# FJ LABS

### VALIDATING YOUR STARTUP IDEA

**NOVEMBER 2020** 

### **IDEATION AND VALIDATION**



# It's critical to:

- Quickly pivot or kill initial ideas that don't meet immediate criteria
- Adjust assumptions and iterate on testing methods as you go along

FJ LABS

Get inspired and come up with ideas

See which ideas are worth pursuing further

Identify potential business models, create strawman unit economics, and develop key hypotheses to test validity of models

Try to prove or disprove each statement, starting with what assumptions would "break" the model if disproven

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# HYPOTHESES SHOULD MEET KEY CRITERIA:

Category	Key question	
Market Size	Is this a big enough bottoms-up opportunity?	Big enough t small share o
Composition	Do you have competitive	No major dire
Competition	differentiation & sustainable moat?	Long-term m
Erocmontotion	How froemonted is the market?	High fragmer
Fragmentation	now hagmented is the market?	Scalable tech
	Does this meet acute customer pain	Clear value p
value Prop	points?	Clear value p
		Business mo
Unit Economics	Can you get to strong unit economics?	High AOV ar
		Realistic path
	Can you build scalable acquisition F	Repeatable &
Acquisition	channels?	If B2B <1 yr :

# Key criteria

- to build \$1b+ company (conservatively assuming with a of pie and a small take rate)
- ect competitors (if winner-take-all situation)
- noat to protect against new entrants (network effects)
- ntation in market
- h enablement to aggregate & vet / manage quality
- prop for supply
- prop for demand
- del with clear monetization opportunities
- nd/or high frequency of purchases
- h to achieve net LTV/CAC @12mo ≥2x
- & scalable acquisition engine
- sales cycles

# Framework

AOV (GMV per order)

Take rate %

= Revenue per order

(-) COGS (e.g., Shipping, packaging)

= CM1 (Gross Margin)

Non COGS variable costs:

(-) Landing costs: logistics, packaging, handling, fulfillment

(-) Customer service (e.g. call center agents or reps)

(-) Payment: (e.g. credit card fees)

= CM2

Paid CAC:

(-) Offline marketing costs

(-) discounts , coupons

# = CM3

(-) Fixed costs (e.g. salaries, rent, other overhead)

# = EBITDA

# **Understand critical levers**

- In your model, understand the most sensitive inputs that would impact LTV/CAC, and by what degree of magnitude
- For critical levers, identify what customer, competitor, and market behaviors impact those in a tangible way
- Set "low vs. high scenarios" to understand lower and upper bounds, and play around with assumptions
- Record your rationale for every input (why you made that assumption, metrics comps, etc.)

### **IDEATION AND VALIDATION**

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	Secondary Research	
What	<ul> <li>Conducted by others</li> <li>Typically quick to find</li> <li>Can be free or paid</li> <li>This is where most research begins</li> </ul>	•
Examples	<ul> <li>S-1s, 10-Ks, etc</li> <li>Equity research papers &amp; analyst reports</li> <li>Open APIs &amp; public data sets</li> <li>Customer help &amp; support pages</li> </ul>	•



# **Primary Research**

- Self-conducted
- Can require a budget and turnaround time
- Due to its nature, usually takes more time to collect than secondary research Generally fills the gaps not answered by
- secondary research
- Conversations, interviews
- Surveys
- SEM analyses
- Performance marketing tests
- Outbound email tests

# **HIGH-LEVEL**

- **GDP & spend behavior:** IBIS, Statista, Nielsen, Bureau of Economic Analysis, Bureau of Labor Statistics, Permanent Equity's 'Open Data Resources' database
- Competitive insights & data: Crunchbase, TechCrunch, Pitchbook, The Information, MarketWatch, Wall Street Journal
- **Industry publications:** vertical-specific newsletters and blogs, podcasts, community forums, Reddit discussions, Twitter

# **MORE GRANULAR**

- support pages)

• S-1s, 10-Ks, 10-Qs, investor presentations for public companies can provide helpful macro information and details where players is heading

Equity research papers & analyst reports from various firms (e.g., Credit Suisse, Accenture)

**Open APIs & public data sets** can offer rich information and API documentation can provide more insight into a tech player's products and metrics

Customer help & support pages offer helpful info including UX screenshots and onboarding flow (e.g., company website FAQs, public Zendesk sites, and other

# **3 MAIN CATEGORIES**

- **Customer Discovery:** conversations, interviews, and surveys
- Sales & Marketing Tests: SEM analyses, performance marketing tests, outbound email tests
- Data Collection: scale granularity of data collection and research via Upwork freelancers

# **INTERVIEWS & SURVEYS**

# Test and refine value props

- Talk to 30 potential customers (network, cold outreach)
- Send out online surveys (if appropriate) to quantify sentiment and stack rank value props

# Deeper understanding of decision-making

- Purchasing: How do customers approach this today? What are their current alternatives? What do they think of them? How do they think about willingness to pay?
- Retention: Why do customers stay? Why have they churned in the past? What drives more frequent purchases?

