

Business Modeling

Start Up in ICT /8

fabio.dalessi@unipd.it
Start Up in ICT - UniPD
April 24th, 2024

A close-up photograph of a young woman with dark hair and brown eyes, smiling gently. She is resting her head on her hands, which are clasped together on a light-colored surface. In front of her is a clear glass jar lying on its side, filled with various US coins and some paper currency. The background is softly blurred.

Let's Talk About Business

some **typical questions** from the C-cockpit ...

'They are asking for a Business Plan ...
let's go **boil some numbers**.'

'The only sure part of the P&L is the **Budget** for the expenditure plan. Let's get it through.'

'If one could predict those top-line numbers of the P&L, he could be in the **wizards business**.'

'Nobody can be considered accountable for numbers that's **impossible to create** accurate.'

The Business Plan

Not always the correct tool. Time to align to mainstream practice.



Business Plan (BP)

1. BPs related to Disruptive propositions **never survive the crash of the market launch**
2. BPs are ok for established, maturely sized markets.
Not ok for: non-existing (yet) markets or for their Disruptive evolutions
3. Roadmaps are **limited to Evolutive** requirements, only
 - Company Valuation:
Discounted Cash Flow (DCF) , Comparables

**BREAK-
THROUGH
PRODUCT**

**PRODUCT
EXISTS**

**CUSTOMERS & MARKETS
ALREADY IN PLACE**

**CUSTOMERS & MARKETS
DO NOT EXIST, YET**

Lean mgmt (Biz) Model

Focus: Validated Learning

Experiments: Pivots

Terrain: Qualitative/Quantitative



Traditional Biz Plan

Focus: Growth

Experiments: Optimizations

Terrain: Quantitative

Breakthrough propositions take unpredictable time to get adoption

Why use an extrapolation 3-5 year formula when dealing with sublinear behaviors, hopefully turning (fast) into superlinear ones sometimes exponential adoption curve?

Limit the ‘few point market share syndrome’

Traction, Traction!

Traction is a bottom-up measure of the product's engagement with its market

Speaks louder than any top down figure

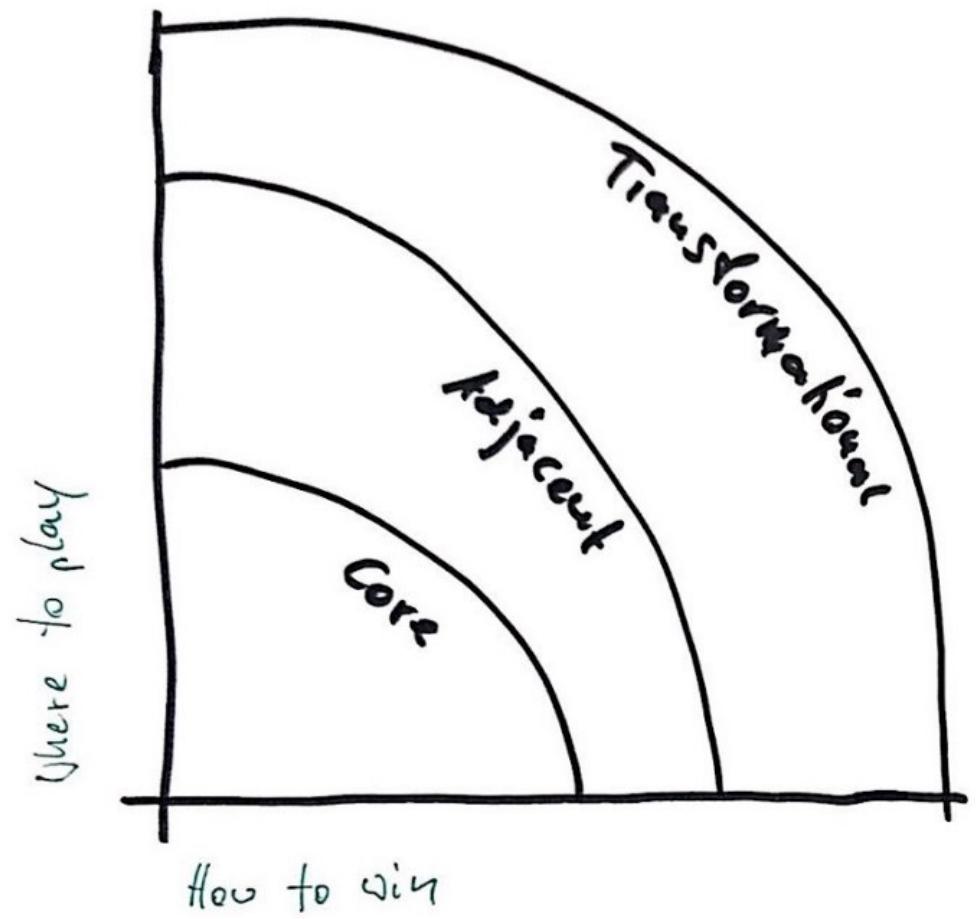
- No comparison with any existing Product
- Direct Substitution doesn't apply
- Current segmentations do not apply

