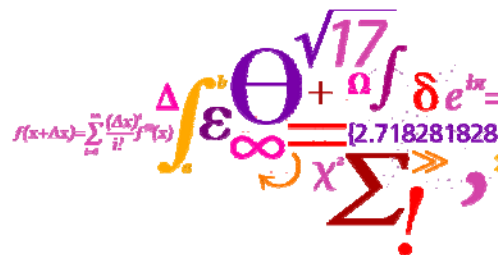




## CASES in 42435

- |                |                                 |
|----------------|---------------------------------|
| 1. Endomondo   | Design the right business model |
| 2. LogBuy      | Build the right organization    |
| 3. EnCode      | Hardships of expansion          |
| 4. Mingoville  | On marketing strategies         |
| 5. BluePrinter | Enterprising students in action |



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Lyngby, November 2012  
Dorte Wiene  
Karen Murdock  
John Heebøll



## CASE 1. Endomondo

*Endomondo serves a sports community based on free real-time GPS tracking of running, cycling etc. combined with personal track recording and –analyzing*

The vision of Endomondo is to make daily training more exciting by offering dedicated sports tracking web and app opportunities to all of us.

The first sports trackers were released in 2008. In the years that followed, the founders succeeded in expanding the company globally. By November 2012 the number of users passed 12 millions – to indicate a real breakthrough.

The start-up strategy was based on attracting users to the site – and then to turn them into loyal customers of sportswear, premium apps, customized competitions etc.

Endomondo has been successful in creating a large community of users. (+12 mio. by end 2012). The business model however was not clear at founding time and went through several updates.



## CASE 1. Endomondo

*Endomondo analyzed several business models that would generate a revenue.*

*The concern was how to offer payable services/products to customers used to – and expecting free premium services only.*

*The founders' considerations*

- Continuous expansion of the user base was key during the start-up phase. Would the addition of a commercial activity slow down community growth?
- Synergy between free sports tracker and commercial offerings is important – but how does it work? Can it be done?
- How would a commercial activity change the company? (Competencies, staff, organization, internal business routines, R&D)
- Sales & Marketing: would the customer loyalty principle work at all?

### Your challenge:

Consider yourself one of the founders, year 2010: suggest and discuss at least three different business models that would add a profitable commercial activity to the company.



## CASE 2. LogBuy

*LogBuy started in 2002 with an idea based on "getting a better deal".*

*The product is "giving employees access to discounts" and the customers are companies and associations.*

*The company has grown to providing "Benefit solutions" to + 600 customers across Denmark, the UK and Sweden. The company is market leader in the field of "discount access" on said markets.*

### SITUATION

The two founders were the only employees for the first three years – working hard and growing the company successfully without paying themselves salary. However, this was not a sustainable solution. Customers and sales required more attention than the two founders were able to fulfill – and thus their capacity was a barrier to growth. Furthermore, software development was out-sourced – and a very costly solution.



## CASE 2. LogBuy

### PROBLEMS

It was a big decision to hire their "first" employee – inevitably taking the step from running a company intuitively – to suddenly having responsibility for people, strategy and much more. Since there was both a need to strengthen sales/turn-over and also to save money on software development – the question was:

*Comment following questions:*

- Should LogBuy strengthen sales or software development as the first step?
- What factors should be considered in deciding on HR profiles?
- How could the still very small company attract the right person(s)?



## CASE 3. EnCode

*Since 2001, EnCode has supplied software solutions to both Danish and international companies' marketing departments.*

With EnCode your company gains time on marketing operations, which is why the EnCode mantra is ***Time To Market.***

The EnCode founders all came from a company, which went bankrupt during the recession in the late 90s. They started their own company being able to legally bring with them the largest customer as well as the IP.

### SITUATION

Shortly after the company was founded, a US company contacted EnCode on its own initiative.

At that point in time, EnCode had limited resources. At the same time, the business opportunity was too good to neglect and forced the management to consider how to expand internationally. Since the EnCode product requires close collaboration with the customer, serving US customers would require a presence in the US market.



## CASE 3. EnCode

*Comment on the following:*

- What kind of distribution channels could EnCode access?
- What is important/crucial to consider before entering a new market?
- What are the threats and opportunities of starting in USA?
- How would you prepare your organization for running an operation outside your local market?



## CASE 4. Mingoville

*Mingoville is an e-learning platform targeting children from pre-school to 9<sup>th</sup> grade. The company philosophy is to create cohesive learning material, based on customer dialogue.*

The founder of Mingoville, Stephan Stephensen returned to Denmark in 1999 after working abroad, He had developed an interest in the internet and e-learning as an enabler to children's' learning.

Stephan founded the company in 2000 and in 2001 Mingoville launched the first product "Teach English to Children".

### SITUATION

With a strong focus on sales from the very beginning – the first product proved successful in a large and expanding market.

In addition, it turned out that the public sector was the primary target group. Mingoville received significant funding from the Danish Ministry of Education, and hence started defining a strategy for expanding the company.



## CASE 4. Mingoville

The crucial decision to be made was:

Should the company -

take the existing first product "Teach English to Children" and focus solely on international growth in existing and new geographical markets?

Or should it -

develop new e-learning products for teaching other languages like Spanish, German, French; Italian etc.?

**Discuss the pros and cons of the two scenarios, considering:**

- Risk
- Resources needed versus resources available in the company
- Distribution channels
- Venture capital investors' views on the two scenarios
- Action plans



## CASE 5. BluePrinter

BluePrinter was founded in 2008 by DTU students, Anders Hartman and Frederik Tjellesen. Needing a project for their master thesis, Anders and Frederik searched for a technology based business opportunity and identified a gap in the market for a cost efficient 3D printer. The outcome of their master thesis was the first version of "BluePrinter" .

Realizing that there might actually be a significant market potential in the gap between low end and high end 3D printers, the two –now- engineers in 2008 established a company to commercialize the printer.

The project required external funding which proved to be quite a challenge as neither of the founders had any idea about how to do this. The process also proved to be very time consuming, taking away almost all focus from product and business development. The efforts paid off however and in August 2009 the company received its first round of funding (financial incubator investment) from Seed Capital.

The business model includes a mix of hardware sale (printers) and recurring sale of materials. The printer will be distributed through a worldwide reseller network, concentrating on markets in Germany, Denmark, USA and China.



## CASE 5. BluePrinter

Imagine for a moment that you are part of the founding team.

- How would you handle the initial search for investors?

At the early stage investment (2.round), coming up late 2012, the battle for negotiating a high pre-money valuation starts.

- Consider preparations, initiatives and actions that you could initiate to increase the valuation and the attractiveness of the company

Distribution channels are established via agreements with resellers.

- What types of resellers can you suggest and what are the pros and cons of each type?
- Discuss the pricing issue and suggest a price strategy

The management was strengthened early 2012 to take the company successfully through the next funding round and subsequently scaling up the business. This was done by hiring a new CEO.

- Suggest relevant education, experiences and personal traits of the candidate that you would look for.
- What incentives would you offer to attract and retain the right person?
- Where would you search for a CEO?