



Stanford eCorner

Testing the Market Viability of a New Technology

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Adams talks about testing the viability of a new technology with potential customers. He recommends entrepreneurs conduct polls and surveys to determine whether there is demand for the technology in the market. Never commit to a large development effort without prototyping the technology first and taking it to a potential target market, he cautions.



Transcript

Well I think for the company where I started I've had this, the vision has been, okay if this is true there are some tests. If for example, AuctionDrop. Do people really have things around the house they want to sell? Would they actually pay money to have people sell them for them on eBay? And can you do it on eBay in a way that the revenue model works? So those requests. So before I went out and raise any money I sort of tested a few of those things. So everybody I talk to I said, "Hey, do you stuff around your house?" And they said, "Yeah." And I said, "Could you sell on eBay?" They said, "Well I could but I haven't." And I said, "Well, would you let someone else do it?" "Well, what are you going to pay?" It was what you were willing to pay. And so I kind of do some poll. And so that was kind of the first step of trying to determine whether the premises were viable. So any kind of business, you have to go determine and if you just take a little simple survey on whether the premise is viable. And if you can get a big survey and the survey came as a whole bunch of people that's even better but if you can't then don't do that. And then, then the first thing you do is try to do something that's small, as small as possible because the least expensive is the thing to do that will prove out the model.

So we opened for auction that we opened a little store in St. Carlos. And we said we'll take stuff and we'll process it in and hey it all started working and then the volume was there. From there we were able to expand out the idea because the premises, most of the premises were accurate. Some weren't. I've seen a lot of people the technology play and they'd say, "How does technology does this?" But if there's not any demand for the technology or doesn't solve a problem or doesn't save money, then nobody's going to buy unless you can fit it into somebody else's technology and together they solve some of those problems. So I guess for the technology companies, there was a concept that it solved a problem and then, you know, we went around and talk to people who had the problem and said, "If you had this, would this be something that you will buy?" And they said, "Yes." So we kind of tested the market that way but really, then you do a prototype. You know, just kind of a little mock-up prototype and then take that out and show it to people and see if that resonates with anybody. And then before you have to commit to fairly large development effort, I would never commit to a large development effort without actually prototyping it first and taking it out to potential target market.