# As you go along...

- Understand all players and their motivations in the end-to-end value chain (buyers, suppliers, partners)
- Ask yourself: what business model can deliver on these key value props in scalable, sustainable, and differentiated way?
- Refine and adapt how you ask questions to get the best and most relevant insights (check out 'The Mom Test')

# **Example outputs:**

- Ecosystem map of key players in end-toend value chain, including their roles and incentives
- **Process map** of customer buying journey, outlining critical pain points and opportunities for tech enablement
- List of key purchasing criteria for new buyer; list of key expectations for existing customer
- Refined numerical assumptions around historical transactions (AOV and frequency), sales % conversion funnel, etc, to build more robust bottoms-up TAM and unit economics
- Initial leadgen lists for suppliers or customers (important for B2B to understand role / companies to target)

# **PERFORMANCE MARKETING & OUTBOUND TESTS**

# Analysis, then paid tests

- Get an idea on traffic and visibility from organic and paid search
- Narrow down target demographic and popular categories (specific keywords and audience criteria) from volume analysis

# **B2B** nuances

- Lower volume and longer sales cycles
- B2B testing does not need to be statistically significant like more classic consumer "pay-per-click" performance marketing
- Conversations and conviction are important!
- Can incorporate outbound email tests after developing more qualified lead list

# Example outputs:

- Performance marketing budgets based on key inputs: Cost-per-click (CPC), Conversion rates, estimated CAC
- Competitor acquisition channels based on assumptions from SEO (can leverage Spyfu)
- Category and demo volumes, leveraging metrics such as: # pageviews by popular category or reach / impressions / frequency by target demographic
- Refined numerical assumptions around CAC (CTR %, Cost per qualified lead, etc.) build more robust unit economics

# **COLLECT MORE DATA, AT SCALE**

# Identify what can be done manually... your time is valuable!

- Leverage freelancers for data collection
- Automate / script data collection when possible (open APIs, datasets)
- For cold outbound, Identify which platforms would be most relevant to your idea to scrape larger volume of leadgen; for example, ZoomInfo or RocketReach



- UX / Onboarding flows are straightforward to collect and help to understand current flow of user experience and points of funnel conversion
- **Product deep dive** on specs to evaluate tech enablement
- Collect pricing info and codify to better compare what competitors are prioritizing in product build

### WHAT RESOURCES TO LEVERAGE FOR EACH HYPOTHESIS

Category	Key criteria	Secondary Research	Primary Research
Market Size	Big enough to build \$1b+ company (conservatively assuming with a small share of pie and a small take rate)	$\checkmark$	$\checkmark$
Composition	No major direct competitors (if winner-take-all situation)	$\checkmark$	
Competition	Long-term moat to protect against new entrants (network effects)	$\checkmark$	
Eragmontation	High fragmentation in market	$\checkmark$	
Fragmentation	Scalable way to aggregate & vet / manage quality	$\checkmark$	
Value Brop	Clear value prop for supply		$\checkmark$
value Prop	Clear value prop for demand		$\checkmark$
	Business model with clear monetization opportunities	$\checkmark$	
Unit Economics	High AOV and/or high frequency of purchases	$\checkmark$	$\checkmark$
	Realistic path to achieve net LTV/CAC @12mo ≥2x	$\checkmark$	$\checkmark$
	Repeatable & scalable acquisition engine		$\checkmark$
Acquisition	If B2B <1 yr sales cycles		$\checkmark$

# A FEW EXAMPLES



# **2 EXAMPLES OF HYPOTHESES VALIDATION**

Criteria	High-level
Markot Sizo	Is this a big enough bottoms-up oppo
	to build \$1b+ company?
Composition	Do you have competitive differentiation
Competition	sustainable moat?
Eroamontotion	Is supply highly fragmented, and can
Fraymentation	aggregate & vet / manage quality?
Value Prop	Does this address clear value props t
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Unit Economics	Can you get to unit economics net
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Acquisition	channels, <1 yr sales cycles if B2B?



