

# Business Process Management

ICT 236-2

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# Business Model Canvas

**The Business Model Canvas**

Designed for:

Designed by:

Date:

Version:

<b>Key Partners</b> <p>Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?</p> <p><b>MOTIVATIONS FOR PARTNERSHIPS</b> Optimization and economy Reduction of risk and uncertainty Acquisition of particular resources and activities</p>	<b>Key Activities</b> <p>What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?</p> <p><b>CATEGORIES</b> Production Problem Solving Platform/network</p>	<b>Value Propositions</b> <p>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?</p> <p><b>CHARACTERISTICS</b> Reversibility Performance Customization "Getting the job done" Design Brand/Status Price Cost Reduction Risk Reduction Accessibility Convenience/Usability</p>	<b>Customer Relationships</b> <p>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?</p> <p><b>EXAMPLES</b> Personal assistance Dedicated Personal Assistance Self Service Automated Services Communities Co-creation</p>	<b>Customer Segments</b> <p>For whom are we creating value? Who are our most important customers?</p> <p><b>EXAMPLES</b> Mass Market Niche Market Segmented Customized Multi-sided Platform</p>																								
<b>Key Resources</b> <p>What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?</p> <p><b>TYPE OF RESOURCES</b> Physical Intellectual (brand, patents, copyrights, data) Human Financial</p>		<b>Channels</b> <p>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?</p> <p><b>CHANNEL PHASES</b> 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?</p>																										
<b>Cost Structure</b> <p>What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive?</p> <p><b>IN YOUR BUSINESS MODEL</b> Cost Driver (based on cost structure, low price value proposition, maximum automation, extensive outsourcing) Value Driver (based on value creation, premium value proposition)</p> <p><b>MAIN COST CHARACTERISTICS</b> Fixed Costs (salaries, rents, utilities) Variable costs Economies of scale Economies of scope</p>		<b>Revenue Streams</b> <p>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?</p> <table style="width: 100%; font-size: 0.8em;"> <tr> <th style="text-align: left;">TYPES</th> <th style="text-align: left;">FIXED PRICING</th> <th style="text-align: left;">DYNAMIC PRICING</th> </tr> <tr> <td>Asset sale</td> <td>List Price</td> <td>Regulation (bargaining)</td> </tr> <tr> <td>Lump sum</td> <td>Product feature dependent</td> <td>Yield Management</td> </tr> <tr> <td>Subscription Fees</td> <td>Customer segment dependent</td> <td>Real-time Market</td> </tr> <tr> <td>Licensing/Partnership/Licensing</td> <td>Volume dependent</td> <td></td> </tr> <tr> <td>Licensing</td> <td></td> <td></td> </tr> <tr> <td>Brokerage fees</td> <td></td> <td></td> </tr> <tr> <td>Advertising</td> <td></td> <td></td> </tr> </table>			TYPES	FIXED PRICING	DYNAMIC PRICING	Asset sale	List Price	Regulation (bargaining)	Lump sum	Product feature dependent	Yield Management	Subscription Fees	Customer segment dependent	Real-time Market	Licensing/Partnership/Licensing	Volume dependent		Licensing			Brokerage fees			Advertising		
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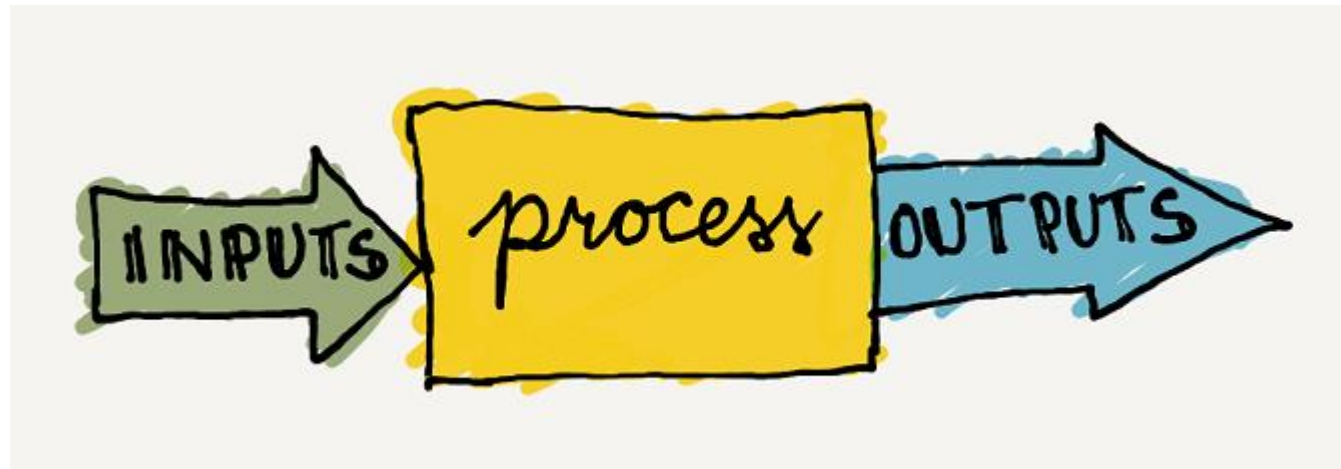
**DESIGNED BY:** Business Model Foundry AG  
 The makers of Business Model Generation and Strategizer

