





Essentials of Innovation & Entrepreneurship (EIE) - I

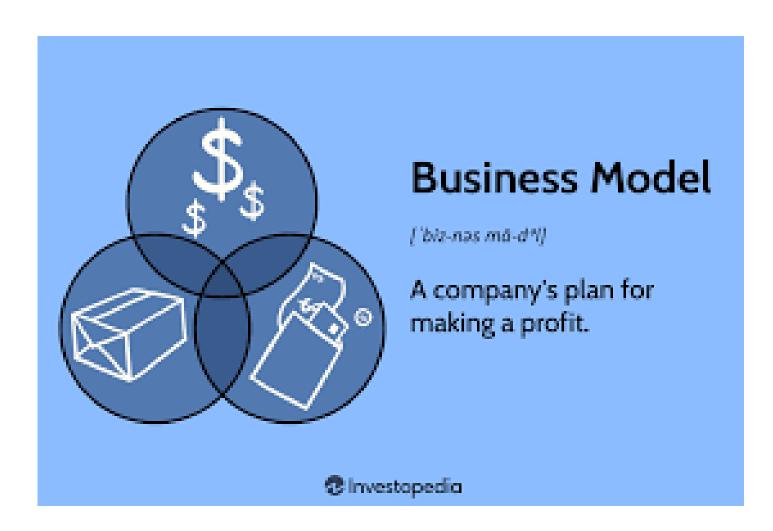
Module [M7]:

Getting from Business Idea to Business Model





Today's Topics



What is a **Business Model?**



Creating a

Business Model Canvas





business model

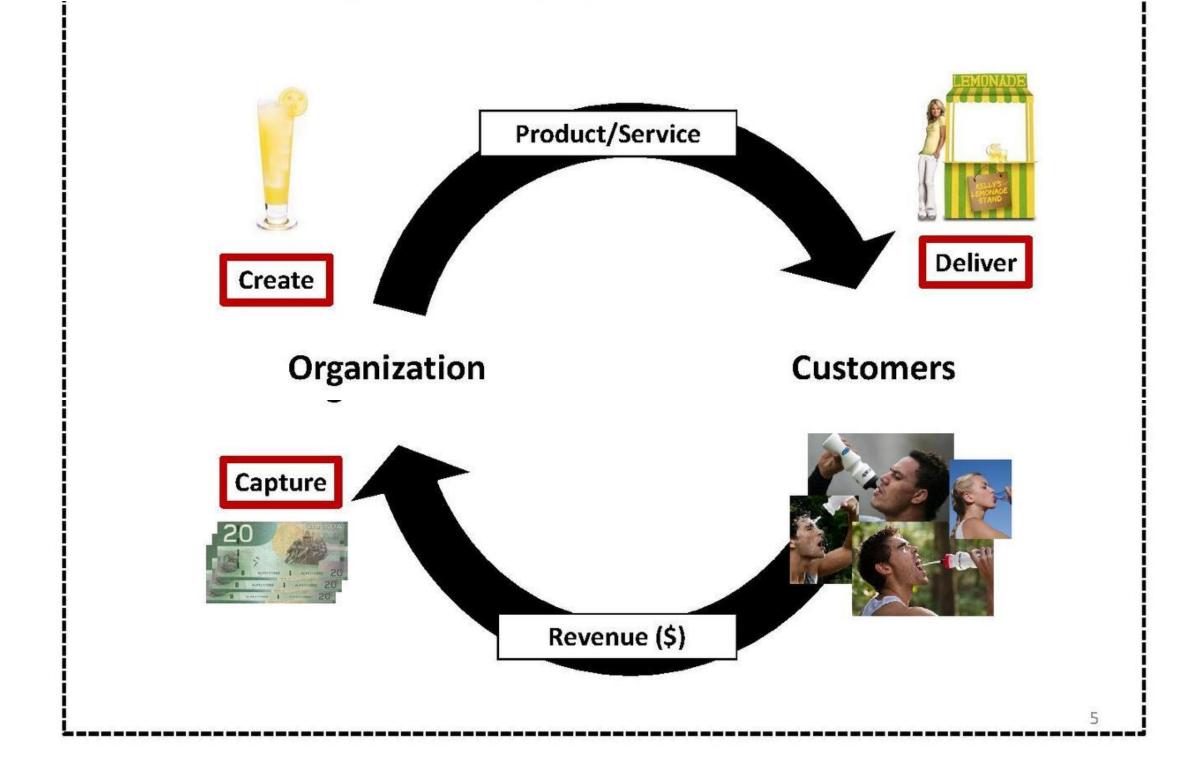


"A business model describes the rationale of how an organization creates, delivers, and captures value"



