




Product Risk Assessment & **Product** Strategy

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BASED ON WHAT YOU HAVE LEARNED FROM THE PREVIOUS SESSIONS AND THE 10TH SESSION, WRITE YOUR VISION FOR YOUR PRODUCT STRATEGY.



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Product Strategy Canvas

The product market section refers to what need this product is designed for in society and how much it is worth solving.

What is your product vision?



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Product Strategy Canvas



Identify the supplementary expenses associated with your product.

What is the purpose behind optimizing costs?

While prioritizing affordability is crucial, it doesn't automatically translate to a low product price.

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Product Strategy Canvas

What is the unique value proposition of your product? What distinguishes it from competitors and makes it preferable?

Does your product have any limitations? For instance, geographical, cultural, or others?



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Product Strategy Canvas



Write about growing and marketing your product.

What narrative does your product convey?

What emotions does it evoke?

When and with what strategy will product expansion occur? Will you rely on social media or require a sales team?

How do you gauge the success of your product?

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Product Strategy Canvas

Specify the type of transactions and market interactions.

What distinctive activities do you engage in within the market?



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Product Strategy Canvas



- What are the features of your product?
- What resources are required?
- Do you require a supplier?

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Product Strategy Canvas

Ask these questions:

1. What makes you believe competitors cannot or will not replicate your strategy?
2. Are the various elements of the strategy compatible with each other, and do they complement each other?
3. What conditions must be met for this strategy to succeed? How can you validate it?

Identify your product support systems.

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Product Strategy Canvas

<p>Vision</p>	<p>Limitations</p>	<p>Extra Expenses</p>	<p>Growth and Marketing</p>	<p>Facilities</p>
<p>Market</p>		<p>Value Proposition</p>	<p>Unique Activity</p>	<p>Support System</p>
			<p>Transactions and Exchanges</p>	<p>Ask Yourself</p>



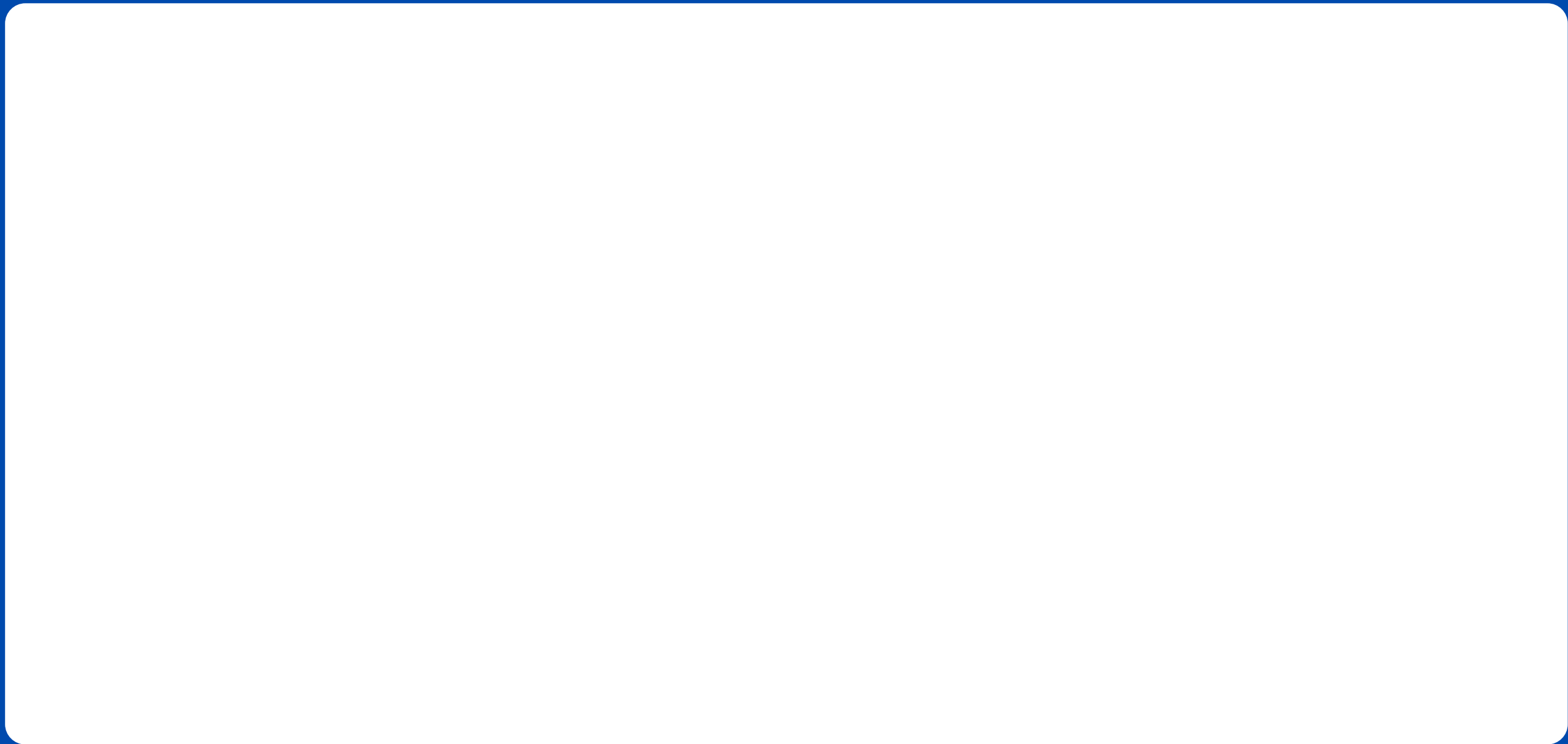
Some tips for determining the product strategy:

