

# CIS 315 WEEK 5: CORPORATE STRATEGY AND REQUIREMENTS DETERMINATION

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## THE BUSINESS MODEL CANVAS IN YOUR PROJECT



LAYING OUT THE  
NECESSARY PIECES

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**HOW SHOULD  
WE BUILD IT?**

## THE BUSINESS MODEL CANVAS (BMC)

- ▶ balanced scorecard
- ▶ like vsa / kanban, but updated for the tech industry
- ▶ popular / commonly discussed
- ▶ used in mid-stage strategic planning
  - ▶ throughout the biz cycle

# The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

## Key Partners



Who are our Key Partners?  
Who are our key suppliers?  
Which Key Resources are we acquiring from partners?  
Which Key Activities do partners perform?

**MOTIVATIONS FOR PARTNERSHIPS**  
Optimization and economy  
Reduction of risk and uncertainty  
Acquisition of particular resources and activities

## Key Activities



What Key Activities do our Value Propositions require?  
Our Distribution Channels?  
Customer Relationships?  
Revenue streams?

**CATEGORIES**  
Production  
Problem Solving  
Platform/Network

## Value Propositions



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?

**CHARACTERISTICS**  
Newness  
Performance  
Customization  
"Getting the Job Done"  
Design  
Brand/Status  
Price  
Cost Reduction  
Risk Reduction  
Accessibility  
Convenience/Usability

## Customer Relationships



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?

**EXAMPLES**  
Personal assistance  
Dedicated Personal Assistance  
Self-Service  
Automated Services  
Communities  
Co-creation

## Customer Segments



For whom are we creating value?  
Who are our most important customers?

Mass Market  
Niche Market  
Segmented  
Diversified  
Multi-sided Platform

## Key Resources



What Key Resources do our Value Propositions require?  
Our Distribution Channels? Customer Relationships?  
Revenue Streams?

**TYPES OF RESOURCES**  
Physical  
Intellectual (brand patents, copyrights, data)  
Human  
Financial

## Channels



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?

**CHANNEL PHASES**  
1. Awareness  
How do we raise awareness about our company's products and services?  
2. Evaluation  
How do we help customers evaluate our organization's Value Proposition?  
3. Purchase  
How do we allow customers to purchase specific products and services?  
4. Delivery  
How do we deliver a Value Proposition to customers?  
5. After sales  
How do we provide post-purchase customer support?

## 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



DESIGNED BY: Business Model Foundry AG  
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# CAN YOU TAKE INTO CONSIDERATION AN ENTIRE VSA AND MARKET PROBLEM DOMAIN, IN ONE PICTURE?

- ▶ understanding your basic strategic situation from SWOT
- ▶ factoring in your root cause analysis, using ishikawa
- ▶ can you lay out a model organization, balancing production apparatus with market situation?
- ▶ bmc is meant to do this



**BEFORE YOU DO, PRACTICE  
USING THE BMC**

**stefan b**

# HOW DO WE MOVE TOWARD PRODUCEABLE SOFTWARE?

- ▶ the job of the systems analyst is to describe how to capitalize in an opportunity, laid out by an executive group
- ▶ here, you're the exec (a little practice for your future)
- ▶ but you must model how your system must interact with the market
- ▶ this is the point of the middle section of the diagram -- it is the product, which balances your strengths, with the emergent opportunity







# DOERS LEARN DOING BY DOING

**stefan b**



## WHAT'S AHEAD

- ▶ bmc leads into business motivation modeling (bmm)
- ▶ BMM takes all your studies and combines them into a repository, where we tell the story of why we are doing what we're doing
- ▶ bmm is for professional business planners, and strategists
- ▶ bmm is a true top-level management tool, demanded of execs
- ▶ since you're the exec, you need this, to establish lines of business, to handle your BMC

## BMC -> BMM -> BPMN

- ▶ to execute the strategy period:
  - ▶ BMC establishes a potential business model, balancing opportunity and strengths
  - ▶ BMM lays out your mission, strategies to support it, then tactics you'll need to execute strategy
  - ▶ BPMN: Business Process Model Notation, lays out how people will interact with a new IT system, considering how they'll do their job (most jobs require IT interaction)

LET'S TAKE IT OUT FOR A SPIN

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**TIME TO PRACTICE MAKING A  
BUSINESS MODEL CANVAS**