EIE - I











Based on Business Model Generation (Alexander Osterwalder & Yves Pigneur)





Business Model Canvas(BMC) vs. Business Plan

- BMC 10,000ft-level view, dynamic, visual, easier to iterate
- Business Plan (BP) Strategic, Financials, etc more detailed
- BMC and BP can be complementary
- Use-case is 'situational' (i.e. determine which one to use based on what you are trying to accomplish and the target audience)





Business Model Canvas

is a tool to



business models

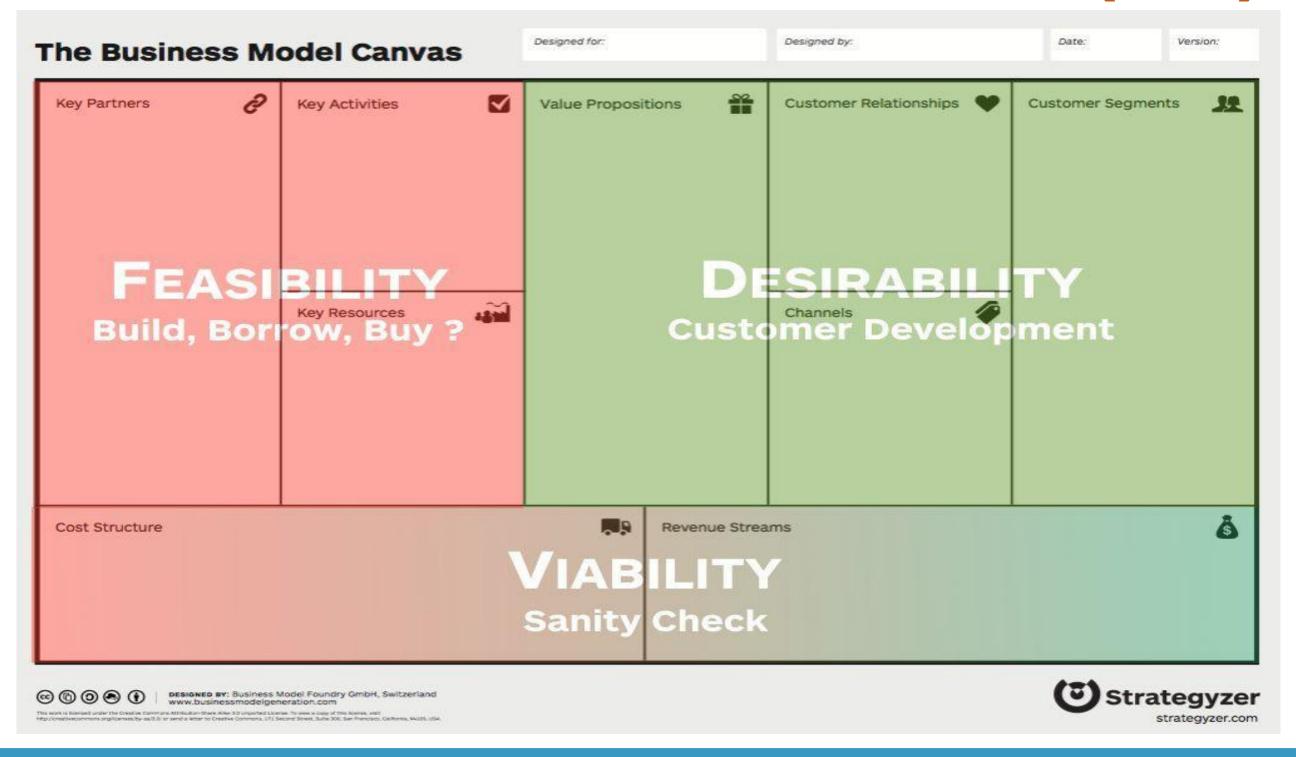








Business Model Canvas (BMC)



