

# Business Model Canvas










“Think of a business model canvas as a mission statement for your product roadmap.”

# Introduction to BMC

- A business model canvas is a one-page summary describing the high-level strategic details needed to get a business (or product) successfully to market.
- WHY BMC??

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

The nine "building blocks" of the business model design template that came to be called the Business Model Canvas were initially proposed in 2005 by [Alexander Osterwalder](#)

<p><i>Key Partners</i> </p> <p><b>(Key Partners)</b></p>	<p><i>Key Activities</i> </p> <p><b>(Key Activities)</b></p>	<p><i>Value Propositions</i> </p> <p><b>(Value Propositions)</b></p>	<p><i>Customer Relationships</i> </p> <p><b>(Customer Relationships)</b></p>	<p><i>Customer Segments</i> </p> <p><b>(Customer Segments)</b></p>
	<p><i>Key Resources</i> </p> <p><b>(Key Resources)</b></p>		<p><i>Channels</i> </p> <p><b>(Channels)</b></p>	
<p><i>Cost Structure</i> </p> <p><b>(Cost Structure)</b></p>			<p><i>Revenue Streams</i> </p> <p><b>(Revenue Streams)</b></p>	

### Key Partners

Who are our key partners?  
Who are our key suppliers?  
Which key resources are we acquiring from them?

Types of partnerships

- Strategic alliance
- Coopetition
- Joint ventures
- Buyer-supplier relationships

### Key Activities

What key activities do our value propositions require?  
Our distribution channels? Customer relationships? Revenue streams?

Categories

- Production
- Problem-solving
- Platform/ Network

### Key Resources

What key resources do our value propositions require?

Types of resources

- Human
- Physical
- Intellectual
- Financial

### Value Propositions

What values do we deliver to the customer?  
Which one of our customer's problems are we trying to solve?  
What products and services are we offering to our customer segments?  
Which customer needs are we satisfying?

### Customer Relationships

What type of relationships do our customers expect us to establish and maintain with them? Which ones have we established? How costly are they?

- Personal assistance
- Dedicated personal assistance
- Self-service
- Automated services
- Communities
- Co-creation

### Distribution Channels

Through which channels do our customers want to be reached? How are we reaching them now? Which ones work best and are cost-efficient?

Types of channels

- Owned channels
- Partner channels

### Customer Segments

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

Customer segment types

- Mass market
- Niche market
- Segmented
- Diversified
- Multi-sided platform

### Cost Structure

What are the most important costs inherent in our business model? Which key resources and activities are most expensive? Is our business more cost-driven or value-driven?

### Revenue Streams

For what value our customers are willing to pay? For what do they currently pay? How are they currently paying? How much does each revenue stream contribute to our overall revenues?

Types of revenue stream

- Asset sales
- Usage fee
- Subscription fee
- Lending/ leasing/ renting
- Licensing
- Brokerage fees
- Advertising

# The blocks on the BMC are:

**Customer Segments:** Who are the customers? What do they think? See? Feel? Do?

**Value Propositions:** What's compelling about the proposition? Why do customers buy, use?

**Channels:** How are these propositions promoted, sold and delivered? Why? Is it working?

**Customer Relationships:** How do you interact with the customer through their 'journey'?

**Revenue Streams:** How does the business earn revenue from the value propositions?

**Key Activities:** What uniquely strategic things does the business do to deliver its proposition?

**Key Resources:** What unique strategic assets must the business have to compete?

**Key Partnerships:** What can the company not do so it can focus on its Key Activities?

**Cost Structure:** What are the business' major cost drivers? How are they linked to revenue?

# BUSINESS MODEL CANVAS – ZARA

<p>● <b>KEY PARTNERS</b></p> <p>Providers</p> <p>Holding company (Inditex)</p> <p>8</p>	<p>● <b>KEY ACTIVITIES</b></p> <p>Design Manufacturing Retail process (point of sale &amp; 3rd party management) Distribution channels and logistics</p> <p>● <b>KEY RESOURCES</b></p> <p>Stock</p> <p>Large network of stores</p> <p>Strong brand Logistics and supply chain infrastructure</p>	<p>● <b>VALUE PROPOSITIONS</b></p> <p>Fashionable clothes</p> <p>Accessories</p> <p>Great eCommerce experience</p> <p>Flagship store experience</p> <p>Fast-fashion</p>	<p>● <b>CUSTOMER RELATIONSHIPS</b></p> <p>Salesperson at store Brand through social media Sentimental attachment to clothing/accessories</p> <p>● <b>CHANNELS</b></p> <p>Direct store</p> <p>Online</p> <p>Social media</p>	<p>● <b>CUSTOMER SEGMENTS</b></p> <p>Men</p> <p>Women</p> <p>Children</p> <p>1</p>
<p>● <b>COST</b></p> <p>Fixed (rent, payroll, etc.) Variables associated with sale of goods</p> <p>9</p>		<p>● <b>REVENUE STREAMS</b></p> <p>Sales of clothing and accessories</p> <p>5</p>		

# BUSINESS MODEL CANVAS – NETFLIX

<p>● <b>KEY PARTNERS</b></p> <p>Internet service providers (ISP)</p> <p>3rd party studios</p> <p>8</p>	<p>● <b>KEY ACTIVITIES</b></p> <p>Content procurement</p> <p>Application development</p> <p>3rd party licensing</p> <p>7</p>	<p>● <b>VALUE PROPOSITIONS</b></p> <p>On-demand video</p> <p>Huge selection of content</p> <p>Original content</p> <p>Competitive price point</p> <p>2</p>	<p>● <b>CUSTOMER RELATIONSHIPS</b></p> <p>Self-service platform</p> <p>4</p>	<p>● <b>CUSTOMER SEGMENTS</b></p> <p>Mass market</p> <p>1</p>
<p>● <b>COST</b></p> <p>In-house content production</p> <p>3rd party licensing</p> <p>Streaming application (staff, maintenance, etc.,)</p> <p>9</p>			<p>● <b>REVENUE STREAMS</b></p> <p>Subscriptions</p> <p>5</p>	