



Essentials of Innovation & Entrepreneurship (EIE) - I

Module [M7]:

Getting from Business Idea to Business Model

Today's Topics



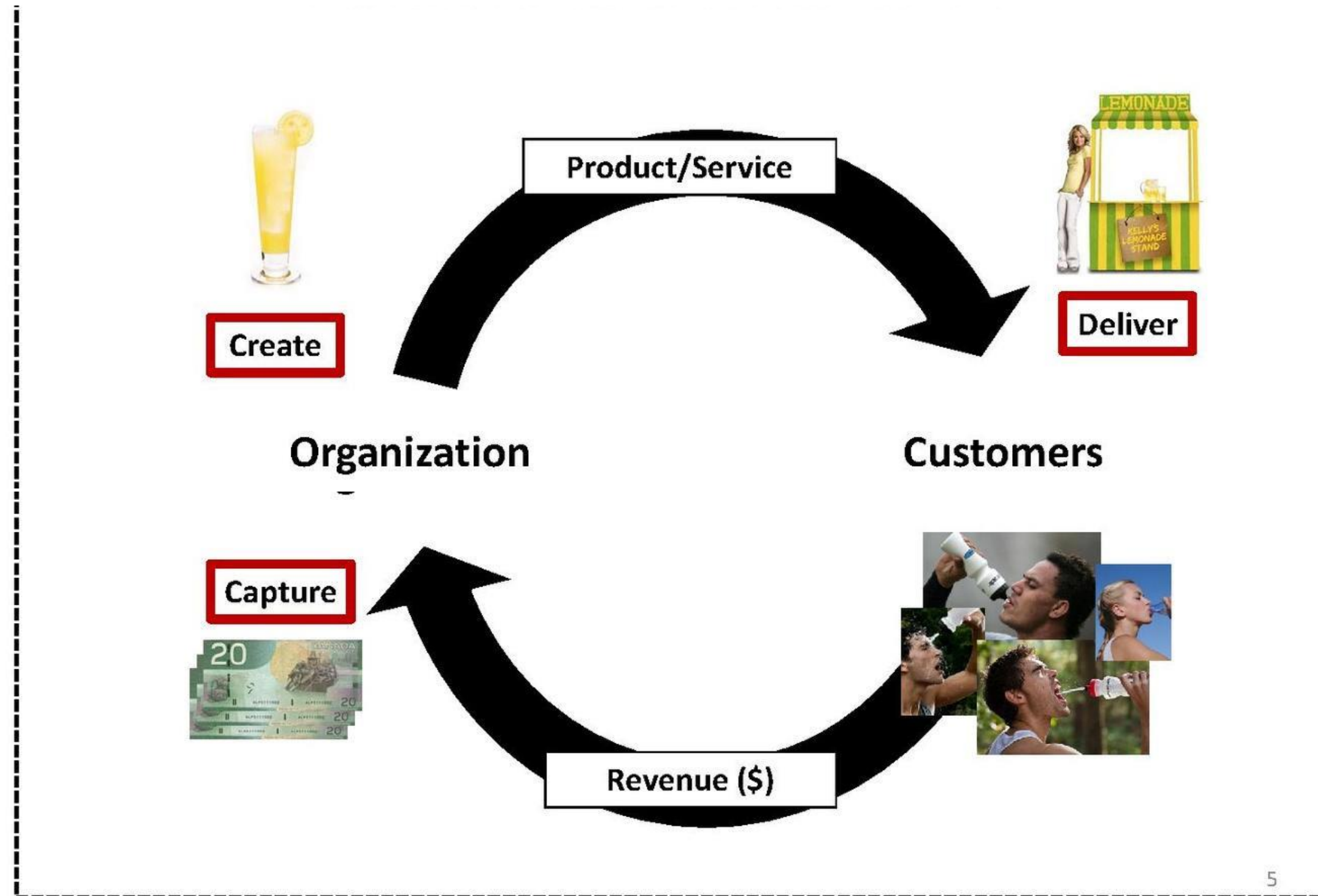
**What is a
*Business Model?***



**Creating a
*Business Model Canvas***

business model ?