1. **Do your research:** Invest time in conducting thorough analysis to inform your product strategy, including personal work, SWOT analysis, and assessing the market landscape.
2. **Know your target audience:** Recognize the significance of understanding and empathizing with your customers, and seize every chance to enhance that understanding.
3. **Avoid comparisons:** Conduct your competitive research, but refrain from directly comparing your product one-to-one or aligning opportunities solely with what others are offering. Don't allow another company's product strategy to dictate yours.
4. **Be aware of weaknesses:** Acknowledge and understand the areas where you, your team, and your product can improve.

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- 5. Limit goals and initiatives:** Select only three to five product goals for a given timeframe to ensure they can all be achieved within the specified period.
 - 6. Communicate effectively with stakeholders:** Ensure you can clearly convey the value of your objectives and translate them for different audiences.
 - 7. Foster a culture of innovation:** Encourage the broader product development team to draw inspiration from the product strategy to fuel their creativity.
 - 8. Keep the roadmap up-to-date:** Maintain an updated roadmap that reflects the latest developments and demonstrates how they align with the product strategy.
 - 9. Continuous monitoring and evaluation:** Regularly assess the alignment of prioritized features with the product strategy, from initial prioritization to post-release performance.
 - 10. Setting your product strategy is just the beginning:** Product development is most effective when the product strategy is an integral and dynamic part of the process.



If you had to forgo a portion of your product path to enhance process efficiency, which details would you eliminate? Provide your rationale.



It's time to change your mind, business and life.



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5P MARKET

The 5Ps of Marketing constitute the primary key elements of marketing and are utilized to ascertain the strategic positioning of a business. These variables are leveraged by business and product managers as well as owners to fulfill customer needs within their target market, enhance the value of their business, and facilitate differentiation from competitors.



