Curtin Ignition

Value chains and the Business model Canvas

Hi, I'm Matt

Past….

Coopers & Lybrand

swisscom

Deutsche Telekom

EQUANT

minti POWERED BY PARENTS

YUUWA CAPITAL reach for the sky

spacecubed

aegic Australian Export Grains Innovation Centre

Present…

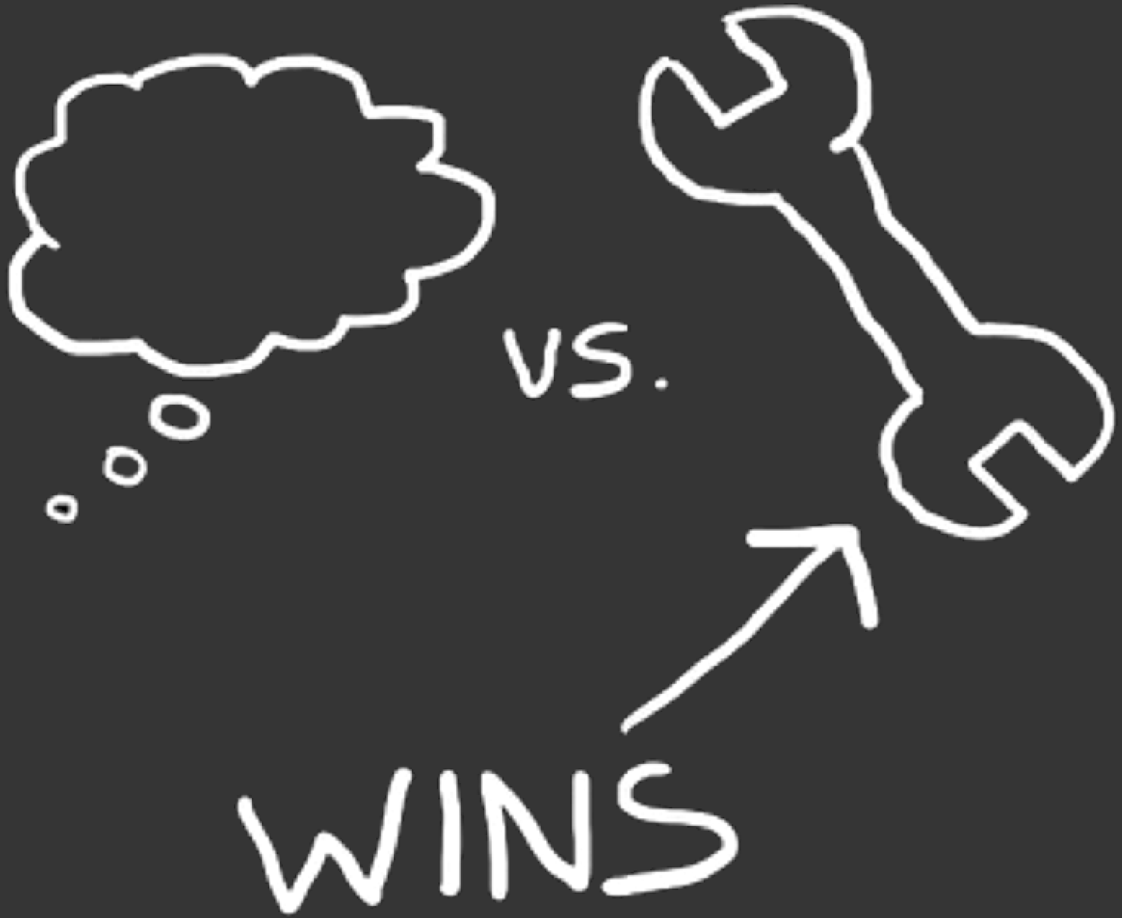
icetana

AgriFutures Australia

PetRescue .com.au

DATA FARMING

m15e ventures


VS.
WINS

A business model is a set of assumptions about how a business will generate return for stakeholders.

A business model should answer the question "how will your business make money / survive?"

There are at least seven revenue generation models a company can pursue ....

