

NuTekLaunch

Commercialization Readiness Report

VERSION 1.0

ConceptLaunch

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CONFIDENTIAL

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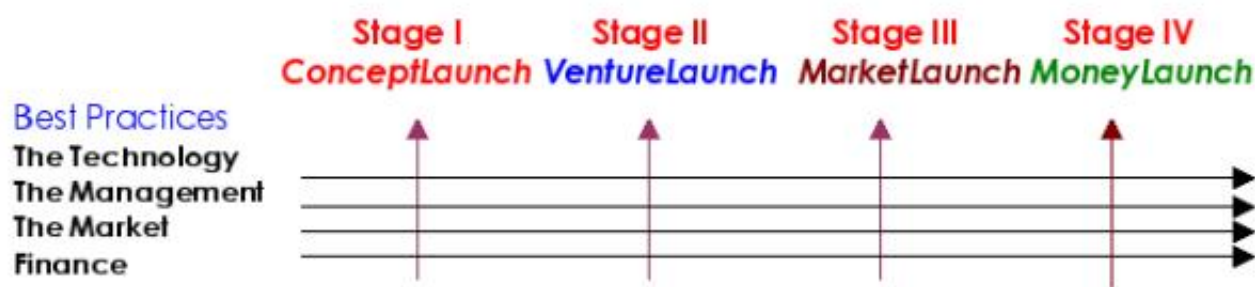
Purpose

The NuTekLaunch Commercialization Readiness Report provides immediate results from the diagnostic interview you have just completed. The commercialization readiness of (Company name) is compared to best practices employed by successful ventures. The report shows the extent to which (Company name) is employing business practices, that when adopted and internalized will significantly accelerate the commercialization process and dramatically reduce the risk of failure. AGI and its subsidiary, NuTekWorld, have designed a proprietary process that addresses critical gaps or possible deal breakers for successful commercialization.

Process

This NuTekLaunch Commercialization Readiness Report offers (company name) a blueprint outlining the actions required to internalize best practices for commercializing technologies. The NuTekLaunch report focuses on a concurrent, real time assessment of (company name) capacities and capabilities to commercialize a new product and attract investors. The diagnostic examines four key areas simultaneously: the technology, the management, the markets and finance.

The NutekLaunch Concurrent Diagnostic Model



How to Use

The Commercialization Readiness Report provides access to important strategic information that may require immediate action. It also provides insight into the positive or negative impacts of your company's current practices. This information can be used to weigh potential consequences and set priorities. It may also be used as a baseline against which future progress can be measured.

Content

This Commercialization Readiness Report provides three powerful analytical tools:

- The Commercialization Readiness Profile summarizing the degree that best practices are utilized by the venture at a specific stage of development.
- The Strength/Risk Analysis sorting your results into strengths for promoting the organization's successes and identifying the risks that need to be addressed.
- The Consequence Analysis auditing the impact of your current practices on potential outcomes for the venture.

Commercialization Readiness Report

CRR Guide

Using Your Commercialization Readiness Report

Overview:

Your NutekLaunch Commercialization Readiness Report quickly makes available essential information critical to the success of your venture. This valuable information is organized by function, issues and practices. The information is further organized so you can set priorities to address survival issues, capacity building, and commercialization acceleration.

Prioritizing your data:

Priority I. Survival	Issues for your immediate intervention
Priority II. Capacity Building	Practices to strengthen your capacity
Priority III. Rapid Acceleration	Strategies for focusing your actions

Reading your data:

Part 1. Commercialization Readiness Profile

This graphic overview gives you an immediate profile of your company's relative strengths and liabilities by function. Look for the functional area that you believe needs immediate attention and action.

Part 2. Strength/Risk Analysis

This section identifies your strongest capabilities, those issues that contribute to winning, and your weakest liabilities, those issues that may sink your ship. Focus on turning the weakest liabilities into winners.

Part 3. Consequences Analysis

This section provides critical details about the issues and their consequences that may accrue should you fail to act. Develop action plans to change negative consequences to positive results.

Interpreting your data:

Review Part 1. Commercialization Readiness Profile to identify any weak functions.

Go to Part 2. Strength/Risk Analysis Review and review the functional area selected in Part 1. Here you can identify related issues by score that may be potential deal-breakers.

Go to Part 3. Consequence Analysis and locate the issues from Part 2. Review the related impact statements to understand consequences that may require action.

Applying your data

Step 1. Verify	Confirm the most critical issues to be addressed and prioritized
Step 2. Plan	Determine existing and needed resources, opportunities and barriers
Step 3. Act	Define the initial steps required, who is accountable, and set timelines