People

Price

Product

Place

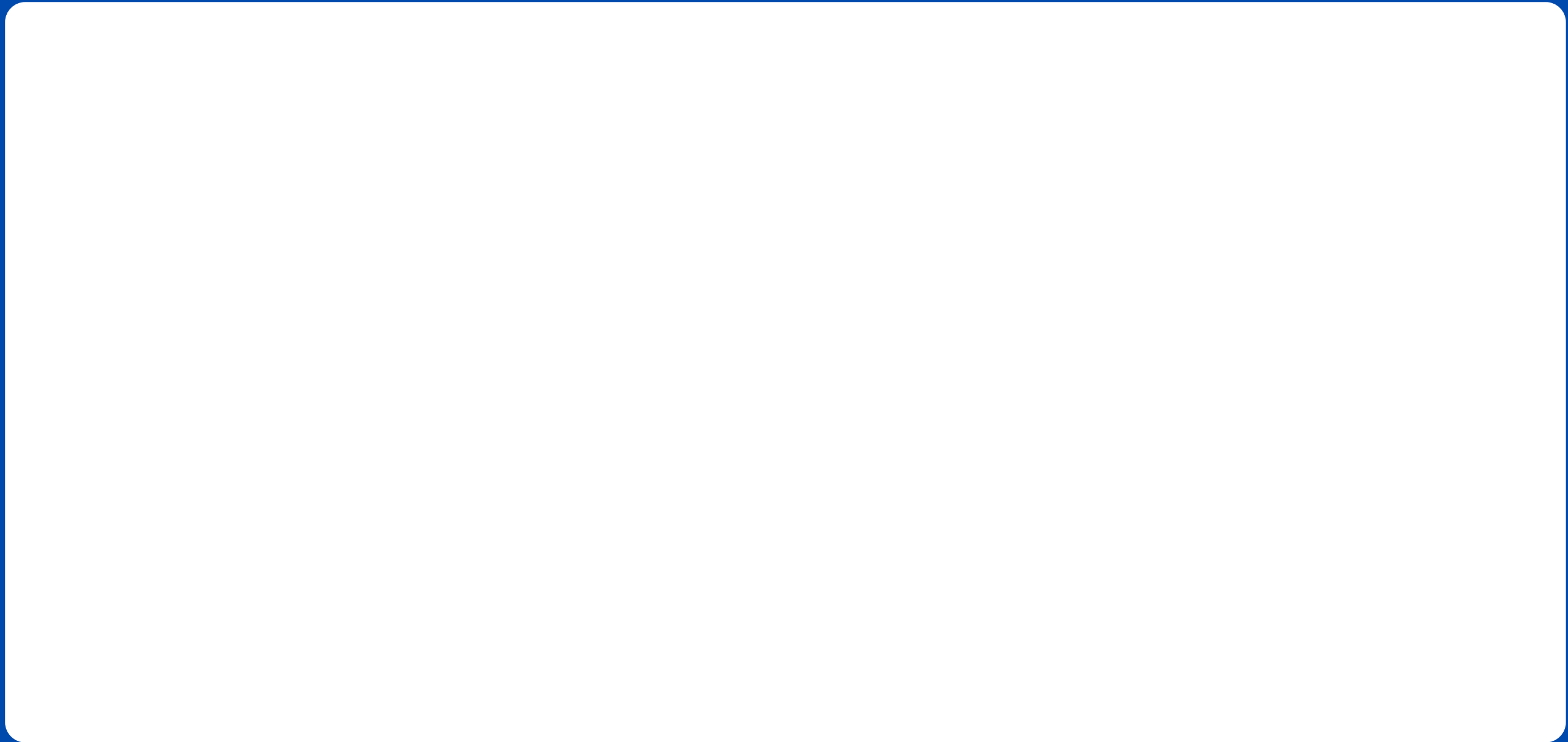
5P MARKET

Complete the marketing components according to your product

Promotion



You need to conduct a risk assessment for your product.
Write down your risk assessment strategy.



It's time to change your mind, business and life.



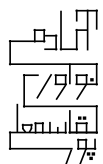
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Persons

What risks can your product pose to the people within society?

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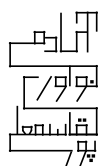
Property

Can your product cause damage to public or private property?

Will your product have an impact on property?

