From Kickstarter to Category Sales Leader – Nonda Shares Lessons from the Trenches

Nonda's name is "no nda" and transparency is core to our culture. We believe that our successes belong not just to us, but to everyone.

By sharing lessons learned from the trenches, we hope to empower budding entrepreneurs and start-ups to continue to bring innovative products to market, hopefully avoiding common pitfalls that can derail their potential for success.

From safeguarding against IP theft, to component and manufacturing sourcing and warding off lukewarm market reception, what would otherwise be closely guarded industry secrets are revealed below. Think of it as open-sourcing our go-to-market playbook.

Evaluating the market opportunity

We have developed a relatively simple four-step approach.

First, we look for an established volume market.

Ideally one that has already migrated to the downward trajectory of commodification (anonymous companies undercutting each other on pricing in a race to the bottom). For example, for the ZUS Smart Car Charger, we recognized that there was an established 40M unit annual US market in the car charger category. We also knew that no one "owned" the market, and that functionally, all car chargers did pretty much the same thing in the same way – differentiated only by price and minor cosmetic differences.

This first step ensures a large addressable market for a core need, upon which we can evolve the product to be "smarter" and become an active participant in the Internet of Things. An app-enabled car charger was born.

Second, we look for ways to address everyday needs.

There's nothing wrong with selling a niche product – like a digital lock for ski racks – but when a product is limited in its use case, either because the audience is narrow (skiers) and/or the product is used infrequently (only during ski season), both the pool of buyers and the frequency of relevance are narrow. We look instead for a broad audience that will interact with our products every day and realize the value in our products year round. This is what ensures the creation of strong, persistent value.

Now, the same car charger that charges your mobile devices can also leverage your smartphone to act as a car locator, a mileage tracker, and a car battery health monitor. And, as the app is iterated upon and improved, the product evolves for the consumer – even after purchase.

Third, we look not just at functional use models, but on emotional drivers as well.

Part of the problem with the commodification of car chargers, for example, is that it ignores the fact that cars are an important and considered purchase. People buy cars not just as transportation, but as expressions of themselves and their lifestyles. There is an expectation that cars be sleek, beautiful, fast and flexible. And yet, before the ZUS Smart Car Charger, the chargers that were sold to be used in cars were none of those things. They were just cheap devices that charged phones. By recognizing that a car charger, like the other touchpoints of a car, is something that you see and touch every time you sit in the car, we understood that it too should aesthetically please, have a feel of quality, and reflect the same attributes as the car in which it is to be used.

Fourth, and finally, we look to accessibility.

In order to address the full potential of the product category and deliver against the everyday needs the smart product solves, it is important that the product fall within reach of everyday consumers, with an approximate price of $100 or less. If a customer can place the product in his or her online shopping cart and click "buy" with some level of confidence that not only will their basic needs will be met, but that they may discover some unexpected extras along the way, then we have hit the sweet spot. In sum, we have an egalitarian vision in believing that smart connected technology should serve everyone's needs - not just those of the elite. Every car can be a connected car.

With the product need covered, let's **move on to getting the product designed and built.**

Several of our most popular products began as Kickstarter and Indiegogo crowd-sourced offerings. And yet for all their promise, companies using these fund-raising platforms have a challenge in bringing products successfully from concept to full production. Additionally, those products that do find their way to market often take a year or longer, losing consumer interest along the way as they are leapfrogged by competitors who get a preview of what is to come. We learned this lesson the hard way, actually refunding $800,000 on a crowdsourced offering and survived to tell the tale.

For those interested in a primer on the perils of popular crowd-sourcing platforms, Josh Horwitz writing for Quartz, in his article, The Lightning-Fast Copycats of Shenzhen, paints a compelling cautionary tale:
http://qz.com/771727/chinas-factories-in-shenzhen-can-copy-products-at-breakneck-speed-and-its-time-for-the-rest-of-the-world-to-get-over-it/

Let's examine Tesla as a David and Goliath example of a company that got this formula right when their much bigger and more powerful competitors stumbled.

When Tesla brought their first car to market, the Roadster, they understood that they weren't inventing the car – that had come long before and was already a well-established market. In fact, they weren't inventing the electric car, which actually dated back to the turn of the century – not this past one, but the one before that.

