
Scoring Rubric

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Case Western Reserve University presents

THE MORGENTHAUER-PAVEY
STARTUP COMPETITION

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Market Size, Growth + Segmentation

How large is the market the product/service/technology is addressing?

What are the trends?

Is the market growing or contracting?

Is the market nascent or mature?

4 – The market is very large and growing very fast

3 – The market is fairly large and growing modestly

2 – The market is modest and not growing

1 – The market is small and shrinking

Ideas greater than \$1B that serve large and growing markets have greatest potential.

Market Need

How great is the pain that the product/service addresses?
Is it something customers *need* to have?

- 4 – The customers have a strong need for this solution and there is evidence they will pay for it
- 3 – The customers explain that there is a pain point/problem and are actively seeking a solution
- 2 – The customers think this would be nice to have, but no evidence they would pay for a solution
- 1 – There is no evidence that customers value this solution

The greatest potential lies in ideas with such a compelling value proposition that customers 'must' have it.

Market Traction

How much revenue does the company have?

- 4 – Company has a sizable revenue stream and evidence of a future sales pipeline
- 3 – Company has some revenue
- 2 – Company has unpaid beta customers/pilots
- 1 – Company has no traction in the market

Revenue Model

How does the business make money (*e.g. subscriptions, single sales, volume-based pricing*)?

What are the gross margins?

Is the model sustainable?

Can the business withstand pricing pressure?

4 – Company has recurring revenues and high margins

3 – Company has recurring revenues and modest margins

2 – Company has nonrecurring revenues and modest margins

1 – Company has razor thin margins and no recurring revenue

Competitor Analysis

Are there barriers to competition?

Is the idea protectable? *Note, patent protection is one way, but it requires time, money and has inherent uncertainty.*

If not patentable, what is the strategy for product differentiation?

- 4 – The company has strong barriers to competition (*i.e., a patent in pharmaceuticals*)
- 3 – The company could create a strong barrier competition
- 2 – The company could create a modest barrier to competition
- 1 – Product seems like a “me too”. No barriers to entry.

Customer + Sales Channel

Describe the target customer(s) and how they are (or how they envision) selling to them (*note, the user may be different than the purchaser and influencer!*).

Does the sales process seem like it will work?

- 4 – Company clearly understands who their customer is (who is going to pay for the solution), how they make purchase decisions, and has a plan for reaching them (i.e., their price is high enough to support a direct salesforce)
- 3 – Company understands who their customer is and how they make purchase decisions, but does not have a plan for reaching the customers (i.e., a mismatch between sales model and the price of the product)
- 2 – Company has little information about the target customer and how to sell to them
- 1 – Company has no idea of who their customer is or how to reach them

Keep in mind that products requiring significant changes in customer/user behavior are tougher sells.

Management Team

Does the team have domain expertise in the market?
Do they have prior start-up or venture experience?

- 4 – Founders have strong functional knowledge (technical and business), and prior successful startup experience
- 3 – Founders have strong functional knowledge or prior successful startup experience
- 2 – Founders have no functional knowledge or prior startup experience but seem to know something about the market and starting a company
- 1 – Founders have no functional knowledge or prior startup experience and seem clueless about the business and process of starting a company

Funding

How much funding is needed?

How long will the funding last and how will it be used?

Will it help them accomplish key milestones?

- 4 – Company does not need much money, has already raised some portion of what it needs, has low burn and a long runway
- 3 – Company does not need much money, has low burn and a long runway
- 2 – Company needs to raise a lot of money or has high burn and a short runway, but has made progress to raising what it needs
- 1 – Company needs a lot of money, has high burn, short runway and has not raised much to date