Writing a

Commercialization Plan

*This sample and template is provide courtesy of the KU Innovation Park and its partners at the KU Center for Technology Commercialization. It is meant to serve as a guide for developing a plan to commercialize a technology, product, or service. Since business opportunities and business models vary by field, maturity, capital needs and many other factors, not all sections may be relevant or applicable.*

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| --- | --- | --- |
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**[INSERT COMPANY NAME]**

**[Company Address]**

**Commercialization Plan**

**[Date]**

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# Overview/Executive Summary

In the overview, write a brief summary of the commercialization plan for the reader. Highlights should include:

1. A statement describing the company (i.e. Company X designs, manufactures, and sells devices that make managing X easier for patients)
2. A statement/description of the first product(s)/solution(s) to be developed
3. The value proposition for that product/solution
4. A concise statement of the current addressable market
5. An outline of the actionable plan to commercialize a product/solution (or drive toward the intended exit) with a short explanation of how resources and funding to do so will be acquired

This guide is based on the recommendations of the NIH in writing a commercialization plan for SBIR/STTR applicants, found here: [NIH Commercialization Plan Suggestions.docx](https://docs.google.com/document/d/1UBNi-hM0AD25N1Zm0QeDJGrYR8NCGHpP/edit?usp=share_link&ouid=110966691644347473946&rtpof=true&sd=true) & https://www.sbir.gov/sites/all/themes/sbir/dawnbreaker/img/documents/Course6-Tutorial6.pdf. However, keep in mind that not all startups, business opportunities, and products are alike, and many may not be writing for these grant applications.

# Product Description & Impact

This section should include a short summary of the initial product(s)/solution(s) to be developed, and its current status/state of development. The existing problem that is addressed by the product/solution, how the product/solution addresses this problem and the projected value of the product/solution to the customer in addressing that existing problem should also be clearly articulated in this section. You may want to include i) supporting information that bolsters the size and scope of the issue the product will address, and ii) information on any pilot testing, testimonials that demonstrate the efficacy and outcomes of using the product, or feedback from customer discovery efforts.

# Company Overview

The company overview should be written alongside or provided by the entrepreneur and his/her/their team. This section serves as a description of how the company is organized, runs, and functions. Details on the number of employees, core team members and their roles (with short biographies), and company history are typically included. Keep in mind the strength of the members of the team is a key attribute of an early-stage venture. If the company has secured any funding (friends & family, angel, non-dilutive grants, venture, etc.) that should also be summarized. Conclude with a statement summarizing what the future vision of what the company will be if its objectives are achieved.

# Market, Customer, & Competition Analysis

If a market assessment has been completed, this section will serve as a summary of that analysis, including the most relevant information and conclusions.

## Market

In this section you should attempt to define the target (addressable) market in which the product/solution will fit. You may want to include research-based information regarding the market size, scope, geographic distribution, and potential growth, as detailed in the Market Size & Scope section of the market assessment. Often this may begin with a description of a broad potential market and then narrow until you arrive at the smaller segment that the product/solution specifically addresses. If there are multiple potential markets which will have the lowest barrier to entry or provide the biggest return if successful.

For example:

* If the product was a potential therapeutic for treating cancer, you might start by narrowing from the broad oncology market, to the cancer therapeutics market, to blood cancer therapeutics, to immunotherapies for blood cancers, to immunotherapies for a specific blood cancer, such as acute lymphoblastic leukemia.
* For a medical device it might be a portion of the overall market which are not served by the current device because they do not work or they cannot be used due to existing comorbidities
* For something like a financial services software, it could be a segment of the market comprising small single location financial institutions who currently cannot offer certain products because the existing software solutions are built for large institutions.
* Another example might be a food additive that is “upcylced” from agriculture waste and increases the nutrient value of packaged foods. That additive could be of use in many food products, but defining which segment or type of products would be most accepting of the additive and why might identify a more specific target market for the product.

## Customer

The customer section is analogous to the Target Market section of the market assessment. Provide a brief description and justification of each customer base, and emphasize how your product will address the specific needs of that customer better than the existing competitors. For life science, biotech, and medtech innovations, consider that the customer and the patient or user may be different (for example, a new medical imaging technology may benefit the patient, but the customer would be a hospital or healthcare organization purchasing the device or software).

## Competitive Analysis

Similar to the Competitive Analysis of the market assessment, give a brief overview of the largest or most similar competitors on market today, and emphasize the advantages of the product in question over the competition. You may also want to consider those competitors that are also still in development, but which may reach the market prior to your product/solution. A summary or listing of the advantages over these competitors is often helpful and a table can also be used to differentiate your product/solution from others based upon certain features or advantages.

Example Table:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Feature 1 | Feature 2 | Feature 3 | Feature 4 |
| NewCo Product | X | X | X | X |
| Competitor 1 | X | X | - | - |
| Competitor 2 | - | X | - | X |
| Competitor 3 | - | X | X | - |
| Competitor 4 | X | X | - | X |

## Marketing Strategy

This section should be completed by the entrepreneur with the guidance of staff. Marketing strategy is particularly important, yet it is difficult to determine how to best break into a market or how to prioritize particular markets to enter if the product/solution has multiple addressable markets.

