Business Model Canvas

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The Business Model

- The business model is the architecture of your business, namely the rationale on how your company creates value for both itself and its clients
  "...*the logic of how a company intends to make money*"

- The business model defines the main area of a business:
  - customers
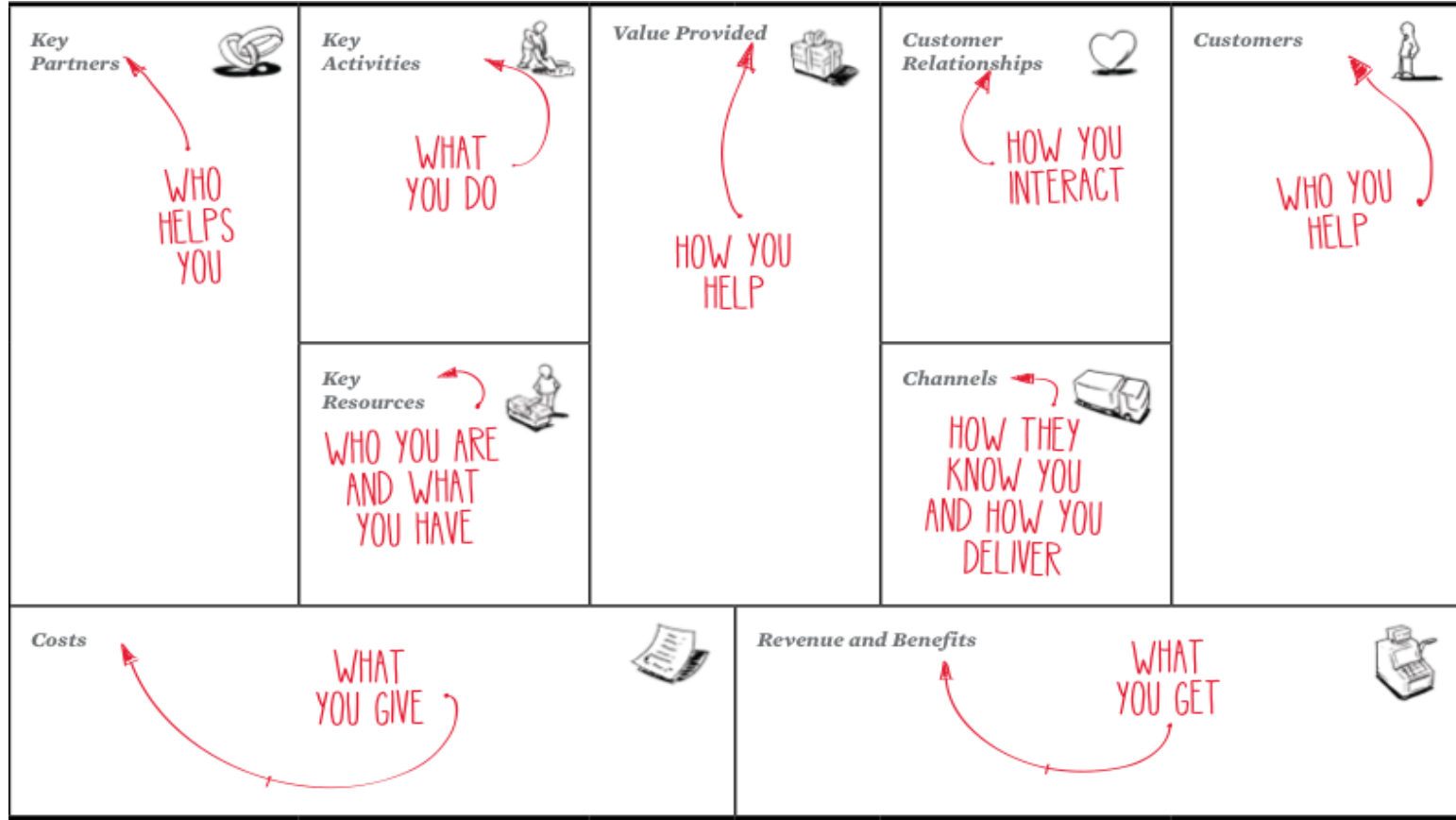 - offer
  - infrastructure
  - financial viability

- The **Business Model Canvas** is a tool allowing the visual deployment of a company's business model in a single page. It helps you define each of the nine building blocks of your business and, in turn, to define how these form a coherent business model.

We have developed a new software. What are we selling?
-Software?
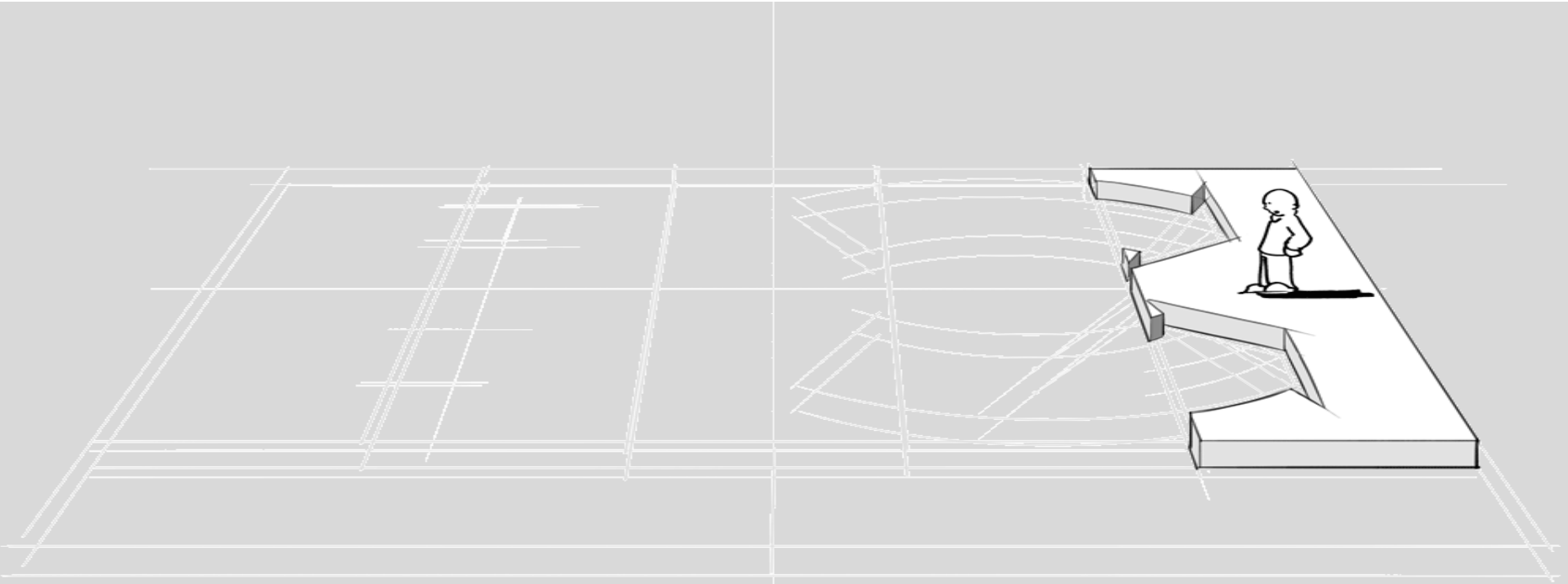-Service?
-Software as a service?