**Strategyzer**  
 strategizer.com

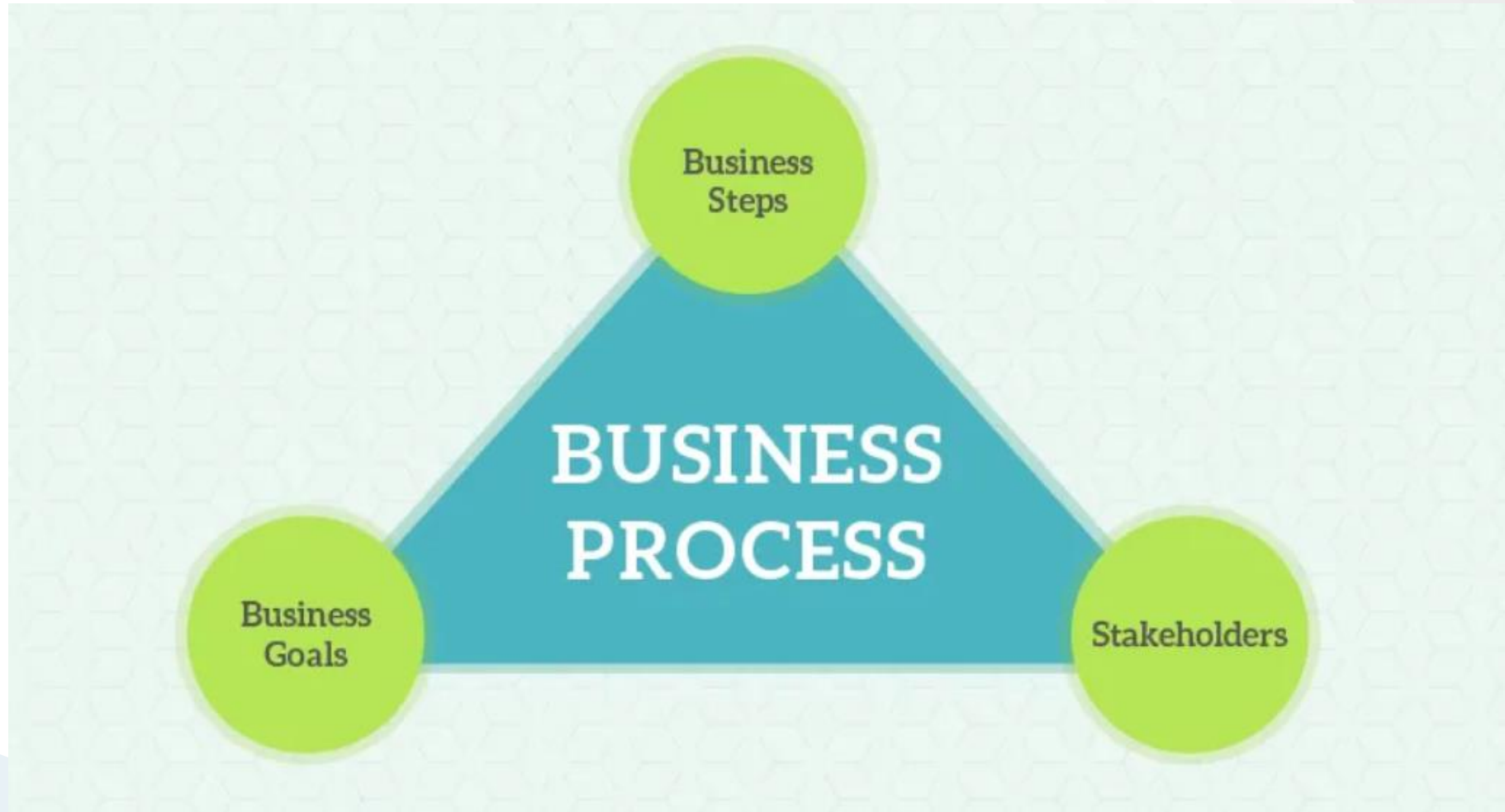
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# What is a process

- A process can be defined as a group of repeatable and interrelated activities performed to transform a series of inputs into defined outputs.



# What is a Business Process



# What is a Business Process

- A business process is a collection of related, structured activities or tasks that produce a specific service or product (serve a particular goal) for a particular customer or customers. There are three main types of business processes:
- **Management processes**, that govern the operation of a system. Typical management processes include corporate governance and strategic management.
- **Operational processes**, that constitute the core business and create the primary value stream. Typical operational processes are purchasing, manufacturing, marketing, and sales.

# What is a Business Process

- ***Supporting processes***, that support the core processes. Examples include accounting, recruitment, and technical support.

# What is Corporate governance



# What is Corporate governance

- ***Corporate governance*** is the collection of mechanisms, processes and relations by which corporations are controlled and operated



# What is strategic management



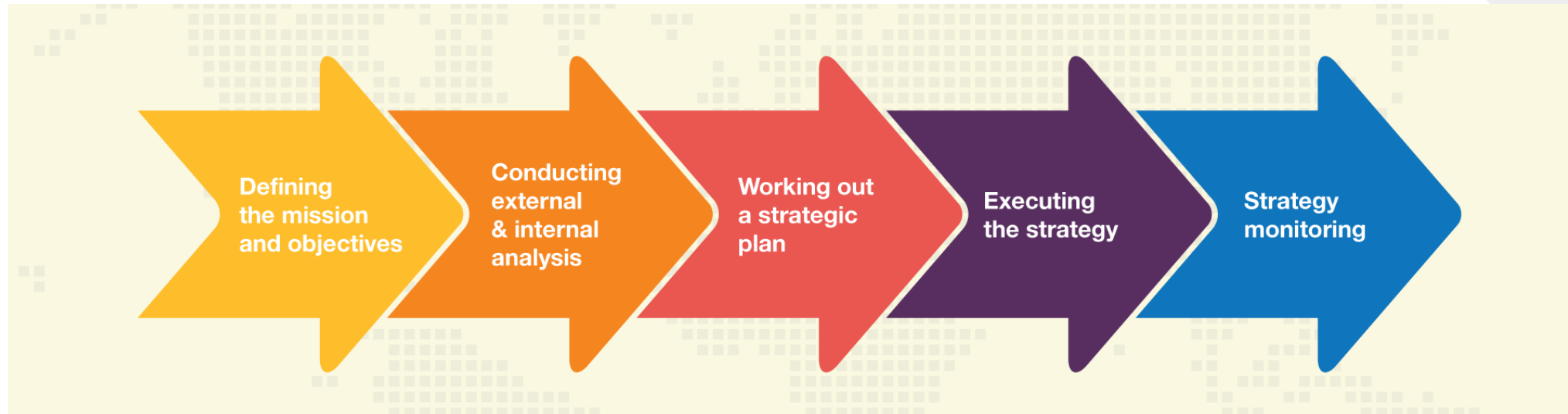
A word cloud centered around the theme of strategic management. The words are arranged in a circular pattern, with some words being larger and more prominent than others. The colors used are primarily orange, black, and grey. The background features a light blue and white geometric pattern.

SM  
insight  
SME  
COMPETITOR  
EVALUATION  
STAKEHOLDER  
ALLOCATION  
PLAN  
EXTERNAL  
PERFORMANCE  
STRATEGY  
MISSION  
CONCEPT  
ANALYSIS  
VISION  
INTERNAL  
PROCESS  
STRATEGIC  
MANAGEMENT  
GOALS  
DECISION  
DEVELOPMENT  
RESOURCES  
ENVIRONMENT  
CEO  
COMPETITION  
SCORECARD

# What is strategic management

- ***strategic management*** involves the formulation and implementation of the major goals and initiatives taken by an organization's top managers on behalf of owners, based on consideration of resources and an assessment of the internal and external environments in which the organization operates

