



UNIVERSITY *of* NICOSIA

## Session 7

# The Business Model Canvas (BMC)

---

Prof. Marinos Themistocleous  
Themistocleous.m@unic.ac.cy  
Twitter: @Themistocleous6

Mr. Irene Dondjio  
Dondjio.i@Unic.ac.cy

Bloc 515: Blockchain and Entrepreneurship Management

# Meet our invited speaker

## Mr. Irene Dondjio

MSc, MBA, PhD candidate

Senior Lecturer (15 years): Mathematics, Economics, Marketing Global Mkt and Strategic Management

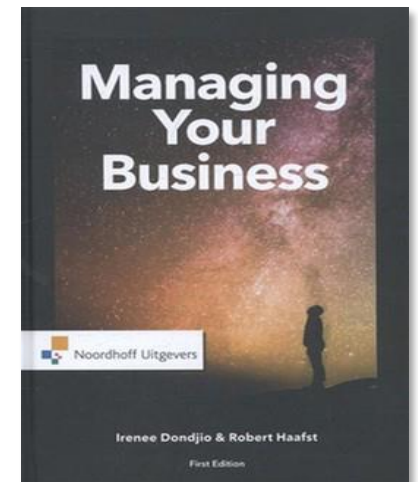
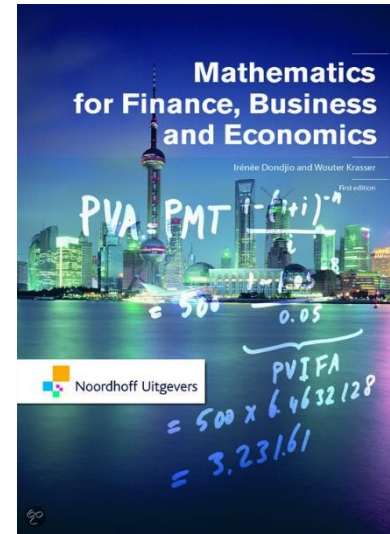
Marketing specialist (Western Union International)

Hobbies: sports, ice skating, skiing

Language skills: French, English, Dutch, German, Italian

Visiting Prof. - Hanyang University, Seoul - South Korea (7 years)

Author: published (2 books) and various articles



# Learning objectives

---

- Understanding the business model concept ( Value Proposition, and Competencies)
- Understanding business model canvas
- Applying the VRIO framework
- Utilizing business model canvas in blockchain projects



# Session outline

---

- Business Model
- Business Model Canvas
- Practical Examples
- Discussion: Case Study



# Business Model: Definition

---

## Question 1

If you were a Business owner (or if you are one), how would you define your Business Model?

business  
model



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

# Business Model: Alternative definition

---

## **Business Model is:**

“ An analysis of how a firm plans to create profits and cash flows given its revenue sources, its cost structures, and the required size of investment.”



# Business Model: key concepts

---

**#Question-2: Try to provide definitions and examples of the following concepts:**

- Table 1: Value Proposition
- Table 2: Unique Selling Proposition (USP)
- Table 3: Customer Perceived Value





# Business Model: key concepts

---

## Answers to Question 2a:

### 1. Value Proposition:

A company's value proposition is the promise to provide consumers with the benefits they expect if they decide to purchase its goods.

### 2. Unique Selling Proposition (USP)

A unique selling point (USP), sometimes known as a unique selling proposition (USP), is the core of what distinguishes your product or service from rivals.

### 3. Customer Perceived Value:

The degree of satisfaction customers express towards a certain product or service.

# Business Model: product vs services

---

## Question 3:

How does **Product** distinguish from **Service**?



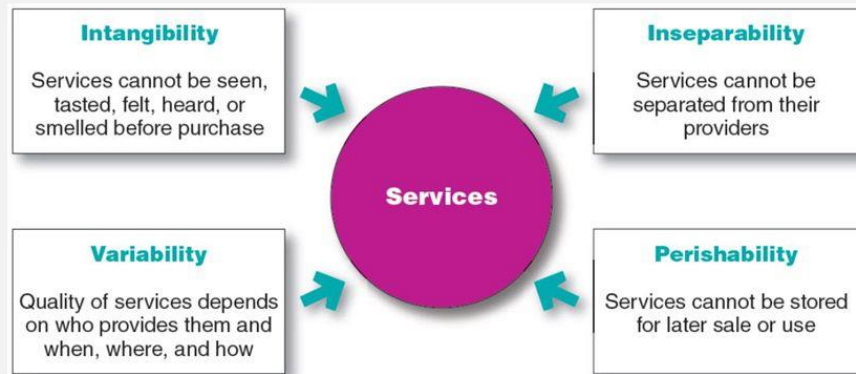
# Business Model: product vs services

## Question 3: How does product distinguish from service?

### Services Marketing

#### Nature and Characteristics of a Service

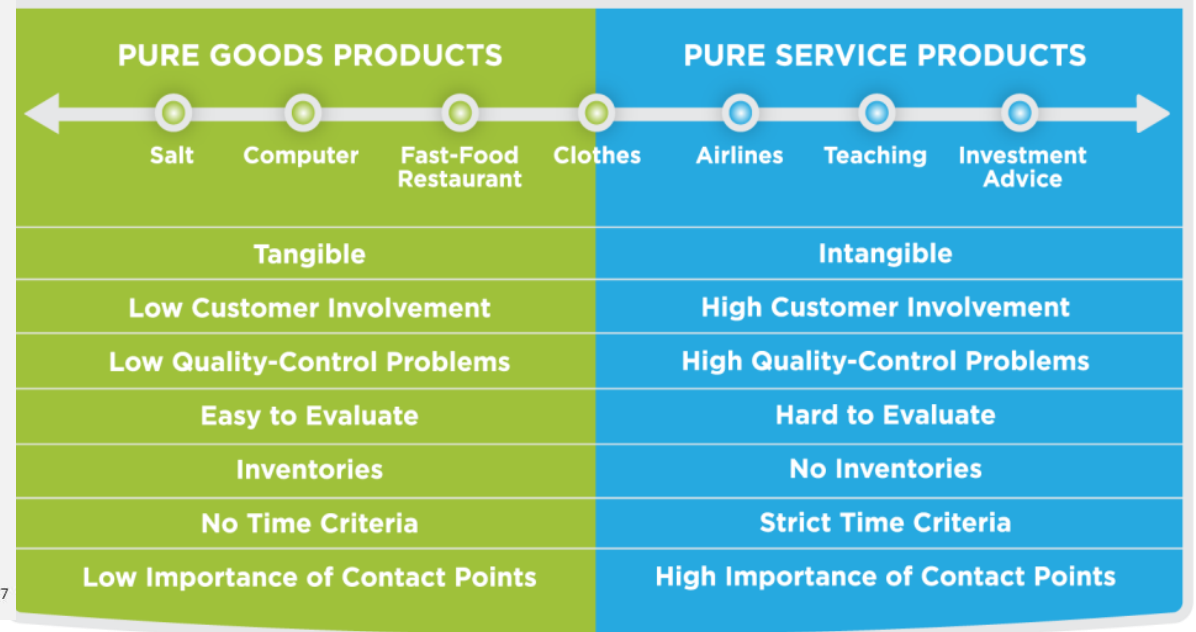
FIGURE | 8.3 Four Service Characteristics



Copyright © 2016 Pearson Education, Inc.

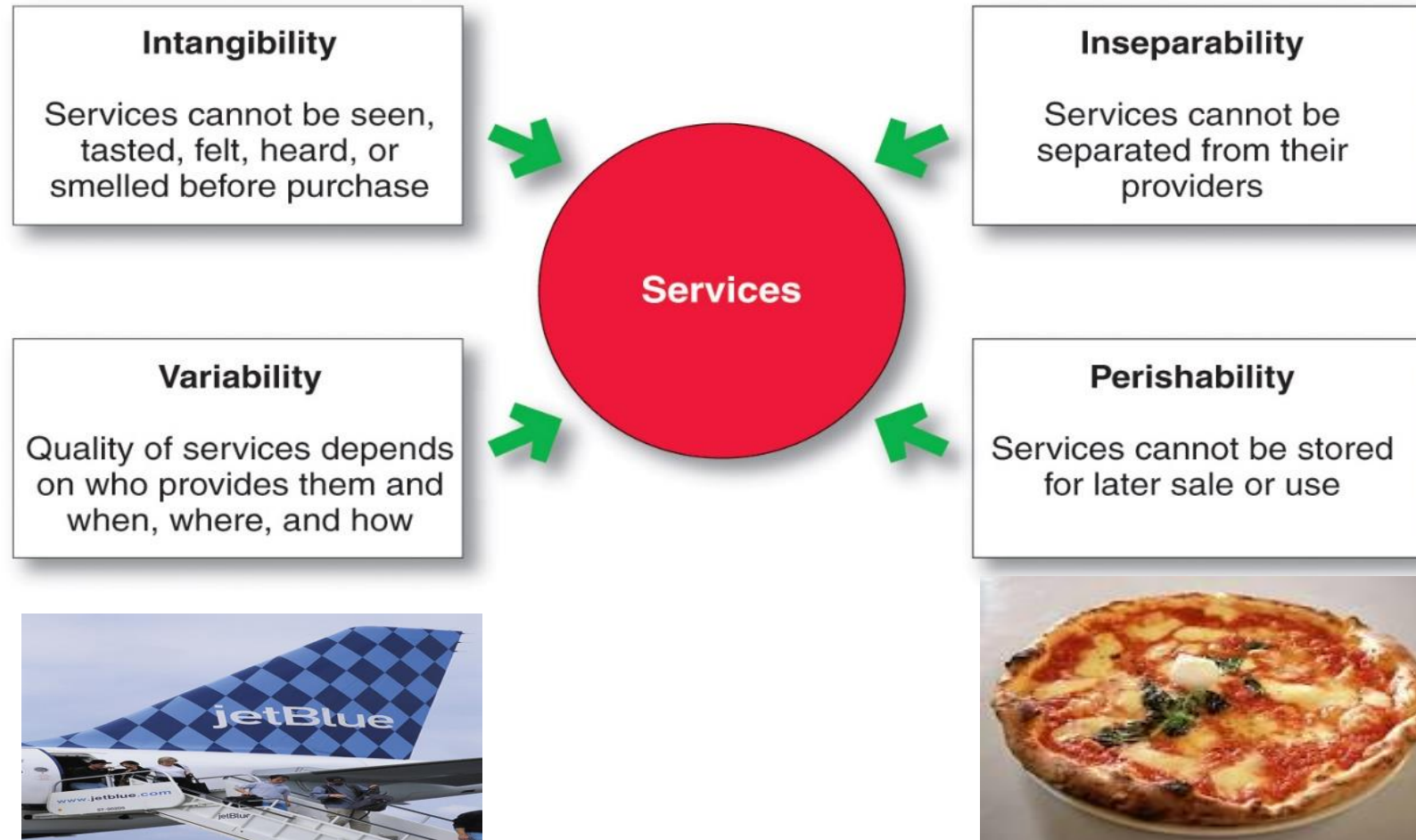
8-377

### CHARACTERISTICS THAT DISTINGUISH GOODS FROM SERVICES



# Business Model: product vs services

## Question 3: How does product distinguish from service?



# Business Model: key concepts

---

**Before Defining your Business Model, you should know your **Core Competency** and **Distinctive Competency****

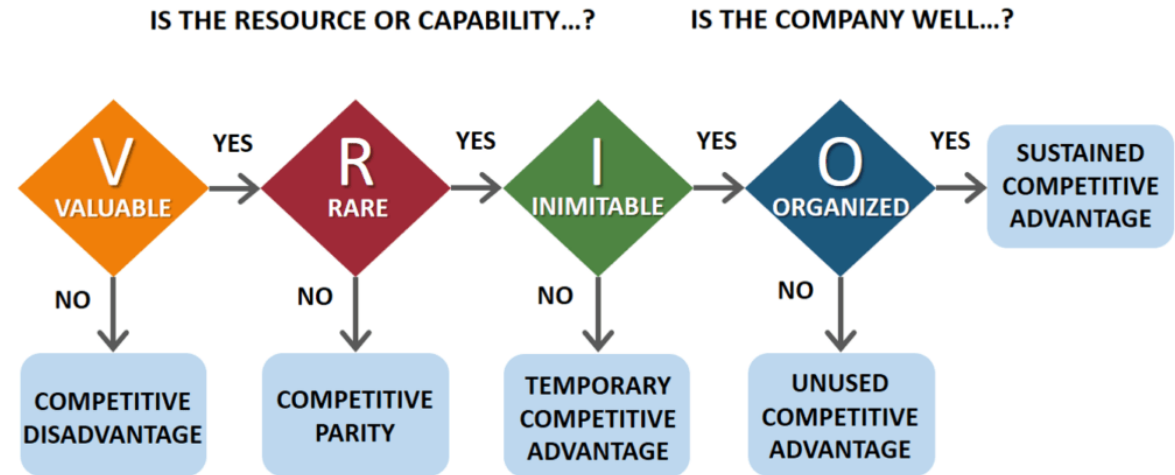
- A core competency relates to anything that is central to the core of the business.
- A distinctive competency is a quality that differentiates a company from its competitors. **A distinctive competency leads to a competitive advantage**

