

Business **M**odel **I**nnovation...

The Business Model Canvas

Designed for:

Designed by:

On: Day Month Year
Iteration: No.

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?

NOTES/QUESTIONS 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

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?

CATEGORIES:
Revenue
Production
Platform/Network
Customization
"Creating the Job Offer"
Design
Brand/Status
Price
Cost Reduction
Risk Reduction
Accessibility
Convenience/Usability

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 Assistant
Self-Service
Automated Services
Communities
Concierge

Customer Segments



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

Mass Market
Niche Market
Segment
Segment
Disruptive
Multi-sided Platform

Key Resources



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

KEY RESOURCES:
Physical
Intellectual
Human
Financial

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
2. Evaluation
3. Purchase
4. Delivery
5. After sales

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?

AS PER A BUSINESS MODEL:
Cost Structure (business model structure, low price value proposition, maximum automation, extensive outsourcing)
Value Stream (business model value creation, premium value proposition)

EXAMPLE CATEGORIES:
Fixed Costs (salaries, rent, 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?

EXAMPLES:
Asset sale
Lump sum
Subscription fees
Licensing/royalties/leasing
Advertising fees
Advertising

REVENUE PHASES:
Low Price
Product/Service dependent
Customer segment dependent
Volume dependent

REVENUE PHASES:
Negotiation/bargaining
Fixed Management
Real-time Market

„Business model innovation is
about being

DIFFERENT!“

Traditional Value Chain vs. Modern Value Chain

Traditional value chain

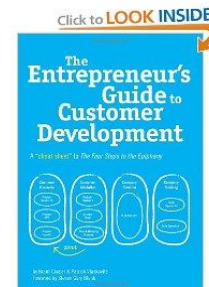


Goal: Maximize market share from existing competencies ... and profits will surely follow (won't they?)

