



Don Jones

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

Business Model Canvas

(more than a box to check)

COSTS / COMPANY FOCUS




The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

Key Partners  <p>Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?</p> <p>MOTIVATIONS FOR PARTNERSHIPS Optimization and economy Reduction of risk and uncertainty Acquisition of particular resources and activities</p>	Key Activities  <p>What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?</p> <p>CATEGORIES Production Problem Solving Platform/Network</p>	Value Propositions  <p>What value do we deliver to the customer? Which one of our customer problems are we helping to solve? What bundles of products and services are we offering to each Customer Segment? Which customer needs are we satisfying?</p> <p>CHARACTERISTICS Newness Performance Customization "Getting the Job Done" Design Brand/Status Price Cost Reduction Risk Reduction Accessibility Convenience/Usability</p>
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VALUE / CUSTOMER FOCUS



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

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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)

Variable costs
Economies of scale
Economies of scope

Designed for:

Designed by:

Date:

Version:

Value Propositions



Customer Relationships



Customer Segments



Customer Segments

For whom are we creating value?

Who are our most important customers?

Mass Market

Niche Market

Segmented

Diversified

Multi-sided platform

Revenue Streams

For what value are our customers really 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
Licensing/Leasing
Brokerage fees
Advertising

FIXED PRICING

List Price
Product feature dependent
Customer segment dependent
Volume dependent

DYNAMIC PRICING

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

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



How do you estimate revenue?



What
should I
expect to
get paid?

Value realized by customer: \$100

Goodness Factor: 10x

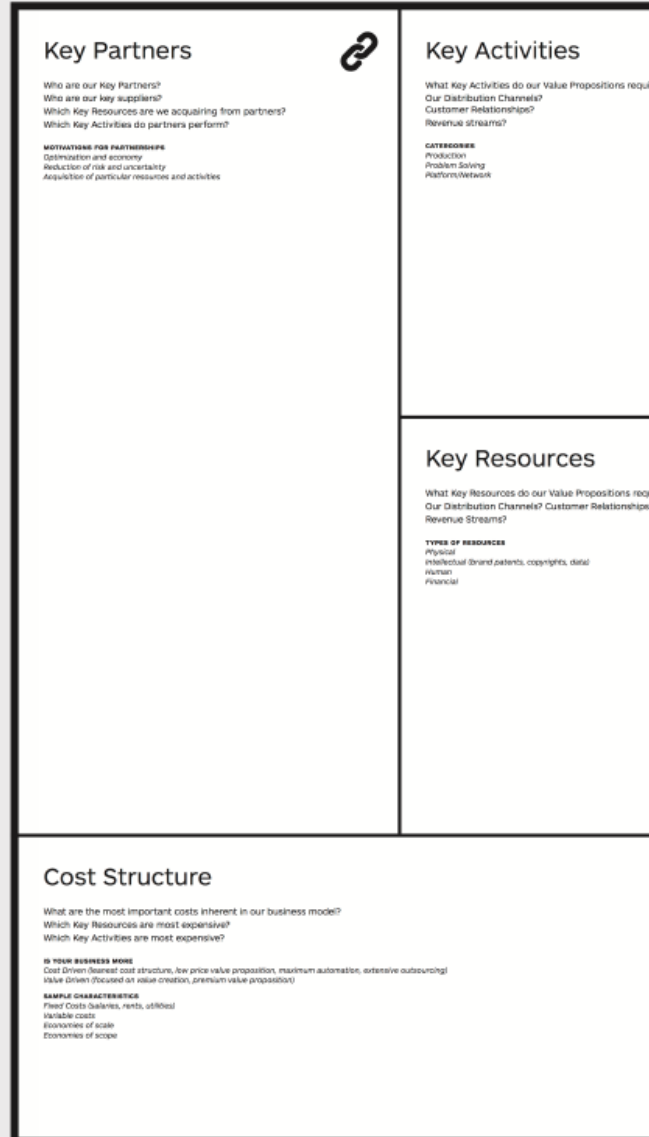
Estimated revenue: \$100/10 **\$10**

Opportunity
(\$\$/customer X # customers):

\$10 x 10,000,000 customers =
\$100 M

Is the
opportunity
big enough
for me to
invest the
time?

