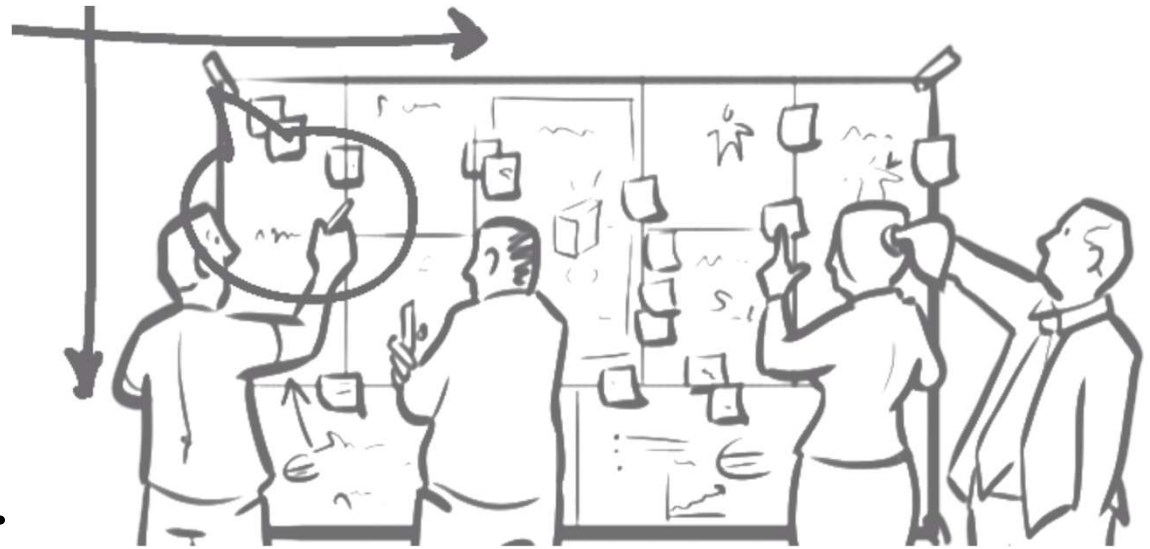


BUS100 **Business Modeling**

Dr. Rashed Refaat



A top-down view of a collaborative workspace. Several people are gathered around a large table, working together. Hand-drawn diagrams are visible on the table, including a central yellow circle with a lightbulb and three lightning bolts, surrounded by various icons like a magnifying glass, an eye, gears, puzzle pieces, and a computer monitor. The word 'DESIGN' is written near the bottom center, and 'RESEARCH' is written near the bottom left. The word 'INS' is written near the top center. The overall atmosphere is one of creative collaboration and problem-solving.

Six Business Model Design Techniques

1. Customer Insights,
2. Ideation,
3. Visual Thinking,
4. Prototyping,
5. Storytelling, and
6. **Scenarios.**

Scenarios

- The scenario is a **thinking tool** that helping to **reflect on** business models of **the future**.
- Scenario providing concrete **future contexts** for which we can invent appropriate business models.
- This is usually easier and **more productive than free brainstorming** about possible future business models.
- **The goal** of combining scenarios with business model innovation efforts is to help your organization **prepare for the future**.

Scenarios Types

1. First describes different customer settings
2. Describes future environments

Scenarios Types

- First type of is Describes different customer settings:
 - How products or services are used,
 - What kinds of customers use them, or
 - Customer concerns,
 - Desires, and
 - Objectives

- Such scenarios build on “customer insights” but go a step further by incorporating knowledge about customers into a set of distinct, concrete images, by describing a specific situation,
- A customer scenario makes customer insights tangible.

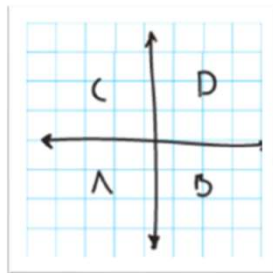
Scenarios Types

- A second type of scenario describes future environments in which a business model might compete.
- The goal here is not to predict the future, but rather to imagine possible futures in concrete detail.
- This exercise helps innovators reflect on the most appropriate business model for each of several future environments.