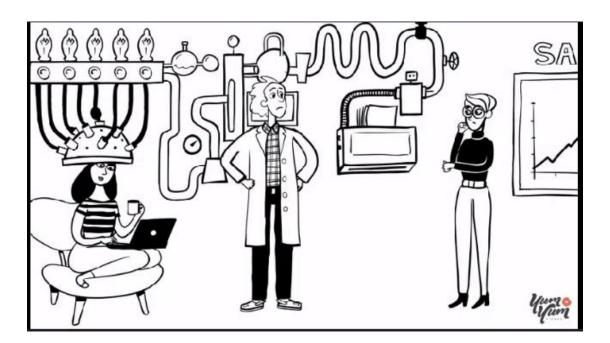






Business Model Canvas Explained

(Strategyzer ~3min)



Video







M7: BMC

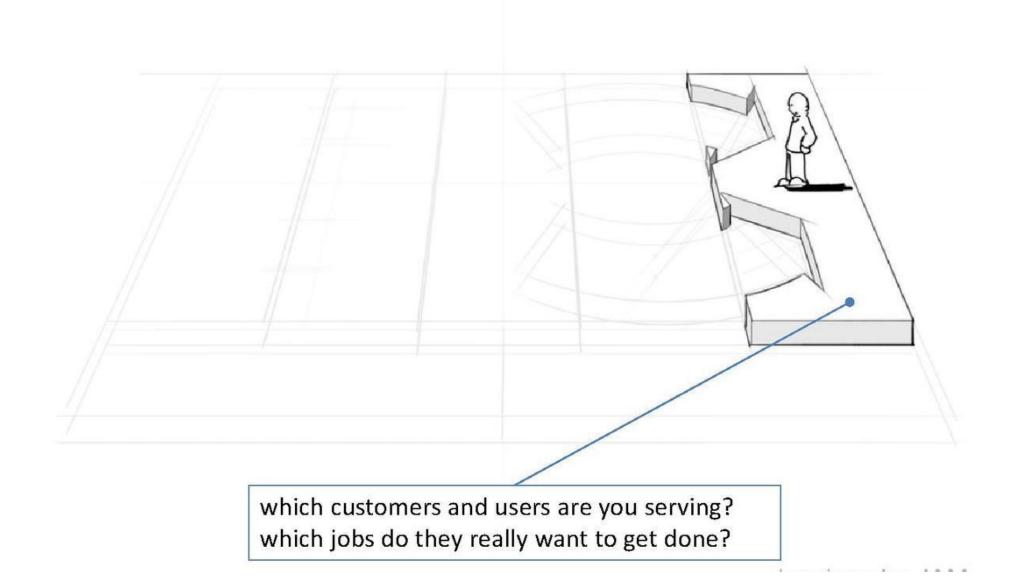
SUB MODULE:
DESIRABILITY (CUSTOMER DEVELOPMENT)

Centre for Innovation and Entrepreneurship (CIE)