What Tesla figured out was that they were reinventing a use profile for cars by leveraging the inherent performance advantages of electric motors (lots of torque from 0 rpm – something to which no gasoline engine could come close) for unparalleled driving excitement. But to bring their platform to market quickly and get ahead of the established industry players, they didn't have the luxury of building proprietary battery packs. Instead, they used commodity 18650 cells – the same exact batteries found in laptop computers and other every day electronic devices. They were proven, in abundant supply, and offered by a number of global suppliers. Why reinvent the wheel?

Meanwhile, the major car manufacturers, who were comfortable outsourcing every sub-system of a car to third party suppliers except the heart (engine – and for EVs, battery pack), which they deemed to be their core IP, were loath to adopt a battery format that their competitors could also use to beat them in market. So they each started from scratch, building large format proprietary cells from the ground up, as Tesla quickly repackaged what was already widely in use elsewhere.

We all know how this story plays out. Tesla came out of the gates in a fraction of the time under their go-to-market model, and established themselves as the front-runner and brand to beat in the category that they unilaterally helped define. Meanwhile, the big established players stumbled when outsourced proprietary cells either didn't arrive on schedule, or in some cases, never materialized at all.

With the ZUS Smart Car Charger, we knew that the goal was not to use bleeding edge chip technology to be ahead of every competitor in the car charger space. After all, it wasn't having the latest and greatest chipset that would dictate ZUS' success or failure. Rather, we needed ZUS' performance to benchmark as fast as our fastest competitors using stable and proven components. By using proven chips that could still reach the maximum charging speeds available on the market, we secured reliable components that enabled our incredibly fast speed to market while enabling us to focus instead on what would be truly differentiating – **how could a car charger add value to the driver even when it wasn't busy charging a mobile device?**

And that was the platform for the ZUS Smart Car Charger's expanded functionality and ultimate market domination – despite fighting a downward pricing trend by actually moving back up market as everyone else shot for the bottom of the barrel.

Best of all, the architecture of the ZUS Smart Car Charger enabled Nonda to expand to other platforms – just as a car manufacturer uses basic universal platforms to underpin multiple models. As viewers of the popular show, Shark Tank, have had drilled into them repeatedly, no

company wants to be a one-trick pony, because then you're a product, not a brand (and you would be dead to Kevin O'Leary).

On sourcing and manufacturing and the protection of IP

This brings us to the question of sourcing. As outlined in Horwitz's article, Shenzhen, for all its problems and perils, is where the overwhelming majority of consumer electronics are manufactured. From prestige volume players like Apple's iPhone to the cut-rate disposable commodity offerings, mainland China, and the web of factories in Shenzhen, are the place where stuff gets made. Nonda plays in the same pool.

As will come as a surprise to no one, it's a wild-west market that most companies navigate with the help of specialist fixers that arrange introductions to a tight network of preferred vendors sometimes on merit, and often based on incentives or kick-backs. Any component, no matter how obscure, can be sourced, but the quality and price will vary widely.

Because Shenzhen is effectively ground zero for an emerging economy, developing at lightning speed, the safeguards against both outright IP theft and more subtle forms of compromising sales channels like gray market and back-door deals, remains a formidable hurdle for both start-ups and established players alike.

Nonda doesn't rely on one specific tactical insight. Rather, Nonda has a key advantage, and that's the fact that our accessories, by being app-enabled (and as such, app-dependent) can't simply be reverse engineered on either hardware or software alone – it takes equal parts of both to make a Nonda product.

For all their speed to market, Shenzhen is still a very siloed world. Hardware providers focus on hardware while software, including UI and UX, is handled by others. This makes non-software dependent products easy prey, because once duplicated, they are virtually impossible to reign back in. Software can similarly be compromised – so long as it remains static and isn't bundled with hardware to make it work. But if you have evolving software that is functionally tied to hardware, this no longer represents low hanging fruit for piracy – and that's exactly Nonda's domain.

On leveraging early adopters

Unique to Nonda in the app-enabled accessories space is the choice, as a company, to more closely follow the short-turnaround iterative product development cycles of software producers, as opposed to hardware manufacturers, including adopting the model of beta testing product with a statistically relevant pool of real world consumers.

