

You have a great idea for a new software or e-business product and your fledging venture needs to do more than the next guy to rise above the crowd:

- Your business plan is compelling and your financial models are promising
- Your executive team is in place and the market opportunities are huge

How do you make sure your idea stands out and how do you improve your odds of getting funded? A typical Venture Capital firm receives 1,500 business plans per year – maybe 100 will be invited to a meeting, 50 will receive serious due diligence, 10 will be offered term sheets and only 5 will be funded.

Telling a story with words is one thing – but **visualizing a story with pictures is extremely powerful**. Smart start-up firms are beginning to develop robust simulations of their software application idea as a way to gain an advantage in this competitive arena. Simulations serve to paint a vivid picture of an idea, bridge communication gaps and enable ideas to get to market faster.

How can simulation help you as a start-up company? A robust simulation of a software application idea can help a start-up company in many different ways. Obviously, the primary driver for many start-up companies is to get noticed and to obtain funding to take their idea to the next level. With so many software ideas competing for limited dollars and attention of the venture capital community, taking the extra step of developing a working simulation of your inspiration will get your company noticed. Your initial meetings with VCs will be very brief – and your options are to spend the entire time talking about your idea or to demonstrate your vision via simulation. The simulation will help others ‘get it’ much sooner and leave more time for substantive discussion. You will also be able to take feedback from meetings with VCs enabling them to feel they have a vested interest and which improves your initial idea. These increased number of iterations before coding can accelerate the your product release cycle enabling your initial release to be more like a second or third generation version instead of an immature 1.0 version.

What are start-up companies doing today? Some start-ups have already taken a step toward simulating their idea by producing rough, hard-coded prototypes of their software application to help get their ideas across. In most cases, these are one-shot deals that are costly to create and difficult to update. Since they are not iterative, these prototypes generally get thrown away as changes driven by the feedback they generate make them rapidly obsolete.

How can simulation assist after you get funded? After funding has been received, the simulation process becomes even more important. Initially, the simulation can be used to demonstrate the proposed software to prospective employees, partners and developers. These stakeholders need to be sold on your company as much as the VC firms and may be even more important to your long-term success. Painting a vivid picture of the future with a simulation will go a long way to winning over these important constituents. Another purpose of the simulation is to test market the application with prospective customers. As more stakeholders get involved and as more people see the simulation, you will be gathering valuable feedback that can be used to strengthen and improve on the original idea. The final benefit of the simulation is to serve as the ongoing product management platform by defining and managing the requirements through the software development cycle. A robust and visual simulation will enable developers to see exactly how the final software product should behave and how users will interact with the solution. This step is especially important if you are outsourcing or off-shoring development and need tighter control over the software end products. Leveraging your simulation as the product management platform will permit you to easily incorporate changes and build the final product on time and on budget. Ultimately, you should view your simulation as a living, iterative and flexible resource that can be used to validate and test new ideas, generate feedback, drive faster development efforts and evolve your application to the next level.

What should you look for in a simulation solution? First of all, the simulation software should be easy-to-use – either by a business person with minimal technical training or by a technical person with good business sense. This also means that users should be able to rapidly develop a working simulation within 1 to 2 weeks with minimal training and support. The solution should be robust which covers several key topics. Robustness includes the ability to rapidly generate ideas using a ‘white-board’ metaphor and to develop interfaces that closely mimic the desired end product. Users should also be able to define logic flow and data structures, and input sample real-life data to demonstrate real interaction. Robustness also means that the solution must be able to embed business logic and tie text requirements to the visual screens. An obvious requirement for start-up firms is that the simulation solution must be affordable. Cash strapped start-ups are reluctant to invest too much money upfront in software or outside consultants, so the solution must be priced at a point where there is an obvious return on investment. Ultimately, an affordable robust solution can save significant money by getting an idea to market faster and at lower risk. Finally, the solution should make it easy for others to collaborate on the solution by allowing end-users to annotate or to modify the simulation in an on-line or disconnected mode. The end result is enhanced communication and interaction between all stakeholders.

What are the alternatives to simulation? Historically, the alternatives to simulation include hard-coded prototypes, static screen shots, text documents (Word), presentation documents (Powerpoint and Visio), and spreadsheets (Excel). At the costly end, coded prototypes can be expensive and time-consuming to develop. Prototypes are generally created by technical resources or expensive consultants who are not closely connected to your business idea. The next level down includes static screen shots. Screen shots can give users an idea of how an application should look, but they generally do not include any interaction or requirement definition capabilities. While better than nothing, screen shots do not provide sponsors with adequate information to validate ideas or requirements. At the bottom end, a combination of word processing, presentation and spreadsheet documents are very good at documenting text requirements. However, these tools stifle collaboration, and are abysmal for painting a picture of the vision and for validating how users will interact with the software solution. None of the alternatives to simulation will help manage the software application lifecycle through from inception to market.

Tying this discussion together is a quote from the founder of a recently funded start-up, *“Going forward, our simulation will be invaluable to us on many fronts – from test marketing our product with prospective customers to serving as a visual roadmap for our off-shore development activities.”* Simulations are the new standard for start-up organizations and will likely become part of the regular checklist used by all VC firms in the near future. A simulated version of your idea transforms your vision into reality, gives you something to sell today, improves your funding odds and accelerates the process getting funded. In the long term, simulation will bring your idea to market faster, accelerate your iterations, manage your development lifecycle, and improve the collaboration between all of your stakeholders.

This article was written by Maurice Martin, President and Founder of El Segundo, CA-based iRise®.

iRise is dedicated to increasing creativity and innovation in your business. Our solution lets business users quickly create interactive and robust simulations of ideas, and then test market those ideas with prospects, customers and business partners before any funds are committed and code is written. Your innovative ideas are translated into successful solutions that will get to market faster and cheaper. Visit our website at www.irise.com for more information.