Customer Segments



Mass market

Niche market

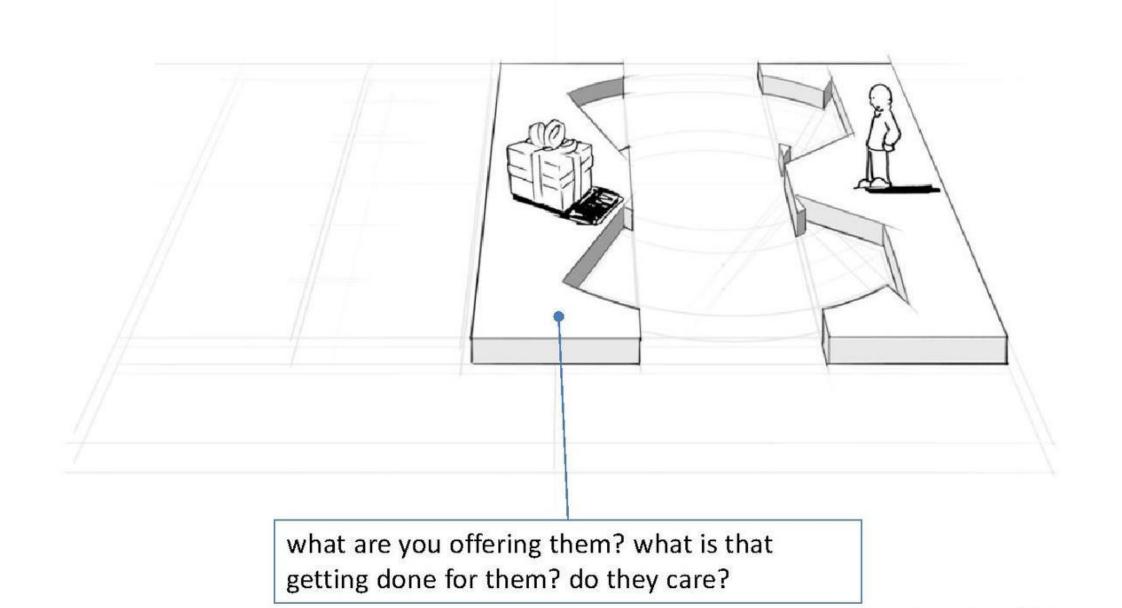
Segmented market

Diversified market





Value Proposition







Customer Relationships

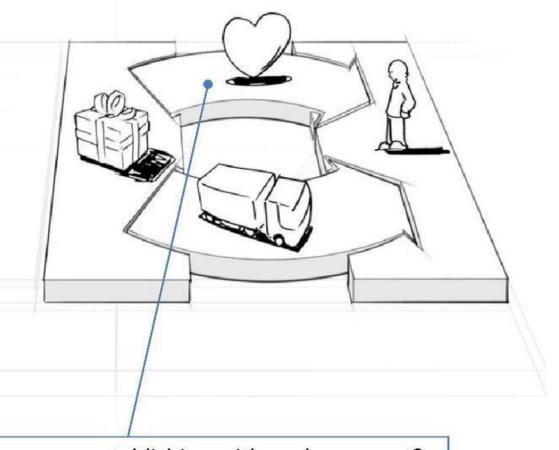
Customer Acquisition (Get)



Customer Retention (Keep)



Boost sales (upsell)



what relationships are you establishing with each segment? personal? automated? acquisitive? retentive?

Personal Assistance

Dedicated Personal Asst

Self-Service

Automated Services

Communities Co-Creation

Lawrence Lawrence LAAA





Channels for:

Awareness

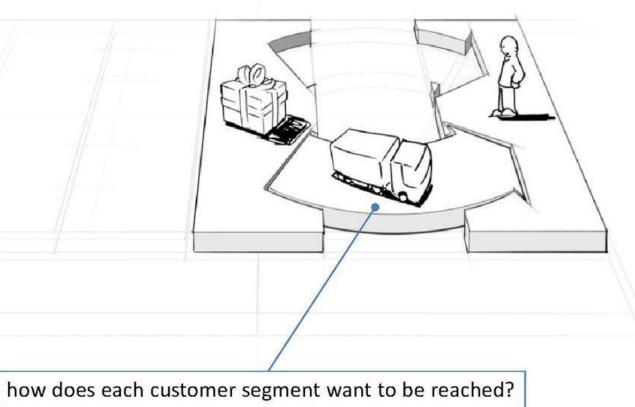
Evaluation

Purchase

Delivery

how does each customer segment wa through which interaction points?