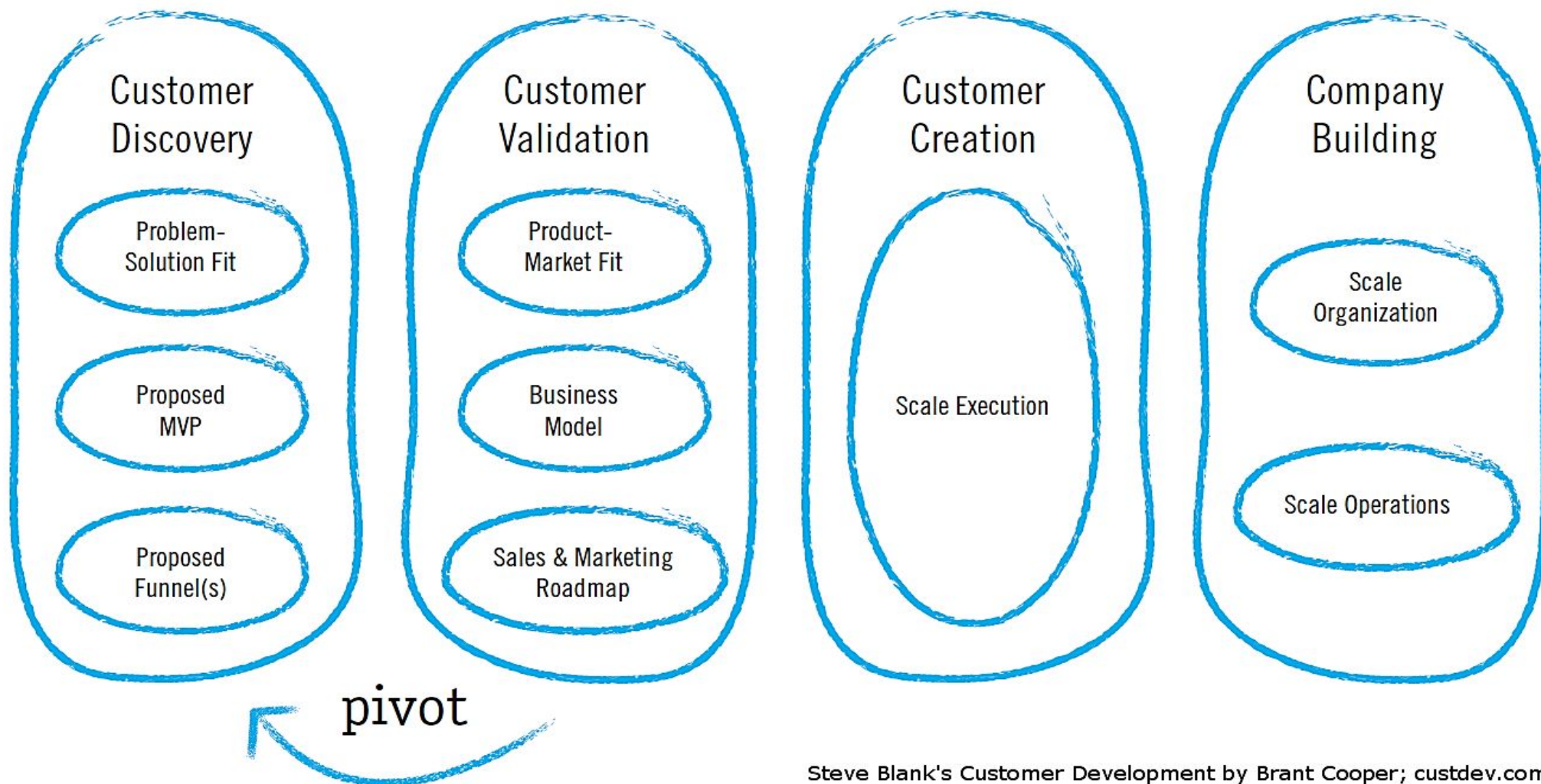
Modern value chain



Goal: Business designs with greater customer relevance ... which is where the profits **are**



Customer Development



Customer Discovery, Phase One: State Your Business Model

The Business Model Canvas

**EUROPEAN
INNOVATION ACADEMY**

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

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

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 make ourselves (and our company's) products and services?
2. Evaluation
How do we help customers evaluate our organization's Value Proposition?
3. Purchase
How do we help 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?

Customer Segments

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

Mass Market
Niche Market
Segmented
Diversified
Multi-sided Platform

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 (lowest 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

Customer Discovery, Phase Two: "Get Out of the Building" to Test the Problem: "Do Customers Care?"



Get your team "out of the building" to test the problem and to answer three key questions:

- Do we really understand the customer's problem?
- Do enough people really care enough about the problem for this to become a huge business?
- And will they care enough to tell their friends?

Customer Discovery, Phase Three: "Get out of the Building" and Test the Product/Service Solution





SONY made in 1955 a successful product out of the transistor and developed a successful business model out of it for the next 50 years.

Value proposition?



Value proposition?



What are value propositions for the products?



Business model innovation

1. Value Innovation

We offer a better value proposition for an existing or new problem

2. Architectural innovation

We reconfigure the value chain so that a better value proposition emerges

3. Revenue model innovation

We change the revenue mix and thereby creating a better value proposition

4. Cultural Innovation

Change the culture to create more value, e.g. Zappos with the best customer service

