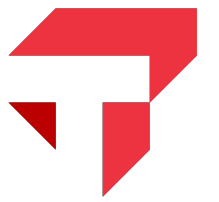
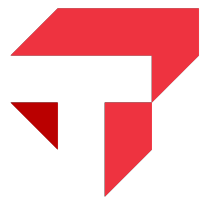


# Business Model Canvas

*(more than a box to check)*



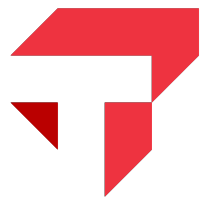
It's all about the product, why waste time on modeling out the business?



# It's all about the product, why waste time on modeling out the business?



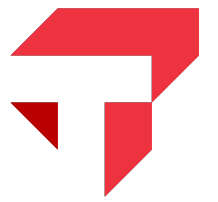
- Founded in 1992
- Leader for years in digital language learning
- Innovator in sales channels
- Premium pricing strategy
  - Costs as much as \$479
- **UNTIL...**



# It's all about the product, why waste time on modeling out the business?



- **UNTIL...**
- Duolingo introduced in 2011 by Luis Van Ahn
- Leveraged mobile - cloud architecture
- Freemium pricing
- First Pittsburgh based unicorn
  - \$1B valuation (Dec, 2019)



# It's all about the product, why waste time on modeling out the business?



- Founded in 1926 in Sweden
- Really transformed into the business that it is today in the 1980's
- Innovative business model
  - Reasonably high quality product
  - Self assembly
