

# Experiences Starting Software Company in Puerto Rico

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## Who am I to talk about this?

- PhD in Computer Science (MIT 2000)
- Minor in Finance from Sloan
- Witnessed birth of dot com startups in 90's
- UPRM Faculty in Computer Science
- Attended MIT Entrepreneurship Program
- Founded my first company in 2005
  - Phidelix Technologies Corporation (now Axiomatica)
  - Still very early to call it a success

Summary: Essentially an Aspiring Entrepreneur

## Lesser Reasons to Start a Company

- Impress your friends
- Be your own boss
- Flexible work schedule
- Buy stuff
  - BMW, Rolex, Big House, etc.
- Become a VIP

Do it for all of us!

## Why is this Important?

### Sustainable Economic Development

- Creating Added Value by Solving Problems with IT
- Solutions Create/Uncover New Problems
- Software => Low Initial Capital Investment
- Lot's of good software engineers w/o good jobs
- Software can be success story for other types of technology ventures in PR
- Software Capital available to fund these ventures

Where are your children going to work?

## Essential Ingredients for a Startup

- Better solution to a (BIG) problem
- Well-rounded Team
- Cash flow
- Excellent track record
- Network of people

## Better Solution to a (Big) Problem

This becomes the company's mission

- Must improve upon previous solutions
- Easy to understand
- Easy to use
- Big = Lots of people in the planet need it
- Does not have to be patentable

Why was the original iPOD so successful?

## Hints on finding problems

- Big unsolved problems exist everywhere
- Talk to a lot of people (change of attitude)
- Focus on customers who can pay (first)
- Learn from what they do at work
- Ask about their worst (unsolved) problems
- Focus on a few of the bigger problems

Big problems MUST manifest locally  
We simply do not look out

## Founding Team

Try to cover all the bases ...

- Engineering
- Customer Relations
- Product Validation and Credibility
- Complete Product Offering
- Accounting
- Corporate Law
- Raising Capital

... with the fewest players

## Cash Flow

Keep expenses to a minimum (Burn rate)

- Avoid recurring expenses (e.g. loans, rent, utilities)
- Trade equity/commissions for salaries
- Use open source tools (Wordpress, Sugar CRM, Joomla, Eclipse, Java, JSF, Tomcat)
- Rent cloud servers (AWS, Bluehost, GoDaddy)
- Avoid purchasing equipment
- Outsource wisely
- Defer your BMW ...

Running out of money is the largest  
cause of death for startups

## Cash Flow

Find sources of recurrent money

- Sell your technical skills as services
  - Website design
  - Webapp development
  - Application integration
  - Infrastructure as a service
- Earn people's trust in you and your company
- These may become your real customers
- Keep your eyes open for new opportunities

But NEVER forget your company's mission



## Tips on How and How Much to Charge?

- Avoid hourly prices and estimates
- Try to establish a phased long term collaboration
- Calculate the cost of the human effort
- Try to charge as much as your customer can pay
- Never charge below cost
- Provide significant savings below market if your offering has nothing special
- Subscription model a plus

## Excellent Track Record

Nobody will give you a check unless you have it

- Every job is a show case
- Every job is a potential success story
- If you forgot to quote an important piece of the project, bear the cost and deliver it
- Stay in touch
- Anticipate customer needs
- Go the extra mile
- Do not send the invoice unless the customer is satisfied
- Be patient

## Network of People

- Stay out in the light
- Attend networking events (selectively)
- FORCE yourself to talk to UNKNOWN people
- Keep your business card handy at all times
- Tell EVERYONE your company elevator pitch
- Respect your fellow entrepreneurs
- Celebrate successes of other entrepreneurs

## Spread the Word Cause Positive Impact on Society

- Your startup is an educational endeavor
- Stimulate your “employees” to learn and replicate your success
- Share your knowledge and experiences
- Help others discover their entrepreneurship talents
- Give back to society

## Traits of Successful Entrepreneurs

- Sets realistic goals
- Know their strengths and weaknesses
- Maximize opportunities at all times
- Know their business and their competition
- Effectively manage budgets and finances
- Never settle for second best
- Enjoy their business
- Hard working
- Get help when necessary

An entrepreneur is always selling

From: <http://www.lifetoolsforwomen.com/m/traits-entrepreneur.htm>

## Questions a Startup Entrepreneur Should Ask Himself All The Time

- How long can we survive with the current cash flow? How can we stretch this?
- Are we sticking to our mission? Do we need to adjust our mission?
- When was the last time I talked to our current customers? Are they happy?
- Who is going to be my next customer? Why?



## Some Measures of Success

- Becoming a billionaire
- Reaching huge sales volumes
- Selling your company to a foreign Fortune 500
- Having lots of employees
- Learning and sharing your knowledge to help others establish their businesses
- Improving people's lives
- Having control over how to invest your TIME!

What is your idea of success?

## Discussion