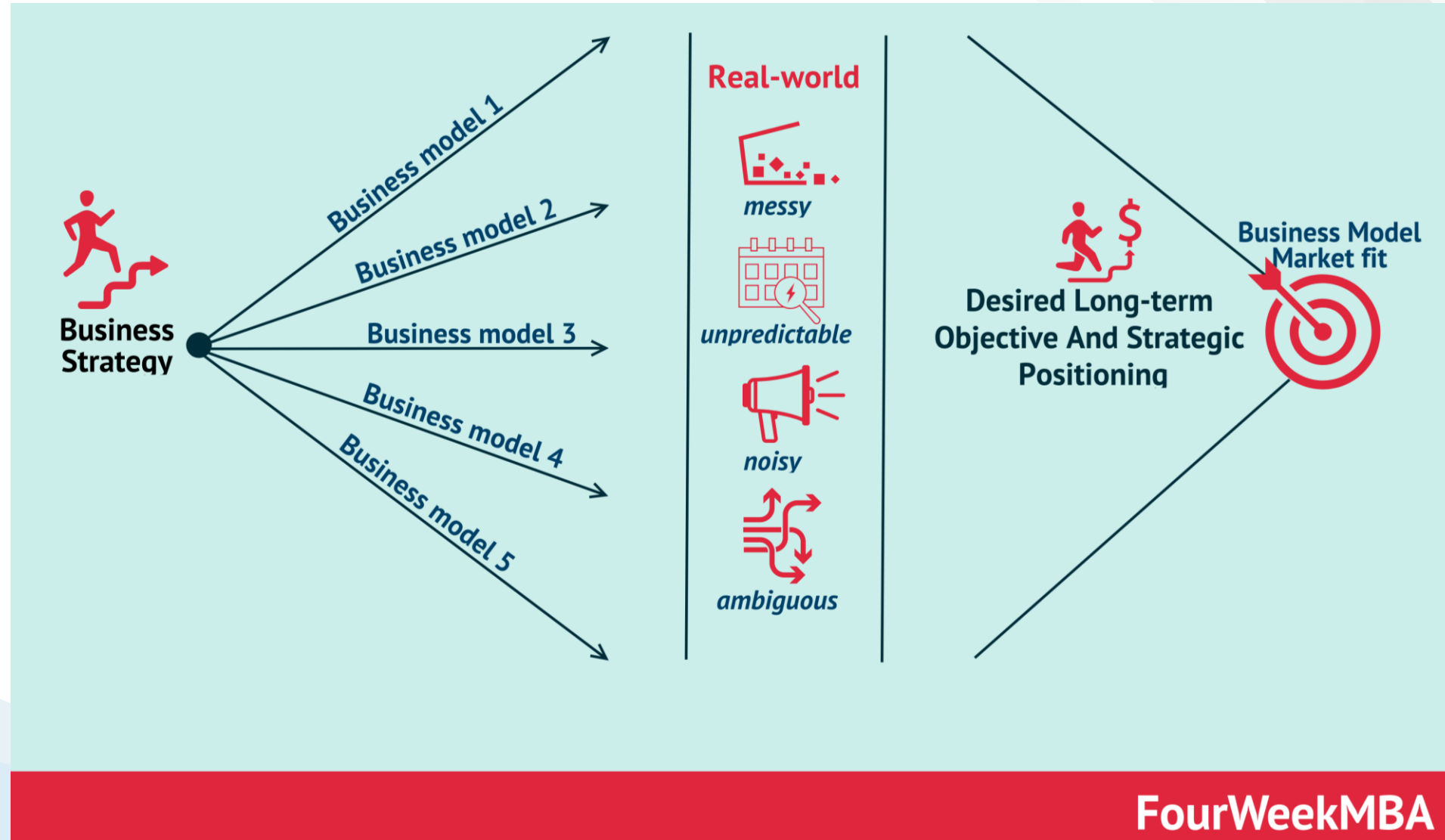
# What is Strategic management cont.



# What is Strategic management cont.

- ***Strategic management*** provides overall direction to an enterprise and involves specifying the organization's objectives, developing policies and plans to achieve those objectives, and then allocating resources to implement the plans and finally monitoring them.

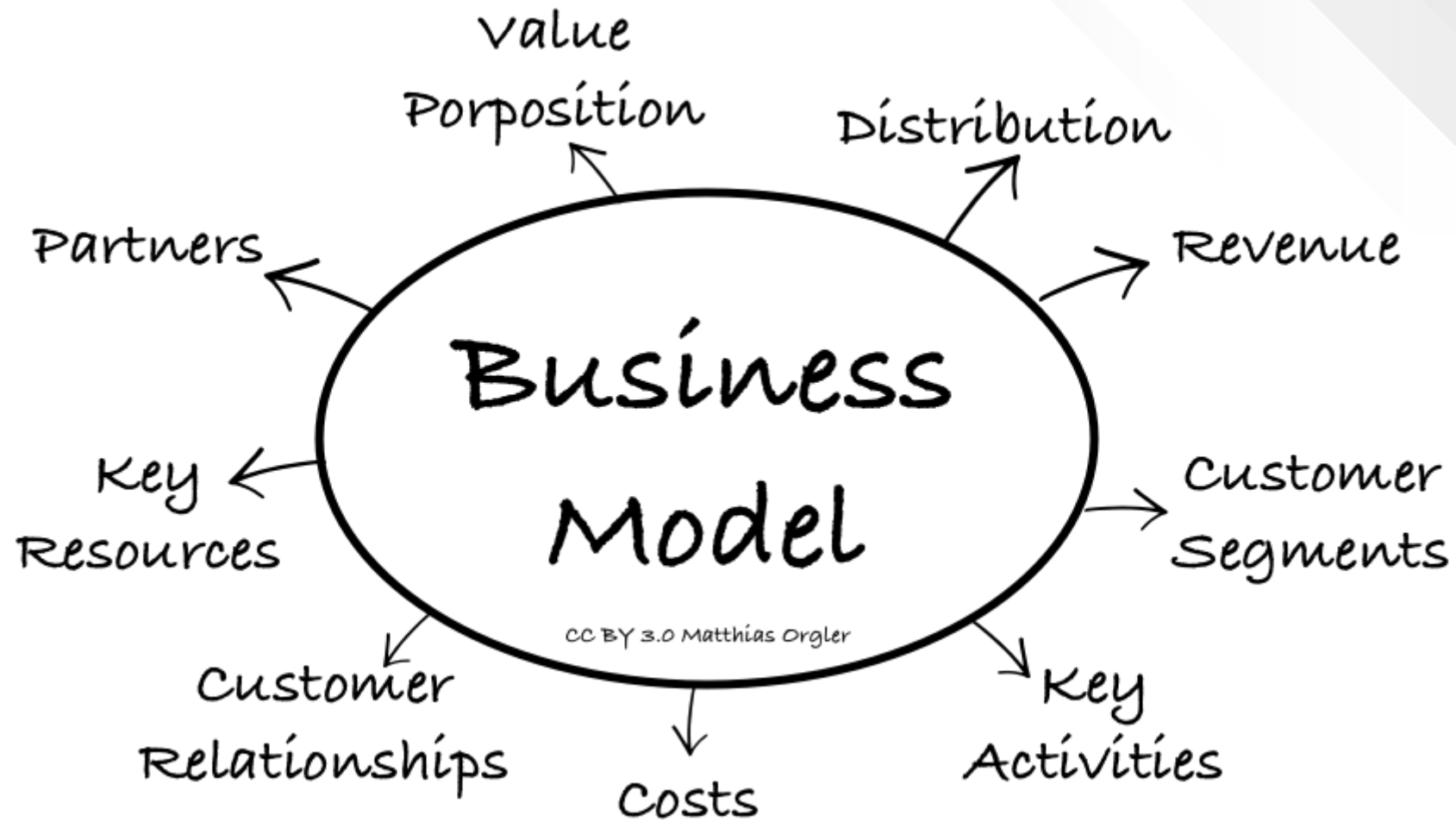
# What Is business Strategy



# What is Business Strategy

- ***A business strategy*** is a deliberate vision to get toward a desired long term goal. A business model is a great tool to execute a business strategy. Yet while achieving a long term goal a business strategy set a vision, mission and value proposition that can be executed through several possible business models. When one of the drafted business models encounters the favor of the market that is when a business strategy becomes successful!