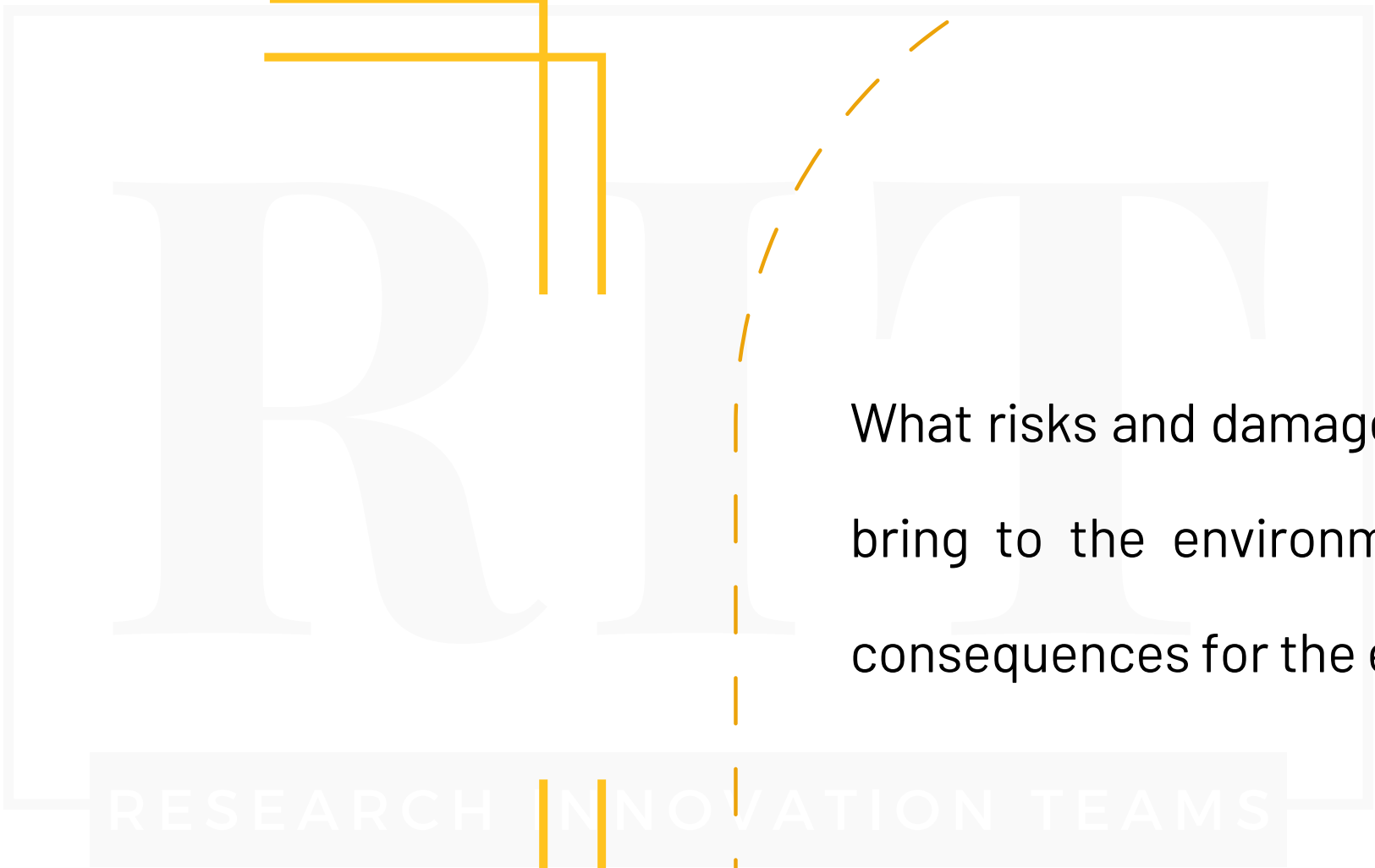
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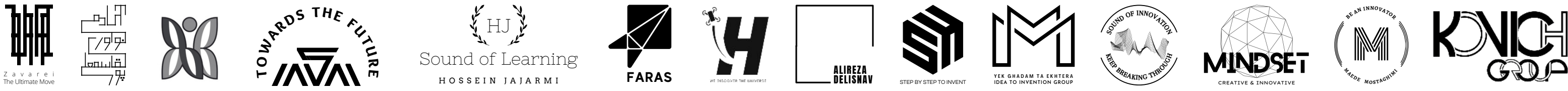


Environment

What risks and damages will your product bring to the environment? What are its consequences for the environment?



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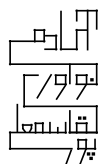
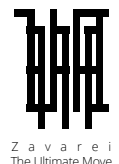
Safety and Health

Write down the risks associated with safety and health.

