

## **CHAPTER - 1**

### **INTRODUCTION**

#### **1.1 What Canvas Activity?**

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Managing projects in effective ways is important for all industries and is also the main focus of a number of academic initiatives. The Project Canvas is a convenient tool for communicating within the project team, for decision making, and is thereby also a way of managing progress in the appropriate manner. Unforeseen obstacles are always a part of the project management process, and they can affect resources, time and quality. Therefore, the success of a project is closely linked to the team's ability to plan, adjust and react to changing circumstances. Project Canvas is created in order to help all members of a team obtain a clear overview of a project.

#### **1.2 What is BMC ?**

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The Business Model Canvas is a strategic management and lean startup template for developing new or documenting existing business models. It is a visual chart with elements describing a firm's or product's value proposition, infrastructure, customers, and finances. It assists firms in aligning their activities by illustrating potential trade-offs.

Formal descriptions of the business become the building blocks for its activities. Many different business conceptualizations exist; Osterwalder's work and thesis propose a single reference model based on the similarities of a wide range of business model conceptualizations. With his business model design template, an enterprise can easily describe their business model.

The Business Model Canvas is used to validate the market significance of products and services, taken up for the project in this case. Technology projects are often solutions or processes that solve a technical problem. The Business Model Canvas can be printed out on a large surface so groups of people can jointly start sketching and discussing business model elements with post-it note notes or board markers. It is a hands-on tool that fosters understanding, discussion, creativity, and analysis. The Business Model Canvas is also available in web-based software format.

## CHAPTER - 2

### BMC

#### 2.1 Customer Segments

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To build an effective business model, a company must identify which customers it tries to serve. Various sets of customers can be segmented based on the different needs and attributes to ensure appropriate implementation of corporate strategy meets the characteristics of selected group of clients. The different types of customer segments include:

- Mass Market: There is no specific segmentation for a company that follows the Mass Market element as the organization displays a wide view of potential clients. e.g. Car
- Niche Market: Customer segmentation based on specialized needs and characteristics of its clients. e.g. Rolex
- Segmented: A company applies additional segmentation within existing customer segment. In the segmented situation, the business may further distinguish its clients based on gender, age, and/or income.
- Diversify: A business serves multiple customer segments with different needs and characteristics.
- Multi-Sided Platform / Market: For a smooth day-to-day business operation, some companies will serve mutually dependent customer segment. A credit card company will provide services to credit card holders while simultaneously assisting merchants who accept those credit cards.

Personal Productivity Application can be used by anyone who want to improve their daily productivity by controlling how they spend their time everyday. We have divided customer segments into four parts:

- Students: It can be used by students for making better use of time daily.
- Teachers: It can be used by teachers for managing their time effectively.
- Businessmen: It can be used by businessman for getting more things done in less time.
- Developers: It can be used by developers as simple project management tool.

## 2.1 Customer Relationships

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To ensure the survival and success of any businesses, companies must identify the type of relationship they want to create with their customer segments. Various forms of customer relationships include:

- **Personal Assistance:** Assistance in a form of employee-customer interaction. Such assistance is performed either during sales, after sales, and/or both.
- **Dedicated Personal Assistance:** The most intimate and hands on personal assistance where a sales representative is assigned to handle all the needs and questions of a special set of clients.
- **Self Service:** The type of relationship that translates from the indirect interaction between the company and the clients. Here, an organization provides the tools needed for the customers to serve themselves easily and effectively.
- **Automated Services:** A system similar to self-service but more personalized as it has the ability to identify individual customers and his/her preferences. An example of this would be Amazon.com making book suggestion based on the characteristics of the previous book purchased.
- **Communities:** Creating a community allows for a direct interaction among different clients and the company. The community platform produces a scenario where knowledge can be shared and problems are solved between different clients.
- **Co-creation:** A personal relationship is created through the customer's direct input in the final outcome of the company's products/services.

As we are developing the mobile application and distributing it through online marketplace, the relationship with customer is usually automatic. Another way to interact with customers is through feedback and support from customers.

## 2.3 Channels

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A company can deliver its value proposition to its targeted customers through different channels. Effective channels will distribute a company's value proposition in ways that are fast, efficient and cost effective. An organization can reach its clients either through its own channels (store front), partner channels (major distributors), or a combination of both.

There are 5 main aspects of channel.

### **2.3.1 Awareness**

It can be done by spreading awareness into people that this particular product/software is available in the market.

### **2.3.2 Evaluation**

It means to evaluate how the customers get to know about the product.

### **2.3.3 Purchase**

It means how much customer purchases by the channel that we are using.

### **2.3.4 Delivery**

It means how the product is going to be delivered to the customer.

### **2.3.5 After-Sale**

It means to provide after sale service to the customer via our channel.