- So, does not need to be only about technology



**Don Jones**

“...don’t make business more complicated than it needs to be...”



# Business Model Canvas

**Business Model Canvas** is a strategic management and lean startup template for developing new or documenting existing **business models**. It is a visual chart with elements describing a firm's or product's value proposition, infrastructure, customers, and finances.

-or-

Your internal business planning guide



# Business Model Canvas





COSTS / COMPANY FOCUS

VALUE / CUSTOMER FOCUS

# The Business Model Canvas

Designed for:

Designed by:

Date:

Version:



DESIGNED BY: Business Model Foundry AG  
The makers of Business Model Generation and Strategyzer

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strategyzer.com

# Value Propositions

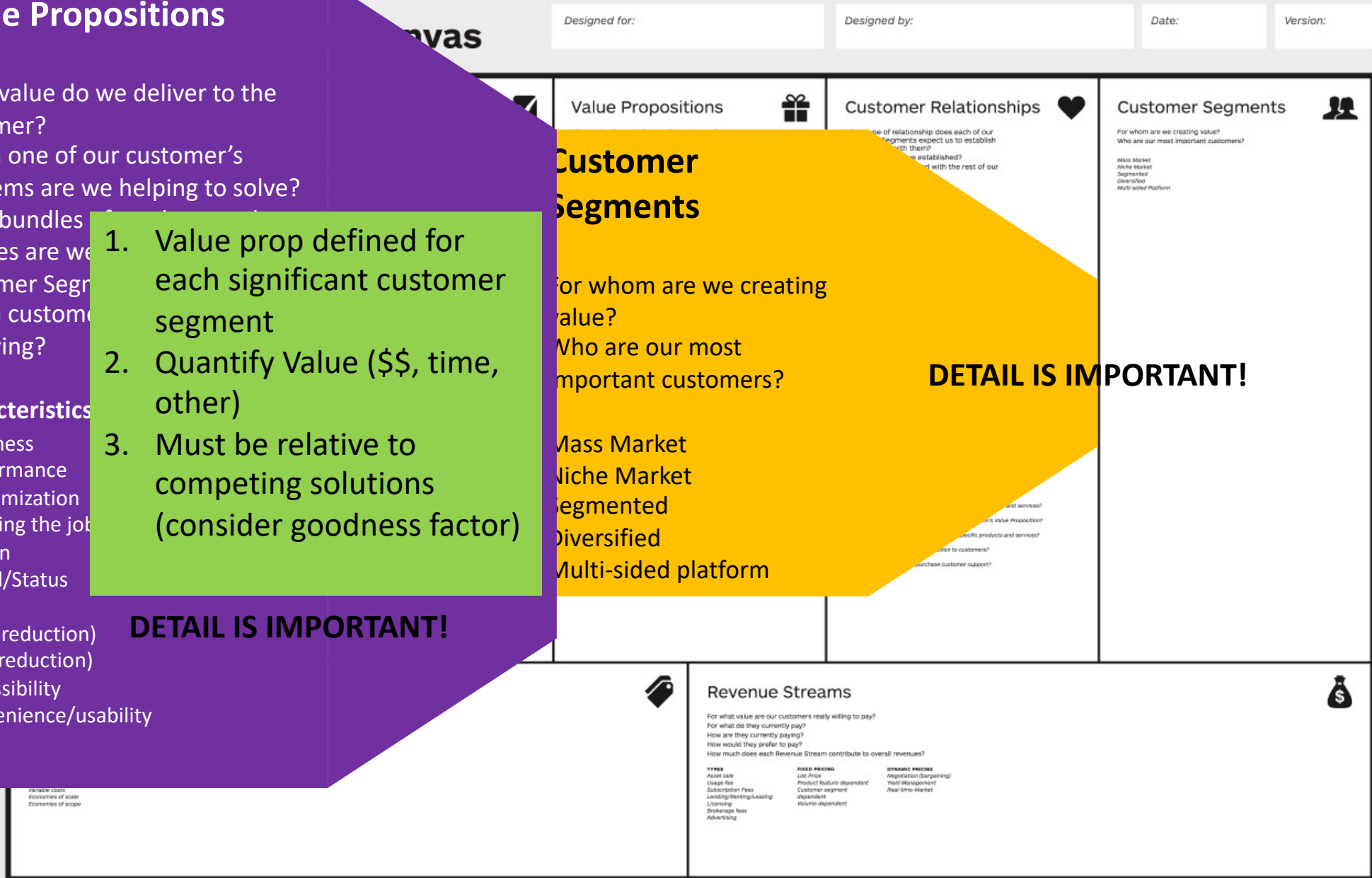
What value do we deliver to the customer?  
 Which one of our customer's problems are we helping to solve?  
 What bundles of services are we offering?  
 Customer Segments  
 Which customer segments are we satisfying?

