



# Technology Startups - What can go wrong

## Contributors

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Showoff



# Technology Startups and MVPs

*Insights from a Software Development Agency on building  
Minimum Viable Products.*

As a Software Development agency we have seen the good, the bad and the ugly when it comes to technology startups and MVPs. Here I will share some insights from our side of an often misunderstood process.

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# Minimum Viable Product (MVP) - What you should think about...

- Make sure there is a problem-solution fit. Do not build something unless you have some validation there is a gap or need.
- Make sure there is a market for your product and that your MVP will be able to scale to meet the market demands. Know your Market.
- How will you scale and what funding models will be used? (Crowd/ Venture/ Debt).
- Will I need to form strategic Partnerships with third parties? (API).
- Will my sector face regulatory changes in the coming years? (Fintech/ Medtech/ GDPR).
- Am I an App-First Business?
- Do I need a Prototype or MVP and what is the difference?

*All of the above may not seem of critical importance when building your MVP but if not thought about, and you begin to get traction, your MVP may hamper growth.*

# Know your business model

There are lots of articles, blogs and a whole industry around business plans, value propositions etc. Having a robust technical foundation (stack) should be your backbone and should be a catalyst as you scale. We are strong believers in keeping things simple, so we have a preference for the Lean Canvas (a simple but very effective one page business plan - see some excellent examples in *The Business Model Generation*).

Companies that know their business model also have a clear product roadmap. Once you have a clear product roadmap your route to MVP and beyond will be much easier. This will give comfort to your investors, as you are asking them to come on the journey with you.

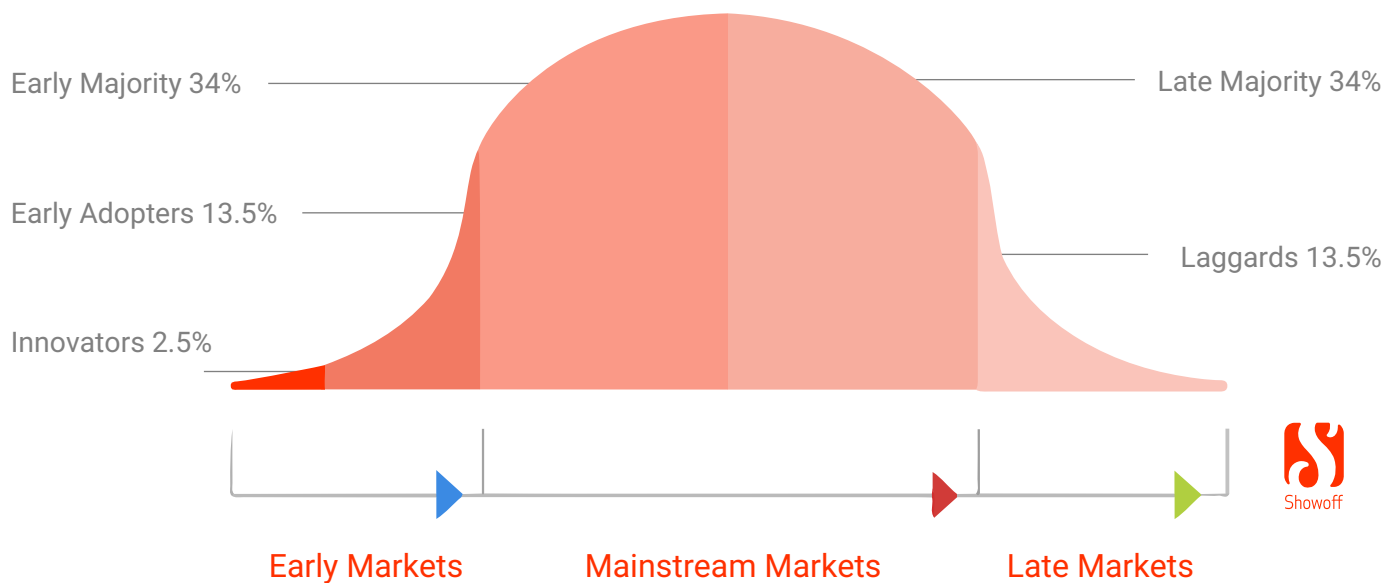


Fig. Technology Adoption Chasm. Know your product and customers needs. Based on Geoffrey Moore "Crossing the Chasm."