Commercialization Readiness Report

Part 1. The Commercialization Readiness Profile

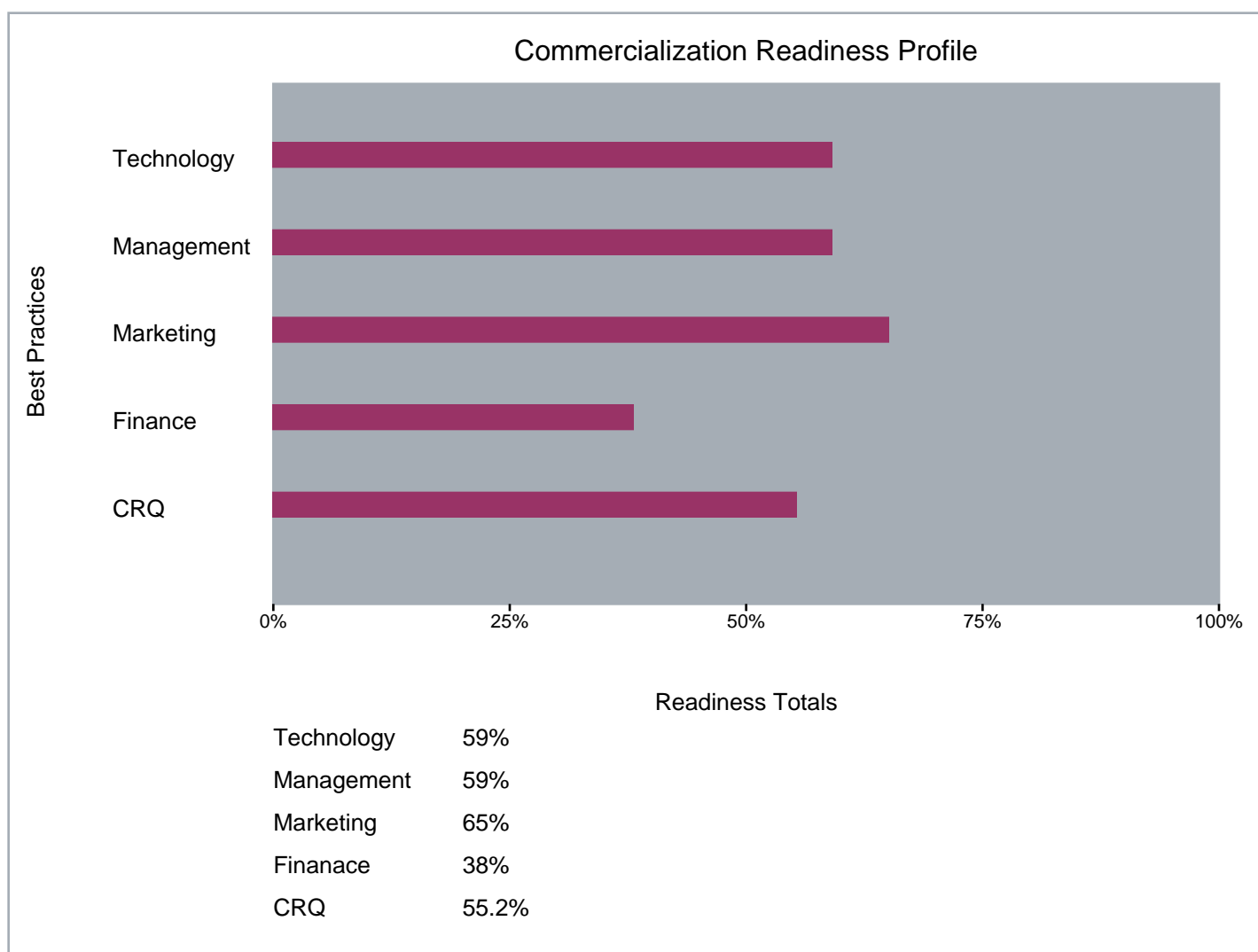
A. Description: The Profile gives a visual presentation of the functional readiness, a first look at whether the organization has strong concurrent development or is developing strongly in some areas while neglecting others. The Commercialization Readiness Quotient (CRQ) gives an immediate sense of the overall readiness of the organization to successfully move forward into the next stage of development.

B. How to interpret this analysis: The Commercialization Readiness Profile bar graph below summarizes the venture's ratings in each of the four functional areas as compared to a venture that has fully implemented this set of critical best practices. The bottom bar, the Commercialization Readiness Quotient (CRQ), is the overall score based on the averages of the functional scores.

C. How to use the results (strategic actions)

Step 1: To prioritize for action sort functional areas (Technology, Marketing, Management, Finance), targeting your low scores for immediate action.

Step 2: Proceed to Part II. Strength/Risk Analysis to review related issues.



Part 2. The Strength/Risk Analysis

A. Description: The Strength/Risk Analysis audits the assets and liabilities of the venture's critical practices by function and looks at the potential for success.

B. How to interpret this analysis: The S/R analysis is divided into four sections by function technology, management, marketing and finance. The S/R analysis identifies your "deal-makers", your greatest areas of strength, represented by the Green "Go" symbol; and, isolates your potential "deal-breakers", the most critical weaknesses, represented by the Red "Stop" symbol.

C. How to use the results (strategic actions)

Step 1: Review all issues highlighted by the Red Stop symbol. These potential "deal breaker" issues may kill your project if not addressed immediately.

Step 2. If you find more than one Red Stop issue exists, prioritize action based on the issues you or your management team believe has the greatest potential to kill your project.

Step 3. Proceed to Part II. Consequence Analysis to review practices related to the issues of concern.

Commercialization Readiness Report

Technology

● 4.75	Technology development plan	The technology development plan has been soundly developed with clear leadership and accountability and strong cross-functional integration.
● 4.50	Product Description	Technical reviewers will be able to discern the value of your product for their company and will be able to determine their purchase interest based on your product description.
● 4.00	Differentiating characteristics	The concept incorporates unique, superior and desirable attributes clearly differentiating it from existing like-substitutes, providing a solid rationale for continuing R&D.
● 2.50	Concept screening	Further investment cannot be justified if the prospect cannot definitively show that the concept meets a rigorous evaluation.
● 2.25	Potentially producible	Technically this product may not be feasible to produce due to limitations in its profitability, the ability to be replicated, availability of affordable skills, or issues with volume.
● 1.75	Technical barriers	Technical barriers are not fully known or are significant and cannot be resolved within the constraints of reasonable expenditures of resources.
● 1.75	Initial Resource Allocation	The prospect has not developed a detailed estimate of resources and costs to realistically produce a prototype and support modifications to the final product increasing the risk that even a great product may not make it to market.
● 1.50	Technical Assessment	The prospect has failed to show technical feasibility based on the initial technical assessment.

Commercialization Readiness Report

Management

● 4.50	Project venture team	The project venture team is highly invested in the project, represents diverse and balanced competencies, and has a strong strategic consensus on where they are going and how to get there.
● 4.00	Product champion	The concept is supported by an experienced and enthusiastic champion to keep development on track while leveraging resources and resolving issues.
● 2.75	Stakeholder support	The prospect has not formed valuable stakeholder linkages to further the projects interests and may have developed barriers as a result.
● 2.75	Rapid commercialization	The project team does not have a structure compatible with rapid technology commercialization and faces time-consuming misdirection in developing the product and market.
● 1.50	Protection from competition	The concept has little protection outside of a tradeseecret making it difficult to assure sufficient time without direct competition to recoup the investment and make a significant profit.
● 1.25	Cross-functional design	The product design did not have functional input from inside and outside sources limiting its optimization and slowing its development to accommodate unforeseen barriers.

Commercialization Readiness Report

Marketing

● 5.00	Market potential	The initial market research finds primary markets with substantial purchasing power and sufficient size to support the venture's defined business objectives.
● 4.50	Initial competitive analysis	The prospect has conducted a formal assessment of the competition in order to build into the concept distinct advantages and while avoiding costly disadvantages.
● 4.50	Internal promotion	The prospect has a clear picture of internal and external stakeholders expectations and has developed methods deal with these expectations. The wise development of this political resource is a valuable asset to the venture.
● 4.25	Distribution channels	The prospect has determined product logistic and distribution characteristics and identified potential options that can provide value-added, cost effective and mutually advantageous arrangements for distributing the product.
● 4.00	Initial product description	The product description establishes a clear picture from the customer's point of view of the benefits and value that are being purchased and the need that is being met leading to a satisfied customer.
● 2.75	Market barriers, issues	The prospect has not done a serious examination of potential market barriers utilizing internal and external resources and consequently cannot incorporate remedial actions to neutralize or avoid foreseeable barriers.
● 2.50	Preliminary estimate of resources/costs	The prospect has not developed preliminary cost estimates for conducting market development activities. Failure to conduct this initial cost projection may lead to costly misappropriations and slower development, increasing the risk for innovation failure.
● 2.25	Market interest	The prospect has not assembled tangible evidence of market interest indicating an non-aggressive approach by the prospect or a distinct lack of interest where there should be.
● 1.50	Initial market strategy	The prospect has not created specific product attributes to address specific market needs; nor, have they considered the issue of transferability and the customer's absorptive capacity in the design of the product leaving market acceptance an unknown risk.
● 1.25	Preliminary market analysis	The prospect does not have the ability or has not completed preliminary market research to provide key information for determining the direction and needs of the market.

