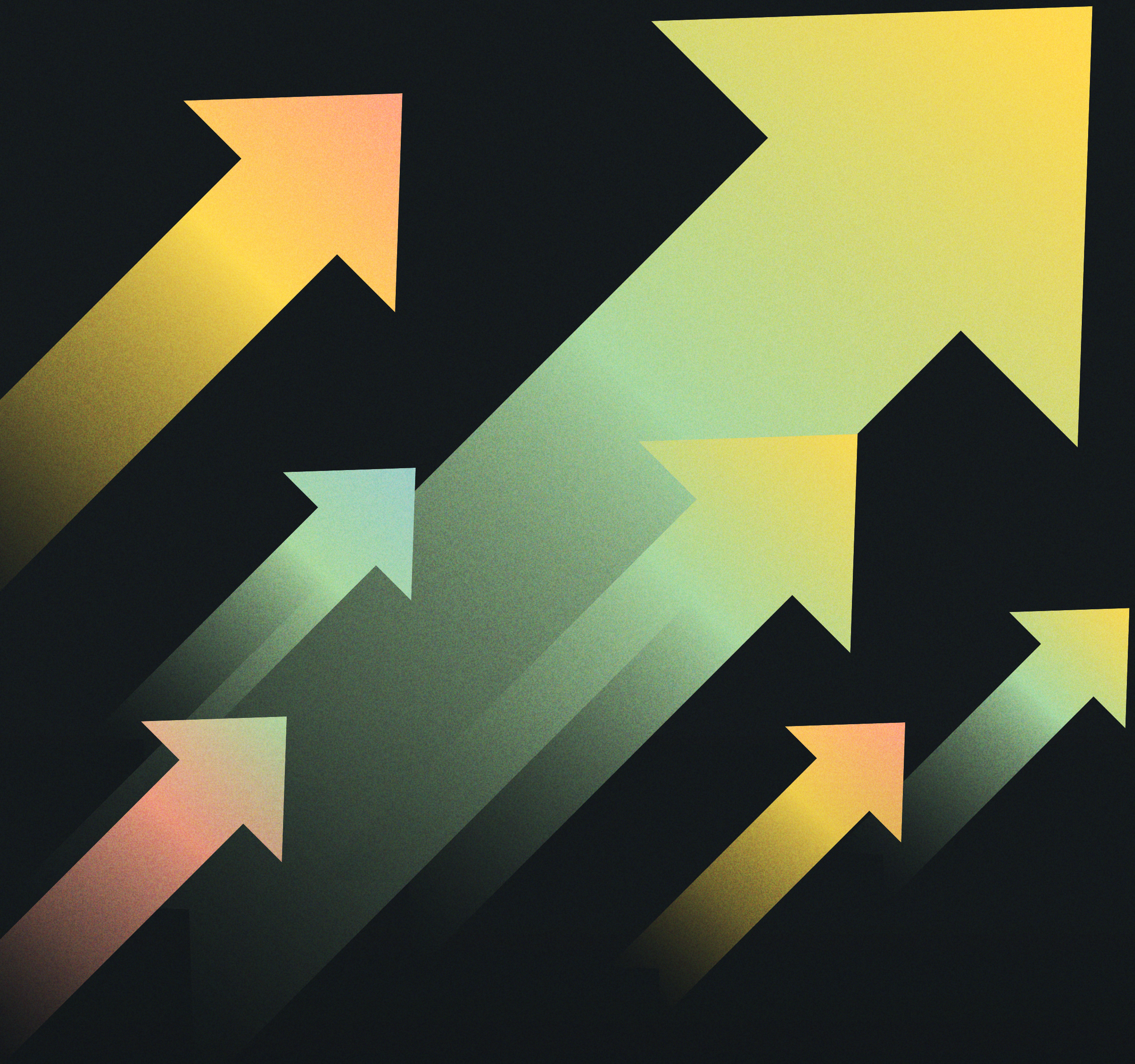
cleevio.com



The Digital Entrepreneur’s Holy Grail

Essential Topics for Startup Victory

Content

Introduction 02

Maximize your ROI with the power of product discovery 05

Why you shouldn't skip product discovery 06

Is product discovery right for you? 12

Step 1: Research 14

Step 2: Definition 19

Step 3: Prototyping 23

TLDR: How to research, define and prototype the perfect product 28

Final note 29

About Cleevio 30

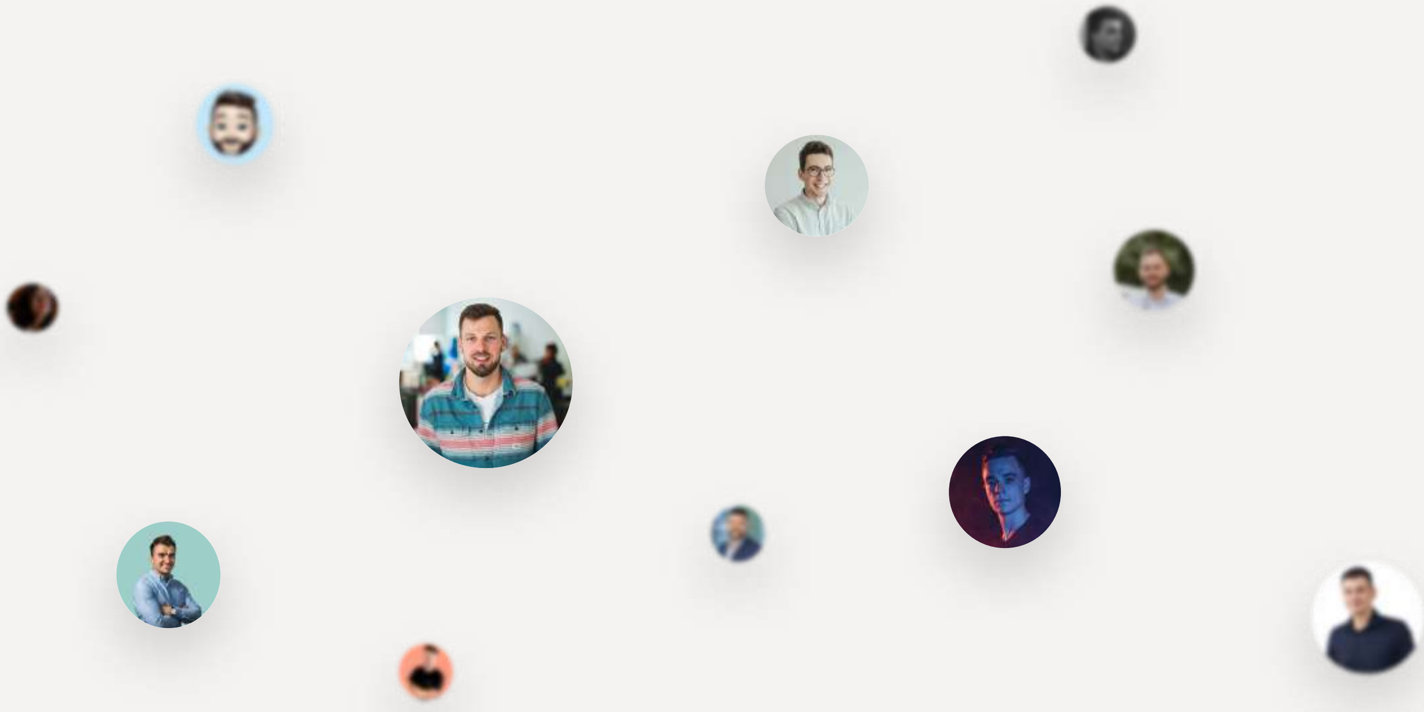
Introduction

Can you discover an innovative solution to a customer challenge without conducting in-depth research or interviewing real people? The answer is disappointing but not surprising - probably not. But if you're ready to take your product discovery process to the next level, keep reading. We'll show you how we can help you identify the best solution for the right problem.

At Cleevio, we understand that creating an innovative product requires more than just a good idea. It takes a process of intense focus, efficient learning, and ongoing validation to ensure that we deliver exceptional value to our clients.

Our approach is designed to identify the biggest value that we can provide to your customers who have specific and serious problems while mitigating risks, accelerating time-to-market, and maximizing your financial investment. Our team adopts a human-centered approach that prioritizes customer satisfaction.

We invite you to partner with us and experience the power of product innovation that fuels success. Let's work together to bring your vision to life and create products that meet your customers' needs.



Build your solution in 3 simple steps

Understand

Understand the market,
trends, and customer needs.

Identify

Identify major pain points.

Define

Define the optimal solution with
respect to time-to-market and budget.

Product discovery benefits for you and your organization

Economic savings

Reduce costs, save time, optimize resources, and increase earning potential.

Product-market fit

Identify the biggest customer pain to design and develop suitable solutions for user needs.

Improved functionality

Streamline processes, and reach goals faster and more efficiently.

Enhanced interoperability

Facilitate seamless interactions between systems, devices, and people.

and some numbers...

30-40%

Reduction in development and operational costs

30-50%

Faster GTM compared to developing the product internally

Maximize your ROI with the power of product discovery

By gaining an understanding of real user needs, we can avoid biased hypotheses and create impactful solutions that deliver tangible value to both customers and the business.

With product discovery, you gain:

- Enhanced market understanding.
- Identification of user needs.
- Aligned product propositions with the company vision.
- Prioritized product ideas based on their potential impact.
- Identification of new business opportunities.
- Optimized resource plan for a shorter development period.
- Detected potential risks and their solution.