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Example of what we've invalidated

Example of what we've validated

## HYPOTHESIS & VALIDATION OVERVIEW FOR BEAUTY MANUFACTURING IDEA

Criteria	High-level
Market Size	Is this a big enough bottoms-up oppo to build \$1b+ company?
Competition	Do you have competitive differentiation sustainable moat?
Fragmentation	Is supply highly fragmented, and can aggregate & vet / manage quality?
Value Prop	Does this address clear value props t meet acute customer pain points?
Unit Economics	Can you get to unit economics net LTV/CAC @12mo ≥2x?
Acquisition	Can you build scalable acquisition channels, <1 yr sales cycles if B2B?



Example of what we've invalidated

Example of what we've validated

# Identify key hypotheses

# **Our initial hypothesis**

"Beauty brands and vendors would be open to implementing an improved workflow solution"

• They are unhappy with the current process

# What we tested

# **Primary Research**

- Conversations
- Performance marketing tests
- Outbound email tests

Value Prop

B2B Beauty Manufacturing

# Test hypotheses

# Where we landed

# *"Most beauty manufacturers would not be willing to implement and improved workflow"*

- Incredibly old school; hard to get them onto a SaaS platform
- Lack of transparency actually works in their favor (e.g., it's almost guaranteed they're going to miss their deadlines)

# Test emails to potential customers + run tests on response rate and willingness to pay

- Sent a fake email selling the following services:
  - Supplier database
  - Order management
  - Communication platform
  - Production updates
- Contacted 275 beauty brands & 100 beauty manufacturers
  - Split beauty brands into 4 groups to test pricing
    - A: No pricing mentioned
    - B: \$0 limited access (supplier database & communication platform), with \$50 / month full access
    - C: \$0 limited access, with 1% fee on each order for full access
    - D: \$0 limited access, with 5% fee on each order for full access
- · Call to action: Offer of a free demo

Spreadsheets	Last email sent	Sent	Opened	Clicked
Beauty - Vendors - Sheet1	8 days ago	100	53	10
Beauty brands - D - Sheet1	8 days ago	71	50	7
Beauty brands - C - Sheet1 ● 81%	8 days ago	73	58	11
Beauty brands - B - Sheet1 ● 79%	8 days ago	72	54	10
Beauty brands - A - Sheet1	10 days ago	73	32	4

		Beauty Brands			Beauty	
	Α	в	с	D	Total	Vendors
Total open emails	42	44	44	43	173	43
Yes responses	1	3	1	1	6	1
% of Yes	2.4%	6.8%	2.3%	2.3%	3.5%	2.3%

**Value Prop** 

B2B Beauty Manufacturing

# Interviews (not pictured)

### A: No pricing mentioned

- B: \$0 limited access, with \$50 / month full access
- C: \$0 limited access, with 1% fee on each order for full access
- D: \$0 limited access, with 5% fee on each order for full access

### People were intrigued

Very high open rate (~50-80%) and also high click through rate (~15-20%)

# ~2-3% positive response rates to set up a sales call

N is likely too low for real conclusions to be drawn from the beauty vendors

### **HYPOTHESIS & VALIDATION OVERVIEW FOR SEAFAIR**

Criteria	High-level
Market Size	Is this a big enough bottoms-up oppo to build \$1b+ company?
Competition	Do you have competitive differentiation sustainable moat?
Fragmentation	Is supply highly fragmented, and can aggregate & vet / manage quality?
Value Prop	Does this address clear value props t meet acute customer pain points?
Unit Economics	Can you get to unit economics net LTV/CAC @12mo ≥2x?
Acquisition	Can you build scalable acquisition channels, <1 yr sales cycles if B2B?