Analysts data are not be used alone to guess markets sizes when the Product Experience will Refactor/Reshape them

Since a Business Plan is **not the correct tool...**

What is an **established practice to value** Disruptive Activities?

How can they be accepted and discussed at **Investors and C-Level**?



Horizon 3 - Transformational

Develop products for markets that do not even exist yet

High uncertainty - ROI cannot be known

Horizon 2 - Adjacent

Expand into "how to the company" business

Lower uncertainty, but increasing complexity.
ROI can (probably) be predicted

Horizon 1 - Core

Optimize existing products

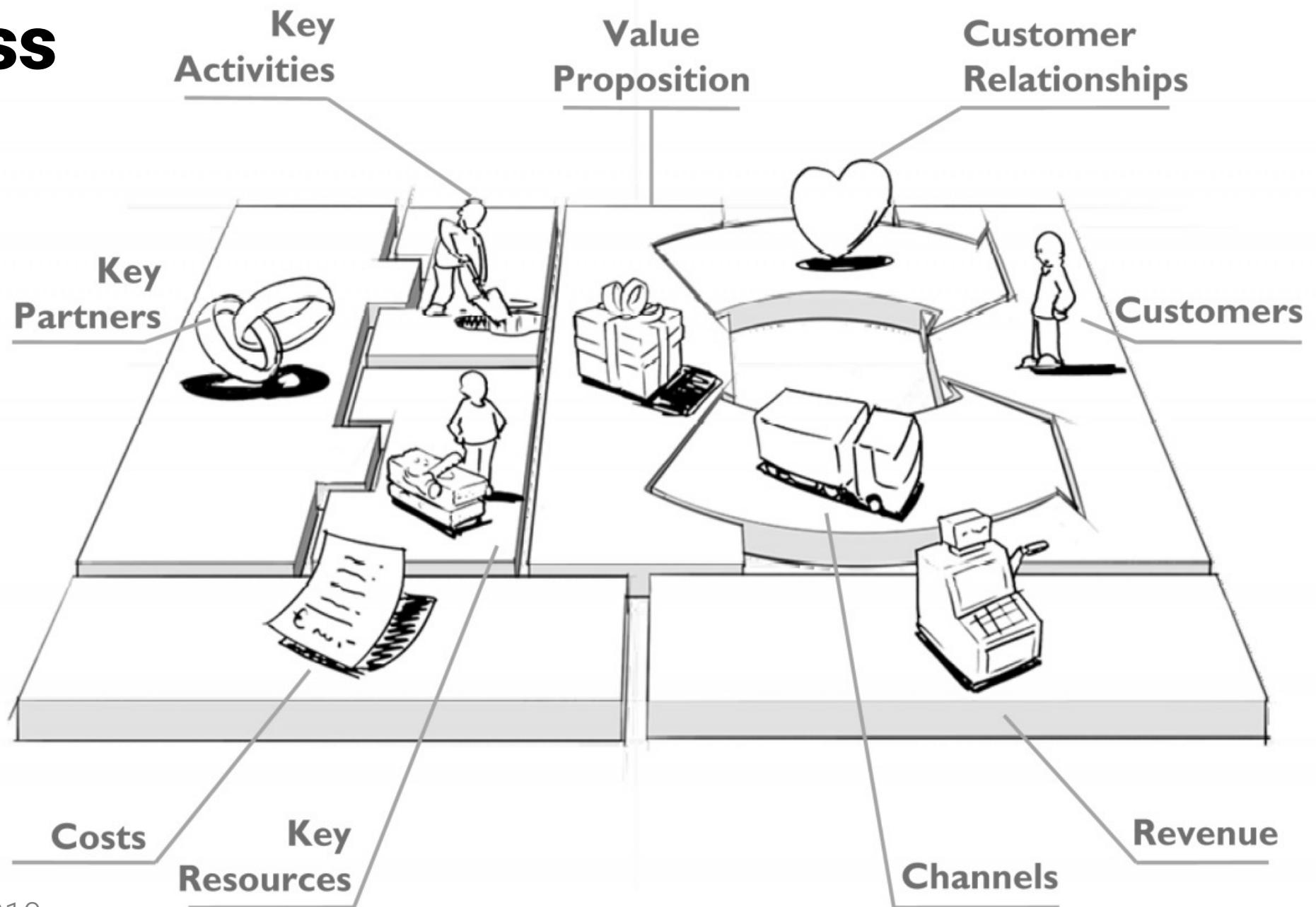
Almost no uncertainty, but high complexity -
ROI can be calculated