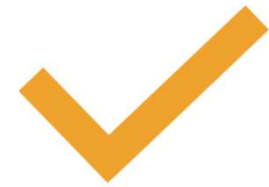
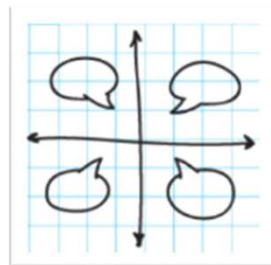
Future Scenarios and New Business Models



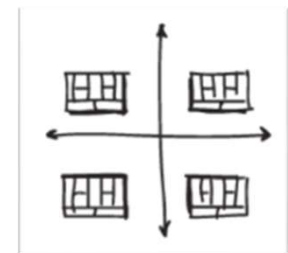
1) Develop a set of future scenarios based on two or more main criteria.



2) Describe each scenario with a story that outlines the main elements of the scenario



3) Workshop develop one or more appropriate business models for each scenario



Scenarios development process

1. Scenarios should be developed **before the business model workshop begins**.
2. Ideally you should **develop** between **two and four** different scenarios **based on two or more criteria** in order to run a good business model scenario workshop.
3. Each **scenario** should be **titled and described** with a short, specific narrative **outlining the main elements**.
4. Begin the workshop by asking participants to **review the scenarios**.
5. **develop** an appropriate **business model** for each.

Scenarios development process

If the objective is to **maximize a group's understanding** of all the potential futures,
(6) everyone to participate in a single group and let them collectively develop different business models for each scenario.

If the objective to **generating a set of very diverse future business models**,
(6) you might decide to organize participants into different groups that work in parallel on separate solutions for the various scenarios.