The Business Model

- Creating a Business Model Canvas at an early stage practically gives you a series of hypotheses that you need to test.

- It helps you describe, design, invent, adjust, challenge and eventually pivot your business model.

- Your business model will most probably change several times from the 'idea to the market' simply because your guesses (name it hypotheses) of the early days were not all correct.

- Changing you business model should not scare you. Not changing it might be even scarier!!!

The Business Model Canvas

Key Partners	Key Activities	Value Provided	Customer Relationships	Customers
WHO HELPS YOU	WHAT YOU DO	HOW YOU HELP	HOW YOU INTERACT	WHO YOU HELP
	Key Resources		Channels	
	WHO YOU ARE AND WHAT YOU HAVE		HOW THEY KNOW YOU AND HOW YOU DELIVER	

Costs	Revenue and Benefits
WHAT YOU GIVE	WHAT YOU GET

1. CUSTOMER SEGMENTS

Which customers and users are you serving?
Which jobs do they really want to get done?

1. CUSTOMER SEGMENTS

Definition

Groups of people or organizations that your business aims to reach and serve.

Market segmentation and identification of customers' needs are essential tasks.

Types

- Mass Market

- Niche Market

- Segmented

- Diversified

- Multi-Sided Market

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ÉDITION GLOBALE ⌄   Mise à jour à 20h12

EN CE MOMENT   Corse   Rugby   Donald Trump   Climat   Afghanistan   Brexit   Harcèlement sexuel   Crise en Catalogne   Turquie   Les décodeurs

Attentat de Macerata en Italie : la droite condamne, mais incrimine le gouvernement

En continu

20:05   Accord entre Fincantieri et STX

19:38   Neige et verglas : vigilance orange

18:30   Les infos à retenir du week-end

17:47   Chypre : le président sortant réélu

17:46   Tennis : la France en quarts de finale

17:13   Macédoine : manifestation à Athènes

17:03   Ligue 1 : Guingamp bat Rennes

16:38   Macerata : la Ligue condamne

2. VALUE PROPOSITIONS
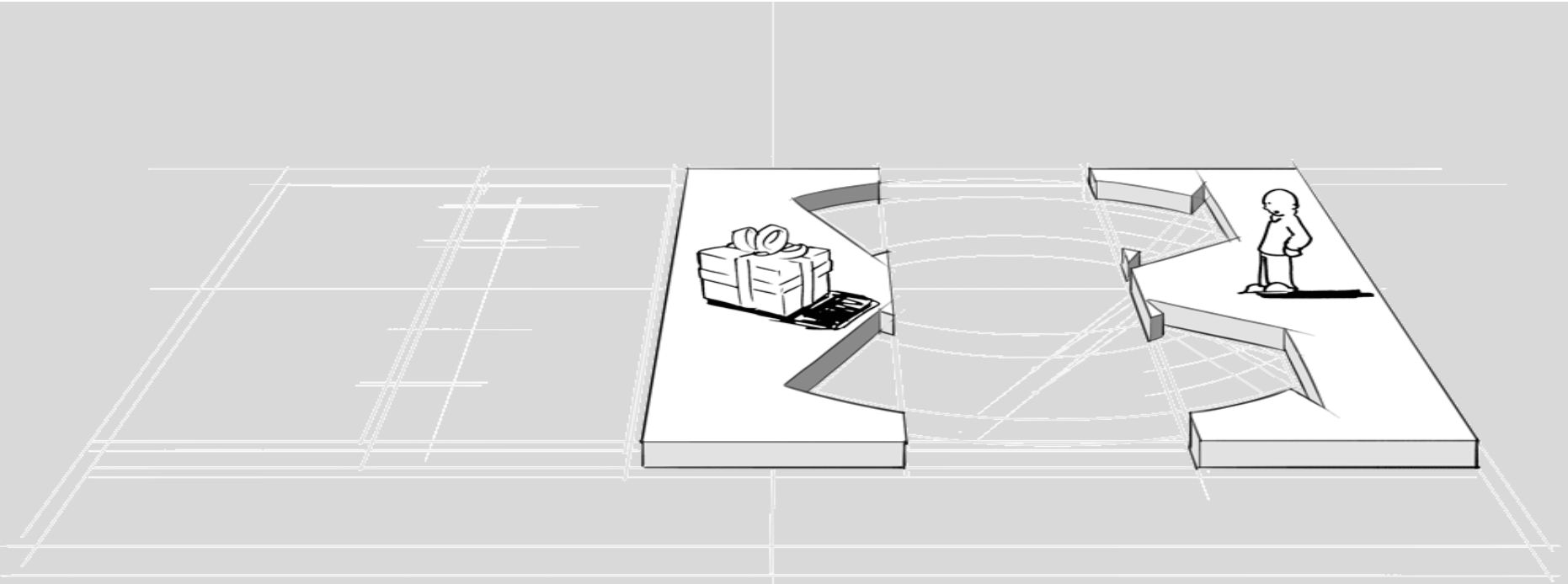
What are you offering them?
What is that getting done for them?
Do they care?