# What is Business Model



# What is Business Model cont.'

- ***A business model*** is a framework for finding a systematic way to unlock long term value for an organization while delivering value to customers and capturing value through strategies. A business model is a holistic framework to understand, design, and test your business assumptions in the marketplace.



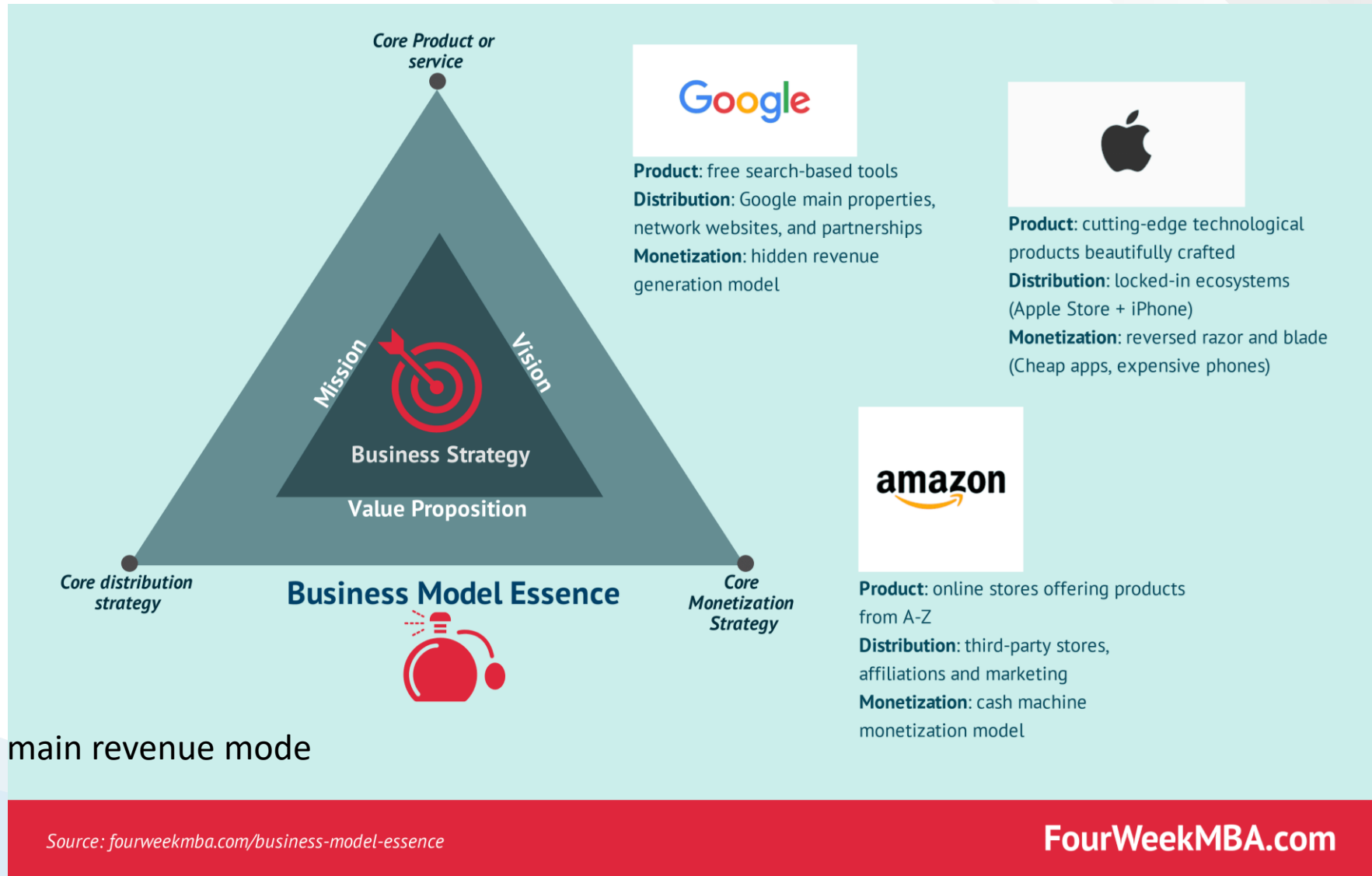
# What is Business Model cont.'

- A business model is a way in which organizations capture value. Not only the economic value but also the social values an organization can foster and the cultural values it can sustain in the long run.
- In other words, generating a business model isn't just about how companies make money but how they create value for several players. Unlocking profits for the organization that came up with that business model is one of the critical elements.

# What is Business Model cont.'

- There isn't a single way to design and assess a business model. However, the business model canvas is a holistic model that takes into account nine factors or building blocks.
- The aim of having a sharp understanding of your business model is critical to provide strategic insights about your customers, product/service, and financial structure.
- Alexander Osterwalder proposed the Business Model Canvas. He's a Swiss business theorist that in 2000 together with a team of 470 co creators in an attempt to create a tool that entrepreneurs could use for their businesses.