## Characteristics

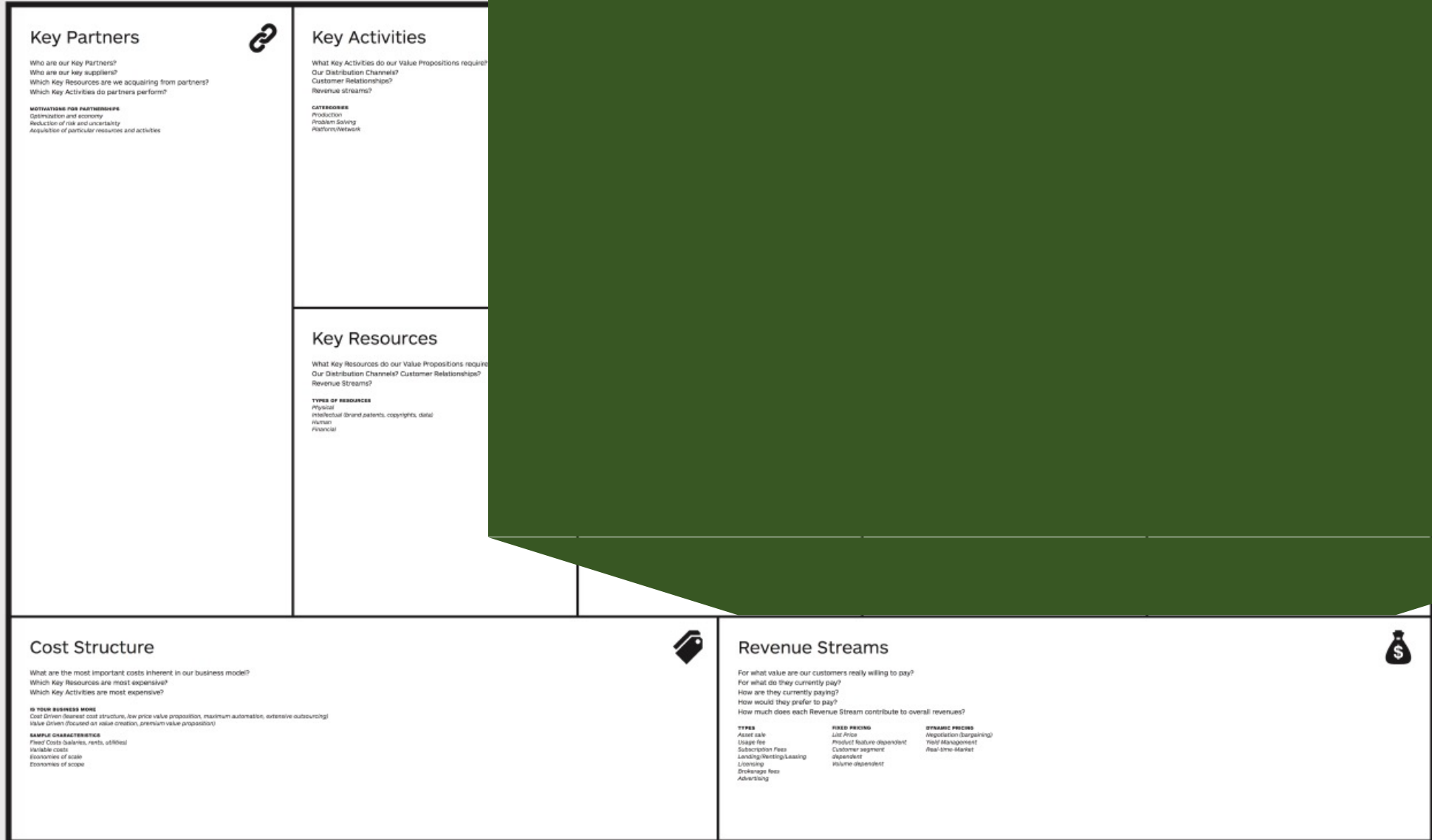
- Newness
- Performance
- Customization
- "Getting the job done"
- Design
- Brand/Status
- Price
- Cost (reduction)
- Risk (reduction)
- Accessibility
- Convenience/usability