# **Beauty manufacturing co.**



Example of what we've invalidated

Example of what we've validated

# Identify key hypotheses

# **Our initial hypothesis**

"A marketplace connecting shipping companies with vetted seafarers will have attractive unit economics"

- High AOV and retention are key drivers
- Clear path to monetization

# What we tested

# **Secondary Research**

Open APIs and public data sets

# **Primary Research**

- Conversations
- SEM analyses
- Performance marketing tests

**Unit Economics** 



# Test hypotheses



# **Tested Google ads + landing page testing**

# Google Ads in targeted geo (Philippines)

Ad preview		0 0 0
Find the best job in the clicks   Best salary gu Ad airtable.com - Apply now to get the best s simple	e sea   Apply now in a few aranteed eaman/maritime job It's fast, free and	
	Search Phrases 💿	
	Phrases	Impr.
	seaman jobs	57
	shipco	20
	maritime jobs	22
	cruise ship hiring	14
	seaman job opportunities	41

 $\downarrow$  Clicks

3

3

3

2

**Unit Economics** 



# Captured Cost per Application for high-intent supply to refine Supply CAC assumptions

# Ads led to landing page with application form tracked in Airtable

A Name -	🕿 Email 🔹	31 Date of birth 👻	• Function
Felix Tenebro Jr.	felix10ebro@gmail.com	12/15/1991	Deck Officer
Rannie lantaca	rannielantaca@gmail.com	4/18/1970	Deck Officer
Jayson T. Dinglasan	mary22_q@yahoo.com	4/23/1983	Deck Officer
William Jr. P. Solis	williamsolis321@gmail.com		Deck (Mate/Cadet)
Grace C. Torrejas	torrejasgrace2@gmail.com	11/24/1992	Steward (eg Cook)
Arnel R. Dionesio	arneldionesio20@gmail.com	5/20/1973	Deck Officer
Carlo M. Aparente	aparente_carlo@yahoo.com	8/9/1981	Deck (Mate/Cadet)
Dan Mike S. Balanay	danmikesobito@gmail.com	9/25/1998	Deck (Mate/Cadet)
Ma Concepcion M. Perez	con2.perez03@yahoo.com	6/3/1993	Steward (eg Cook)
Johngene Berdera Beto	johngeneb@yahoo.com	9/28/1983	Electro-technical
Jearby Prisno	jearbyprisno@yahoo.com	4/1/1985	Steward (eg Cook)

# Over time, our unit economics assumptions evolved as we refined key inputs

	Per seaman	Per vessel
AOV	12,000	180,000
* Take	3-4%	3-4%
= CM1	450	6,750
(- Variable)	30	450
= CM2	420	6,300
(- Demand CAC)	230	3,450
(- Supply CAC)	20	300
= CM3	170	2,550

Rationale
<ul> <li>~15 seafarers hired through agency per vessel</li> <li>Take competitive to local agencies to penetrate mar</li> </ul>
<ul> <li>On-site labor required to check documents</li> </ul>
<ul> <li>Sales done through reps. Assumes sales rep to bring 10 companies (40 vessels) annually</li> <li>CAC spent on digital channels for seafarers</li> </ul>
• Experiment direct marketing

	Per seaman	Per vessel	Rationale
AOV	12,000	480,000	<ul> <li>~40 seafarers hired through agency per vessel annu</li> </ul>
* Take	6%	6%	<ul> <li>Take competitive to large agencies</li> </ul>
= CM1	720	28,800	
(- Variable)	50	2,000	<ul> <li>Limited on-site labor required; partnerships in place</li> <li>Sales done through reps. Assumes sales rep to bring 12 companies (50 vessels) annually</li> <li>CAC spent on digital channels for seafarers</li> <li>Main expected channel to be direct referrals</li> </ul>
= CM2	670	26,800	
(- Demand CAC)	50	1,000	
(- Supply CAC)	10	400	
= CM3	610	25,400	

# **Unit Economics**





# Appendix

# Keep in mind

# Hypotheses are predictions

- "I believe [X customer, player, or market] will [do Y action] because of [Z reason]"
- Draw a line in the sand based on initial research... it's OK if it's just a guess as your starting point!
- For better prioritization as you develop testing plan:
  - "How confident am I based on existing research?"
  - $\circ~$  "If untrue, does this break the business idea?"

# Must be testable

- You will continuously refine hypotheses over time to include important findings and numbers
- if possible, include baseline goals that seem achievable (to quantify value creation from your idea)

# Validation mindset

- It should be well-structured and reasonable
- Approach with self-awareness, diligence, and data

# HYPOTHESES SHOULD MEET KEY CRITERIA:

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Acquisition	channels, <1 yr sales cycles if B2B?