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



business
model
canvas



6

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

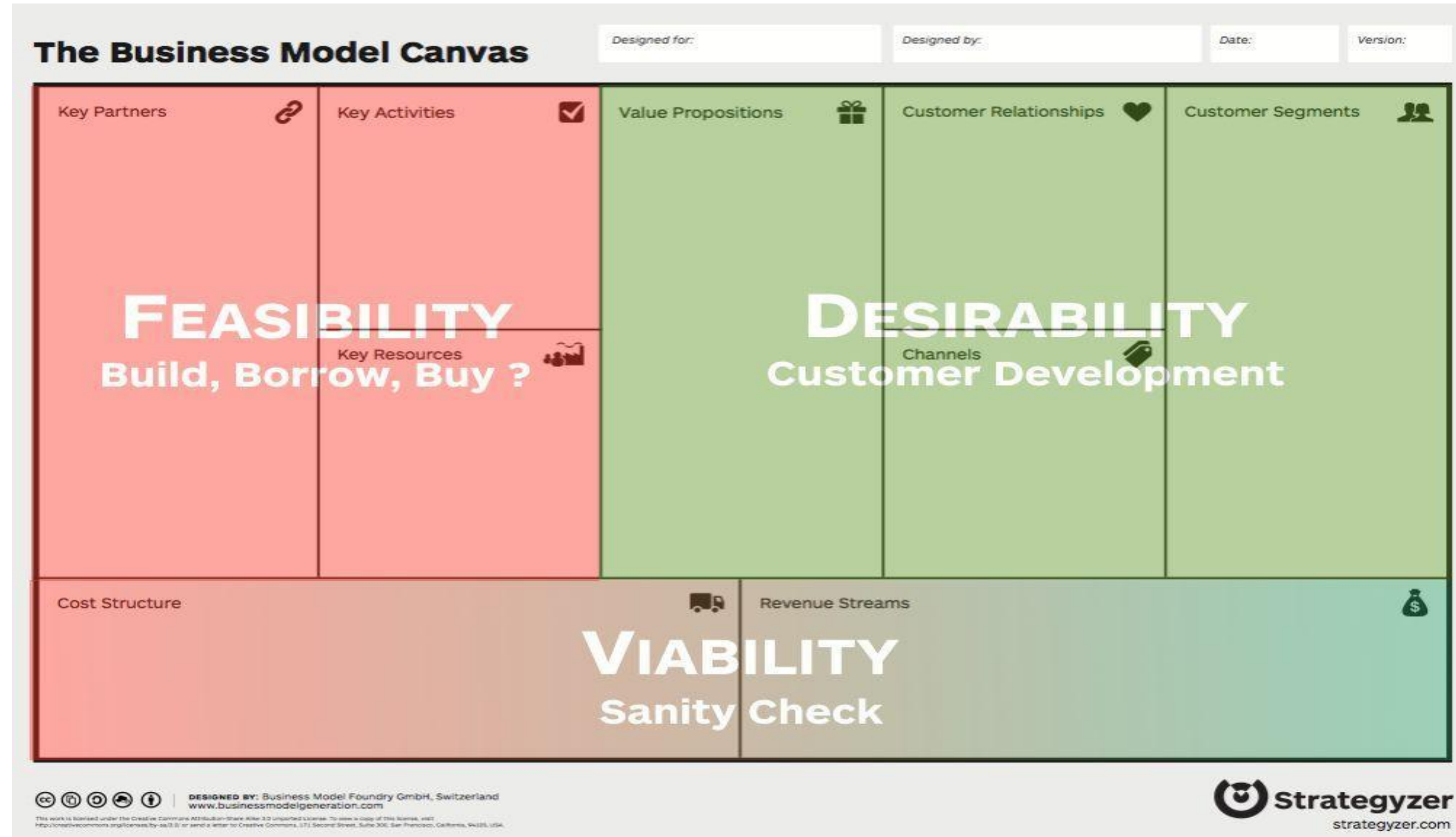
is a tool to

create and analyze

business models

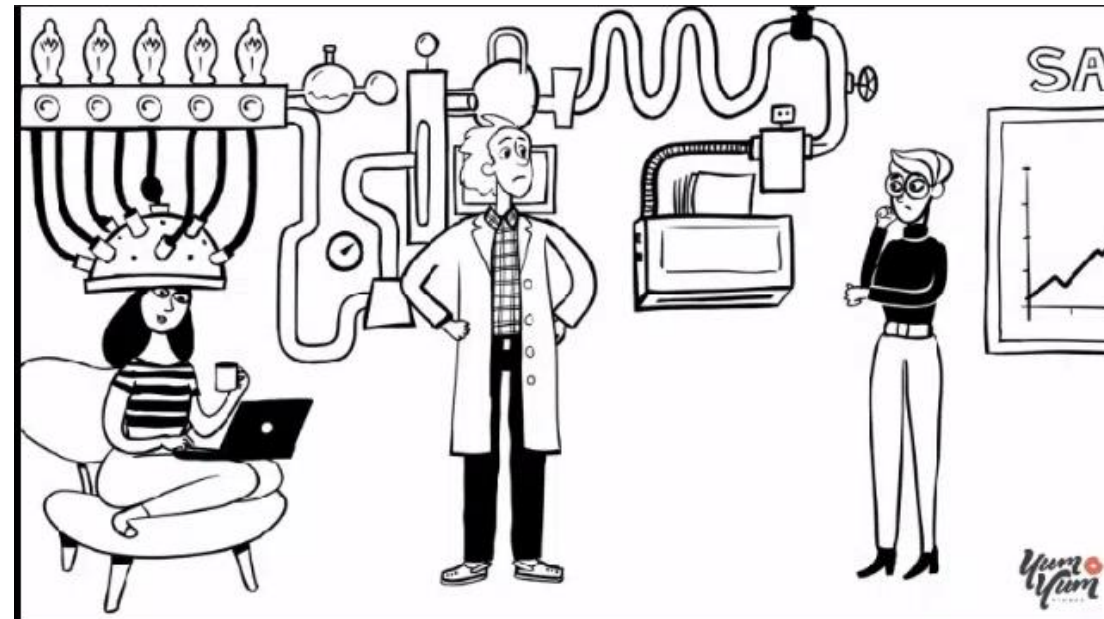


Business Model Canvas (BMC)



9 building blocks

Business Model Canvas Explained (Strategyzer ~3min)



[Video](#)

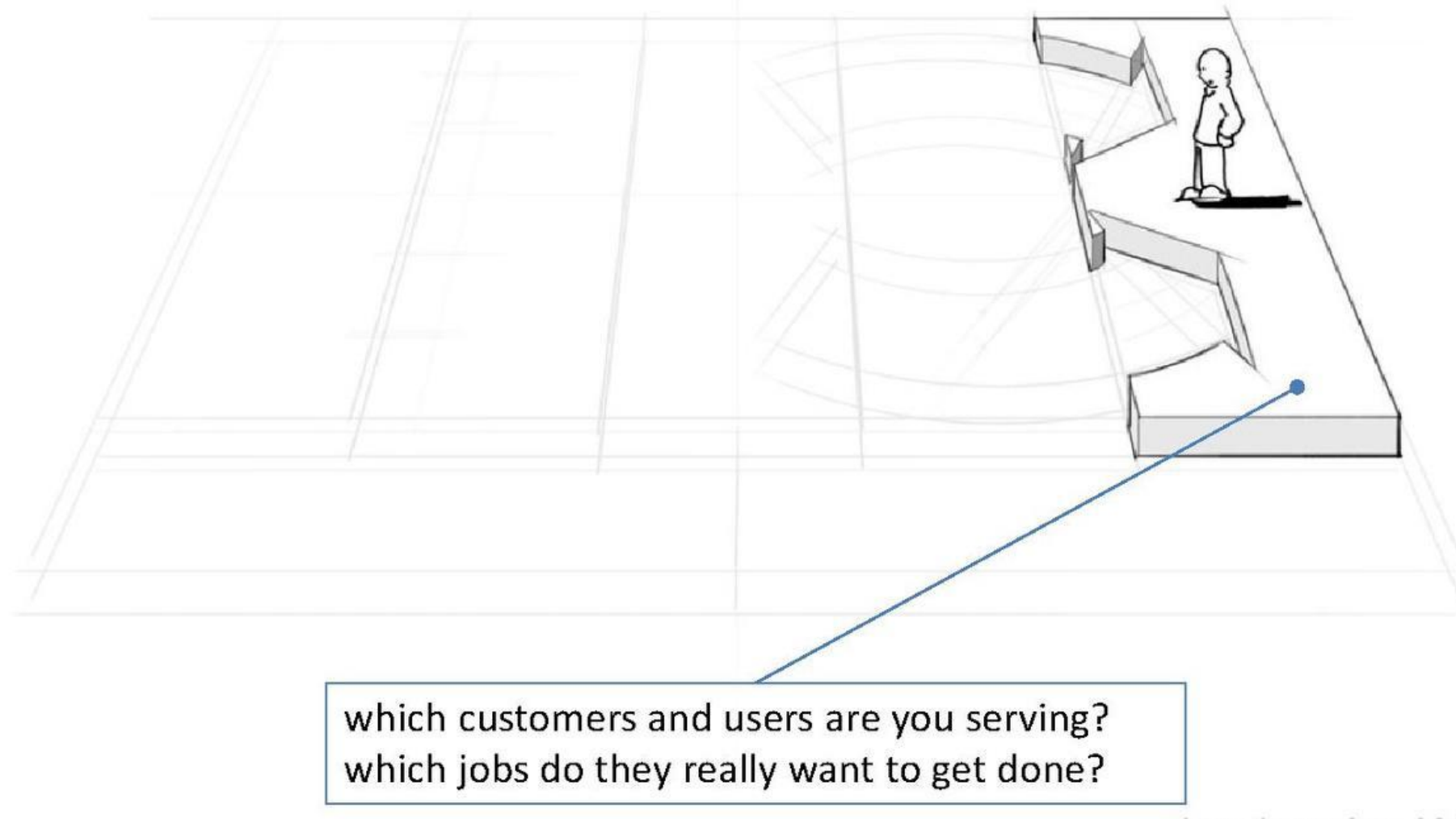


M7: BMC

SUB MODULE:
DESIRABILITY (CUSTOMER DEVELOPMENT)