# Business Model: The VRIO framework

## The VRIO framework

Barney and Hesterly (2006) designed the VRIO framework to be a suitable instrument for assessing a firm's internal environment. VRIO is an acronym for: **Value, Rarity, Imitability, and Organisation.**

Each of these keywords stands for a specific set of questions, which must be raised and answered in order to successfully determine a company's **competitive internal aspect.**

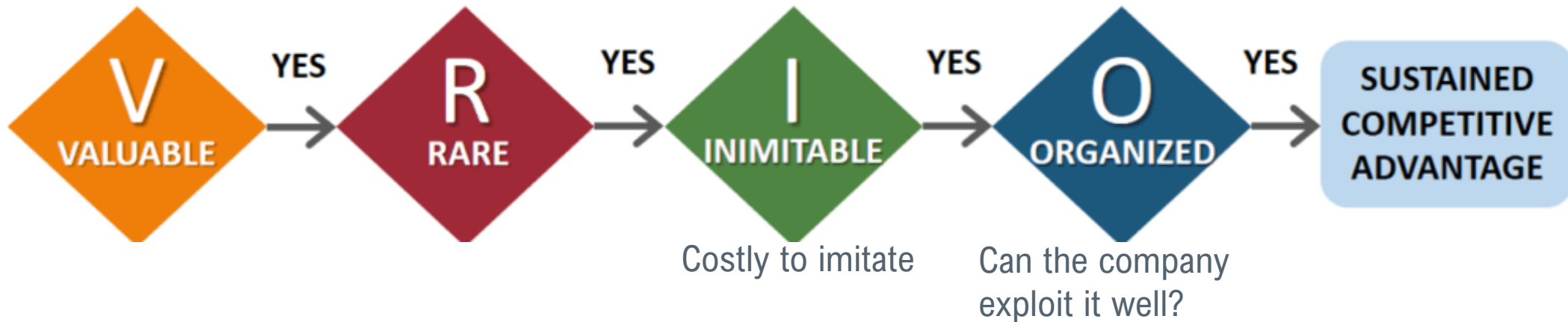


# Business Model: The VRIO framework – The case of Apple

## Apple VRIO

Over the past 10 years, Apple shares rose by 255%, more than doubling the Nasdaq's return. This growth has been attributed the popularity of the Apple brand mostly for its star products: iPhone and iPad.

### Apple's VRIO ability on the closed ecosystem and brand appeal



# Business Model: The VRIO framework – The case of Apple



- **Valuable**: Apple products are mostly valuable due to their specific software and the high level of brand loyalty – and awareness.
- **Rarity** : As only Apple can legally use their **software (iOS)**, this software is considered a rarity. At the same time, the software is seen as one of Apple's USPs (Unique Selling Propositions).
- **Imitability**: Apple's closed ecosystem and brand appeal are seen as its sustainable competitive advantages. In contrast to many other devices from their main competitors, like Samsung, HTC, LG, whose devices all run on Android (Google), Apple devices use iOS. Apple's brand name, hardware and software are hard to imitate; this is essentially due to Apple having protected their software (iOS) with several patents.
- **Organization**: Is Apple organised to capture value from this competence? Very much so: Apple has trained managers and dedicated high skilled employees, who are proud to be part of one of the most renowned companies in the world. Therefore, they are more motivated and willing to work continuously on the innovation of products.



# Business Model: The VRIO framework – interpretation

## Applying the VRIO Framework

**If the firm's resources are: The firm can expect**

Not Valuable



Competitive disadvantage

Valuable but Not Rare



Competitive Parity (Equality)

Valuable & Rare but Not costly to imitate



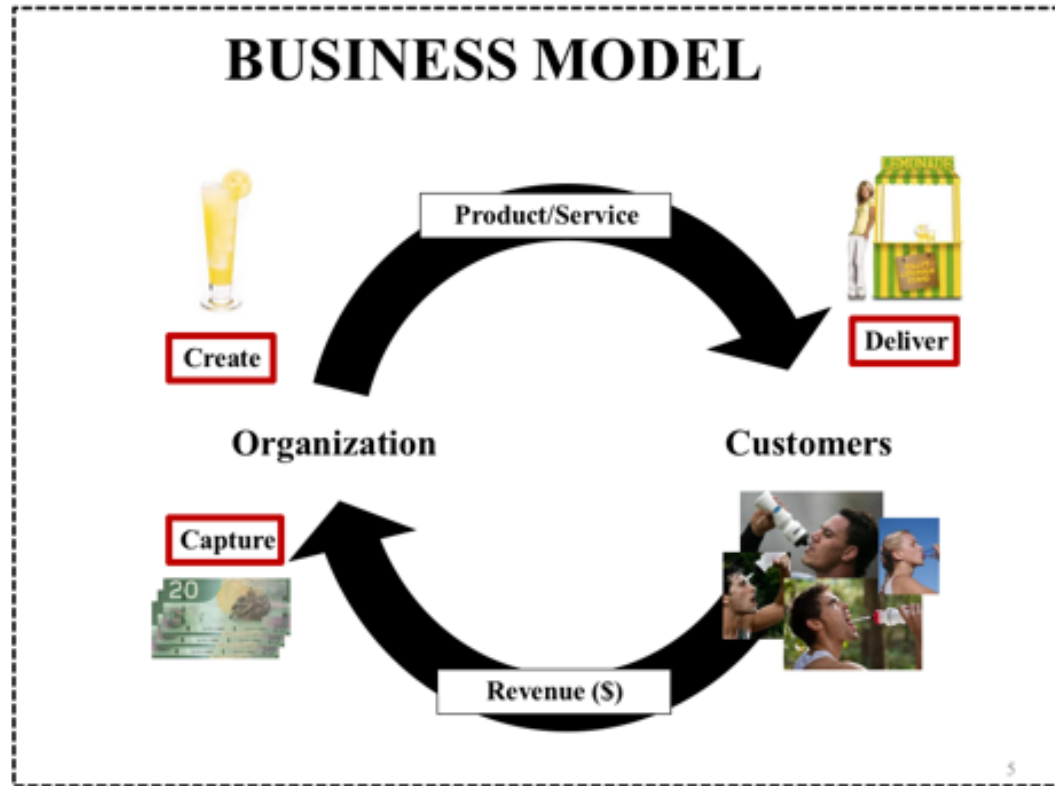
Temporary competitive advantage

Valuable, Rare and Costly to Imitate



Sustained competitive advantage (if organized properly)

# Business Model: definition



- Value can be created by providing unique product or Services (USP)
- Value can be delivered through the unique solution -- which customers find through your channels.
- Value is captured back from the revenue streams.

# The Business Model Canvas (BMC)

## Definition:

- The Business Model Canvas (BMC) is a strategic management tool to quickly and easily design, define and communicate a business idea or concept.
- A tool to create & analyze business models...
- It also helps to analyze & update your existing business model



**The Business Model Canvas**

Designed for: \_\_\_\_\_ Designed by: \_\_\_\_\_ Date: \_\_\_\_\_ Version: \_\_\_\_\_

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
	Key Resources		Channels	
Cost Structure		Revenue Streams		

DESIGNED BY: Strategyzer AG  
The makers of Business Model Generation and Strategyzer

© 2015 Strategyzer AG. All rights reserved. This work is licensed under the Creative Commons Attribution-ShareAlike 4.0 International License. To view a copy of this license, visit <http://creativecommons.org/licenses/by-sa/4.0/> or send a letter to Creative Commons, 171 Second Street, Suite 300, San Francisco, California, 94105, USA.

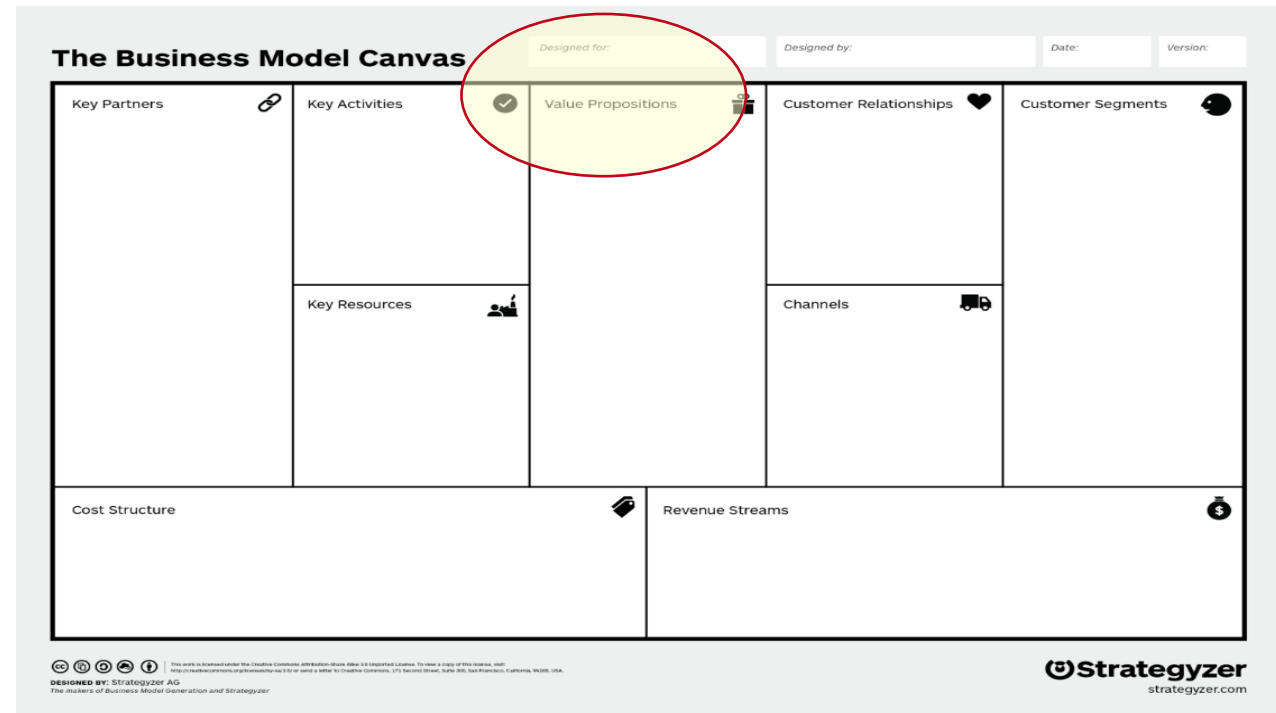
**Strategyzer**  
strategyzer.com

# BMC: 1. The Value Proposition

The collection of products and services a business offers to meet the **needs/wants** of its customers. It's what distinguishes itself from its competitors. It provides value through various elements such as:

- newness,
- performance,
- customization,
- "getting the job done",
- design,
- brand/status,
- price,
- cost /risk reduction, etc

## Question 4: What is difference between needs and wants?



# BMC: 1. The Value Proposition

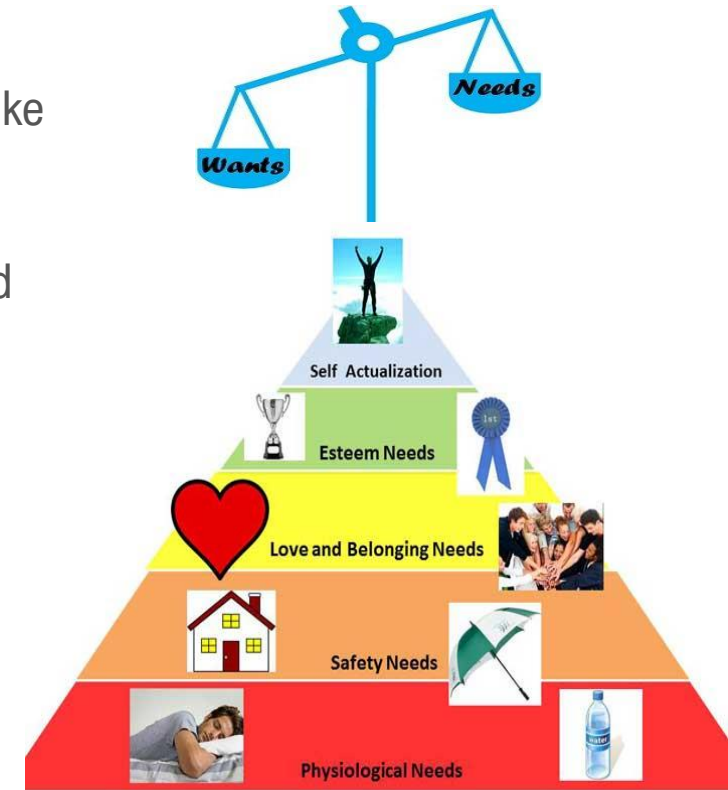
## Question 4: What is difference between needs and wants?