1. Product/Service Sales.
2. Brokerage Fee.
3. Lending / renting / leasing.
4. Subscription fee.
5. Usage fee.
6. Advertising
7. Licensing / Franchising

Product/Service Sales.

Your company **creates a product or service that it sells it to customers** perhaps directly or through a chain of wholesalers and retailers to the final recipient.

Brokerage Fee.

Your company acts as a middle man taking a clip of the money paid by the customer to the supplier

Lending / renting / leasing.

Your company provides a product or service for a particular time at a given rate.

Subscription fee.

A flat or tiered fee is charged to the customer who then receives a product or service **at a regular interval**.

NETFLIX

Office 365

DOLLAR SHAVE CLUB

Usage fee.

Your company provides a marketplace or service and **charges a rate dependant on usage** (but not the value of goods transacted by your customer).

Advertising.

Your company sells **the right to display someone else's message on their property.**

Licensing / Franchising.

Your company provides a product or service which **customers pay a fee to use**.

Patents are licensed.

Business systems and brands are franchised.

Exercise

identify the main sources of revenue / grants / cash for your business

(you can choose more than one but there should be one leader)

1. Product/Service Sales.
2. Brokerage Fee.
3. Lending / renting / leasing.
4. Subscription fee.
5. Usage fee.
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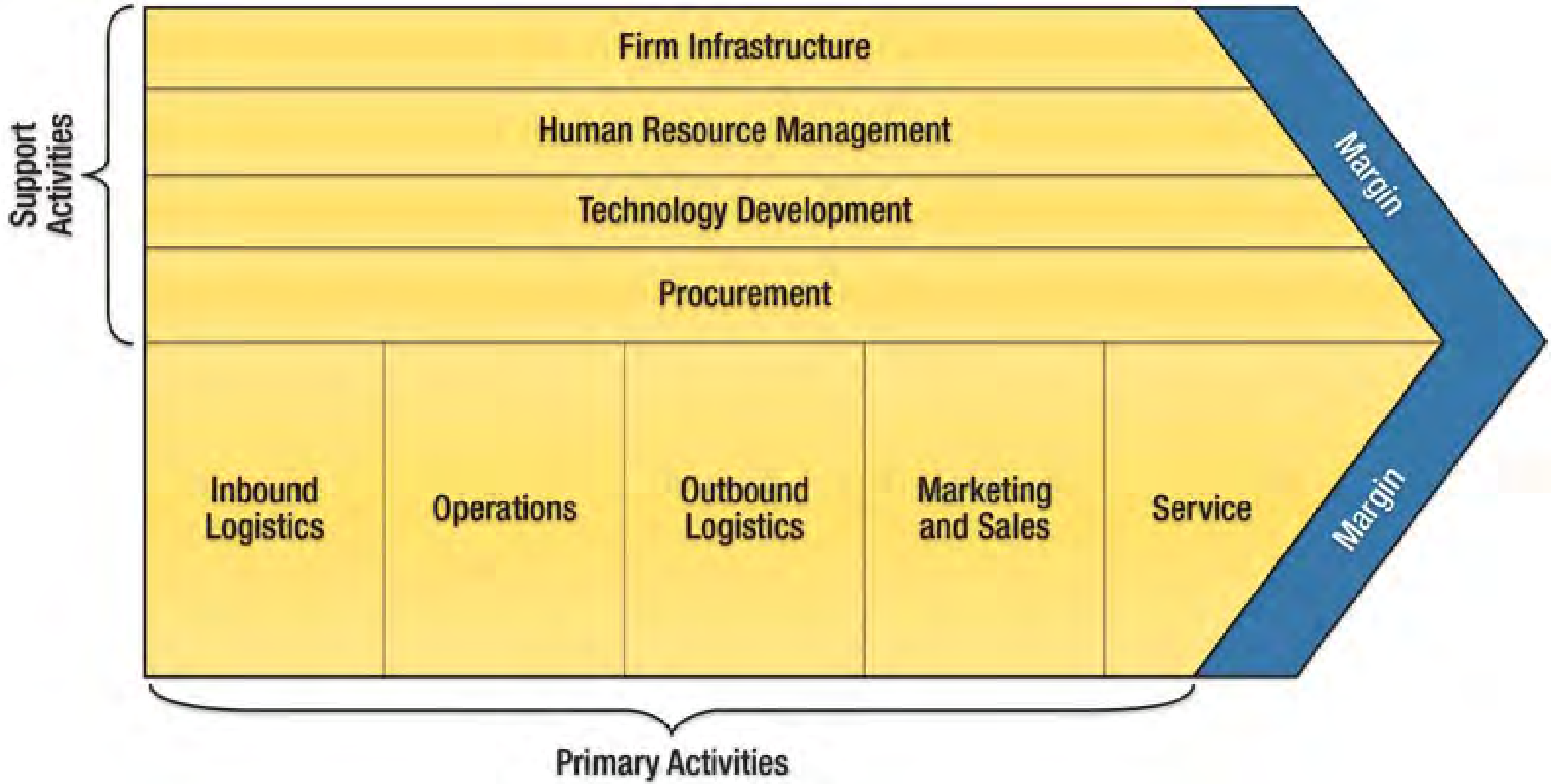
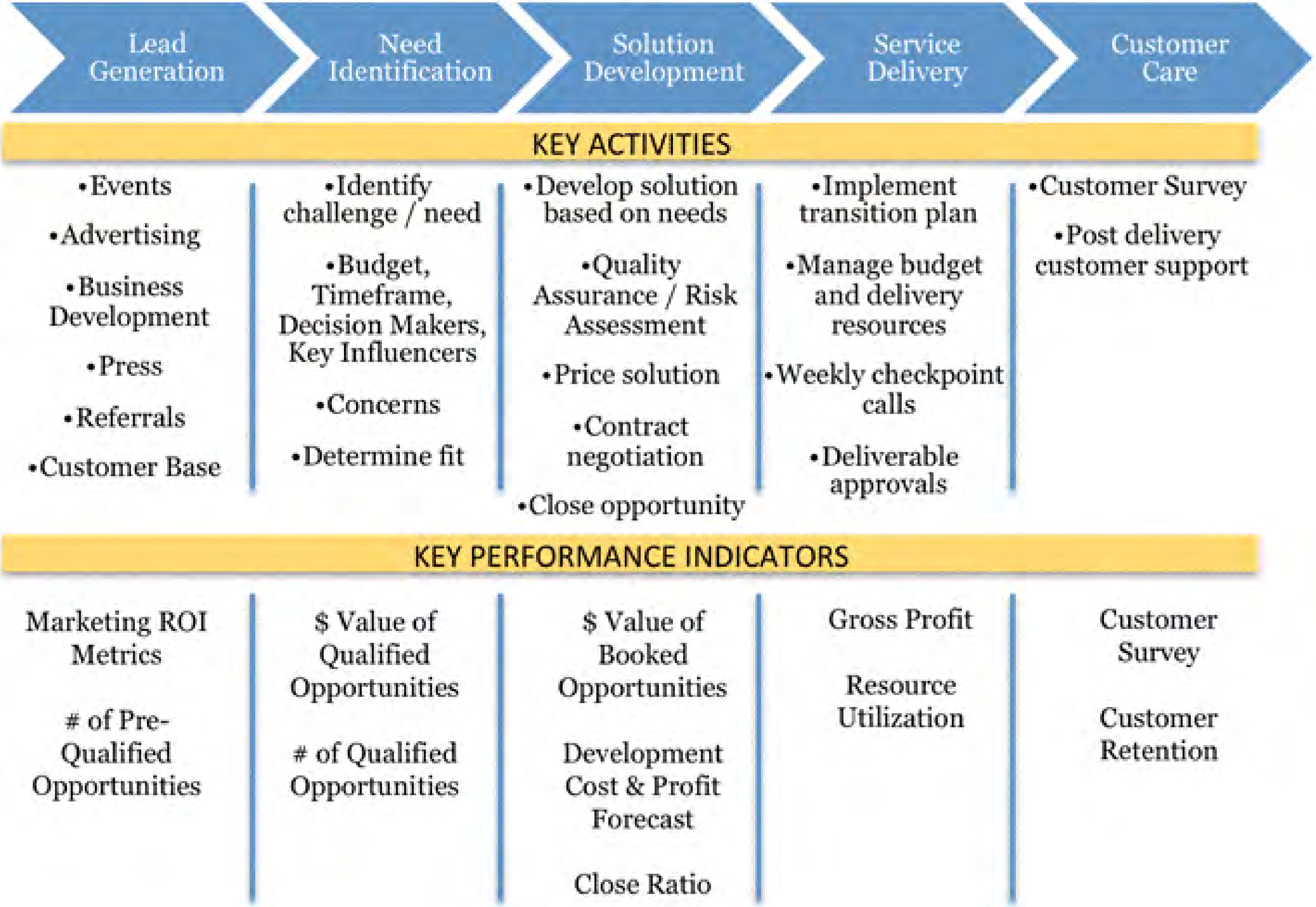
7. Licensing / Franchising