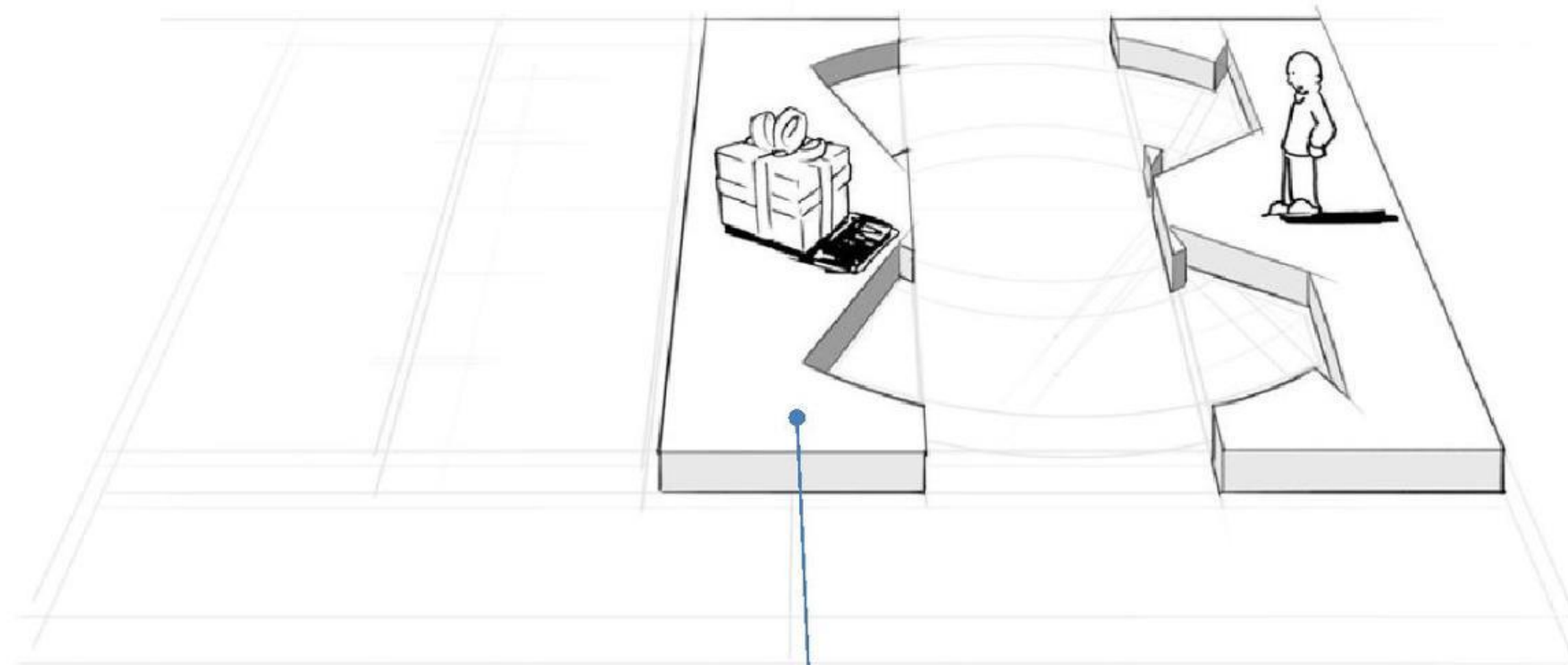
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Customer Segments



Mass market
Niche market
Segmented market
Diversified market

Value Proposition



what are you offering them? what is that getting done for them? do they care?

Customer Relationships

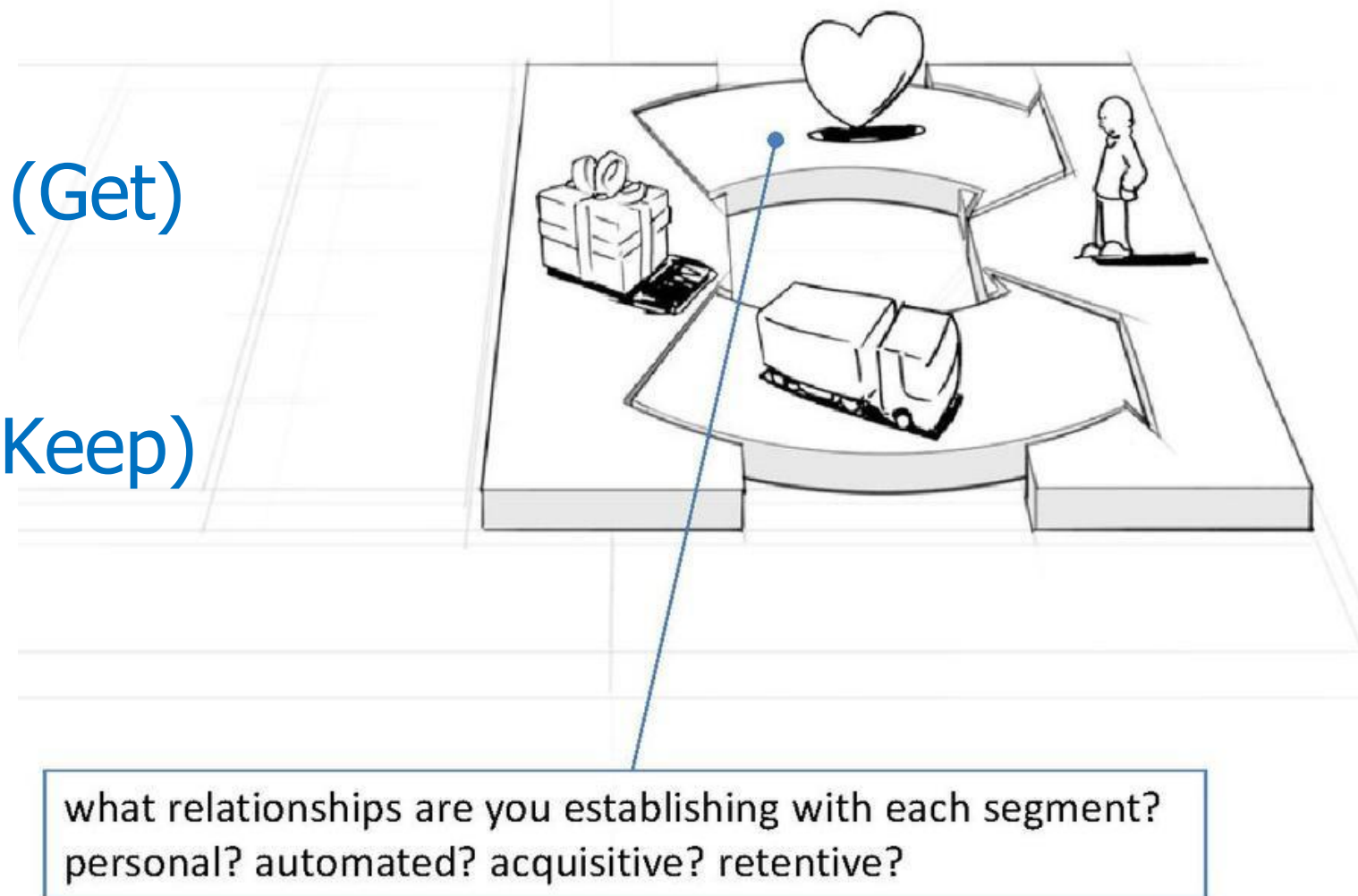
Customer Acquisition (Get)