The Business Model Canvas Revenue Streams



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
(bargaining)
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!

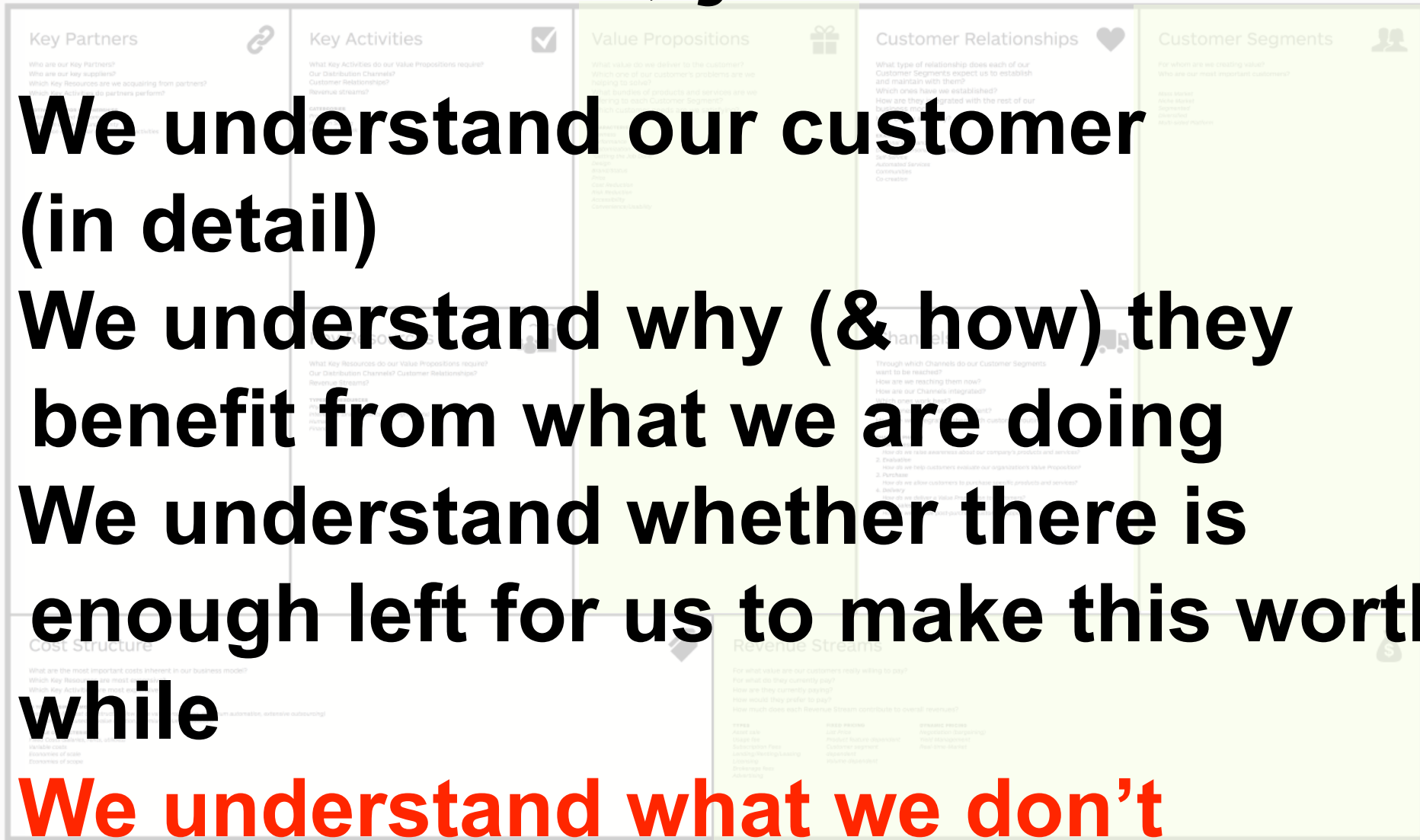
Dynamic Pricing

Negotiation

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!












