Proof of Concept (PoC) for Corporates and Startups

IGPI Singapore, May 2021

What is Proof of Concept?

Proof of Concept (PoC) is a small exercise conducted to validate that a solution is feasible for commercialization. PoC describes the idea and functionality of the solution including its general design or specific feature, and how achievable they are. It is a method used in many industries such as manufacturing, software development and banking, and in the startup scene as well.

In the current business environment, it is important for businesses to constantly innovate and come out with new solutions to stay competitive in the market. It is always exciting for businesses to strategize about new solutions. However, before they can go ahead with development and production, they need to demonstrate that their solutions have the potential to work, is commercially viable, can realistically be implemented and is worth the investment. PoC can help to achieve these goals.

What is the use of PoC in corporate startup cooperation?

Many startups conduct their own PoC to attract investors or potential corporate partners. Startups can also carry out a PoC in cooperation with interested corporate partners. The focus of a jointly conducted PoC differs from the former, as the feasibility of the solution has already been proven. Corporates and startups usually conduct PoC together to assess whether the solutions proposed by the startup are applicable in the corporate's industry.

During the joint PoC between corporate and startup, both parties get to better understand the working cultures of each party, and to identify and resolve any differences. This helps create the foundation for a long-term cooperation between both parties.

PoCs in ASEAN

You can find PoC tests conducted across various industries in ASEAN such as financial services, healthcare, SMART cities etc. Multiple stakeholders are involved in the PoC process with the aim of understanding if the proposed solutions can solve the current issues faced by customers in their respective industries. Some examples include[1]:

- Financial services industry: Know Your Customer (KYC) blockchain PoC jointly conducted by a few banks (both local and foreign) and a government agency in Singapore[2]
- Healthcare industry: Healthcare startups partnered with a private healthcare provider in Singapore on adoption of its AI-powered tool[3]
- Manufacturing industry: Smart factory joint PoC between a Japanese conglomerate and a listed company in Thailand[4]

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[1] This PoC list is non-exhaustive and are just some examples of PoCs conducted in ASEAN based on desktop research
[2] Digital News Asia News Article
[3] Economic Development Board website
[4] Thailand Listed Company website

What are the advantages of PoC?

A PoC can value add to different stakeholders involved in the process. The following are some of the benefits to be obtained from conducting a PoC:

1. **Validating that the idea is feasible with lesser resources involved**
   Companies undertake various steps to test the solution before fully committing to the development and production of the final product. These steps include the PoC, Prototype and Minimum Variable Product (MVP). PoC is one of the first steps undertaken to ensure the idea is practical and feasible at a reasonable cost. It is also completed within a relatively shorter timeframe than a prototype or MVP. (Note: PoCs validate the feasibility of an idea, while prototypes are made to demonstrate how the idea can be developed.)

2. **Uncovering potential issues and obstacles during the product launch**
   PoCs help to identify any potential problems that might occur when production or implementation takes place. Potential problems can be related to technical, legal or functional aspects or the like. They should be resolved before the product is launched in the market. By conducting a PoC, companies are able to identify risks and obstacles and find ways to eliminate, mitigate and address these problems. This increases the likelihood of success when launching the products.

3. **Helps to determine chances for scalability**
   When proposing an idea on a new solution to key management, one of the main questions frequently asked will likely include: "how scalable is the end product?". Through a PoC, companies can understand if the proposed solution complements their current product portfolio, or can be sold to different customers across different categories, geographical region, etc.

   A PoC can also help companies assess their current capacity and capabilities in meeting the escalating demand of the products. It prompts companies to reflect on how to go about growing and mass-producing the product taking into consideration things like production capability, human resources, workflow standardization, among other things. This results in better planning and preparation for the production stage.

4. **Helps gain funding from stakeholders**
   After the PoC is conducted, the project team can better illustrate the usability and profitability of the idea to the stakeholders. They can support the idea of the new solution in detail with illustrations and sufficient data. A PoC serves as evidence to stakeholders that the idea proposed is practical, attractive for the target market, and achievable for the company. It helps to convince stakeholders that the investment is worthy, and to get their approval for more resources and funding to develop the proposed idea.