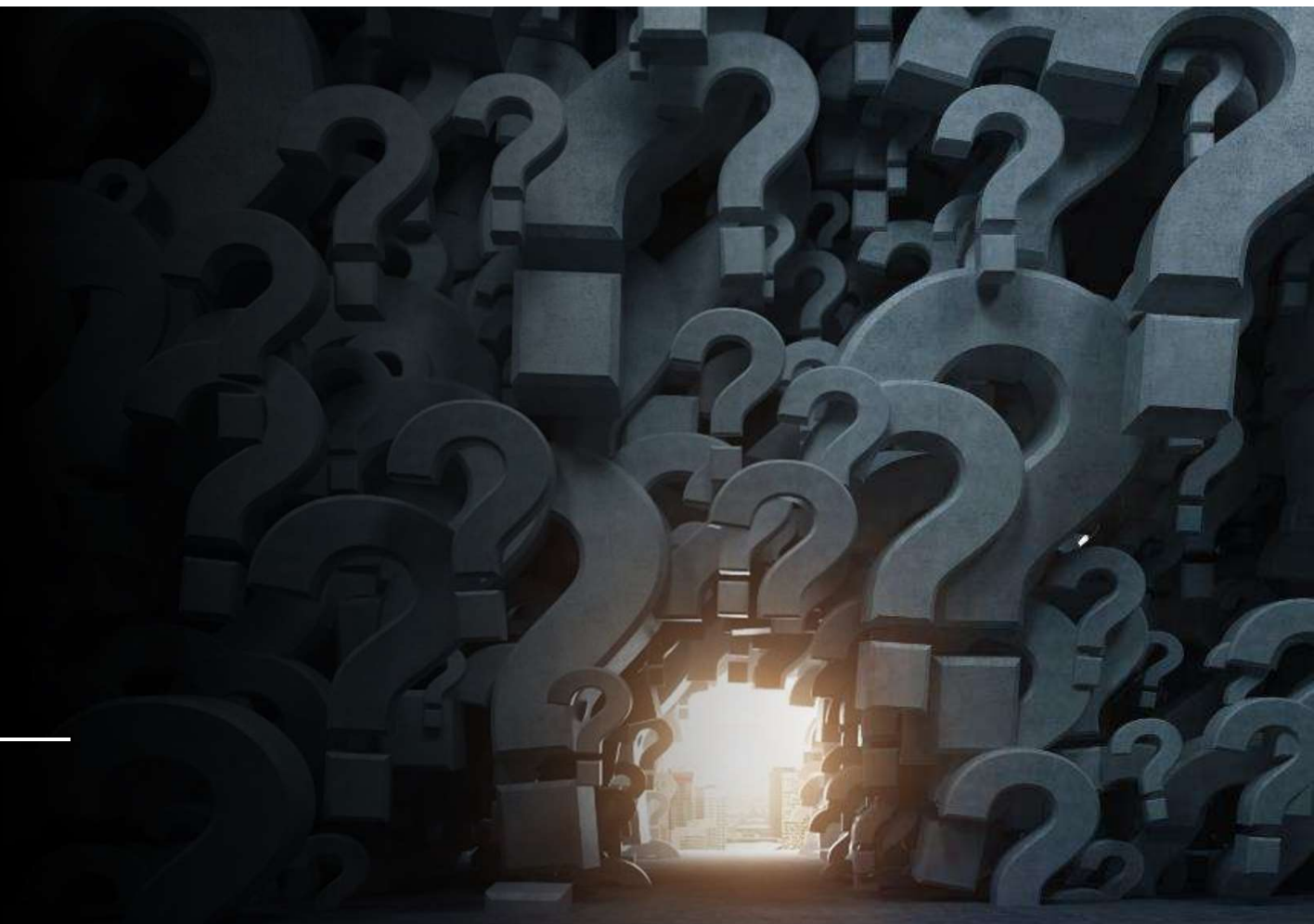


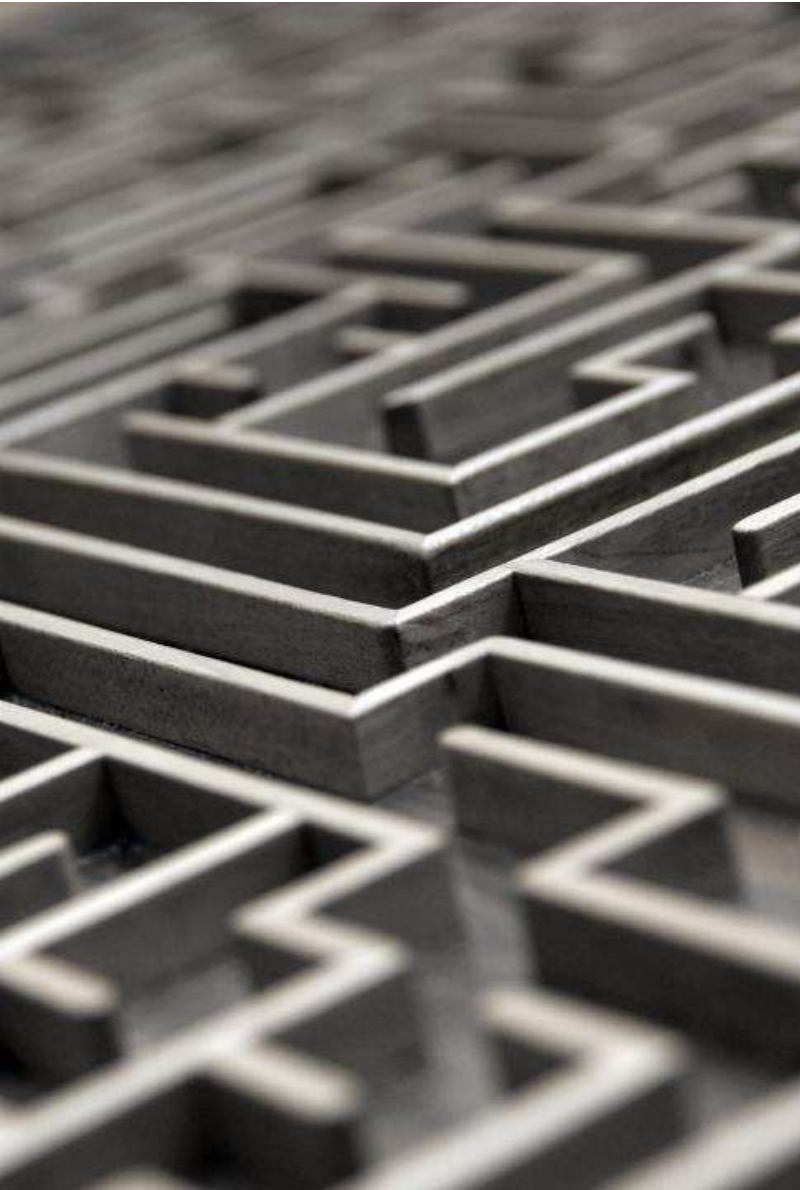
What you knew now?

- 1) Describing,
- 2) Discussing, and
- 3) Designing BM.,
- 4) Describing BM. patterns,
- 5) Explaining techniques that facilitate the design and invention of new business models.



Strategy





Objective

We are going to re-interpreting
strategy through the lens of the
Business Model Canvas.



