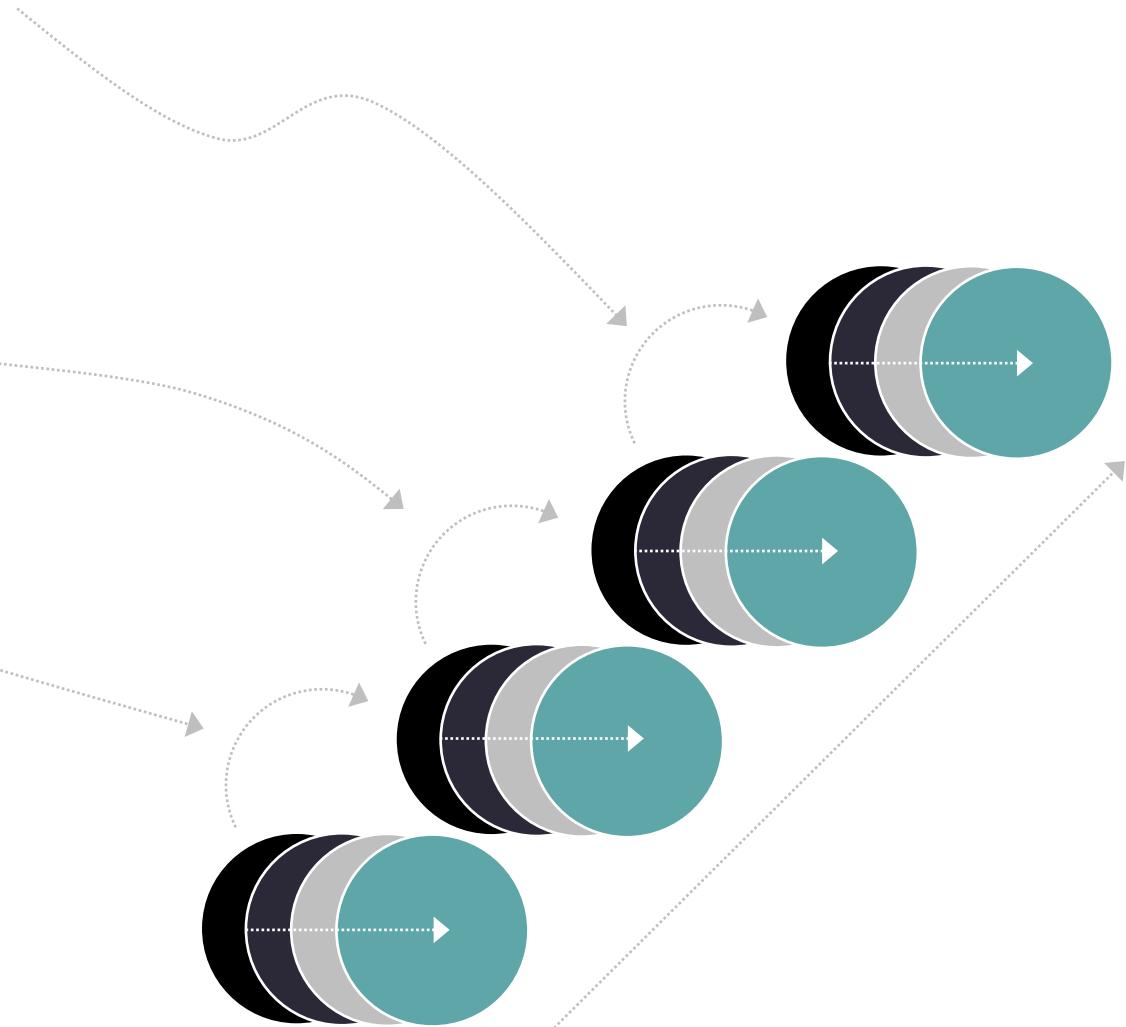


Gerdt

# Applied Organizational Strategy: Business Model Evolution



- 
- 1 **Introduction**
  - 2 **Research landscape on business models**
  - 3 **Business model concept basics**
  - 4 **Business model analysis & development**
  - 5 **Example Session**
  - 6 **Designing an investor pitch**
  - 7 **Organization & Literature**



## Dr. Sven-Olaf Gerdt

### ○ Academic Position

- Research Assistant and Lecturer @WWU Münster and @FOM Münster

### ○ Working- and research focus

- Business Model Innovation & Turnaround Management
- Sustainable Tourism & E-Commerce

### ○ Professional Position

- Managing Partner of Meeresterne GmbH

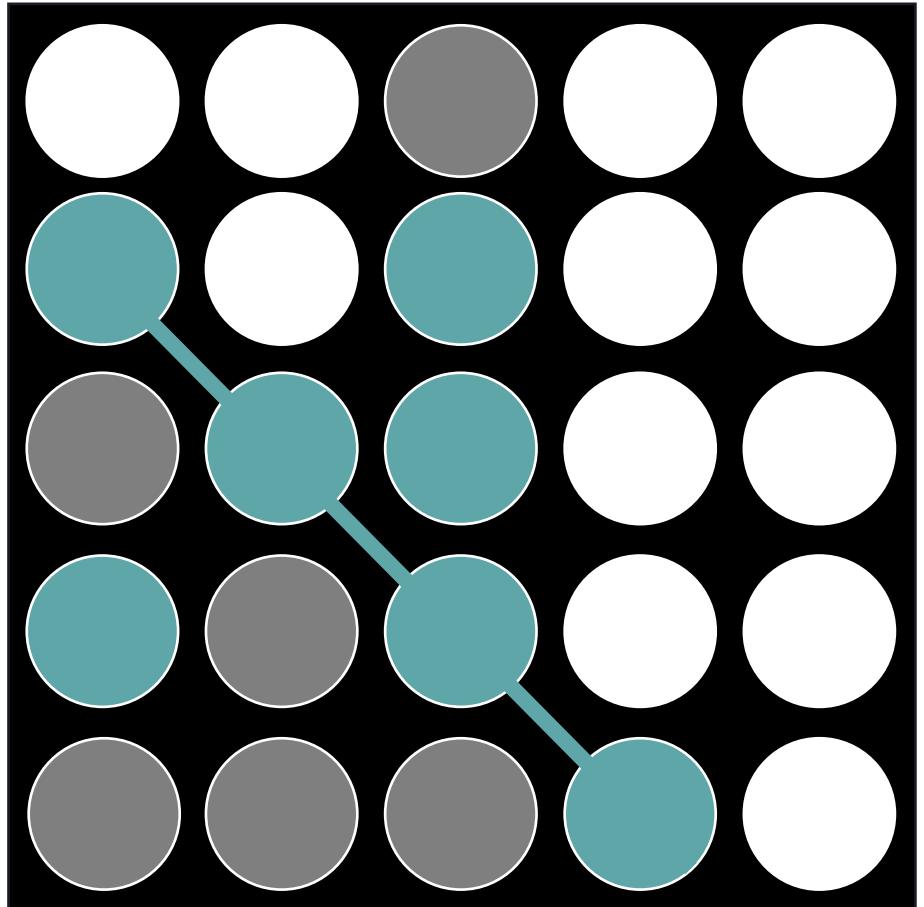
	Time					
	Component 1				Component 2	
Topic	Session 1 Introduction / Content Session	Session 2 Content Session	Session 3 Content Session / Example Session	Session 4 Example Session / Q&A Session	Preparation Analysis of 1-2 relevant BM of an industry/ category + conception of your own BM / Optional group coaching session on demand	Presentation Presentation of the results, discussion (in groups)
Date / Time slot	Jan 7th 2021 120 min. 9 am - 11 am	Jan 7th.2021 120 min. 2 pm - 4 pm	Jan 8th 2021 120 min. 9 am - 11 am	Jan 8th 2021 120 min. 2 pm - 4 pm	2 weeks	Jan 25th 2020 240 min. 9 am - 2 pm
Room	Online (Zoom)	Online (Zoom)	Online (Zoom)	Online (Zoom)	---	Online (Zoom)
Proof of performance	Attendance, oral participation, self-study				Preparation of analysis and concept	Presentation of analysis and concept

At the end of the seminar, you should be able to...