For providing value proposition of our product, we are using following channels:

- Online Marketplace: We will be distributing our product through online applications market such as Google Play Store.
- Product Website: We will have dedicated website for our product and customer can directly download the product from website.
- Online Ads: We will be distributing the product through online ad agencies such as Google AdWords.

## **2.4 Value Propositions**

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The collection of products and services a business offers to meet the needs of its customers. According to Osterwalder, (2004), a company's value proposition is what distinguishes itself from its competitors. The value proposition provides value through various elements such as newness, performance, customization, "getting the job done", design, brand/status, price, cost reduction, risk reduction, accessibility, and convenience/usability.

The value propositions may be:

- Quantitative- price and efficiency
- Qualitative- overall customer experience and outcome

As the value propositions, we will be providing following features in our application:

- Time Management
- Goal Setting
- Motivation for doing work efficiently
- Habits formulation

## 2.5 Key Activities

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The most important activities in executing a company's value proposition. An example would be creating an efficient supply chain to drive down costs.

The key activities in our project are :

- Development of Application: We have to develop an application to provide value proposition of our product.
- Marketing: We must have some effective marketing strategies to make our product to stand out from big crowd.
- Maintenance: As there might be some bugs in our application we are required to resolve the bugs as soon as possible and provide good user experience.

## 2.6 Key Resources

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The resources that are necessary to create value for the customer. They are considered an asset to a company, which are needed in order to sustain and support the business. These resources could be human, financial, physical and intellectual.

As we are developing mobile application, major resources are logical as follows:

- Android Platform: We are using Android Platform developed by Google.
- Development Tools: We are using various tools for the development for application which are available from Google as a part of Android Development Toolkit.

## 2.6 Key Partners

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In order to optimize operations and reduce risks of a business model, organization usually cultivate buyer-supplier relationships so they can focus on their core activity. Complementary business alliances also can be considered through joint ventures, strategic alliances between competitors or non-competitors.

The product is being developed as the final year project in Bachelor of Engineering, we don't have any official partners but we are looking forward to create effective partner

network from followings:

- Online Marketplace: We can have our product displayed in featured products list in marketplace.
- Motivation Seminar: We can take help from some motivation seminar to publish our product by providing sponsorship.
- Social Media: We can we advertise our product by using social media platforms.
- Management Consultants: We can contact some management consultancy to effectively market our product and to help us with management functions.

## 2.7 Cost Structure

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This describes the most important monetary consequences while operating under different business models. A company's DOC.

- Classes of Business Structures:
  - Cost-Driven - This business model focuses on minimizing all costs and having no frills. e.g. SouthWest
  - Value-Driven - Less concerned with cost, this business model focuses on creating value for their products and services. e.g. Louis Vuitton, Rolex
- Characteristics of Cost Structures:
  - Fixed Costs - Costs are unchanged across different applications. e.g. salary, rent
  - Variable Costs - These costs vary depending on the amount of production of goods or services. e.g. music festivals
  - Economies of Scale - Costs go down as the amount of good are ordered or produced.
  - Economies of Scope - Costs go down due to incorporating other businesses which have a direct relation to the original product.

In our project major costs include:

- Marketplace Charges: We have to pay some fee to online marketplace for having our application in it.
- API Charges: We will be using some proprietary APIs for prodvng some functionalities. So we have to pay for API usage.
- Developers Salary: If we plan to hire some developer so as to divide the workload and achieve more throughput, we have to pay him/her decent salary.

## 2.8 Revenue Streams

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The way a company makes income from each customer segment. Several ways to generate a revenue stream:

- Asset Sale - (the most common type) Selling ownership rights to a physical good. e.g. Wal-Mart
- Usage Fee - Money generated from the use of a particular service e.g. UPS
- Subscription Fees - Revenue generated by selling a continuous service. e.g. Netflix
- Lending/Leasing/Renting - Giving exclusive right to an asset for a particular period of time. e.g. Leasing a Car
- Licensing - Revenue generated from charging for the use of a protected intellectual property.
- Brokerage Fees - Revenue generated from an intermediate service between 2 parties. e.g. Broker selling a house for commission
- Advertising - Revenue generated from charging fees for product advertising.

In our project, we have planned to generate revenue using following streams:

- Free: we plan to provide basic functionality for free and charge for extra features.
- Ads: We will have ads in our application and charge for ad-free version.
- In-app Purchase: We will have In-app purchase functionality so as to provide seamless experience for having extra features.

## **CHAPTER - 3**

### **CONCLUSION**

We have completed the business development canvas for Personal Productivity Application. We have understood that why business development canvas is very important for any startup for developing business model.

We have learned that business development canvas is very effective strategic management and entrepreneurial tool. It allows us to describe, design, challenge, invent, and pivot your business model.



## CHAPTER - 4

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