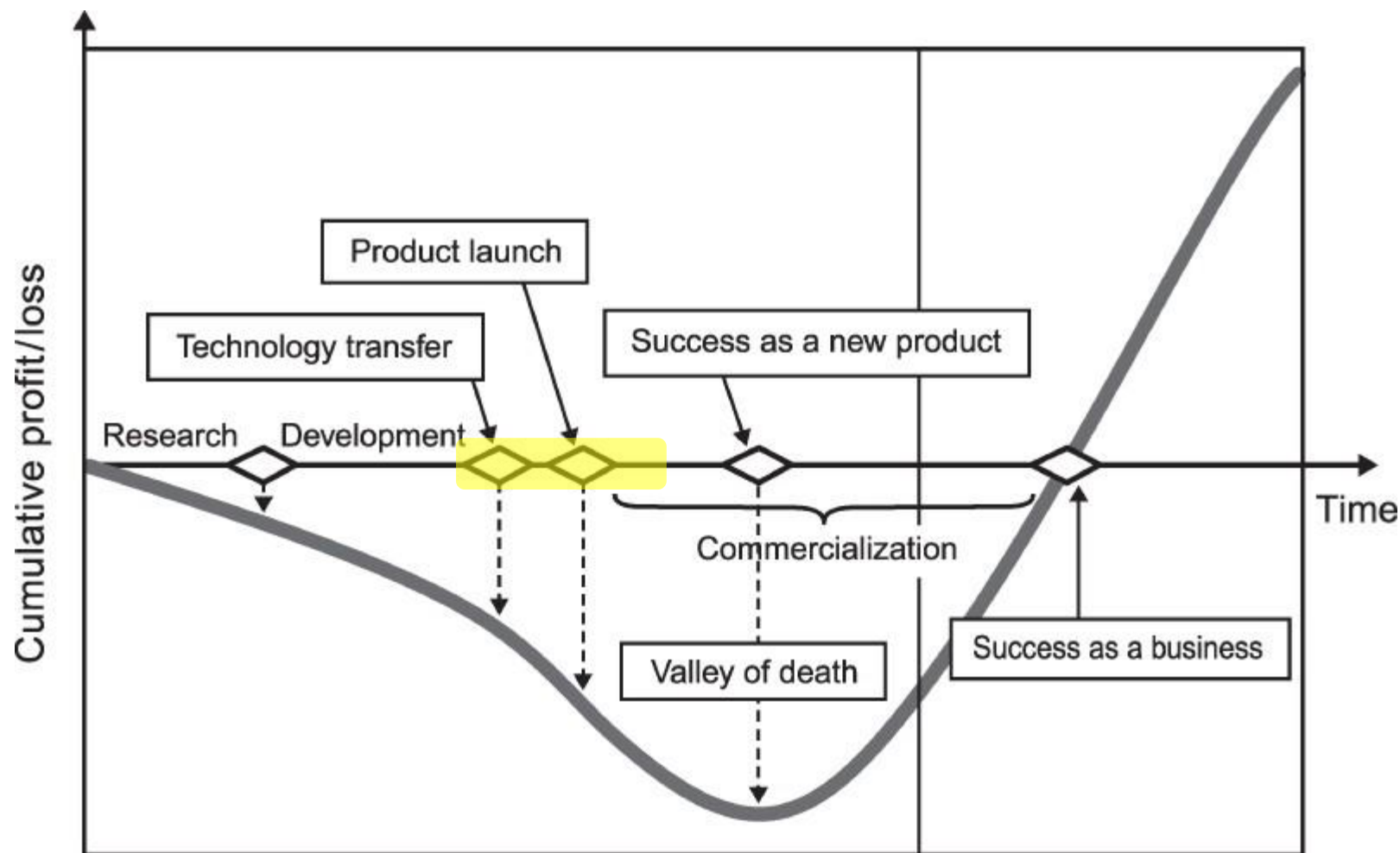
for early-stage Science Startups

Kaushik Gala

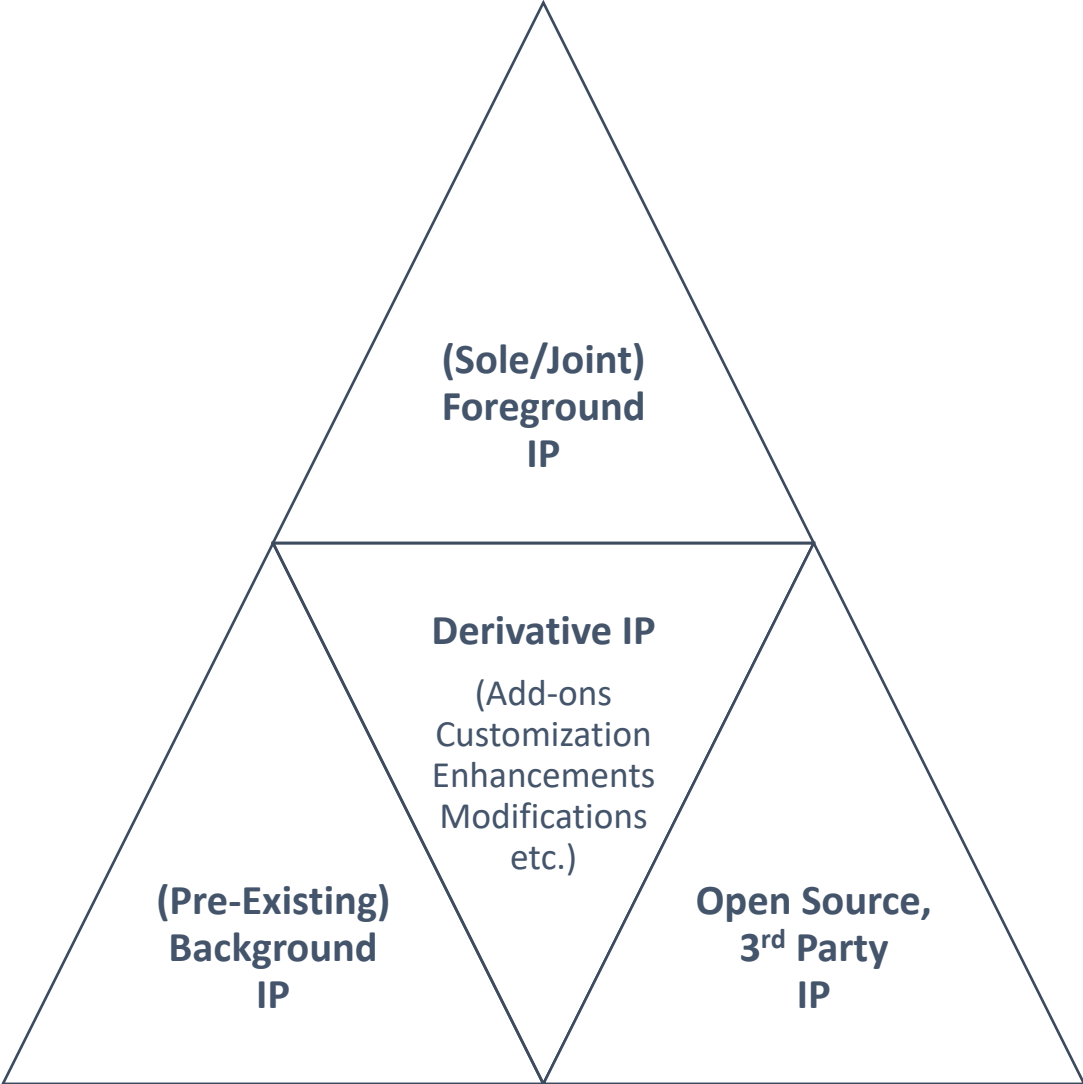
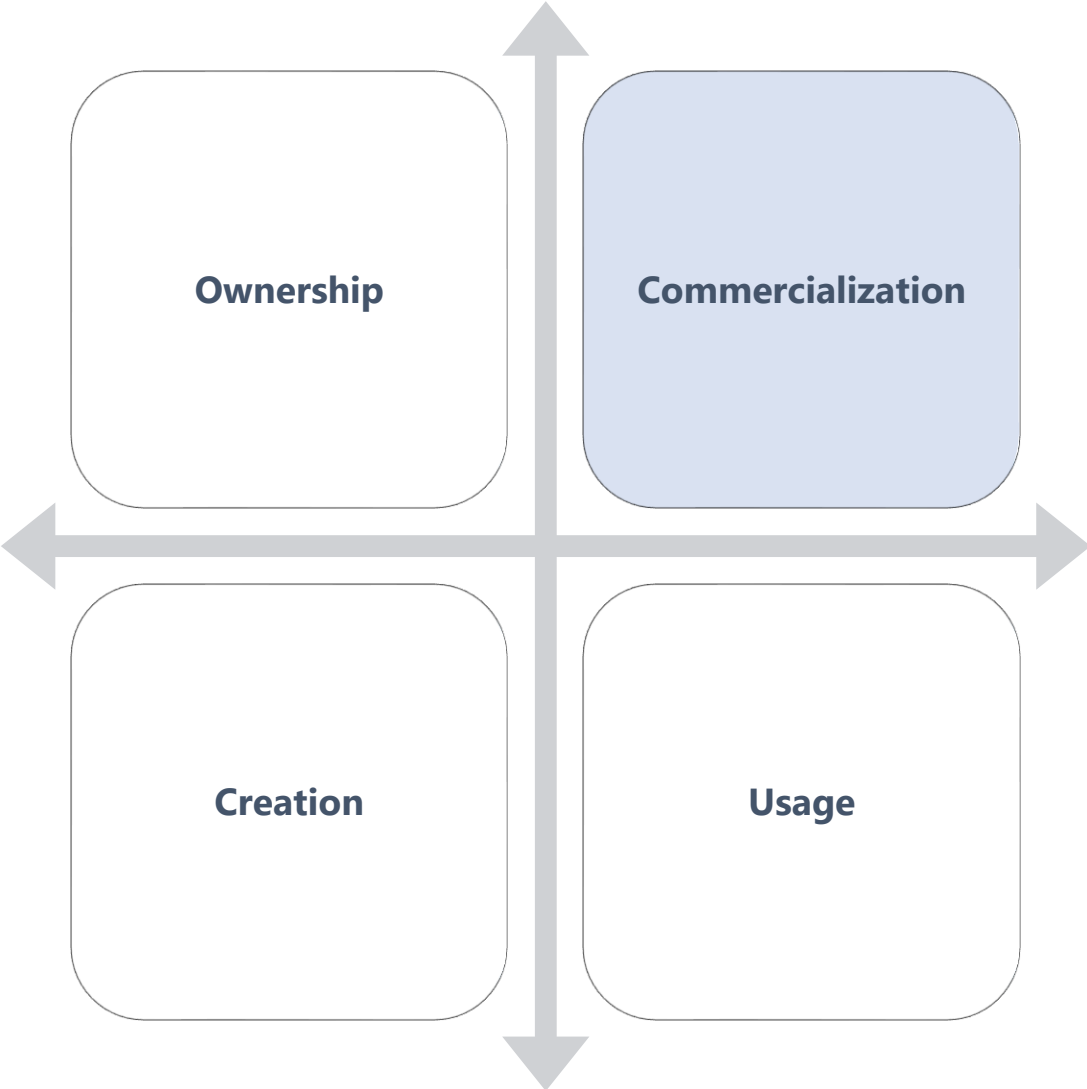
Startup 101 #3
Venture Center, Pune
19 September 2020

Context

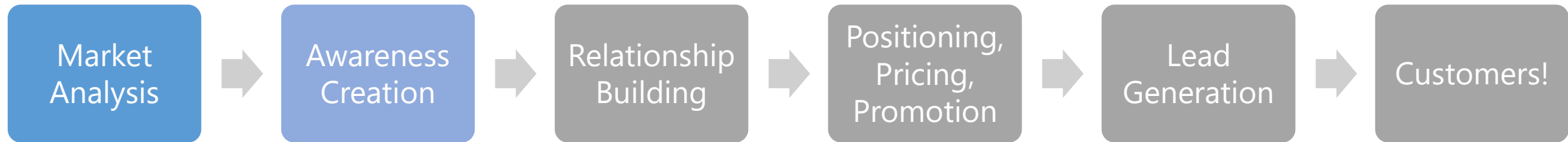
Journey of A Science Startup



Intellectual Property



Go-to-Market (GTM)



Business Development

Reseller, Distributor	Solution Partner	System Integrator	Strategic Partner	Licensor, Customer	Strategic Investor	Acquirer
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Create Value

Realize Value

Pre-Sales

Who Are The Customers?