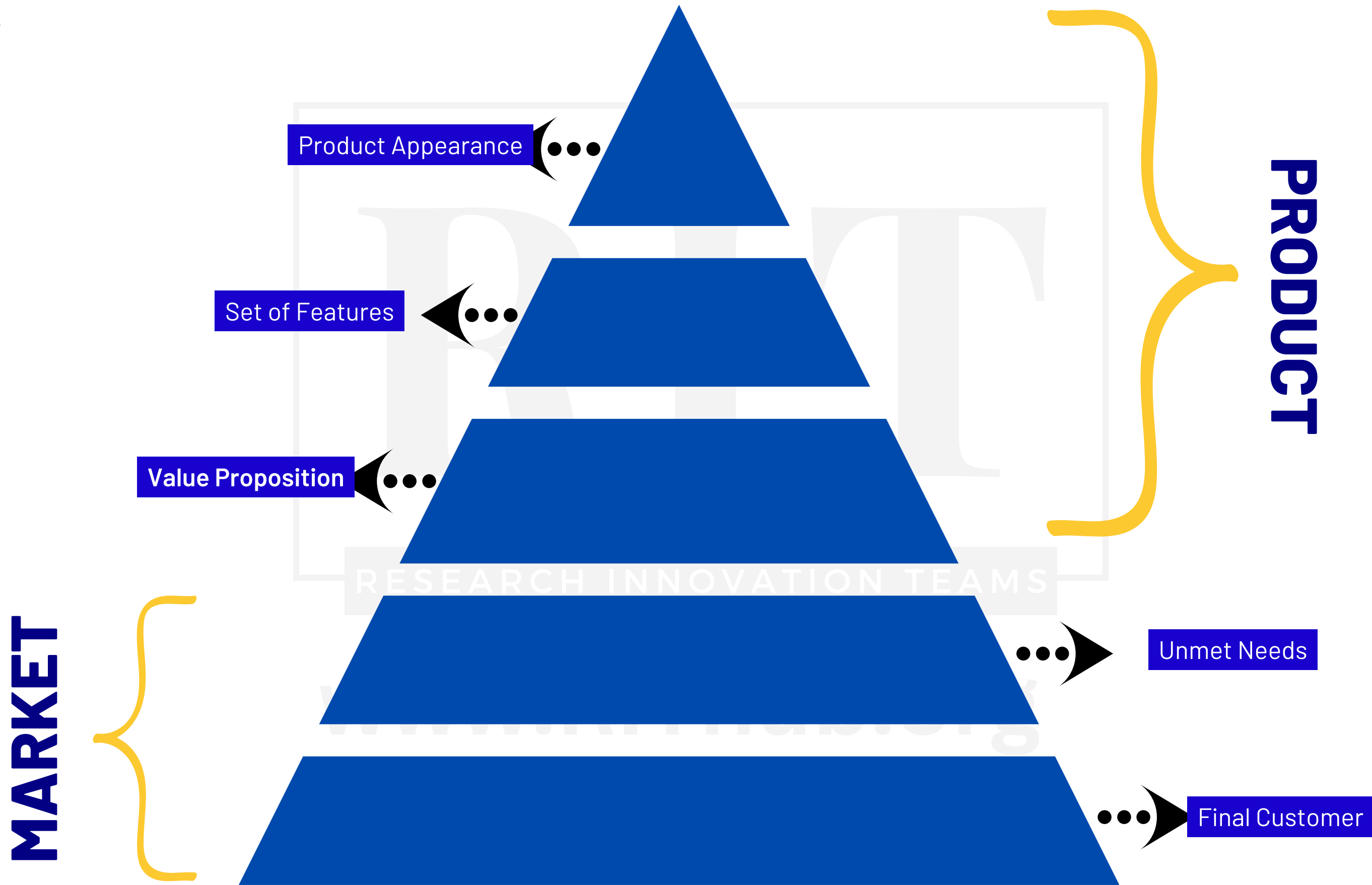
Identify anything that can endanger safety and health.

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Market and Product Fit Pyramid





WHAT STRATEGY DO YOU EMPLOY TO MITIGATE THE RISKS YOU'VE IDENTIFIED?

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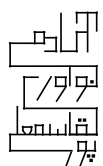
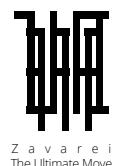
Product Valuation

Three large empty rectangular boxes for data entry, each with a double-line border. A large, faint watermark reading "RIT" is centered across the middle of these boxes. Below the bottom box, the text "RESEARCH INNOVATION TEAMS" is visible in a light gray bar.