WHAT ARE YOUR GOALS?



Business Modeling

The Business Model Canvas



Osterwalder & Pigneur, 2010

*Key
Partners*



*Key
Activities*



*Value
Proposition*



*Customer
Relationships*



*Customer
Segments*



*Key
Resources*



Channels

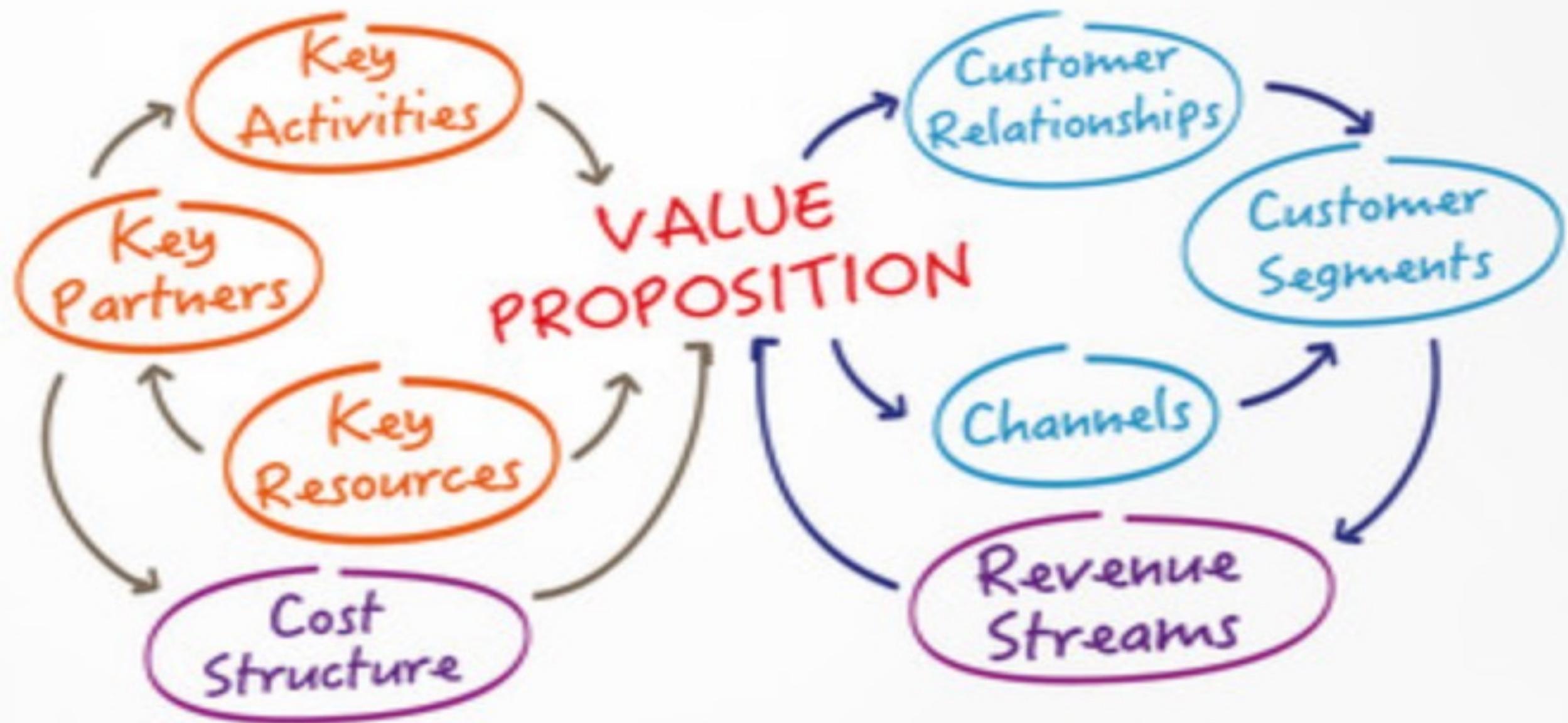


*Cost
Structure*



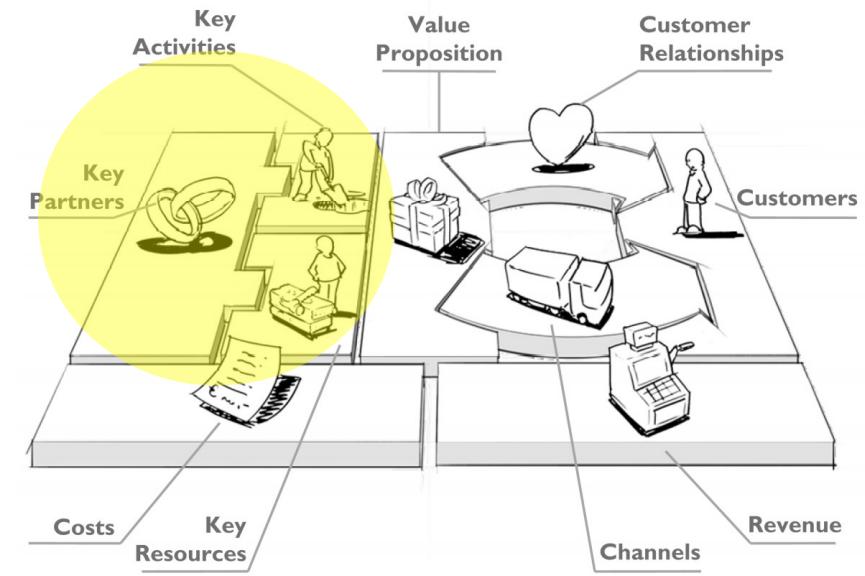
*Revenue
Streams*





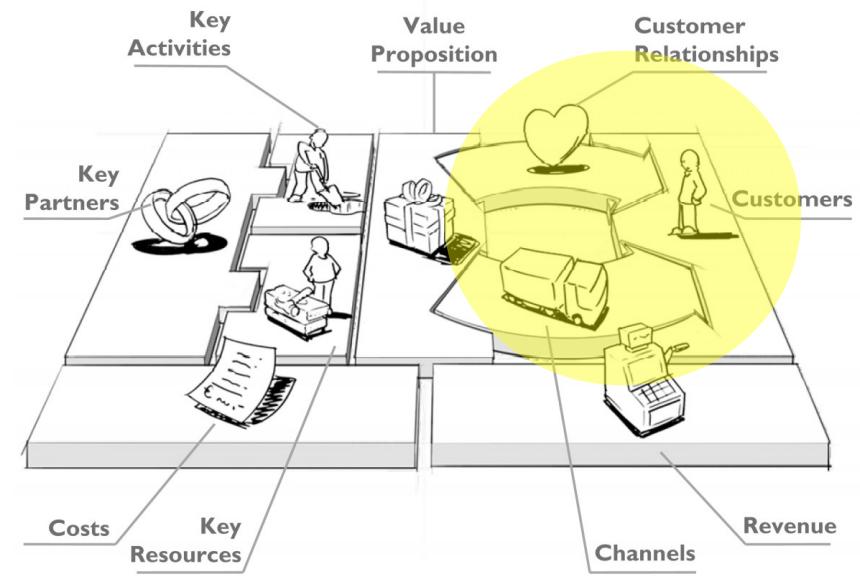
Infrastructure