# Intellectual Property Protection

For many opportunities IP protection is a key facet for carving out a proprietary position for the company and for keeping competitors at bay. In certain business sectors, the relative strength of the IP is a key consideration for investors and other potential partners (example life science, pharma, medtech, aerospace). Keep in mind that IP includes not only patent application, but also copyrighted software/works, trademarks, proprietary data or know-how, or other less-tangible assets of value. If patent applications have been filed, it is useful to list the title, filing date, and country for those applications as well as a short description of what they seek to protect (i.e. US application XX/XXX,XXX, filed on MM/DD/YYYY is focused toward protecting the core turbine design that may be incorporated into multiple product lines). If the IP is not owned by the company, then a plan for licensing those rights should be mentioned. Also keep in mind that as a product develops there may be opportunities for additional IP to be created which may be relevant to the business (i.e. you may have a patent application for a device, but software to run the device will also need to be developed; that software would be new IP protected via copyright).

# Financial Plan

The financial plan should be written mostly by the entrepreneur with staff/analyst guidance as needed. Financial modeling is required for this section to be as accurate as possible, though no financial plan will perfectly predict the commercialization process. Keep in mind that SBIR/STTR applicants must split their financial plans into phases with specific requirements.

## Key Development Milestones & Projected Expenses

Financial requirements are often dictated by the needs in developing the product/solution as well as the business opportunity. It is important to consider what key milestones are required to advance the product/solution toward the market and the anticipated costs for each of those steps/milestones. Describe the projected cost of completing the product and getting it into the hands of customers. There are many expenses associated with the process, but common ones are salaries, sales/marketing, distribution, intellectual property, and product development.

## Sources of Funding

This section is especially relevant. Here, describe the anticipated capital requirements to take the product to market (based on the above milestones), and the expected sources to meet those needs. This will often include investors, grants, and any revenue generated in the process. It is important to demonstrate not just how to advance or develop a product/solution, but also how you would fund that development work.

# Production & Marketing Plan

This section will serve as a description of how the product will be created, marketed, distributed, and priced. The production & marketing plan will require many iterations and, while not set in stone, should be as accurate as possible.

## Product

Provide an explanation as to how the company will manage the product/solution life cycle. This should include the key steps or milestones that must be accomplished during development of the product/solution (these may mirror those included in the financial plan above). Consider how they will evaluate the product's success and optimize its entrance to the market.

## Place

This section should be an explanation of how and where the product will be distributed. Most commonly, a product may be licensed or contracted with a distributor at either retail or wholesale price. There are many details to consider in this section, and the resulting section should be the product of many iterations and justifications.

## Promotion

Determine how to best promote the product, specified to the target customer base. Some key questions to consider:

* What is the main or initial customer base?
* How does that customer base access similar products?
* How can customers best be made aware of the product? How will you reach those customers?
* How will you scale or grow your customer base and reach new/additional customers as the opportunity matures?
* How can the company emphasize the advantages of this product over others?

## Pricing

This section should serve as a more refined description of the pricing structure and suggestions found in the Pricing section of the market assessment. Here, it will be best to analyze how the customer will value the product. Pilot programs and discussions with key customer bases will guide your analysis. For pharma, biotech, and medtech products/solutions insurance reimbursement considerations should be addressed.

# Revenue Streams or Exit Strategy

In this section, explain how the company will make money from the product. This will be the result of extensive modeling and estimation. Consider the pricing structure outlined above in your analysis. Is there an annual, recurring cost or a one-time purchase? Revenues may come from sources other than direct sales; for example, licensing fees or added value may generate revenue. For certain business opportunities, sale of a product may not be the company’s planned outcome and instead a different exit strategy (such as a being acquired or sublicensing the product to another party) may be part of the plan and can also be detailed here.

# Potential Challenges & Risks

In this section, describe anticipated risks or challenges that the company may face as it develops and commercializes the product/solution. What are potential ways of addressing, reducing or eliminating these risks. A helpful exercise is to list the assumptions underlying your strategies to reach specific milestones and then rank them by how critical they are to your success.

Example Assumptions:

* The potential delivery or solubility challenges for a new drug will be overcome with typical, widely-used, formulation approaches.
* The FDA will accept a certain device as a predicate and therefore allow for use of the 510K regulatory pathway rather than company conducting a full clinical trial and PMA.
* Consumers will prefer a food additive derived from a natural starting product and will pay more for it over one arising from an artificial source.
* Starting materials for a product are and will remain low cost.
* Customers will only adopt use of a software product if it is capable of integration with existing platforms that are already being used.

## Regulatory Environment, Strategy and Implications

It is worth considering, especially in highly regulated industries (biotech, medtech, foodtech, etc), what the regulatory considerations are in bringing the product to market. These might include the various regulatory bodies that may have oversight, the process or requirements needed to achieve regulatory milestones or approvals and the associated timelines and costs.

# Helpful References and Frameworks

## KU Innovation Park Technology Pathways:

[Medical Device Development](https://docs.google.com/document/d/14UIZ4_JwPFCLF2iUVu8dXpUvh5q89H1x/edit?usp=sharing&ouid=105452655437178404089&rtpof=true&sd=true)

[Drug Discovery, Development and Delivery](https://docs.google.com/document/d/1c2CvC_3LTYodXfB0pH4Ft0ePXWRcWw-I/edit?usp=sharing&ouid=105452655437178404089&rtpof=true&sd=true)

## Outlining the components of the business and strategy:

[Business Model Canvas](https://www.strategyzer.com/library/the-business-model-canvas)

[Disciplined Entrepreneurship](https://www.d-eship.com/about/framework/)

## Competition and Market differentiation

[Jobs-to-be-done](https://builtin.com/articles/jobs-to-be-done-framework)

## Other references & examples:

[How to write a perfect business plan: A comprehensive guide (Inc.com)](https://www.inc.com/jeff-haden/how-to-write-perfect-business-plan-a-comprehensive-creating-guide.html)

[How to write a winning business plan (Harvard Business Review)](https://hbr.org/1985/05/how-to-write-a-winning-business-plan)