Go-to-Market Diagnostic: Why seemingly rational GTM strategies fail

Why most startups or innovation projects target the wrong customers and the wrong partners — and realize it too late. This case study documents a structural go-to-market error observed across many early-stage and scale-up startups — and how it was identified before execution failure.

1. Executive Summary

This case study documents a recurring go-to-market failure observed across early-stage and scale-up technology companies operating in complex, infrastructure-driven environments.
Despite a functional product, a real economic problem, and strong inbound interest, the company's initial go-to-market strategy was structurally misaligned with actual value capture mechanisms. The core issue was not execution, technology, or market size, but the misidentification of the real customer, confusion between interest and purchasing authority, and early exposure to asymmetric partnerships.
The analysis demonstrated that:

- actors generating the most enthusiasm were not those structurally forced to pay,
- infrastructure providers were misidentified as customers rather than enablers,
- retail traction diluted, rather than validated, economic relevance,
- early contractual discussions revealed latent dependency and value-capture risks.

By reframing the decision around economic ownership, incentive alignment, and power asymmetries, the go-to-market strategy was inverted without changing the product or the market itself.
This case illustrates that most go-to-market failures are not tactical. They are decision-structuring failures that can be identified and corrected early — before they harden into execution losses.

2. Introduction — Executive framing

Despite strong technical fundamentals and clear market interest, many early-stage startups fail to convert traction into sustainable revenue. In most cases, this failure is not driven by technology,

execution, or market size, but by incorrect go-to-market assumptions made early and left unchallenged.
This case study analyzes a recurring go-to-market error observed across a large number of B2B and infrastructure-driven startups: the misidentification of the real economic customer, compounded by engagement with actors who signal interest but lack purchasing authority.
The objective of this analysis is to document how a seemingly coherent go-to-market strategy can be structurally misaligned with actual value capture mechanisms — and how this misalignment can be identified early.

3. Case overview (anonymized)

The company is an early-stage technology startup operating at the intersection of vehicle security, telecommunications infrastructure, and insurance risk management.
Its solution detects events that traditionally remain invisible to existing systems (signal jamming, connectivity disruption, device neutralization) and converts them into timestamped, auditable signals. These signals can be used for alerting, investigation, and post-incident analysis.
At the time of the analysis:

- the technology was functional,
- the problem addressed was documented and economically material,
- inbound interest from multiple industry actors existed.

The primary challenge was not product-market fit in a technical sense, but **go-to-market design**: identifying the correct paying customer, sequencing market entry, and structuring partnerships without creating early dependency or value leakage.

4. Initial go-to-market convictions

Prior to the analysis, the go-to-market strategy was structured around three core assumptions:

- **Mobile Network Operators (MNOs)** would act as primary customers, generating revenue through revenue-sharing models linked to connectivity and security services.
- **Insurance companies** would be addressed at a later stage, once the solution had achieved sufficient deployment and operational traction.
- **Retail users** would constitute the initial adoption base, providing usage volume, visibility, and perceived validation.

In parallel, the company prioritized discussions with:

- innovation hubs,
- corporate innovation teams,
- strategic partnership programs.

These interlocutors were interpreted as early indicators of market validation and future commercial traction.

Taken together, these assumptions formed a go-to-market model that appeared internally consistent and aligned with common industry narratives. From an external perspective, the strategy was coherent and defensible.

5. Customer definition — who pays, and why

The analysis focused first on clarifying a fundamental ambiguity: **who is the actual customer**, as opposed to who appears interested or operationally involved.

Customer vs. user vs. partner

The solution produces economic value by converting previously invisible events into auditable risk signals. The key question was therefore not usage, but **who derives measurable economic benefit from those signals**.

The analysis identified a clear distinction:

- **Users** may interact with the system.
- **Partners** may enable deployment.
- **Customers** are the actors for whom the signal has direct economic impact and budgetary relevance.

Why insurers are the only economic customers

The analysis showed that insurance actors are the only stakeholders who are structurally compelled to pay:

- They own the loss ratio.
- They internalize the cost of theft and fraud.
- They decide which signals have actuarial and contractual value.
- They control underwriting, pricing, and claims processes.

Without insurer validation, the signal has no monetizable meaning. Deployment volume alone does not create economic value.
As a result, insurers were identified not as a downstream opportunity, but as **the primary customer segment**.

Why MNOs are not customers

While Mobile Network Operators control infrastructure and connectivity, they do not bear the underlying economic risk addressed by the solution.
The analysis highlighted several structural misalignments:

- MNOs do not incur theft-related losses.
- Their incentive is to bundle features, not to pay for external platforms.
- Revenue-sharing assumptions presuppose bargaining power the startup does not initially have.