1. Value prop defined for each significant customer segment
2. Quantify Value (\$\$, time, other)
3. Must be relative to competing solutions (consider goodness factor)

**DETAIL IS IMPORTANT!**



# The Business Model Canvas: Revenue Streams

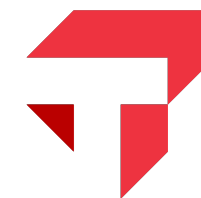


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Let's talk about revenue

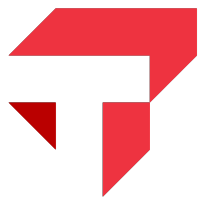


# What is Revenue? – Really...

Revenue is how your customer rewards you for the value that you create.

- Reflective of the value provided
- (Ideally) Quantifiable

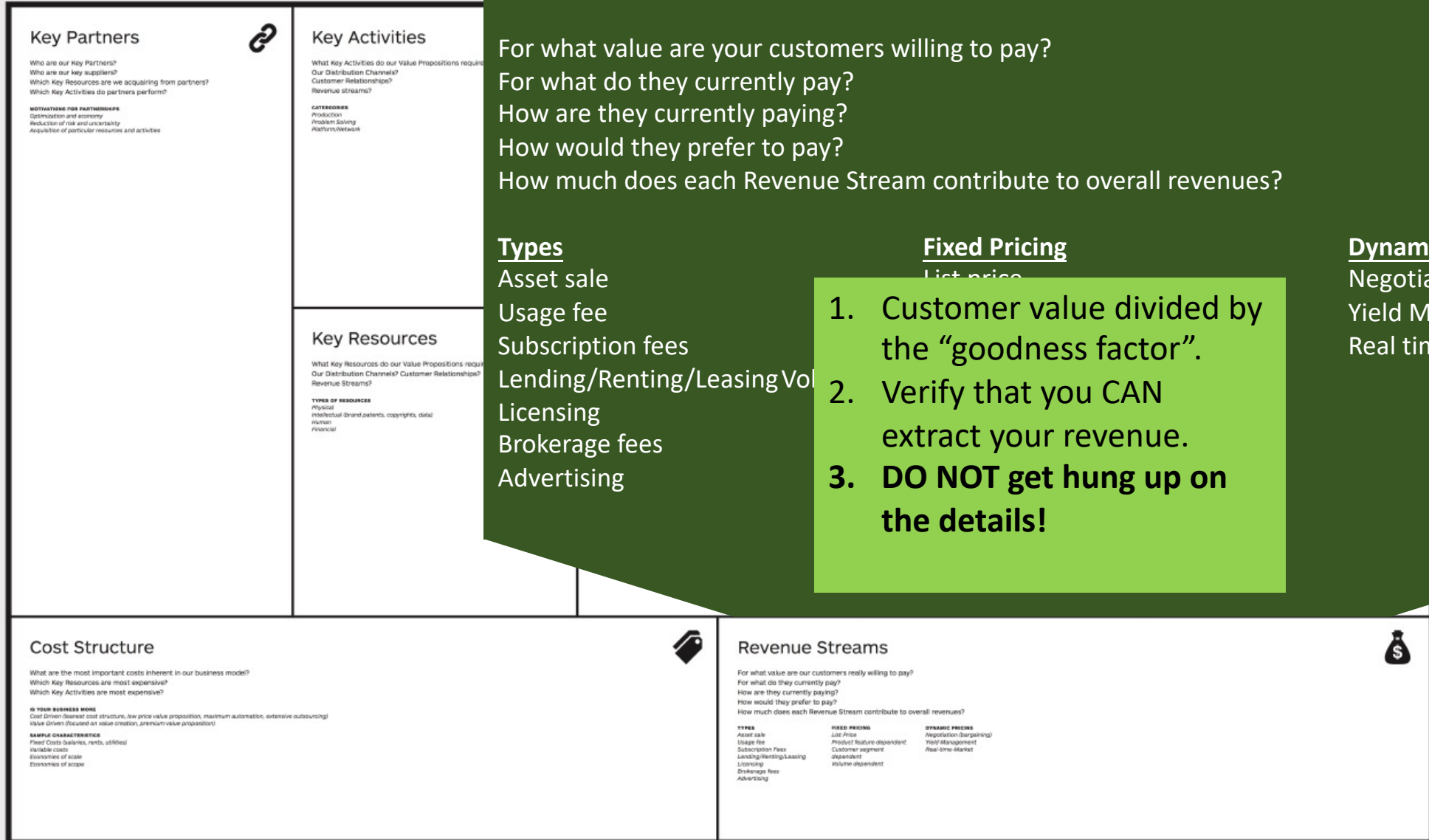




H



# The Business Model Canvas Revenue Streams



For what value are your customers willing to pay?  
For what do they currently pay?  
How are they currently paying?  
How would they prefer to pay?  
How much does each Revenue Stream contribute to overall revenues?

## Types

- Asset sale
- Usage fee
- Subscription fees
- Lending/Renting/Leasing
- Licensing
- Brokerage fees
- Advertising