2. VALUE PROPOSITIONS

Definition

Aggregation of benefits that a company offers to customers.

In other words, is the answer to the clients' question: *"Why should I buy from you?"*

Types

- Newness
- Performance
- Customization
- Full Service
- Design
- Brand/Status

- Price
- Cost Reduction
- Risk Reduction
- Accessibility
- Convenience

SAFETY

A NEVER ENDING
VOLVO COMMITMENT

Our _____
Products and Services

help(s) _____
Customer Segment

who want to

_____
jobs to be done

by _____ _____
verb (e.g., reducing, avoiding)   *and a customer pain*

and_____ _____.
verb (e.g., increasing, enabling)   *and a customer gain*

(unlike _____ **)**
competing value proposition

3. CHANNELS
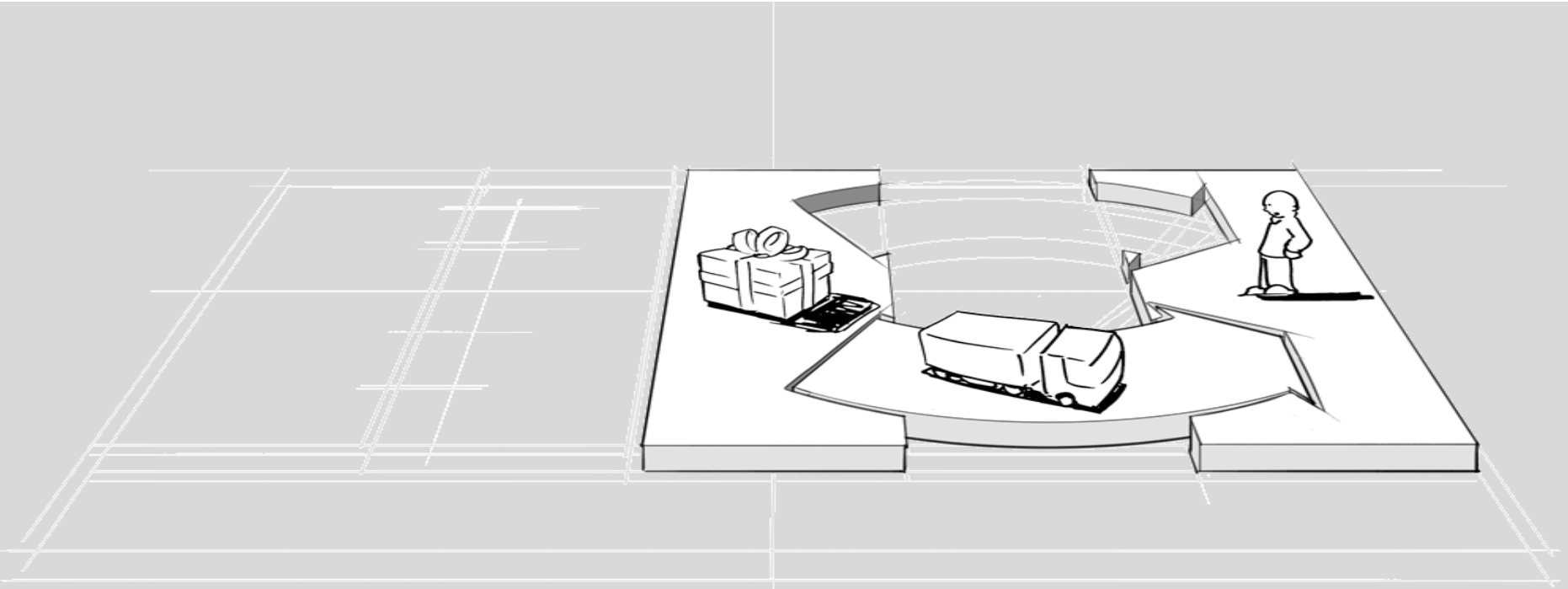
How does each customer segment want to be reached?
Through which interaction points?

3. CHANNELS

Definition

The way a company communicates with and reaches its Customer Segment to deliver a Value Proposition.

Can be carried out either by the company or by partners, based on a cost/benefit analysis.

Channel phases

1. **Awareness:** How do we raise awareness about our company's products.

2. **Evaluation:** How do we help customers evaluate our value proposition.

3. **Purchase**: physical store, e-shop, re-seller

4. **Delivery**: courier, own transportation, post

5. **After sales service:** guarantee, free, phone service

| Producer | | | | → | Consumer |

| Producer | | | Retailer → | Consumer |

| Producer | → | Wholesaler | Retailer | Consumer |

| Producer | → Agent | Wholesaler | Retailer | Consumer |

| **Vitamin Producer** | **Country Agent** | **Pharma Wholesaler** | **Drugstore** | **Consumer** |