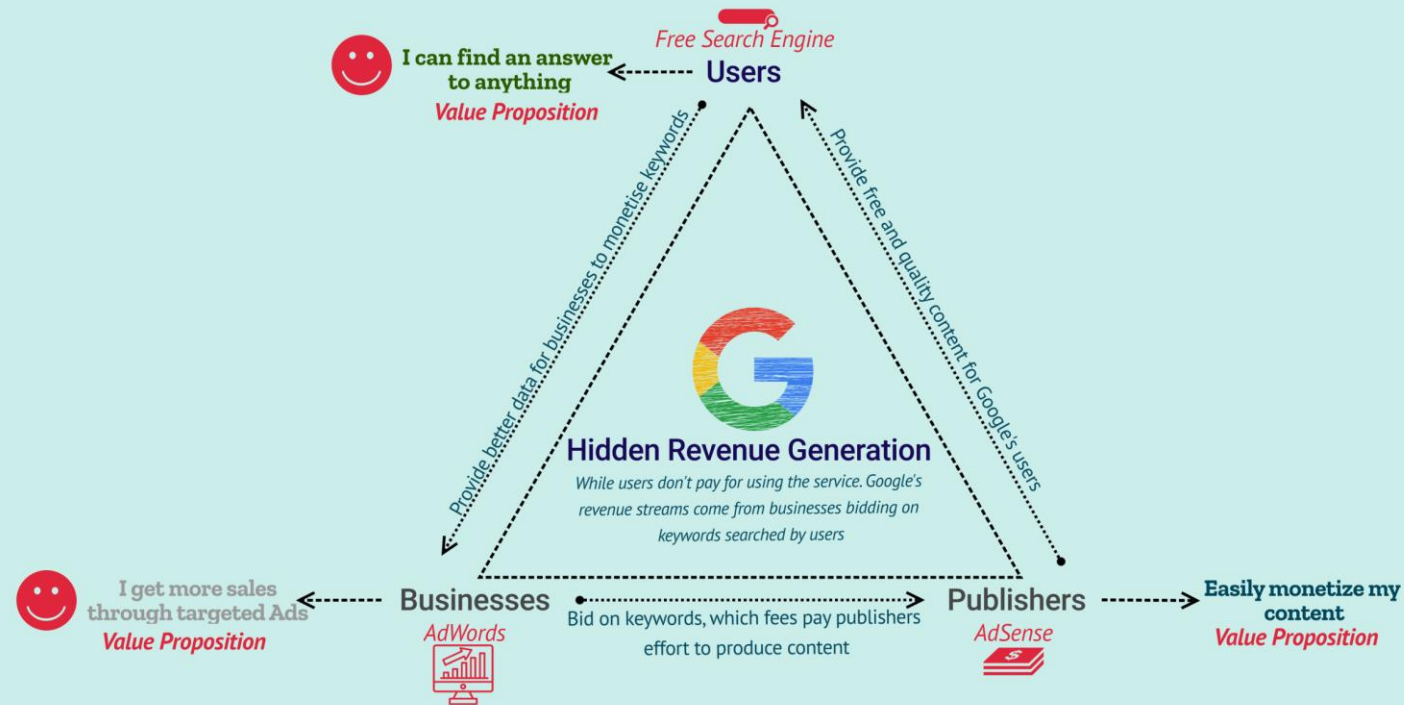
# Business Strategy vs Model



# Google Business Model

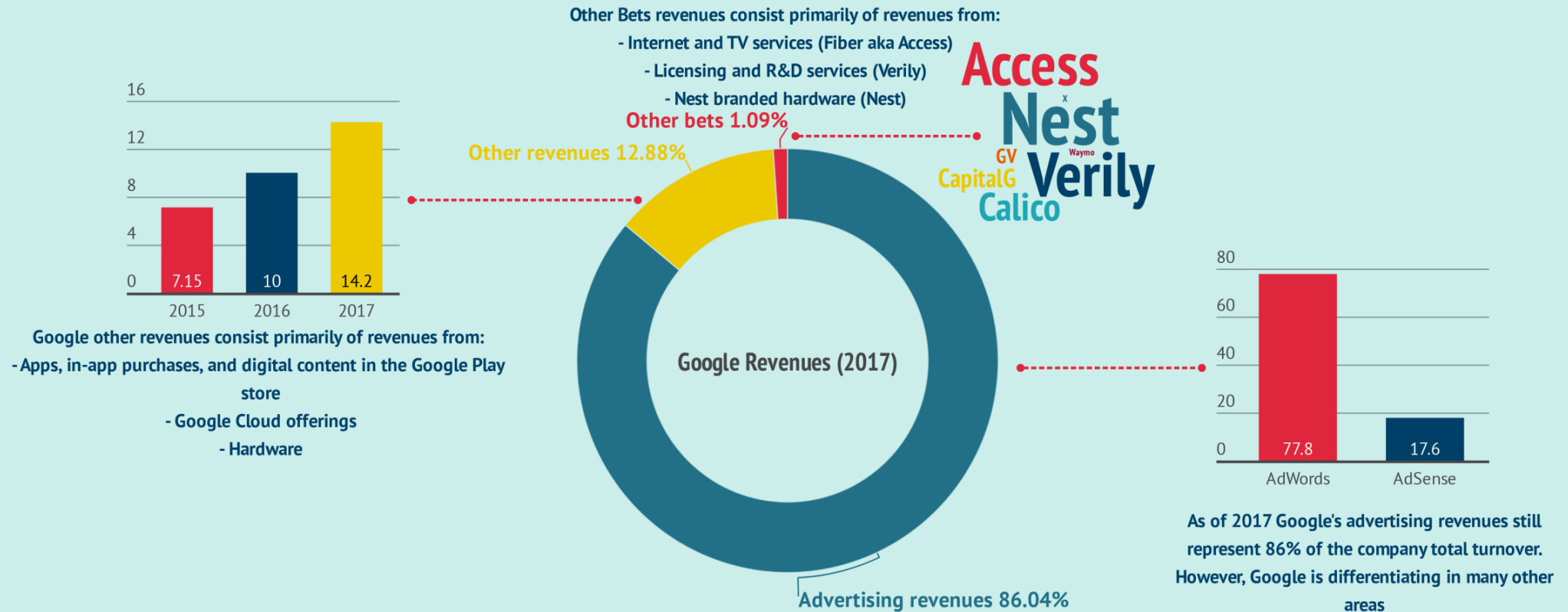
## The Google Business Model In A Nutshell

Google is an attention merchant that - in 2022 - generated over \$224 billion (almost 80% of revenues) from ads (Google Search, YouTube Ads, and Network sites), followed by Google Play, Pixel phones, YouTube Premium (a \$29 billion segment), and Google Cloud (\$26.2 billion).



# Google Business Model

## Inside Google's business model



Source: [abc.xyz/investor/pdf/20171231\\_alphabet\\_10K.pdf](https://abc.xyz/investor/pdf/20171231_alphabet_10K.pdf)

by **FourWeekMBA.com**

# Google Business Model

- As of 2017, over ninety billion dollars, which consisted of 86% of Google's revenues came from advertising networks. The remaining fraction (about 13%) came from Apps, Google Cloud, and Hardware. While a bit more than 1% came from bets like Access, Calico, CapitalG , GV, Nest, Verily, Waymo and X.

# Google Business Model



# Google Business Model

- Pay per click (PPC), also known as cost per click (CPC), is an internet advertising model used to drive traffic to websites, in which an advertiser pays a publisher (typically a search engine, website owner, or a network of websites) when the ad is clicked.



