DIGITAL ECONOMY - GLOSSARY

This glossary has been prepared as part of the URBACT online training on digital transition. We hope it will help city economic development staff and politicians understand some of the terminology prevalent in the tech start-up ecosystem. We hope that by reading the material you will feel more comfortable with these terms and be able to engage better with tech ecosystem stakeholders.

PLAYERS and PLACES

StartUp Weekends, originally initiated by a tech accelerator called Techstars, enable potential entrepreneurs to develop their business idea, to form a team around it and to do some initial market testing in a 48-54-hour period. They typically start on Friday lunchtime and last all weekend, ending with a 'pitch' in front of a judging panel with a prize, which may include access to follow on support.

Pre-accelerator - A pre-accelerator is a program focused on early stage start-ups, taking them from concept to MVP (minimum viable product)

Accelerator - an accelerator programme is a fixed term, cohort-based support activity which traditionally was coupled with space and money in return for a small amount of equity. A key characteristic is the fiercely competitive nature of the selection process and dedicated support provided by the space management and/or investors who work closely with the business to guide their growth. Support usually lasts for a defined short period, after which the investor decides to expand their involvement or exit the business, either of which result in the business moving on from the accelerator space. Increasingly the term accelerator is used to describe any cohort-based start-up support programme, irrespective of an offer of space or money.

Incubator - Incubators, often linked to local universities, provide workspace and actively support the growth of start-ups or businesses in the early stage of development. A distinguishing feature of an incubator is the provision of business support. Businesses having space in an incubator are usually chosen through a competitive application process and do so to access business support, or specialist, facilities which may be provided by the incubator management or their partners. This support is often (but not always) provided in return for a share in profit or minor equity stake in the business.

Co-working Space - The spaces provide a combination of workplace and supporting facilities at affordable rates with easy in-out contractual conditions. The renting of space is set up to attract users who require ad hoc and short-term access to workstations and supporting facilities such as meeting rooms. The format of space is primarily open plan and of an informal setting, aimed at facilitating an interactive and creative networking environment to form a sense of community among users.

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Makerspace – facility with range of machinery and tools to enable new Internet of Things products to be developed

FabLab - (fabrication laboratory) is a small-scale workshop offering (personal) digital fabrication. A fab lab is typically equipped with an array of flexible computer-controlled tools that cover several different length scales and various materials, with the aim to make "almost anything".

STAGE OF START-UP OR BUSINESS

Idea stage - You're looking to get your idea off the ground.

Prototype stage - you've spent six months refining the idea, doing user testing, building a working prototype. You're somewhere between Idea and Launch, with a valuation to match.

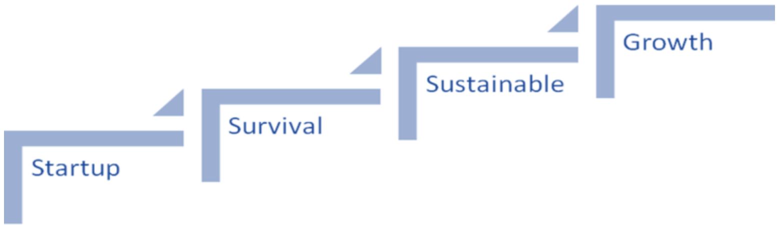
Launch stage - you've spent a year building the product with your co-founders, probably not paying yourselves a salary, plus you've invested £50K of your own money/time in the project. You're close to launching, you now want to raise money for that last mile of product development and for marketing.

Traction stage - you've launched and you're seeing good signs of early traction, enough to get investors excited. You have revenue plans, but nothing to show yet.

Revenue stage - Unlike Silicon Valley, where the vision of being a unicorn is often enough to get investors interested, EU investors like to see revenue or at least the promise of imminent revenue.

Scale stage - To get to this point, you need to have figured out product/market fit, proof of repeatable business, and large market demand provable by data, a clear path to scale and new business acquisition, and have identified customer acquisition cost and customer lifetime value.

The framework below is also useful - Adapted from Harvard Business School – 5 stages of small business growth:



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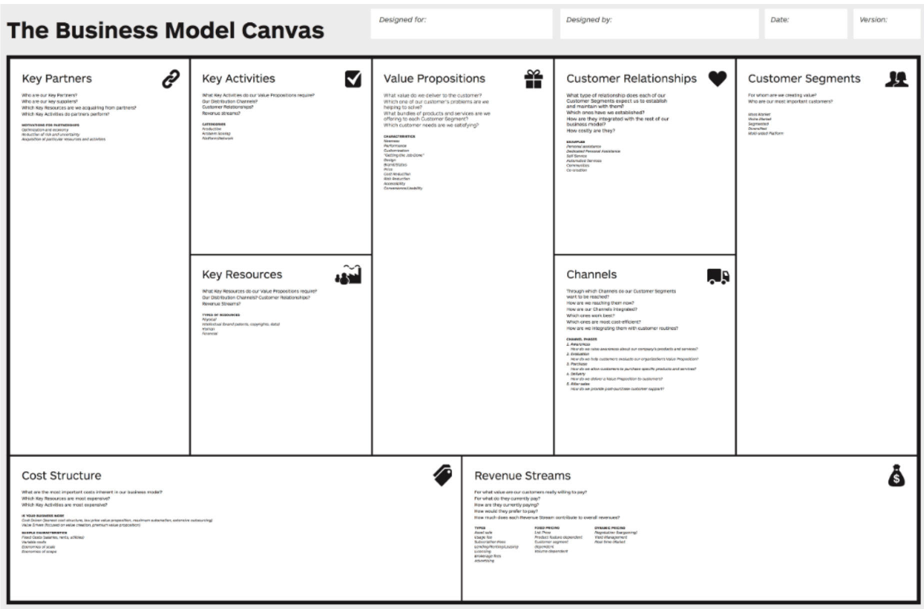
USEFUL TERMS - COMMON PARLANCE

