



Don Jones

”...don't make business more complicated than 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:



VALUE / CUSTOMER FOCUS



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 and Channels

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!

Variable costs
Economies of scale
Economies of scope



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Value Propositions

Customer Segments

For whom are we creating value?

Who are our most important customers?

Mass Market
Niche Market
Segmented
Diversified
Multi-sided platform

Customer Relationships

How of relationship does each of our segments expect us to establish with them?
How do we establish?
How do we stand with the rest of our industry?

DETAIL IS IMPORTANT!

Customer Segments

For whom are we creating value?
Who are our most important customers?
Mass Market
Niche Market
Segmented
Diversified
Multi-sided Platform



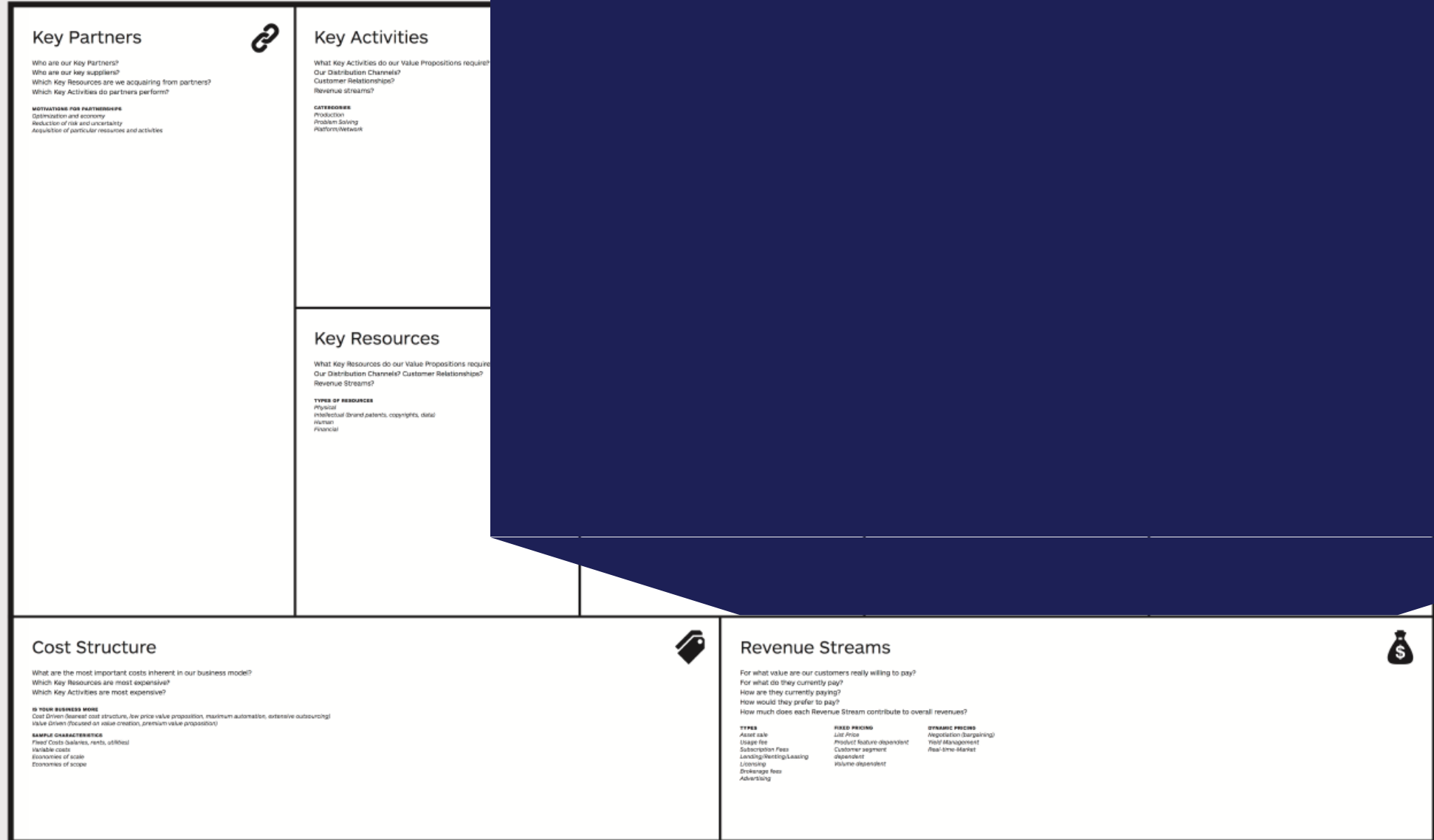
Revenue Streams

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	FIXED PRICING	DYNAMIC PRICING
Asset sale	List Price	Auction/Bargaining
Usage fee	Product feature dependent	Real-time Market
Subscription Fees	Customer segment dependent	
Lending/Renting/Leasing	Volume dependent	
Licensing		
Brokerage fees		
Advertising		



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

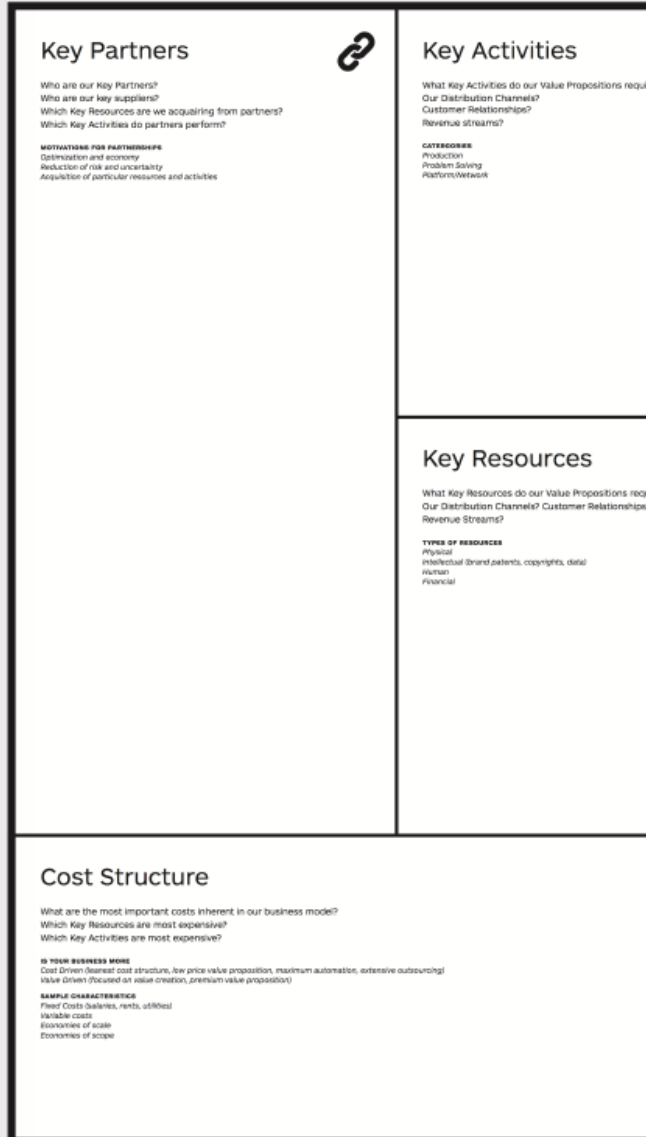
Estimated revenue: \$100/10 **\$10**

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



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

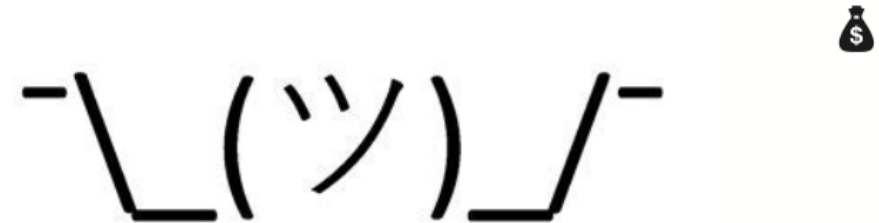
Fixed Pricing

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!