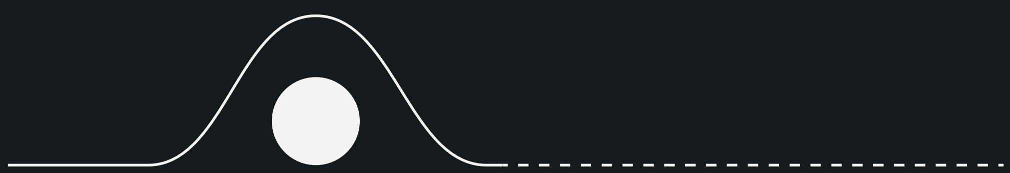
Why you shouldn't skip product discovery

Since our 15 years of experience with building mobile and web-based applications across fields such as Fintech, Automotive, Logistics, Utility, Healthcare, and Gaming, we understand the temptation to rush into defining solutions, creating feature lists without proper evaluation, and cross-checking with customer needs.

However, this approach often leads to complex, time-consuming and expensive development, which can negatively impact the success of the product.

Don't be one of them!

Some companies skip the vital groundwork of market research, hypotheses validation, and feature prioritization based on real impact on customer satisfaction. We believe it's essential to be prepared and adopt a strategic approach to product development grounded in customer needs and market insights.



"In-depth product discovery can be the difference between a successful product and one that falls short."

Avoid problems with fast-track delivery

Time is money, and getting results quickly is essential. However, ignoring market research can lead to creating products that don't meet the market's needs. Take the time to analyze market trends and competitors by interviewing your customers and allow the tech team to find a feasible solution.

Research data speaks louder than words. Let's take a look! **63 % of all new tech businesses in the US fail within the first 5 years.**

The biggest mistakes you can avoid

Lack of user research

Without a deep understanding of user needs, pain points, and behaviors, companies risk creating products that don't meet the user's needs.

Focus on the wrong problem

This can lead to unsatisfied customer needs and inefficient spending of the product development budget. Also, you create an opportunity for competitors to be first with the right solution at the right time

Feature complexity

Too many features can negatively impact the user experience, making it confusing for the customer to execute jobs to be done.

Stakeholder delight

Prioritizing stakeholders over customers can lead to implementing irrelevant features rather than focusing on solving the real customer issue.

Poor user experience

A digital product that doesn't provide a good user experience can be a major obstacle to adoption and growth. It's critical to design products that are intuitive and easy to use across different devices.

Inadequate usability testing

Skipping tests of new product or feature can lead to usability issues that harm the user experience. Usability testing should be an ongoing process to identify and address any UI/UX problems.

Lack of scalability

A product not designed to scale can limit a startup's growth potential. It's important to consider scalability early on and design a product architecture that can support growth over time

Budget constraints

Focusing on features that customers aren't willing to pay for can have a significant negative impact on a company's financial condition.

Beat the traditional product development

Prioritize the target audience and their needs to develop solutions with must-have features. Base your product decisions on hard data about the market and customer, as well as estimations from both the IT and design perspectives.

With this information, you can navigate discussions around product design, key features, costs, and future benefits for the company. This approach ensures that you develop products that meet the needs of your clients and their customers while maximizing the value they bring to the company.

The standard product development approach ignores user pain points, market research, usage analysis, and usability testing. As a result, few products provide real value to customers and die within the first 5 years. Choose success over a failed business by not underestimating product discovery.

According to Marty Cagan's book „Inspired", traditional product development can lead to several issues, including:

Contradictory ideas from key stakeholders lead to **differing views** on the product and its features.

Stakeholders prioritize **hypothetical financial gain** over user satisfaction.

A roadmap based on the **business case**, not customers' priorities.

Hypothetical features over customers' **problem-solving**

Product designed and built based on internal decisions, with **no user testing and inputs**.

CASE STUDY

The importance of listening to customer

In Cleevio we believe listening to customers is a rudiment to building successful products. That's why we demonstrate to our clients the need to test the ideas with real users and the benefits of doing so. We test new products alone or together with our clients.

One of our clients wanted us to launch their landing page without proper testing. Still, we decided to test it with potential customers first. Unfortunately, 4 out of 5 respondents did not understand the value proposition due to misleading visuals and claims.

After analyzing the feedback, we updated the design and copywriting, and arranged another round of testing. This time, all customers understood the offering and continued exploring the website. We ultimately chose a design that was easy to understand and motivated visitors to take action.

The lesson? Testing with customers makes a big difference in creating successful products that people love and use.

Cleevio tip

Before developing a new product, make sure it's based on:

- A deep understanding of your customer's needs,
- broad knowledge of industry trends,
- feasibility discussions with your tech team,
- user-tested design prototypes,
- a realistic business model that can deliver desired revenue.