## Fixed Pricing

List price

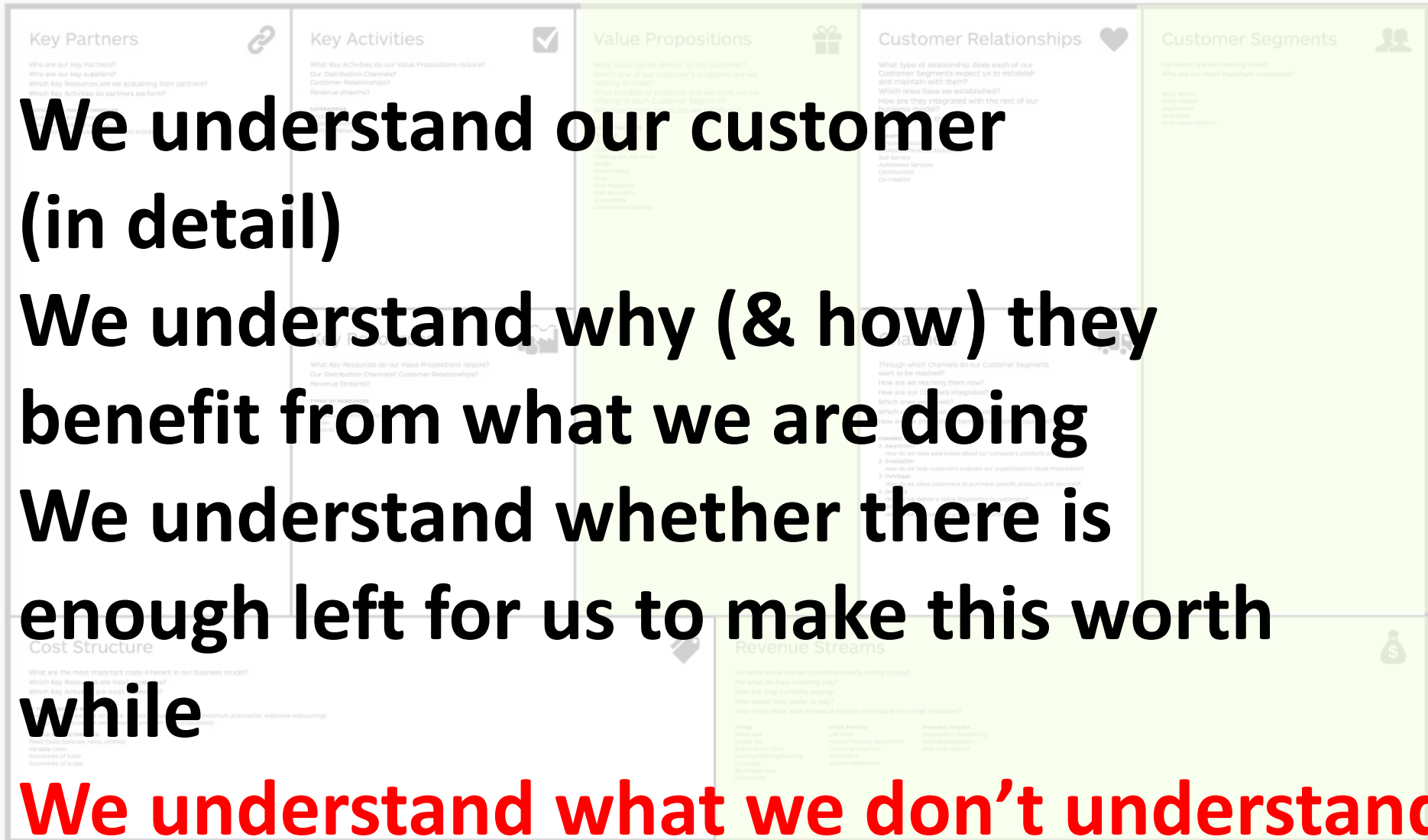
1. Customer value divided by the “goodness factor”.
2. Verify that you CAN extract your revenue.
3. **DO NOT** get hung up on the details!