IDEAL CUSTOMER PROFILE

AVATAR



Specific Person

What do they want?

What are their Goals?

What are their Values?



Fears

What are their biggest fears?

What aren't they seeing?

What's their impending danger?



Success

What does their life look like when they succeed?

What aren't they seeing?

What achievement do they desire?



Pain

What are the challenges being faced?

What are the top 3 Pain Points?



Objections

What are the top Objections to the Sale?

What is their role in the Purchase Process?

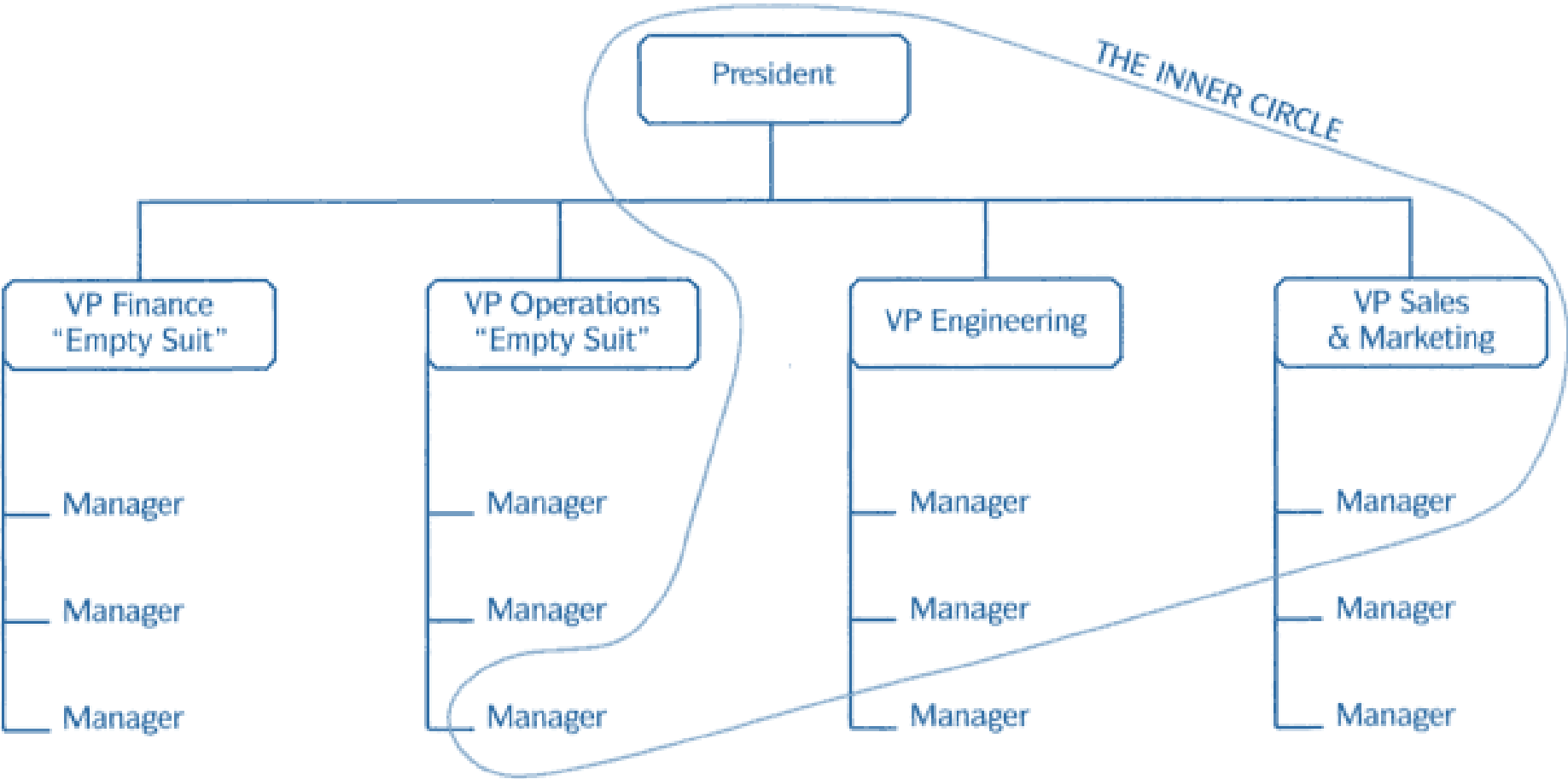


Failure

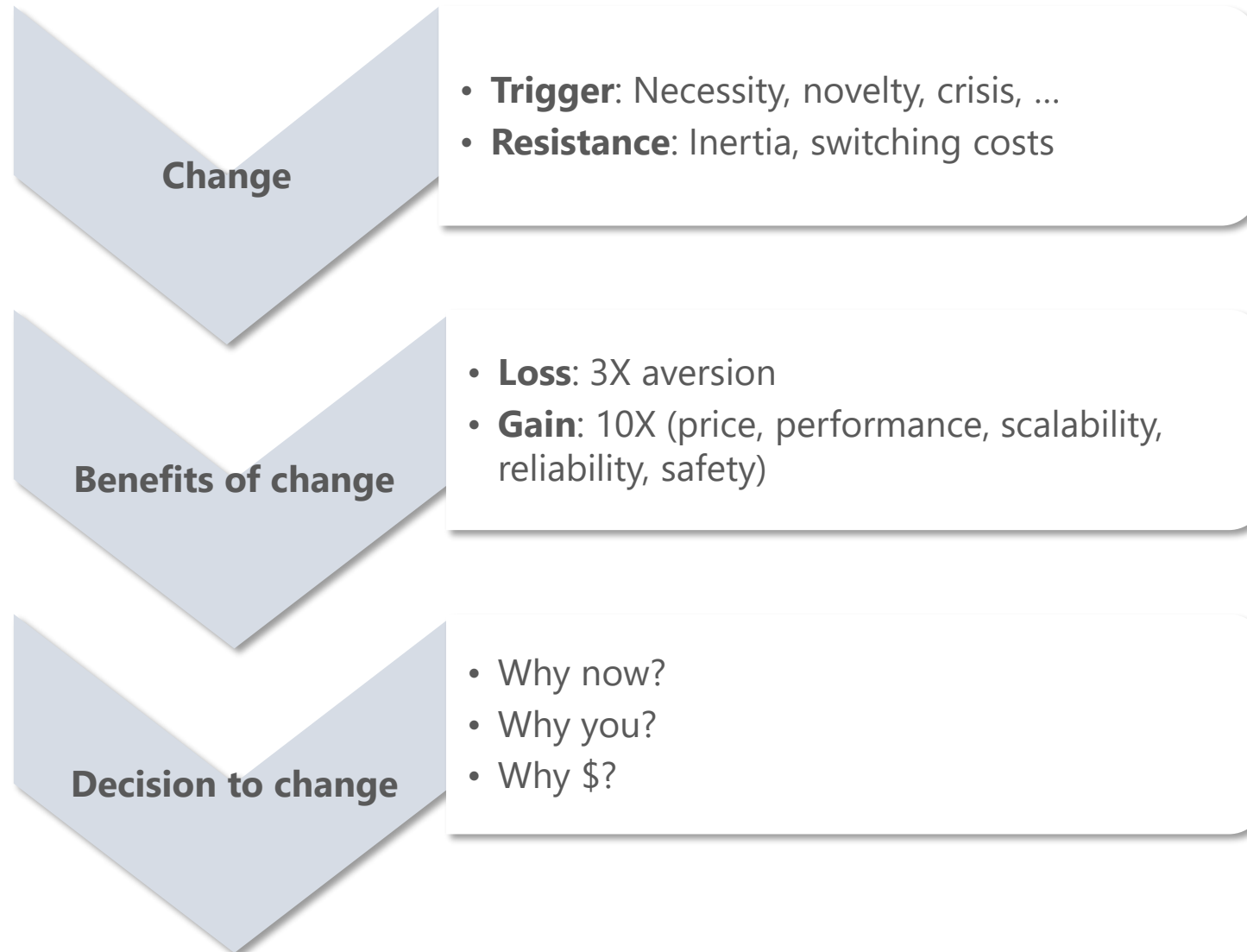
What does life look like if they don't use product or service? (Look into the future)

What is the Transformation:

Who Needs To Be Influenced?



Why Will They Buy? How Will They Buy?



Sales Process

- Direct
- Trusted Consultant
- RFI/RFP/Tender
- Peer Referral

...

How Much Will They Pay?

\$10

per diagnostics
kit

\$5000

per medical
device

\$40,000

R&D services
engagement

\$250,000

per R&D co-
innovation project

\$3,000,000

per intellectual
property license

Where Will I Find Them?



Marketing

- 'Cold' meetings
- Industry associations
- Corporate CTO Org.
- Suppliers
- Univ/Govt groups

Partners

- Consultants
- Service providers
- Technology vendors
- Incubator-Accelerators
- Regional EDAs

Paid Marketing

- Conferences
- Trade shows
- Hosted events
- Sponsored reports
- 'Awards'

Online?



Lead Gen

- SEO content
- Case studies
- Communities
- Sci/Tech journals
- Influencers
- (e)Events