A need is defined as something that is required for survival. This includes things like food, water, shelter, love, belonging etc.

A want is a need linked to **people's preferences** and those preferences are shaped by: people's **behavior**, **background** and **personality**. For example:

- You **need food** but **you want**.....
- You need a drink but you.....
- You need a phone but you want.....

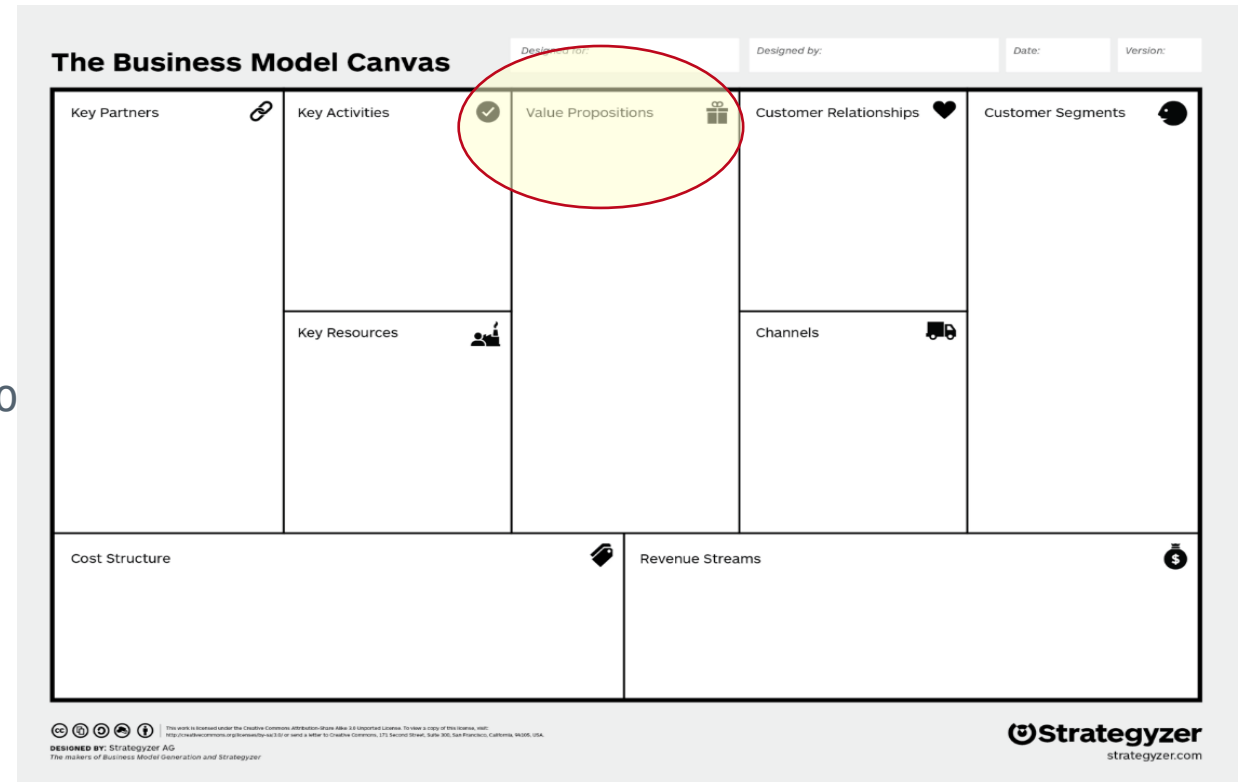
Human wants are most of the time infinite ..... think of the **Opportunity cost**.



# BMC: 1. The Value Proposition

## 5 Questions

1. What exact problem are we trying to solve?
2. Is this a relevant (real) problem?
3. What is the solution that are developing?
4. How much value are we delivering to the client?
5. Are the main features of our value proposition

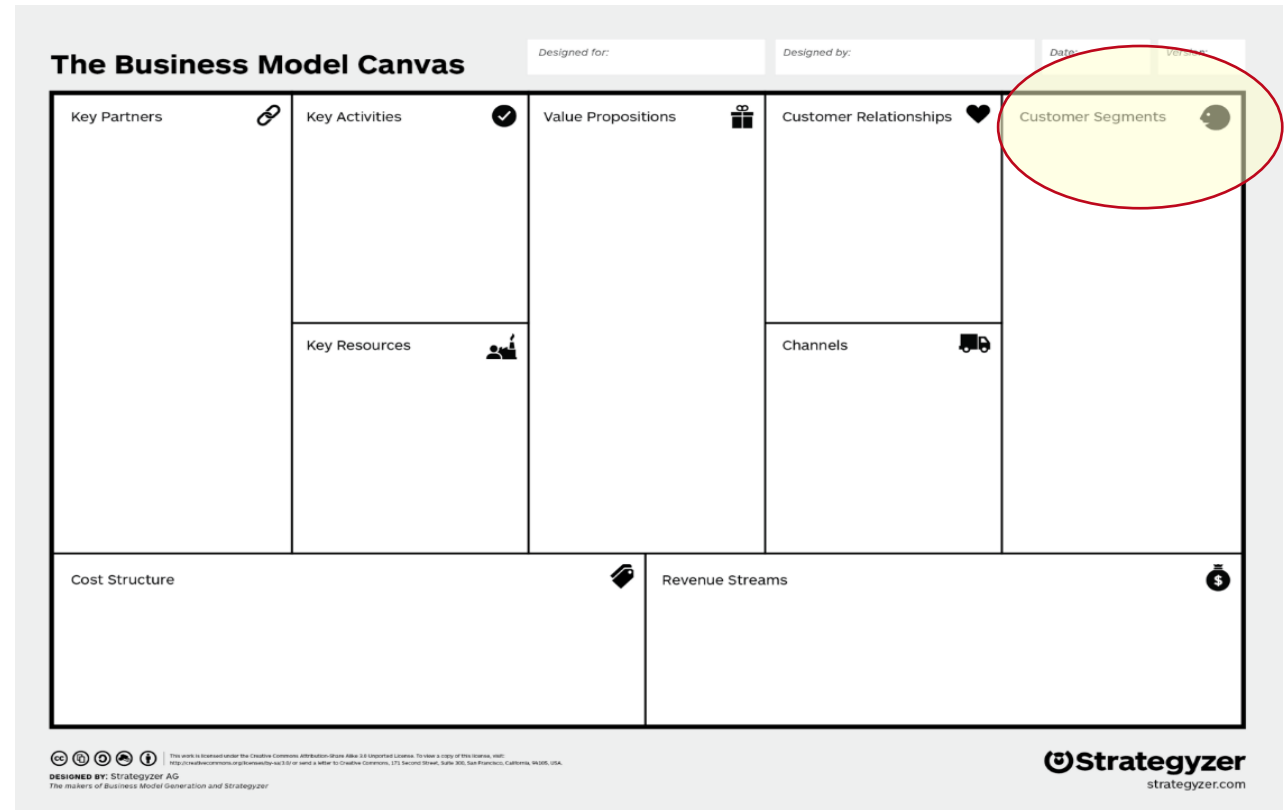


# BMC: 2 - Customer segments

A company must identify which customers it tries to serve. Various set 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:

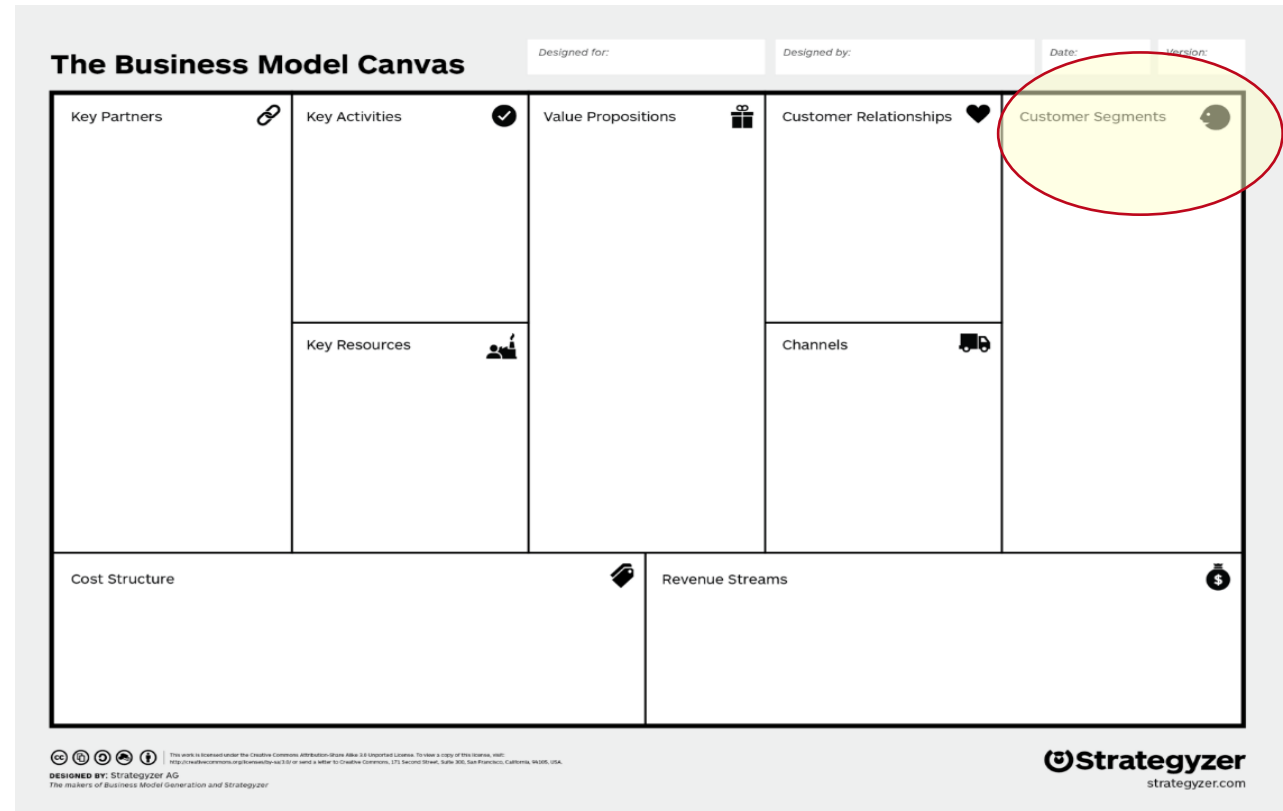
- Mass Market
- Niche Market
- Segmenting and Targeting
- Diversify (multiple customer segments with different needs and characteristics)