... define the term "business model" and distinguish it from other concepts from strategic management.

... describe and analyze a business model using relevant concepts.

... apply a business model development process to develop business model innovations / your own business model.



1

BAKOUAN, Youba  
SEMDE, Alexandre  
BOUDA, M. G. Alice  
YAMEOGO, Philippe  
ZONGO, J. Axel

2

SANOU, Lougoudoro  
YANOGO, Y. Patrick  
KAGAMBEGA, Melaine  
TIENDREBEOGO, Arsène  
KABORE, W. David  
NEYA, Dolores

3

KABORE, Boukary  
NANA, Jeremie  
TONDE, Salif  
ZOMA, W. Rodrigue  
SEMDE, Aissata

4

YARO, Emmanuel  
ZONGO, W. Siméon  
OUEDRAOGO, U. Ezekiel  
KAWANE, M. Loreine  
KABORE, Florentin

5

BAZIER, Giovanni  
ZONGO, Marthe  
OUEDRAOGO, Assami  
SEMDE, Salifou  
ZONGO, Célestin  
YAO, Sossou

**Task:** Select a company / product of your choice and analyze the existing business model of the company / for the product. Use your analysis as a starting point and, following the explained process, design an innovative business model for the company / product. Prepare a presentation in which you explain your approach and results. Please make sure to address the following aspects:

- Introduction / description of the selected company
- Description of the industry (characterization/competitors)
- Analysis of the business model environment
- Description and assessment of the existing business model
- Description of the innovative business model

**Form of delivery:** Presentation slides in PDF format (please name the file as follows TEAM\_#\_BME)

**Submission date:** until January 24th 2021, 12 am (via E-Mail to [svenolafgerdt@gmail.com](mailto:svenolafgerdt@gmail.com))

**Date of presentation:** January 25th 2021, 9 am – 2 pm

**Presentation slot per team:** 25 - 30 min. + discussion (please make sure that each team member presents a part)

**Presentation situation:** Your chosen company has hired BIT to analyze and innovate their business model. A manager of BIT has instructed you to do the job. You present your solution to the senior manager of BIT.



Please note that each company can only be assigned once. Please send me a Mail naming your selected company. FCFS

- 
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Business model - more than just a buzzword! - A research strand that is becoming ever stronger in itself!

## What is a business model?

**Business model is a very good term to get the attention of the auditorium (Arend 2013)**

## Strongly conceptual research environment

**Increased research subject for less than ten years**  
**Basis in business informatics**  
**Mainly theory-based literature**

## What can you analyze with a business model?

**Broad possibilities for referring back to the concept of business models**  
**Business model analysis often embedded between network and company analysis**

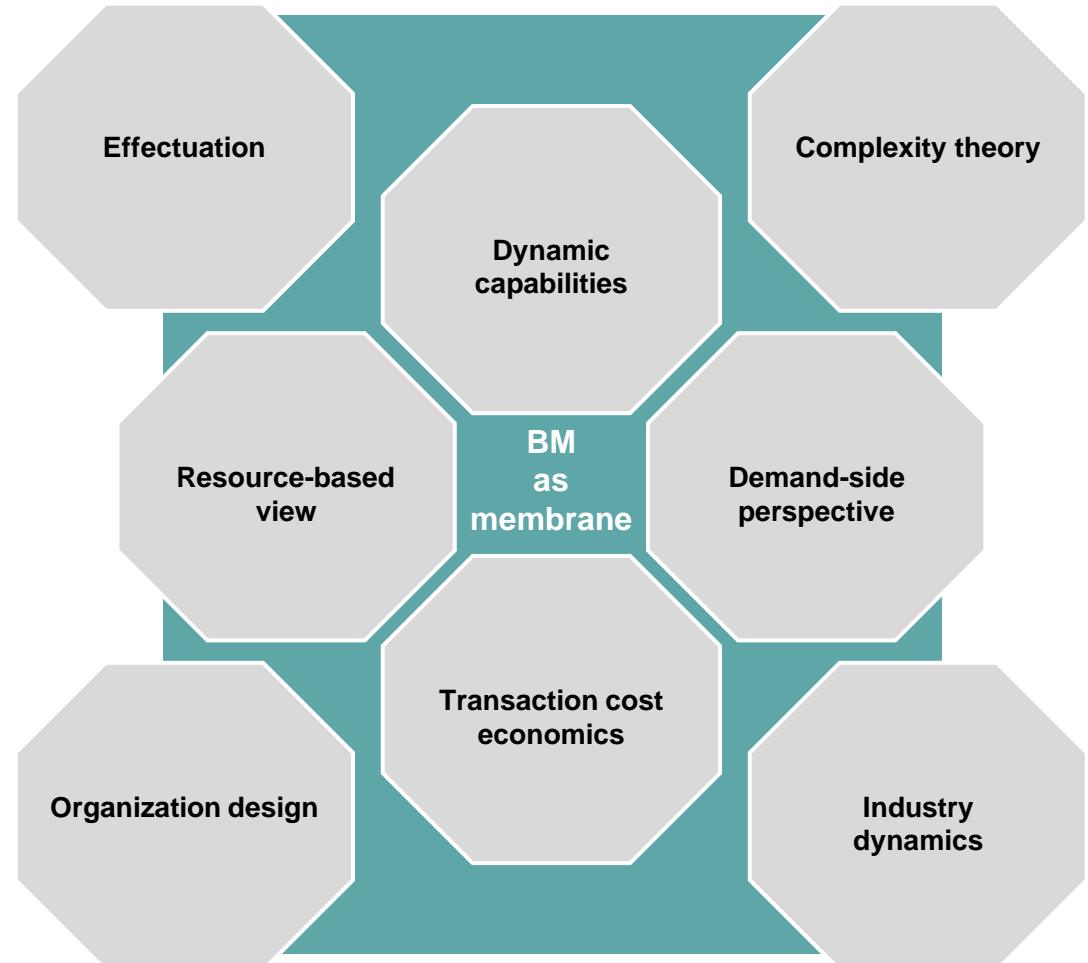
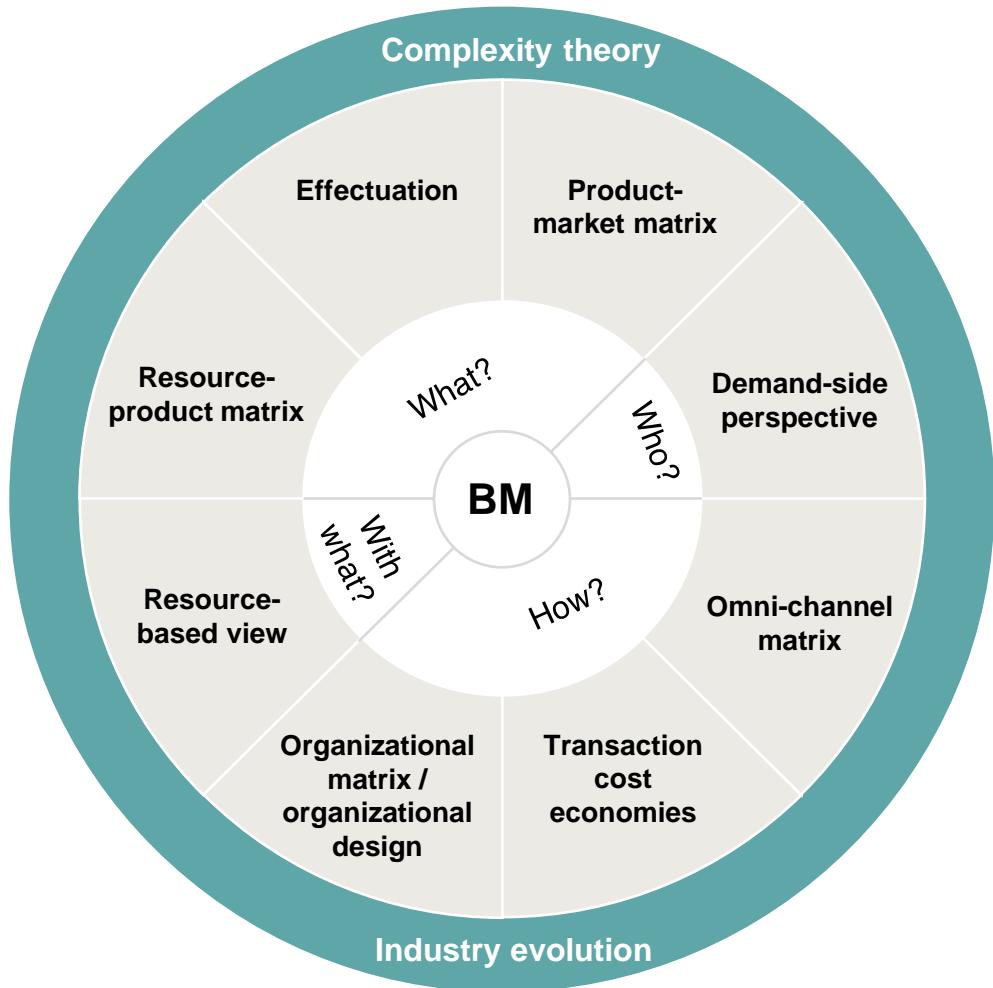
**No common understanding of what exactly a business model is and what its components are**