Bonus tip: Make sure you choose the right partner and don't go it alone.

Is product discovery right for you?

As a company, you focus on creating value for your customers. If you do not know whether the product discovery is for you, take a closer look at your backlog or future feature list. If you find that they don't align with your mission or customers' needs, or if you're not delivering on time and within budget, it's time to consider product discovery.

Ask yourself

- Are your products and services aligned with your company's mission?
- Do your products help solve your customers' pain points or issues?
- Do your products perform as expected?
- Do you regularly analyze customer usage data?
- Are you keeping up with industry trends?
- Do you deliver products on time, within scope, and on a budget?

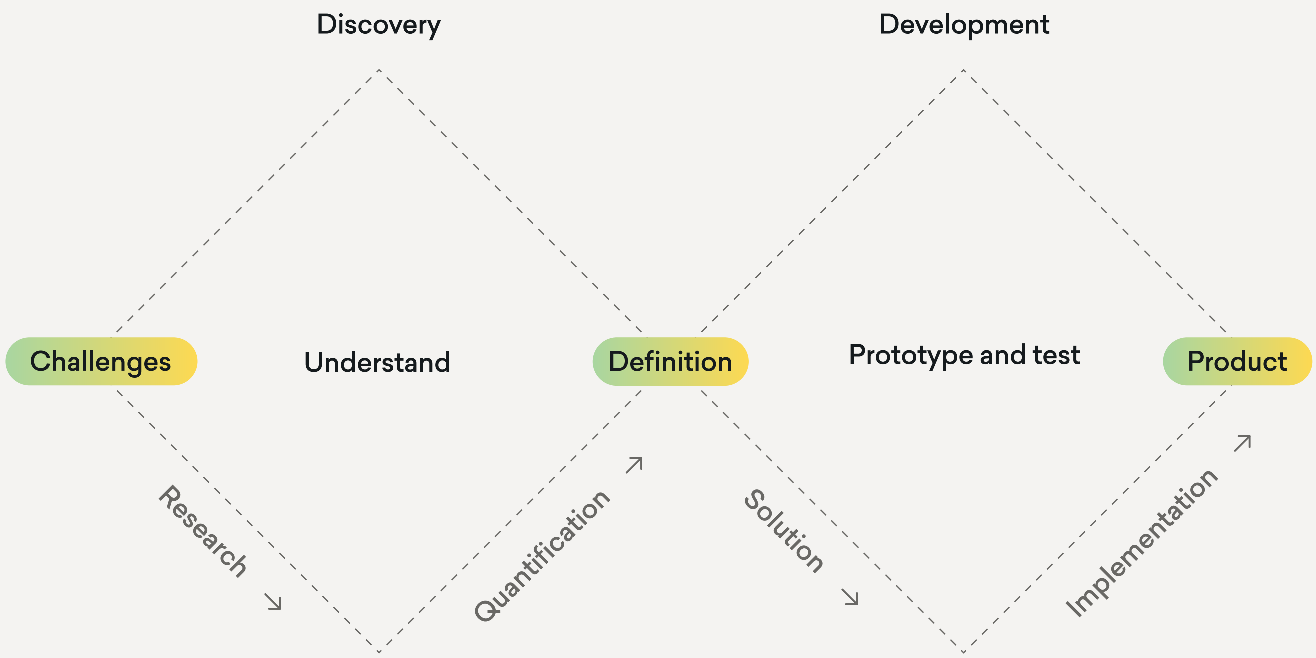
If you answered "No" to any of the questions above, your product will benefit from the product discovery process.

How to approach product discovery?

As a company, you focus on creating value for your customers. If you do not know whether the product discovery is for you, take a closer look at your backlog or future feature list. If you find that they don't align with your mission or customers' needs, or if you're not delivering on time and within budget, it's time to consider product discovery.

Use the double-diamond method to spark innovation

A double-diamond method is a structured approach to problem-solving that helps you break down complex problems into manageable stages. With this process, you can generate more innovative and effective solutions tailored to the user's needs. Splitting the method into four stages: Discover, Define, Develop, and Deliver - each step has deliverables enabling the next phase of the process.



Cleevio tip

- Foster an entrepreneurial mindset within your organization.
- Use data-driven decision-making and prioritization to remove bias and optimize time, money, and resources.
- Communicate with your customers and reflect their feedback into product development.
- Stay up to date with industry trends and keep a close eye on your competitors.

STEP 1

Research

Start with research, a vital part of product discovery. It helps you to understand the market, identify customer needs, and develop a product that solves their problems. Skipping market research can lead to:

- **Building a product that doesn't solve the right problem:** Without market analysis, it's difficult to know whether your product will actually sell. You risk creating a product that nobody wants, wasting valuable resources such as money and time.