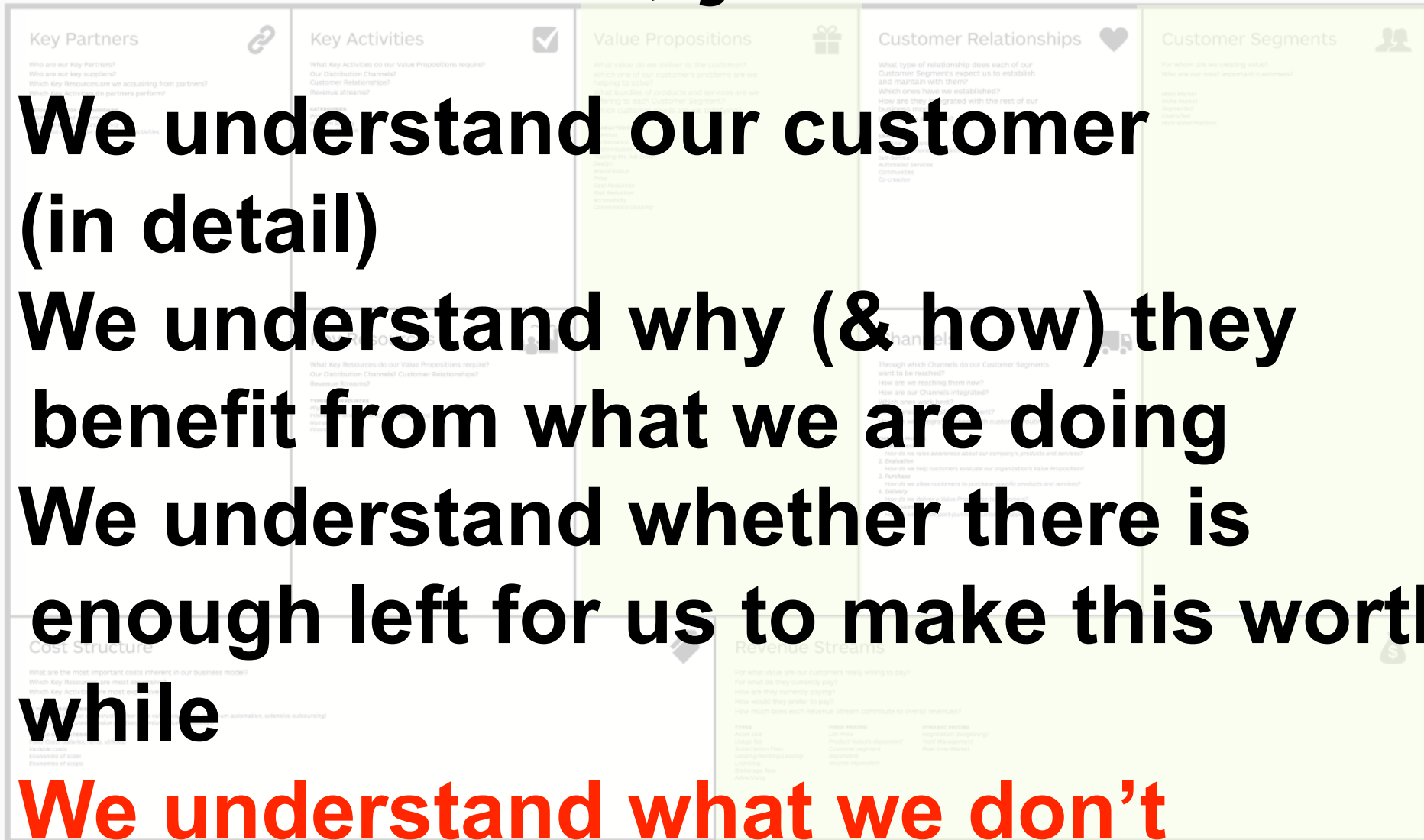
Dynamic Pricing

- 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!