**So far only verified in very few publications within the framework of quantitative analyses**

**Strategy and business models are indispensable to be considered together**

# Thinking in business models combines various theoretical aspects

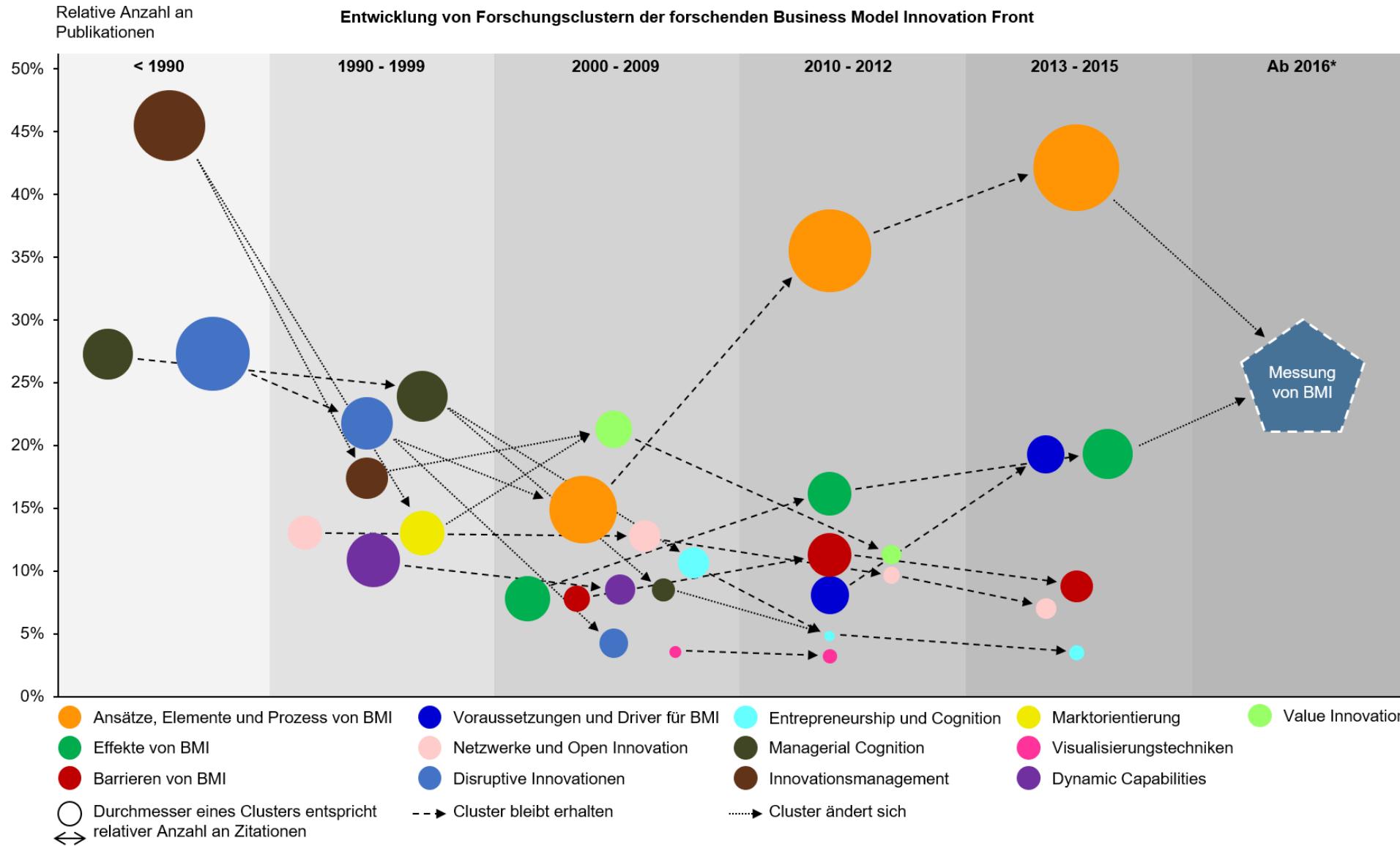
Due to the broad connecting points, business models provide a link to various current theories and are therefore also referred to as the membrane or glue of current management theories.



Research questions evolve from static considerations, to dynamic approaches, to specific aspects.



# Development of the BMI research field



Especially, two-sided market business models, often referred to as platforms, have revolutionized many industries.

## *„The Digital Disruption Has Already Happened“*

- World's largest taxi company owns no taxis (Uber)
- Largest accommodation provider owns no real estate (Airbnb)
- Largest phone companies own no telco infra (Skype, WeChat)
- World's most valuable retailer has no inventory (Alibaba)
- Most popular media owner creates no content (Facebook)
- Fastest growing banks have no actual money (SocietyOne)
- World's largest movie house owns no cinemas (Netflix)
- Largest software vendors don't write the apps (Apple&Google)

Sandy Carter – former General Manager of Ecosystem Development and Social Business IBM  
@ ibm for entrepreneurs conference 2015

- 
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# Discussion



**What is a business model?**

# What is a business model?

Basically, a business model as a "model" is a simplified representation of reality, which is supposed to explain how "business" is done or how value is created.



**Business models are simplified representations for describing, analyzing and designing real "businesses".**



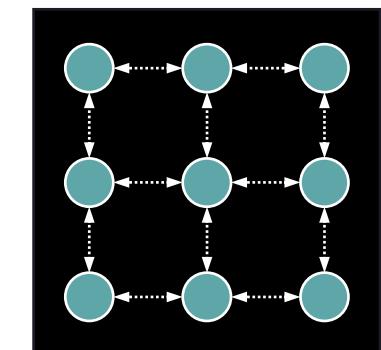
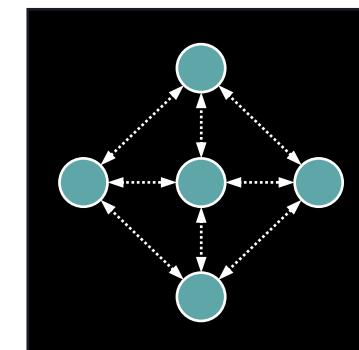
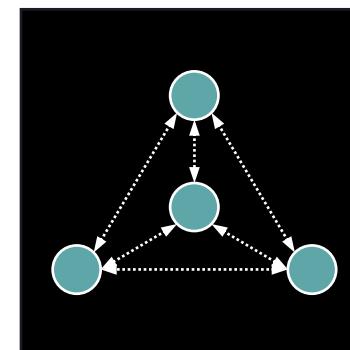
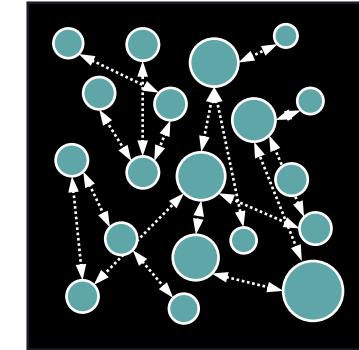
**To describe a business model, it requires descriptive dimensions that are summarized in business model approaches.**