– A value chain introduction

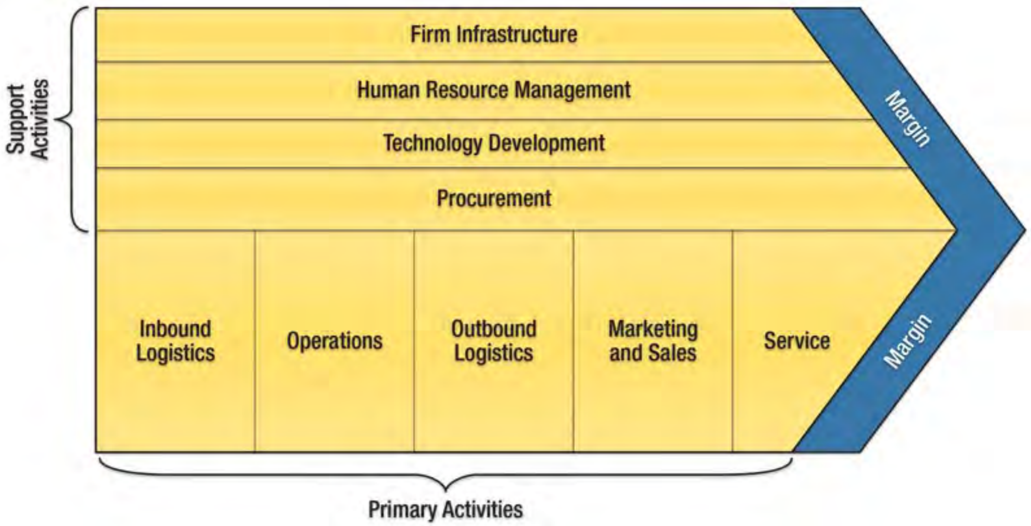


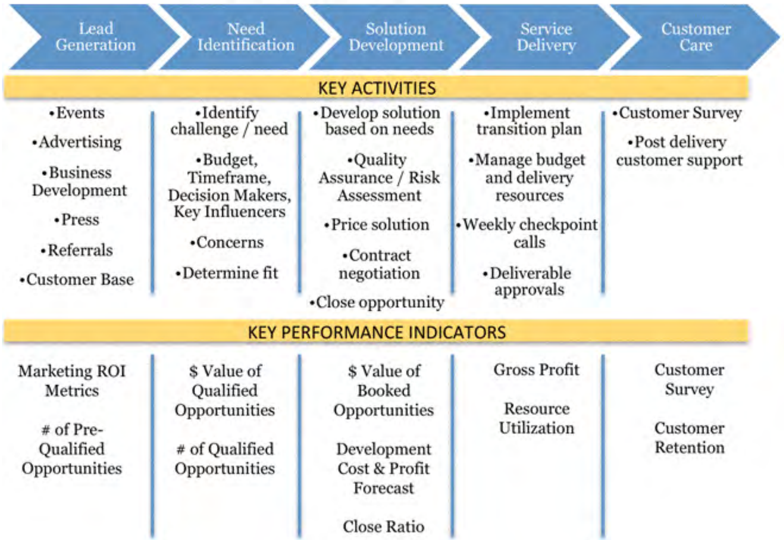
– A service industry sample



Exercise

Sketch out the value chain you would expect to have for your business





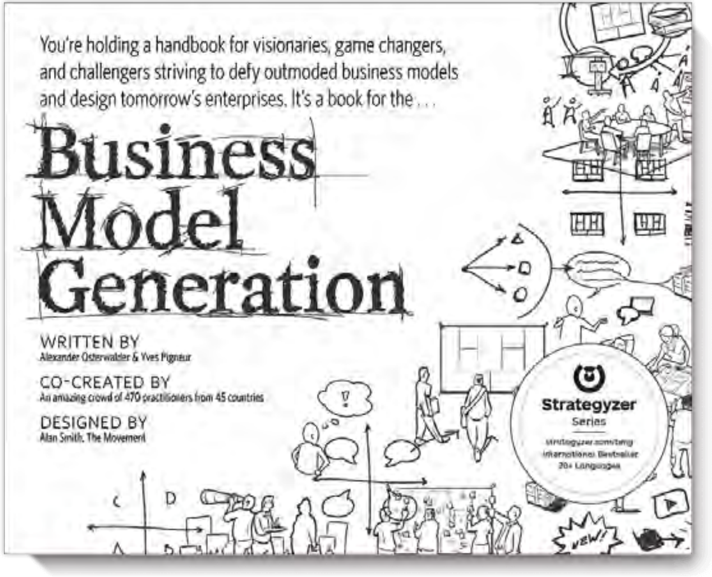
Business Model Canvas walkthrough

A guided process

Some history

The Business Model Canvas, was created by **Alexander Osterwalder (2008). It is a strategic management template** for developing new business models.

Your version has been **adapted for a few elements from the Lean Canvas by Ash Maurya in 2012.**



Key Partners

Who are our Key Partners?
Who are our key suppliers?
Which Key Resources are we acquiring from partners?
Which Key Activities do partners perform?

Key Activities

What Key Activities do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue streams?

Key Resources

What Key Resources do our Value Propositions require?
Our Distribution Channels? Customer Relationships?
Revenue Streams?

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 products and services are we offering to each Customer Segment?
Which customer needs are we satisfying?

HIGH-LEVEL CONCEPT

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?

Channels

Through which Channels do our Customer Segments want to be reached?
How are we reaching them now?
How are our Channels integrated?
Which ones work best?
Which ones are most cost-efficient?
How are we integrating them with customer routines?

Customer Segments

For whom are we creating value?
Who are our most important customers?

EARLY ADOPTERS

Cost Structure

What are the most important costs inherent in our business model?
Which Key Resources are most expensive?
Which Key Activities are most expensive?

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?

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 products and services are we offering to each Customer Segment?
Which customer needs are we satisfying?

CHARACTERISTICS
Newness
Performance
Customization
"Getting the Job Done"
Design
Brand/Status
Price
Cost Reduction
Risk Reduction
Accessibility
Convenience/Usability

High-Level Concept

Describe your product/service in a way a person can understand quickly.

Less about value - more about understanding.

No more than two sentences.

High-Level Concept

List your X for Y analogy (e.g. YouTube = Flickr for videos)

Customer Segments

For whom are we creating value?
Who are our most important customers?