Customer Retention (Keep)



Boost sales (upsell)



Personal Assistance

Dedicated Personal Asst

Self-Service

Automated Services

Communities Co-Creation

Channels for:

Awareness



Evaluation



Purchase

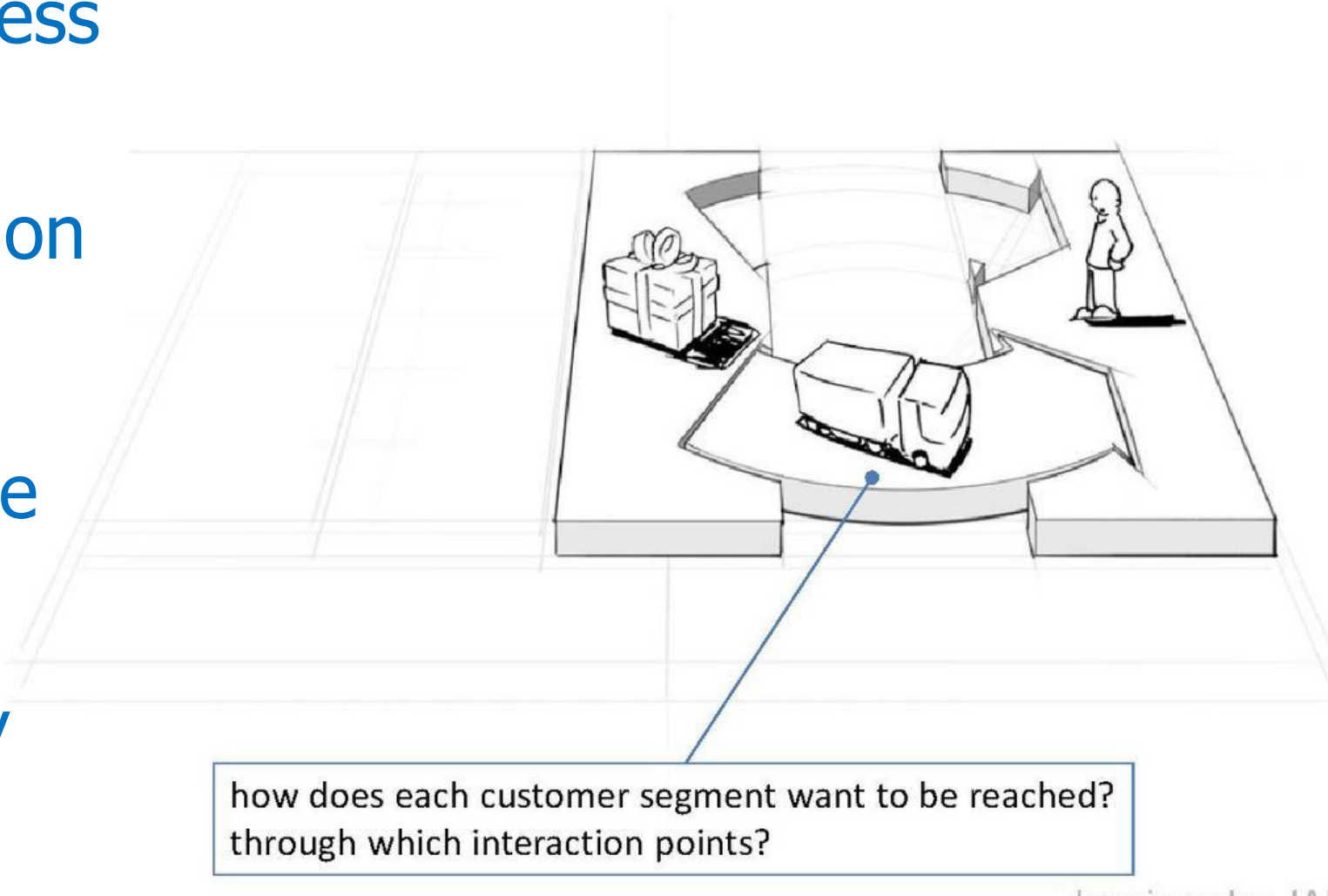


Delivery



After Sales

Channels



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