- **Failing to understand the competition:** Market research allows you to understand your competition's strengths and weaknesses. Without this knowledge, you may miss out on opportunities to differentiate your product from existing products on the market.

- **Overlooking potential opportunities:** Research helps identify gaps in the market your product could fill. Skipping research can cause you to miss delivering a unique value proposition.

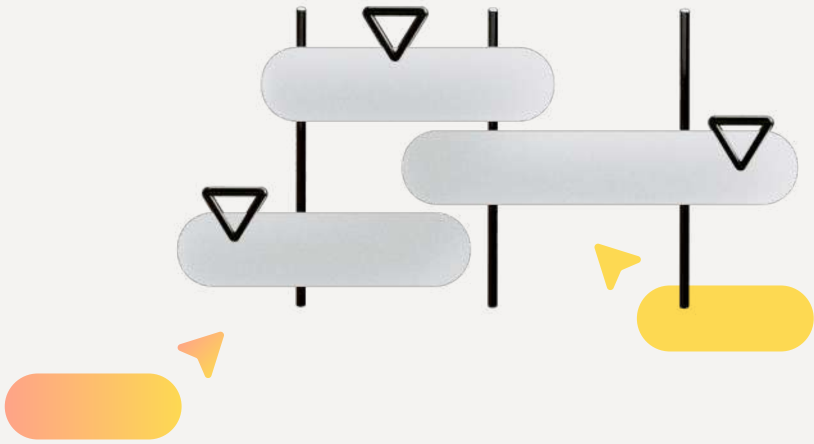
- **Limited understanding of customer needs:** Without deep dive into your target customers' pain points, challenges, and preferences, it would be difficult to design a product that meets their needs and provides a positive user experience.

- **Increased risk of failure:** Without investigation, you are operating on assumptions and guesswork, which increases the risk of failure. You may lack a clear understanding of the market and the needs of your target customers.

Research for success: Analyze your product

Conduct comprehensive research to provide valuable insights for projects - gather and analyze data from numerous sources, collaborate with industry experts, and analyze competitors. The research will provide you with a deep understanding of:

- **Market trends:** Identify current trends in your industry through academic research and expert interviews.
- **Competitor analysis:** Examine the market's major players, their most successful products, and future plans to differentiate your products from existing ones.
- **Personas:** Develop a clear picture of your target audience, including their demographics, behavior patterns, goals, motivations, pain points, and preferences.
- **Pain points:** Identify the problems and challenges your target audience faces and how they currently address them.
- **User journey:** Map out your target audience's path toward their goals and identify potential touchpoints where problems and friction may occur. Conduct quantitative and qualitative research with a sample of respondents to understand your users better.
- **Product insights:** Analyze any available usage data to understand how your customers interact with your product, including conversion rates, funnel analysis, heatmaps, scroll maps, click rates, and mobile vs. desktop performance. Also, consider previous user



"Creating a product without thorough research is like solving a complex puzzle without all the pieces. Impossible."

CASE STUDY

Disrupting market standards with a unique value proposition

You can succeed in a competitive market simply by focusing on a unique value proposition. As Renée Mauborgne and W. Chan Kim highlight in their book, Blue Ocean Strategy, replicating and slightly enhancing competitors' products leads to competing only on price in a limited market with little growth potential. This situation is often called the Red Ocean. You can escape it by identifying significant issues that no one or only a few competitors are addressing.

One of our e-commerce clients faced fierce competition in the Red Ocean market. Our research showed that product presentation and descriptions were suboptimal across the industry. Rather than follow this standard, we decided to disrupt the market with top-quality user experience and unprecedented product transparency. By utilizing the latest technology in 360-degree panoramas and pinch-to-zoom, we developed a high-resolution interactive presentation of the product's exterior and interior. This feature became one of the most used features of the application, with users interacting with the product interactive panorama more than static product images.

Key learnings from the Research phase

After completing the Research phase, your product team should be able to:

- Create a product brief that summarizes the main findings related to market trends and competitors' offerings.
- Identified customer pain points, current customer journey drafts, and detailed customer personas.

Your team should pay special attention to identifying untapped pain points with significant potential impact on the market. The product brief presents crucial input before you go for the next step, the „Definition“ phase.

"We believe in innovation driven by the customer, not stakeholders or technology."

STEP 2

Definition

Your mission is to solve the biggest problems with your product! The main goal is to identify the most critical problems your product can crack. Attempting to tackle multiple issues at once can result in lower quality, extended development times, and higher costs. That can ultimately put your product at a disadvantage in the market. When you focus on one problem at a time and offer a proper solution, **you will deliver a top-of-the-market product to your customers.**

This process of problem identification is critical to set the stage for the next step.