# Google Business Model

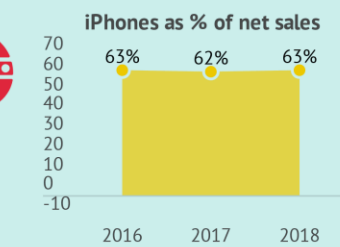
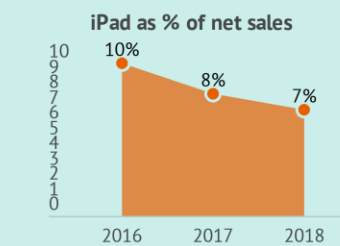
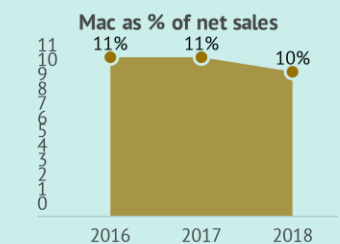
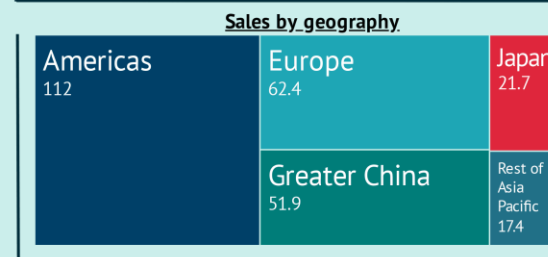
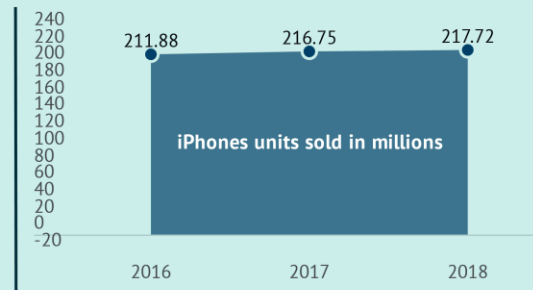
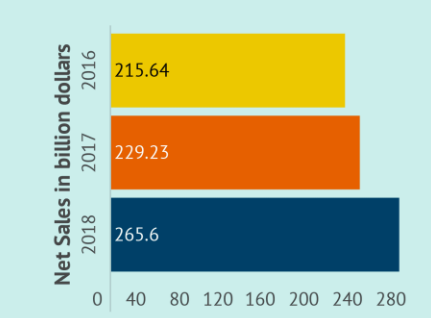
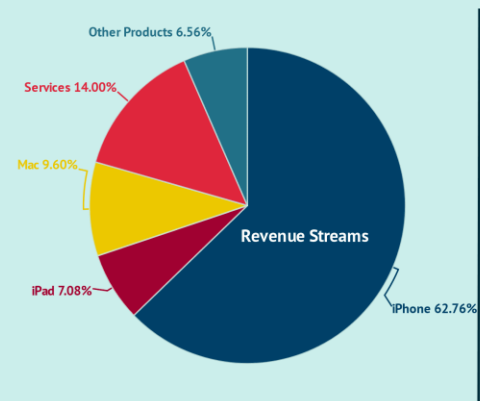
- Google AdSense is a program run by Google through which website publishers in the Google Network of content sites serve text, images, video, or interactive media advertisements that are targeted to the site content and audience. These advertisements are administered, sorted, and maintained by Google. They can generate revenue on either a per click or per impression (where advertisers pay each time an ad is displayed) basis.



# Apple Business Strategy

## Apple Business Strategy

When looking at the [Apple Business Model](#), it is easy to assume that it is solely a product company, which sells devices that are beautifully crafted. However, there would have been no success for the Mac without its OS operating system. There would not have been iPod success without iTunes. And no success for iPhones without the Apple Store. What's next for Apple's success?



# Apple Business Strategy

- Product Based Company Leveraging On Locked In Ecosystems With A Reversed Razor And Blade Business Strategy.

# Apple Business Strategy

- The razor and blade business model is a strategy that relies on selling what is supposed to be the primary product at a low price or given away for free; while complementary goods get sold at high margins. For instance, Gillette's razor would cost a few bucks. Instead, a set of blades will be 3 4 times more expensive.
- In short, Apple can sell iPhone at a premium price because it employees a reversed razor and blade strategy. This strategy implies free access to the Apple's Ecosystem (ex. iTunes, and Apple).

# Apple Business Strategy

- Apple sells its products and resells third party products in most of its major markets directly to consumers and small and mid sized businesses through its retail and online stores and its direct sales force.

# Apple Business Strategy

- Apple has followed throughout the years a strategy that focused on five key elements:
  - Strong branding
  - Beautifully crafted products
  - Technological innovation
  - Strong distribution\*
  - Locked in ecosystems

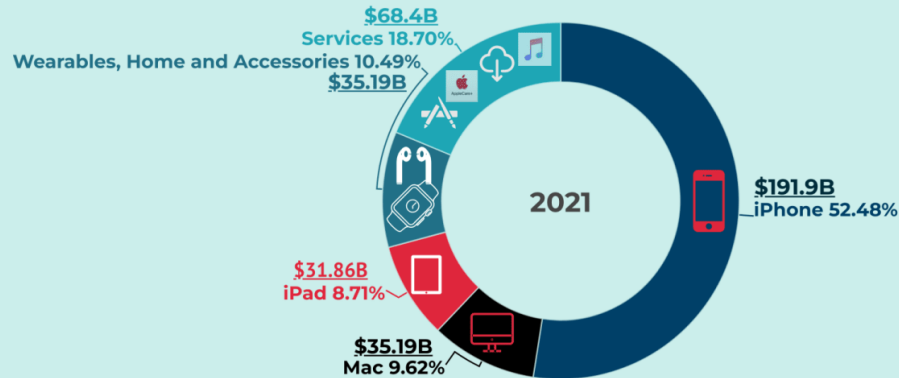
*The Company also employs a variety of indirect distribution channels, such as third party cellular network carriers, wholesalers, retailers, and value added resellers. During 2017, the Company's net sales through its direct and indirect Company's net sales through its direct and indirect distribution channels accounted for 28% and 72%, respectively, of total net sales.*

# Apple Business Strategy

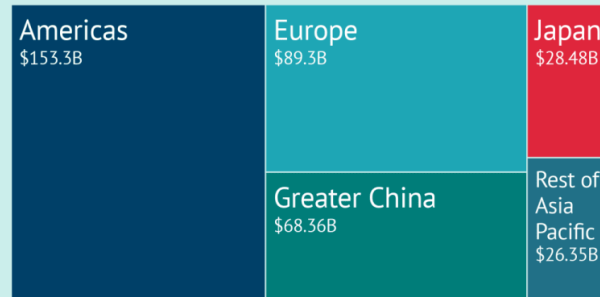
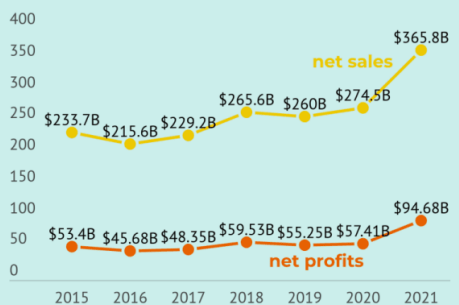
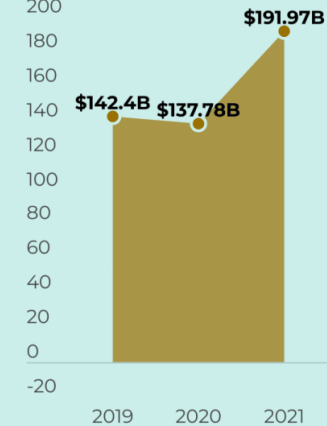
## Apple Business Model

Apple has a business model that is broken down between products and services. Apple generated over \$365 billion in revenues in 2021, of which \$191.9 came from the iPhone sales, \$35.2 came from Mac sales, \$38.3 came from accessories and wearables (AirPods, Apple TV, Apple Watch, Beats products, HomePod, iPod touch, and accessories), \$31.86 billion came from iPad sales, and \$68.4 billion came from services.