Channels



Examples: web, own store, retail/distribution channel, etc

- Direct vs. Indirect
- Own vs. Partner

After Sales







M7: BMC

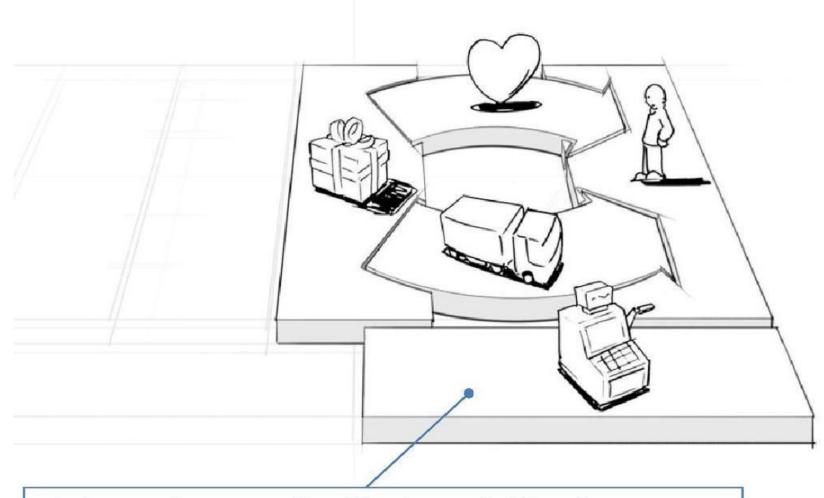
SUB MODULE: VIABILITY

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Revenue Streams



what are customers really willing to pay for? how? are you generating transactional or recurring revenues?

Product Sale

Usage fee

Subscription fee

Lending /Renting

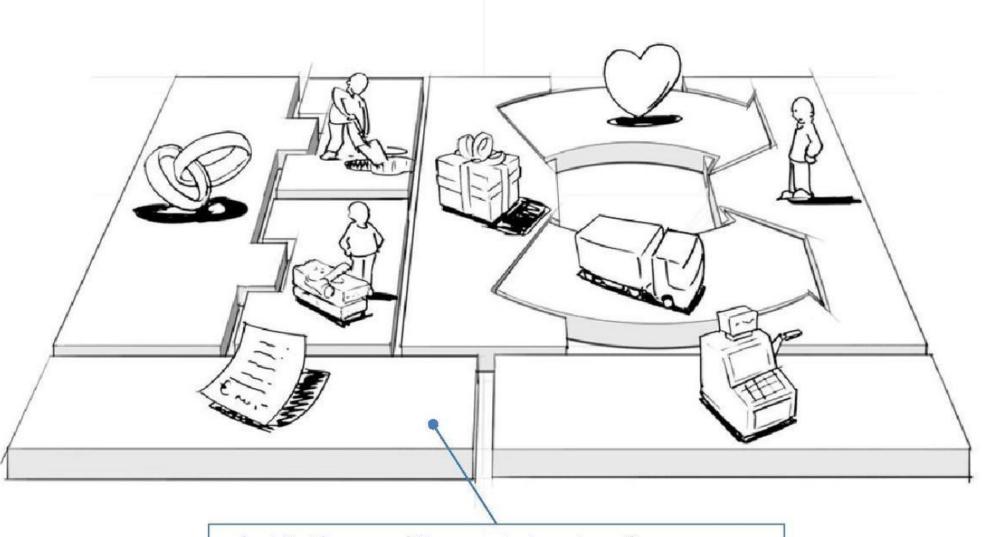
Licensing

Types: Transaction, Recurring





Cost Structure



Cost-driven

Value-driven

Fixed-costs Variable-costs

Economies of scale

Economies of scope

what is the resulting cost structure? which key elements drive your costs?