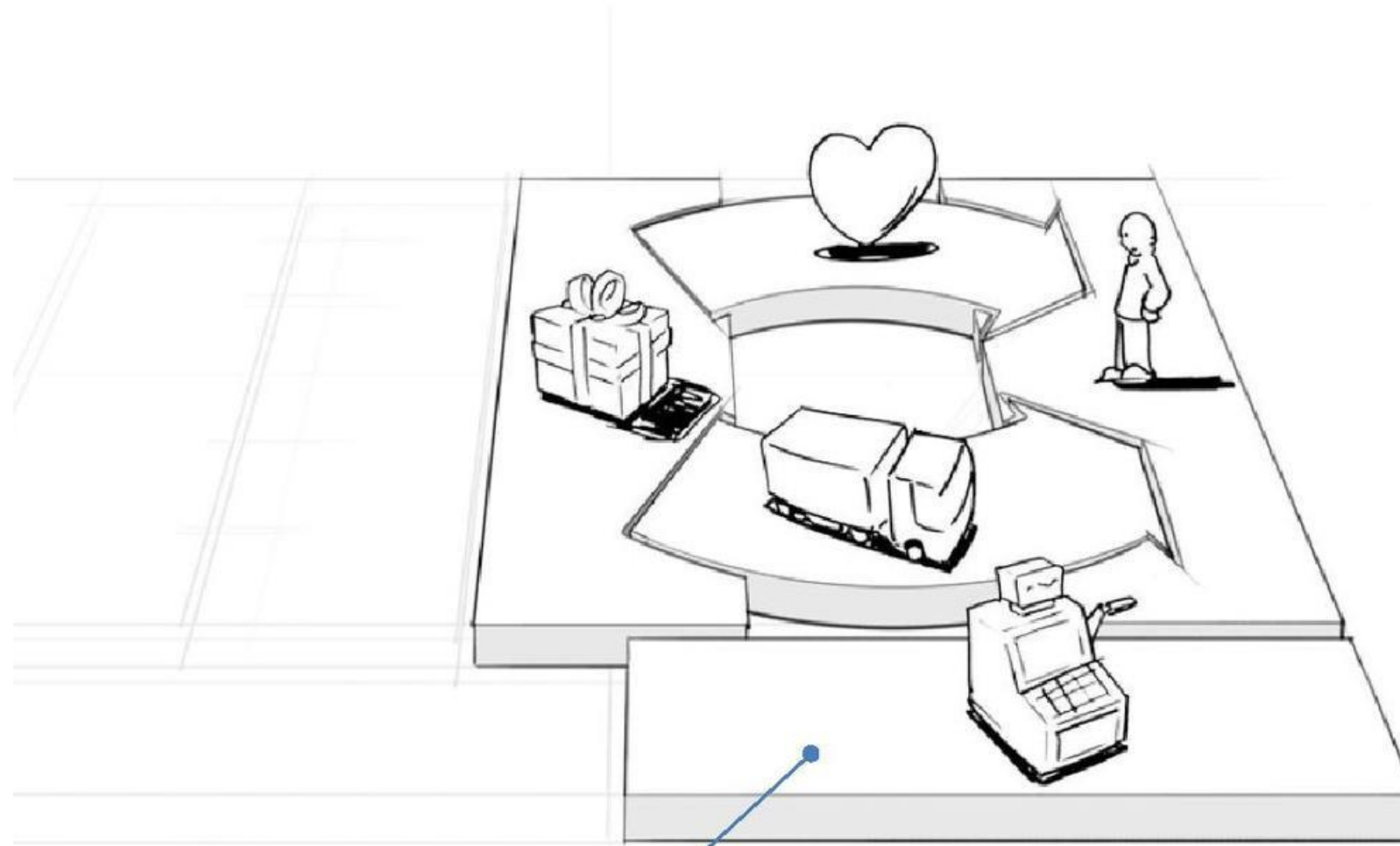
- Direct vs. Indirect
- Own vs. Partner



M7: BMC

SUB MODULE:
VIABILITY

Revenue Streams



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

Product Sale

Usage fee

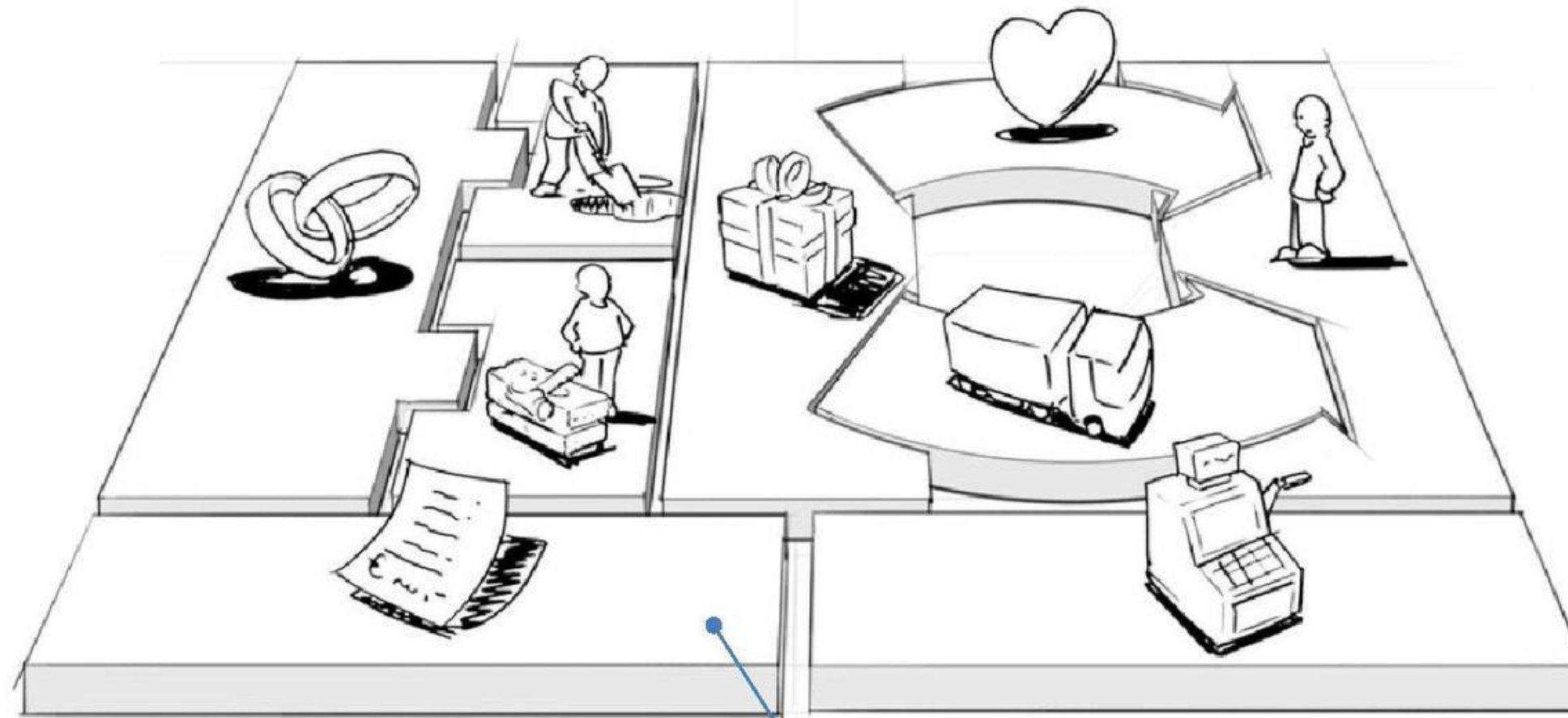
Subscription fee

Lending /Renting

Licensing

Types: Transaction, Recurring

Cost Structure