# BMC: 2. Customer segments

## 5 Questions

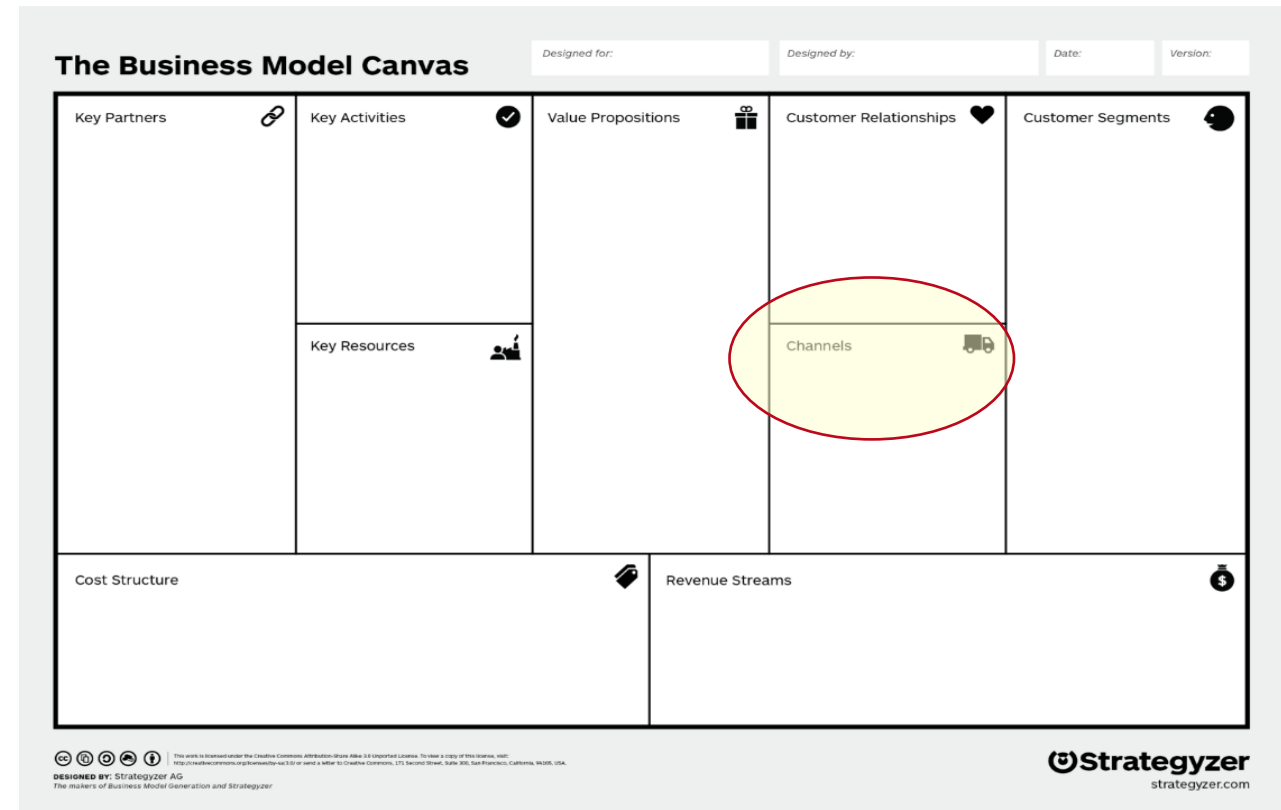
1. Who are our most important customers?
2. Who are our users?
3. Who's influencing them? Who decides?
4. Which are the customers' more important habits?
5. What type of customer segments should we address?





# BMC: 3. Channels

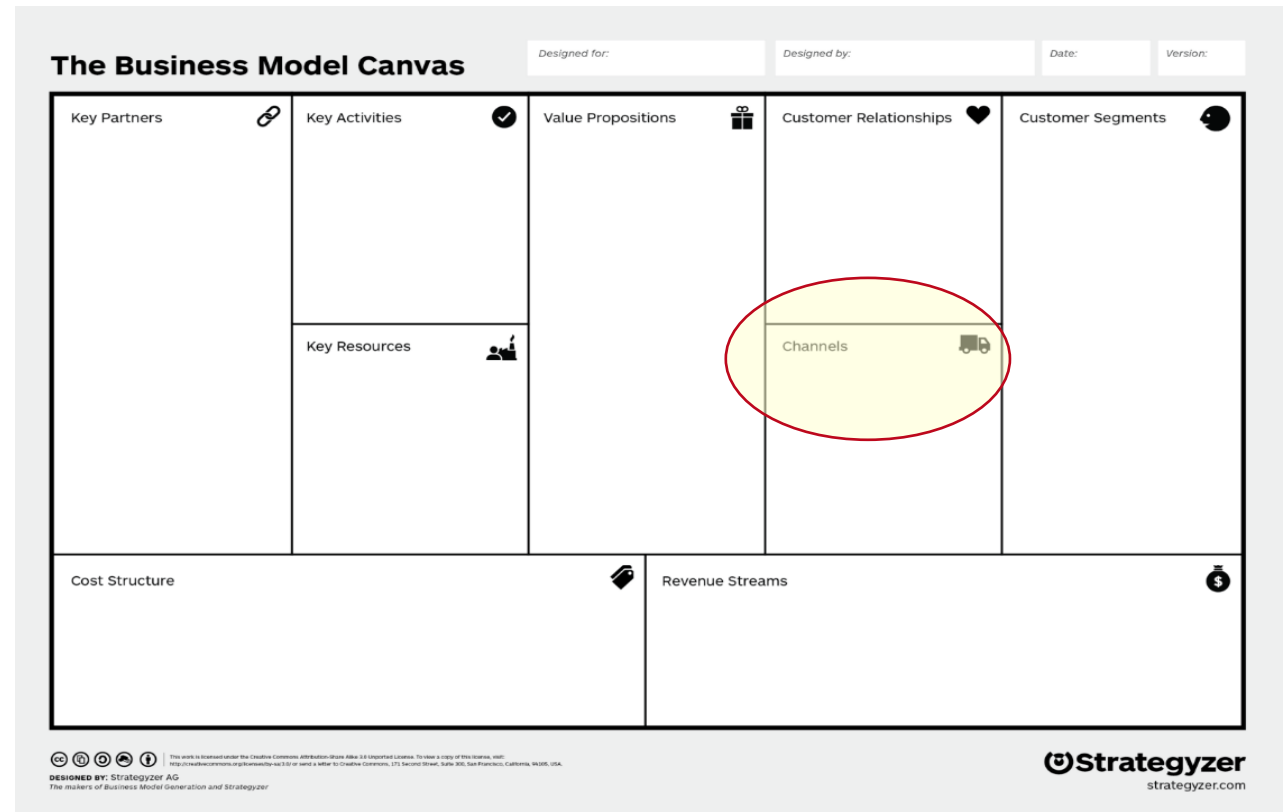
- A company can deliver its value proposition to its targeted customers through different channels.
- Effective channels will distribute a company's value proposition in ways that are fast, efficient and cost effective.



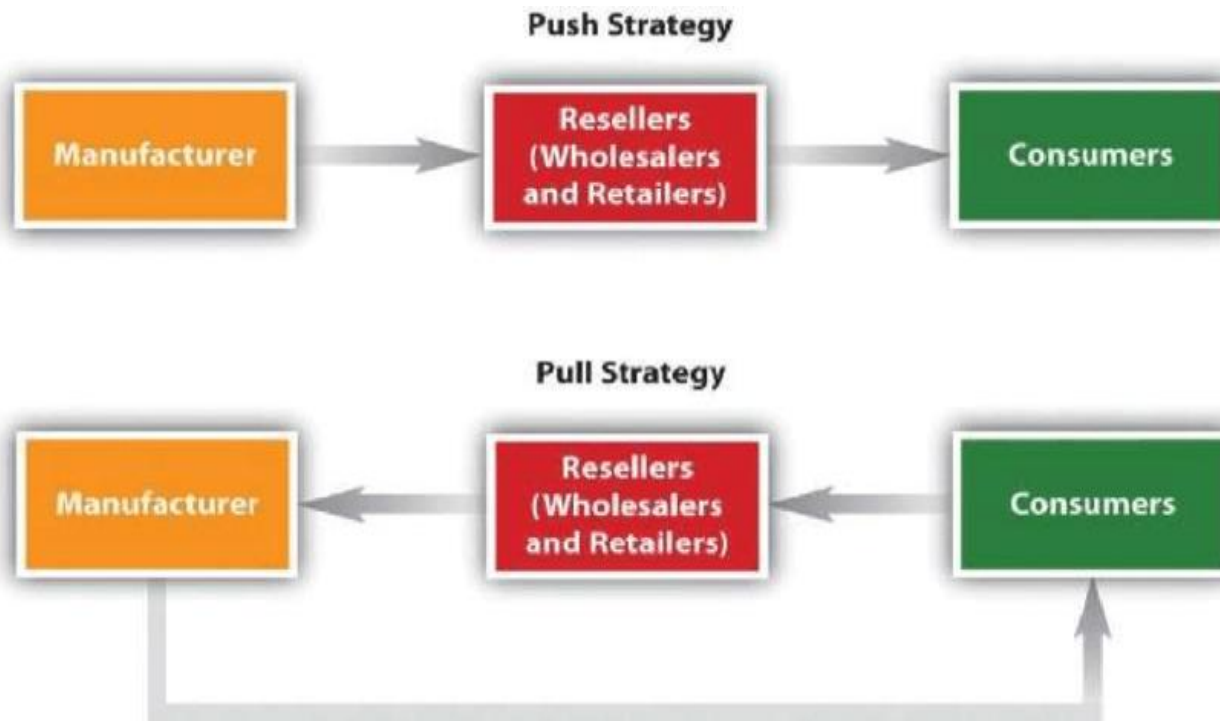
# BMC: 3. Channels

## 5 Questions

- How are we going to communicate the value proposition?
- How are we going to deliver the product to the customer?
- What are the customer favorite channels?
- Is there any integration between different channels?
- What are the channels that deliver the most bang for buck?



# BMC: 3. Channels



## Sales Channels



## BMC: 3. Channels

---

### Free Marketing Channels



### Paid Marketing Channels





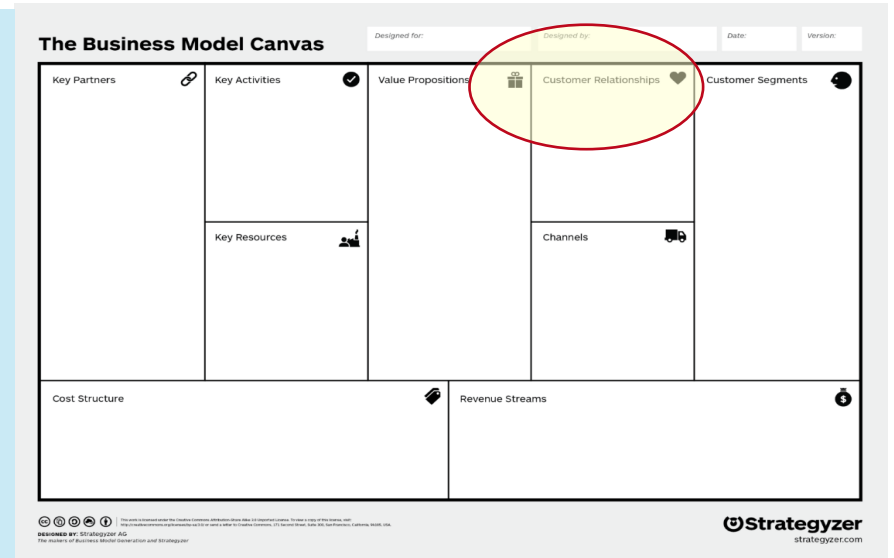
## BMC: 3. Channels – viral marketing



# BMC: 4. Customer relationship management

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

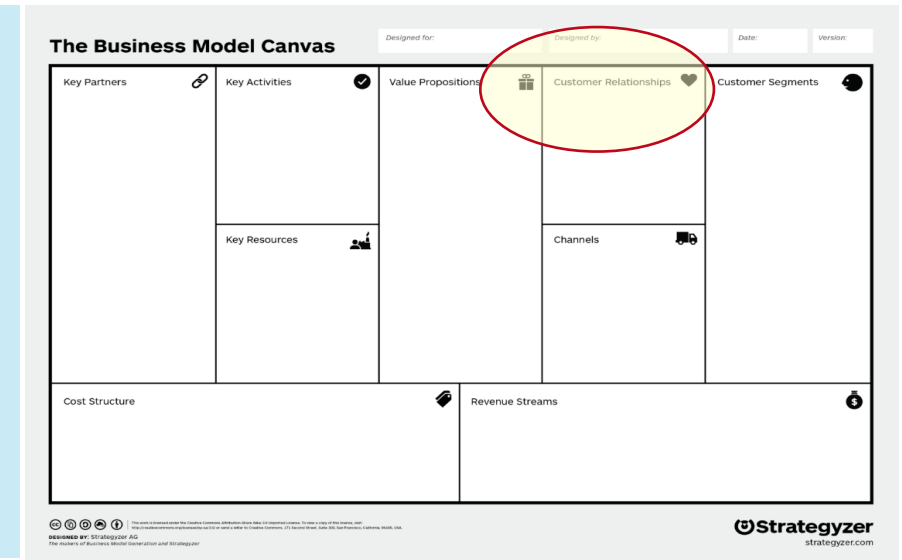
- Personal Assistance
- Dedicated Personal Assistance
- Self Service
- Automated Services
- Communities
- Co-creation



# BMC: 4. Customer relationship management

## 5 Questions

- How are we going to get customers?
- How are we going to retain customers?
- How are we going to grow our customer base?
- What kind of relationship do customers prefer?
- Is there any integration with the rest of the business model?



