How Do You Know If Your Business Model Will Work

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Video Transcript:

Paul: Hi, it's Paul Clifford from Disruptware and today I want to talk about your business model. How do you know that what you're building or your idea is **actually going to sell**?

Okay, and it's the crucial thing that you should be looking at right from the start and I'm sure you are, but how do you actually know? What sort of questions can you be asking yourself and your prospects to understand whether anyone's actually going to buy your solution.

Well first of all, **the core things you need to know are; does it save time, does it make money or does it replace an existing process**. If it saves time then what's the value of that time? Because if the value of that time is not really big, then it's still not enough for them to

actually buy it. So think about are you selling to a lawyer or are you selling to a school, okay? So think about the **value of the time**, whether it's enough for them to actually put a hand in their pocket and buy your solution.

If it's **solving a real problem**, how much of a pain is that problem to them? How much does it really stand in their way of their doing their everyday job and how can your solution actually solve that pain? Then look at some more general factors, **is it a trending market**? Is it growing? Are there a lot of people in the market and a lot of customers? Are there enough customers out there who are willing to buy your product? How large is it? Does it scale across different boundaries, different countries? Is it global or is it just in one region?

Unlike a traditional business, a software SaaS business you don't have to worry about the supply so much. So traditionally when you're asking yourself these questions one of the questions you should also ask is **do you have enough capacity to deliver**? Well in this case that doesn't really matter so much because being an on-liner, **you can scale to thousands of thousands of customers** and by the time you actually want to or need to increase your server capacity, well that's a good problem to have.

Look at your business and try and identify the key factors, is it solving the customers problem. This is something that 'The Lean Startup' which is a great book by Eric Ries talks about. And he talks about **how quickly can you get your product out to market**. And even before it becomes a finer product, can you take like a prototype or something you know just... even a manual process to a customer and try and identify whether it's enough for them to actually commit money to.

Get his book. It goes into a whole load of different paradigms and methodologies, but it's essential reading for anyone building a SaaS model and essentially it's all about getting what's called your **minimum viable product** out and tested in front of a customer

as soon as possible so that you can validate from them whether the thing is going to sell.

I hope you find that useful, this is Paul Clifford from Disruptware.

Recommended Resource:

1. The Lean Startup - http://www.amazon.com/

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