4. CUSTOMER RELATIONSHIPS

What relationships are you establishing with each segment?
Personal? Automated? Acquisitive? Retentive?
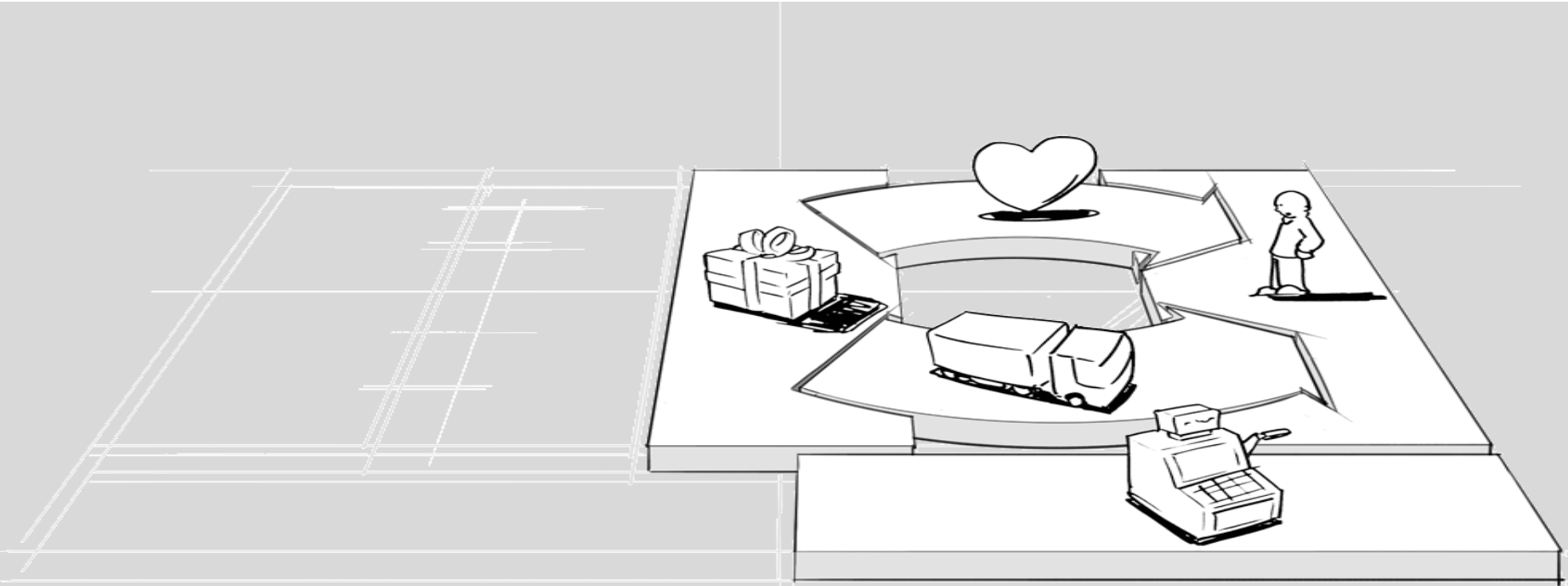
4. CUSTOMER RELATIONSHIPS

Definition

Describes the types of relationships a company establishes with specific Customer Segments.

Types

- Personal assistance
- Dedicated personal assistance
- Self-service
- Automated services
- Communities
- Co-creation

5. REVENUE STREAMS

What are customers really willing to pay for? How?
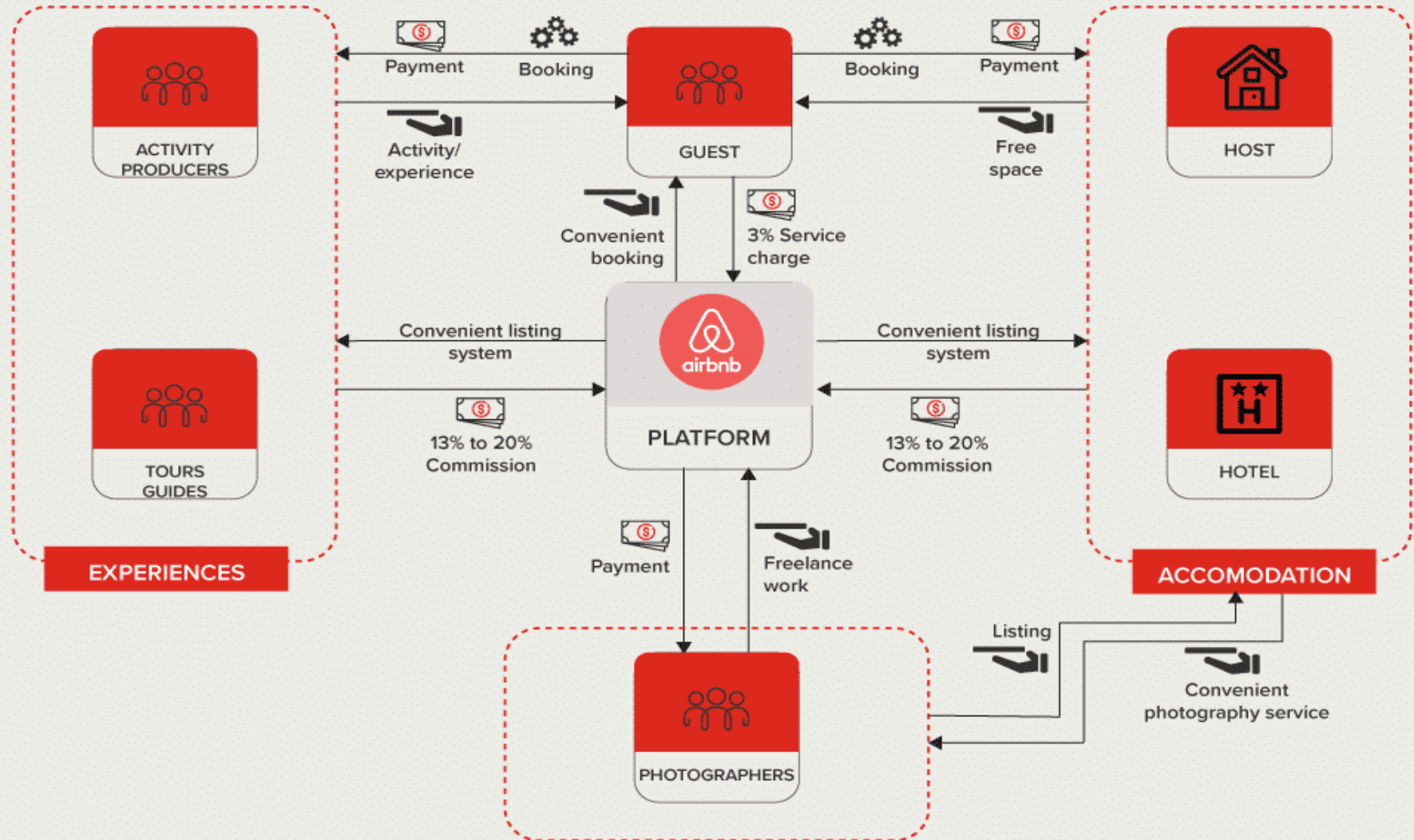*Are you generating transactional or recurring revenues?*
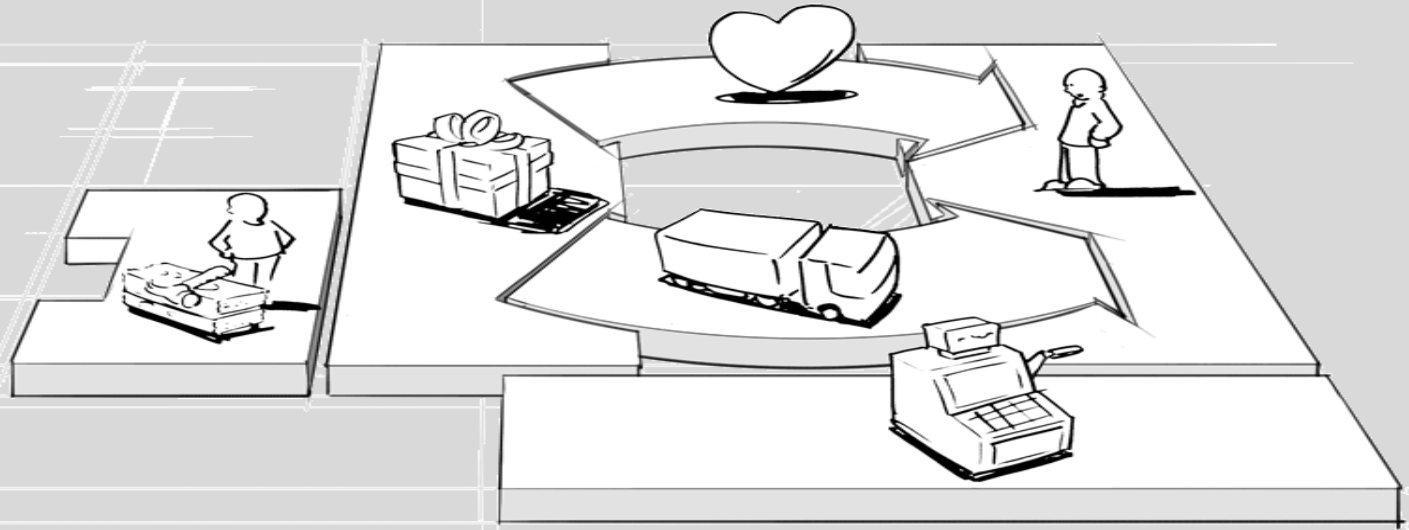
5. REVENUE STREAMS

