



TesseractAcademy

# The Data Product Framework for Startups



The following framework presents a simple 3-step process that can help you clarify how to make the most out of your data strategy and your product strategy.

## Step 1: The importance of data

The first thing to decide as a startup is whether data science is a “nice-to-have” or it is a core component of the business. What are the differences between them?

Nice-to-have	Core component
You can't imagine any use cases besides dashboards for internal use	A core monetisation stream has to use data science/AI
Data science would be used only for internal purposes	A key competitive advantage has to use data science/AI
You can imagine running a successful business without ever hiring a data scientist	Other companies in this space are hiring data scientists
You are not sure how you would go about creating a product based on data.	You can think of at least 1 data product that would be useful for your customers





Note that this is not a hard science. It's possible for data science to be a nice-to-have early on in a sector, and then become a necessity as it is adopted more widely. However, this table can be a good starting point. This will help you decide whether you really have to focus on creating data products or not.

## Step 2: Map the data vision

Another way to understand how important data science is for your startup is to use the following graph. This graph shows, from left to right, the different levels of data science usage. The more to the right you find yourself, the more important data science is for your startup, and the more likely for your business to generate significant profit from data products.

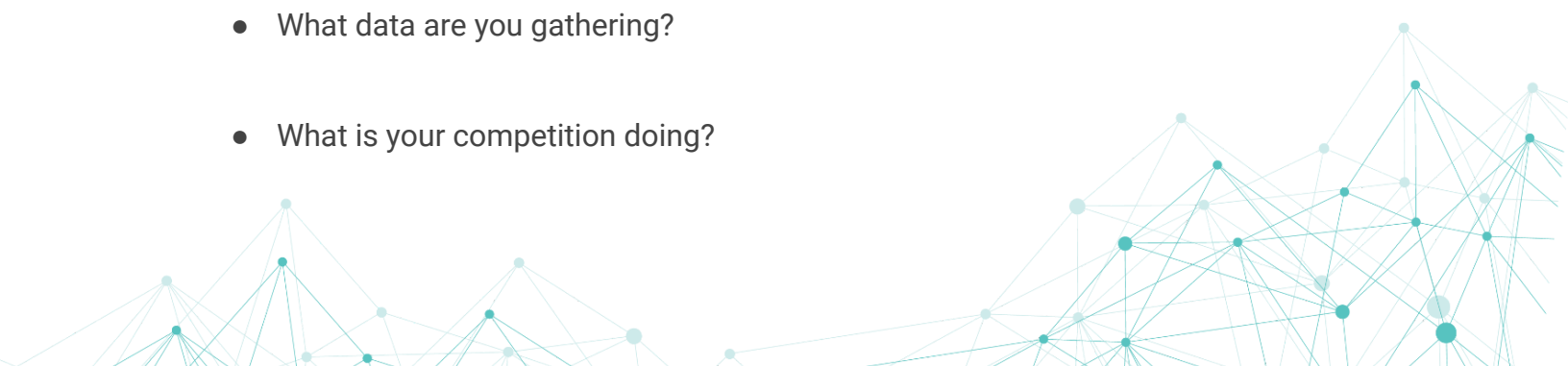
## Step 3: Map present and future opportunity

The final step is about mapping the current and the future opportunity. That is what

### Status quo

The first step is about defining where you currently stand, what data you're gathering and what the market looks like.

- Who is your customer (or customers)?
- What data are you gathering?
- What is your competition doing?



## Opportunity

The second step asks you to imagine what you could be doing with data, but also to map out potential risks and costs of adding more data.

- What data could you be gathering?
- How this data unlocks new opportunities.
- Does this affect the business in any negative way?

Negatives in this case can include things like:

- Regulatory concerns: storing data might require you to consult someone on data privacy
- Changes to the UX: if your product is a piece of software, then changes to the UX/UI might risk making your users unhappy.
- Increased cloud costs for storage and processing

## The vision

This step is asking you to imagine where the business could be in the future

- Is data a utility, enabler or a commercial driver?

Make sure to check out the graph above. The more on the right you are, the more important data science is going to be.

- Where do you want to be 1 year, 3 years and 5 years from now?
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## Path forward

Moving forward ideally requires you to use some framework like the Data Strategy Canvas by the Tesseract Academy. However, these simple questions will help get you started.

- Data products that can be developed
- What are the risks of pursuing each data product?
- How to mitigate those risks
- What are the KPIs you are after? What is the time horizon to test whether those KPIs really improve?



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