Commercialization Readiness Report

Finance

● 2.75	Initial revenue projections	Indications from the initial research show pricing, market size and share, and anticipated sales are marginal at best to succeed as presently conceptualized.
● 2.75	Financial tools	The prospect has not applied generally accepted industry financial practices for the development of financials reducing the likelihood stakeholders and investors will place confidence in the numbers and increasing innovation risk.
● 2.25	Concept financially viable	The prospect's initial financial projections are not proficiently developed and need to be reworked based on more reliable information before considering this concept/product financially viable.
● 2.00	Pricing curve	The prospect has not been able to establish a pricing curve that is both profitable and supportable, lacking confirming evidence from pricing on like-substitutes or customer feedback.
● 2.00	Initial financial targets	The ROI projected does not sufficiently compensate for the risk, years of no return, investment, and stress as compared to investing in secure bonds or income stocks.
● 2.00	Initial Budget	The initial budget has not be justified by expert cross-functional input, supported cost estimates, prudent allocations, and essential slack resources or other indications of sufficient homework.
● 1.50	Economic trends	The prospect has opinions but little concrete information regarding trends on which to base decisions, a risky proposition.
● 1.50	Initial cost projection	The initial cost projections for moving this project from concept to market launch are based on informal "guesstimates" without any formalized procedures or evaluation of the sources, leaving them not credible.
● 1.25	Business model	The prospect does not have a substantial understanding of the market on which to found a profitable and sustainable business model and therefore may not succeed.
● 1.00	Internal resources	The prospect has limited committed contributions indicating a lack of sufficient resources to cover the investment required to commercialize this product.

Part 3. The Consequence Analysis

A. Description: The Consequence Analysis examines the practices related to each of the 40 commercialization readiness issues assessed. The issues are organized according to the four functional areas: technology, management, marketing and finance with ten (10) key issues per function. There are four statements per key issue describing the impact of practices on the venture. The 160 "impact statements" serve as a rapid checklist to prioritize actions and develop benchmarks.

B. How to interpret this report: Each impact statement is preceded by your personal rating on a scale of 1-5. The rating determines if the impact reflects one of three states of nature:

- | | | |
|------------|------------------|---|
| Rating 4&5 | Green "Go" | Symbol represents effective practices or procedures that are currently in place |
| Rating 3 | Yellow "Caution" | Symbol represents practices or procedures that require review and possible action |
| Rating 1&2 | Red "Stop" | Symbol represents critical practices or procedures; that, if not addressed, may significantly hinder project progress or may kill the project |

C. How to use the results (strategic actions)

- Step 1: Find the most critical issue; for example, "Finance, Financial Tools."
- Step 2: Review the consequences listed under financial tools to identify specific weaknesses or liabilities you desire to eliminate or improve (consequence or liability statements are prioritized highest to lowest score).
- Step 3: Select the consequences with the lowest scores for immediate action.
- Step 4: Define the benchmark and initial actions required to address the problem.
- Step 5: Determine the most appropriate method for addressing the liability; for example, work on issue in house or outsource to a consultant.

For additional strategic assistance feel free to contact us!

Commercialization Readiness Report

Technology

Technology development plan

- 5 The prospect's product development plan has leadership and accountability built in. This is an important element for effective and timely progress.
- 5 The prospect has incorporated systematic review and adopted a process for plan modification. This builds in flexibility, a key for responding to a rapidly changing environment, significantly increasing the potential for success.
- 5 The prospect has established cross-functional inputs to the product development plan from management, marketing and finance. Input from each of the disciplines increases the likelihood critical product characteristics & specifications are built into the concept as early as possible. This helps optimize product development and reduce the risk of costly oversights.
- 4 The prospect's product development plan includes staged development with performance milestones for evaluation. This is an important element for plan implementation and goal achievement. Setting performance milestones instills greater stakeholder confidence.

95%

Product Description

- 5 The prospect has drafted a technical description that accurately identifies the product's stage of development providing reviewers a benchmark for evaluating the concept. Providing accurate information is critical for establishing desired expectations and establishing the venture's credibility.
- 5 The prospect has developed a technical description that will attract serious technical review based on the design specifications that reveal better performance, improved technical capabilities. Positive technical reviews bolster confidence in the product.
- 5 The product description clearly differentiates the product from existing options based on technical merit - quality, cost, materials. Communicating technical merit not found in competitor's offerings is a key element for building buyer preference for the product.
- 3 The prospect is developing a technical description for this concept. To compel further investigation by potential users or supporters be certain to clearly describe critical product attributes - utility, uniqueness and cost benefits.

90%

Differentiating characteristics

- 5 The prospect has clearly identified the technical attributes of the concept that are superior to the competition. This is a benefit in attracting stakeholders, investors, and buyers.
- 4 This product concept incorporates features that meet unmet needs identified by the industry and buyers. Incorporating product features that clearly addresses unmet needs is a benefit that focuses on buyer "desires" to create purchasing preference.
- 4 There is a clear, comprehensive description of the solutions this concept presents to previously unsolved problems, increasing the likelihood for market interest and future customer adoption.
- 3 The prospect is conducting an analysis of the product attributes. If attributes are unique and highly desirable, target markets and customers will easily identify with the product when compared to like substitutes. This is a significant advantage in attracting internal & external attention and creating a memorable image.

80%

Commercialization Readiness Report

Technology

Product life cycle

- 5 The prospect is introducing a unique disruptive technology that, if successful, obsoletes existing products opening the door to possible market dominance and an extended life cycle.
- 4 The venture has resources or access to resources to maintain development until revenues are sufficient to cover costs, increasing the probability for success and decreasing business risk.
- 3 The prospect is working to identify and develop additional attributes to extend the product life cycle. Developing the product so that improvements can be made over time potentially keeps competitors out while increasing its appeal to customers. Focus on product attributes that can be added later, revisions that offer new user incentives to buy.
- 3 The prospect is working to determine whether the technology may have potential for spin-offs, product or market diversification. Start early to consider options to build on your technology know-how in order to decrease business risk and increase attractiveness to investors.