What happens if you don't recognize the right problem?

- Decrease in customer satisfaction.
- Increase in product complexity and costs.
- Increase of opportunity cost in the future
- Loss of competitive advantage.
- Customer churn to competitors.

Identify a problem worth solving

To ensure you focus on the right problem, consider several metrics for the comparison. These include the market size, severity of the problem, feasibility of a solution, level of competition, and potential profitability.

By analyzing those metrics, you will identify the problems worth solving, focusing on the potential to bring significant value to both customers and the business. With all the information gathered, we can compare problems to identify high-priority issues for you

Look into numbers: Problem comparison

When it comes to prioritizing problems to solve, there are multiple ways to calculate the scale of the problem. We recommend The Impact score formula that combines:

- **value to customers and business,**
- **development effort,**
- **and potential risks that might occur during or after the implementation.**

The Impact score is calculated for each problem, with higher scores indicating more fundamental problems that should be addressed sooner. The formula for calculating the Impact Score is as follows:

Impact score = impact on to customer / (development effort * level of risk)

* Ad value to customer = scale 1 - 10

* Ad development effort = 1 - 10

* Level of risk = 1 - 10

Next, ask yourself the following questions:

- **Problem:** What do I want to solve and why?
- **Solution**: What might the solution look like, and what key features should it contain?
- **Key metrics:** What metrics will indicate the success of the product?
- **Revenue stream:** How will you generate revenue?
- **Unique value proposition:** What does my solution offer, and why should customers use and buy it instead of other solutions?
- **Unfair advantage:** What is my unique advantage that cannot be replicated by any competitor?
- **Channels:** How will customers learn about my product, and through what channels?
- **Customer segment:** Which customer segments am I building my product for?
- **Cost structure:** What are the capital expenditures (CAPEX) and operating expenses (OPEX) that I need to consider?

You can now answer five final Definition stage questions:

- **What is the magnitude of the problem** in terms of time, resources, and costs for the customer?
- **Who is the target audience**, and what are their demographics, behavior patterns, goals, motivations, pain points, and preferences?
- **What value can I create** by solving this problem, and how much time and resources can customers potentially save or gain?
- **Is the solution desirable**, feasible, and viable? Does it align with my mission and vision, and is the return on investment reasonable?
- **What is the market size**, and how many potential customers are there? How many are willing to pay for the solution?

CASE STUDY

Prioritizing features based on impact score

Some of our clients come to us wanting every possible feature developed in the shortest time frame possible. However, this can lead to a late delivery, overspending, and the creation of vanity features that add no real value for the customer. At our company, we know that focusing on a Minimum Viable Product (MVP) has an immense positive impact on customers, budget, and business goals.

But how do we determine which features make the cut for the MVP? That's where the impact score comes in. By calculating the impact on the customer and dividing it by development effort and level of risk, we're able to sort the feature backlog and prioritize accordingly.
We've used this approach on a wide range of projects, from Fintech to Automotive and Entertainment, and it's proven to be a game-changer. Not only does it help all stakeholders identify the value, cost, and potential risks of each feature, but it also reduces the number of prioritization discussions by 70% and saves us over 5 hours of meetings.

So when you're looking to create a product that truly stands out, don't underestimate the power of the impact score. It's a simple yet effective way to prioritize features and set your project up for success.

Overall, the Definition phase is critical in identifying the right problem, understanding the target audience, and setting the project up for success by focusing on a Minimum Viable Product (MVP) with the most impactful features prioritized using the Impact Score.

Key learnings from the Research phase

After completing the Definition phase, your product team should be able to:

- Identify critical problems and select the right one to focus on.
- Consider metrics such as market size, the severity of the problem, feasibility, competition, and potential profitability.
- Prioritize problems using the Impact Score formula.
- Answer five key questions to define the problem scope, target audience, the value created, feasibility and viability, and market size.

STEP 2

Prototyping

The Prototyping stage is where the magic happens! Roll up your sleeves and get creative, crafting a solution that brings your product to life. The main goal? To build a prototype showcasing the design and functionality of your product, which you can then test and validate with real users. Design prototypes are typically created after the initial concept or idea has been developed and before the final product is built.

Benefits of design prototypes:

- **Product visualization:** A design prototype helps visualize the product and understand how it will function.
- **Usability testing:** With a design prototype, you can test the usability and functionality of the product before investing time and resources into building the final product.
- **Product refinement:** Feedback from the design prototype helps ensure that the final product is easy to use and meets the needs and preferences of your target audience.

Our designers usually create clickable high-resolution prototypes that undergo usability testing with real users. This process ensures that you deliver a product that meets the highest standards of user experience and functionality, giving your customers a top-of-the-market product.

