

A photograph of a tea plantation with rows of tea bushes in the foreground and a dense forest in the background. The text is overlaid on the image.

MOMENTUM CANADA & SOMADETECT

**HOW MARKET  
VALIDATION LED TO A  
\$20M VALUATION**

BUSINESS CASE

# BACKGROUND

SomaDetect was founded in July of 2016 by Bethany Deshpande and her father Satish. This dairy technology is an in-line sensor that measures every critical indicator of dairy quality (fat, protein, somatic cell counts, progesterone, and antibiotics) from every cow at every milking.

Momentum Canada was founded in January of 2017 by Joanna Killen and Corey Dugas. Momentum Canada supports companies seeking sales and market validation and serve as 'boots on the ground' for companies building and executing their business development strategies.

SomaDetect hired Momentum Canada initially in February of 2017 to begin a journey that would see SomaDetect win a \$1M dollar prize, end up with \$8.5M in potential sales and go from a company value of less than \$1M to \$20M in less than a year.



# OUT IN THE FIELD

SomaDetect hired Momentum in April 2017 to assist them in Market Validation. What that means for SomaDetect was finding out if Dairy Farmers in the US would be interested in providing us with information on if they would want their technology and how much they would pay for it.

We began by researching farms online and compiling contact information into a Customer Relationship Management system that we created for SomaDetect and their team. While finding phone numbers and contact info was mildly successful, we were not satisfied and believed there had to be a better way to connect with Dairy Farmers.

We then began to reach out to the Governmental bodies in Maine, Rhode Island and Massachusetts. Our initial mission occurred in April of 2017 where we had secured meetings with David Alward of the Canadian Consulate, Secretary of Agriculture for Rhode Island and the Maine Milk Commission among others.





On this mission we brought SomaDetect to a number of key events in the Boston area with the assistance of Commerce Rhode Island. We attended the Branch Food Accelerators Investment event, where Bethany was introduced to a number of VCs, whom she is still in contact with today. This exercise provided Bethany and her team with practice meeting farmers, but also practice meeting potential investors. SomaDetect was also part of the University of Rhode Island's pitch competition where they successfully placed in the semi-finals.

On this initial exploratory mission to these three states we came away with some critical key facts. David Alward provided us with a connection to the Vermont agriculture office. We discovered on this trip that the concentration of cows in Maine was not going to be sufficient enough to prove the need for SomaDetect's product. We collected 20 Letters of Intent to purchase Soma's technology in Maine, but we knew we needed more.

All the information we gathered from this trip would point us further West. We then began the preparation for the next chapter: Vermont.



# VERMONT

With the help of the Canadian Consulate in Boston, we were able to get in contact with Commerce Vermont and the Department of Agriculture. They provided us with 800 names, addresses and phone numbers of Vermont Dairy Farmers which we promptly began calling. What we discovered in this cold calling campaign was that Dairy Farmers are wildly busy people. They often don't use email or have cell phones, so we did not get the Letters of Intent we were hoping for, yet.

This led us to take another approach. Instead of reaching out to Dairy Farmers, we decided to get in the car and go see them. We got together with the team at Soma and planned for 3 teams of 2 to visit 12-15 farms per day. We planned the routes, and in July of 2017 we drove 10 hours to St. Alban's, Vermont, which would be our rural office for the week.

For four days, ourselves and the team at Soma would travel to over 100 farms and get 85 Letters of Intent to purchase Soma's product. This included farmers signing off on the price point. We collected roughly \$3.5M in potential sales.

# THE ROAD TO NY

Given our location on the border of the Adirondacks of New York State, we decided to hop on over the State Line and see if we could find some Dairy Farms. This proved quite a bit more difficult as we didn't have the market intelligence we had for Vermont. However, Google led us to some extremely large farms and we were pleasantly surprised that even large scale operations wanted SomaDetect's product.