Definition

The cash a company generates from each Customer Segment

Types

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

ACTIVITY PRODUCERS

Payment Booking GUEST Booking Payment

Activity/experience Free space

HOST

Convenient booking 3% Service charge

airbnb
PLATFORM

Convenient listing system Convenient listing system

TOURS GUIDES

13% to 20% Commission 13% to 20% Commission

HOTEL

EXPERIENCES

Payment Freelance work

ACCOMODATION

PHOTOGRAPHERS

Listing

Convenient photography service

6. KEY RESOURCES

Which resources underpin your business model?
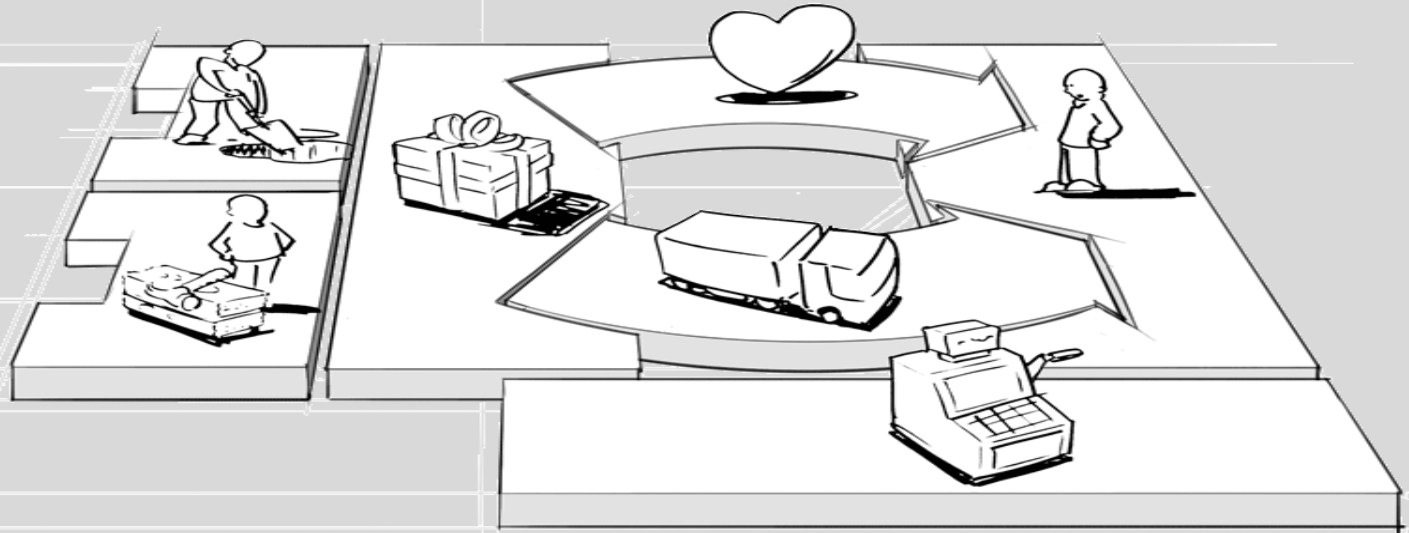*Which assets are essential?*

6. KEY RESOURCES

Definition

The most important assets required to allow an enterprise to create and offer a Value Proposition, reach markets, maintain relationships with Customer Segments and earn revenues.