Nonda leverages a pool of many thousands of early adopters called a-Fans, carefully screened for specific profile characteristics, as our way of confirming:

- Market demand

- Product functionality
- Price point
- Design
- Regional adoption/ user experience

In the past, we have re-sequenced, and even scrapped, product launches based on the feedback of our early adopters. In other instances, we have significantly re-tooled hardware, software, or both, based on the feedback we have received during this beta testing.

The importance of this step in our product roll-out cannot be understated. In equal parts, it both ensures a strong marker for adoption of the product when it is launched into the broad market – something we have consistently accomplished in multiple product launches to date – as well as high user satisfaction ratings (we look for an average user rating of 4.5 stars or better out of 5 before a product is green-lit for launch). It also means that our user base has a special stake in our products, because they are instrumental in bringing them to market. By watching, absorbing, and learning from what our early adopters have to say, we become better not just at designing and building products, but in effectively marketing them against competitive offerings. After all, chances are, if there's a competitive parallel to be drawn, our users are as aware, if not more so, than we are – and have made it clear how we stack up.

On building a brand

Brands, fundamentally, are characters in a market narrative. They stand for certain values. They have histories, hopes, and aspirations. They aren't strictly defined by products, but rather an ethos that transcends them.

Nonda is guided by the following principles:

- **Simplicity**: To make easy to use devices that solve everyday problems
- **Quality**: To stay current with long-lasting, updatable products
- **Accessibility**: To make best-in-class technology available to everyone
- **Transparency**: In communications both internally and externally

Simplicity plays a key role in our process: in identifying common consumer pain points and solving them with well-designed products that our users interact with every day. And our products evolve with updates pushed seamlessly over the air to the user.

Nonda also believes that products should be designed, engineered, and built to the highest standard as they will be used every day and relied on for a long time to come. Modularity means that our products integrate with each other and can work either independently of one-another, or as part of a cohesive system of complementary components. Rather than dumping product into the market and then abandoning it to pursue the next best thing, we believe in designing a product that is stylish, durable, and always kept current.

It would be easy to point back to Tesla again, as the pioneer of over-the-air software updates to their Model S as the template for how hardware evolves in the hands of the end user to push back against planned obsolescence, but the truth is, even in the accessories market, there are analogs.

When Valentine Research released its Valentine One radar detector in the 1980s, it represented the first commercially available radar detector that not only pointed to the source of the radar – something unique that no competitor offered at the time – but could also be updated (via snail mail) to keep up with law enforcement advances in speed measuring technology. The big established competitors offered products that had a limited shelf life – as soon as they became popular enough, the radar and laser speed systems evolved to render them all but obsolete.

While competitive products depreciated rapidly over time, Valentine One radar detectors continued to remain current and hold their value, remaining state-of-the art and commanding premium prices on the secondary market years after purchase.

Rather than cannibalizing sales of its new detectors, their existing user base became brand evangelists and Valentine Research acquired competitive shoppers at a rate that eclipsed the revenue they otherwise would have captured continually re-selling to the same pool of consumers (the paradigm that existed until then). In short, Valentine prevailed through customer acquisition, not product churn. Nonda follows a similar strategy to build our future on the foundation of the delight, satisfaction and loyalty of our customers.

We also believe that technology is egalitarian, and particularly that safety and convenience belong to everyone, not just the elite who can afford to buy new cars every other year. Coming to market with a price point that allows users to jump in and buy now vs. saving up to buy, means that the technology is available today, guilt-free, to everyone. Nonda believes that every car can be a connected car.

Lastly, we have an internal value that is just as important to our brand and that's one of transparency. As evidenced by this communication, we believe that being open about who we are, what we do, what we stand for, and how we go about it doesn't belong exclusively to upper management – it's part of the fabric of our entire organization. Without that, we wouldn't be who we are.

On the future of the connected car

Today, connected cars are about aggregating user experiences to allow technology to evolve and improve in a single application environment – literally, the car that is being driven.

In the future, as machine learning becomes more central to the concept of connected cars, a connected car will come to mean both the car itself and the gadgets within the car engaging in an ongoing dialog.

Flashing back to the Valentine One example, it's radar detectors noting a radar source, logging it, and broadcasting that out to other radar detectors describing what type of speed detection device it encountered, when, and how often.

Nonda looks forward to what the future holds for our connected car technology landscape, and being a core driver (excuse the pun) in that brave new world.