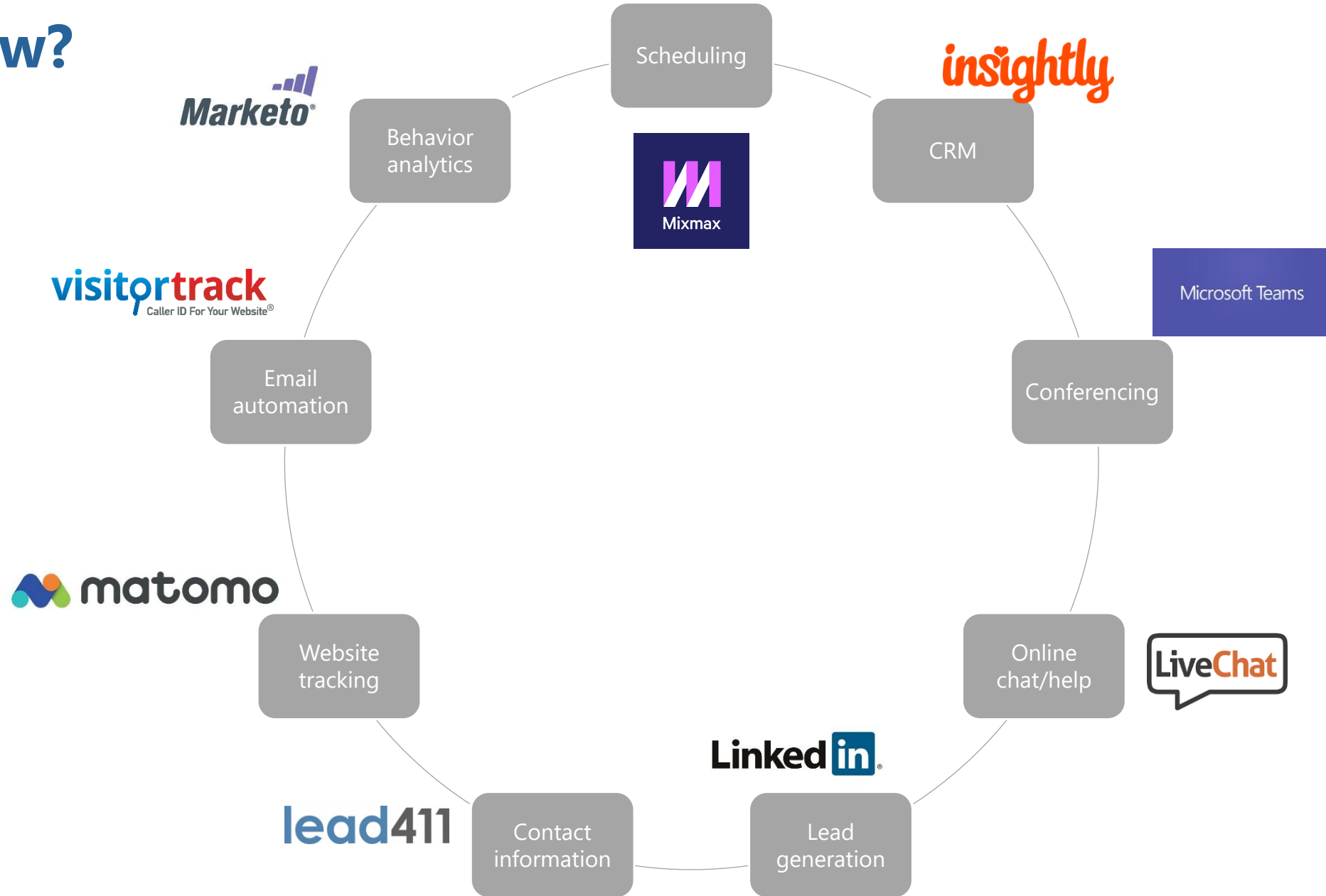
Free Lead Gen

- Blog, WPs, Guides
- Guest posts
- Social media
- Webinars
- PR
- Email marketing

Paid Lead Gen

- Free-trials
- SEM
- Display/social Ads
- Affiliates
- PR
- Lead databases

How?



What Do I Need To Be Able To Sell?

- Website
- Presentation (non-confidential)
- Video, animation
- Demo
- Customer case studies
- White papers, blogs, guest posts, PR, ...
- Mutual NDA
- RoI / Business Case
- Contracts, invoices, payment mechanisms, taxation!

Can I Establish Credibility?

- Scientific / Technical
 - Publications
 - Patents
 - Pedigree
 - Awards & Memberships
 - Advisors
- Common connections (e.g. LinkedIn)
- What only (few of) you can do in the world?
- Seek advice!

Sales

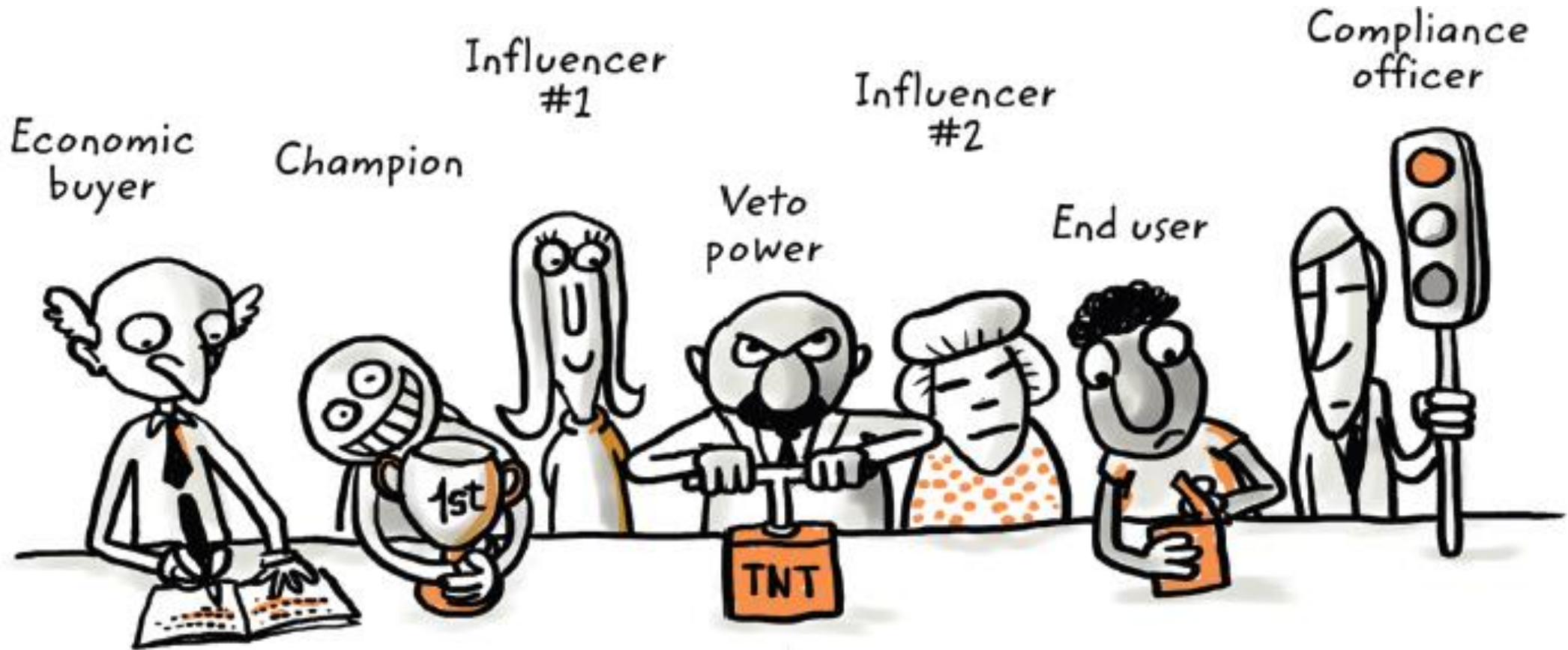
Entrepreneurial Selling

- Not scalable
- Not cost-efficient
- Discovery, not execution
- Consultative, not repetitive