We began researching New York Dairy once we arrived home to New Brunswick and realized that there are as many Dairy cows in Upstate NY as the entirety Canada. This key piece of information led us to begin the same process as we did with Vermont: finding the necessary government contacts; building lists of farmers; and planning a mission that would be a pivotal turning point in the history of SomaDetect.

The team at SomaDetect then discovered a competition called 43North out of Buffalo, NY. They submitted their business for consideration and were selected to compete in the finals to be held in October of 2017. And that leads us to the next chapter: Upstate New York.



# UPSTATE NY

Once SomaDetect found out they were finalists in the 43North competition, we promptly began planning what the week leading up to the competition would look like. We imagined how powerful it would be for Bethany's pitch if we could go and say that specific number of Upstate New York Dairy Farmers signed letters of intent.

Through their research, SomaDetect obtained a list from 2014 of Dairy Farmers in a few counties. We also researched online to find additional farm information in Upstate NY. We generated a list of 600 potential farms to visit, planned the routes for 2 teams and arrived Sunday October 5.

For three days we travelled over 3000km to over 100 farms with a success rate of 95% in signing of Letters of Intent. Bethany was taking part in the programming at 43North so our support in visiting farms allowed her to continue there and still get the market validation she needed for her final pitch. The value of the letters of intent signed totalled over \$5M.



# THE BIG WIN

SomaDetect was up against 11 other companies from around the US and Canada, many of whom had revenue up into the millions. What we began to realize was that none of the other companies pitching for the top \$1M prize had gone into the market in Upstate NY to validate their products. They had not searched for partners or stakeholders in the area and overlooked defining the impact their company's would have in Buffalo.

SomaDetect took the first prize of \$1M with 5% equity going to 43North, giving SomaDetect a valuation of \$20M. When speaking with the judges afterward, we found out that the Letters of Intent sealed the deal. By getting on the road to ask Farmer's to sign on the dotted line, we de-risked the investment in Soma. One judge, Toby Corey, former VP of Global Sales for Tesla, asked if he could mentor Momentum Canada moving forward as he believes that Market Validation is what companies are missing. These votes of confidence made us realize: more companies need to do what we did with SomaDetect.





# THE PROCESS

SomaDetect completed 2 eight week projects with Momentum Canada that were structured as follows:

## Market Research



2 weeks to research what markets are a good fit and to compile data to support the choice for target location in our mission.

## Market Validation/ Lead Generation

2 weeks to create a validation strategy, find contacts, begin to book meetings with key stakeholders & potential customers.