MNOs therefore do not qualify as customers, but as **infrastructure providers**.

Why retail is not a viable entry point

Retail users were evaluated as a potential initial customer segment. The analysis concluded that retail adoption does not create economic validation:

- willingness to pay is low,
- churn is high,
- usage does not generate actuarial proof,
- consumer narratives dilute positioning with insurers.
- acquisition cost is very high

Retail usage does not strengthen the business case for the true customer. It weakens it.

6. Partner strategy — identifying the right partners and the right interlocutors

Once the customer was clearly identified, the analysis shifted to partnerships and access strategy.

Reframing the role of partners

Partners were evaluated not based on interest or brand value, but on **their role in enabling access to the economic customer**.

The analysis distinguished between:

- partners who control access,
- partners who influence decisions,
- partners who merely explore innovation without authority.
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Innovation hubs and corporate innovation teams

Innovation hubs and corporate innovation teams were deprioritized.

The analysis showed that these actors:

- do not own budgets,
- do not control loss metrics,
- are incentivized to run pilots rather than adopt solutions.

They generate signal noise rather than commercial traction.

Identification of real interlocutors

LEGIO explicitly designated the **decision-making roles that matter** within partner organizations:

- within insurance: underwriting, fraud, actuarial, claims;
- within fleets or large operators: risk management and asset protection;
- within infrastructure providers: operational and compliance functions, not commercial ownership.

The strategy emphasized direct engagement with actors who:

- own the problem,
- control budgets,
- are accountable for outcomes.
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Partner sequencing

Based on this analysis, partners were repositioned as follows:

- insurers as customers,
- fleets or portfolios as validation channels,
- MNOs as non-exclusive technical enablers.

Partnerships were no longer treated as revenue sources, but as **access mechanisms**.

7. Structural warnings — contract and dependency risks

The analysis identified several early warning signals that typically precede value capture by incumbents.
These signals were addressed explicitly.

Exclusivity

Early exclusivity requests were flagged as high-risk:

- they reduce strategic optionality,
- they shift bargaining power prematurely,
- they lock the startup into asymmetric dependency.

Exclusivity was identified as incompatible with early-stage validation.

Revenue sharing

Revenue-sharing proposals were evaluated as misleading:

- they defer pricing discipline,
- they obscure who actually pays,
- they assume future leverage that does not yet exist.

They were rejected as a primary monetization model.

Co-branding and data control

Requests for co-branding or data ownership by partners were flagged as structural risks:

- they dilute identity,
- they transfer control of the core asset,
- they constrain future positioning with the real customer.

Contractual principle

Contracts were treated not as legal artifacts, but as **early indicators of power dynamics**.
The analysis emphasized a simple rule:
Any contract that creates dependency before economic validation destroys optionality.

8. Outcome

Following the diagnostic, the company reframed its go-to-market strategy without changing the product or underlying technology.

The analysis led to a series of concrete, decision-level outcomes:

- **Customer definition clarified**
  The economic customer was explicitly identified, separating buyers from users and infrastructure partners. This immediately resolved internal ambiguity around pricing, sequencing, and sales focus.
- **Go-to-market sequence corrected and entry points identified**
  Retail and volume-driven narratives were deprioritized in favor of direct engagement with actors who control risk and purchasing authority. Market entry was restructured around economic validation rather than visibility.
- **Partnership scope narrowed**
  Infrastructure and ecosystem partners were repositioned as enablers rather than customers. This reduced dependency risk and restored negotiating leverage.
- **Contractual risks avoided**
  Early exclusivity and revenue-sharing proposals were identified as structurally misaligned and deliberately rejected, preserving strategic optionality.
- **Decision confidence restored**
  The team exited the analysis with a coherent decision framework, enabling faster and more confident execution without relying on external validation or speculative traction.

These outcomes did not result from additional data, experimentation, or iteration cycles. They resulted from correcting the decision structure underpinning the go-to-market strategy.

9. When you should engage LEGIOlab

You should engage LEGIOlab when at least one of the following conditions applies:

- you are about to commit to a go-to-market strategy that involves complex partnerships, revenue sharing, or platform dependency;
- multiple actors express strong interest, but it remains unclear who will actually pay;
- you are considering exclusivity, co-branding, or long-term contracts before economic validation;
- your product addresses risk, compliance, or loss, but traction does not translate into pricing power;
- your team feels confident operationally, yet uneasy about whether the strategic framing is correct;
- a single decision (GTM, partnership, pricing, sequencing) could materially constrain future optionality.

LEGIOlab is not designed to optimize execution or accelerate sales. It intervenes upstream — when decisions are still reversible, but costly to get wrong.