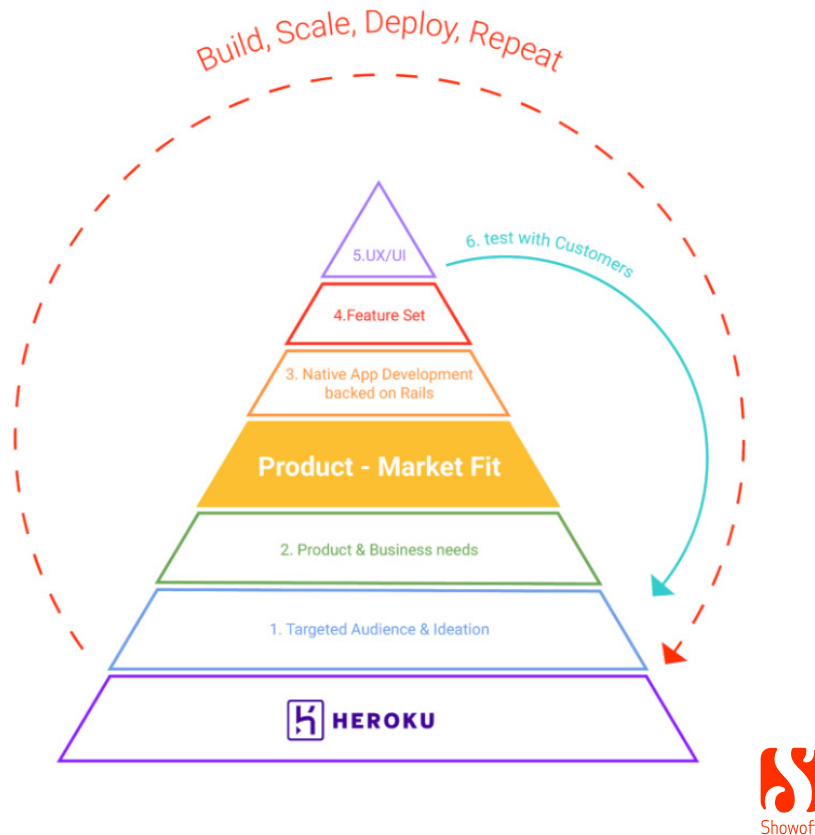


Fig. Product Market Fit Triangle - Build, Deploy, Scale, Repeat.

## Product-Market Fit

Knowing your business model is a great start, but being agile and prepared to change direction is also important. The world is increasingly being dominated by APIs creating an entire API economy, making it more important that your product can integrate with third party software providers and partners.

Be in a good market with a good product. This is simple stuff but a lot of tech companies do not get the product-market fit right.

Test your product, gather as much feedback as possible from your customers and this will inform direction and your product roadmap. There is a delicate balance to be found in deciding what makes it a must have feature, nice to have feature or a differentiator feature. Having a healthy relationship with your technical partner should inform these conversations.

## Make sure the technology can scale

We have seen a lot of first version products that simply will not scale. This is particularly frustrating for founders and investors as it can slow down business growth. If you are building a product or platform with the ambition to scale internationally, it is imperative that the fundamentals of the MVP are sound, secure, and scalable. If you cut corners on your API and architecture in the early stages it can cause significant issues once you begin to get traction.

For more info on all things API see our White Paper : <https://goo.gl/6N5K7e>

# Building within the context of the funding ecosystem

Revenue generation is paramount here, equally vital to satisfy the myriad of funders that exist. Identify your first customers and be able to show customer acquisition and revenue generation. Once you can show small but measurable growth, your business and technology roadmap should reflect this.

A technology business is an evolving response to the needs and feedback from your customers. Once you have found that initial customer base, it is then about deciding what your business model will look like—organic growth, high growth and venture funded or strategic partnerships. Regardless of the growth plans, funding your product and platform will mean that you need to have robust, measurable analytics and data on your customer base. We are often asked about building app first or web first MVPs. The business model, growth plans and sector should dictate the approach here.

