



Stanford eCorner

Creating True Value Proposition in Clean Tech

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Video URL: <http://ecorner.stanford.edu/videos/2435/Creating-True-Value-Proposition-in-Clean-Tech>

Improved safety and water quality aren't the only results of displacing chlorine as a water purifier. Carlos Perea, Miox CEO, points out that saving money is the main reason that his private and municipal customers utilize his company's water treatment capabilities. He states that Miox's focus is always on driving costs down, because without this edge - no matter how honorable a clean tech innovation - a disruptive technology cannot ever achieve real market dominance. If an innovation in power or natural resources isn't going to be subsidized or regulated, it still must abide by the structure of the free market, and its relative cost is imperative for its success.



Transcript

And this is kind of illustrative of why people buy from us. There's really three reasons or three value propositions, if you will, that we provide customers. The first is safety, and I'm going to come back to that in a second and talk about why traditional chemicals pose such a safety hazard and therefore an opportunity for MIOX to displace them. The second one is quality. I'm not going to get into this in detail but suffice it to say that when you treat water with traditional chemicals, you can get the desired effect in one sense but create a lot of undesired byproducts. Some of that is in the form of carcinogens. Some is smell and taste odor and taste and odor issues that you might associate with say a swimming pool, that chlorinous odor. Our systems basically work in a way that eliminates a lot of those undesired attributes. But the third reason and the key piece and the key theme of all of this, is we offer a value proposition of economics. That is, we save people money from how they were doing things before to what it looks like once they use our equipment.

In the particular case of this example, I think they paid for the system in less than a year and over the span of a five to seven year lifespan, 80% reduction in overall cost. But at the end of the day, it comes down to cost and that's one of the things I want to really weave throughout this discussion is if you can't give people an economic value proposition, you're really not going to get a particularly large segment of the market. And so all of our energy has been on driving our cost down to give more economic savings to the customer. The simplest way to put this is, it all comes down to cost. I wish the world worked in a way that we all bought the products that made the most sense for all of us. But the end of the day, there's a financial impact. A lot of people forget that in clean tech. They come up with these world changing ideas and folks say, "Hey, I want to go follow that, I'm compelled." And nobody ever stops to think about the fact that it's twice as expensive and has all kinds of other complications and people are just not going to buy it, at least not in mass quantity. You can always find some people, by the way. I kind of sum it up this way.

Some people are willing to pay more to get less if it's the right thing to do. But most people wanted the inverse, right? We all want the inverse. Give me more and let me pay less. And that's really why we've had to focus on having a really key economic value proposition.