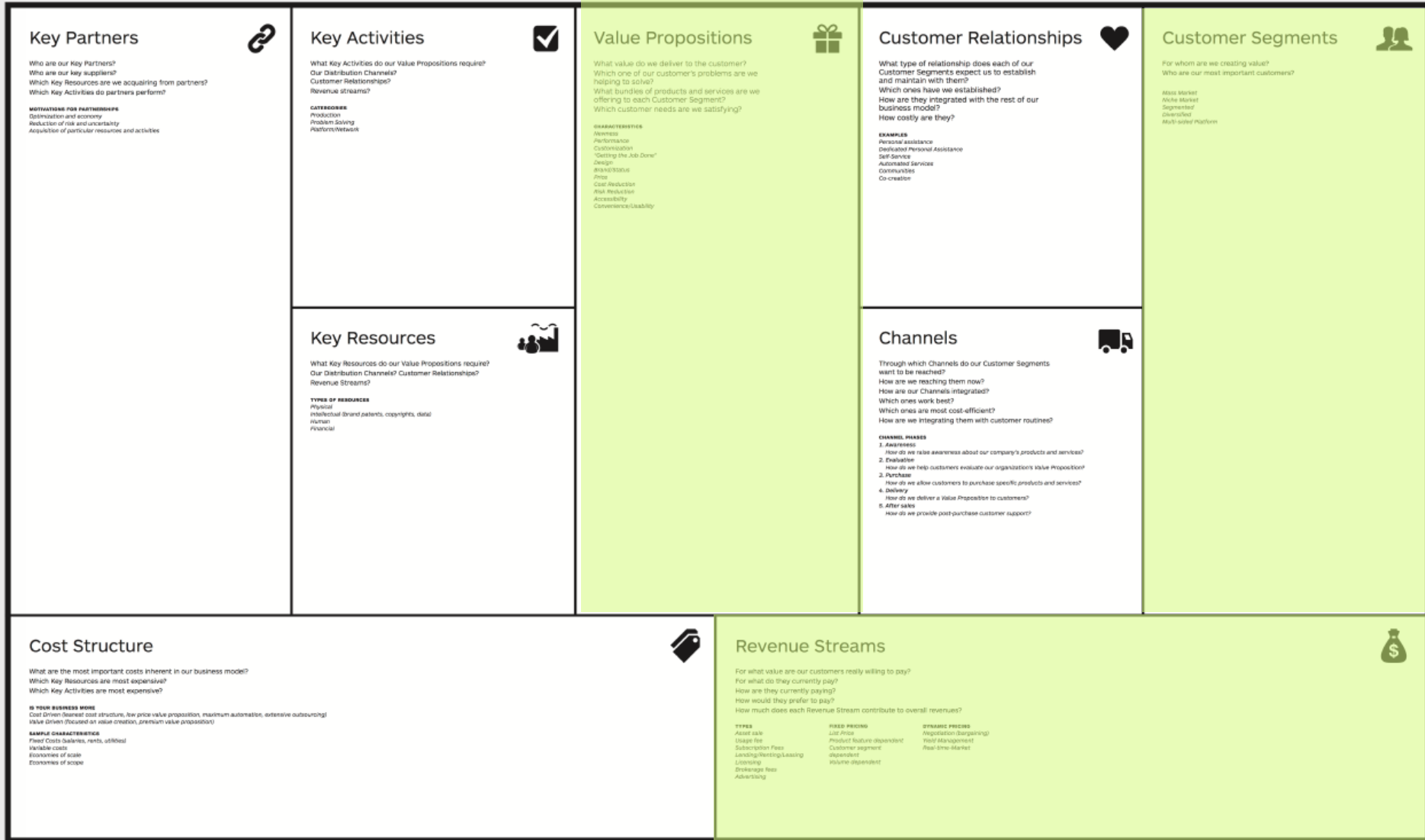
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