**So far, neither a common definition of a business model nor a common use of dimensions has been developed.**



**For the majority of business model approaches, however, a large intersection can be identified.**



# Examples: Definitions of the term "business model"

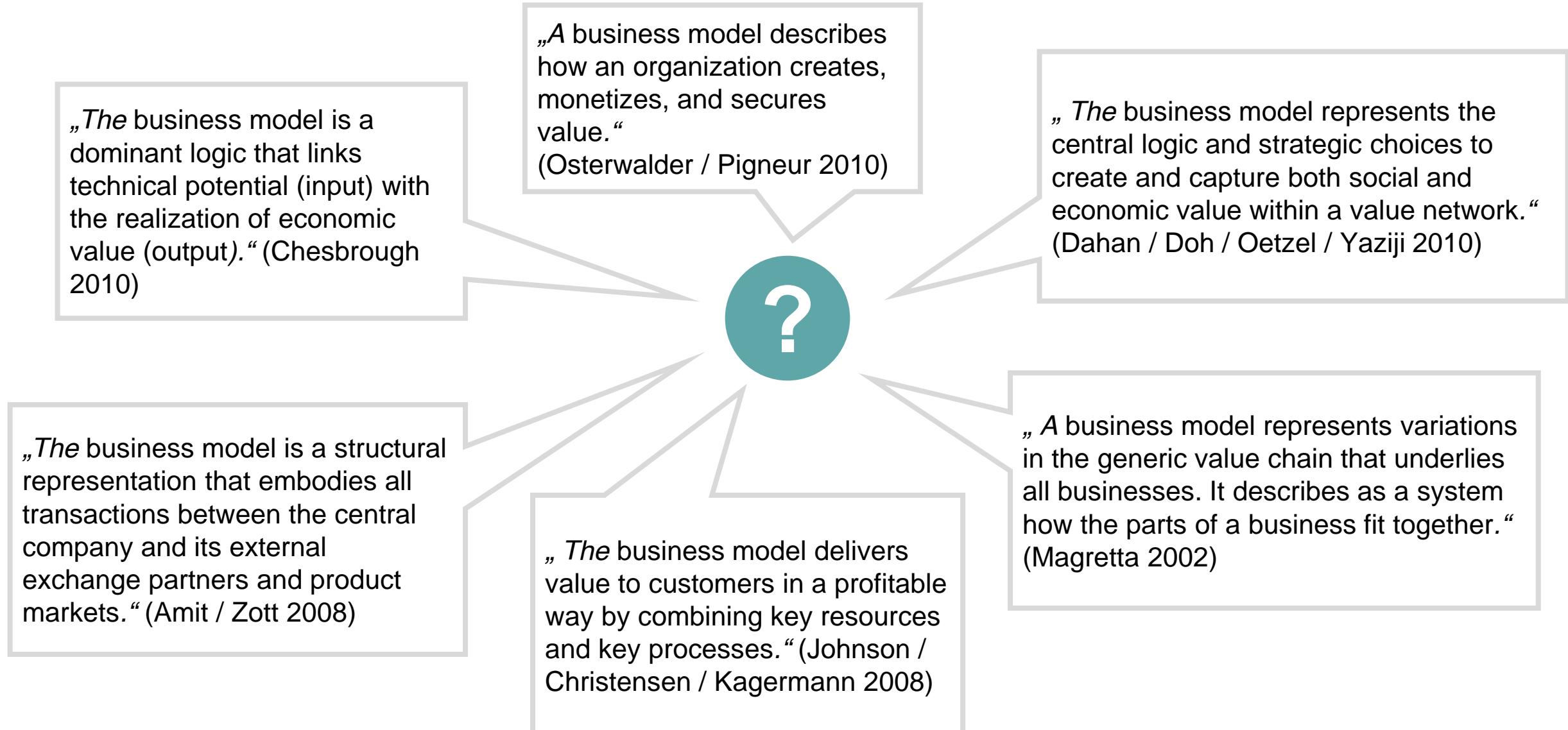
„The business model articulates the logic of how companies create and redistribute value to customers: an organizational and financial "architecture" of business." (Teece 2010)

„The business model reflects the system output of an organization, the way the organization operates and creates value.“ (Wirtz / Schilke / Ullrich 2010)

„The business model describes the articulation between the different areas of activity and the way in which the organization generates sustainable value. The authors distinguish between a static view, which describes the coherence of the core elements of the business model, and a transformative, dynamic view as an explanatory approach to organizational change and organizational innovation.“ (Demil / Lecocq 2010)

„A business model describes the basic logic of how an organization creates value. In doing so, the business model determines (1) what an organization offers that is valuable for customers, (2) how value is created in an organizational system, (3) how the created values are communicated and transferred to customers, (4) how the created value are "captured" by the organization in the form of revenue, (5) how values are distributed within the organization and to stakeholders, and (6) how the basic logic of value creation is further developed to ensure the sustainability of the business model in the future.“ (Bieger / Reinhold 2011)

# Examples: Definitions of the term "business model"



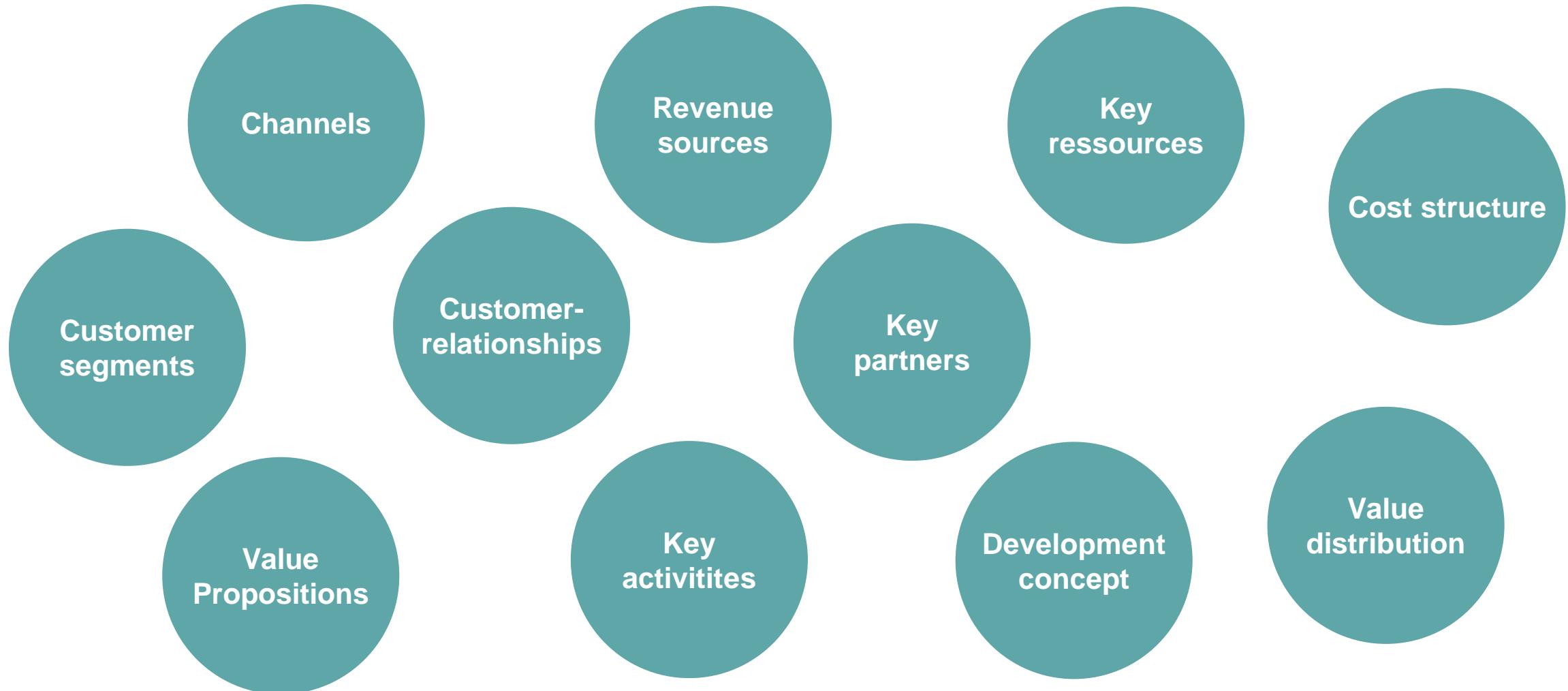
The majority of the different business model approaches predominantly follow a common logic, even if this is expressed in different ways.