- **Key Partners & Suppliers:** supply chain, risk management, partnership criteria, partner network, etc.
- **Key Activities:** required by the business model and by the value proposition, customer management, dev, problem solving, etc.
- **Key Resources:** required by the business model and by all its parts (value proposition, channels, relationships, ...) – IP, Staff, Financial resources, etc.



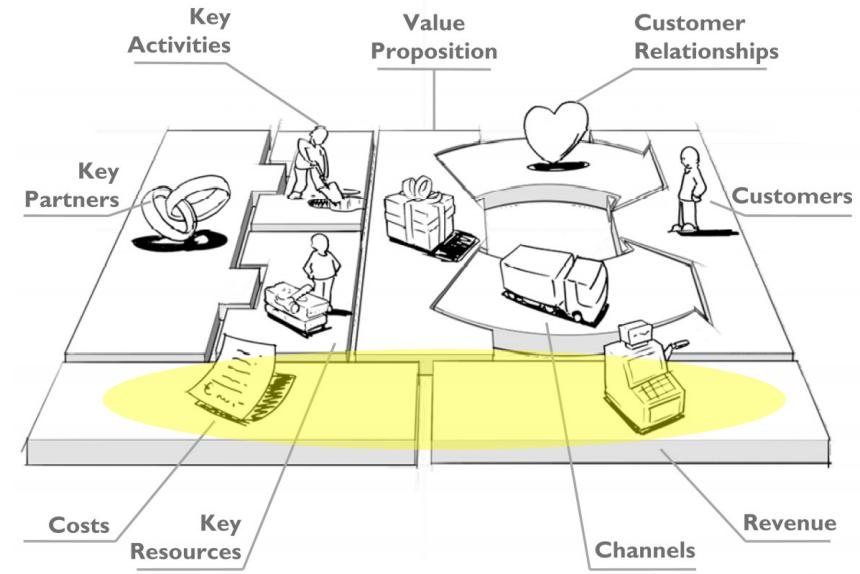
Customers

- **Customer Segments:** carefully identify and describe who your most important customers are.
- **Customer Relationships:** what relationship models you are adopting directly with your customers, how efficient they are, cost, do you use direct assistance, communities, automated tools, etc.
- **Channels:** what are the best channels you use to reach customer segments? Issues: product/brand awareness? Evaluation? Purchase? Delivery? After Sale?