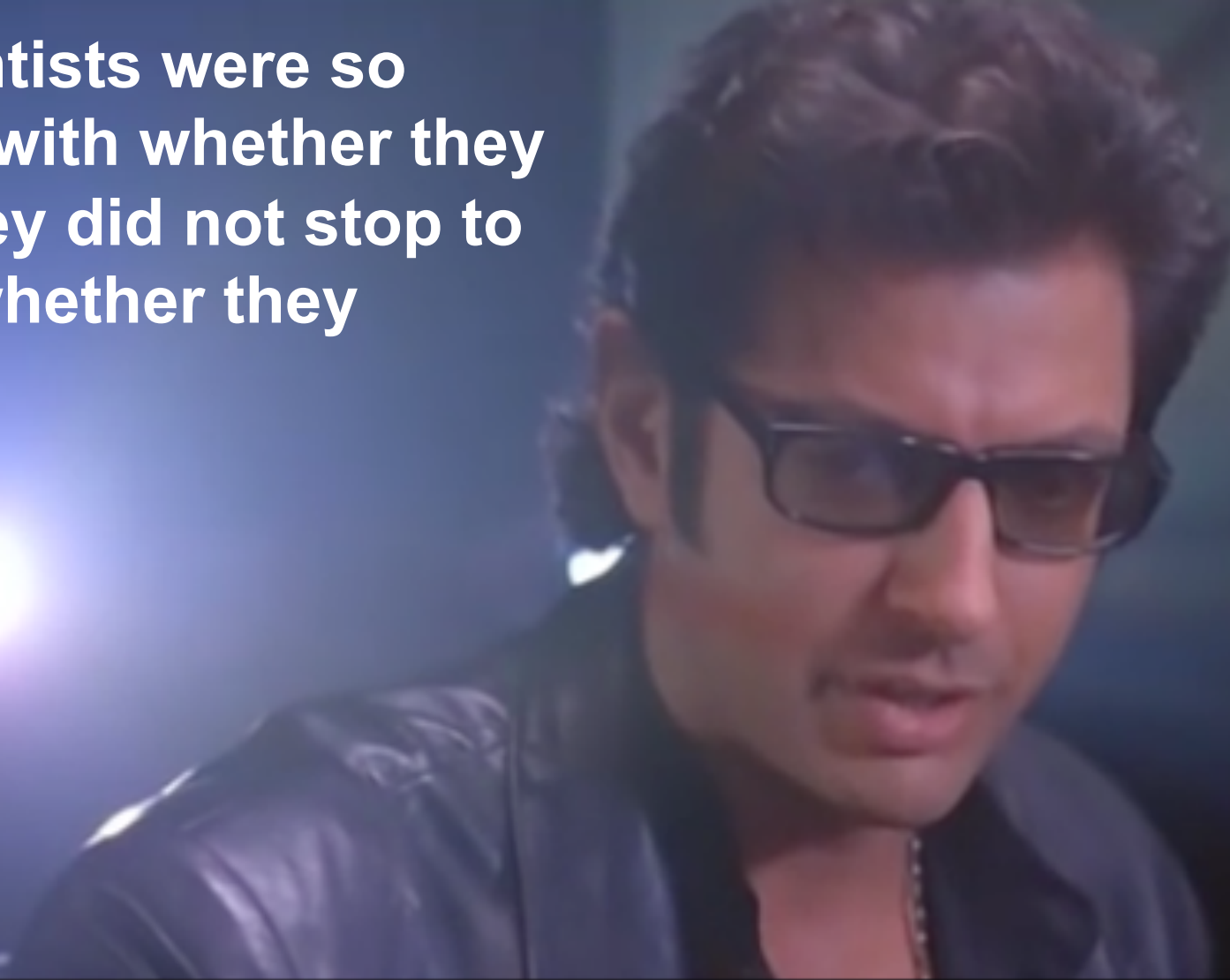