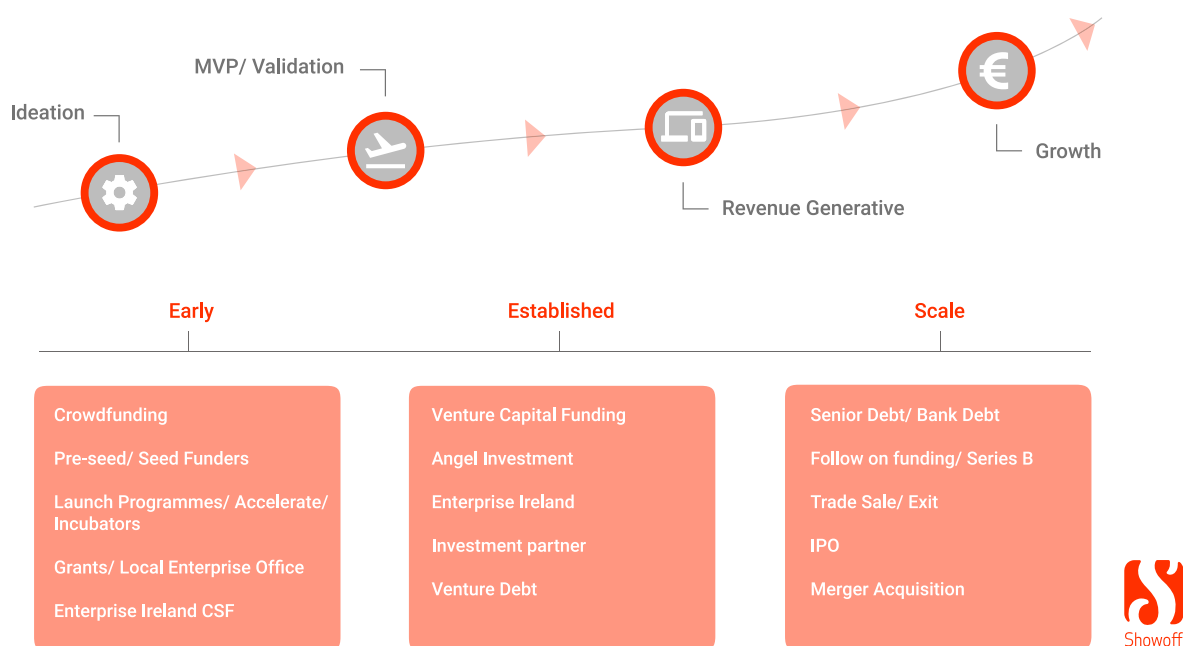


Fig. Building within the context of the funding ecosystem

## Do I need to have a technical Co-founder?

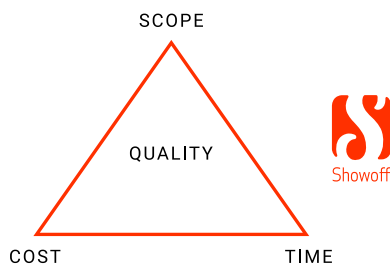
There is no disputing how valuable having a technical co-founder can be; having someone that understands the technical work involved, the timeframes necessary, the hazards to be aware of, even the terminology used, can save a start up so many headaches.

However, finding somebody who is a seasoned iOS AND Android developer, who also understands the nuances of API development, as well as the architecture needed for a secure and scalable stack, all wrapped up in one person; well that certainly is not easy to find! The option of having one of each when you're starting out is also not financially viable for most.

The practical and more affordable alternative would be to have a strong tech agency that understands your business. Software Development agencies certainly appreciate technical skills and understanding, however it is not a prerequisite to success. While it certainly lowers the risk and speeds up communication, commercial skills and sectoral knowledge are of equal importance.

It is often misunderstood what a software agency is bringing to the build or startup versus a technical founder(s). A technical founder tends to be specialised in one area, while possibly having a good overview understanding of other technical fields or skill sets. However a software development agency offers you a specialist in EACH area.

Mobile app development is very different to traditional software development, as is UX/UI. Getting a seasoned iOS and Android developer who has submitted over 100 apps to the respective app store is going to give you a far superior product than a software developer who has not worked on app specific projects. In addition to all this your software development agency would provide user acceptance testing, graphic design, monitoring, as well as back end support.