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

Cost-driven

Value-driven

Fixed-costs Variable-costs

Economies of scale

Economies of scope

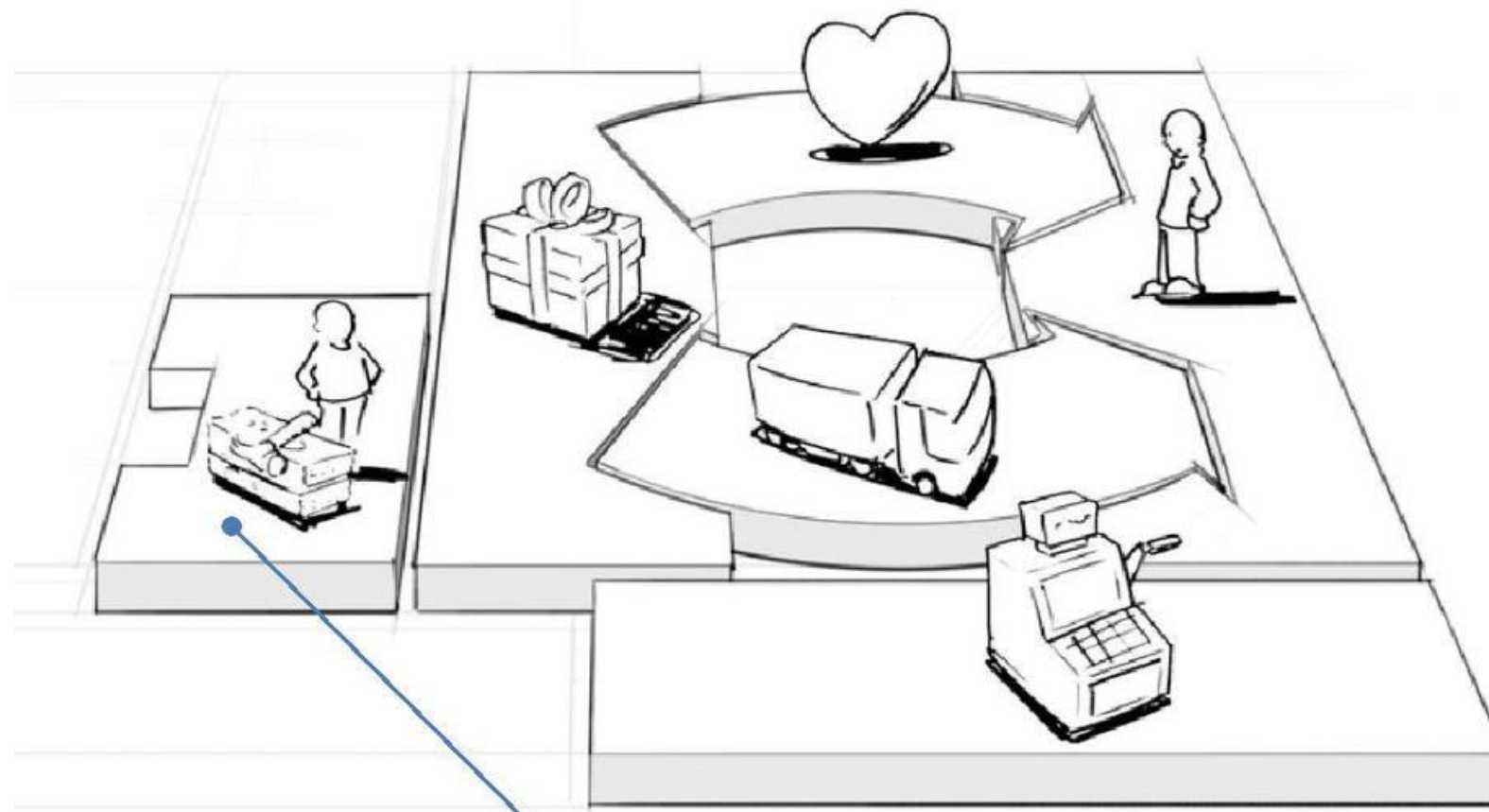


M7: BMC

SUB MODULE:
FEASIBILITY

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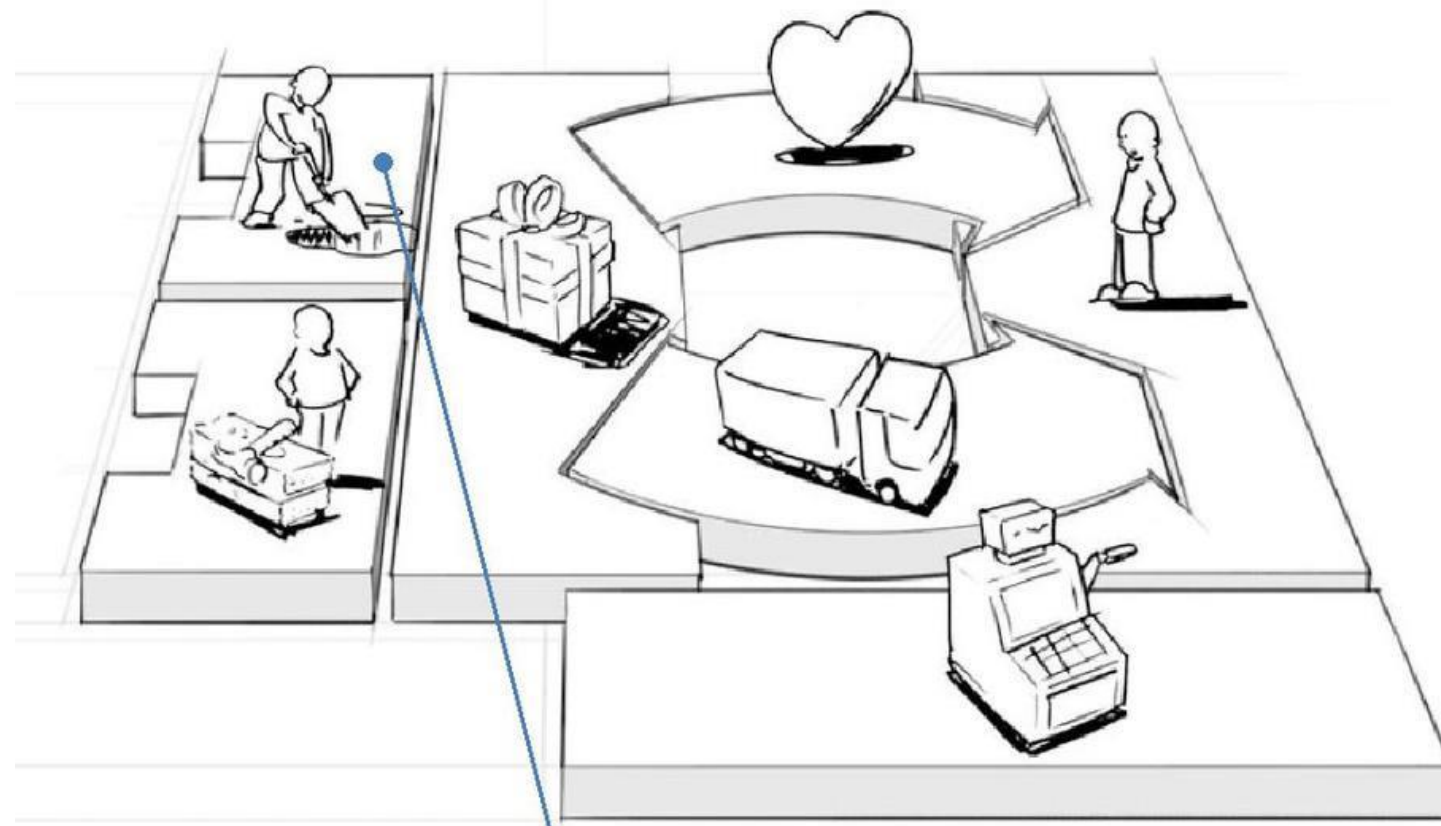
Key Resources