M7: BMC

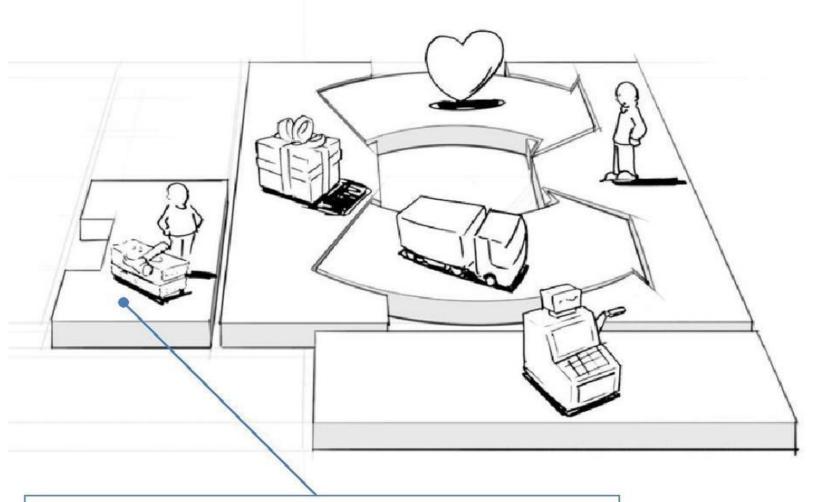
SUB MODULE: FEASIBILITY

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Key Resources



Physical

Intellectual

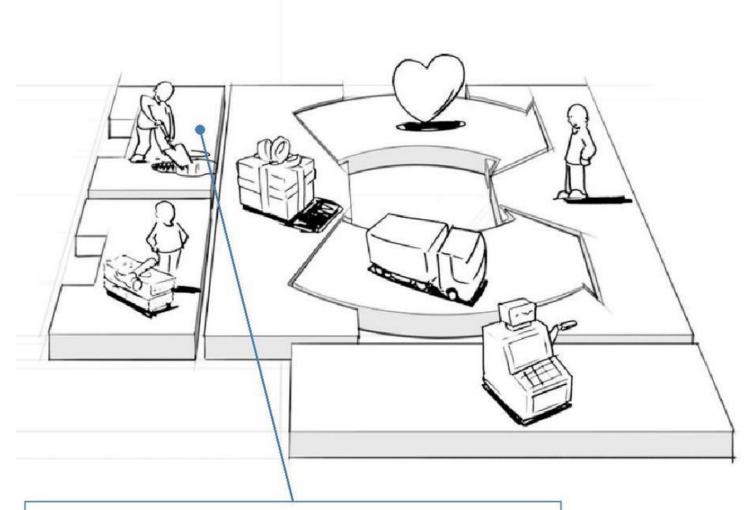
Human Financial

which resources underpin your business model? which assets are essential?





Key Activities



which activities do you need to perform well in your business model? what is crucial?

Production Services

Platform/Network



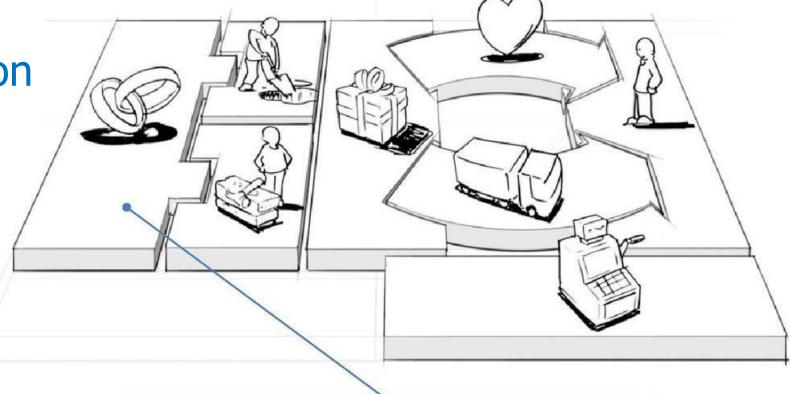


Key Partners

Strategic Co-operation

Joint Venture

Buyer-Supplier



Economy of scale

Specific resources/ capabilities

Reduction of risk & uncertainty

which partners and suppliers leverage your model? who do you need to rely on?