Types

- Physical

- Intellectual

- Human

- Financial

7. KEY ACTIVITIES

Which activities do you need to perform well in your business model?
**What is crucial?**

7. KEY ACTIVITIES

Definition

The most important things a company must do to make its business model work.

Types

- **Production**: planning, production, quality control, storage, distribution activities etc.

- **Problem solving**: (e.g. business consultants, medical services) to specific needs. They emphasize on education and knowledge management.

- **Platform/Network**: maintenance and promotion of platforms and networks.

8. KEY PARTNERS
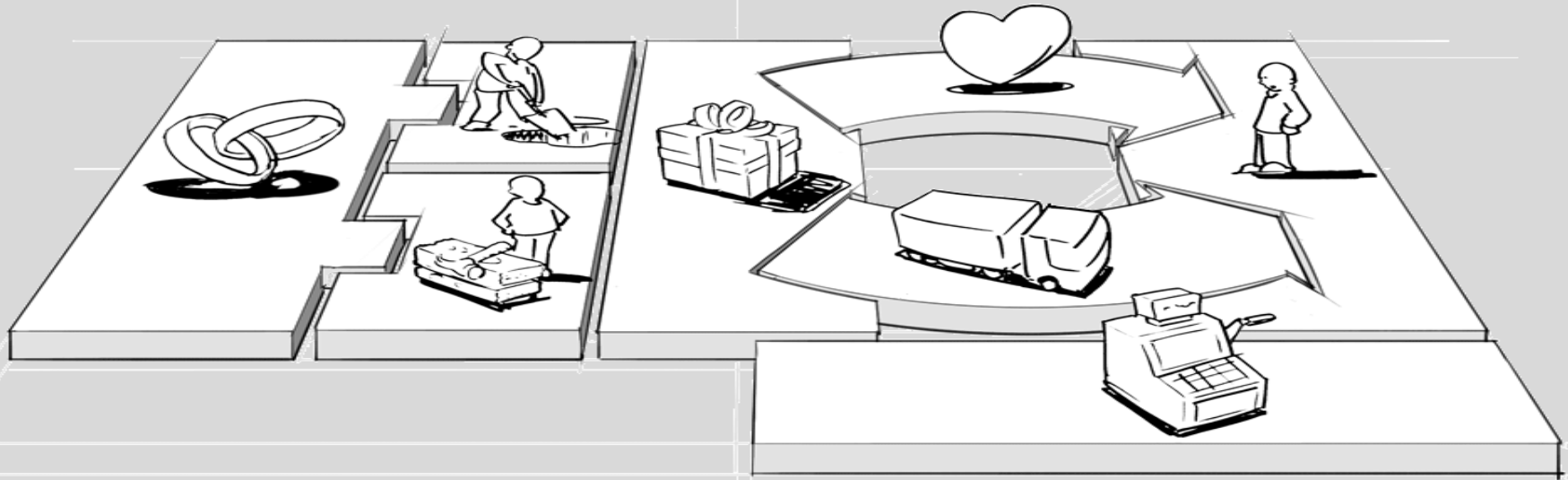
Which partners and suppliers leverage your model?
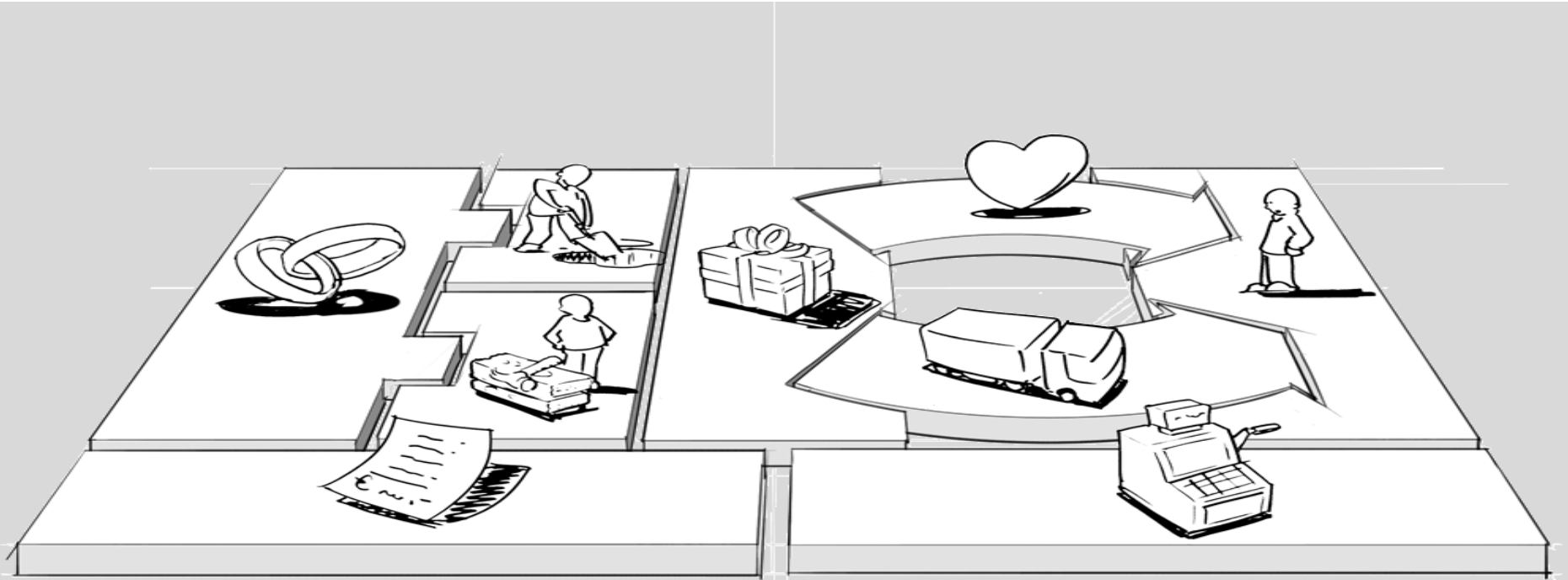*Who do you need to rely on?*

8. KEY PARTNERS

Definition

The network of suppliers and partners that make the business model work.