## Common components of business model definitions



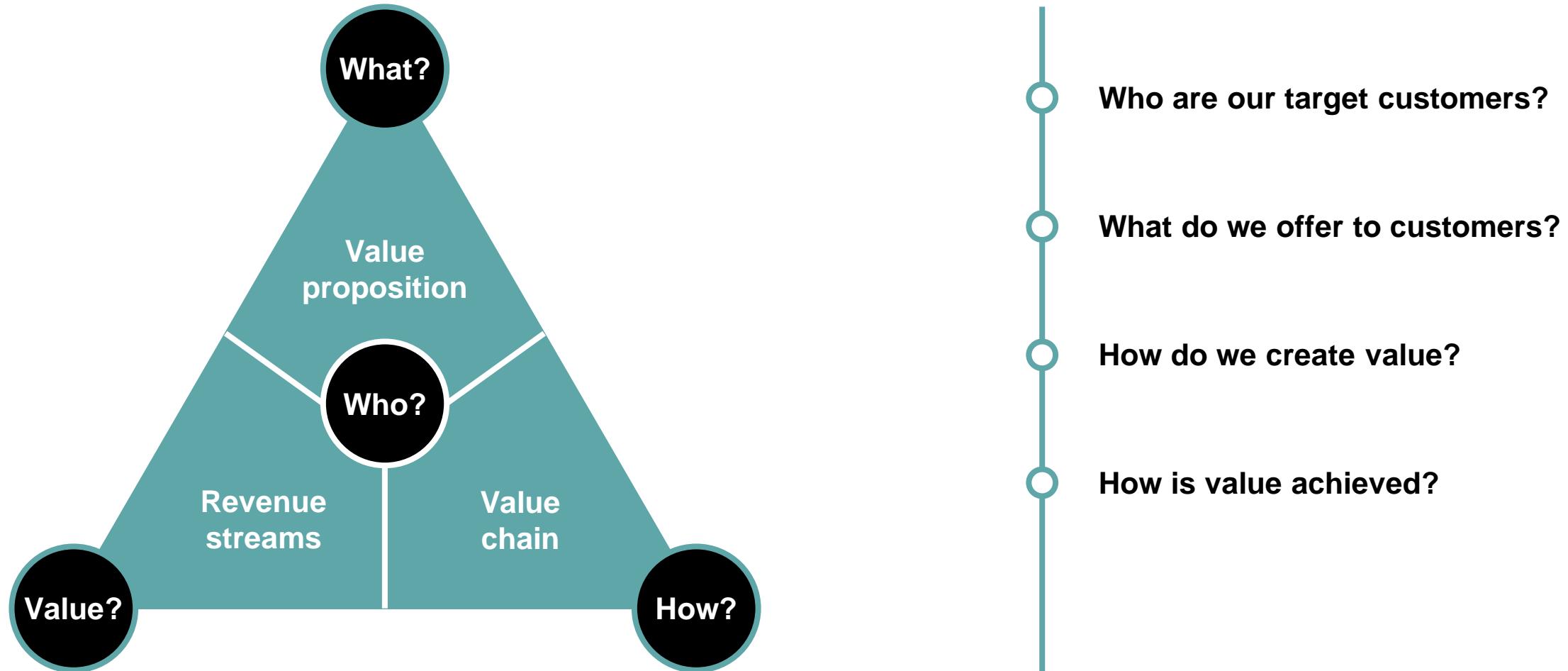
# What are the business model elements?

Most business model approaches use (a selection of) the following elements / dimensions:



# Example: Business Model Dimensions (Gassmann et al.)

The magic triangle of a business model according to Gassmann et al. is a comparatively strongly aggregated static representation of a business model with four decisive dimensions.



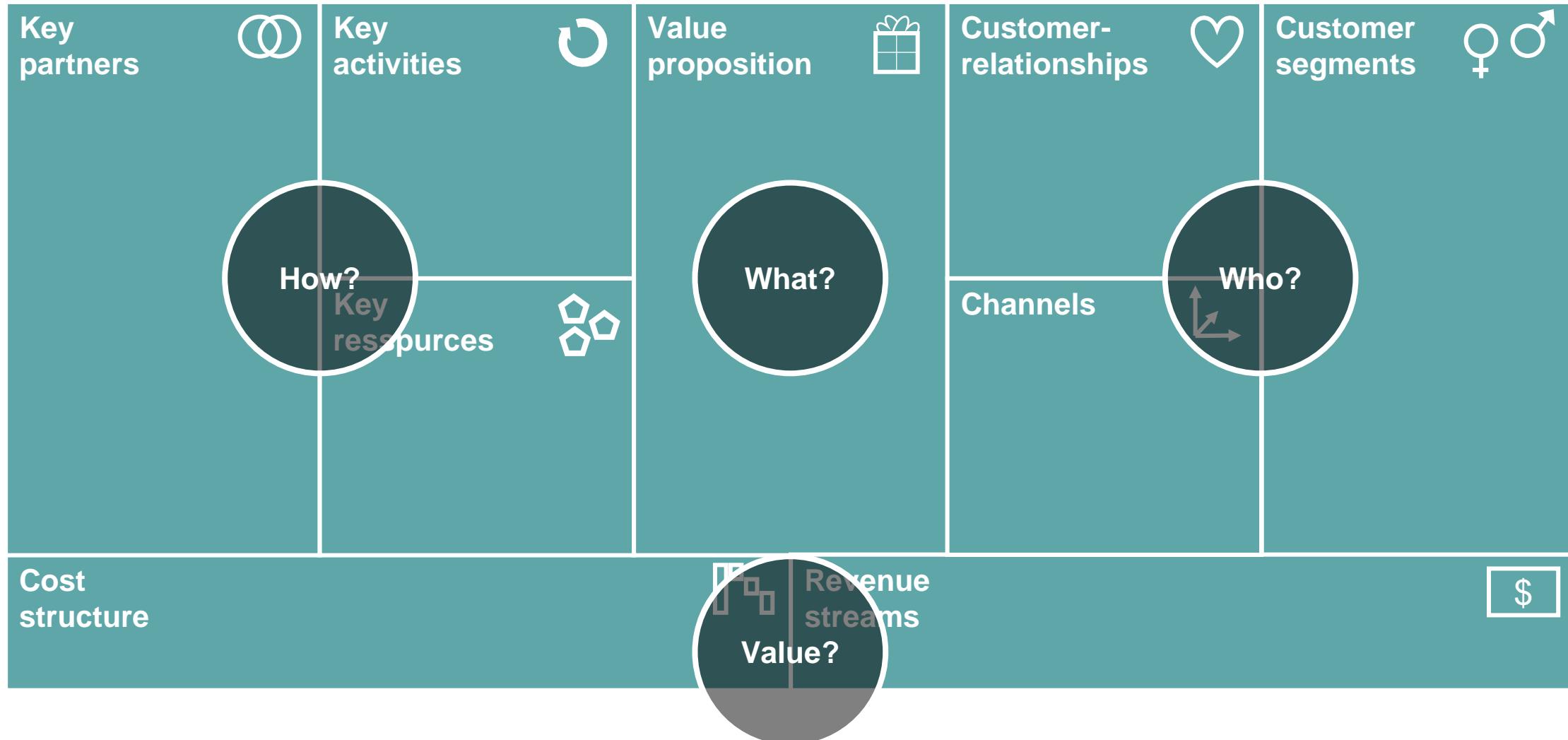
# Example: Business Model Canvas (Osterwalder / Pigneur)

The Business Model Canvas is the most widely accepted management tool for describing and designing business models. It has a high level of detail.