**Customization or Personalization of your offer**



# BMC: 5. Revenue streams

- The way a company makes income from each customer segment.



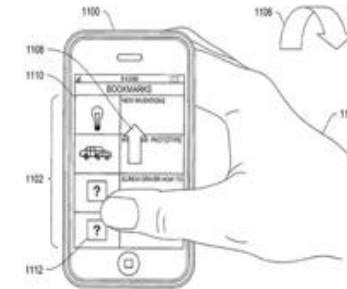
Leasing



Sale



Pay per usage



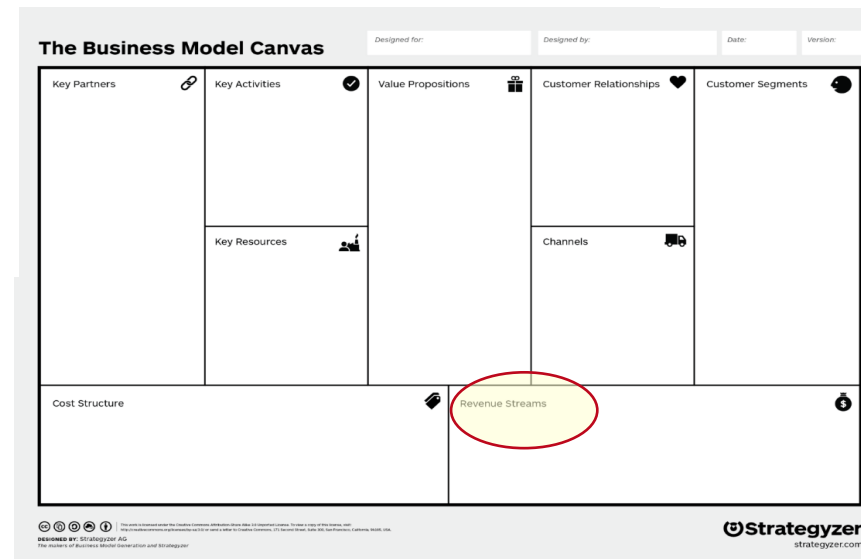
Royalties



Fixed Rent



Pre-paid

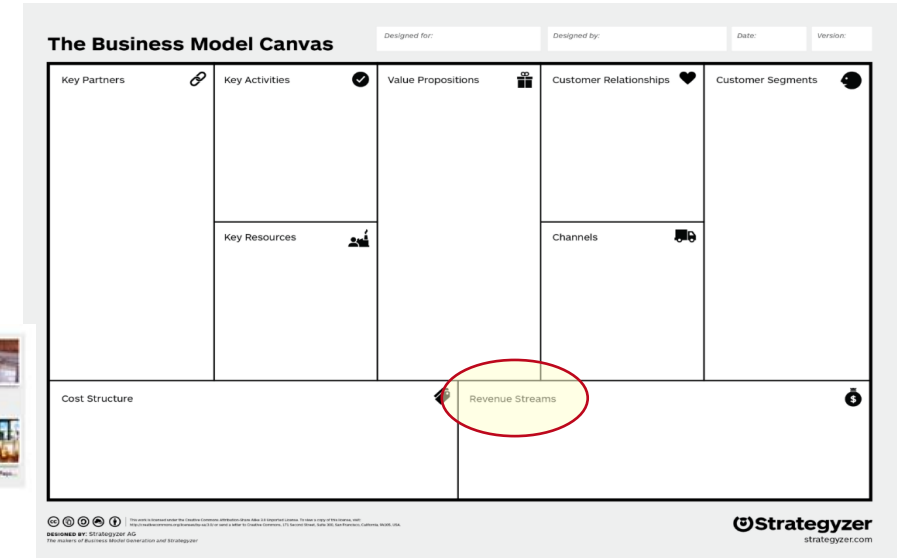
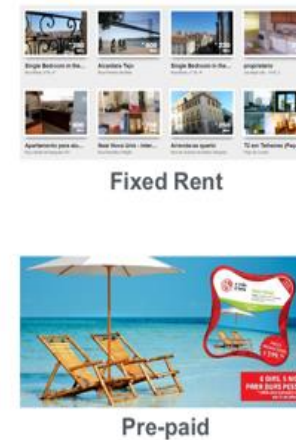
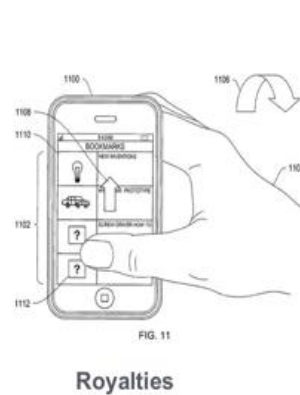




# BMC: 5. Revenue streams

## 5 Questions

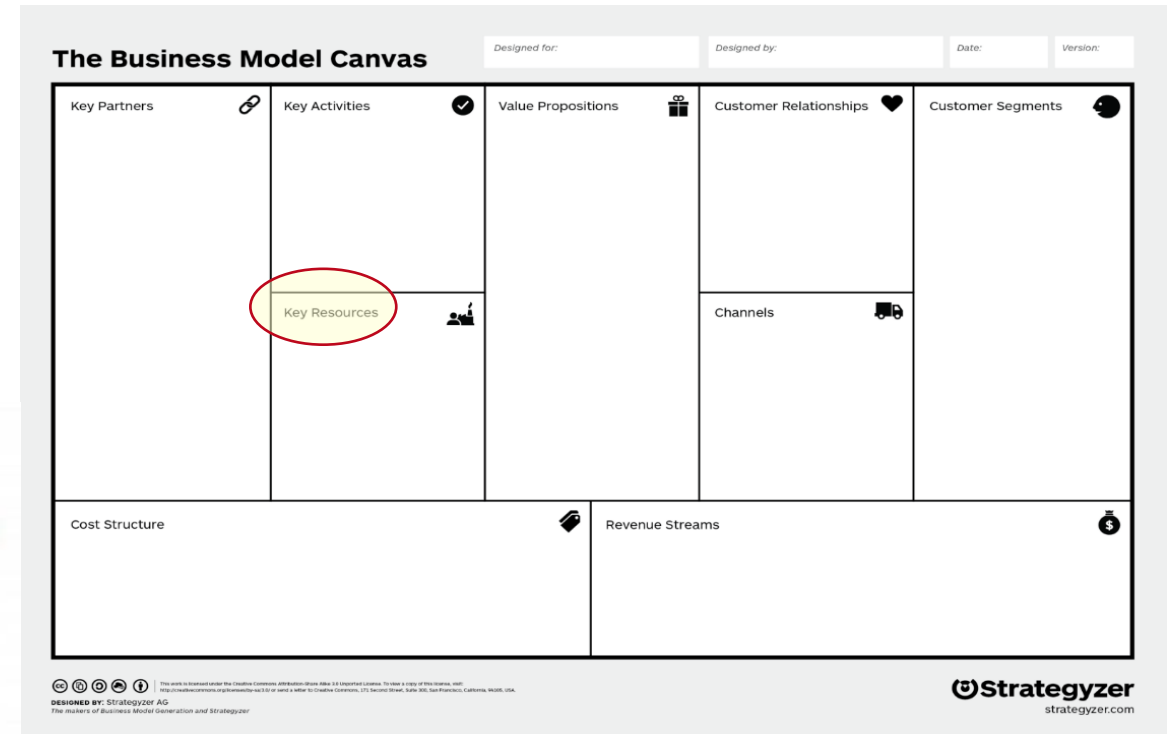
1. What are types of revenue sources? (examples)
2. What are the pricing models?
3. How much are customers willing to pay?
4. What customers value the most?
5. What is the share of each source on the total revenue?



# BMC: 6. Key resources

Are the assets required to offer and deliver value proposition to the customer?

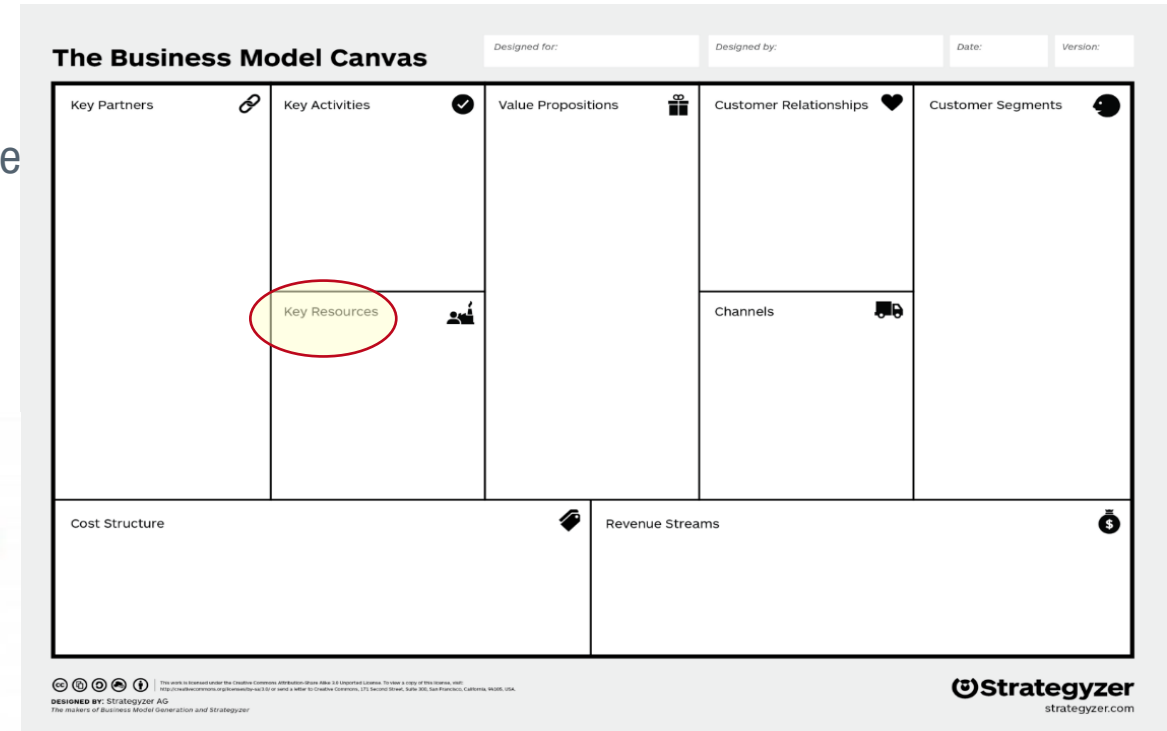
- Physical
- Intellectual
- Human
- Financial