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

Physical
Intellectual
Human Financial

Key Activities



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

Production Services

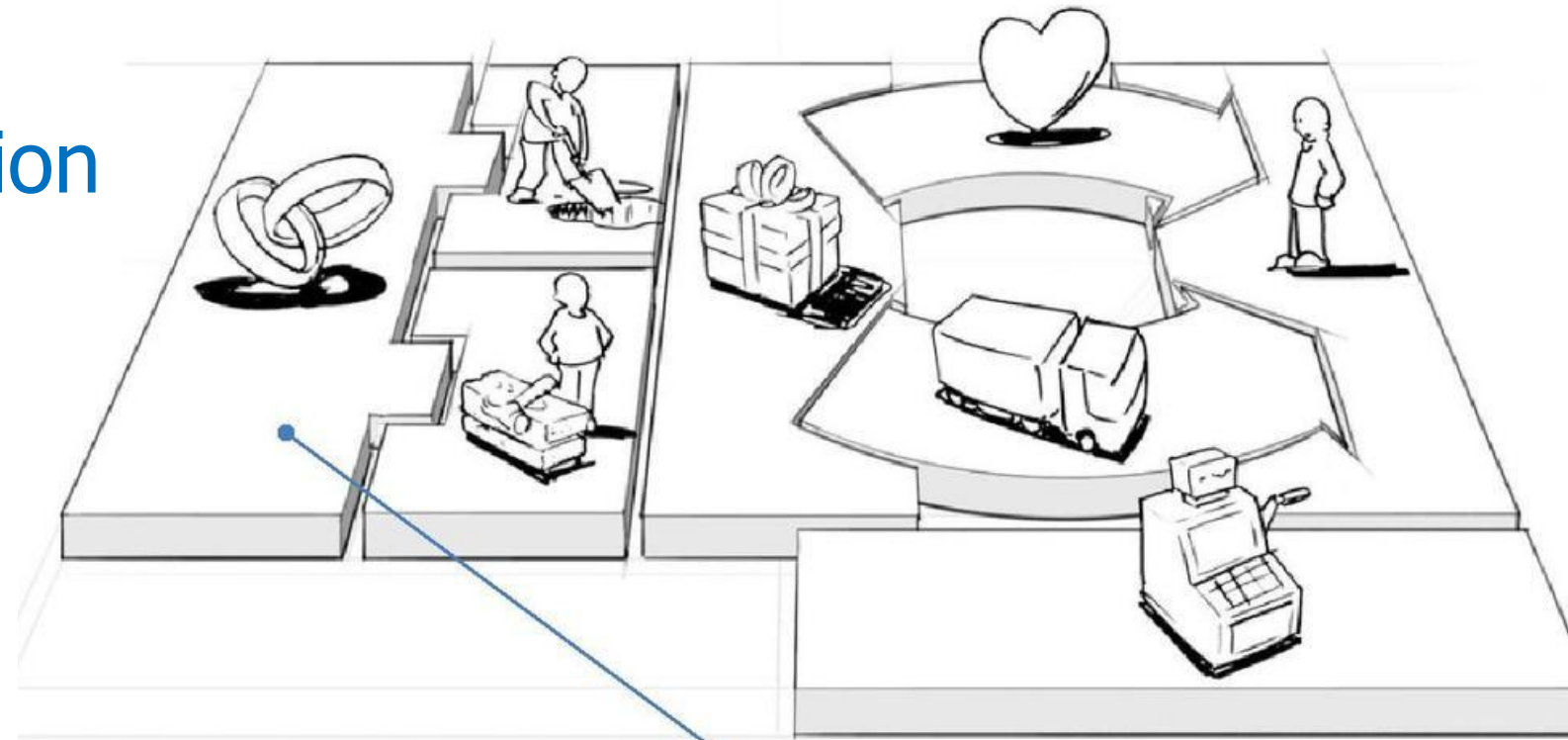
Platform/Network

Key Partners

Strategic Co-operation

Joint Venture

Buyer-Supplier



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

Economy of scale

Specific resources/ capabilities

Reduction of risk & uncertainty



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 30-day 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



- Major purchasing rights establishment (TV shows and movies)
- Cost of producing movies
- Cost for recommendations, R&D and artificial intelligence
- Subscription maintenance cost
- DVDs and mail-related shipping costs