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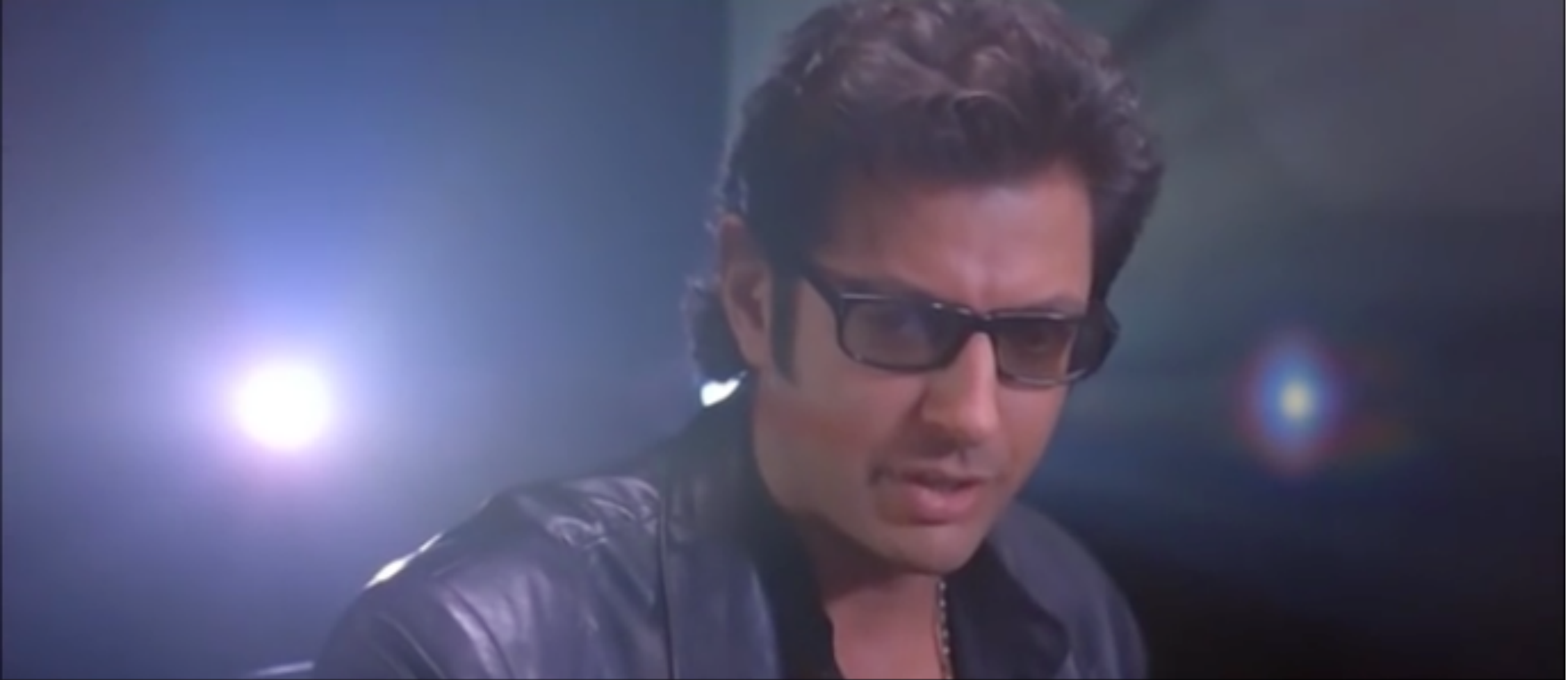
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