



Noël's product corner: MEMBER SUCCESS STORY

Digital Sun – A Lesson in Focused Product Development and A Quick Path To Revenue

Digital Sun is an investor's dream company. A focused product with a clear value proposition at a low price. Oh yeah, and a large market potential. Below is the story of how Digital Sun is making waves in the press, winning awards, and generating customers and revenue even before the product comes off the production line.

Focused Product Definition

Digital Sun's product, S.Sense, is a unique wireless sensor that connects to a home's in-ground sprinkling system to tell it when the lawn is too dry and needs water and when it has sufficient moisture to skip the watering cycle. Like many great products, S.Sense was driven by a clear market need. Dale Hitt, the company's CEO and inventor, is a gardener who has a lot of house plants. This led Dale to passionately search for solutions to keeping his plants thriving. Digital Sun's S.Sense is designed not for house plants, but for lawns. After all, that is where the big money savings is. But, eventually the technology will also address brown thumbs and their houseplants.

Clear Value Proposition

Why does anyone care? Consumers and governments spend billions of dollars a year on water and infrastructure. For a city or county water authority, S.Sense has proven to save 10 times more money than other tests they are conducting to save water consumption. On the consumer side, regulations in many cities and states make the product an even more valuable proposition to customers; legislation in California mandates that sprinkler systems must have water conserving technology and laws in Denver penalize residents who overwater their lawn. S.Sense can reduce

a customer's water bill by as much as 30%, enough to cover the low \$150 price point in a year or less. Just how many people have a need? There is an installed base of 15 million automatic sprinklers and an additional 2 million new automatic sprinkler systems are sold per year. S.Sense is a simple, focused product that addresses a proven market need with a clear value proposition.

Dale Hitt, Digital Sun's CEO and inventor, has been an SDForum member for a while and has met valuable advisors and networked the company by attending numerous events.

Rapid Prototyping and Beta Trials

Digital Sun started writing the business plan in March 2002 and by November 2002 had a functioning prototype. Rapid development of the prototype allowed the company to take the product into beta trials to gain early feedback and benefit from live market testing. The product has been in testing for a year now and the company is conducting trials with San Jose Water Company, San Diego County Water Authority, and Los Angeles Metro Water District. These customers are testing with prototypes and provide value to the company not only in terms of revenue, but also in terms of market and product data that will help the company build and launch the final production version in December.

Generating the Buzz

Starting November 2003 pre-production units will be ready for final testing and production will begin in December. Yet, Digital Sun already has hundreds of customer orders. How is that possible? The company has been out talking about and selling the product since they started. They unveiled their prototype at the SDForum 2002 Holiday Showcase in November 2002. Dale has been an SDForum member for a while and has met valuable advisors and networked the company by attending numerous events. In February 2003 the company participated in Demo 2003, a defining moment for them. The product has since been written up by CNN, USA Today, New York Times, and PC World, among others, all without a PR firm.

Financing Strategy

Digital Sun is all about low cash burn. Dale has come this far with only 10 people, all of whom are working for equity. They operate as a virtual team with no office and low overhead. Dale funded the company himself until September 2003 at which point he got a small angel investment. The company has a number of VC's courting them right now. Dale's plan is to show revenues and then find the suitable partner. He is looking not just for money, but for a firm that will take his company to its full potential – a national and international consumer product success.

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