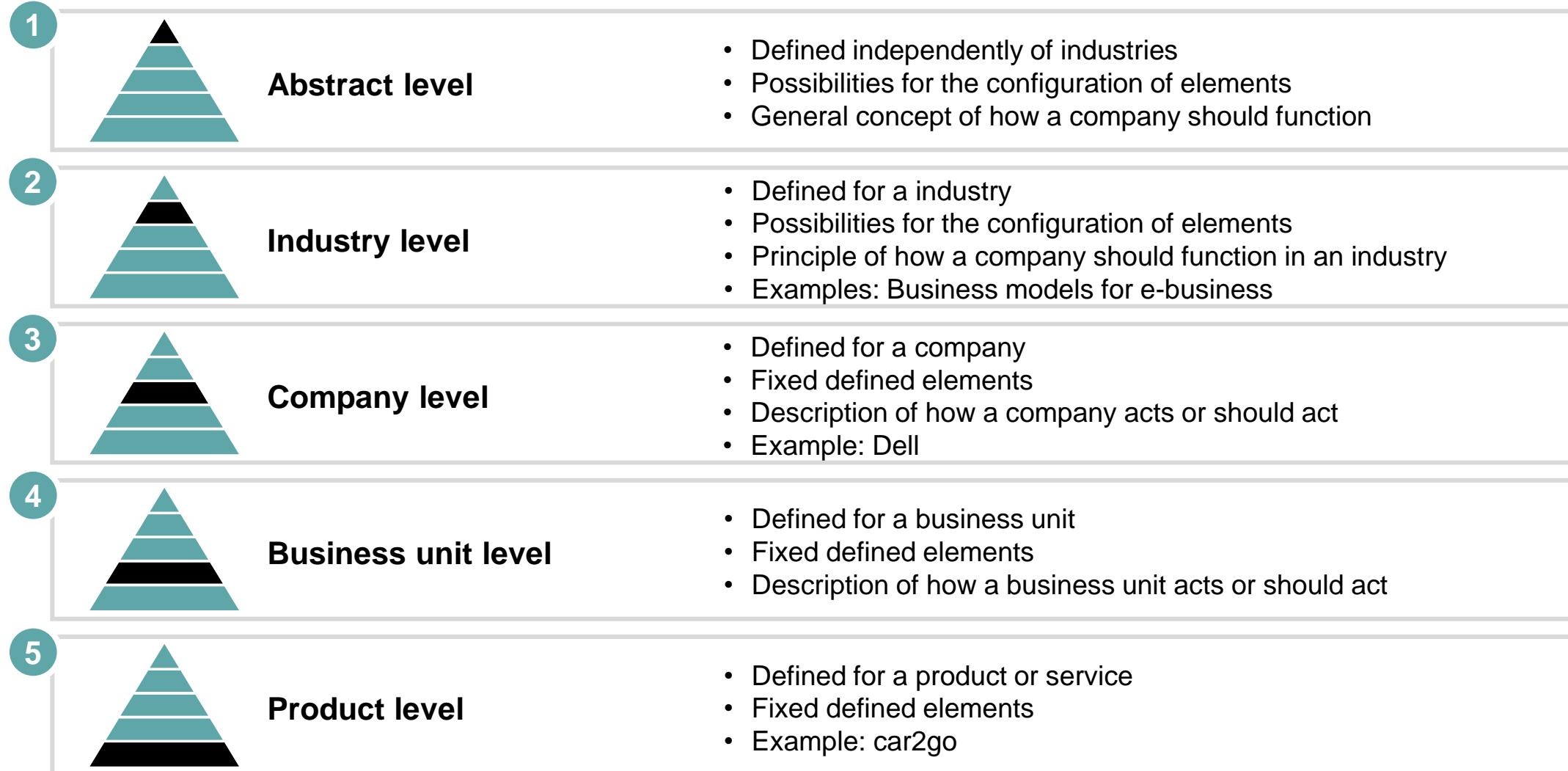
Source: Osterwalder / Pigneur (2011): Business Model Generation – Ein Handbuch für Visionäre, Spielveränderer und Herausforderer.

The main difference between the concepts "Business Model Dimensions" and "Business Model Canvas" is the level of detail of the individual elements.



# Does a business model always refer to a single company?

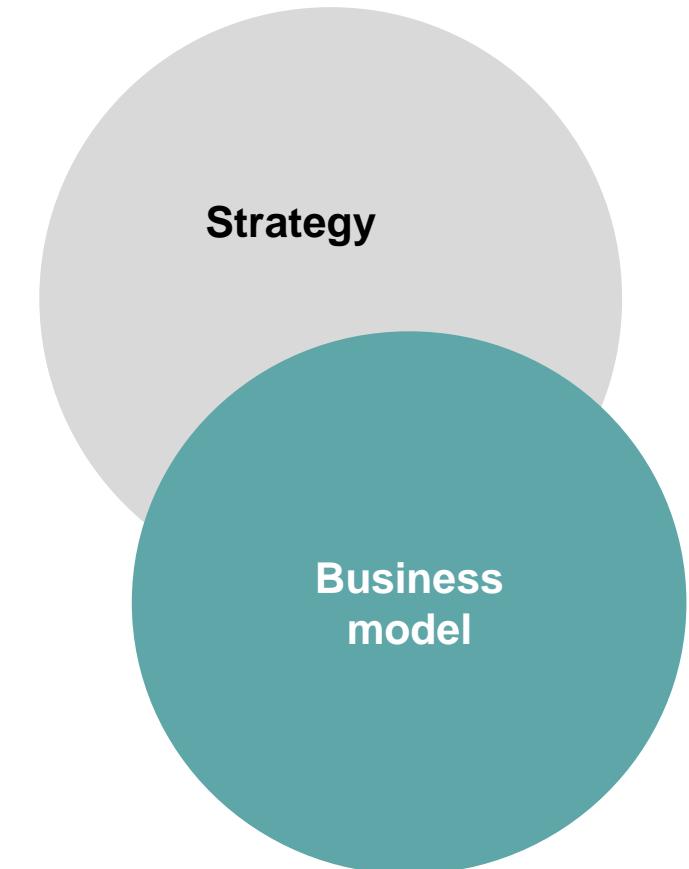
A business model can be described and analyzed at different abstraction levels. It is a separate unit of analysis which is not tied to a specific strategy level.



# How do strategy and business model differ?

There are several approaches to distinguish between strategy and business model, some of which are contradictory. We understand the business model as a unit of analysis that is closely linked to the strategy.

Strategy	Business Model
„Strategy is...a coherent arrangement of activities that distinguishes a company from its competitors.“ (Porter 2013: Wettbewerbsstrategie)	„A business model describes the basic principle according to which an organization creates, conveys and captures value.“ (Osterwalder / Pigneur 2011: Business Model Generation)
➡ Orientation to competition	➡ Orientation to customer value
➡ Time scale	➡ One single moment



➡ Business models are concretizations of realized strategies.  
A business model is a concept for analyzing a strategy.

**With its defined dimensions / elements, a business model approach provides a clear, consistent frame of reference for describing and analyzing how an organization's business functions (concretization of strategy). This enables ...**