Effective prototyping: Listen to the real customers

During the prototyping phase, it's essential to connect with real customers and learn how they interact with the product design. This helps determine whether the product can effectively and seamlessly accomplish the desired job-to-be-done. The most effective way to measure user interaction is through usability testing.

The goal is to identify any obstacles or challenges users might face while interacting with the design prototype. Results from tests are evaluated by the product and design team, and adjustments are made to eliminate significant design flaws.

By testing the product with real users, you can ensure that the final product is easy to use and satisfies the needs and preferences of your customers.

Usability testing: Best practices for setup and execution

Discover **ten important steps** to prepare for successful usability testing:

Testing scope

Determine which aspect of the product you want to test. For large or complex products, it may be helpful to break them down into smaller parts for better feedback.

Testing goals

Define the main objective of the test, such as gathering general feedback on design, identifying UX issues, evaluating user satisfaction, or assessing textual content comprehension.

Participant profile

Choose the demographic, expertise, and behavioral characteristics of your audience.

Participant recruitment

Find participants through various channels and digital platforms, and brief the recruiter on desired demographic or behavioral characteristics.

Scenarios and tasks

Design realistic scenarios and clear tasks that align with the overall testing goal.

Testing method

Decide on the most suitable testing method, such as in-person or remote, moderated or unmoderated, formal or informal, or a combination.

Test enviroment

Prepare the testing environment to ensure smooth execution and provide a brief to participants if needed.

Running the test

Involve at least two team members, such as a product manager and a designer. One person interacts with the participant, while the other (ideally the designer) observes and takes notes.

Analyzing the results

Collect and analyze feedback from participants.

Repeat the test

Conduct a second round of usability testing to confirm that the product meets user needs.

During usability testing, **it is common to work with 5-8 real customers** invited to participate in a **testing session lasting 30 to 60 minutes**, depending on the tested flow.
According to the Nielsen Norman Group, testing with as few as five users can identify up to 85% of usability problems. Adding more participants may yield diminishing returns, unless the product is complex or has a diverse user base. In that case, a larger sample size may be necessary to ensure accurate results.

CASE STUDY

Success optimizing funnel conversion

When our client struggled with a high funnel abandonment rate above 90%, we were tasked with finding a solution to reduce it to below the industry standard. By analyzing usage data and user recordings, we identified the most problematic steps in the funnel and improved the interactions and content to enhance the user experience.

Our designers created a prototype, which we tested with 8 users using the methods described here. The result? Positive feedback resolved issues, and a reduced abandonment rate below the desired industry standard.

At the end of the prototype stage, we have key questions to assess the usability, value, and business viability of our solution:

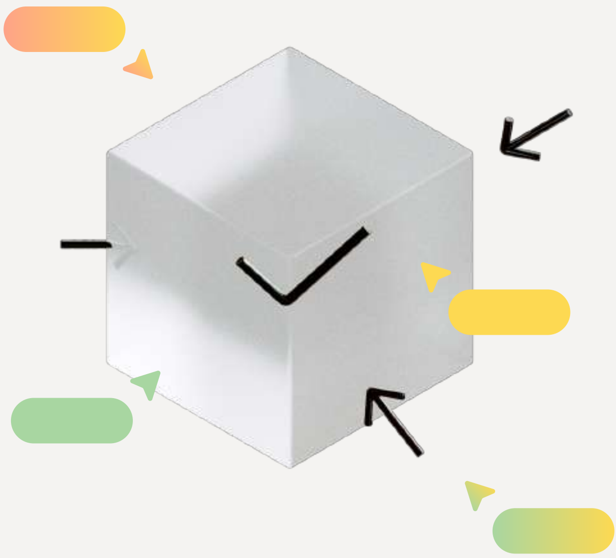
- **Usability risk:** Is our solution easy to understand and use? Can users complete necessary tasks with the product?
- **Value risk:** Will potential users use or buy the product?
- **Business viability risk:** Can our solution be integrated effectively with other areas of our business?

Our designers usually create clickable high-resolution prototypes that undergo usability testing with real users. This process ensures that you deliver a product that meets the highest standards of user experience and functionality, giving your customers a top-of-the-market product.

Key learnings from the Prototyping phase

After completing the Prototyping phase, your product team should be able to:

- Create and test design prototypes to gather user feedback.
- Refine the prototypes based on user feedback to meet user needs and business requirements.
- Develop a high-level product specification that outlines the key features and functionality.
- Collaborate with the IT department to draw an IT architecture schema to ensure all systems and resources align with business goals and objectives.



Congratulations!

Now you are ready for the final presentation, which summarizes all findings, materials assembled and created during the definition phase, design prototypes, user feedback, IT architecture, and development effort estimate for the product delivery.