75%

Concept Design

- 4 The concept design has distinct advantages because it can be modified to optimize product attributes throughout its life cycle. These advantages increase the probability the product will remain actively competitive throughout its life cycle increasing its ROI contribution.
- 3 The prospect is reviewing the concept to identify and correct design flaws that could impede customer acceptance. The resulting adjustments will increase the probability that the final product will meet key attributes desired or required by customers. This review reduces the risk of later discovering inherent design flaws that may be too costly to correct.
- 3 The prospect is identifying technology risk by assessing the reliability, flexibility and utility of the proposed product. This analysis provides critical information to support product revisions that increase the value and use to the customer. This in turn increases the probability of early customer adoption.
- 2 The prospect has not gathered documentation supporting the validity and feasibility of the concept design. Without this analysis, there is not confirmation of the concept's validity and feasibility. Further investment is a high risk.

60%

Concept screening

- 4 This project is supported by interests representing research and development, management, marketing and finance. The prospect has solicited buy-in and input by all functions. This will be a critical factor in concurrent development, required for rapid and successful commercialization.
- 3 The prospect's is preparing to conduct an initial technology assessment, These screening results can provide early verification that the product can be produced. This saves valuable time and money eliminating product concepts early that pose severe difficulties.
- 2 The prospect has not developed a process for "Go/No-Go" decision-making. Proceeding with investment may be unwise without this process in place increasing the R&D risk. R&D risk = high!
- 1 The prospect has not established a process to insure qualified experts representing multiple perspectives conduct the concept screening. Therefore screening may not eliminate weak concepts.

50%

Commercialization Readiness Report

Technology

Potentially producible

- 3 The prospect has initiated an analysis to determine the extent to which the can be easily and accurately replicated. Complete this analysis prior to continuing R&D not only to prove the business case, but also to provide greater assurance to company stakeholders and potential investors that quality can be maintained throughout a production run.
- 2 The prospect's has not developed data to determine whether production can be scaled; that is, whether the cost of production will decline as output increases to meet demand. Without this information it is difficult to determine if this venture will enjoy economies of scale as demand increases. This may be a significant factor in establishing a profitable venture.
- 2 The prospect has not started evaluating production capabilities that will be required to produce the product. Focus on identifying the extent to which production capabilities are readily available or easily adapted. The greater the ability to utilize existing capabilities for product creation, distribution and warehousing, the quicker to market and the lower the business risk.
- 2 The prospect has not determined the availability and affordability of labor and management skills required to produce this product. Without this information it is difficult to determine if the success of the venture will be overly dependent on a few people – a high risk venture. Complete this study prior to continuing product development. Study results may influence the direction R&D takes.

45%

Technical barriers

- 3 The prospect is conducting an assessment to identify potential design flaws that could result in costly concept reengineering. Eliminating design flaws at this stage eliminates costly changes later slowing development. It also instills stakeholder confidence in the product.
- 2 The prospect has not attempted to identify and resolve potential production issues that, if left unaddressed, could result in costly product reengineering. These issues may be sufficient to make the product or service not feasible or significantly increase cost for product re-engineering. Production risk = high!
- 1 The prospect has not conducted an assessment to identify potential product regulatory and compliance requirements. Without this information the prospect cannot incorporate requirements into the new product development plan reducing product compliance and liability risk. Product feasibility risk = high!
- 1 The prospect has not conducted an analysis to identify specific issues that may affect timelines, cost, materials and performance. Without this knowledge the prospect lacks a solid baseline for realistic development projections. Without this analysis product feasibility risk = high!

35%

Initial Resource Allocation

- 2 The prospect has not yet assessed the technical expertise required to complete the product or the cost affiliated with human resources. This creates uncertainty, resulting in an increased business risk.
- 2 Pre-production equipment costs are not yet estimated or covered, delaying development of a prototype. Expert input is required to make the best use of scarce resources.
- 2 Facility and overhead costs are not yet identified and covered, leaving a major cost factor as an impediment to product development.
- 1 The prospect has not completed an estimate of materials & supplies required to complete a working prototype. Without this information, scarce resources may be poorly used and development interrupted at a critical point. This is a barrier to moving product development forward and significantly increases business risk.

35%

Technology

Technical Assessment

- 2 The prospect has not employed a review group with the prerequisite industry knowledge and technical expertise to determine concept feasibility. Without a concept feasibility review by qualified persons with the appropriate background or technical familiarity, the risk is high that critical concept flaws will not be identified.
- 2 The prospect has not conducted an initial technical assessment from credible secondary sources reducing the credibility of technical claims and increasing the potential of costly technical errors during development. Risk for failure = high.
- 1 The prospect has not conducted an assessment to determine or explore potential uses for this concept. Failure to identify potential markets and their requirements significantly increases product development and business risk. Risk for failure = high.
- 1 The prospect has not conducted an assessment of this product's technical feasibility. Failure to submit the concept to technical assessment significantly increases product development and business risk. Risk for failure = high.

30%

Commercialization Readiness Report

Management

Project venture team

- 5 The project team has complementary competencies - skills and expertise that, when combined, creates synergies supporting the development process. This capability reduces project risk early on.
- 5 Project team members share a long range vision and agree on the process for accomplishing it. Agreement on the vision and the method for accomplishing it reduces the risk for sub-optimization or individual conflicting goals and objectives.
- 4 The diversity represented in the project team can broaden and strengthen the perspective of decisions, skills & contacts. It adds opportunities and anticipates potential risks that would require costly revisions. With the appropriate diverse talents, the team can contribute to developing a product that has a platform for going global, appealing to a broader market, rather than staying "local."
- 4 Team members are also participating investors providing donated services or other resources. This commitment and self-interest provides the incentive to persevere through the development phase when there is no immediate return.

90%

Product champion

- 4 The prospect has a product champion with the knowledge, experience, and influence to lead activities from concept through to development. This greatly increases the chance the concept can navigate through roadblocks and move forward in a timely manner.
- 4 The product champion has identified and acquired the resources and funding necessary to develop the concept assuring R&D can continue.
- 4 The product champion has formed a product development team with a track record for successfully commercializing R&D. This significantly reduces the commercialization risk. It also increases the probability business objectives will be accomplished due to the expanded skills and experience committed to product development.
- 4 The product champion has a track record for raising money via internal commitments, grants, awards, early stage investors -demonstrating his/her ability to "sell" the concept to stakeholders, stimulating interest and support. A real plus!