Start-up – in relation to tech, an early-stage company developing a product or service with original intellectual property attached. A company can be a start-up for a long period of time. Start-ups are often ‘pre-revenue’ in that they aren’t yet selling their product but existing on investment or their own funds (also known as ‘bootstrapping’).

Scale-up – a start-up who has reached the market with their product and is expanding. Expansion includes on-boarding customers and talents, taking on increased investment, expanding operations, sometimes in different territories

Lean start-up – a methodology for developing businesses and products, which aims to shorten product development cycles and rapidly discover if a proposed business model is viable; this is achieved by adopting a combination of business-hypothesis-driven experimentation, iterative product releases, and validated learning. Central to the lean start-up methodology is the assumption that when start-up companies invest their time into iteratively building products or services to meet the needs of early customers, the company can reduce market risks and sidestep the need for large amounts of initial project funding and expensive product launches and failures.

Business model canvas - Business Model Canvas is a strategic management and lean start-up template for developing new or documenting existing business models. It is a visual chart with elements describing a firm's or product's value proposition, infrastructure, customers, and finances.



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Agile – agile development refers to a group of methodologies based on iterative development, where requirements and solutions evolve through collaboration between self-organising cross-functional teams. Agile methods or Agile processes generally promote a disciplined project management process that encourages frequent inspection and adaptation, a leadership philosophy that encourages teamwork, self-organisation and accountability, and a business approach that aligns development with customer needs and company goals. Agile development refers to any development process that is aligned with the concepts of the Agile Manifesto. The Manifesto was developed by a group of fourteen leading figures in the software industry, and reflects their experience of what approaches do and do not work. Read more about the Agile Manifesto.

UX – User Experience - The goal of UX design in business is to improve customer satisfaction and loyalty through the utility, ease of use, and pleasure provided in the interaction with a product.

UI – User Interface - user interface (UI) is everything designed into an information device with which a person may interact. This can include display screens, keyboards, a mouse and the appearance of a desktop. It is also the way through which a user interacts with an application or a website

Design thinking – a process in which design concepts are developed. Finding problems, creative strategy, solution-focussed thinking. Empathise, design, ideate, prototype, test. It is a solution-based approach to solving problems.

Minimum viable product (MVP) - is a product with just enough features to satisfy early customers, and to provide feedback for future product development. Gathering insights from an MVP is often less expensive than developing a product with more features, which increases costs and risk if the product fails, for example, due to incorrect assumptions. It may also involve carrying out market analysis beforehand.

Product-Market Fit - product-market fit, is the degree to which a product satisfies a strong market demand. Product/market fit has been identified as a first step to building a successful venture in which the company meets early adopters, gathers feedback and gauges interest in its product(s).

People increasingly talk about **Founder-Market Fit** - Founder/market fit means the founders have a deep understanding of the market they are entering, and are people who “personify their product, business and ultimately their company

Unicorns - A unicorn is a privately held start-up company valued at over $1 billion. A decacorn is a word used for those companies over $10 billion, while hectocorn is the appropriate term for such a company valued over $100 billion. The largest unicorns included Ant Financial, Didi Chuxing, Uber, Xiaomi, Airbnb, Palantir, and Pinterest.

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Exit - This is how start-up founders get rich. It's the method by which an investor and/or entrepreneur intends to "exit" their investment in a company. Commons options are an Initial Public Offering (IPO) or buyout from another company. Entrepreneurs and Venture Capitalists (VCs) often develop an "exit strategy" while the company is still growing.

Demo (or pitch) day – a demo day is when start-ups pitch their business in front of investors when they graduate from e.g. an accelerator.

Pitch - an opportunity to introduce your business idea in a limited amount of time – from a few seconds to a few minutes. You can use a presentation to underline your speech or just do it orally. The main goal of a pitch is to gain new customers, investors or stakeholders to support your business.

Elevator Pitch - Elevator pitch is a slang term used to describe a brief speech that outlines an idea for a product, service or project. The name comes from the notion that the speech should be delivered in the short time period of an elevator ride, usually 20-60 seconds

Pitch deck - a brief presentation, often created using PowerPoint, Keynote or Prezi, used to provide your audience with a quick overview of your business plan. You will usually use your pitch deck during face-to-face or online meetings with potential investors, customers, partners, and co-founders.

C-suite - C-suite gets its name from the titles of top senior staffers, which tend to start with the letter C, for "chief," as in Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO), and Chief Information Officer (CIO). You may also hear about CMO – Chief Marketing Officer and CTO – Chief Technical Officer.

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