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**“...your scientists were so
preoccupied with whether they
could that they did not stop to
think about whether they
should...”**

**Jeffrey Goldblum
Jurassic Park**



Cost Structure Channels

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

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

Sample Characteristics:
Fixed costs (scale)
Variable costs
Economies of scale
Economies of experience

Through which channels do our Customer Segments want to buy? How are we reaching them? How are our channels performing? Which ones work best? Which ones are most costly? How are we integrating them with our other business model routines?

- 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?

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

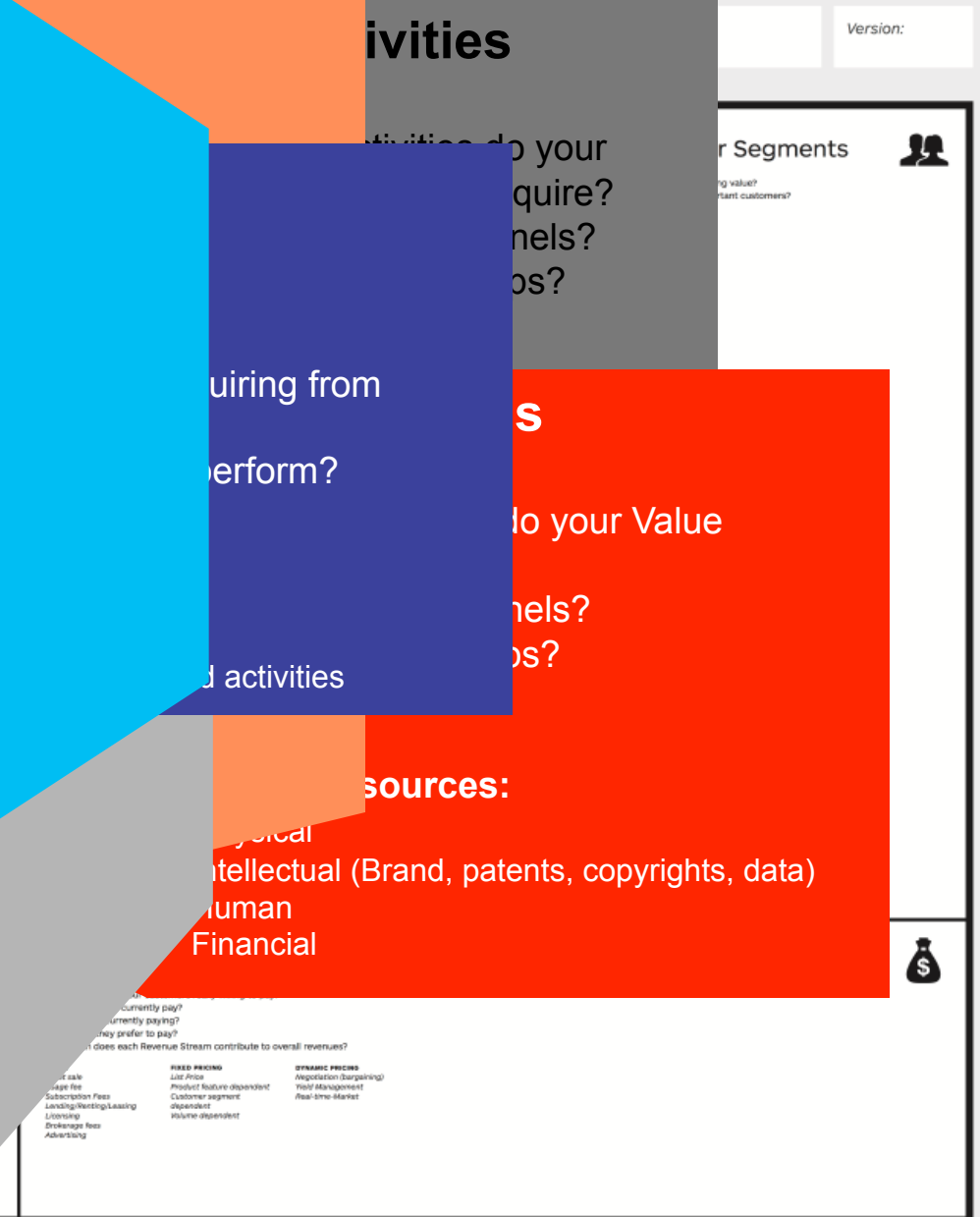
What activities do your Customer Segments require? Which channels? Which ones are most costly?

What are you acquiring from your suppliers? How do they perform?

What are your key activities?

Revenue Sources:

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



Can I
make a
profit?