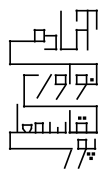
Costs


**Competitors'
Prices**

**Market
Demand**



Product Valuation



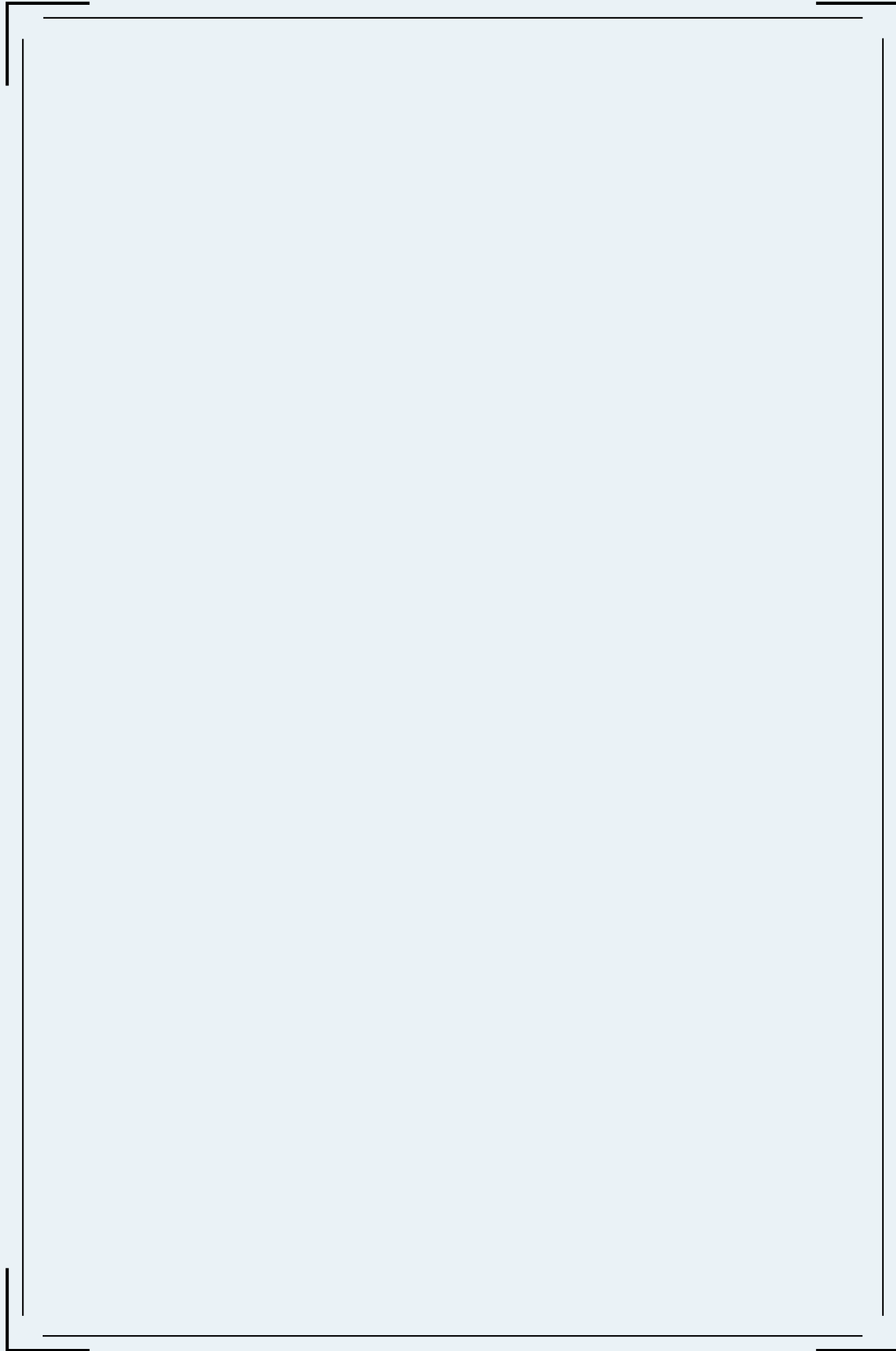


DO YOU CONSIDER PRODUCT VALUATION IMPORTANT TO YOU? WRITE YOUR REASON.
WHAT CHALLENGES AND CONSEQUENCES WILL VALUING OR NOT VALUING THE PRODUCT
HAVE FOR YOU?