M7: BMC

SUB MODULE: EXAMPLES

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BUSINESS MODEL CANVAS NETFLIX

Key Partners



- Alliances with Smart TV companies
- alliance with gaming industry
- TV network companies
- Google and Amazon

Key Activities



- Hire and retain
- · Maintain and expand
- Produce, acquire and license
- Develop its pricing strategy
- retain current customer base

Key Resources



- · Software developers
- Recommendation system (algorithm)

Value Propositions



- Users can stream 24-7, minus the ads
- View shows & movies in high-definition
- Stream content conveniently anywhere
- unlimited access to TV shows and movies
- Netflix's original
- New signups can avail a 30day free trial
- cancel at any time
- Receive algorithmic recommendation
- · Avoid commercials ads

Customer Relationships



- Self-Setup Made Easy
- Exceptional Customer Experience
- · Online Live Chat Services
- · Social media
- Netflix gift Cards

Channels



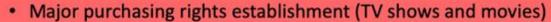
- Online streaming through the website
- Streaming on TV Apps and Gaming consoles
- Mail delivery for DVDs

Customer Segments



- interested in watching movies, TV shows and documentaries
- content for children and adults

Cost Structure



- Cost of producing movies
- Cost for recommendations, R&D and artificial intelligence
- Subscription maintenance cost
- DVDs and mail-related shipping costs



Revenue Streams

- Monthly subscription plans
 - Basic
 - Standard
 - Premium









BUSINESS MODEL CANVAS amazon

Key Partners



- Sellers
- authors
- Publishers
- logistic

Key Activities

Merchandising

optimization

· Secure and build

· fulfillment centers

partnership

Key Resources

technological

infrastructure · Online platform

logistics

· Manage supply chain and





Convenience

Value Propositions

Fast Delivery

Customer Relationships



- · Reviews and comments
- Customer service
 - phone
 - online chat
 - email

Channels



- · Amazon's website & Apps
- Affiliate Program

Customer Segments



- · anyone with internet connection
- · Somebody who is looking for convenience of ecommerce and Fast delivery

Cost Structure

- Driven by Technology
- · Operation of Fulfillment centers
- customer service centers
- · software development



Revenue Streams

- Amazon Prime subscription fees
- Commission
- Transaction Fees









BUSINESS MODEL CANVAS (Tesla)



Key Partners



- OEM Alliances
- Manufacturing and Purchasing (Toyota)
- Car Leasing Company
- Major Suppliers
- · Dana Holding
- Panasonic
- Government

Key Activities



- R&D
- Design
- Innovational Leap
- Software Development
- · Sales & Marketing
- Building & Maintenance of Charging Stations Network

Key Resources



- Electric Vehicle and Technological Knowledge
- Inverter
- Battery System
- Effective Cooling
- · Automation & Engineering

Value Propositions



- Best in class Fully electric vehicles (EVs)
- Advanced Electric Vehicle Technology
- Solar Energy Systems

Customer Relationships



- Customer Service
 Experience
- Brand
- Reputation
- Free/low-cost charging station network

Channels



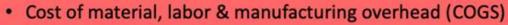
- Retail stores & galleries
 Partner Channel
- Self Service online store (website)
- Conferences & sales events

Customer Segments



- High-end Luxury (Sedan or SUV)
- Mid price range
- Commercial Vehicles targeted towards transportation and shipping businesses
- Green Community
- Fast sports car enthusiast
- Autopilot
- Tesla Followers
- Elon Musk Followers

Cost Structure



- Selling, general & administrative Cost
- Research & development Cost
- Restructuring Cost
- · Interest expense, taxes and others

-

Revenue Streams

- Automotive Segment revenue
- Energy generation & storage segment



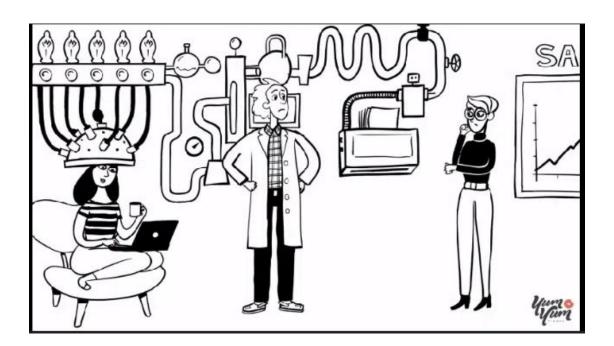






Business Models for the Digital World

(\sim 4 min, start from \sim 1:00m)



<u>Video</u>





Summary





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