Types

- Strategic alliances between non-competitors

- Co-opetition strategic alliance

- Buyer-supplier relationships to assure reliable supplies

- Joint ventures

9. COST STRUCTURE

What is the resulting cost structure?
Which key elements drive your costs?

9. COST STRUCTURE

Definition

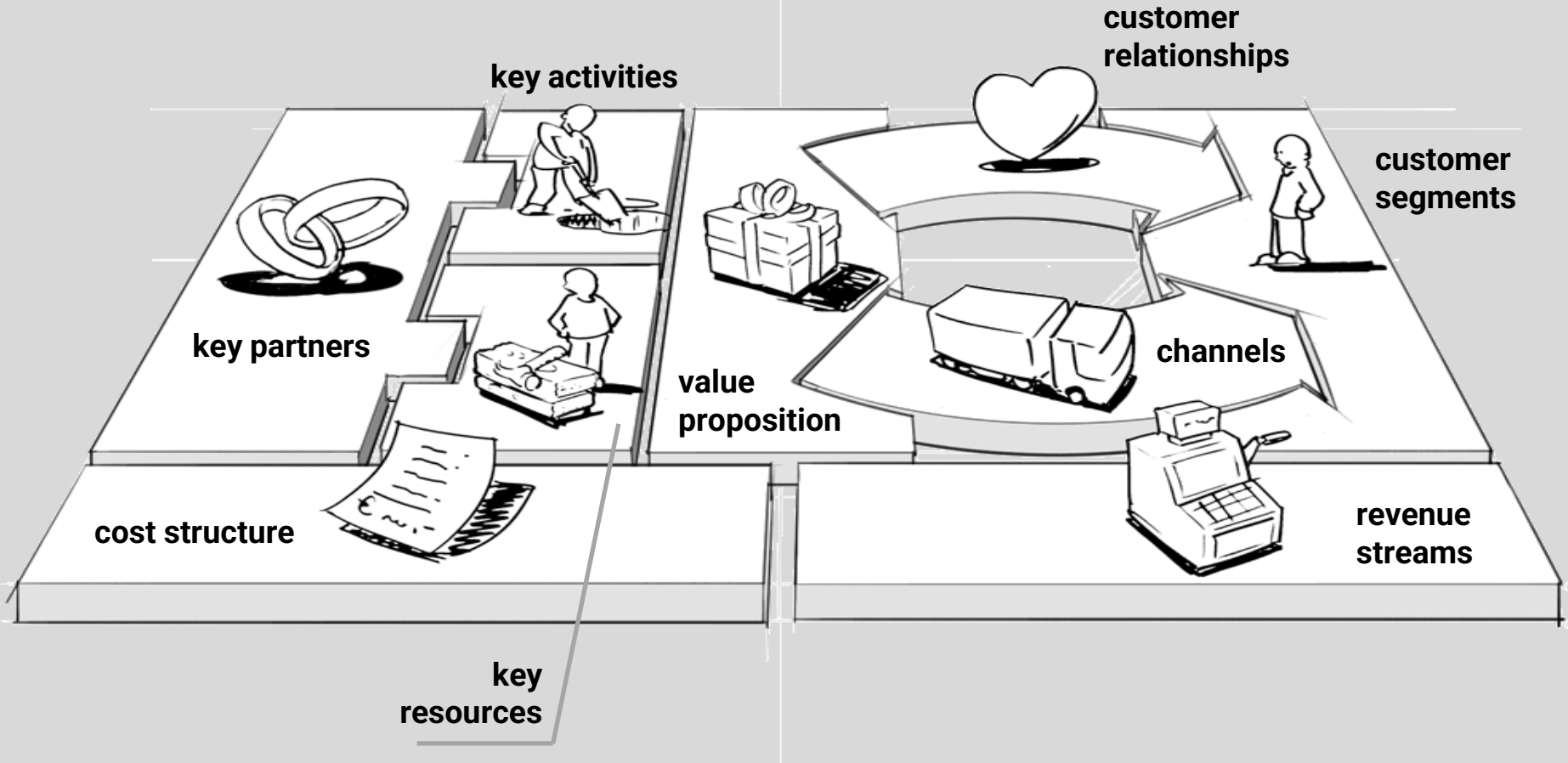All costs incurred to operate a business model.

Two main types of cost structures:
- Cost driven
- Value-driven

Main types of costs

- Operating costs
  - Fixed costs (rent, salaries)
  - Variable costs (raw materials, utilities)

- Startup costs (legal, accounting, patent, certification)

- Machinery/Equipment

- R&D costs

- Marketing and promotion

The Business Model Canvas

Business Model

- A good product left alone has no value. You need to define the right business model or, even better, to create an innovative business model making your competitive advantage more sustainable.

- When creating your (initial) business model try to answer the "*where do I start from*" question.

- Targeting a niche market before going mainstream and providing services before offering a product are not unified recipes for success, but they have served well as 'go to the market strategies' for a number of successful startups.

- Consider Zuckerberg, who initially dominated the niche market of Harvard students before expanding Facebook to other universities and later going mainstream.