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Who are your stakeholders?

Write in detail about your stakeholders and analyze them.

Note how you can get your stakeholders on board with you and gain more trust.



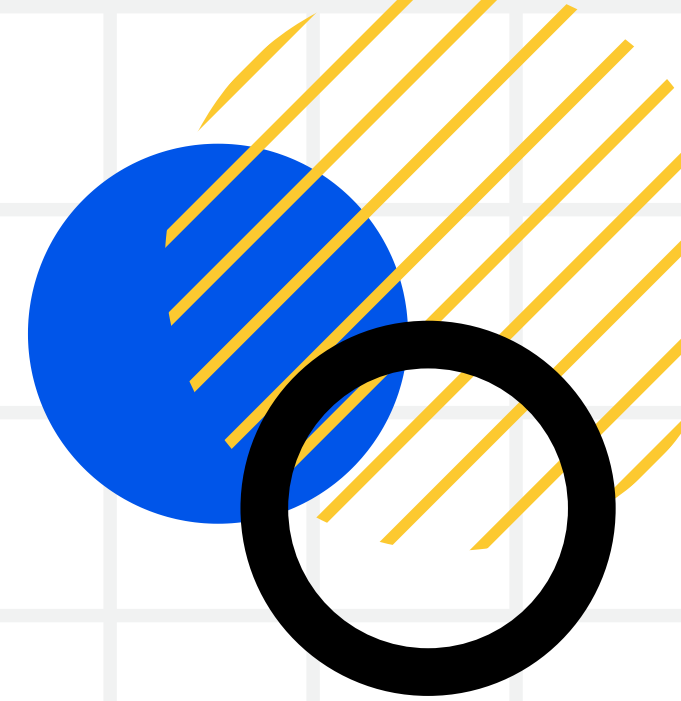


It is important that as a product owner, you establish contingency plans for both secondary and tertiary scenarios and leverage these plans if you encounter obstacles with your primary plan.

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Different methods of technology pricing include:

- 1. Cost-based method**
- 2. Market-oriented method**
- 3. Income-oriented method**
- 4. Option-based method in trading**
- 5. Black-Scholes method**
- 6. Binomial tree method**
- 7. Monte Carlo simulation method**





Cost-based method

The cost-oriented method relies on estimating the expenses associated with creating or developing technology. According to this approach, the value of a technology is closely tied to the costs incurred in its creation and development. In essence, the value of a technology fluctuates based on these costs. In this method, costs can be viewed in three distinct ways:

- **The actual expenses accrued by the original developer or owner of the technology**
- **Technology reproduction costs for the buyer**
- **Replacement costs**

Despite its potential applicability in other domains, the cost-based method is not widely employed in technology valuation and pricing. This is because this method fails to adequately capture the intrinsic and economic value of the technology in question.



Market oriented method

In the market-oriented method, pricing is determined based on comparable transactions involving similar technologies in a free and open market. Essentially, this method utilizes the market as a reference point to ascertain the value of a specific technology.

The objective of the market-oriented method is to assess the worth of assets by examining prices observed in transactions involving comparable assets within an efficient and unrestricted market. However, a key challenge of this method lies in the ability to find comparable technologies that have been traded in the market. The limited number of transactions and the lack of transparency regarding their specifics diminish the reliability and precision of this approach. Furthermore, even when information about such transactions is available, accurately valuing technology within these transactions remains uncertain.



Income Oriented Method

In methods based on income flow or financial influx, the objective is to compute the present value of anticipated incomes over the economic lifespan of the technology. While there are numerous variations within this method, they can generally be categorized into several groups, each sharing a common conceptual foundation and scientific application.

The income-oriented method entails evaluating the economic benefits derived from the utilization of the valued technology. Primarily focusing on future income streams generated by the technology's application, this method strives to estimate the present value of potential planned and projected incomes associated with the utilization of the technology throughout its economic lifespan. Various metrics and approaches exist at the core of income flow-based methodologies.