Mass Market
Niche Market
Segmented
Diversified
Multi-sided Platform

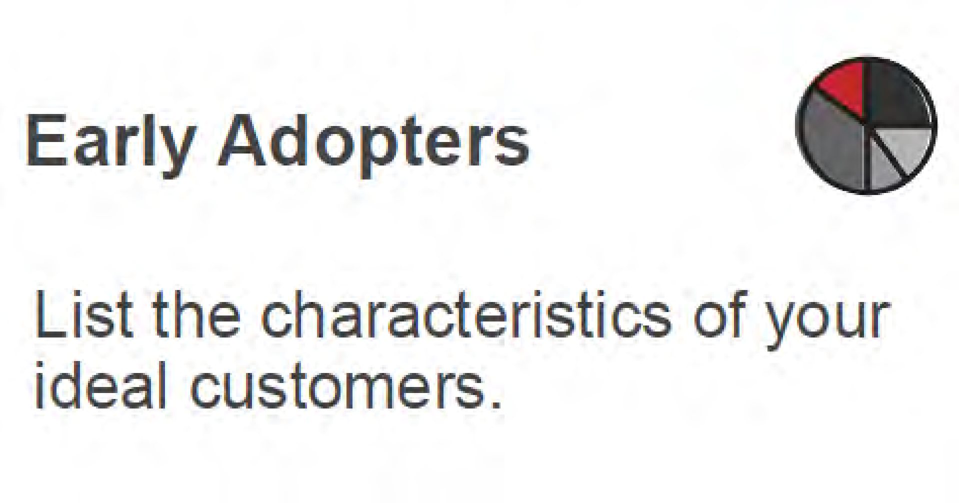
Early Adopters

Explain the optimal characteristics of your first paying customers.

How many are there?

What makes them ideal?

Are there one or more personas you can group them into?



Key Partners

Who are our Key Partners?
Who are our key suppliers?
Which Key Resources are we acquiring from partners?
Which Key Activities do partners perform?

MOTIVATIONS FOR PARTNERSHIPS:
Optimization and economy
Reduction of risk and uncertainty
Acquisition of particular resources and activities

Key Activities

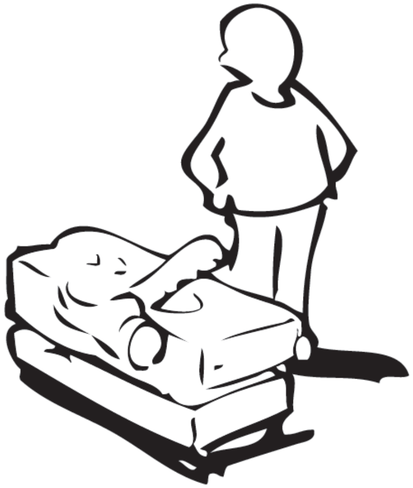
What Key Activities do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue streams?

CATEGORIES
Production
Problem Solving
Platform/Network

Key Resources

What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?

TYPES OF RESOURCES
Physical
Intellectual (brand patents, copyrights, data)
Human
Financial

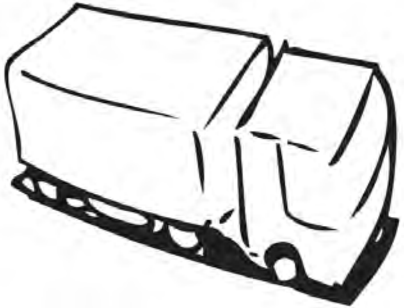


Customer Relationships

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

Channels



Through which Channels do our Customer Segments want to be reached?
How are we reaching them now?
How are our Channels integrated?
Which ones work best?
Which ones are most cost-efficient?
How are we integrating them with customer routines?

CHANNEL PHASES:

1. Awareness
How do we raise awareness about our company's products and services?

2. Evaluation
How do we help customers evaluate our organization's Value Proposition?

3. Purchase
How do we allow customers to purchase specific products and services?

4. Delivery
How do we deliver a Value Proposition to customers?

5. After sales
How do we provide post-purchase customer support?

Cost Structure

What are the most important costs inherent in our business model?
Which Key Resources are most expensive?
Which Key Activities are most expensive?