# BMC: 6. Key resources

## 5- Questions

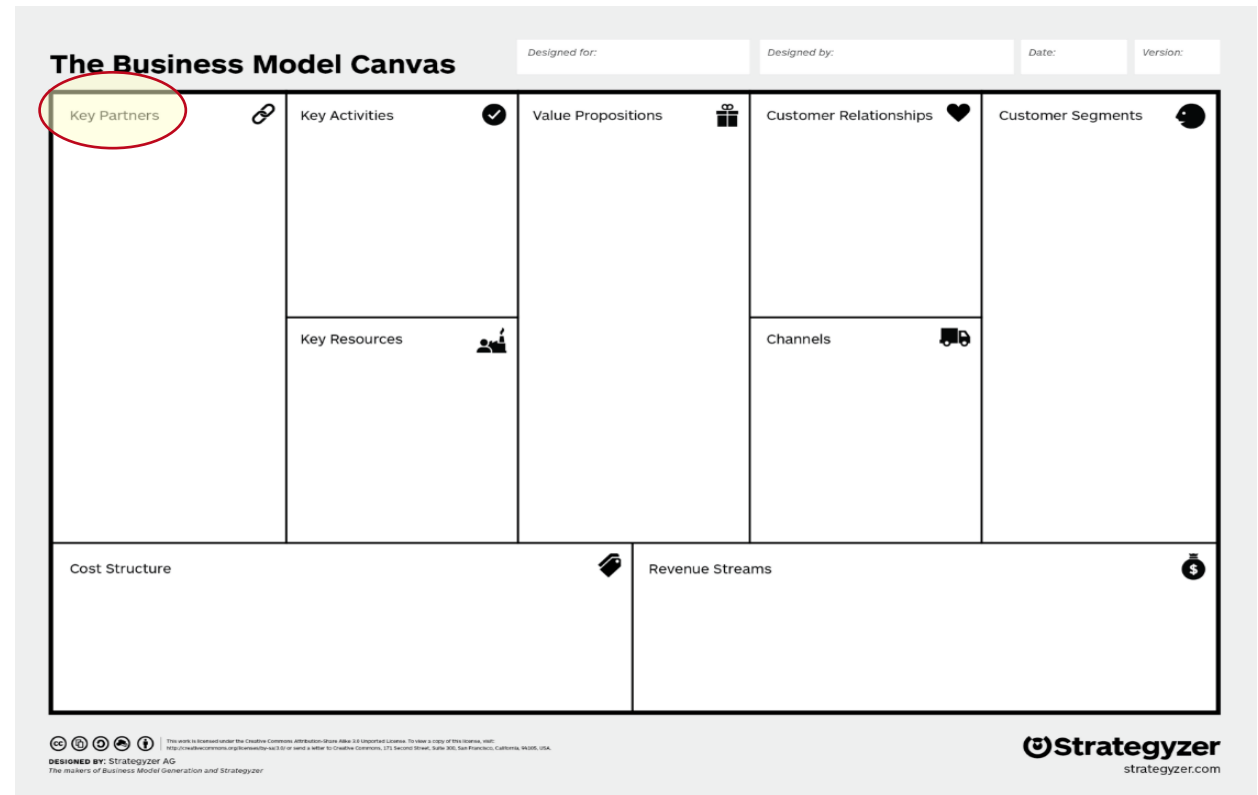
1. What are the critical resources?
2. How can I minimize risk?
3. What are the common characteristics of critical resources?
4. How can I obtain my critical resources?
5. How can I keep my critical resources?



# BMC: 7. Key partner

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.

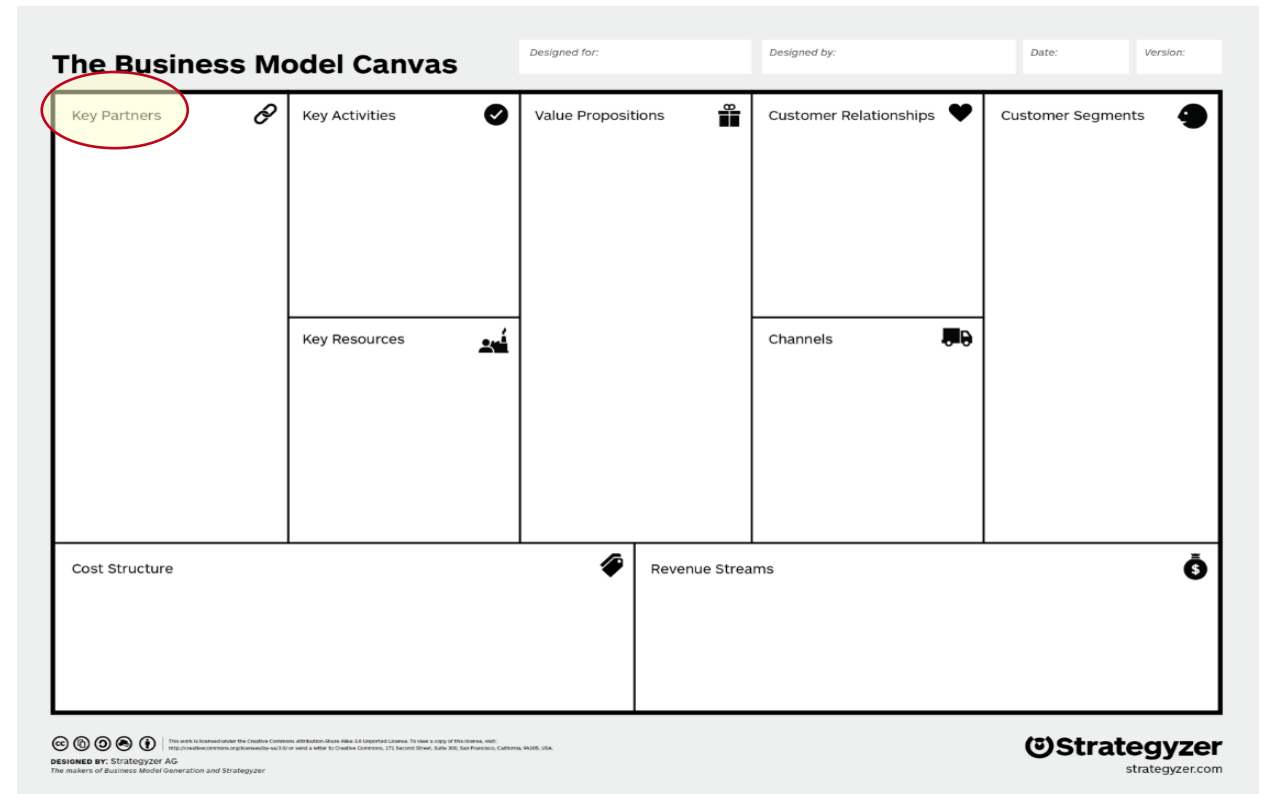
Complementary business alliances also can be considered through joint ventures, strategic alliances between competitors or non-competitors.



# BMC: 7. Key partner

## 5 Questions

1. Who are our critical partners?
2. Who are our critical suppliers?
3. Which key resources are we buying from suppliers and partners?
4. What kind of partnerships should we seek?
5. What is the best cluster/ supply-chain where I should be located?

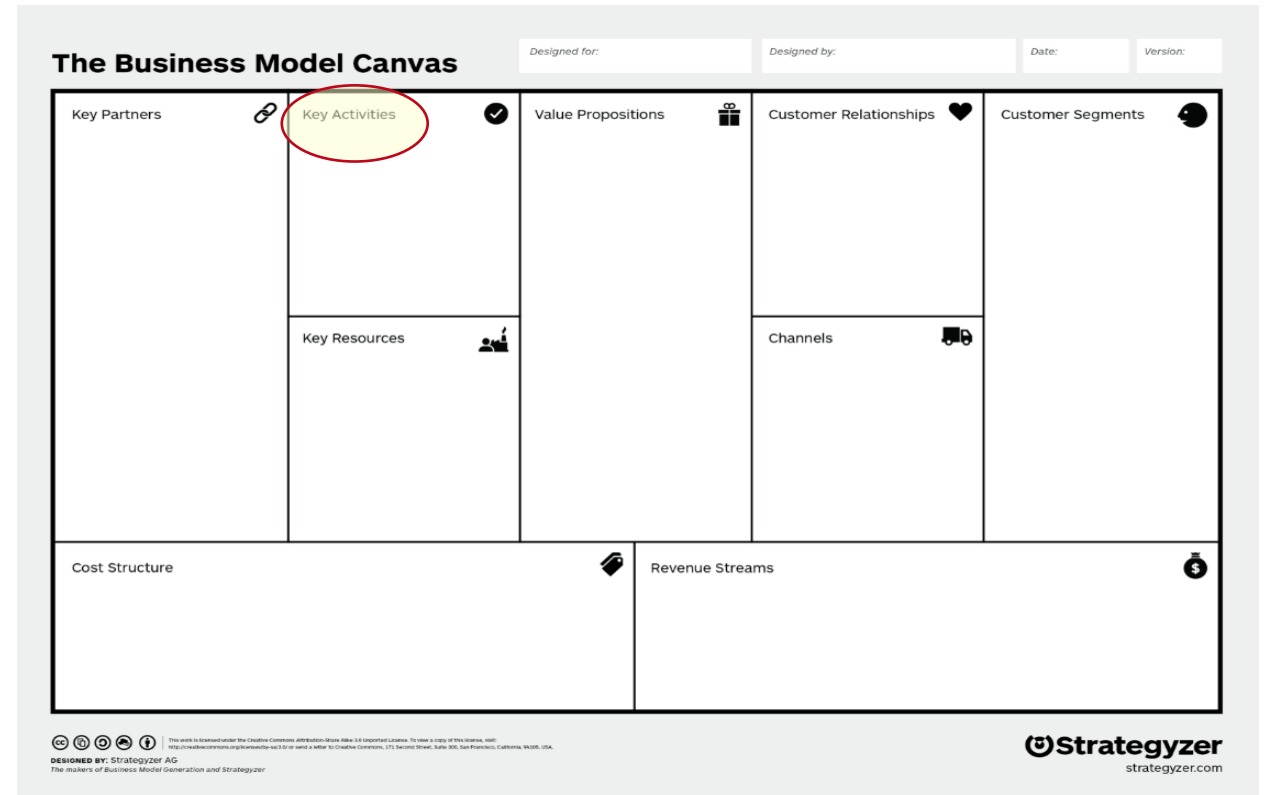


# BMC: 8. Key activities

The most important activities in executing a company's value proposition.