*Fig. Software Development. Make sure you set realistic expectations. Know what your priorities are.*

These specialised skills, needed to provide you with the best MVP particularly in the early stages of growth, would be far more than an in-house developer only focusing on one product would have capacity to do. However, having a full tech team would certainly make sense after a certain level of growth. The ideal scenario is that an agency would act as your technical partner as your product scales.

## Offshore vs Onshore Debate

### Offshore

Choosing a software development partner is a tricky decision. There can be huge discrepancies in quotes and you need to be sure that your project is not being offshored to a low cost economy and simply project managed from your current location - yet being charged local prices.

If it is being offshored, make sure you know where and make sure IP is protected. There are fantastic developers in other countries and offshore can work for many companies. It can depend on the product, especially if it is a short sprint of work or if the founders have time to project manage or the technical skills to audit the code as it evolves.

Your choice can come down to your drivers and motivators. If cost is a serious barrier for you, then offshore can be a strong plus. There are numerous positives and negatives so our advice is to do your due diligence and make sure you have spoken to somebody impartial who has used the agency before.

### Onshore

Onshore term relates to working with a local development agency. While we are obviously biased, the advantages primarily relate to understanding your business and being able to give your team more of a technology partner relationship.

Software development is a services business and as a result relationship is central. As your business scales, having a close relationship with your developer can ensure that the resources and lead in times are kept tight. This is very much the case when startups hit the funding chasm between MVP and phase two of growth, typically Series A funding rounds. This can often require a lot of hands on support in terms of API, partnership, pitching or due diligence.

All of these aspects can lean on your tech partner so responsiveness and support is key. While we are not alluding that this is not forthcoming in an offshore company, working onshore is piece of mind for those who want more than just a service provider.



## Focus on your Product not on Infrastructure

Your MVP should really lay the foundation of your business model as laid out in your lean canvas. It should enable you to scale. It should allow you to pivot. It should be secure and offer peace of mind as the needs of customers and regulators change.

As highlighted above, as you gather data this information should inform the scope and direction of your platform. Data driven decisions will become increasingly important if your product is to survive. As a result, Showoff are passionate about building software on the most secure and scalable cloud platforms, such as Heroku. This empowers our customers to focus on the important things like revenue. We believe that focusing on revenue generation and scale is what is paramount to successful businesses.

*“revenue generation and scale is what is paramount to successful businesses”*

## Development Methodologies

There is a lot of jargon to become familiar with and no more so than the actual Development process. From “Sprints of work” to “Agile Waterfall” it can get really confusing. Once you decide on your technology stack (Web, applications, API, language), and understand what the scope and feature set is going to look like, there is the build methodology to decide upon.

Agile Methodology is suited to certain projects, such as fast paced projects where there is iterative development needed or where there may be an undefined scope. Fixed Scope or Waterfall is more suited to builds where it is a very defined feature list. Fixed can suit more structured design scopes.

Each project is different and in truth there is always an element of both fixed and agile in the creation of a project.

## How much does it cost to build an app MVP?

We get asked this question all the time. To go the app route, it is important to bear in mind your target market. From ideation, to design, to product roadmaps and detailed architectures, it is important that the founders are honest with themselves in terms of price / quality / time decisions.

Typically a feature set can be broken down into must haves, nice to haves and differentiator features. Price can emerge fairly quickly after this process. If you are getting a price after just one conversation, it should trigger alarm bells. Native Application development is highly specialised and software developer quality can vary hugely.

Interested in Fintech? See our White Paper at : <https://goo.gl/jpAvDE>



## About the Author

Denis Ryan is the Chief Growth Officer in Showoff. Denis worked as a debt capital provider to start-ups for over 9 years in retail banking and went on to specialise in funding high-growth tech start-ups during this time. Denis works with Showoff clients helping them build their technical products within their funding milestones.

## About Showoff

Showoff is a team of software developers, engineers and designers who are passionate about building high growth and scalable software solutions for disruptive Start-up's and Enterprise. HQ'd in Wicklow Ireland and offices in Dublin and London. Showoff are a registered consulting partner company of Salesforce Heroku.

*"Showoff love to work with the best and we do not compromise on quality."*



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