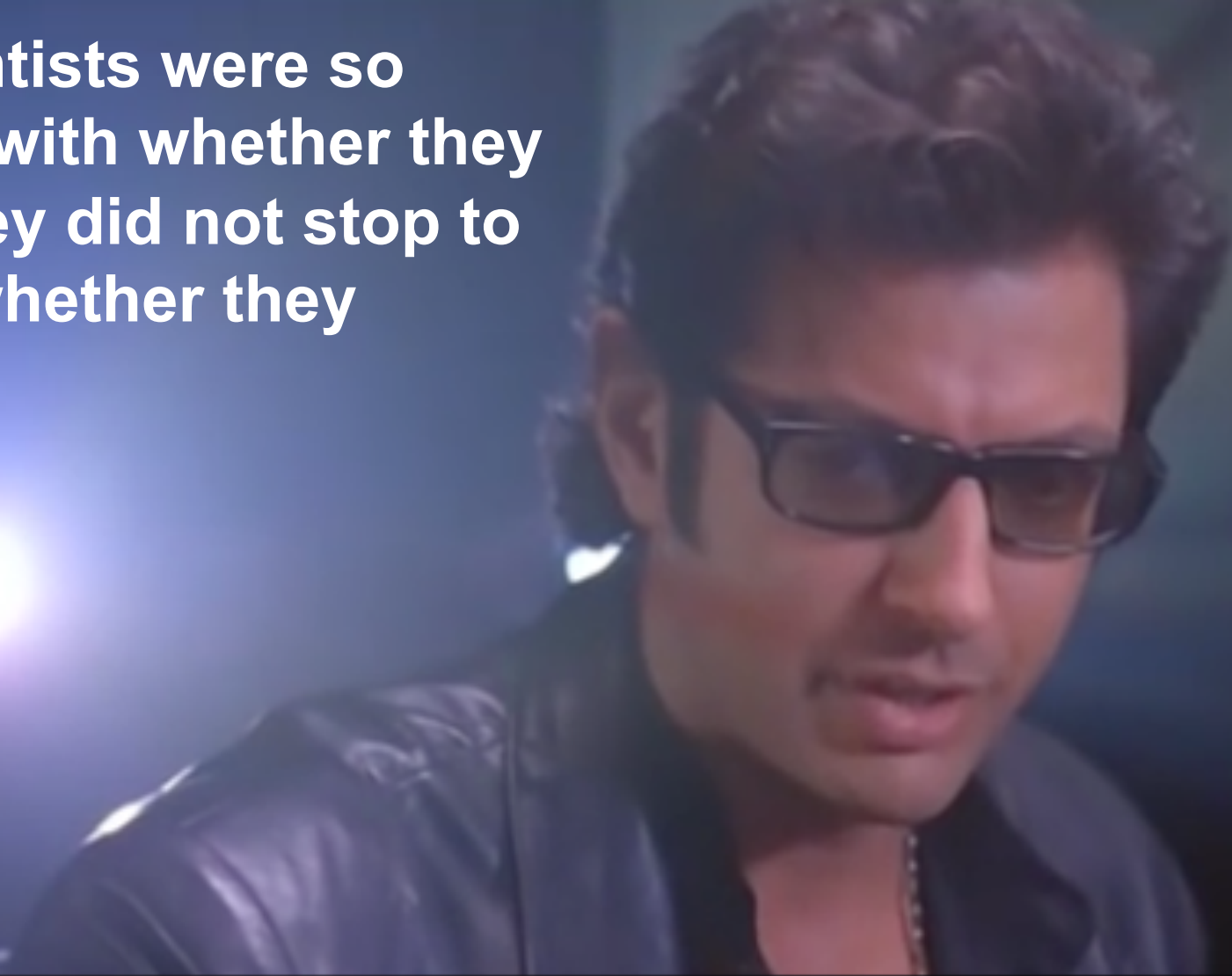
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45 Seconds in