# PRIORITIZE YOUR LISTFORMULATE A PLANStack rank what to investigate firstSet benchmarks• Begin with what hypotheses would<br/>absolutely break your model• For each hypothesis, un<br/>"proof point" you would not<br/>• Quantify what proving very<br/>• Quantify what proving very<br/>• Design tests• 2x2 matrix might be helpful: Level of<br/>confidence vs. Level of importance• Define optimal validation<br/>could with assum<br/>collect enough volume to

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For each hypothesis, understand baseline and what "proof point" you would need to get comfortable

Quantify what proving vs. disproving means, if possible

Define optimal validation channels (can you get comfortable with assumptions and/or is it possible to collect enough volume through different methods)

# VALIDATION EXAMPLE



# What is the idea?





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# Trends

# The US pet industry is growing rapidly at over \$95B

- Veterinary spend is one of the biggest shares of the pet industry
- Largest part of a vet's cost structure is labor (~40-50%)

# Our initial idea

# Create a labor platform for the veterinary industry

 Connect veterinarians with work opportunities at vet clinics and hospitals

### **IDEA: JOB PLATFORM FOR THE VETERINARY INDUSTRY**

# Veterinarians

Includes	Vets assi
ТАМ	\$16
Supply shortage	<b>√</b> Fι
Temp / part time common	✓ R
Certification available	✓
Willingness to pay a premium for temp labor	✓
Competition is old school	✓

s, vet techs, vet stants ----bn \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ ully across the US \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ elief vet 

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# What needs to be true?



### **KEY CRITERIA**

# Criteria

- ? **Clear value prop on both sides**
- ? **Business model with clear monetization opportunities**
- ? Unit economics that work
- ? Either high AOV or high frequency of purchases
- ? High fragmentation in market (important for a marketplace biz)
- ? **No major direct competitors** (if a winner take all situation)
- ? <1 year sales cycle
- ? **Competitive moat / differentiation against new entrants**
- ? **TAM is big enough** (conservatively assuming with a small share of pie and a small take rate)

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### **CLEAR VALUE PROP ON BOTH SIDES**

# Pain point hunting initially: Facebook, job boards and informal conversations



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**CLEAR VALUE PROP ON BOTH SIDES** 

# Pain point hunting at scale

Demand-side



vet clinic contacts compiled database



vet clinics contacted



vet customer interviews conducted



# Supply-side

# 520

relief vet contacts compiled database

# 40

relief vets contacted

# 20

relief vets customer interviews conducted

### **CLEAR VALUE PROP ON BOTH SIDES**

# Pain point hunting at scale

# Demand-side

# 1,000+

vet clinic contacts compiled database

# ~600

vet clinics contacted



vet customer interviews conducted



# Supply-side

# 520

# relief vet contacts compiled database



relief vets contacted

# 20

relief vets customer interviews conducted

### **KEY CRITERIA**

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# Biggest opportunity: staffing business model

- Create a transactional marketplace connecting "relief" (short-term) veterinarians with vet clinics
- Flexible staffing, where we either 1099 or W-2
  - Potentially could offer both options based on what the supply-side wants
- Charge a 15-20% take rate ٠

# Why staffing?

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- Unit economics
  - High volume of demand that is reoccurring
    - High frequency of usage on the platform
    - Enables network effects so that we are not spending on CAC continuously for each transaction
  - Ability to pass on any W-2 costs
- *Current behavior* that the market is already used to (however, no national consolidated player)
- Unlikely to be disintermediated
  - Vets & clinics both have to manage multiple relationships, no one-to-one relationships

### **BUSINESS MODEL W CLEAR MONETIZATION OPPORTUNITIES**



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# "Back of the envelope" unit economics

AOV (GMV per order): \$1,000 for 1 day shift Take rate: 20%

= Revenue per order: \$200

(-) COGS (e.g., Shipping, packaging): \$0

= CM1 (Gross Margin): \$200

Non COGS variable costs:

(-) Landing costs: logistics, packaging, handling, fulfillment

(-) Customer service (e.g. call center agents or reps)

(-) Payment: (e.g. credit card fees)

= CM2

Paid CAC:

- (-) Offline marketing costs
- (-) discounts, coupons

= CM3

(-) Fixed costs (e.g. salaries, rent, other overhead) = **EBITDA** 

Criteria
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Source: IBIS data

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- 1-2 vet small hospitals represents 14k vet clinics (46%)
- 67% of the market is small clinics
- The largest national consolidator (Mars) only owns 1.4k units (5%)