Revenue per customer: \$10

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

Direct Margin: \$7

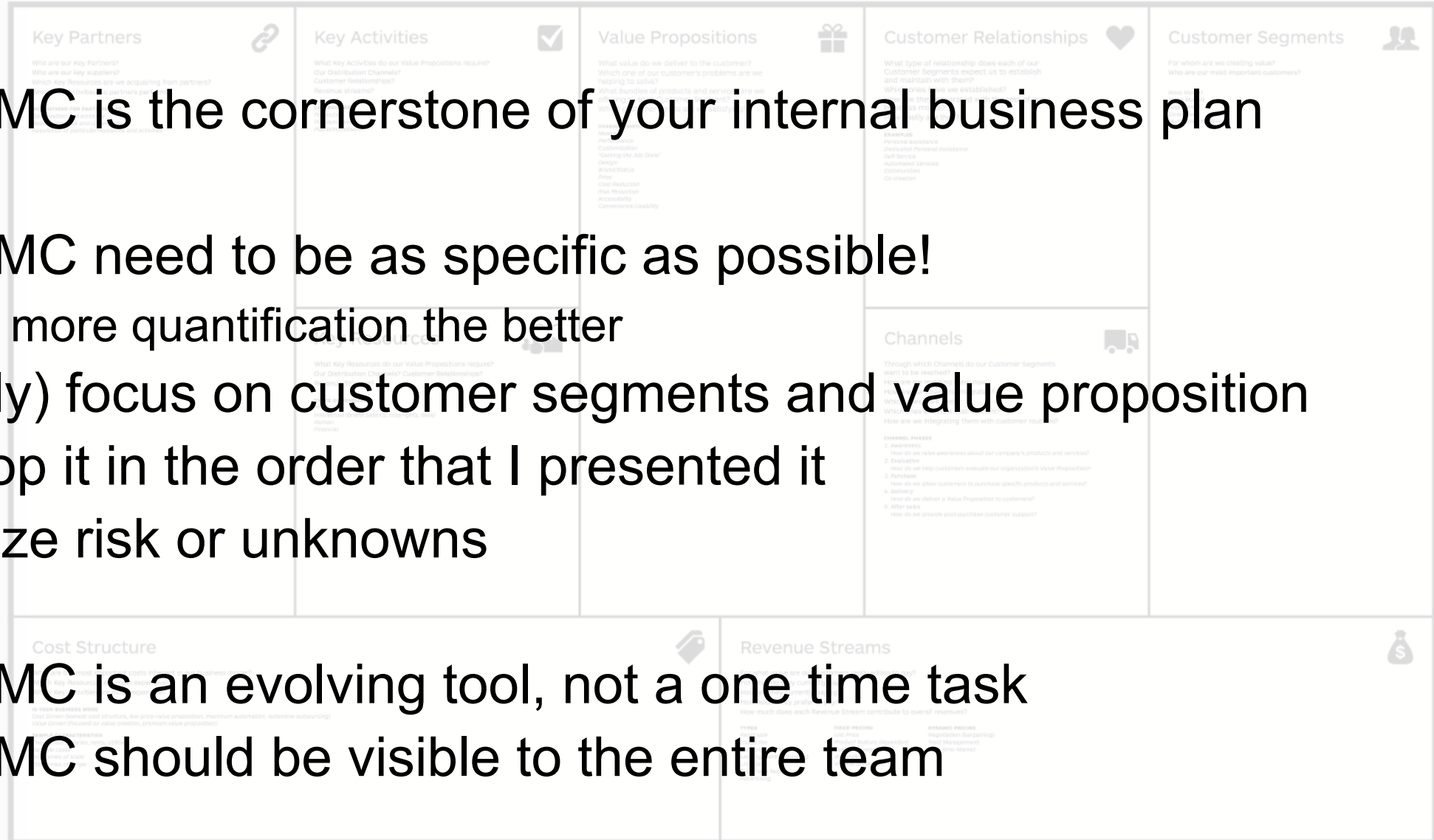
*\$7 x 10,000,000 customers =
\$70 M*

*Fixed cost
Overhead*

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?