Option Based Method

The income-oriented method surpasses both the market-oriented and cost-oriented approaches by accounting for the future income streams associated with an asset, which are discounted at an appropriate rate to calculate its present value. However, this method also allows for flexibility in managerial decisions. The technology creator retains the freedom to choose whether to exercise their right to utilize the technology in the future, based on prevailing circumstances at that time and place. When feasible, they are likely to exercise this right and reap benefits. Conversely, if they opt not to utilize their right, they incur minimal losses, limited to expenses such as research and development and patent registration. To address this limitation, employing techniques rooted in option valuation principles presents a viable solution. Originally designed for valuing options in the stock market, these techniques can mitigate the constraints inherent in the income-oriented method to some extent.



Black-Scholes method

The Black-Scholes model is predicated on several key assumptions:

- **Stock price movements adhere to a log-normal distribution model.**
- **There are no transaction costs or taxes associated with trading.**
- **The underlying stock does not pay dividends over the option's lifespan, from contract initiation to maturity.**
- **Securities transactions can be executed at any time.**
- **Investors have the ability to borrow or lend capital at the same risk-free interest rate.**
- **Short-term risk-free interest rates remain constant.**

At its core, the Black-Scholes model seeks to forecast future stock price fluctuations. It operates on the fundamental premise that stock prices exhibit a random walk pattern, where the percentage change in stock prices over short intervals follows a normal distribution.



Binomial Tree Method

In contrast to the Black-Scholes method, the binomial pricing model employs a timeframe rather than a single moment. Although calculations in this approach are slightly slower compared to the Black-Scholes method, they yield higher accuracy. The binomial pricing model represents a refined version of option valuation models, incorporating time intervals. In this model, a binomial tree is utilized to delineate time steps between valuation and expiration. This tree structure comprises nodes, each denoting a possible price at a specific time. Valuation progresses from the terminal nodes backward through the network until reaching the initial node. The computed value at each point corresponds to the respective time period.



Binomial Tree Method

The steps to utilize this model are as follows:

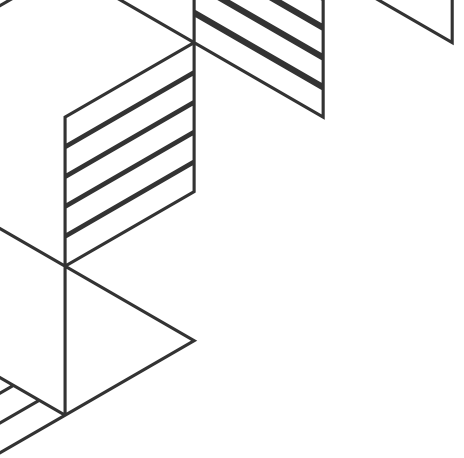
- **Construct a price tree.**
- **Compute the transaction value at each terminal node.**
- **Calculate the transaction value in the reverse order of preceding nodes.**

The binomial tree model serves as a practical and prevalent method for pricing options, represented in diagram form. This chart illustrates the various potential paths the stock may follow throughout the option's lifespan.



Monte Carlo Simulation Method

One characteristic of systems that pose significant challenges for analysis is the presence of certain components represented by random variables. These random variables are incorporated into simulations in the form of probability distributions, rendering simulation models built on real-world problems stochastic. In recent years, the term "Monte Carlo sampling" has become synonymous with stochastic simulation. However, it's important to note that Monte Carlo sampling has a narrower focus than simulation. This method involves selecting random numbers based on probability distribution, utilized in each iteration of the simulation experiment. Despite its numerous advantages, such as accuracy and flexibility, its complexity, time-consuming nature, and associated costs limit its widespread use.



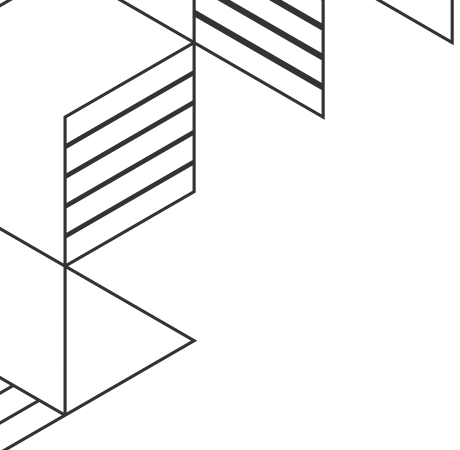
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What type of contract will you use for your business transactions?

What will be the values and working principles that you will observe in business contracts?



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What pricing method do you utilize for your product?



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