

DO I NEED AN NDA FOR MY MOBILE APP IDEA?

DOC4 STARTUP KIT



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DO I NEED AN NDA FOR MY MOBILE APP IDEA?

As mobile app designers for the better part of a decade, we've talked with hundreds of startup founders about their ideas. More often than not, these founders ask us to sign a Non-Disclosure Agreement before the discussion begins.

This makes a lot of sense if you are one of these founders, right? After all, we as developers have all the skills necessary to turn an idea into a reality, and all you have is your idea – if we think the idea is good, then what do we need you for? Wouldn't it make sense for us to just build and launch your idea ourselves? And wouldn't a Non-Disclosure Agreement prevent that from happening?

Believe it or not, insisting on an NDA as a first step is the exact opposite of what you should be doing if you think you have a great mobile app idea. The truth is that Non-Disclosure Agreements significantly hurt your chances of being successful.

Coming up with an idea, hiring an app development company, and signing an NDA to keep the whole

thing under wraps is what's known in our industry as 'building in stealth' – and it's a recipe for disaster.

The process generally unfolds like this: the first people the founder tells the idea to is the app development firm, and the app development firm says, 'What a brilliant idea! You're going to be a huge success! Now fork over tens of thousands of dollars – after all, what a small price to pay considering you're about to be the next Mark Zuckerberg!!'

The founder gets really excited, sinks all of their money into development, and when they finally make their 'secret' available to the public, they learn that the public has little or no interest in what they've built – certainly not enough interest to actually pay money for it – and no one buys their product or service. The app developers respond with, 'What a shame – we sure thought it was a great idea... By the way, your invoice is due in 30 days.'

The best time to find out whether or not anyone actually cares about your idea is before you spend any money – not after you've blown all your savings. And the best way to find out if the public actually cares about what you want to build is to tell everyone you know about your idea and get their feedback.

If you want to be successful, the first thing we recommend you do if you think you have a great startup idea is to tell as many people about it as you possibly can, as quickly as you can!

Keeping the idea a secret is arguably the worst thing you can do, which is why we recommend you kick the NDA to the curb and simply tell us everything you possibly can about your idea.

STILL NOT CONVINCED AN NDA IS UNNECESSARY?

If you're still concerned about needing an NDA, here are a few more reasons why we would urge you to reconsider:

1. KEEPING IT A SECRET IS A TOUGH 'GO TO MARKET' STRATEGY.

Not only does keeping your idea a secret make it impossible to gather pre-launch feedback from potential customers, using NDAs to try and keep the whole operation under wraps until the launch date robs you of the ability to create buzz around your offering.

2. IF ‘KEEPING IT A SECRET’ IS YOUR DEFENSIBILITY STRATEGY, THEN YOU HAVE NO DEFENSIBILITY STRATEGY.

If you have a good idea, copycats will pop up left and right and try to improve on what you are offering. Once your app hits the marketplace, all those NDAs you had us sign are instantly worthless because any halfway decent developer can reverse engineer almost any app in existence.

If the only thing stopping the developer from copying it is a piece of paper, then nothing is stopping them. Your NDA may stop your developer from copying it, but it won't do anything to stop the millions and millions of other developers in the world from copying it.

To prevent copycats, you need at least one ‘unfair advantage’ (connections, industry experience, etc.) – a piece of paper just isn't going to cut it.

3. THERE IS A 7,000,000,000 TO 1 CHANCE THAT YOUR IDEA IS TRULY ORIGINAL.

The chances your idea is unique are roughly one in seven billion. Wouldn't you agree that it's at least a tiny bit arrogant to think that you are the only person on the planet to have come up with a particular idea?

The most surprising thing we've learned in the course of listening to 'new' startup ideas every week is that we've never actually heard a truly original startup idea. It's not that people in the Northwest Arkansas region aren't creative or original, it's that practically no 'idea' of any kind is ever thought of in a vacuum.

A 'new' idea is invariably built on top of countless other, already existing ideas. For example, Facebook was initially a digital version of an already existing physical item. Uber is a new take on a taxi service. Google wasn't the first search engine and Explorer wasn't the first web browser. The best 'ideas' are rarely truly original ones.

This lack of originality is one of the many reasons why we find signing Non-Disclosure Agreements are almost universally a waste of time for everyone involved. All NDAs include a clause stating something to the effect of:

“Confidential Information does not include information, technical data or know-how which is in the possession of the receiving party at the time of disclosure...”