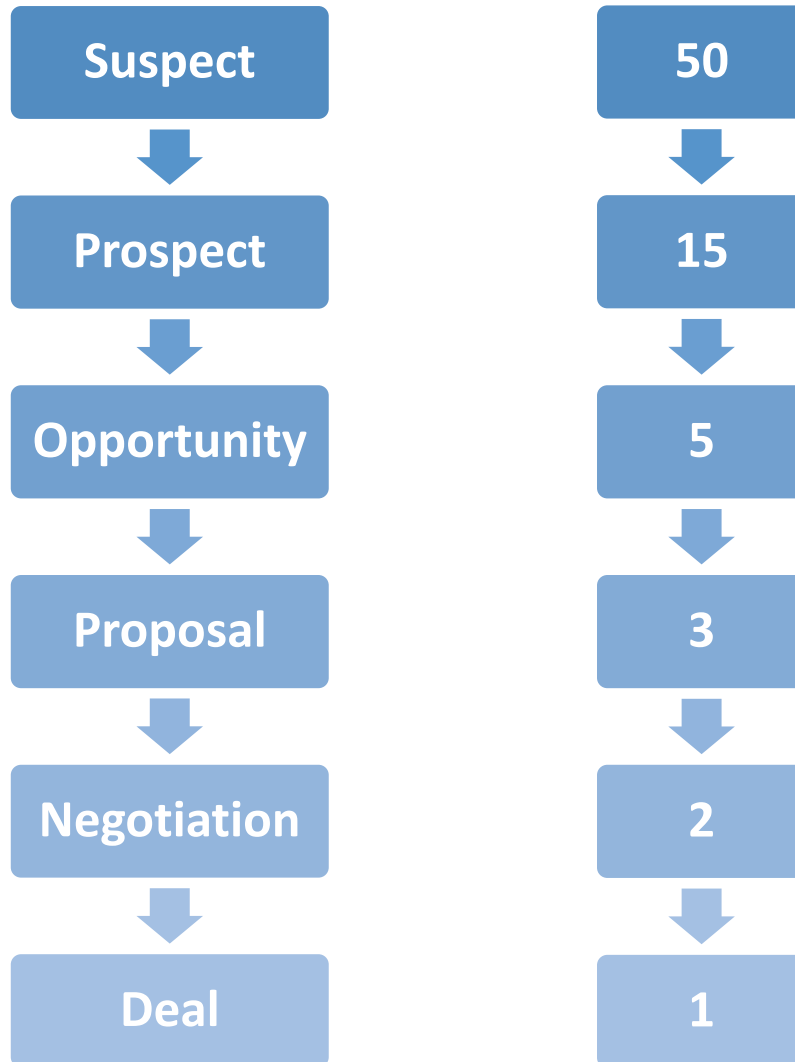
Every sale has five basic **obstacles: no need/desire, no money, no hurry, no power, no trust.**

Every lead has five basic **stages**: suspect, prospect, **opportunity**, proposal, negotiation.

It's an Influence Game



It's A Probability Game



Sales effort
increases

Probability
of deal
increases

It's A Persistence Game

- ~ 50% of sales people never follow-up
 - ~ 25% follow-up once
 - ~ 15% follow-up twice
 - < 10% follow up thrice or more
-

- < 2% of sales made on first contact
- ~ 3% of sales made on second contact
- ~ 5% of sales made on third contact
- ~ 10% of sales made on fourth contact
- > 80% of sales require **five** to twelve contacts

Sales Hacks

- Objection handling
- FAQs
- New value (PDFs) in every follow-up
- Prospect's interests (publications, patents, associations, etc.)