**... that employees of an organization understand the business model or develop a common understanding.**

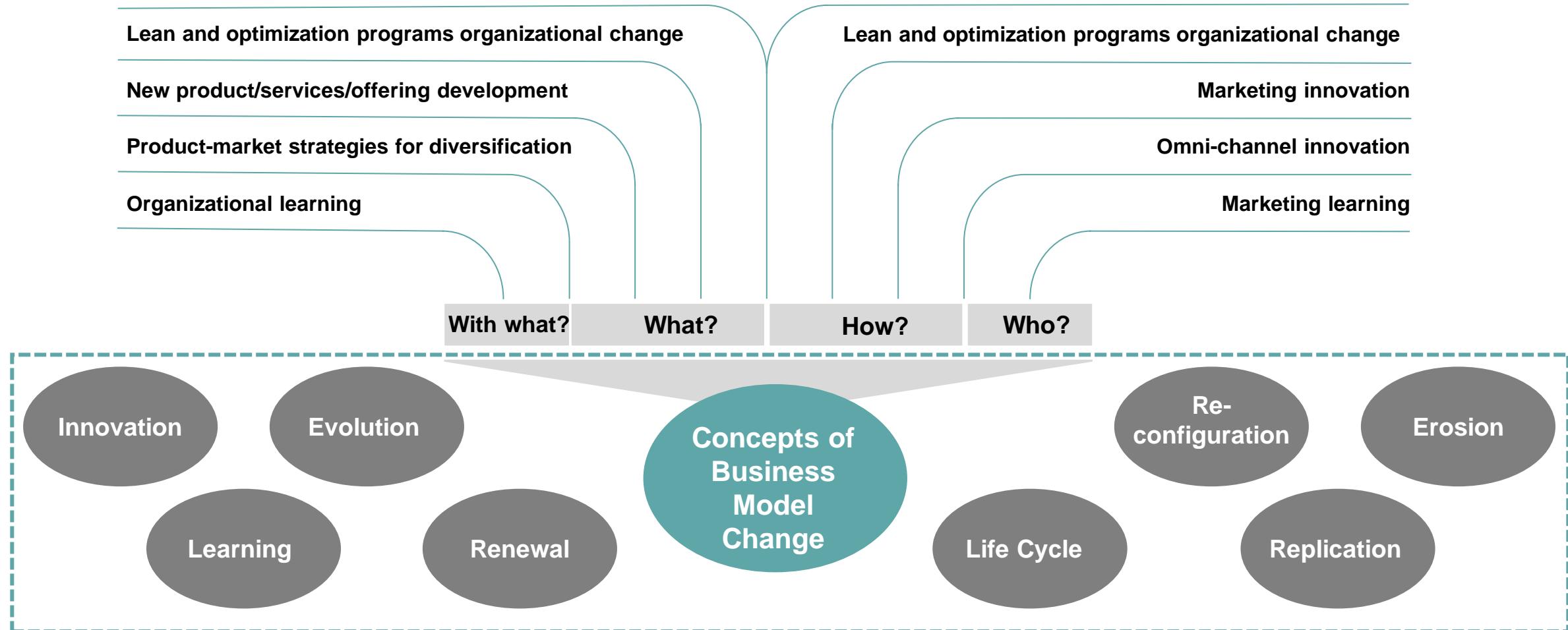
**... that weaknesses in the business model can be identified and improved in a target-oriented way.**

**... that business models can be developed and innovated in a targeted way.**

- 
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# Special focus on the development of business models

In the development and adaptation of business models, various streams are also included.



Source: The wider implications of business-model research Ritter / Lettl (2018) / Saebi (2014)

# Concepts for Business Model Change

Over the years, varied definitions of individual components of business model development have emerged for individual aspects - without already being at the end of the line.

Konzept	Defintion	Literatur
<b>Evolution</b>	“a fine tuning process involving voluntary and emergent changes in and between permanently linked core components”	Demil and Lecocq (2010, p.239)
<b>Renewal</b>	No clear definition existing	Doz and Kosonen (2010)
<b>Replication</b>	No clear definition existing	Dunford, Palmer & Beneviste (2010)
<b>Learning</b>	an established firm modifies its business model in face of competition from a new business model	Teece (2010)
<b>Erosion</b>	the declining competitiveness of established business models	McGrath (2010)
<b>Life cycle</b>	“A business model lifecycle involving periods of specification, refinement, adaptation, revision and reformulation. An initial period during which the model is fairly informal or implicit is followed by a process of trial-and-error, and a number of core decisions are made that delimit the directions in which the firm can evolve” p. 732-733	Morris, Schindehutte, Allen (2005)
<b>Recon-figuration</b>	“We use the term to capture the phenomenon by which managers reconfigure organizational resources (and acquire new ones) to change an existing business model. Thus the process of reconfiguration requires shifting, with different degrees of radicalism, from an existing model to a new one.”	Massa and Tucci (2013, p.11)
<b>Innovation</b>	“Business model innovation is the discovery of a fundamentally different model in an existing business” “Business model innovation is a reconfiguration of activities in the existing business model of a firm that is new to the product service market in which the firm competes”	Markides (2006, p.20) Santos, Spector & van den Heyden (2009, p. 14)

# What is a business model innovation?

There is no consensus on what exactly constitutes a business model innovation. In general, an innovation is to be understood as a renewal. The following four dimensions show the applicability of the concept of innovation to business models.

Target			
Combination of business model elements for:			
• Benefit foundation for customers and partners	• Generating profit	• Differentiation against competitors	 The answer to the question of whether a developed business model is a business model innovation, and if so, what kind, depends on the respondent's interpretation of the term innovation.
• Strengthening customer relationships and achieving a competitive advantage	• Making the business model more difficult to imitate	Customer vs. competition vs. industry vs. company	 Following the basic idea of the concept of innovation, the term business model innovation implies that a business model has already been implemented and tested in practice.

# Example: Product innovation vs. business model innovation

The last decades of the music industry show very well how product innovations were initially pursued without changing anything in the actual business model.

Product innovation



Business model constancy in the music industry

Business model innovation

# Discussion



**In which situations are business model innovations necessary?**



The opportunity to address through disruptive innovation the needs of large groups of potential customers who are shut out of a market entirely because existing solutions are too expensive or complicated for them. This includes the opportunity to democratize products in *emerging markets (or reach the bottom of the pyramid)*, as Tata's Nano does.



The opportunity to capitalize on a brandnew technology by wrapping a new business model around it (Apple and MP3 players) or the opportunity to leverage a tested technology by bringing it to a whole new market (say, by offering military technologies in the commercial space or vice versa).



The opportunity to bring a job-to-be-done focus where one does not yet exist. *That's common in industries where companies focus on products or customer segments, which leads them to refine existing products more and more, increasing commoditization over time.* A jobs focus allows companies to redefine industry profitability. For example, when FedEx entered the package delivery market, it did not try to compete through lower prices or better marketing. Instead, it concentrated on fulfilling an entirely unmet customer need to receive packages far, far faster, and more reliably, than any service then could. To do so, it had to integrate its key processes and resources in a vastly more efficient way. The business model that resulted from this job-to-be-done emphasis gave FedEx a significant competitive advantage that took UPS many years to copy.

# IV

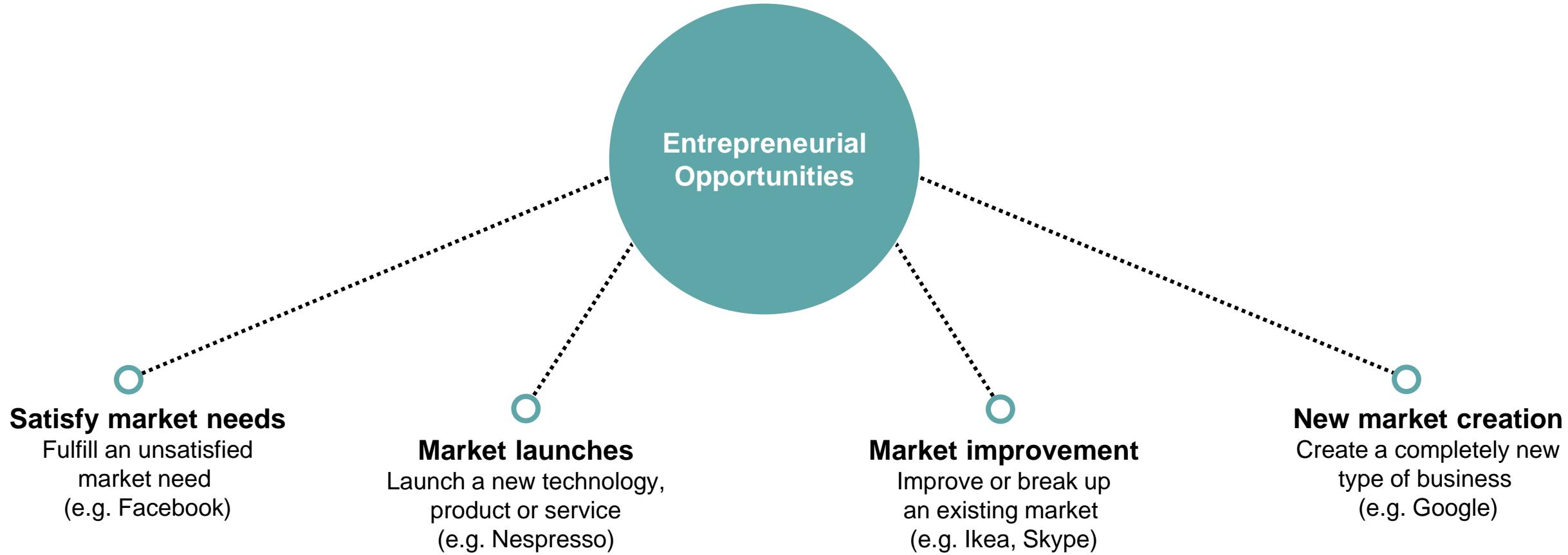
The need to fend off low-end disrupters. If the Nano is successful, it will threaten other automobile makers, much as minimills threatened the integrated steel mills a generation ago by making steel at significantly lower cost.