What are the key steps when running a PoC?

1. **Plan the project**
   Similar to any other projects taking place in an organization, it is essential to create a project plan before proceeding with the execution. A project plan should include: goals and requirements, stakeholders involved, budget and funding required, a timeline, expected outcomes and next steps.

2. **Set goals and requirements**
   It is important to understand the problem statements or the issue that can potentially be solved by the proposed ideas/solutions. Thereafter, set clear goals on what to achieve from the PoC testing. Some questions to cover in this step include:
   - What are the customers' pain points?
   - What are the gaps/weaknesses of similar products in the market?

- What are the strengths of similar products in the market?
- Who are the target customers?
- What are the expected outcomes and the KPIs to measure said outcomes?

3. Gather the right team

Key stakeholders or specialists (both internal or external parties) should be gathered and involved in the PoC testing. Stakeholders can provide input on different aspects of the PoC. For example, internal stakeholders help ensure that the proposed ideas/solutions align with the ultimate goals of the organization and share the key criteria for measurements of success. External stakeholders such as professional services firms work closely with the internal project team, help gather relevant industry players for discussion sessions, coordinate communications etc. to ensure smooth implementation of the PoC.

4. Execute, evaluate and refine the results

Execute and document the results of the PoC. Review the results of the PoC among the team and compare the actual outcome against the expected outcome. Identify any gaps or issues noted during the PoC and clearly document down the findings. The project team can then brainstorm on how to overcome these gaps or issues before they proceed to the production phase.

What are some key elements of a successful PoC?

1. Clearly defined goals – It is important to keep in mind what the organization would like to achieve from PoC testing. Different problems might arise during the PoC but with clearly defined goals, the project team can then put in effort to achieve these goals according to available resources and budget.

2. Get the right people involved – Understand who is essential to the success of the launch of the ideas/solutions and keep them involved in the PoC testing. Gathering their opinions and feedback helps to identify areas for improvement or any refinements needed for the proposed ideas/solutions.

3. Detailed and proper documentation – Documentation is important in PoCs because no PoC is successful during the first trial. With proper documentation, the company can identify issues or obstacles and make adjustment to correct them. They can then avoid encountering the same issues or obstacles when replicating the PoC for further testing. This improves the efficiency of future PoCs, saves on the budget and increases the chances of success for future ones.

How can IGPI make a difference to corporates and startups?

Corporates need to come out with new, innovative solutions and products to maintain their share in the market. They need to be the first to move when any new opportunities arise. This presents a strong motivation for corporates to explore collaborations with startups that own unique propositions or technology.

IGPI is pleased to offer business and strategy consulting services to our clients. We have supported clients who are interested in collaborating with startups across various industries such as healthcare, logistic, etc. IGPI first conducted an ideathon for the twofold purpose of gathering insights and feedback on issues faced by end-users within the relevant industries, and to better understand the proposed solutions available in the market. IGPI also acts as the bridge connecting the startups with our clients. Discussions were held to explore the possibility of joint PoCs.

Additionally, IGPI has also supported our clients' projects of various nature such as strategy consulting support, running an accelerator etc. Some examples are as follow:

- SEA Point, a partnership between KK Fund and IGPI, which serves as an accelerator program helping corporates collaborate with startups and SMEs across Southeast Asia
- Developed the concept of an ideathon – created a business model from the shortlisted ideas to allow for a global fortune 500 to enter a new space in the technology-driven health and wellness sector in Southeast Asia
- Supported KDDI in their accelerator program including the selection of startups, service development in KDDI∞Labo, business matching, "Demo day", etc.

IGPI provides consulting services for multiple aspects of your business. Whether you seek a digital transformation strategy to ensure your business' relevance in the digital economy, or desire to reinforce your company's position in the current market, get in touch with us to create a strategy that works for your business!

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