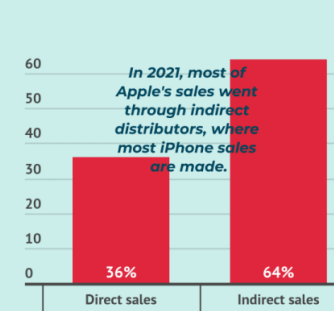
### Apple's Revenue Streams



### iPhone Sales



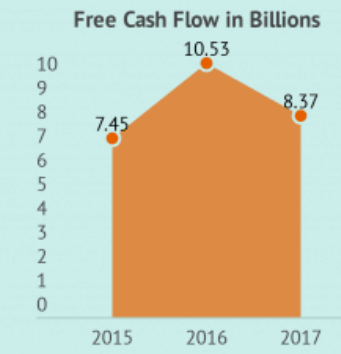
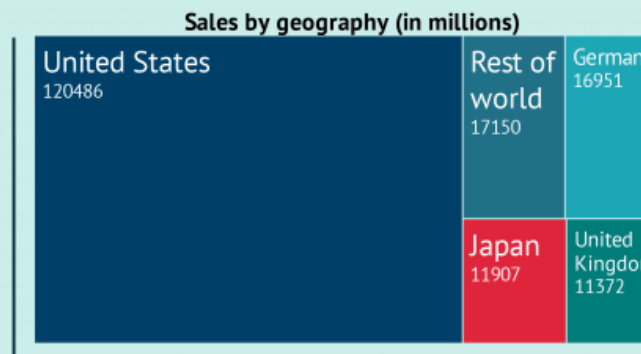
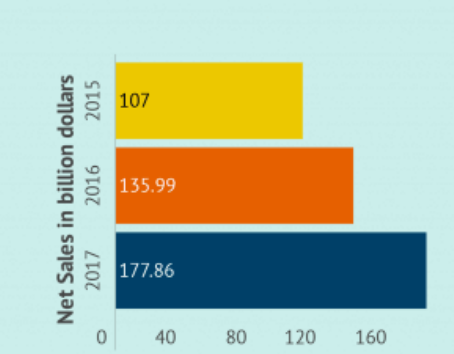
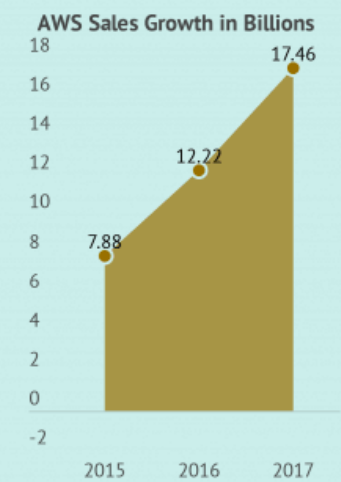
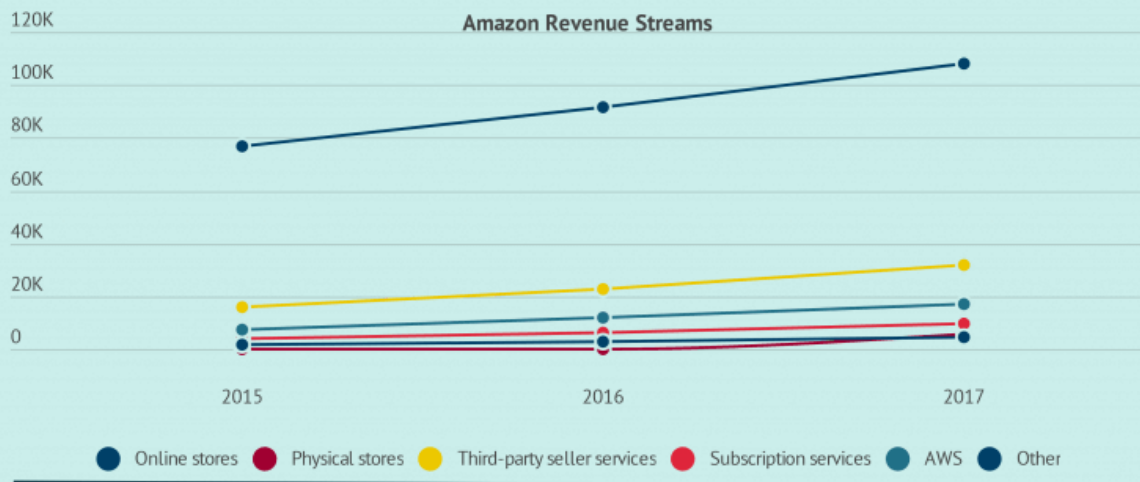
### Fastest Growing Segment



# Amazon Business Strategy

## Amazon Business Model

Started in 1994 as a bookstore, Amazon soon expanded and became the everything store. While the company core business model is based on its online store. Amazon launched its physical stores, which generated already over five billion dollars in revenues in 2017. Amazon Prime (a subscription service) also plays a crucial role in Amazon overall business model, as it makes customers spend more and being more loyal to the platform. Besides, the company also has its cloud infrastructure called AWS, which is a world leader and a business with high margins. Amazon also has an advertising business worth a few billion dollars. Thus, Amazon business model mix looks like many companies in one. Amazon measures its success via a customer experience obsession, lowering prices, stable tech infrastructure, and free cash flow generation.





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# Amazon Business Strategy

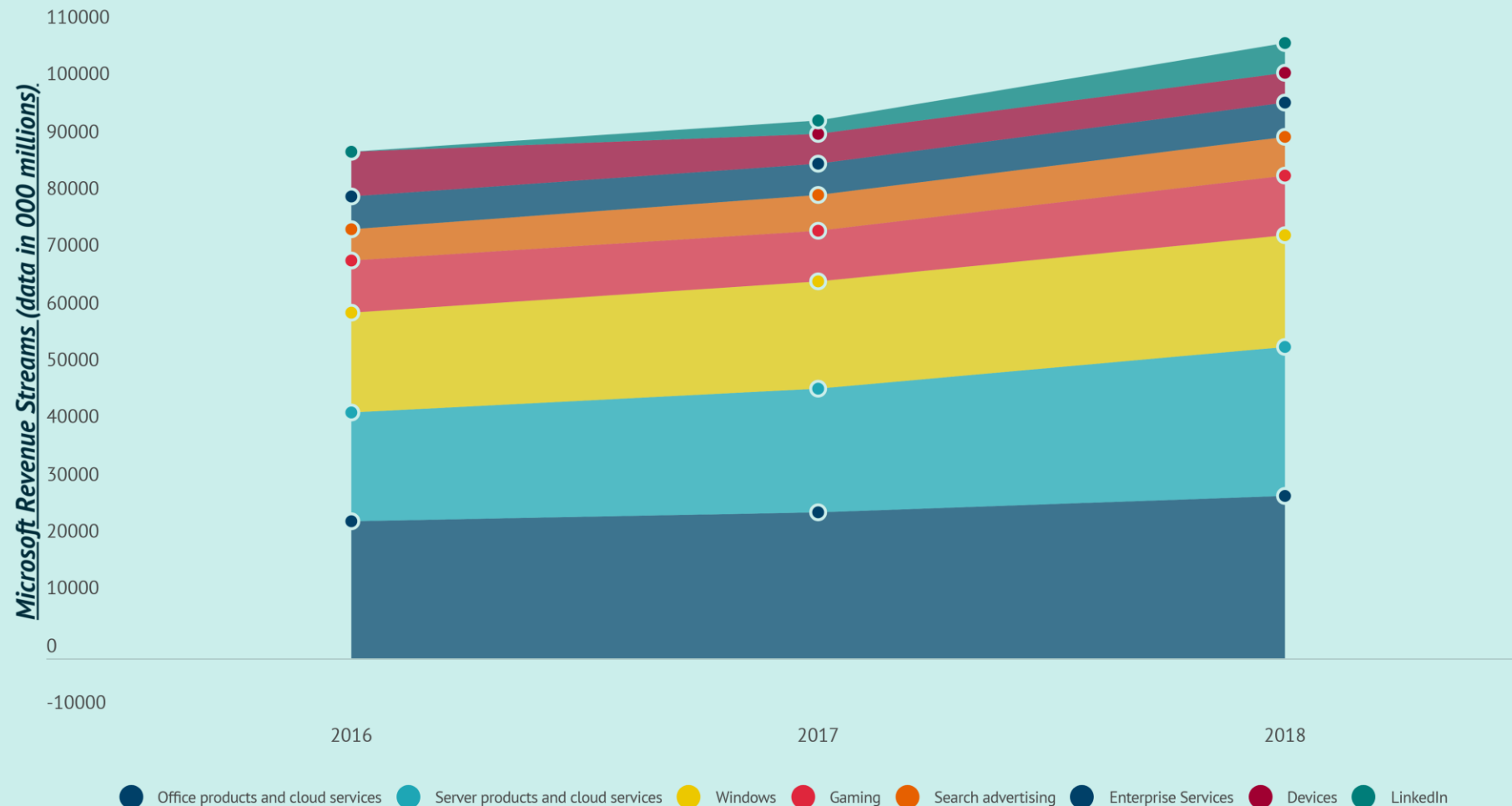
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- Thus, Amazon business model mix looks like many companies in one. Amazon measures its success via a customer experience obsession, lowering prices, stable tech infrastructure, and free cash flow generation.
- In 2018 Amazon posted over \$232 billion in revenues and over \$10 billion in net profits. Online stores contributed to nearly 52% of Amazon revenues, followed by Physical Stores, Third party Seller Services, Amazon AWS, Subscription Services, and Advertising revenues.