IS YOUR BUSINESS MORE:
Cost Driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing)
Value Driven (focused on value creation, premium value proposition)

SAMPLE CHARACTERISTICS:
Fixed Costs (salaries, rents, utilities)
Variable costs
Economies of scale
Economies of scope

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
Lending/Renting/Leasing
Licensing
Brokerage fees
Advertising

FIXED PRICING
List Price
Product feature dependent
Customer segment dependent
Volume dependent

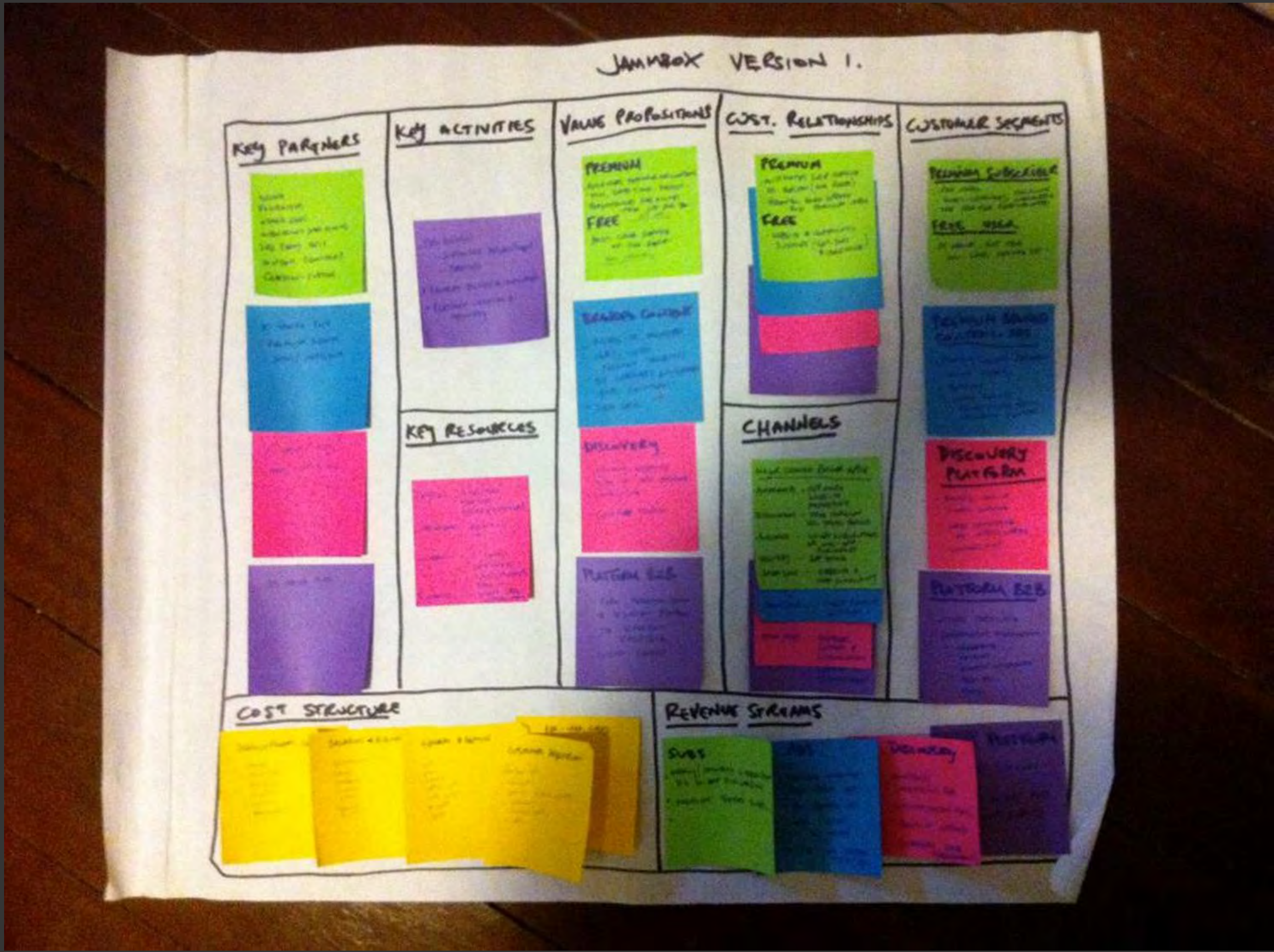
DYNAMIC PRICING
Negotiation(bargaining)
Yield Management
Real-time-Market

Congratulations

For many your first complete business plan

It’s real.

$2.1m raised



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Thanks, I’m Matt. Time for questions .