How to Tell Whether Emerging Tech Is Worth Your Startup's Time

Take these steps to determine what new tech your young business can — and can't — live without.

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Presented by 

Entrepreneurs have their work cut out for them when it comes to launching a new startup. They need to get their product just right, study the market to learn about their competition and audience and attract outside investments, too. A lot of the job consists of doing rather than planning, but that approach can be dangerous when it comes to investing in technology for your business.

A cash-strapped startup leader can't afford to throw money around. Seventy-seven percent of small business owners rely on their own cash reserves to get started, according to research conducted by OnePoll and Lendio. While that gives them a great deal of control over their company, it also means every investment needs to count.

The right tools are essential to business success. Restaurants can't operate without cooking facilities or knives and forks, and the same logic applies to service-driven startups. A great idea is important, but the delivery of that idea is just as significant — and that requires the right tech investment.

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Nobody wants to use a product or service that doesn’t have the right infrastructure supporting it. A great app can fill a gap in the market, but if it suffers from regular downtime or has a poor user interface, customers will soon lose patience and explore alternatives with better server-side and client-side support.

Picking the right tech

Scrimping on technology can stop a startup in its tracks, but making the wrong investments can be just as costly. Ask yourself these three questions when deciding whether an emerging tech solution is worth your time and money:

1. Is it part of the core function of your product or service?

Different products and services require different tech stacks. You’ll know a tech investment is worth your startup’s resources if the technology is needed for your product or service to run smoothly. Ask yourself if it is essential for you to operate.

If you’re unsure how critical a specific technology is to your core business offerings, consult your tech team. Your tech experts will understand the architecture behind your product or service and can offer thoughts on what’s key, as well as what’s missing. If there are established competitors in your space, they, too, can offer a model of success or failure with certain technologies. Learn from them before integrating a new solution into your own business.

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2. Does it make economic sense today?

Established companies can devote resources to long-term objectives. While startups should be thinking about the future, they also need to prioritize the present – mainly

their present budget , when making technology decisions. Timing is everything when investing in emerging tech. It’s possible that a cutting-edge tech solution might make sense for your business down the road, but not today.

New ventures may find that artificial intelligence is one technology best explored at a future date. “AI’s promise may be further ahead than its practical reality for young companies and startups that face an uphill grind against their larger peers,” writes Will Koffel, Google Cloud’s head of startup ecosystems for the Americas. “To gather and organize vast amounts of training data needed to build effective AI solutions is cost-prohibitive for a startup.”

The technology you invest in needs to improve your day-to-day business operations without compromising your budget. Also, look closely at your financial model. Ensure the tech solution is scalable and capable of growing with you. Be thoughtful about what tech you take on now and what’s best saved for later.

3. Does it solve a problem or add real value?

Technology needs to help you do what you do better, faster or more efficiently. Flashy virtual/augmented reality, AI or blockchain technology might generate excitement, but if it doesn’t add value to your business, it’s not worth the money or your team’s time.

Focus on understanding what you’re doing well and where you need to improve. Your startup’s pain points should help guide tech investments. Talk to team members about which tasks take up most of their time, and analyze the overall trends. For instance, are people spending an inordinate amount of time responding to internal emails? If so, investing in new communication software could be a priority.

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But if an attention-grabbing tech solution *is* a good fit for your customers' expectations and needs, it's likewise time to open your wallet. When Tilly's, a California-based clothing retailer, wanted to lure more back-to-school shoppers to its locations, it created an in-store AR scavenger hunt that shoppers accessed via the retailer's mobile app. Finding three animated AR "coins" hidden in images in Tilly's stores enabled shoppers to receive discount coupons of up to 20%. Between the "tens of thousands" of shoppers the promotion drew to Tilly's locations and a 23% boost in-app downloads, Tilly's tech investment clearly paid off.

Startups can't afford to blow money on every technology on the market, but they can't afford to scrimp, either. Before you buy, ask yourself whether a tech solution can improve the core function of your product, whether it makes economic sense and whether it solves a problem or adds real value to your business. If the answer to any of these is yes, it's time to make your move.

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