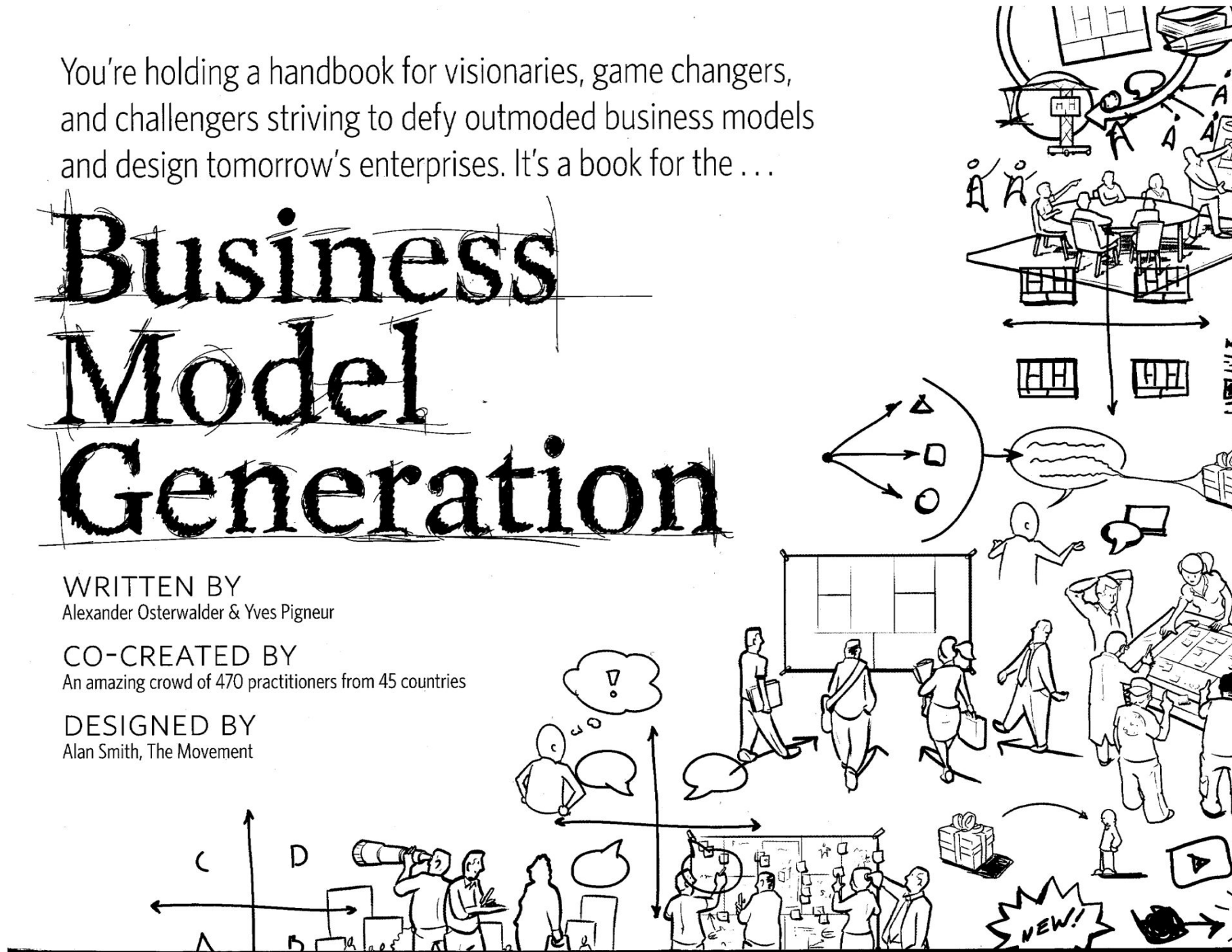
You're holding a handbook for visionaries, game changers,
and challengers striving to defy outmoded business models
and design tomorrow's enterprises. It's a book for the ...

Business Model Generation

WRITTEN BY
Alexander Osterwalder & Yves Pigneur

CO-CREATED BY
An amazing crowd of 470 practitioners from 45 countries

DESIGNED BY
Alan Smith, The Movement



4

areas

HOW?