UNU Motors
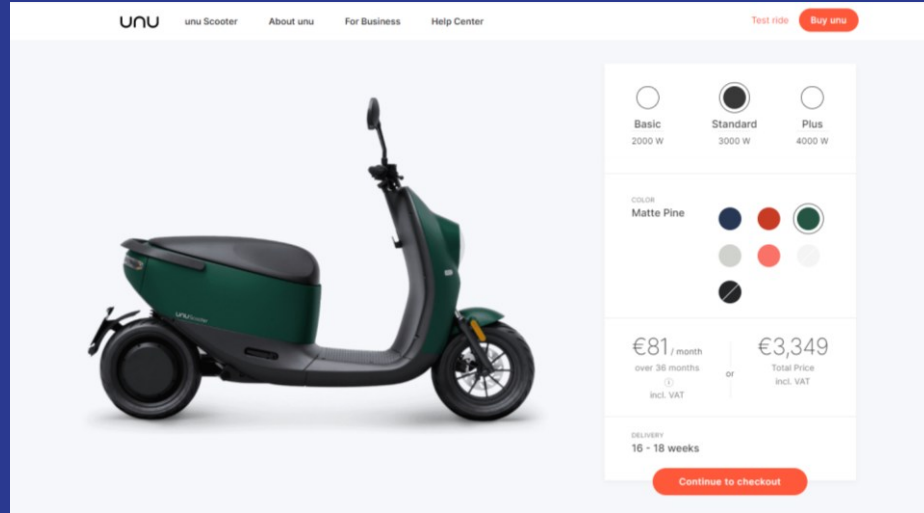
UNU Motors

traditional process

company → **production** → **warehouse** → **risk premium** → **dealer** → **customer**

Warehouse costs, dealer margins (20-40%) and multiple shipment ways significantly increase the costs of traditional manufacturers.

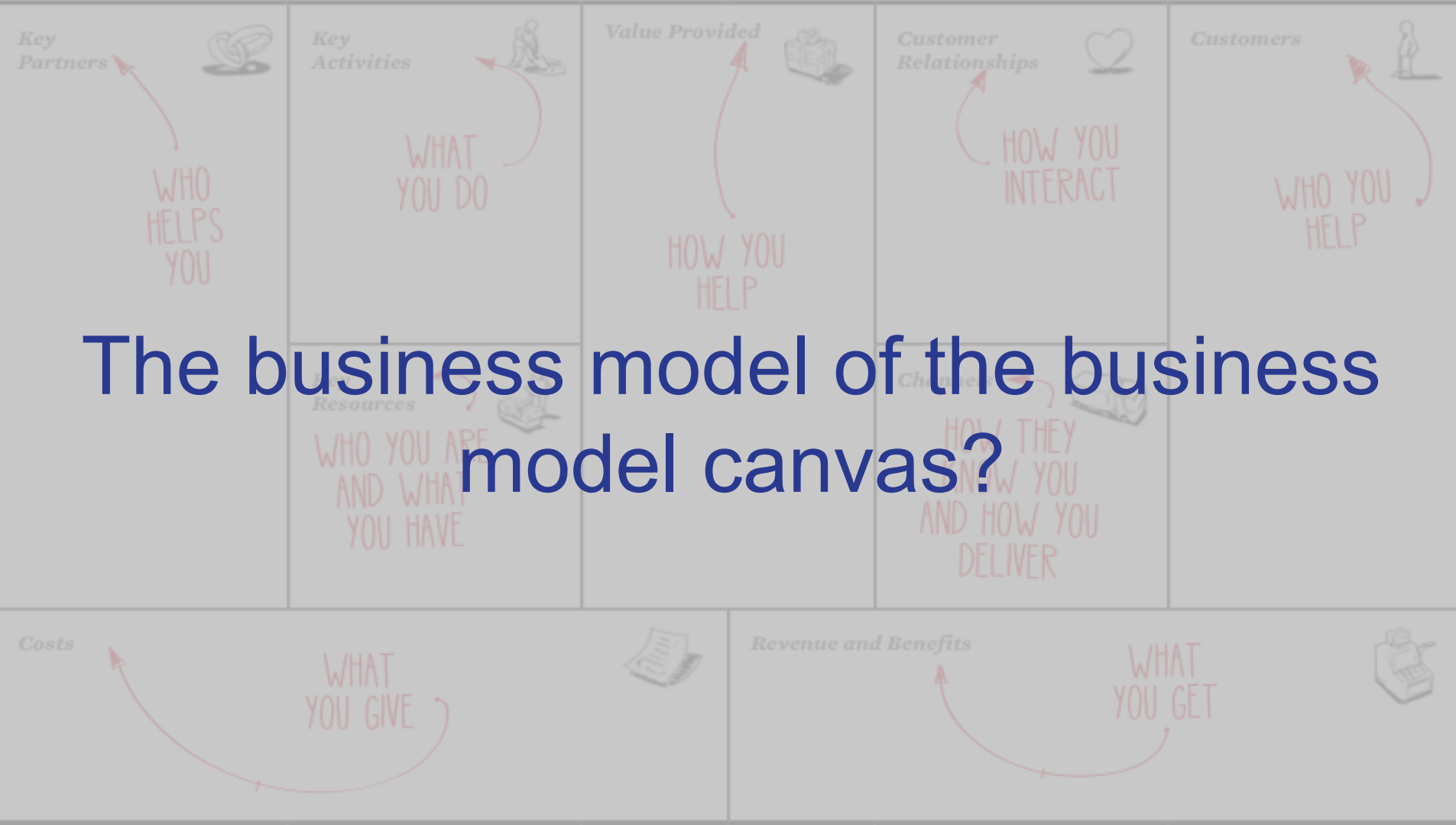## the unu way

customer → **individual manufacturing** → **unu driver**

At unu we start with you, our customer. You configure your unu, it is manufactured on demand and shipped directly to your doorstep. That's how we eliminate all unnecessary costs and are able to offer unu at an affordable price.

UNU Motors

Key Partners	Key activities	Value proposition	Customer relations	Customer segments
BOSCH		• service by Bosch • portable innovative battery • only 0,60€ per 100km • delivery to your doorstep • emission-free & silent engine • 2 years warranty		•Young • Manly man (not exclusively…) • Living in 20 German cities • Ecologic mindset • Interest on how they look • Driving license
	Key resources		Channels • Test drive	

Cost Structure	Revenue Streams

The business model of the business model canvas?

I have a business idea.

Can you propose a business model?