The prototyping phase is critical in ensuring the product meets user needs and aligns with business goals. At this moment, you have the high-level product specification and IT architecture schema to serve as a roadmap for development.

TLDR: How to research, define and prototype the perfect product

As a company, you focus on creating value for your customers. If you do not know whether the product discovery is for you, take a closer look at your backlog or future feature list. If you find that they don't align with your mission or customers' needs, or if you're not delivering on time and within budget, it's time to consider product discovery.

01 Research

Know your competition and stay ahead of the game. Stay up-to-date on industry trends with research papers and expert opinions. Understand your customers' problems and know the severity of them.

02 Definition

Success comes from understanding your customers' needs and providing value. Identify the solution and define the must-have features for the first scope. Involve the right experts to create the best possible solution.

03 Prototyping

The key to prototyping is designing the prototype based on the previous phase and testing it on customers. After testing, refine the prototype and repeat the process of examining.

Feeling overwhelmed? We are here for you! Cleevio experts will lead each step of the process – from research to prototype testing. We understand that every project is unique, and we are ready to create a personalized approach that fits your specific needs.

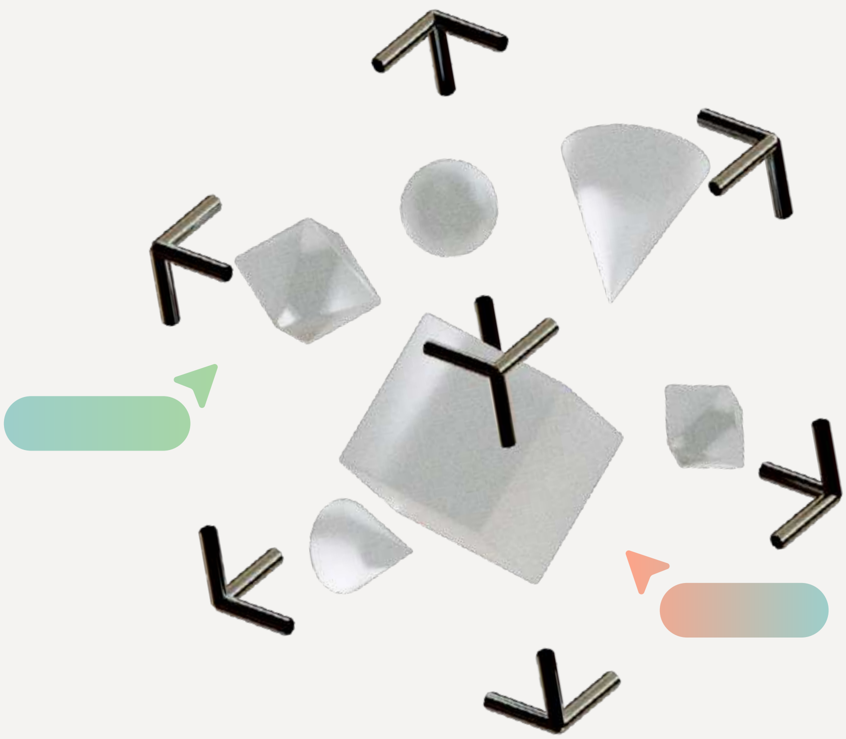
Let's work together to bring your innovative ideas to life and achieve your business goals!

Final note

Developing the perfect product requires a thorough process of research, definition, and prototyping. It's essential to stay ahead of the competition, understand customers' needs, and create a solution that provides value. If you feel overwhelmed, remember that Cleevio experts are here to guide you through every step with a personalized approach to fit your specific needs. Let's work together to bring your innovative ideas to life and achieve your business goals!

We want to emphasize that all the advice we have shared is based on our extensive experience creating digital products. While we believe that the insights provided here can help you achieve success, we also want to acknowledge that there is no 100% foolproof recipe for success. The foundation of this e-book came from our product experts, who wrote it intending to share what they have learned over the years. We hope that their experiences and knowledge can help guide you towards making decisions that will lead to the successful creation of your digital product.

Remember, don't be afraid to take risks, learn from your mistakes, and continue to iterate until you achieve the desired outcome.



About Cleevio

15 years experience

120+ delivered products

Clutch Top B2B Companies Global 2020
Deloitte. Technology Fast 50 Czech 2021 2022

Key expertise

- Java
- Kotlin
- Swift
- Javascript
- Node.js
- PHP
- React
- Web3.js
- Rust
- Solidity
- TypeScript
- kubernetes

Experience

- Healthcare
- Finance
- Consultants
- Energy
- Logistics
- Automotive

Our Clients

Deloitte. IONITY Zásilkovna GoPay Prima rohlik.cz +pilulka CNC Spendee super zoo

Your project

Let's build a successful product together.

HELLO@CLEEVIO.COM ↘