80%

Initial business analysis

- 5 The prospect has drafted initial estimates for costs and sales forecasts. These ballpark figures based on initial market and technology assessments provide a first look at the business potential for the product. This is information stakeholders will listen to.
- 3 The prospect is performing an analysis of cash available. Be certain to include a calculation forecasting how long this cash will cover the operation or project. Having a solid grasp of your cash situation is critical at any point. This information creates stakeholder confidence in project leadership.
- 3 The prospect is in the process of gathering information for an initial business/financial analysis. If based on consistent procedures, sufficient time and effort and quality, multidisciplinary information, a proficient study will provide a good predictor of your success or failure.
- 3 The prospect is in the process of calculating the payoff period or breakeven point as part of the initial business analysis. In order to determine whether the concept merits further development, it must be sufficiently profitable within acceptable timeframes to those investing their time and resources.

70%

Commercialization Readiness Report

Management

Commercialization Resources

- 5 The prospect has audited the assets and resources available for product development and can determine if more resources need to be acquired. This provides important, confidence building information, for original investors, that the gap between development and the market can be breached financially.
- 4 The prospect has formed a development team of skilled individuals with interest and commitment to the project. By broadening the scope and depth of the team, product development has the opportunity to be optimized and maintain its focus and energy to a successful conclusion.
- 2 The prospect has not identified potential stakeholders to support the project. Innovations usually require extensive resources (facilities, equipment, money and contacts) to be developed into successful commercialized products. Without strong and committed stakeholder support the commercialization risk is high!
- 2 The prospect has not established a solid banking relationship. Without an early foundation, future financing assistance may not be available to deal with shortfalls or unforeseen events at later stages. You run a very high risk for losing any stakeholder support if you do not have these basic fundamentals in place. Commercialization risk = high!

65%

Commercial viability

- 4 A diverse, well-informed group has reviewed the product concept and determined the concept users can readily adopt the technology increasing the likelihood for commercialization success. There is a high correlation between the ability of the market to adopt the product for their use and commercialization success.
- 3 The prospect is gathering evidence to demonstrate market interest. To increase commercialization attractiveness be certain to gather data demonstrating there is a compelling market need and that this market is of sufficient magnitude to support a significant return on investment to all investors. There is a high correlation between size of market and compelling need and commercialization success.
- 3 The prospect is conducting initial financial projections. There is a high correlation between key market factors including market size, market adaptability and the potential for substantial profitability. Complete this analysis prior to beginning the next phase of R&D in order to build into product development activities product attributes that may increase profitability.
- 2 The prospect has not identified potential market barriers to product entry. Identifying potential barriers at this early stage provides an opportunity to neutralize these barriers in the next R&D stage accelerating commercialization. Failure to identify and neutralize these barriers invites the necessity for costly reengineering later.

60%

Commercialization plan

- 3 The prospect is in the process of evaluating commercialization options. To enhance the value of this analysis be certain to evaluate each of the following options: product licensing, sale, spin-off, start-up. Evaluating options at this early stage provides critical information that can influence future product development activities. Complete this analysis prior to beginning the next R&D phase.
- 3 The prospect is evaluating possible business and revenue models. There is a high correlation between early stage identification of a workable business model and commercialization success. Choose among one of the following or a combination: fees, advertising, transactions, etc. Place emphasis on identifying a model that works for both you and the customer.
- 3 The prospect is conducting an analysis to determine available resources - money, time and effort - required to implement the commercialization plan. As important is the identification of resources that must be acquired to implement the plan in a timely, effective manner.
- 3 The prospect has identified several options for a bringing the product to market, but requires more research and information to support the assumptions and assist in the decision-making prior to investing in additional product development. Developing a strategy at this early stage provides critical information for future R&D. Complete this analysis prior to beginning the next R&D phase.

60%

Commercialization Readiness Report

Management

Stakeholder support

- 5 The prospect has identified the interests and expectations of key stakeholders - advisors, investors and customers. Establishing credibility with stakeholders by showing genuine concern for their issues and expectations is an important part of gaining their support and neutralizing resistance.
- 4 The prospect has set up clear, credible communication channels to stakeholders, thereby establishing the basis for establishing the trust and confidence needed to leverage support and access.
- 1 The prospect is not developing a process to establish formal communication channels with stakeholders. In this case, no news is not good news. Periodic newsletters, web postings or other forms of contact are excellent ways to keep stakeholders informed. The stakeholders have a vested interest & will respond more positively if they are informed and feel valued.
- 1 The prospect is not building new stakeholder support. A high correlation exists between the depth and commitment of stakeholders groups and project success. A venture seldom succeeds solely on the merit of the immediate principals. Complete development of this process prior to beginning the next phase of product development. Innovation risk = high!

55%

Rapid commercialization

- 5 The project team is small and has an informal, decentralized structure. There is a high correlation between rapid commercialization and small, decentralized, informal communications. Team members need access to each other for exchanging ideas and information to maximize results and avoid time-consuming delays.
- 3 The project team is still being formed. The team may lack input from some disciplines. A high correlation exists between rapid commercialization and project teams that insist on interdisciplinary collaboration. Complete forming the core team before beginning the development phase.
- 2 The prospect has not formed a project team or has formed a team with no influential ties to accelerate development. There is a high correlation between rapid commercialization and access to industry leaders. Industry contacts can provide valuable input and feedback for early stage project development. Reduce innovation risk by addressing this issue.
- 1 The prospect has not formed a project team or the team lacks a market bias. To accelerate commercialization, successful commercialization agents form project teams with a market bias in early stage product development. Reduce innovation risk by forming a project team before beginning the next R&D phase.

55%

Protection from competition

- 3 The prospect is working to establish intellectual property barriers - patents, copyrights, trade secrets - to block competitor attempts to infringe on your innovation. The ability to protect intellectual property significantly reduces business risk, potentially adds significant value to the company, and can play a critical role for establishing market dominance. Place a priority on creating these IP barriers.
- 1 The prospect is not working to develop intellectual property protection. This may lead to early invasion of your markets by competitors reducing your ability to reach a return on your investment. Innovation risk = high!
- 1 The prospect has not committed resources - time, effort, money - to defend their intellectual property. Establishing intellectual property rights, but not having the ability to identify threats and defend the rights significantly reduces the value of the property and greatly increases the business and innovation risk. Innovation risk = high!
- 1 The prospect does not use confidentiality and non-disclosure agreements to maintain confidentiality. Establishing policies and procedures to protect intellectual property is essential. Innovation risk = high!