# Microsoft Business Strategy

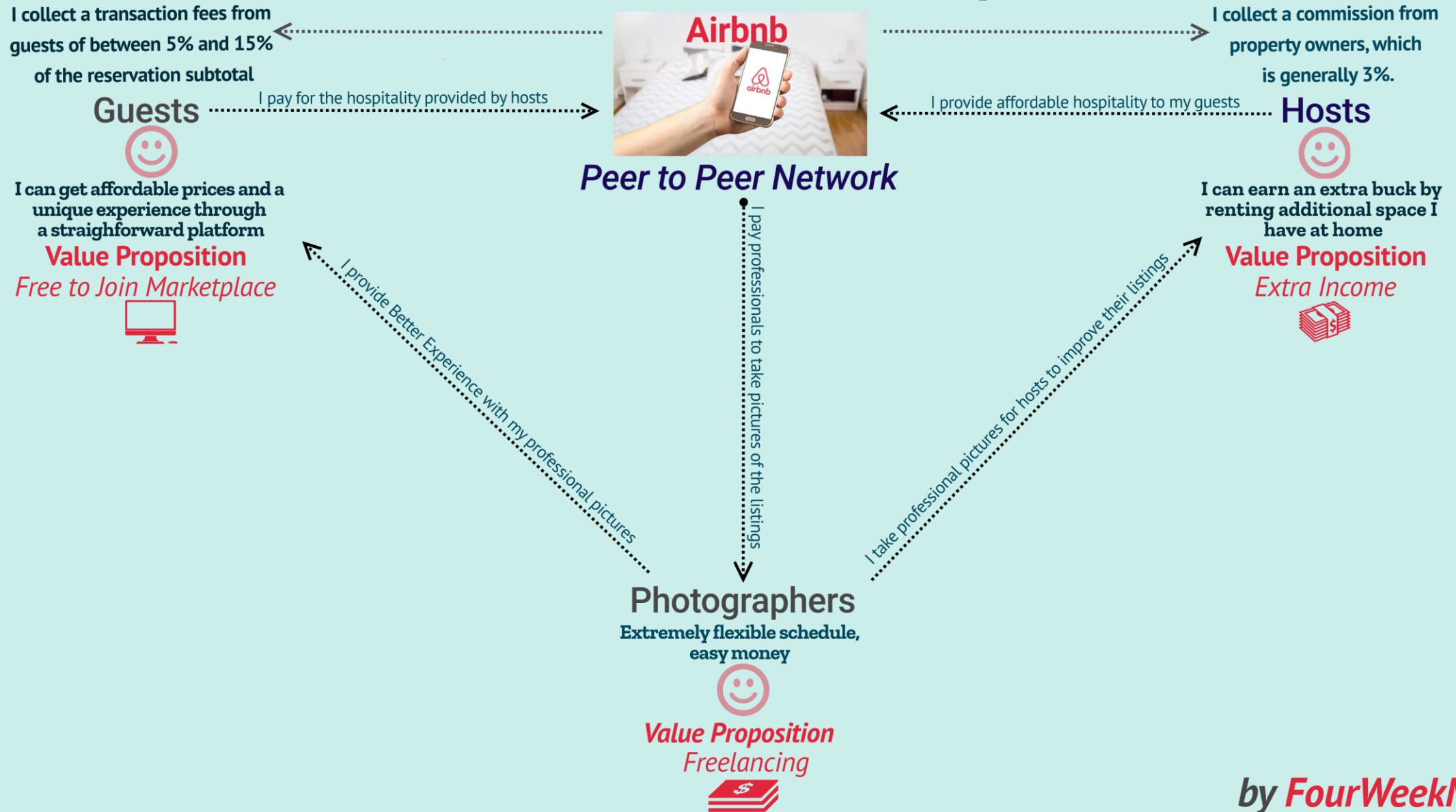
- Microsoft has a diversified business model spanning across Office products, Windows, Gaming (Xbox), Search Advertising (Bing), Hardware, LinkedIn, Cloud and more.

# Who Owns Microsoft?

Major individual shareholders comprise co-founder Bill Gates, who stepped down from the company's board in 2020. As of 2019, Gates still owned a stake of 103 million stocks, which accounted for 1.34% of the company's ownership (worth over \$21 billion in October 2020). Other individual shareholders comprise Satya Nadella, the company's CEO, Brad Smith (former president), Jean-Philippe Courtois (EVP), and Amy Hood (former CFO).



# Airbnb Business Model Explained



# Airbnb Business Strategy

- Peer To Peer House Sharing Network With Fee Based Monetization Strategy
- The digitalization happened in the last two decades has facilitated the creation of peer to peer platforms which business models disrupted the hospitality model that was created in the previous century by hotel chains like Marriott, Holiday Inn, and Hilton.
- As a peer to peer network, Airbnb allows individuals to rent from private owners for a fee. Airbnb charges guests a service fee between 5% and 15% of the reservation subtotal; While the commission from hosts is generally 3%. Airbnb also charges hosts who offer experiences a 20% service fee on the total price.

Thank  
You!!!