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# Identifying and Evaluating New Product Opportunities



*A white paper by Technology Futures, Inc.*

**TECHNOLOGY  
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The rapid pace of advances in technology, the continuing stress on profit growth, and the growing importance of worldwide business competition require that that most companies continually develop new products and product lines. However, for these developments to be successful from a business standpoint, the companies must be able to effectively define the market needs of the future, to project advances in technology, and to be alert to competitor capabilities and intentions. Moreover, they must be able to combine all of these factors into an effective business strategy. For more than 18 years, Technology Futures, Inc. has assisted companies throughout the world in identifying and evaluating new product opportunities and in converting these opportunities into profitable business lines. One recent example of the ability of TFI to assist companies in developing a new product line is illustrated below.

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## Challenge

Recently, the executives of a major division of one of the country's largest healthcare companies decided that a new strategy for product development was needed. The basic product line of the division had not undergone any significant changes for more than three decades. Because the product line served basic customer needs and because the individual products had deservedly strong reputations for quality, sales in the United States had essentially mirrored population growth. Moreover, non-U.S. sales had shown strong growth over the previous 10 years. Based on brand recognition and customer loyalty, the division had not only enjoyed continuing sales increases over the years, but had also been able to maintain a substantial margin of profit on sales.

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However, it was now apparent that more and more customers were beginning to turn to lower-priced competing products. In addition, there was a growing trend among non-U.S. customers to switch to products produced locally for reasons of national pride, as well as lower prices. Thus, company executives were faced with the prospect of both lower total sales and lower margins. Therefore, they realized that they must find ways of improving their competitive position in present product lines or, even better, they could identify a completely new product line. Because of TFI's experience in projects of this type, the executives requested assistance in developing a new strategy for success in the changing business environment. The objectives of the specified technology/market forecast were to:

- Characterize the product line business and operating environments for the coming decade.
- Identify and evaluate a promising new product line, if possible.
- Establish a procedure for the internal conduct of routine technology forecasts in the future.

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### Project Outline

In the conduct of this project, TFI and division personnel worked together to:

- Define emerging market needs using *Nominal Group Conferencing*.
- Determine the key technologies essential to improving present product lines and developing new product lines using *Impact Wheels*.
- Determine the state of the art in each of these key technologies through survey of relevant literature and the use of *Scanning, Monitoring, and Tracking* techniques.
- Project probable advances in each of the key technologies using *Technology Trend Analysis* and *Precursor Trend Analysis*.
- Identify present limits for each technology and possible means of overcoming these limits using *Pearl Curve* analysis.
- Explore ways in which advances in individual technologies could be combined to gain symbiotic advantages using *Morphological Analysis*.

- Examine the potential impacts, positive and negative, of outside individuals and institutions using *Stakeholder Analysis*.
- Project the time it would take to develop and bring various new products to market using *Delphi Surveys*.
- Integrate the relevant technology, market, and competitive factors into a series of feasible futures using *Alternate Scenario* techniques.
- Formulate a strategy for developing and bringing to market a new product line using the *Innovation by Design* technique.

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## Results

Based on the analysis described above, TFI and division personnel arrived at the following conclusions:

- In the foreseeable future, no significant changes in the present product line would be made by either the division or competing companies.
- An important new product line could be developed by combining technologies presently available in different company laboratories (some within the division, some outside).
- At present, no competitor appeared to be doing research in the new product line.
- Because several years would be required to gain U.S. Food & Drug Administration (FDA) approval for the new product line, development work on the new product line should begin as soon as practical.

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## Action Taken

Because of the extremely large business opportunity represented by the identified new product line, a special task force was established to ensure rapid product development, to initiate steps for FDA approval, and to begin preparation of preliminary marketing plans. In addition, a formal technology/market forecasting program was established to track progress over time.

## **Relevance to Your Organization**

For more than two decades, Technology Futures has been assisting its clients in accomplishing tasks of these types. During this period, TFI has developed a toolkit of more than 20 techniques and methods that it uses to assist its clients in developing practical, profitable strategies. A project of the type described above typically can be conducted for between \$60,000 and \$100,000. Such projects are normally completed in four to nine months, with preliminary results available in about two months.

*If you believe that TFI could be of assistance to your organization in identifying and evaluating new product opportunities and in developing strategies for bringing these products to the marketplace, please contact John Vanston, Larry Vanston, David Smith, or any other member of the TFI consulting staff.*