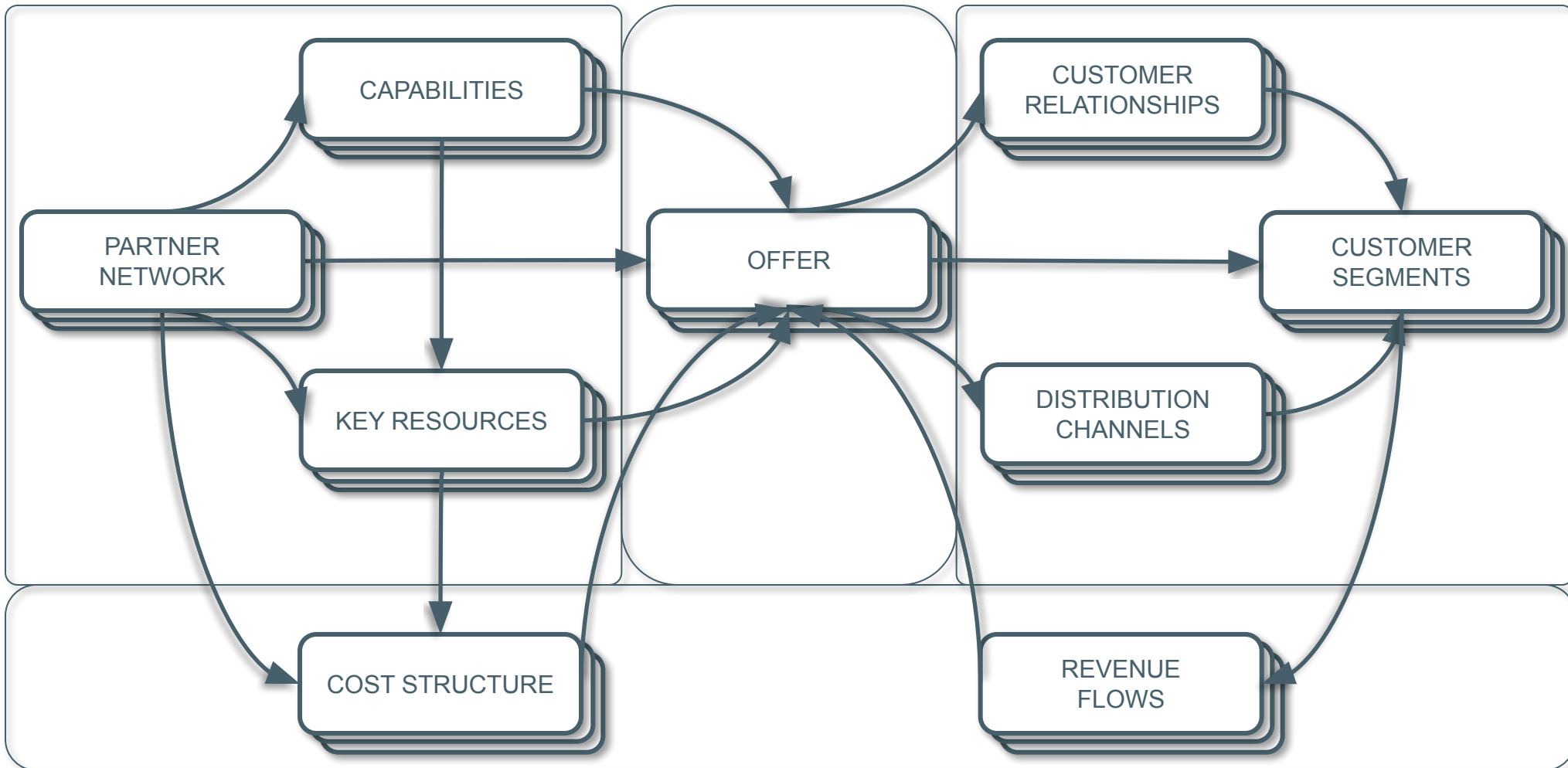
WHAT?

WHO?

\$?

€?

9 building
blocks



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NOTIFICATIONS 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

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?

CATEGORIES:
Revenue
Production
Platform/Network
"Creating the Job Offer"
Design
Brand/Status
Price
Cost Reduction
Risk Reduction
Accessibility
Convenience/Usability

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?

TYPES:
Personal assistance
Dedicated Personal Assistant
Self-Service
Automated Services
Communities
Concierge

Customer Segments



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Cost Structure (business model structure, low price value proposition, maximum automation, extensive outsourcing)
Value Stream (business model value creation, premium value proposition)

SAMPLE COST STRUCTURES:
Fixed Costs (salaries, rent, utilities)
Variable costs
Economies of scale
Economies of scope

Revenue Streams

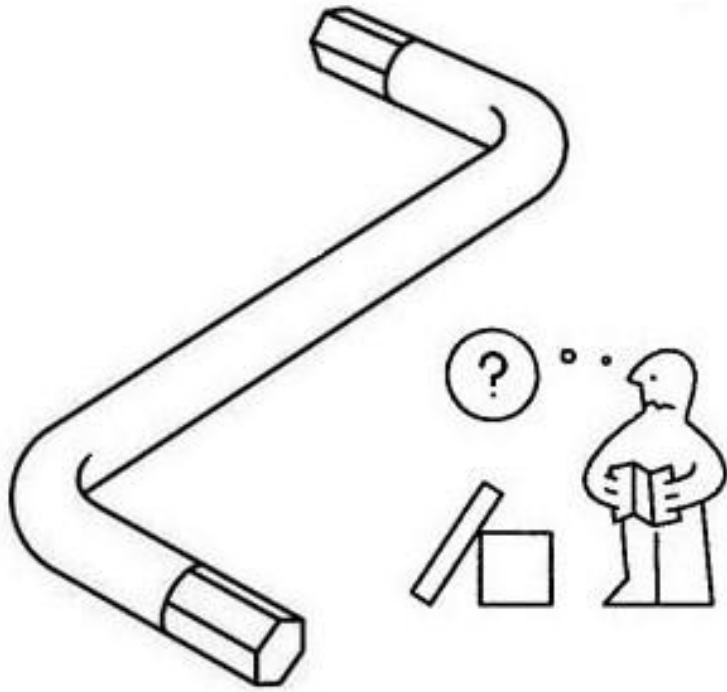
For what value are our customers really willing to pay?
For what do they currently pay?
How are they currently paying?
How much does each Revenue Stream contribute to overall revenues?