30%

Management

Cross-functional design

- 2 The project team does not have access to solid marketing expertise significantly increasing the probability the product is not designed to address market needs and concerns and may not be able to beat the competition.
- 1 The prospect has not formed a project team capable of addressing key management issues, delaying development and risking the project. Even outstanding technology does not reach the market without effective management. To accelerate the commercialization process form a team that has a least one member able to provide critical input to meet the company's business objectives.
- 1 The prospect has not formed a product development team. Without sufficient technical expertise represented it will be difficult to address product development issues, including design specifications, characteristics, feasibility and workability leaving this project at risk. A high correlation exists between a team's technical expertise and R&D success
- 1 The project development team lacks expertise in accounting and finance significantly increasing the probability that the prospect will not be able to reach financial objectives or be able to trust the financial projections. To accelerate commercialization add financial expertise to create a credible fiscal system to keep the project on track to and to help attract investors if required.

25%

Commercialization Readiness Report

Marketing

Market potential

- 5 The prospect has identified the market share required to support the venture's business objectives. Management can now focus on key product development issues that will match product attributes to this market segment.
- 5 The prospect has identified specific market segments having both the size and need significant enough to support business and investment objectives. There is a high correlation between the market possessing sufficient magnitude tied to a compelling need and commercialization success.
- 5 The prospect has evidence that the targeted markets can be penetrated, showing an inclination to buy. The product can be adapted, adopted, is affordable, and meets a significant need without significant direct competition. An excellent starting place for strategizing.
- 5 The prospect has clearly identified the customer groups most likely to benefit from using this product, including their significant characteristics. This information provides a foundation for identifying target markets and developing future marketing and sales strategies.

100%

Initial competitive analysis

- 5 The prospect has conducted an initial assessment identifying competitors and "like-substitutes" from trade journals, the Web, and industry reports. This material provides the prospect with the opportunity to focus continuing product development on strengthening solid product attributes and neutralizing product strengths found in like-substitutes.
- 5 The prospect has conducted a comparative SWOT analysis identifying competitor strengths, weaknesses, opportunities and threats. This comparative data gives supporting rationale for an informed "go, no go" decision for continuing product development. It also provides critical data for influencing future product development.
- 4 The prospect has conducted customer research revealing critical, highly desired product attributes available only in the prospect's product. These findings can be used to influence the next stage of product development to highlight product attributes that are in sync with customer purchasing behavior, increasing the likelihood the prospect is introducing a disruptive technology.
- 4 The prospect has approached sources external to the company - customers, suppliers, product developers - adding data to the profile of competitors and "like-substitutes." This information can help shape the prospect's continuing product development strategy and market positioning.

90%

Internal promotion

- 5 The prospect has instituted a system to continuously monitor the needs and expectations of external stakeholders including trusted customers, potential investors, interested professionals, industry confidants. Maintaining contact with external stakeholders increases esprit décors and reduces the possibility for festering concerns growing into major problems.
- 5 The prospect has instituted a communication process with stakeholders that is intentional, consistent, and targeted. This builds confidence in as well as support for the venture.
- 4 The prospect has established a communications process specifically designed to identify the needs and expectations of venture principals, partners, advisors, and employees. Clear and credible communications are critical for maintaining internal stakeholder contributions and enthusiasm during the development cycle. A real plus!
- 4 Input and feedback from stakeholders is systematically solicited on important issues. This reinforces commitment, loyalty, feeling valued, and keeps the pipelines open. A real plus!

90%

Commercialization Readiness Report

Marketing

Distribution channels

- 5 The prospect has identified possible performance and security issues involved in getting the product to the customer. Performance security and product security rank very high as issues that can kill a technology. Building security capabilities into the product and its distribution at this early stage may significantly reduce downstream reengineering costs and reduce security and theft risk.
- 4 The prospect has drafted an initial set of logistics and delivery priorities - cost, accessibility, convenience - to guide future R&D. Building these expectations into early stage product development reduces the likelihood for costly downstream re-engineering to accommodate logistics and delivery.
- 4 The prospect has conducted a study of the existing delivery options customers are able to use. To optimize logistics and delivery capabilities, it is just as important to consider options available to customers as it is to determine best options for the venture. Reviewing these options also increase the ability to anticipate logistics and distribution costs that may effect continuing product development.
- 4 The prospect has conducted a channel and/or logistics analysis to identify best options for delivering the product to the customer. Determining any major problems with product distribution and logistics at this early stage provides more key "Go/No-Go" decision data. The analysis significantly reduces the possibility that you are getting ready for a dance you can't get to.

85%

Initial product description

- 4 The prospect's product description clearly outlines product capabilities not available in competitor's products. Differentiating the product from competitor offerings is key to attracting early product adopters. It also is a vehicle for determining the degree to which potential customers perceive the product as having compelling attributes not available in like-substitutes.
- 4 The prospect has selected a product name that customers find easy to associate with the product's uses, attributes or benefits increasing the probability for early market adoption. Establishing a name for the product at this early stage provides opportunities to test customer reaction and loyalty.
- 4 The prospect has drafted a product description that employs short, key words clearly describing highly sought-after user characteristics and benefits. The ability to describe product attributes accurately, briefly and clearly is a plus; increasing the likelihood users will form a positive image for the product.
- 4 The product description addresses a compelling, unresolved need increasing the product's attractiveness to buyers and end-users and increasing the likelihood for early buyer adoption. Additionally, completing a product description at this early stage provides a vehicle for early customer feedback, feedback that may influence continuing product development.

80%

Market barriers, issues

- 4 The prospect has solicited external stakeholder input from industry experts, customers, trade associations, regarding potential market roadblocks. Because of their vested interest, stakeholders are likely to give serious consideration to issues and potential solutions. Feedback from these groups validates information gathered from internal sources further decreasing product development risk.
- 3 The prospect is conducting a barriers study. Don't overlook information that can be provided by company principals, stakeholders and employees. Based on their experience and knowledge these groups often have key information about industry and market conditions, especially as their knowledge relates to the need for skilled employees, technological requirements and adoption learning curves.
- 2 The prospect has not developed strategies to neutralize, remove or bypass market barriers. By choosing not to anticipate strategies to address market issues, the prospect may fail to make significant alterations to neutralize, remove or sidestep the impact.
- 2 The prospect has not conducted market barrier analysis or has not included key internal stakeholders. Successful commercialization agents interview advisors, consultants and professional service experts. Continuing product development without first completing a barriers analysis raises your investment risks significantly!