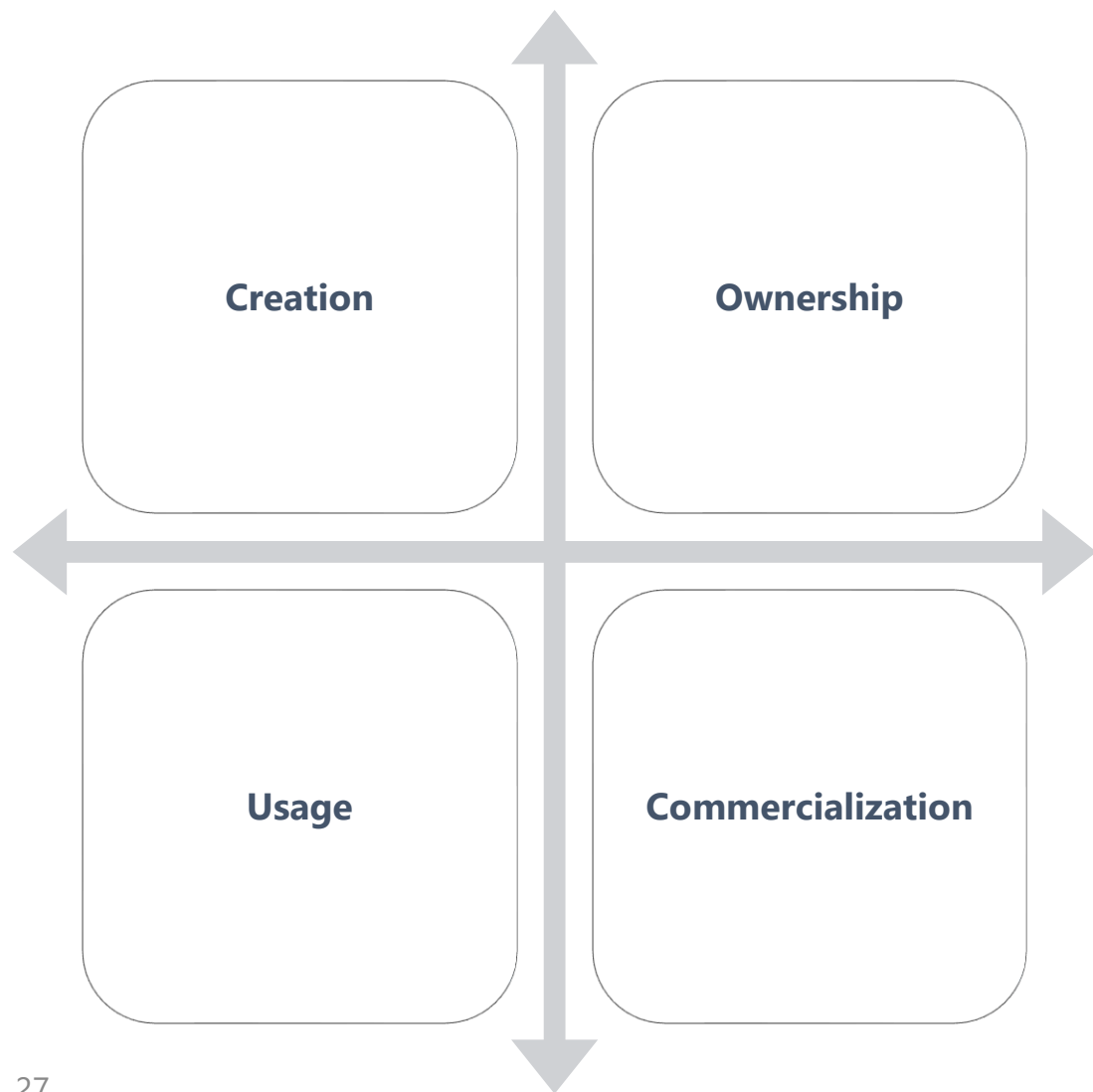
Entrepreneurial Selling

80% Mindset + 20% Tactics

Selling Science/Engineering Services

- Credibility (credentials)
- Clarity w.r.t. IP rights
- Contractual de-risking: Milestones, priority support, refunds, ...
- Customer references & case studies
- Confidentiality > Quality > Timeliness > Scalability > Cost

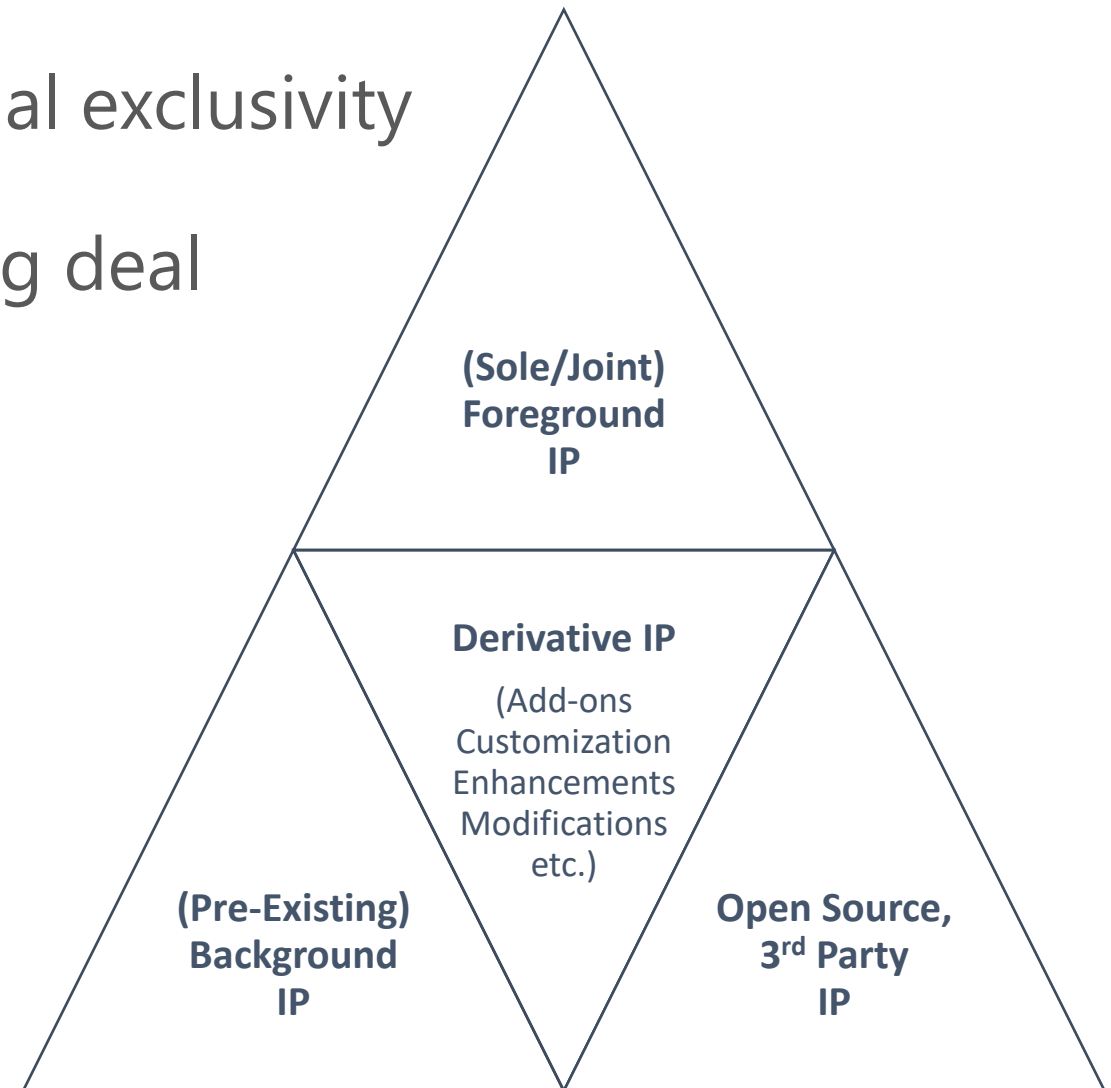
Selling Knowhow: Tech Transfer / IP licensing



- Field of use
- Geography/territory
- Time period
- Degree of exclusivity
- Optionality
- Obligations (e.g. further development)
- Sub-licensing rights
- Enhancements, modifications, improvements
- Structure of fees (upfront, milestone, royalty, etc.)
- Warranties
- Indemnities & liabilities
- 3rd party IP
- Royalty audits
- Assignability/Transferability

Be Creative In Structuring Deals

- Trial license + Option for commercial exclusivity
- Traditional (IPR+knowhow) licensing deal
- Intricate multi-asset collaboration
- Sponsored R&D engagement
- Cash+equity transaction
- An option to acquire



Channel Partners for GTM

Who Owns The Customer?

- Affiliates
- Distributors
- Value-added Resellers
- Solution Partners
- System Integrators

Is There Skin In The Game?

- Lead generation commitments
- Minimum revenue commitments
 - Revenue share
- Degree of exclusivity (geography, time, field of use, ...)
- Product roadmap & warranties
- Service & support commitments
- Insurance, 3rd party liability, 3rd party IP infringement, ...