## Dynamic Pricing

- Negotiation (bargaining)
- Yield Management
- Real time market

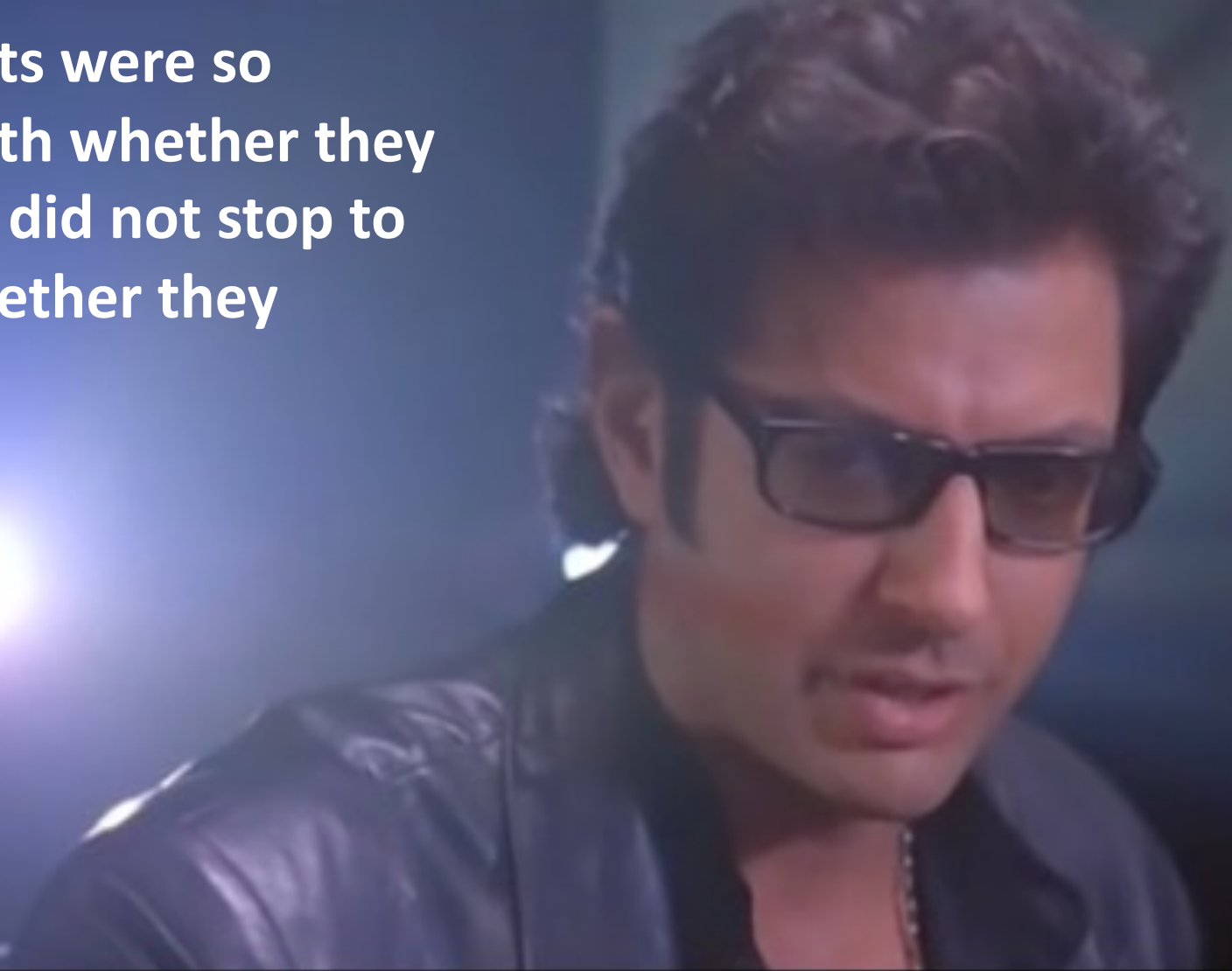
# What do we know, just from this?

1. We understand our customer (in detail)
2. We understand why (& how) they benefit from what we are doing
3. We understand whether there is enough left for us to make this worth while
4. We understand what we don't understand!





**“...your scientists were so  
preoccupied with whether they  
could that they did not stop to  
think about whether they  
should...”**



**Jeffrey Goldblum  
Jurassic Park**

# Cost Structure

What are the most important resources? Which Key Resources? Which Key Activities?

Is your business model **Cost Driven?**

*Leanest cost structure*

• **Value Driven**  
*Focused on value*

**Sample Characteristics**  
*Fixed costs (salaries)*  
*Variable costs*

*Economies of Scale*  
*Economies of Scope*

# Channels

Through which channels do we want to be reached?  
How are we reaching our customers?  
How are our channels integrated with the rest of our business model?  
Which ones work best?  
Which ones are most costly?  
How are we integrating them?

## Channel phases:

- **Awareness**  
*How do we raise awareness?*
- **Evaluation**  
*How do we help customers evaluate our Value Proposition?*
- **Purchase**  
*How do we allow customers to purchase specific products and services?*
- **Delivery**  
*How do we deliver a Value Proposition to customers?*
- **After sales**  
*How do we provide post purchase customer support?*

# Customer Relationships

What type of relationship does each of our Customer Segments expect us to establish and maintain with them?  
Which ones have we established?  
How are they integrated with the rest of our business model?  
How costly are they?

## Examples:

- Personal assistance
- Dedicated personal assistance
- Self Service
- Automated services
- Communities
- Co-Creation

# Activities

What activities do you Value?

What activities do you Value?

What activities do you Value?

What activities do you Value?

## Resources:

Intellectual (Brand, patents, copyrights, data)  
Human  
Financial

# How do you use the Business Model Canvas

- The BMC is the cornerstone of your internal business plan
- The BMC need to be as specific as possible!
  - The more quantification the better
- (Initially) focus on customer segments and value proposition
- Develop it in the order that I presented it
- Prioritize risk or unknowns
- The BMC is an evolving tool, not a one time task
- The BMC should be visible to the entire team