55%

Commercialization Readiness Report

Marketing

Preliminary estimate of resources/costs

- 4 The prospect has estimated the cost to provide product support and service. The greater the product complexity, the greater the need for product support and follow-on service. Accounting for these costs at this early stage may provide both critical data for product development modifications and a more realistic picture of actual costs of doing business.
- 3 The prospect is developing their initial estimate for costs required to create sales and promotion strategies. Successful innovators have discovered it is advantageous to cover these initial sales and promotion efforts as part of the early stage R&D process. This approach to product development increases the likelihood for successful market penetration. Complete prior to new R&D.
- 2 The prospect has not considered the resources that may be required to create a product image or its value to the product. Effective innovators place a high value on understanding early stage market development costs while still in the product development stage. Be certain the returns for creating customer awareness are attractive before continuing with product development. Innovation risk = high!
- 1 A detailed market study has not yet been planned or costs projected. There is a high correlation between successful commercialization and comprehensive market research. This is a key factor for continuing product development success. Without a comprehensive market study to guide future development the risk of project failure = high!

50%

Market interest

- 4 The prospect has received letters of interest or intent to purchase the product clearly demonstrating customer and/or market interest. The letters provide solid data supporting continuing product development. The more dominant the interested party, the more valuable the declaration.
- 2 The prospect has not received a significant number of unsolicited requests for product information. Without customer interest, you are missing opportunities for input or indications of market excitement to support further development. Perhaps more outreach is required. Commercialization risk = high!!
- 2 The prospect has not identified customers willing to participate in beta or field tests if the product is developed. Proceeding with product development prior to strong show of market interest as represented by participating in field trials is highly risky.
- 1 The prospect has not received expressions of interest to invest, participate, buy or license the technology. Without such expressions, you must look for other indicators of interest to support continued product development. Most concepts are DOA without strong expressions of interest. Continuing product development risk = high.

45%

Initial market strategy

- 3 The prospect is interviewing customers to determine customer needs, wants and desires. To accelerate the commercialization process focus on identifying customer unmet needs, unresolved problems and technological breakthroughs. Building these attributes into the product may well provide the opportunity for reshaping the marketplace.
- 1 The prospect has not determined the extent to which customers can absorb the new technology. Key to new product introduction and absorption is the level of training required to use the product. The greater the complexity, the steeper the learning curve. The steeper the learning curve, the greater the customer resistance to change. Ignoring this issue may be costly.
- 1 The prospect has not conducted customer research to determine the potential customer's ability to adopt this product. The technology is not transferred until the customer has successfully applied it to her/his own needs. The prospect needs to verify that the market can readily adopt this technology prior to continuing product development. Product development risk = high.
- 1 The prospect has not aligned the product design to meet customer requirements or needs. Failure to match-up to their requirements reduces potential sales or trials and significantly increases continuing product development risk. Product development risk - high!

30%

Marketing

Preliminary market analysis

- 2 The prospect has not conducted preliminary market research to determine if there is a market for this product that justifies the development time and costs, much less investment. Without information on the size of market, state of the competition, and market characteristics, the prospect cannot align the venture's strategies with primary market and consumer opportunities. Risk = high!
- 1 The prospect has not conducted preliminary market research that includes consumer feedback. This increases the likelihood R&D activities are not aligned with primary market and consumer opportunities. Risk = high for developing the wrong product for the wrong customers at the wrong time.
- 1 The prospect has not conducted preliminary market and consumer research. Without this valuable information, you are significantly increasing the likelihood product development is not aligned with primary market and consumer opportunities. A high correlation exists between early stage market research if proficiently performed and innovation success.
- 1 The prospect has not conducted an analysis of key economic, business and technological trends capable of impacting product potential. Critical decisions about timing, product attributes, market entry and target markets may miss their mark. Ongoing trends analysis is critical to survival in highly competitive fields.

25%

Commercialization Readiness Report

Finance

Initial revenue projections

- 4 The prospect has developed a pricing model based on the product's highly desired attributes not present in like-substitutes. The model therefore incorporates key product/market priorities increasing the likelihood for early customer adoption. The model also reflects strong interdisciplinary collaboration, weaving the attributes of the product to the desires of the market to the price for the product.
- 3 The prospect has started work to develop a product pricing model. To reduce product development risk, be certain to incorporate published research outlining the price range for the product. Complete this analysis prior to continuing product development.
- 2 The prospect has not development of a market share model increasing product development risk. Continuing product development should focus on the development of attributes that address needs identified by the target market and substantiated as key to capturing market share.
- 2 The prospect has not developed a sales forecast model. Sales information, especially that information that addresses the relationship between sales and customer expectations is a critical component to be included in continuing product development. To reduce product development risk, develop an initial sales forecast model.

55%

Financial tools

- 5 The prospect has drafted an initial operating budget providing a critical first look at estimated operating costs and forecasted sales. This key information provides baseline parameters for continuing development, potentially confirming the viability of developing the product.
- 2 The prospect has not prepared an income statement summarizing the previous year's operating results from existing business activities. The income statement provides the prospect with a powerful tool to illustrate the businesses' historical performance. Businesses without a history summarizing performance are viewed as high risk, significantly increasing the degree of difficulty required to succeed.
- 2 The prospect has not prepared a pro forma balance sheet displaying the financial position for the company at the conclusion of the current budget period. By establishing the company's projected net worth, a go/no go decision is easier to confirm. Failing to prepare a balance sheet increases the probability for uncontrolled costs significantly increasing the development risk.
- 2 The prospect has not drafted an initial cash budget. Without this analysis the principals and key stakeholders will not have that important first look at your ability to sustain critical operations during the development phase. This initial analysis is required to add validity to the continuing effort and can provide insight into costs issues the team must address at this point in development.

55%

Concept financially viable

- 3 The prospect is working to identify any gap between needed and existing resources that are readily available. This analysis can provide an early warning about additional resources needed in order to carry the project forward. To reduce future risk, complete this analysis to determine whether a gap exists prior to continuing development.
- 2 The prospect has not conducted initial market research to determine whether pricing expectations and revenue projections appear to be valid. This concept cannot be declared a potential moneymaker without this confirming evidence. Complete the study as part of continuing development.
- 2 The prospect has not completed a financial analysis to determine the probability the project will meet internal investment goals, leaving the viability of the concept in question.
- 2 The principals have not considered the potential for partnering, bartering, or other forms of exchange to fill resource gaps. Failure to review the possibilities for exchange may close the door to project saving opportunities otherwise not available - if cautiously approached.