TYPES:
Asset sale
Lump sum
Recurring Revenue
Licensing/Royalty/Licensing
Advertising

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

DYNAMIC PRICING:
Negotiation/bargaining
Yield Management
Real-time Market





Business Model
Innovation





If you are in a market for
giants...





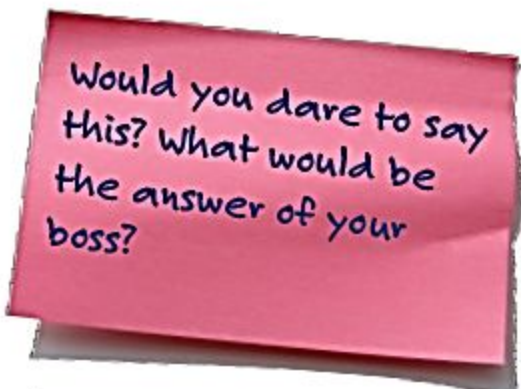
.. and you play with their rules
you will get nowhere...



„...but if you can create your own rules of engagement than you can compete even in a market for giants.“



“Well, I know we are in a commodity market where the price is key, but I believe we can sell the good for 10x as much as before.”



Would you dare to say
this? What would be
the answer of your
boss?







NESPRESSO®

Nespresso changed the
business model for coffee



The business model system

PARTNERSHIP
NETWORK

machine
manufacturer

CAPABILITIES

marketing

production

distribution

KEY

patents

facilities

channels

OFFER – VALUE
PROPOSITION

Nespresso coffee
machines



espresso
capsules



CUSTOMER
RELATIONSHIPS

Nespresso club

DISTRIBUTION
CHANNELS

Nespresso
stores

TARGETED
CUSTOMER
SEGMENTS

households

business

COST STRUCTURE

marketing

production

retail
logistics

REVENUE MODEL

capsule sales

machine
sales

RESULTS

35% growth p.a. for the last
7 consecutive years

fastest-growing business in
the Nestlé group

Nespresso has a 26.6 %
global share in Espresso
machine sales

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NOTES/QUESTIONS FOR KEY PARTNERS:
Partnerships and networks
Acquisition of risk and resources
Acquisition of particular resources and activities

Key Activities



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

EXAMPLES:
Production
Platform building
Platform/Network

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?

EXAMPLES:
Business
Product line
Customization
"Creating the Job Offer"
Design
Brand/Status
Price
Cost Reduction
Risk Reduction
Accessibility
Convenience/Usability

Customer Relationships



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Dedicated Personal Assistance
Self-Service
Automated Services
Communities
Concierge

Customer Segments



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

EXAMPLES:
Mass Market
Niche Market
Segment
Demographic
Geographic
Multi-sided Platform

Key Resources



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

EXAMPLES:
Physical
Intellectual (brand, patents, copyrights, data)
Human
Financial

Channels



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How do we help customers evaluate our organization's value proposition?
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4. Delivery
How do we deliver a value proposition to customers?
5. After sales
How do we support 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?

AS YOU BUILD YOUR MODEL:
Cost drivers (choose your structure, low price value proposition, maximum automation, extensive outsourcing)
Value drivers (choose your value creation, premium value proposition)

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



Revenue Streams

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Subscription fees
Licensing/Leasing/Licensing
Licensing
Brokerage fees
Advertising

FIXED PRICING:
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Product/feature dependent
Customer segment dependent
Volume dependent

DYNAMIC PRICING:
Negotiation/bargaining
Yield Management
Real-time Market



<http://canvanizer.com/>

Thank you for your attention;)