## Mission Planning & Execution

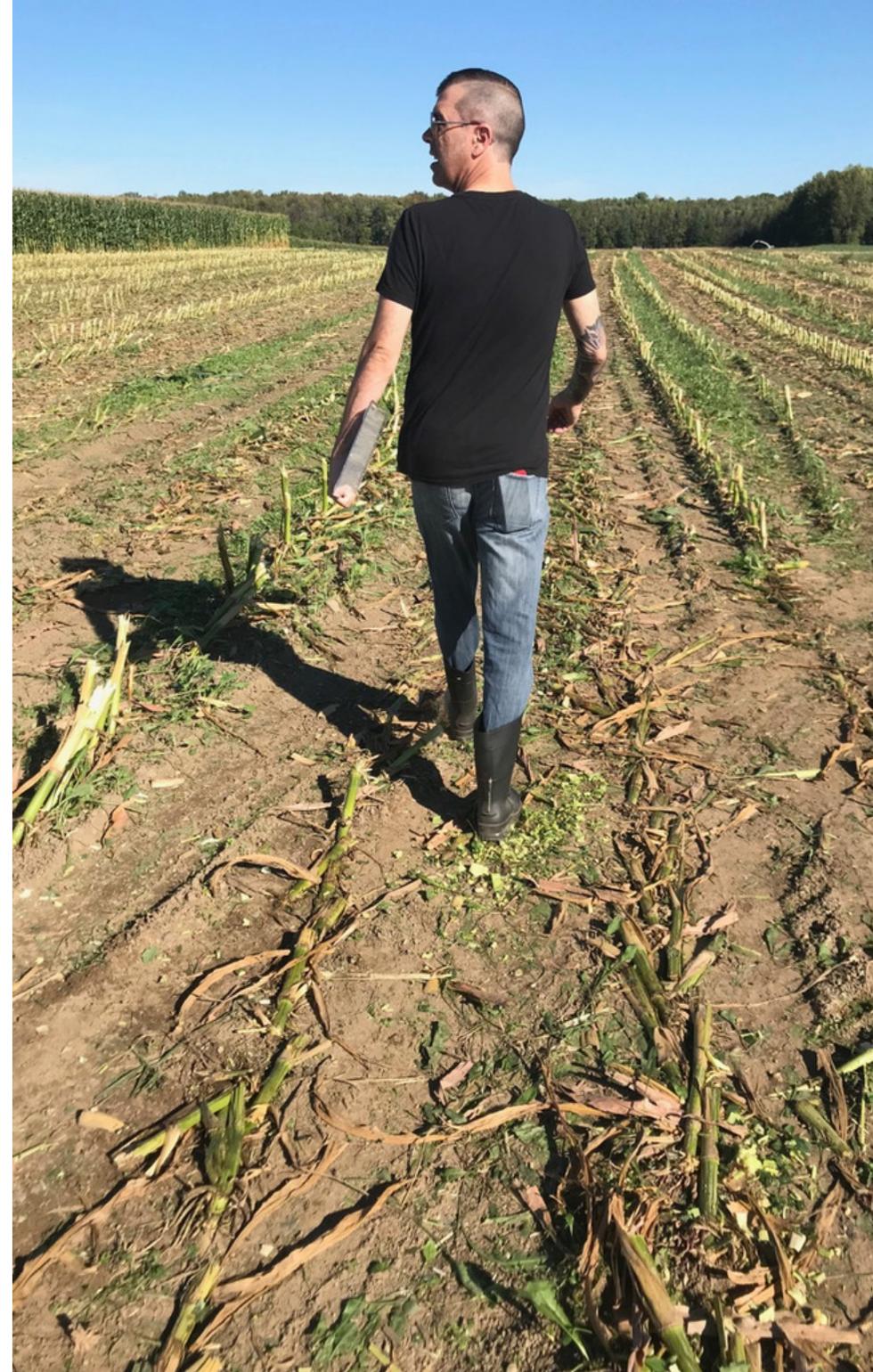
1 week for full logistical planning/meeting finalization. 1 week with 2 resources to complete onsite market validation.