Contents

- Business Model Environment
- Evaluating Business Models
- Business Model Perspective on Blue Ocean Strategy
- Managing Multiple Business Models



Contents

- Business Model Environment
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Business Model Environment

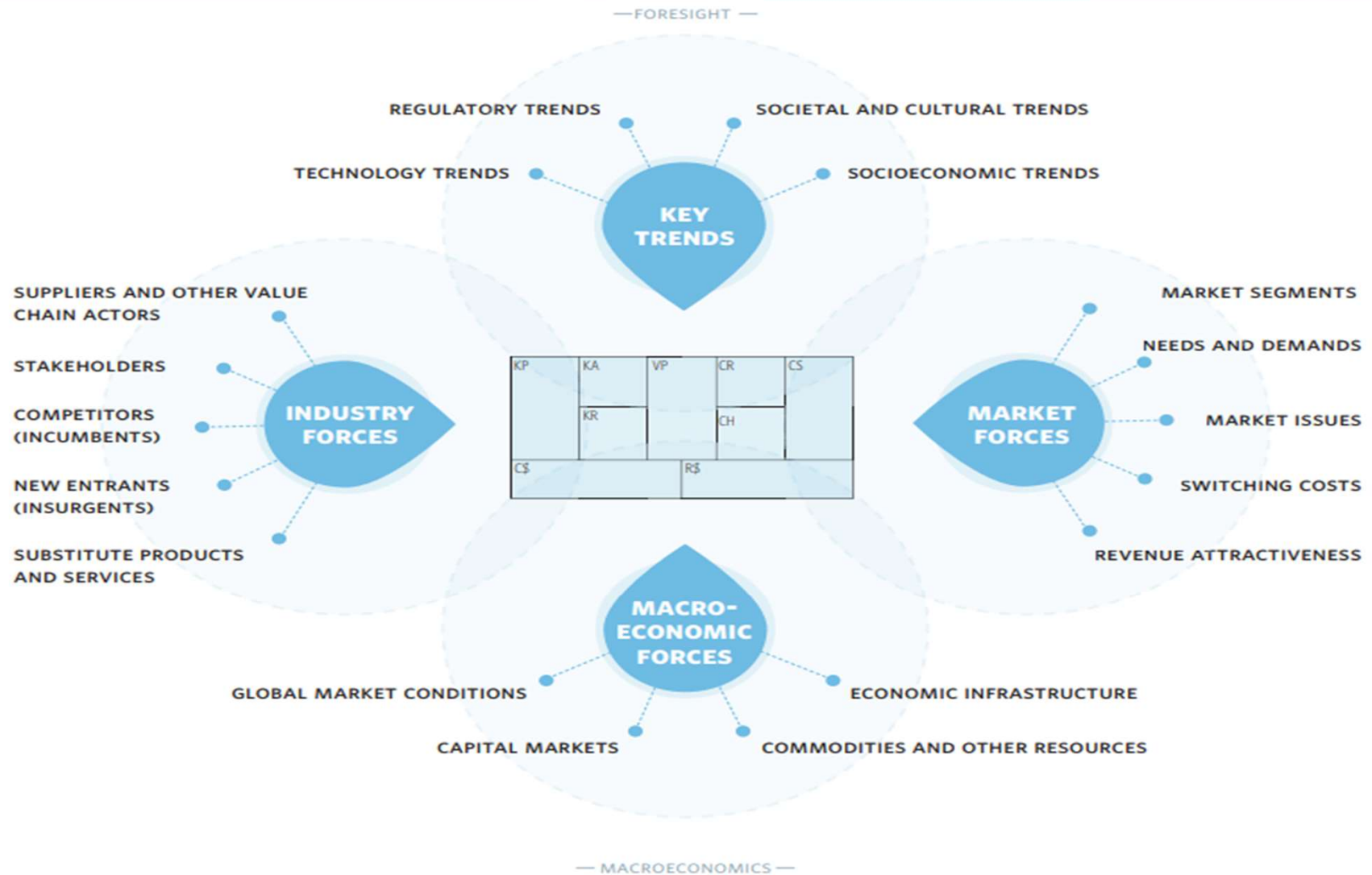
- Business models are designed and executed in specific environments.
- key external forces that influence business models and categorize them using the four areas just mentioned.



Business Model Environment Forces

Business Model “Design Space”, has four main Environment forces:

- (1) **Market** forces,
- (2) **Industry** forces,
- (3) **Key trends**, and
- (4) **Macroeconomic** forces.





Main Qs

What are the crucial issues affecting the customer landscape? Which shifts are underway? Where is the market heading?