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



Cost Structure Channels

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

Is your business model...

- **Cost Driven**
Leanest cost structure
- **Value Driven**
Focused on value

Sample Characteristics

- Fixed costs (scale)*
- Variable costs (scale)*
- Economies of scale*
- Economies of scope*

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 your business model require?
Which Key Activities are most important?
Which Key Resources are most important?

What activities are required from your business model to perform?

What activities are required from your business model to perform?

Sources:

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

Through which channels do your business model require?
Which Key Channels are most important?
How are we reaching our target customers?
How are our channels integrated with the rest of our business model?
Which ones work best?
Which ones have we established?
How are we integrating them with the rest of our business model?
How costly are they?

Channel phases:

- **Awareness**
How do we raise awareness?
- **Evaluation**
How do we help customers evaluate our organization's 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?

Can I
make a
profit?

Revenue per customer: \$10

Direct cost (cost to deliver value): \$3

Fixed cost (Overhead) \$2

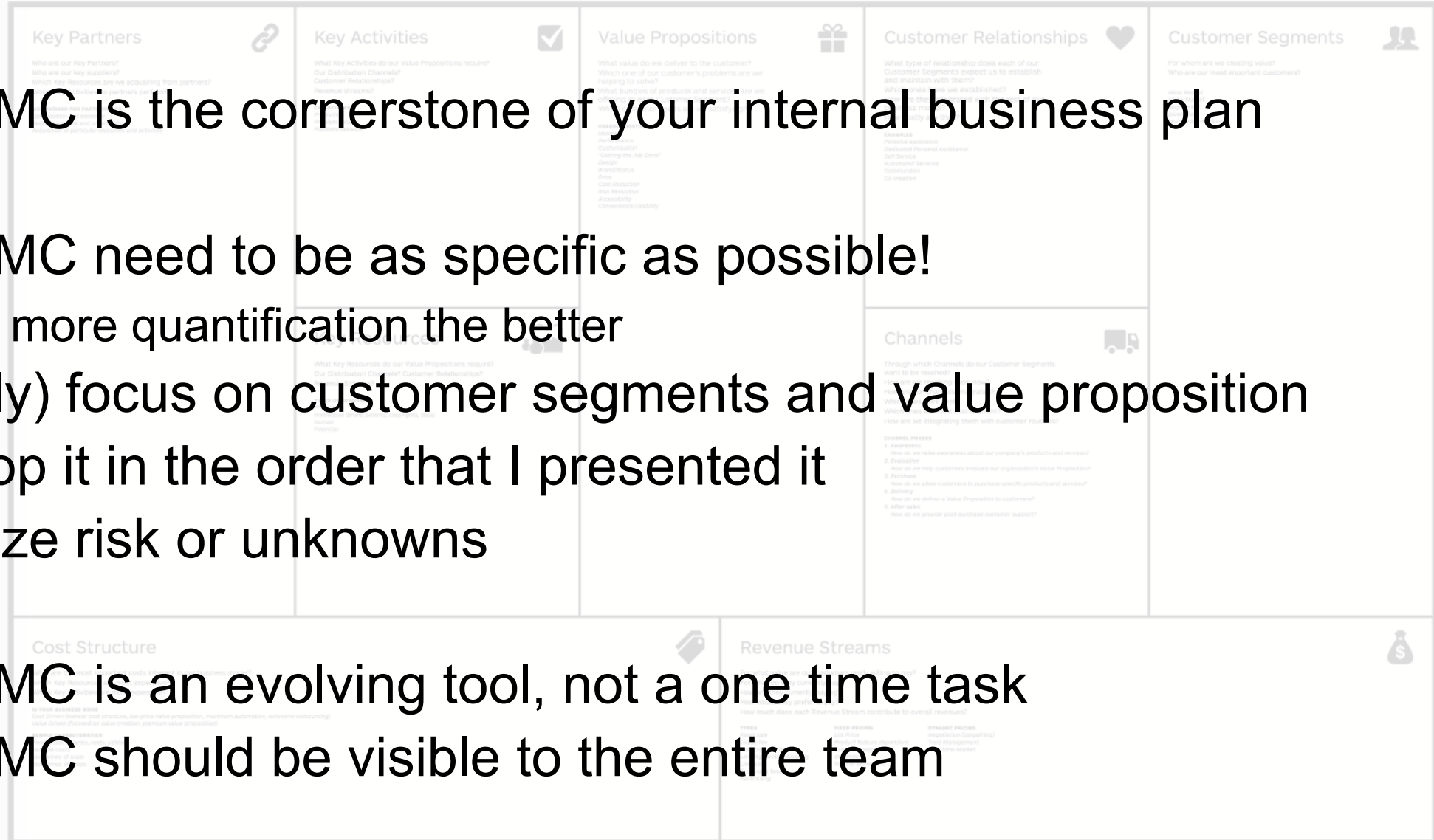
Margin: \$5

*\$5 x 10,000,000 customers =
\$50 M*

Can I justify
the
investment
and can this
be a self
supporting
concern?

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



Wanna try?