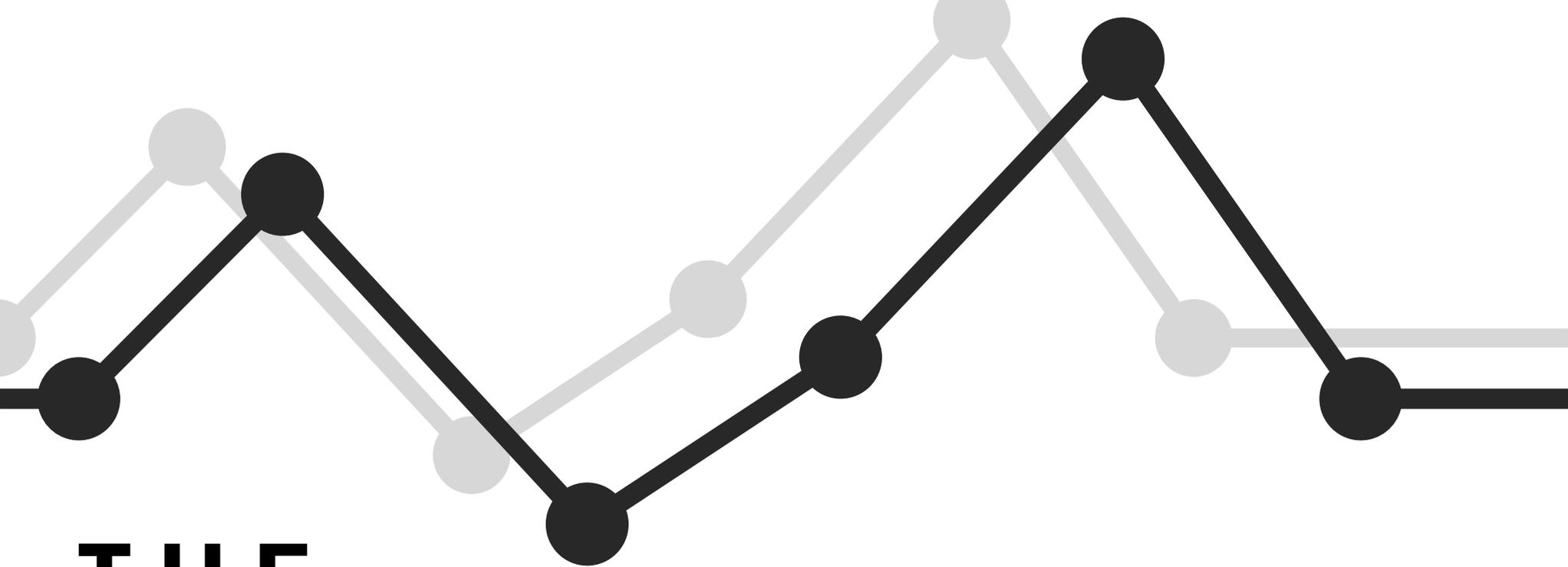
## Follow Up/ Key Learnings

2 weeks to gather all the information from the mission to translate that into what the next steps should be for SomaDetect.

# THE PHILOSOPHY

All too often, companies decide to create a product or service offering before they go ask if anyone wants it. We have been witness to far too many examples of companies not doing any market validation. Whether you're a company like SomaDetect or an established exporter, you need to complete market validation activities if you wish to move into new areas. This sets you up for sales success down the road. Sales has changed drastically and people don't want to hear you asking for the sale. By creating relationships in new markets and making that a key focus, companies can build and grow far more sustainability. When they have a stack of Letters of Intent to purchase their tech sitting there ready and waiting, it de-stresses entrepreneurs, de-risks investors and exponentially increases the company's chances for success.





# THE NUMBERS

- 150 Letters of Intent Signed
- 175 Farms Visited
- 2000+ Leads Generated
- \$8.5M in Deal Flow
- 35 Early Adopters
- 8000 KM travelled
- Over \$1M in Seed Investment

# SOMADETECT SAYS

"The support of Momentum and the impact of their work on our company is difficult to over-state. SomaDetect was inexperienced working in the agricultural industry, and indeed, only one member of staff had any sales experience whatsoever (albeit in an un-related industry). The company had no established sales process, few industry connections, and only the bare bones of a commercialization plan. Working with Momentum provided us with support at a critical time to initiate and nurture our sales process as well as learn how to manage leads and client lists. Through Momentum, we validated sales process hypotheses and identify the best strategy moving forward to connect with potential customers and qualify leads.

Momentum has also connected us with the right levels of government in the US to generate support and benefit from local export programs, including with the Secretary of Agriculture in both Maine and Vermont, and Economic Development leaders in several North-Eastern states. Momentum played a major role in our success winning the Fierce Founders pitch competition (\$50,000; Waterloo, Ontario), and in receiving the USD\$1 M prize from 43North (Buffalo, New York). Without Momentum, our company would have struggled to find the funding required to build a globally innovative biotechnology. The work we have completed with Momentum has been instrumental in building SomaDetect beyond Atlantic Canada. They helped us to "get outside our backyard" and to greatly increase the potential reach and impact of our technology.

We intend to pursue our business relationship with Momentum in the coming months to initiate a pre-sale program and acquire our first set of paying US customers."

**Bethany Deshpande, CEO SomaDetect**