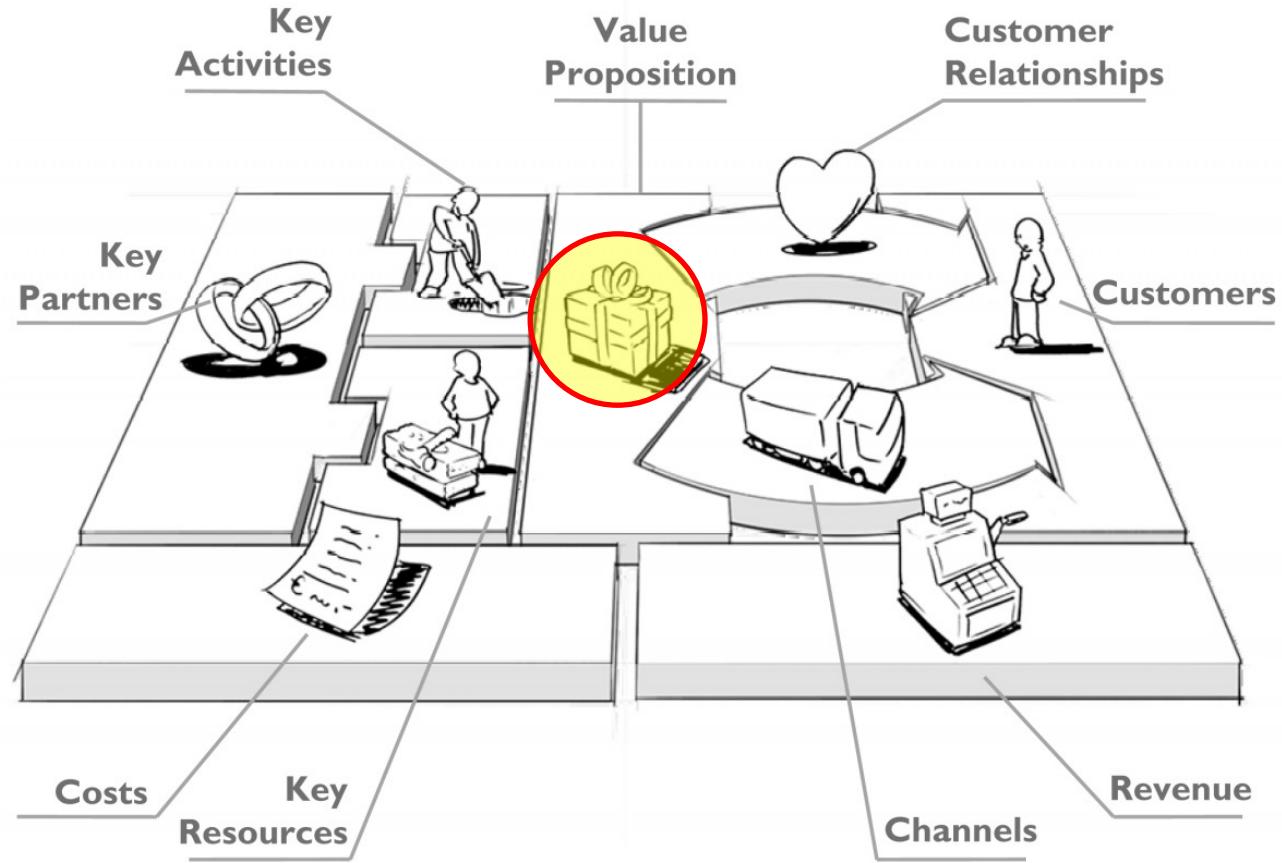
Financials

- **Cost Structure:** most expensive resources and activities. Is your business cost-driven or value-driven? List fixed/variable costs, scale/scope etc.
- **Revenue Streams:** list revenue streams and their main features (how much customers are paying, how, etc.). Do you model revolve around asset sale, usage fees, subscription fees, lending/renting/leasing, licensing, brokerage fees, advertising... - how do you set pricing (fixed, dynamic, etc.).



Your Unique Value Proposition

What makes your product/service unique and provides you with the best competitive advantage through various elements such as newness, performance, customization, "getting the job done", design, brand/status, price, cost reduction, risk reduction, accessibility, and convenience/usability.





StartUp in ICT
University of Padua
February-June, 2024

WhatsApp group



MEI

Fabio d'Alessi
fabio.dalessi@unipd.it
338 3518240