## 5 Questions

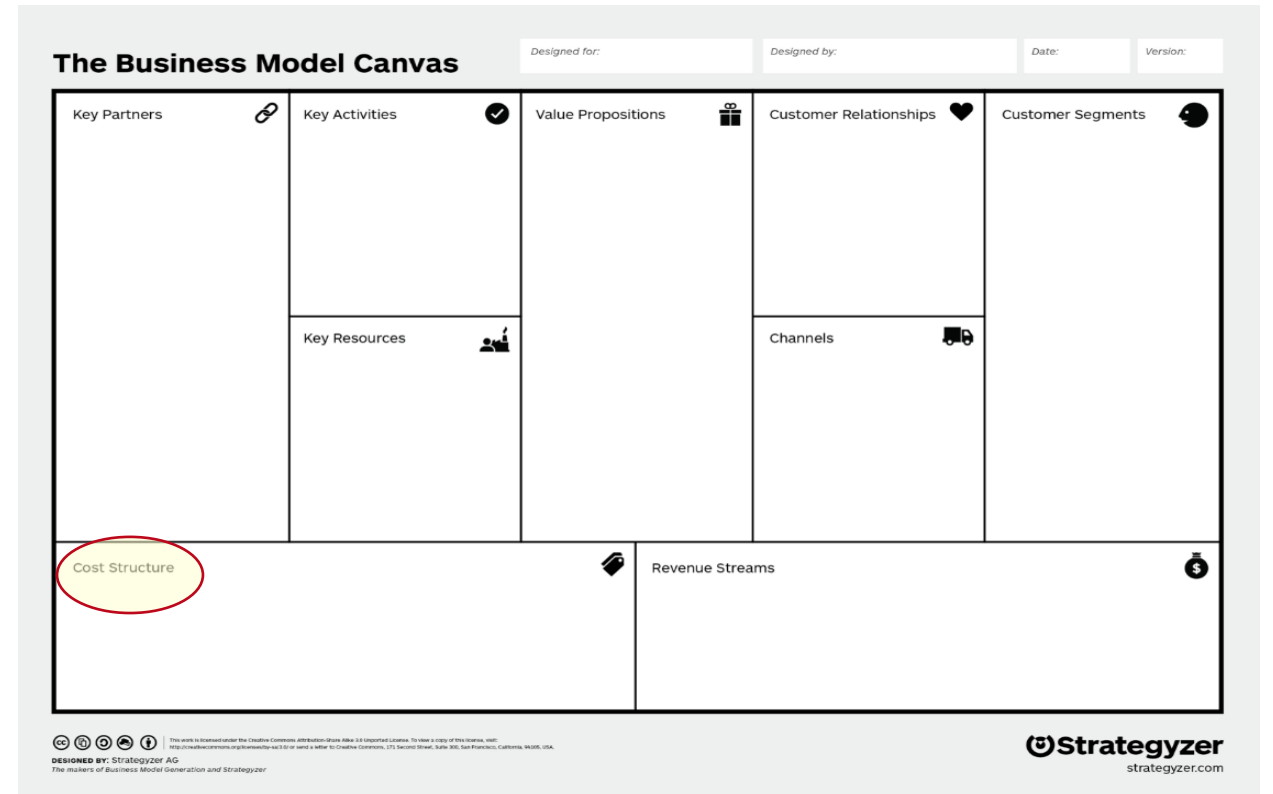
1. What are the critical activities of our business?
2. How can they be optimized?
3. Which activities can we automate?
4. Which activities should we outsource?
5. Which activities should we keep doing once in a while to keep in touch with reality?



# BMC: 9. Cost structure

This describes the most important monetary consequences while operating under different business models.

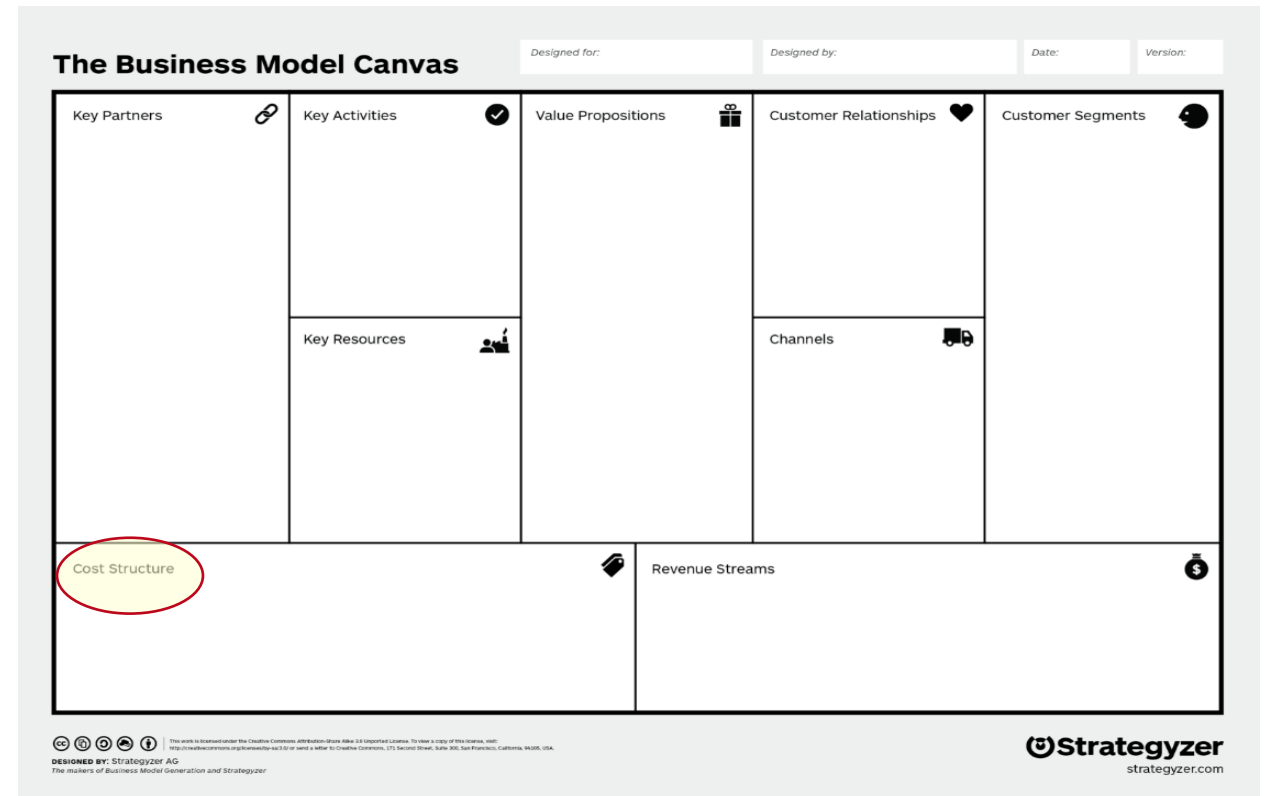
- Fixed Costs
- Variable Costs
- Economies of Scale
- Economies of Scope



# BMC: 9. Cost structure

## 5 Questions

1. What is the resulting cost structure?
2. Which resources have the most impact on the costs?
3. What are the most expensive activities?
4. Can you cut some costs via partnerships?
5. Can you have a leaner cost structure?

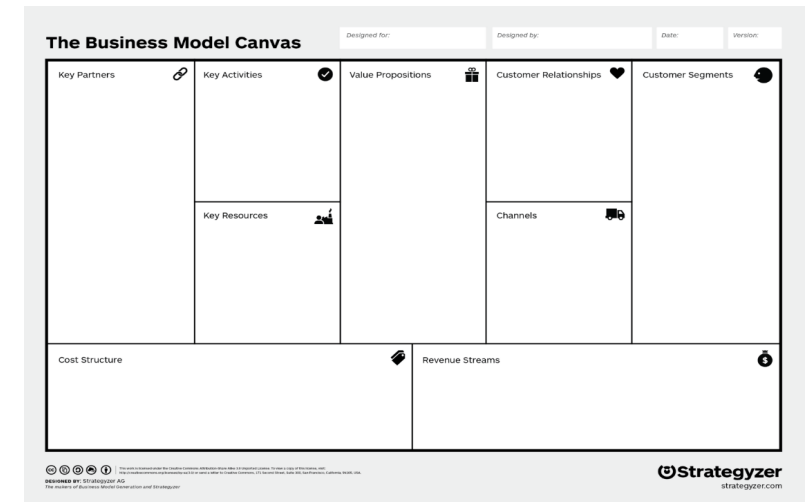
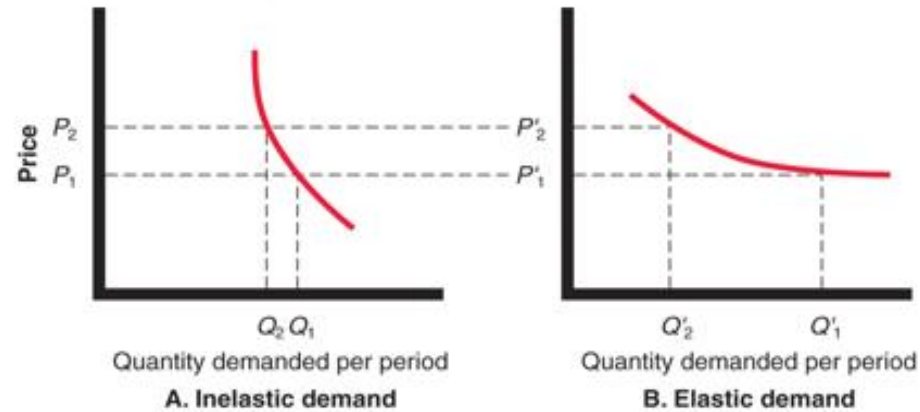




# BMC: 9. Cost structure – Setting your price

## Factors to Consider When Setting Prices

- **Internal** and **External** Considerations Affecting Price Decisions



# The BMC of NFTs

---

- The world is now obsessed with the business concept for NFT. And it is undeniable that NFTs are huge business, tremendously big business.
- However, some doubters believe that the NFT bubble will soon burst. NFTs are sold by real estate businesses, luxury fashion brands, sports leagues, and so on.
- The billionaire Mark Cuban is enthused about NFTs. According to him,
- “NFT’s have the potential to provide significant new income streams for artists and small enterprises. “
- He suggests starting a company. But, when is the greatest time to do it?



**Let's use the BMC to explain how a NFT company can create, deliver and capture value.**

# Case Study: Cosmos Company-BMC

---

Users will be able to buy, sell, and NFT's via the Cosmos website, which is at the heart of the company's business strategy. This concept has scalable potential.

They generate revenue by charging transaction fees anytime a digital item is purchased via their online marketplace.

Since its launch, Cosmos has been successful in raising over \$250 million via the selling of NFTs.

# Case Study: Cosmos Company-BMC

Business Model Canvas		Designed for:	Designed by:	Date:	Version:
<b>Key Partners</b> Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?  <b>MOTIVATIONS FOR PARTNERSHIPS:</b> Optimization and economy, Reduction of risk and uncertainty, Acquisition of particular resources and activities	<b>Key Activities</b> What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?  <b>CATEGORIES:</b> Production, Problem Solving, Platform/Network	<b>Value Propositions</b> 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?  <b>CHARACTERISTICS:</b> Newness, Performance, Customization, "Getting the Job Done", Design, Brand/Status, Price, Cost Reduction, Risk Reduction, Accessibility, Convenience/Usability	<b>Customer Relationships</b> 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?  <b>Channels</b> 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?	<b>Customer Segments</b> For whom are we creating value? Who are our most important customers? Is our customer base a Mass Market, Niche Market, Segmented, Diversified, Multi-sided Platform	
<b>Cost Structure</b>		<b>Revenue Streams</b>			

# Case Study: Cosmos Company-BMC

## 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 (leanest 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

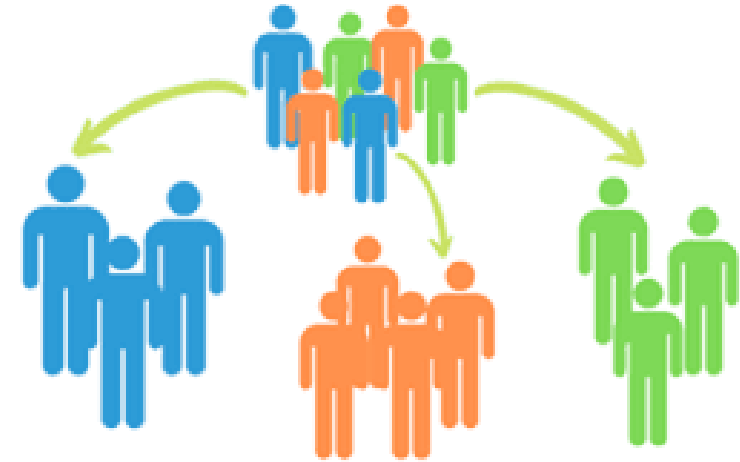
# Case Study: Cosmos Company-BMC

## 1. Cosmo's Customer Segments consist of:

- Buyers are individuals who purchase non-fungible tokens (NFTs) from other individuals; in the event of a popular NFT, buyers participate in auctions to outbid other individuals;
- Sellers are individuals who develop, market, and sell NFTs either as single assets or as a collection (bundle).

## 2. Cosmos's value proposition

- Cosmos provides to its customers a handy marketplace with a wide selection of NFTs.
- Cosmos provides A free-to-join NFT marketplace with a large buyer pool. Service costs account for just a tiny portion of the entire NFT cost.
- The mining cost are covered by the platform.