What are the most important Customer Segments? Where is the biggest growth potential? Which segments are declining? Which peripheral segments deserve attention?

What do customers need? Where are the biggest unsatisfied customer needs? What do customers really want to get done? Where is demand increasing? Declining?

What binds customers to a company and its offer? What switching costs prevent customers from defecting to competitors? Is it easy for customers to find and purchase similar offers? How important is brand?

What are customers really willing to pay for? Where can the largest margins be achieved? Can customers easily find and purchase cheaper products and services?

INDUSTRY FORCES

— COMPETITIVE ANALYSIS —

COMPETITORS (INCUMBENTS)

Identifies incumbent competitors and their relative strengths

NEW ENTRANTS (INSURGENTS)

Identifies new, insurgent players and determines whether they compete with a business model different from yours

SUBSTITUTE PRODUCTS AND SERVICES

Describes potential substitutes for your offers—including those from other markets and industries

SUPPLIERS AND OTHER VALUE CHAIN ACTORS

Describes the key value chain incumbents in your market and spots new, emerging players

STAKEHOLDERS

Specifies which actors may influence your organization and business model

Main Qs

Who are our competitors? Who are the dominant players in our particular sector? What are their competitive advantages or disadvantages? Describe their main offers. Which Customer Segments are they focusing on? What is their Cost Structure? How much influence do they exert on our Customer Segments, Revenue Streams, and margins?

Who are the new entrants in your market? How are they different? What competitive advantages or disadvantages do they have? Which barriers must they overcome? What are their Value Propositions? Which Customer Segments are they focused on? What is their Cost Structure? To what extent do they influence your Customer Segments, Revenue Streams, and margins?

Which products or services could replace ours? How much do they cost compared to ours? How easy it is for customers to switch to these substitutes? What business model traditions do these substitute products stem from (e.g. high-speed trains versus airplanes, mobile phones versus cameras, Skype versus long-distance telephone companies)?

Who are the key players in your industry value chain? To what extent does your business model depend on other players? Are peripheral players emerging? Which are most profitable?

Which stakeholders might influence your business model? How influential are shareholders? Workers? The government? Lobbyists?

KEY TRENDS

— FORESIGHT —

TECHNOLOGY TRENDS

Identifies technology trends that could threaten your business model—or enable it to evolve or improve

REGULATORY TRENDS

Describes regulations and regulatory trends that influence your business model

SOCIETAL AND CULTURAL TRENDS

Identifies major societal trends that may influence your business model

SOCIOECONOMIC TRENDS

Outlines major socioeconomic trends relevant to your business model

Main Qs

What are the major technology trends both inside and outside your market? Which technologies represent important opportunities or disruptive threats? Which emerging technologies are peripheral customers adopting?

Which regulatory trends influence your market? What rules may affect your business model? Which regulations and taxes affect customer demand?

Describe key societal trends. Which shifts in cultural or societal values affect your business model? Which trends might influence buyer behavior?

What are the key demographic trends? How would you characterize income and wealth distribution in your market? How high are disposable incomes? Describe spending patterns in your market (e.g. housing, health-care, entertainment, etc.). What portion of the population lives in urban areas as opposed to rural settings?

MACRO-ECONOMIC FORCES

— MACROECONOMICS —

GLOBAL MARKET CONDITIONS

Outlines current overall conditions from a macroeconomic perspective

CAPITAL MARKETS

Describes current capital market conditions as they relate to your capital needs

COMMODITIES AND OTHER RESOURCES

Highlights current prices and price trends for resources required for your business model

ECONOMIC INFRASTRUCTURE

Describes the economic infrastructure of the market in which your business operates

Main Qs

Is the economy in a boom or bust phase? Describe general market sentiment. What is the GDP growth rate? How high is the unemployment rate?

What is the state of the capital markets? How easy is it to obtain funding in your particular market? Is seed capital, venture capital, public funding, market capital, or credit readily available? How costly is it to procure funds?

Describe the current status of markets for commodities and other resources essential to your business (e.g. oil prices and labor costs). How easy is it to obtain the resources needed to execute your business model (e.g. attract prime talent)? How costly are they? Where are prices headed?

How good is the (public) infrastructure in your market? How would you characterize transportation, trade, school quality, and access to suppliers and customers? How high are individual and corporate taxes? How good are public services for organizations? How would you rate the quality of life?

How should your business model evolve considering a changing environment?

A competitive business model that makes sense in today's environment might be outdated or even obsolete tomorrow.

