

3 ways startups can boost growth and de-risk innovation in the current climate

Building and growing a tech startup has never been easy. The struggles of building a great team, raising finance, scaling revenue, controlling costs, and expanding operations are well documented. These hurdles are all the more intimidating against the backdrop of big tech layoffs, rising costs, recessionary pressures influencing consumer behaviour and cutbacks. Yet, the speed of tech development continues at pace as we have seen with the ground breaking capabilities of generative AI.

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For many startups we work with at Digital Catapult, achieving growth and landing new customers is harder today than it was a year ago. And yet, revenue and customer growth still forms a critical part of the story for startups seeking to raise investment. The market has moved, and founding teams must adapt. It is still possible for startups to boost growth in the current conditions, and attract investment, however it requires founders to calibrate their approach to the current environment. One way to do this effectively involves reframing value in terms of cost savings for target customers.

Reframe value in terms of cost savings for target customers

It has always been challenging for startups to sell to larger industry and

corporate players, but in the current climate where businesses are worried about spiralling costs, it can be even harder for startups to secure large industry contracts. It may be time to revisit and refine the sales pitch to customers, to ensure that cost savings are front and centre of the startup value proposition. Industry customers will be thinking about how they make their own budgets go further, and they will want to understand how each additional purchased solution impacts their bottom line and enables either cost savings or additional revenue.

Startups can show sensitivity to these constraints by ensuring value is articulated in these terms. Things to consider could be time saved, enhanced efficiency, enhanced productivity (leading to higher output and revenue), opportunity to generate additional sales as a result of the solution, or ability to consolidate multiple solutions and reduce costs. Ensuring that a customer doesn't have to do the work in figuring out how a solution hits their bottom line, or how easily it integrates into their current operating system, could be the deal clincher.

Collaborate with customers to test and prove value in stages through pilots.

The current sales environment is more challenging. Businesses across the country will be reviewing costs of externally provided solutions and licences with a view to either cancelling or renegotiating contract length and price. This shouldn't come as a shock, but is still concerning. Startups can consider proposing short pilots to de-risk innovation for customers, aiming to prove value in a set period of time, gather critical feedback, and enable an easier and more valuable subsequent sale.

At Digital Catapult, we've seen how pilots can have multiple business benefits. In enabling customers to 'try before they buy', pilots can be invaluable for galvanising internal advocates for a solution within a business. They also have the benefit of speed, and enable startups to

demonstrate interest and traction to investors in a much shorter time frame, rather than waiting for a full sales cycle. This was executed effectively by several startups that worked on Digital Catapult's *Retail & the Future of the High Street Challenge* with Niantic. The challenge allowed startups in the augmented reality (AR) space to develop innovative solutions that could be trialled and tested, while simultaneously gauging demand for their product.

Finally, pilots can be important learning grounds for both customers and startups, enabling customers to better understand their own problems, and for startups to test their solution on live customer problems and sometimes live data, for informed real world product development. Now is the time to stay close to customers and set up feedback loops that enable startups to stay focused on continuous improvement. Pilots are a great way to do this.

Make your best customers your solution evangelists

Leveraging the product evangelists in the existing customer base to promote the solution is arguably one of the most effective ways for a startup to win new customers. *Research* has found that the majority of people trust the opinions of their family, friends and peers more than they trust traditional marketing and advertising. This demonstrates the value of having industry advocates for a solution, with the most effective and authentic solution evangelists often being a startup's best customers.

More business decisions are based on trust, and having a network of evangelists whom a startup can rely upon to spread the word about their solution will be key to sustaining business growth. Identifying who these people are and how they are connected to broader industry, will be key to informing and developing an effective strategy that leverages organic business networks to generate new leads.

By ensuring that the best customers are nurtured and given a platform to promote their love of the product, startups can use their best customers as solution evangelists to authentically raise awareness of their solution. This not only influences perceptions of the startup, but simultaneously de-risks innovation for customers and drives sales too through broader industry adoption.

Facing a shifting business climate, startups across the country can adapt their strategy to sustain growth and attract investors.

Employing creative growth strategies and being agile to customer challenges during this time can help startups to maintain strong customer relationships and optimise growth. Maintaining a focus on cost, relationship building, and proving value through trusted advocates, as I've explored in this article, should be embraced and adopted by businesses looking to boost growth and de-risk innovation in the current climate. Accelerators like FutureScope by Digital Catapult can help startups to best understand which approach is most suited to them and their business needs, while research like the *[Digital Futures Index](#)* can help startup founders to gauge which areas of technology are ripe for investment.

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