# Case Study: Cosmos Company-BMC

## 3. Cosmos's Channels consist of:

- Website
- App for Android and iOS



## 4. Cosmos's Customer Relationships consist of:

- Customer Service – CRM- "80-20 principle of pareto"
- Social Media



## 5. Cosmos's Revenue Streams consist of:

- Service Fee/Minting Fee
- Registration Fees
- Contract Approval Fees





# Case Study: Cosmos Company-BMC

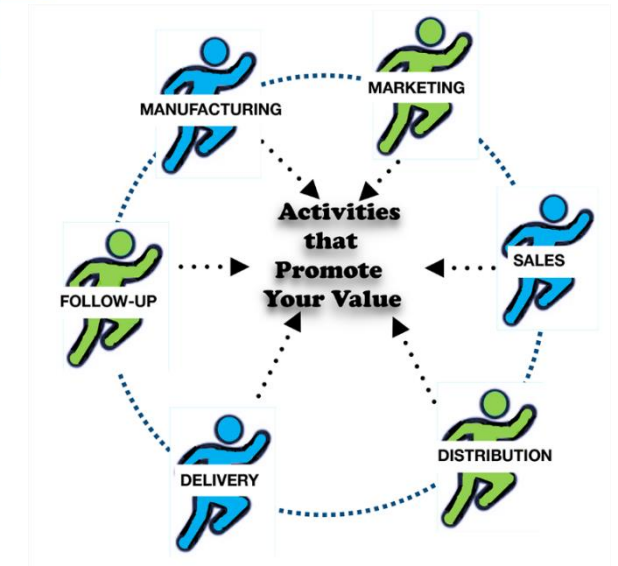
## 6. Cosmos's Key Resources consist of:

- App and Web Services
- Active Sellers & Buyers
- Digital Assets
- High skilled staff

## 7. Cosmos's Key Activities consist of:

- Payment Processing
- Marketplace Management
- NFT's Seminars and trainings
- P2P trade of digital assets

### Key Resources: Keys to Your Successful Business





# Case Study: Cosmos Company-BMC

---

## 8. Cosmos's Key Partners (

- Investors
- Buyers
- Sellers
- Sponsors
- Academia
- legislators



## 9. Cosmos's Cost Structure consists of: **Fixed and variable cost**

- Payment Processing Fees (VC)
- Salaries (VC)
- Website Maintenance (FC)

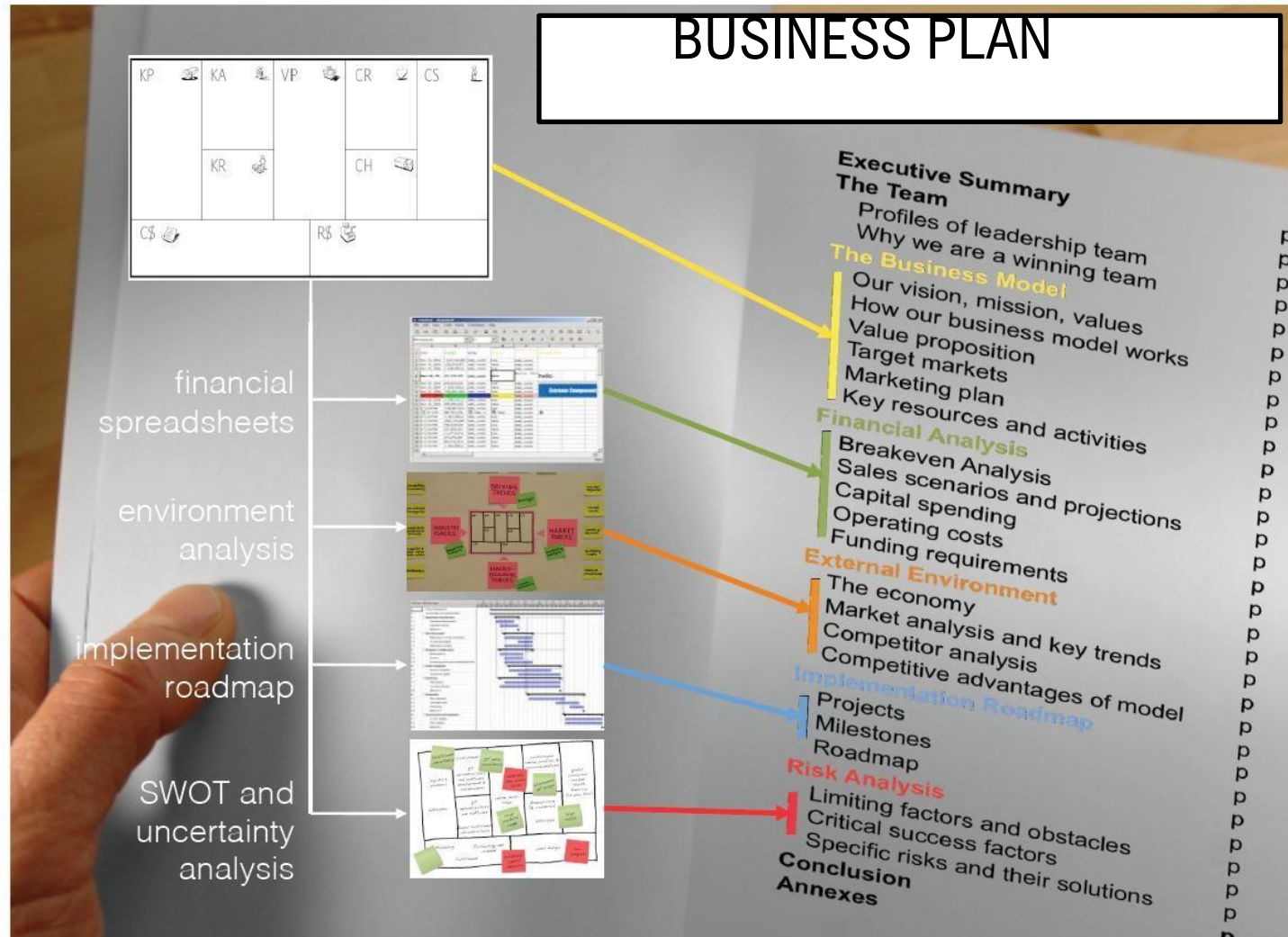


# SWOT- Analysis using the BMC and the VRIO

The VRIO and the BMC helps making a Solid SWOT analysis ( **strengths and weaknesses** )



# How it all fit into a business plan



# Conclusions

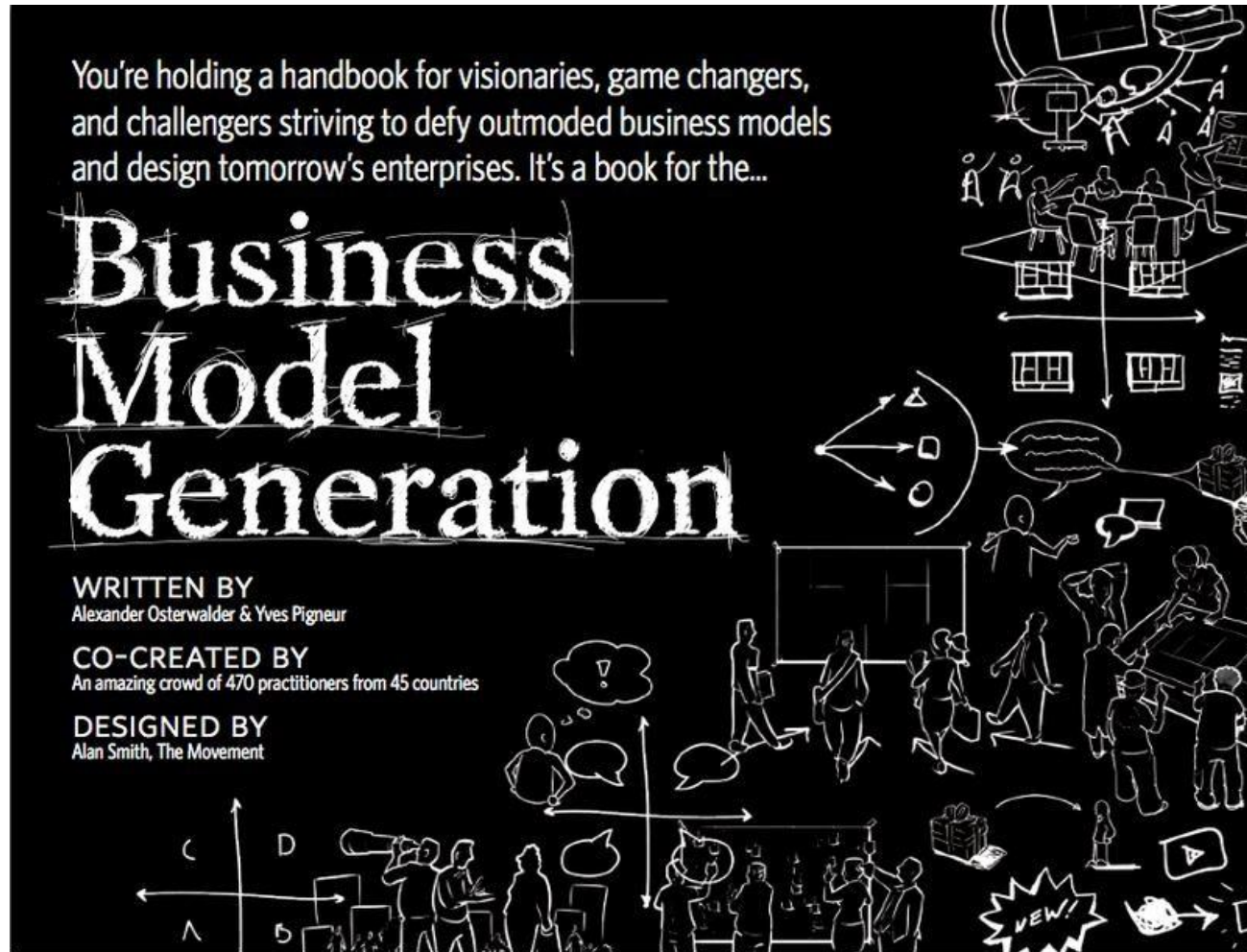
# Conclusions

---

- Business Model Canvas is can be considered as a tool to describe who an organization creates, delivers and captures value.
- It consists of 9 important areas:
  - Value proposition
  - Customer segments
  - Channels
  - Customer relationship management
  - Revenue streams
  - Key resources
  - Key activities
  - Cost structure

**Further reading**

## Further reading



## Further reading

---

- 1- <https://nl.pinterest.com/pin/405957353894126353/visual-search/?x=10&y=10&w=300&h=300&cropSource=6>
  - 2- <https://bbs.binus.ac.id/ibm/2020/12/business-model-innovation-surviving-from-similarity-in-business-model/>
  - 3- <https://www.business-to-you.com/vrio-from-firm-resources-to-competitive-advantage/>
  - 4 - <http://www.forbes.com/sites/louiscolumbus/2014/12/20/idc-predicts-saas-enterprise-applications-will-be-a-50-8b-market-by-2018/> ↵
- Leonard L. Berry, "Services Marketing Is Different," Business May/June 1980: 24–29.
- 5- <https://corporatefinanceinstitute.com/resources/knowledge/strategy/swot-analysis/>
  - 6- [https://www.researchgate.net/figure/The-push-and-pull-strategy\\_fig1\\_331070882](https://www.researchgate.net/figure/The-push-and-pull-strategy_fig1_331070882)
  - 7- <https://www.zogedrukt.nl/blog/de-leukste-guerilla-marketing-uitingen>
  - 8- [https://www.marketingfacts.nl/berichten/20110117\\_guerilla\\_marketing\\_alfabet\\_assvertising](https://www.marketingfacts.nl/berichten/20110117_guerilla_marketing_alfabet_assvertising)
  - 9- <https://www.smartkarrot.com/resources/blog/pareto-principle-80-20-rule-customer-success/>
  - 10- <https://itsagodthing.blog/2016/08/30/why-its-so-important-to-have-our-needs-met/>





UNIVERSITY *of* NICOSIA

## Questions?

Contact Us:

Prof. Marinos Themistocleous  
Themistocleous.m@unic.ac.cy  
Twitter: @Themistocleous6

Irene Dondjio  
Dondjio.i@Unic.ac.cy