



Rocket DAO

Expert Platform

Market evaluation methodology

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Evaluation section:

Market

1 General Instructions

This methodology is developed within the framework of the Rocket DAO Expert Platform. The methodology is addressed to startup teams, innovation experts and investors who are interested in evaluating the market of the startup/project.

Market evaluation can be decomposed on 4 key components:

- Market type;
- Market size;
- Competition level;
- Market Access.

2 Market Model Evaluation Checklists

2.1. Value Creation Schema

First of all we have to define Market Type – specific average parameters that can be described. The main indicators show us geographical area of operations, age, differentiation level, etc.

Market type

Indicators	Example description	Points
Market Geography	Only local operations without proved possibilities to expand	1
	Potential for growing to the huge part of the global market	2
Market age	Well-established market with certain actors and business processes	1
	“Young market” without regulations and a few rivals	2
Growth rate	Before 9% per year	1
	More than 10% per year	2
Rules	The rules are not formulated, high potential of scam	1
	Ecosystem is almost exists with certain rules	2
Segmentation	The market is fragmented: there are a lot of small niches	1
	There are few segments with known sales potential	2

NOTE: If any part is missed in the company then you can assign 0 points for this part.

Market type is a sum of points in the table.

2.2 Market size

Market Size defines the level of understanding the target audience, especially segments, geographic areas, size of each target segment.

Market size

Indicators	Example description	Points
Team has not present any numbers of market size	Out market - all married women	2
Team has a little understanding about target audience description	Out market - all married women 37-54 y/o	4
Team has a certain understanding about target audience description and geographic regions	Out market - all married women 37-54 y/o in EU countries	6
Team has a great understanding about target audience description and geographic regions with sales potential	Out market - all married women 37-54 y/o in EU countries, they have 2 children, full-time work and usually buy a product average 2 times/month	8
Team has a great understanding about several segments of target group and geographic regions with sales potential	Target group 1 - all married women 37-44 y/o in EU countries, they have 2 children, full-time work and usually buy a product 2,3 times/month, 70% has no loyalty to the rivals' products; Target group 2 - all married women 45-54 y/o in EU countries, they have 2 children, full-time work and usually buy a product 2,1 times/month, 65% has loyalty to the rivals' products	10

NOTE: If there is no information about any numbers of market size you can assign 0 points for this part.

Market Size is a sum of points in the table.

2.3 Competition level

Competition level shows us the certain level of market competition according to the “Porter five forces analysis” approach.

Competition level

Indicators	Example description	Points
Direct competitors (they exists on the market)	Team doesn't know basic rivals on the selected markets	1
	Team knows all rivals on the selected markets	2
Suppliers (personnel, raw materials, content providers, etc.)	Project is highly dependent from suppliers (volume of purchase, inconvenient pricing, inconvenient terms of payment)	1
	Project may choose from various of suppliers and dictate terms to them	2
Customers	Clients can unite and dictate volume and price	1
	Client cannot be united and influences on the project	2
Substitutors with the similar solution for the customer (example, tea and coffee, cinema and theatre)	Clients has no loyalty to the project's product and may simply choose substitutional products	1
	Substitutional products have a little market size and almost no loyalty	2
New market actors, who can get a direct competitor (new platforms, suppliers, distributor, etc.)	Team hasn't launched any market research for the possible new actors of the market	1
	Team makes regular assessment of tendencies and plans strategies for possible battles	2

NOTE: If any part is missed in the company then you can assign 0 points for this part.

Competition Level is a sum of points in the table.

2.4 Access to the market

Access to the market shows us the possible difficulties for being a strong actor on the target market. These barriers might be in the area of customers, technology, law, operations and others key factors of success on the market.

Access

Indicators	Example description	Points
Availability of customers	Customers available only by distant communications (there is no possibility to bring heart attack patients into our clinic)	1
	Customers available by distant communications and physically may be reached	2
Patent protection	Project has to avoid the patent protection from rivals	1
	There is no patent protection on the market	2
Technological barriers	Current technologies are old on the market. No new researches.	1
	There are high technology level for entry on the market (team skills, IT infrastructure, equipment, etc.)	2
Distribution system	It's necessary to build the new distribution system for sales	1
	There is current well-operates distribution system with clear rules and access	2
Key market requirements (technology, staff, management, processes, etc.)	Project doesn't meet all key market requirements	1
	Project meets all key market requirements	2

NOTE: If any part is missed in the company then you can assign 0 points for this part.

Market Access is a sum of points in the table.

3 Notes about the Market evaluation model process

This section contains notes for stakeholders about the business model evaluation process.

3.1. Notes for Startup team

Startup team has to provide the information about the markets, customers, suppliers. This information can be presented as the reports:

- Market analysis report;
- Customer analysis report;
- Suppliers report;
- Competitors Analysis Report.

3.2. Notes for Experts

The total Market model rate is calculated by next formula:

$$\text{Total market rate} = (\text{Market type} + \text{Market size} + \text{Competition level} + \text{Market Access}) / 4$$

3.3. Notes for Investors

Points	Recommendations for decision making
7-10	The market has the high potential for growing and can be interested for investors
4-6	Pay attention to the details of the market situation: something used to be precisely evaluated additionally
0-3	Market is uninterested