Are You Managing The Partners?

- On-boarding & Training
- Sales & Marketing Collateral
- Contracts
- Payment & Audit Mechanisms
- Partner Retention & Success

Corporate Partnerships

Big Company ↔ Startup

- (Beta) User
- (Beta) Customer
- Supplier (software, hardware, raw materials, clinical samples, ...)
- IP/Technology Development Partner
- Channel Partner
- Strategic Partner
- Corporate Venture Investor
- Acquirer (acquihire, secondary sale, ...)

B2B | B2B

- Startup trying to sell to a Company
 - × Empanelment criteria, track record, NDAs
 - × Free PoCs & pilots, Exclusivity, Branding rights
 - × Long & complex sales cycle, 90-day payment terms

- Company trying to buy from a Startup
 - × Track record & references, documentation, testing
 - × Confidentiality, reliability, scalability
 - × After-sales support, professionalism

BigCo as a Channel Partner

- How can the startup leverage BigCo as a channel partner?
 - Who in BigCo needs to champion this? What's the business case?
- How will BigCo's sales team be motivated?
 - Who pays for the sales effort?
- How will BigCo's marketing team be impacted?
 - How can the startup be positioned to BigCo's customers?
- Will BigCo expect exclusivity?
 - In exchange for?

BigCo as a Strategic Partner

- Explain how the startup fits into BigCo's offerings
 - Who owns the customer?
- Share past experiences of partnering with startups
 - What worked? What went wrong? Impact of company politics?
- Will the integration effort be worth it?
 - Who will bear the additional NRE?
- Explain BigCo's partnering process (PoCs, pilots, 'go live')
 - How do the commercials work?

Building a Sales Team

**No good CXO joins a startup till its
3rd year and 2nd round of funding.**

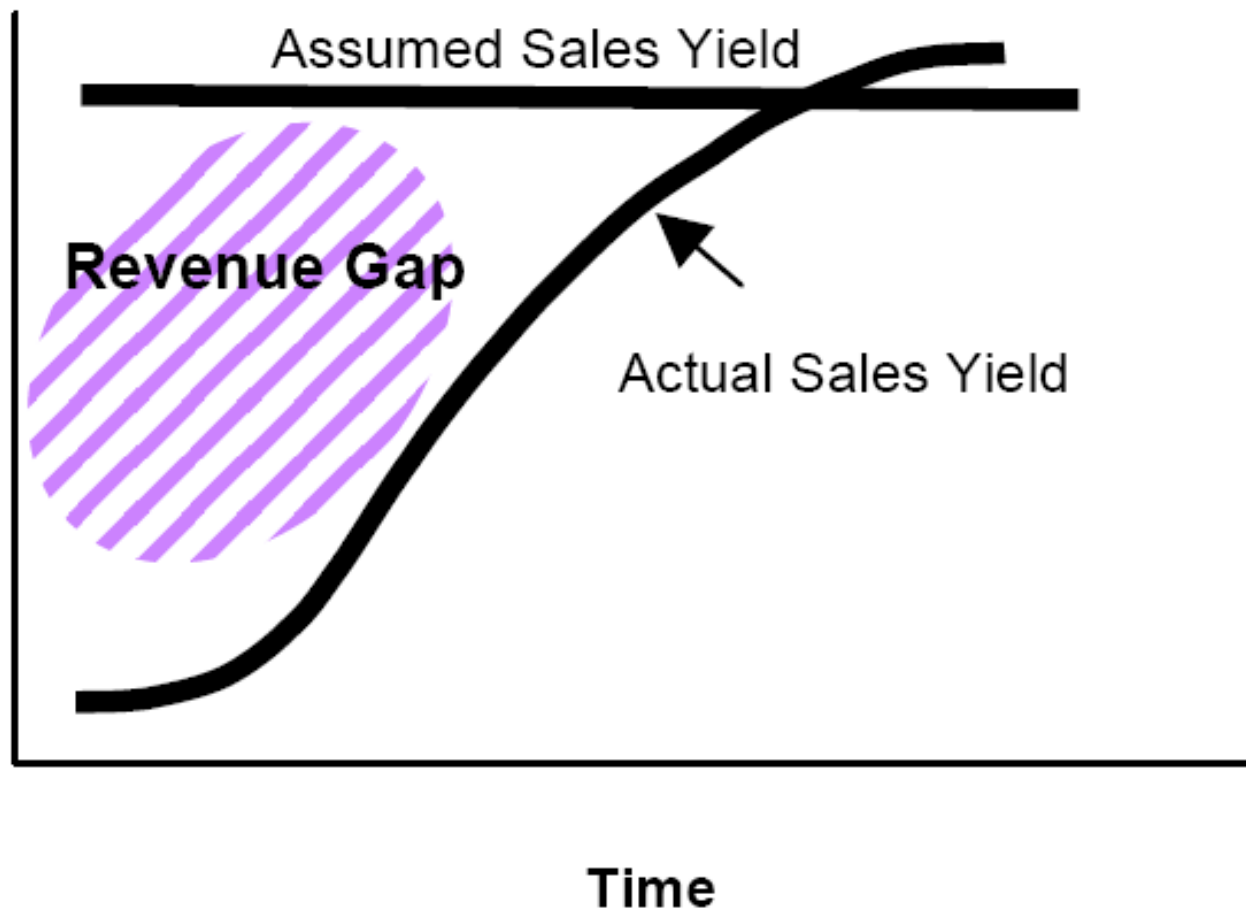
0 → 1 → n Sales Team

- First few sales: CEO
- Next few sales: CEO + 'internal' hire(s)
- Next 'n' sales: CEO + mid-level hire ...

Match it to GTM traction.

Ex-BigCo VP of Sales? No! CEO = VP, Sales / BD.

Sales Productivity Curve



- Interns
- Part-time employees
- Consultants

Sales Compensation

- X% fixed + Y% variable
- Tie variable to company milestones, not just revenue
 - Paid PoCs, GTM partnerships, funding, product launch, etc.
 - No individual revenue targets
- ESOPs!

Thank You

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