This means that with few exceptions, not one of the NDAs we've signed actually has any effect whatsoever because we've yet to hear 'information, technical data or know-how' that we weren't already in the possession of at the time of disclosure.

Meaning every one of those NDAs was a waste of both the entrepreneur's time, as well as our own.

I HEAR YA, BUT... HOW CAN I KNOW FOR SURE YOU WON'T STEAL MY IDEA?

1. YOU'RE NOT BUILDING AN APP – YOU'RE BUILDING A BUSINESS.

App developers like Doc4 are in the business of developing apps, not building startup businesses. When people say they have an 'app idea', what they are really saying is that they have a 'business idea' (that happens to involve an app).

Just because we have the tools and skills needed to build the app doesn't mean we have what it takes to build the business. Building a profitable business around an app takes (at a minimum) time, risk tolerance, and industry-specific knowledge

and/or connections.

If we had spare time to work on an app idea, we would work on one of our ideas. We spend all day thinking about apps, so trust me when I say that we have thought of plenty of ideas on our own – ideas that we think are much better than your idea – but we haven't executed them yet because we don't have the time.

We also don't have the risk tolerance. Would you go two years without pay for a shot at making millions of dollars with a startup idea? If so, you are in the vast minority of people.

Making millions at some point in the future sounds nice, but having paychecks rolling in every month to keep our families fed sounds even nicer to us. We already took the risky startup plunge when we started this business – we have no interest in doing it again with your idea.

2. WE HAVE INDUSTRY-SPECIFIC KNOWLEDGE IN EXACTLY ONE INDUSTRY: OURS.

Let's look at two examples of truly awesome app ideas we've heard in the past: one was for the pavement industry, and the other was for the luxury furniture market. If we wanted to steal those ideas and execute them ourselves, there would have been nothing from a

technical standpoint preventing us from doing it.

But then, after we had built the apps, what would we do next? We have exactly zero contacts in either the pavement or furniture industries. We also have a combined total of zero years of experience in either industry.

We don't know the first thing about either market. We don't know anyone that we could use as beta testers. And we don't run a pavement or furniture business that would allow us to test it out first.

While they were both great ideas capable of making somebody a lot of money, neither idea would ever make us any money.

If you have deep experience in a given industry, a wide range of high-level contacts, or a business of your own in the industry, then you have nothing to fear from an app developer's ability to execute your idea on their own – because they simply won't be able to compete with you.

3. HOW LONG WOULD ANY BUSINESS LAST IF THEY GAVE AWAY CUSTOMER SECRETS?

Like all reputable businesses, we keep our conversations with clients private – whether they specifically ask us to or not. If you're concerned

about a developer's capacity for discretion, we don't recommend having them sign an NDA – we'd recommend you find a different developer.

Large software projects can take several months or even several years to complete. When you hire a development company, you are often entering into a long-term relationship. A foundation of trust and open communication is necessary for any relationship, and your relationship with your developer is no different.

If you have a legitimate concern about the integrity of the team you are looking to hire, then you need a different team, not a Non-Disclosure Agreement.

SO YOU GUYS NEVER SIGN NDAS?

We do sign NDAs under certain circumstances. We have a single-page mutual NDA we use for projects where the potential client is an established business with a reasonable budget, and they need to share customer data, sales, or other information that is commercially valuable.

While we hope this article has shown the error in seeking a Non-Disclosure Agreement before sharing an app idea, if you would like to take a look at our

NDA before telling us your idea, drop us a line at 479-202-8634 and we'll send a copy your way.

ABOUT DOC4

Doc4 is a design studio located in Northwest Arkansas. Our focus is on clean, Mobile Responsive Web Design. We also design and develop effective and award winning Mobile Applications. Some of our more recognizable clients include the Crystal Bridges Museum, Field Agent, Cox Communications, Activision, Houndstooth Press, General Mills and Lighting Emporium.

Please contact our Business Development Manager, Michael White if you have any questions about how to use the latest technological advances to acquire more leads for your organization, attract new customers, or nurture new business. Call us at +1 479 202-8634 or drop us a line at hello@doc4design.com.



Thanks for reading

QUESTIONS, COMMENTS OR INQUIRIES

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