45%

Commercialization Readiness Report

Finance

Pricing curve

- 3 The prospect has begun to gather information from trusted customers, industry representatives to establish a price range for the product. Place a priority on completing this study in order to determine the extent to which cost reduction must be a part of continuing product development.
- 2 The prospect has not solicited price-to-benefits information from trusted customers, industry representatives. It is important to determine at this stage of product development the customer's price/benefits perception. Failure to assign a value to customer benefits makes it more difficult to establish a realistic and effective price structure.
- 2 The prospect has conducted little or no analysis on pricing of competitive products or like-substitutes. Estimating the price range or price elasticity at this stage of product development may strongly influence continuing product development especially if the cost/price ratio does not support the potential for significant profitability. Now is the time to reinvent, if necessary!
- 1 The prospect has not initiated customer research to determine the extent customers are willing to pay a price substantially higher than the cost to produce the product (price/cost ratio). Risk = high if the prospect continues product development without establishing initial price/cost projections.

40%

Initial financial targets

- 3 The prospect is working on initial financials, including the projected rate (%) of return on the capital invested and the time-point when the value of cash returns is equal to cash invested. This provides a good reality check and, if favorable, supports a commitment by internal investors. Complete this task prior to continuing product development.
- 2 The prospect has not begun to develop initial financials for this project. Without break-even analysis important information regarding the payback period will not be available to review to determine if it satisfies internal business objectives. Now is the time to address this issue.
- 2 Management has not developed acceptable project risk parameters. Without this information, the prospect will not be able to weight project costs and risks against project opportunities and returns. Failing to establish these parameters significantly increases the possibility for cost overruns, performance breakdowns and lost opportunity. Project risk = high!
- 1 The prospect has not set targets for product cost and earnings. Failure to set these targets at this stage in product development may lead to excessive spending and uncontrolled costs. Commercialization risk = high!

40%

Initial Budget

- 3 The prospect is preparing the development budget. To build realistic budget expectations, be certain to incorporate a historical analysis, the current economic climate and relevant future trends. Complete the budget prior to beginning the next phase.
- 2 The prospect has not drafted a budget. The budget process provides both the ability to control and contain costs and the ability to allocate limited resources to the most critical R&D activities. Continuing R&D without first developing a budget significantly increases the potential for project failure. Innovation risk = high!
- 2 The prospect has not drafted a budget review process to monitor this project. Innovation requires both the ability to be highly flexible, able to change directions quickly and the ability to exert discipline over the process. Without budget priorities and monitoring performance to these priorities, you greatly decrease the probability for success. Innovation risk = high!
- 1 The prospect has not drafted a budget that includes a reserve. Continuing development without the discipline provided by a budget and a reserve to cover unexpected expenses may lead to a premature demise in the "Valley of Death," that space when funding runs out but revenues do not cover costs.

40%

Commercialization Readiness Report

Finance

Economic trends

- 2 The prospect has not developed a data gathering process for tracking economic and business trends. Without a continuous flow of information on the economic climate and industry growth patterns, there is a risk of being blindsided by changing economic conditions. This increases the business risk.
- 2 No in-house expertise for trend analysis is evident leaving the venture less able to detect and respond to shifts in the market and economic climate. Effective organizations constantly analyze trends even during the product development stage to optimize strategies and protect their investment. To reduce risk, seek sources of expertise in this area.
- 1 The prospect has not established a process for evaluating revenue scenarios. Committing money, time and effort to product development without first establishing a basic revenue generation baseline significantly increases opportunity risk and may be a predictor the project will fail.
- 1 The prospect has not conducted a study to determine whether business and economic trends favor new product introduction. Understanding current and future business trends may mean the difference between product introduction life and death. Before investing further time, money and effort, seek out this important information.

30%

Initial cost projection

- 2 The prospect has not identified and budgeted for intellectual property cost protection. There is a high probability it will be necessary to begin disclosing concept information during the next product development phase. Failing to protect intellectual property = high risk. Potential deal-breaker!
- 2 The prospect has not drafted cost projections for future development activities. Drafting realistic cost projections for containing R&D is critical both to control and contain costs and to build stakeholder and investor confidence in the project team. Failure to draft a set of cost projections both decreases the potential for stakeholder support, but increases the risk for project failure.
- 1 The prospect has not developed an estimate of the costs required to develop the concept into an operational prototype. A working prototype is critical not only to confirm product workability but also serves as a "selling point" for future funding.
- 1 The prospect has not developed an estimate of the costs required to conduct continuing market research. Continuing market research; that is, customer research, market analysis and product research significantly influences product development. There is a direct correlation between money, time and effort committed to market research and product success. If not addressed, a "deal-breaker."

30%

Business model

- 2 The prospect has not evaluated the various pros and cons of various legal structures. The greater the commitment to this project, the greater the need to address the structure for supporting business activities.
- 1 The prospect has not determined whether to license, sell or spin out a business making it difficult for investors/stakeholders to judge the viability of the business model. Without a decision in this area, it will be difficult to acquire additional resources and support to build your project.
- 1 The owners and key managers have not established financial goals and objectives for this project, leaving outcomes and assumptions unstated. This results in little guidance to maximize actions, wasting time and resources. It also does not attract additional stakeholder support or instill confidence in a positive outcome.
- 1 Steps to implement the business model are not yet fully understood or identified impeding future courses of action in most other areas. Determining the revenue model at this stage of product development provides the team with critical data about how the venture plans to actually become a business that makes money.

25%

Finance

Internal resources

- 1 The prospect is not soliciting employee commitments for sweat equity, employee time and effort contributions to cover some product development costs that otherwise might delay or stop completion of the R&D phase. The prospect is missing an opportunity to increase the involvement and commitment of key employees, but also limiting downstream options to fill unanticipated funding gaps.
- 1 The prospect has not solicited key stakeholders to partially cover project costs by contributing space, equipment, materials, supplies and expertise. Stakeholder contributions reduces the cash burden and serves as concrete evidence stakeholders believe in the project or concept. The prospect is missing a great opportunity to increase the involvement and commitment of key stakeholders.
- 1 The prospect has not calculated the cash available to cover costs of the development phase of the project. Completing this analysis at this stage helps identify the extent to which existing funds cover anticipated activities. Continuing product development without knowing cash available significantly increases the risk for failure.
- 1 The prospect does not have or has not identified assets that can be used as collateral for debt financing. While debt financing during the development stage is costly and can be difficult to obtain, it is a tool that can be used to fill gaps so the project activities can continue. Failure to investigate all options to support the project increases the risk for failure.

20%