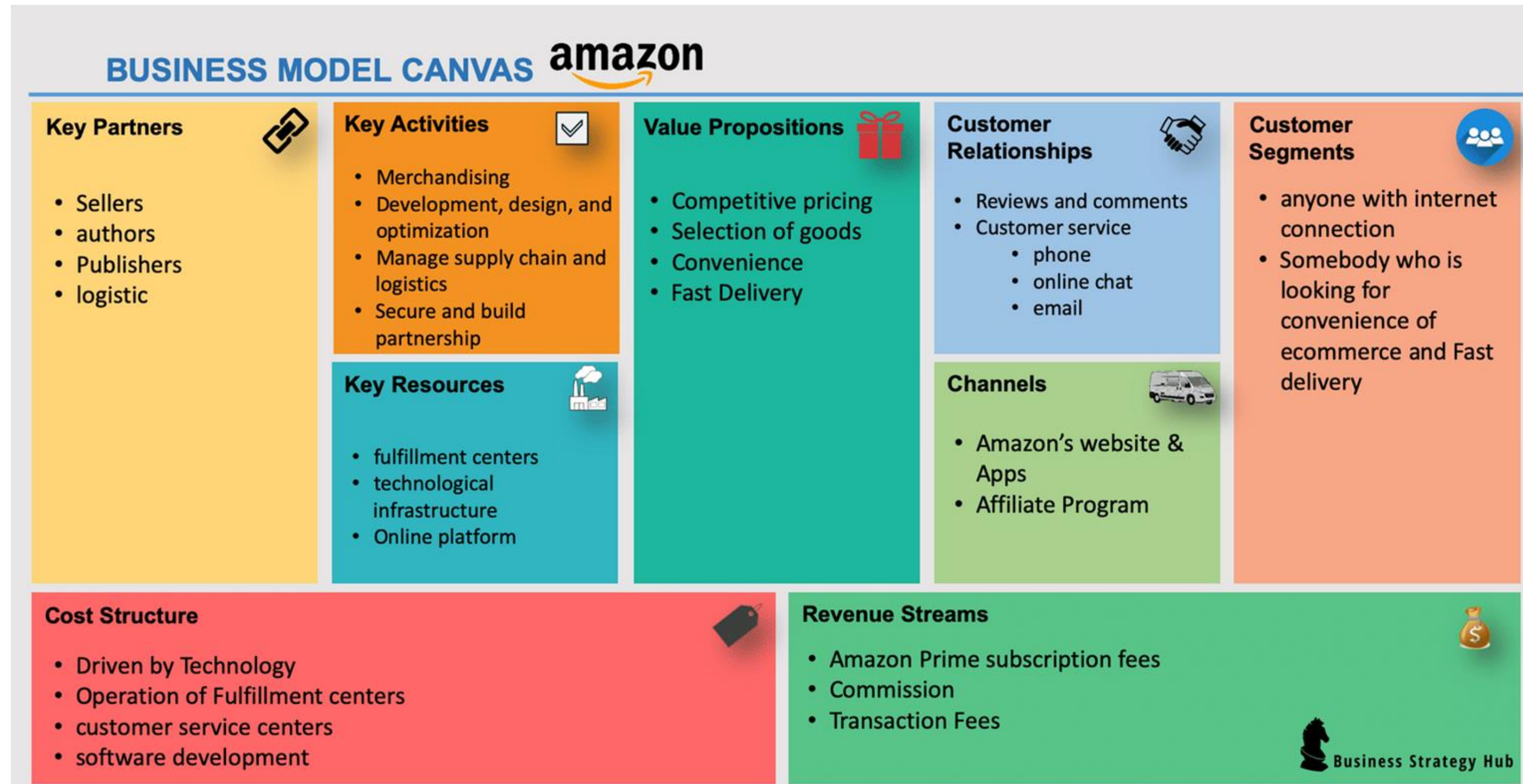
Revenue Streams

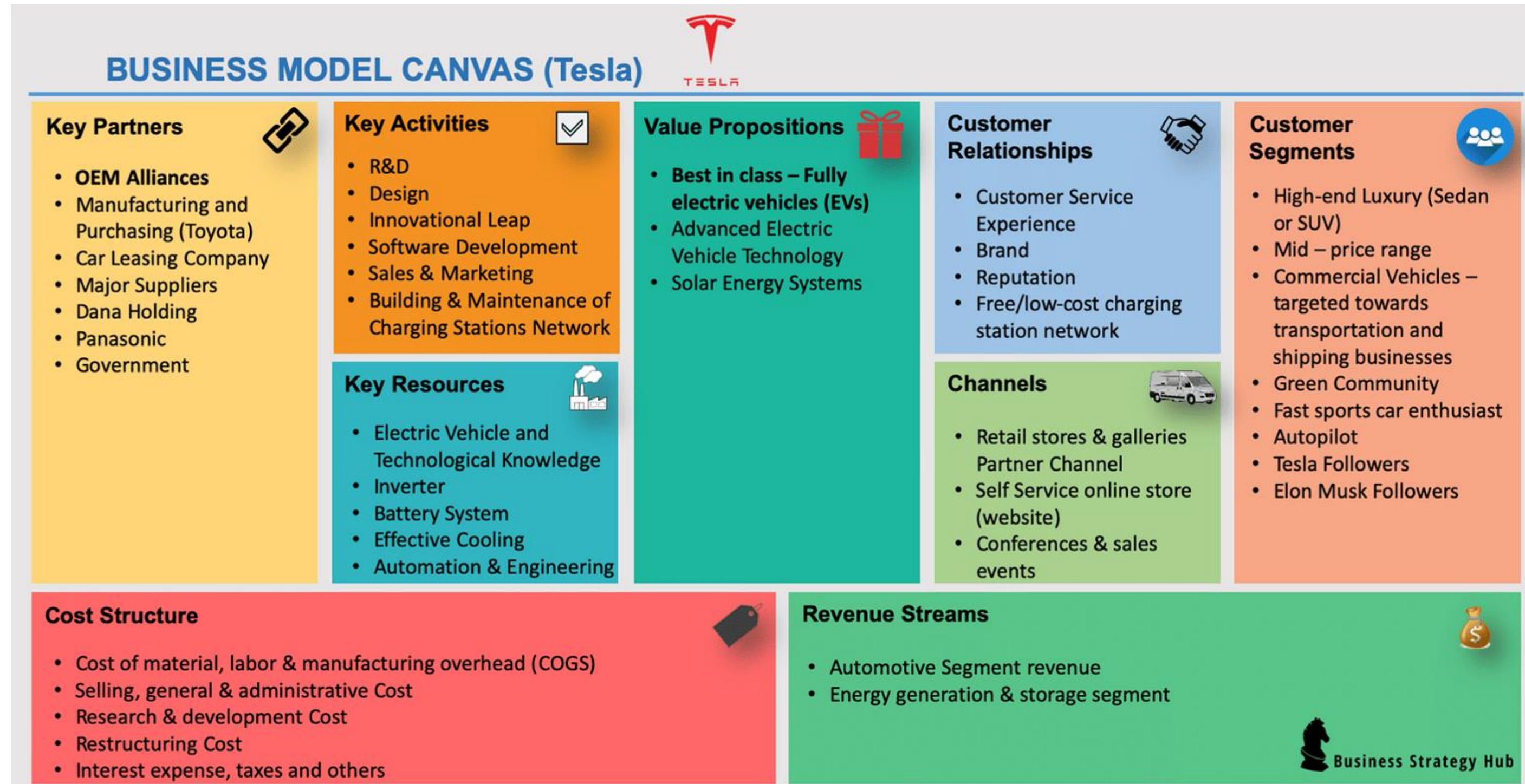


- Monthly subscription plans
 - Basic
 - Standard
 - Premium



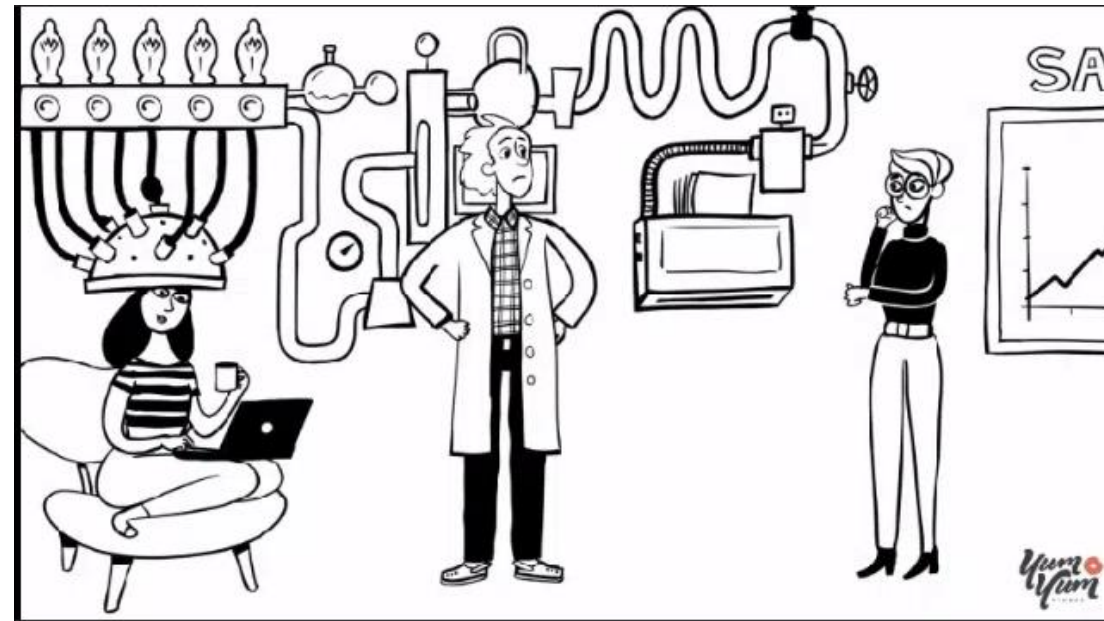
Business Strategy Hub





Business Models for the Digital World

(~4 min, start from ~1:00m)



[Video](#)

Summary

Session Feedback

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