	Criteria
$\checkmark$	Clear value prop on both sides
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# Very poor existing recruiting options

Where to find a vet when hiring

- •American Veterinary Medical Association (AVMA) or local VMA: \$300-\$500 for a posting
- •Word of mouth / social media: very inefficient, not scalable
- •Staffing agency: very fragmented, high fees, not scalable
- •Public job boards (Indeed, Ziprecruiter, iHireVeterinary): Extremely poor-quality candidates,

most applicants haven't even gone to vet school

	Criteria
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### <1 YR SALES CYCLE

# Landing page: buddyvet.co



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# Buddy is simple and free

### WORK WHEN YOU WANT, WHERE YOU WANT

At Buildy Vet we believe in making it easier for vetering tars to connect with suality clinics and haspitals - on their own titre. We ensure transparency by providing both parties with information on service needs, skills and personal preference. Our mission is to enable grouter flexibili and work file balance for vets, and high quality patient care for yet practices.

### How it works

Search-for jobs for free by location, data and satary Apply directly to vel clinics, not agency recruited Complete your shift and get peld instantly

Our users love us...

Anite Restor

When a shift fell through lastminute, I was able to immediately find another opening at a great clinic in my area

### <1 YR SALES CYCLE

# Sales test for short-term vet shifts

- Validating supply-side sales cycle via calls  $\bullet$ 
  - Tested 4 different value props
  - #1 value prop: Job discovery
    - Cold outbound to 150 contacts, with a

full sales campaign

- (LinkedIn, phone call, 5 emails)
- Had **7 successes** (waitlist & shift

availability), or 5% conversion rate



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?	Competitive moat / differentiation against new entra
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TAM is big enough (conservatively assuming with a small share of pie and a small take rate)

# Our hypothesis

# Start by building liquidity on a city-by-city basis, add tool / features

- There is currently no aggregated pool of supply or demand for the veterinary industry
- Long-term we could provide tools such a tax forms and insurance to prevent disintermediation
- We could provide a superior customer experience than alternatives

	Criteria
$\checkmark$	Clear value prop on both sides
$\checkmark$	Business model with clear monetization opportuniti
$\checkmark$	Unit economics that work
$\checkmark$	Either high AOV or high frequency of purchases
$\checkmark$	High fragmentation in market (important for a market
$\checkmark$	No major direct competitors (if a winner take all situa
$\checkmark$	<1 year sales cycle
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?	TAM is big enough (conservatively assuming with a sr



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# **IS TAM BIG ENOUGH?**

	Frequency of hire	Turnover rate	Salary	Number of employees	TAM?	Full time or temp?
Ideal	As frequent as possible	As high as possible	As high as possible		As high as possible	
Vets	Depends, 1-2 year	Ļ	\$100k (~\$45-55 / hour)	85k	\$9bn	Full time
Vet tech	Every few months – 1 year	Ť	\$35k	109k	\$4bn	Full time
Vet assistant	Every few months	Ť	\$28k	92k	\$2.5bn	Full time
Front desk receptionist	Every few months	Ť	\$25k	~60k+	\$1.5bn	Full time
Office / practice manager	Depends, 1-2 year	Ļ	\$50k	~20k	\$1bn	Full time
Relief vet	Hired on a daily basis ~40% of market uses frequently (1x+ / month)	N/A	\$65 – 100+ / hour	?	?	Temporary

# FJ LABS

### **IS TAM BIG ENOUGH?**

Total vet clinics: 30k

Vet clinics within our target size: 74% of market use either weekly or every other month (22k)

Average frequency of usage: 3x / month

Total jobs per month: 67k

Assuming a vet does 10 jobs / month with us, we would need 7k relief vets to fill this demand Total jobs per year: 800k

AOV for 1 day shift: \$1,000

Take rate: 20% Revenue for 1 day shift: \$200

Total GMV TAM: \$800m

Total revenue: \$160m

- We believe this will be a winner take all market
- services?



Can we expand this by enabling more full-time vets to perform relief

	Criteria
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# mall share of pie and a small take rate)

# Small TAM can be a good thing if:

# You can increase the "size of the pie"

- Do you reasonably believe that your solution will enable you to grow TAM?
  - Is there a way to unlock "dormant" demand and/or supply?



# You can eventually go into a conjoined category

- Once you've won your category can you leverage your supply or demand • to expand into another area / industry?
- Example: •