# V

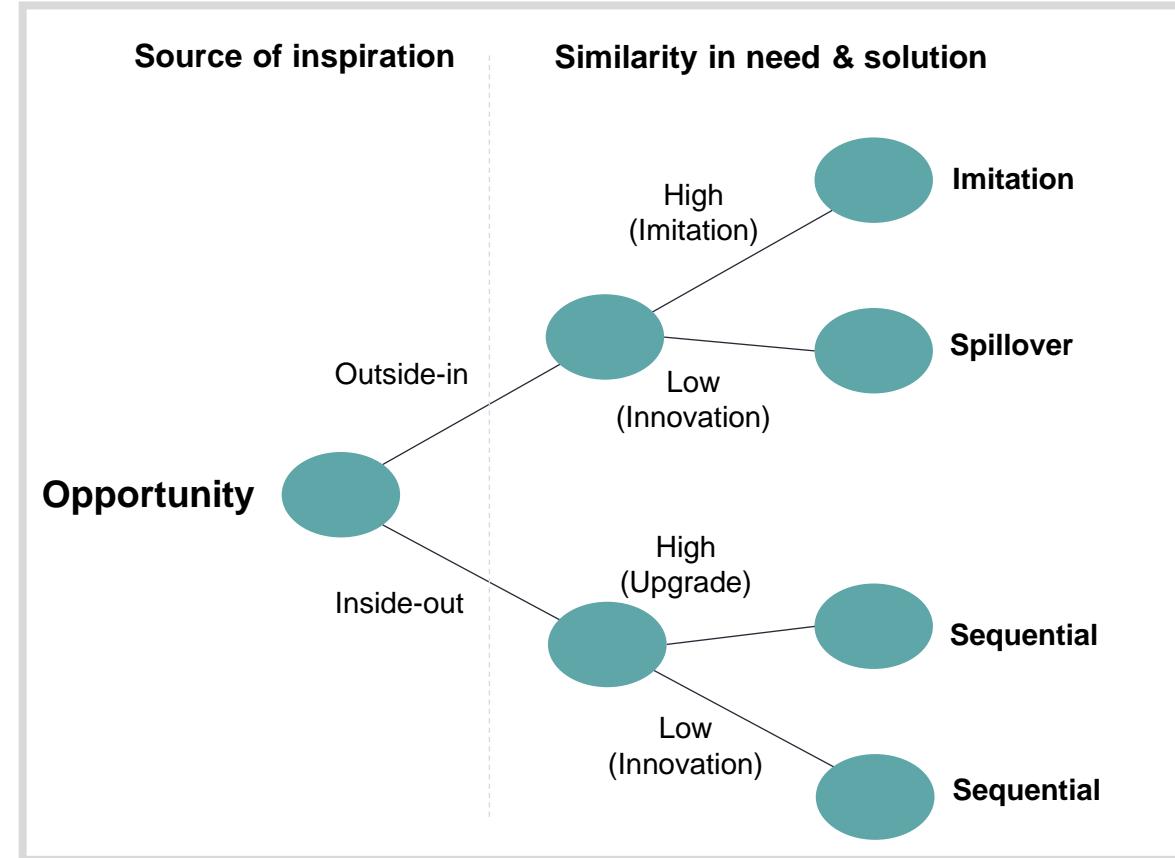
The need to respond to a shifting basis of competition. Inevitably, what defines an acceptable solution in a market will change over time, leading core market segments to commoditize. Hilti needed to change its business model in part because of lower *global manufacturing costs*; “*good enough*” low-end entrants had begun chipping away at the market for high-quality power tools.

# Starting points for business model innovations

Corporate opportunities are the starting points for business model innovations. To identify such opportunities, they must either be actively sought or created.



„Entrepreneurship leads to the exploitation of market potential, which in turn generates new market potential.“  
Särimner Effect



## Imitation

First-mover activities provide the incentive to compete for created market potential. This is done by imitating the product.

## Spillover

First-mover activities trigger learning processes among other market players. This leads to the introduction of new innovations.

## Sequential

Exploitation of existing potential involves a learning process through which new potential is identified (within the company).

# Challenges and risks for established companies

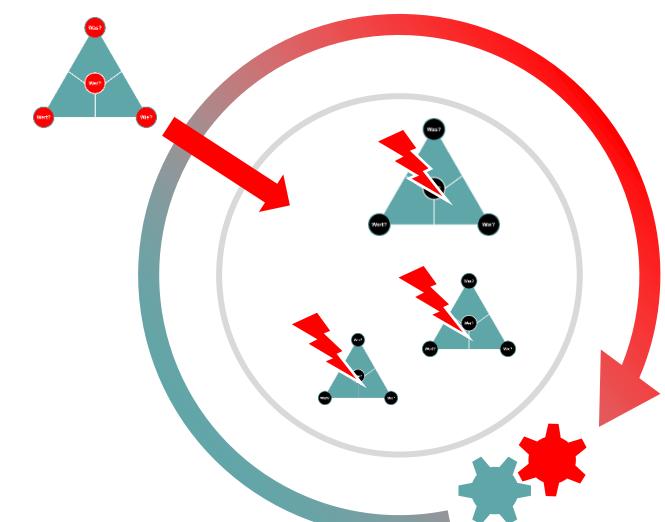
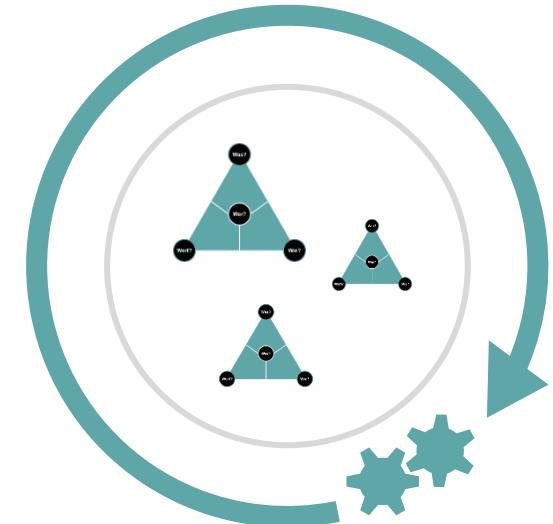
To innovate business models, it is necessary to overcome the dominant industry logic. This represents a major challenge for established companies - at the same time, it is an opportunity for start-ups.

Established companies operate in an industry which, due to the interaction of competitors and the existing value chain, functions according to a prevailing structure, the dominant industry logic.

An established company's own business model is adapted to this dominant industry logic. Competition with counterparties is determined by optimization measures to increase efficiency within the framework of the dominant industry logic.

Members of established companies have difficulty thinking beyond the dominant industry logic. For years, management books have praised uniform, one-dimensional thinking in this dominant logic as corporate identity and thus as a competitive advantage.

There are many examples of business model innovations that have led to an industry revolution or the displacement of established companies. Innovative business models consequently represent a risk for established companies.



# Examples of initiators of and victims through business model innovations

New business models often experience a breakthrough when traditional competition is deliberately ignored.

Former pioneers,  
who later became victims of their success



**NOKIA**

**OTTO**



TOMTOM®

**NIXDORF  
COMPUTER**



Current pioneers



**flaschenpost.de**

*Getränke für Alle. Sofort.*

**amazon**



**MOIA**

SOCIAL MOVEMENT

**U  
BER**



# Example of the development of a disruptive start-up

bit

A disruptive company in the tourism industry



Rating in 2017: 31 Mrd. USD

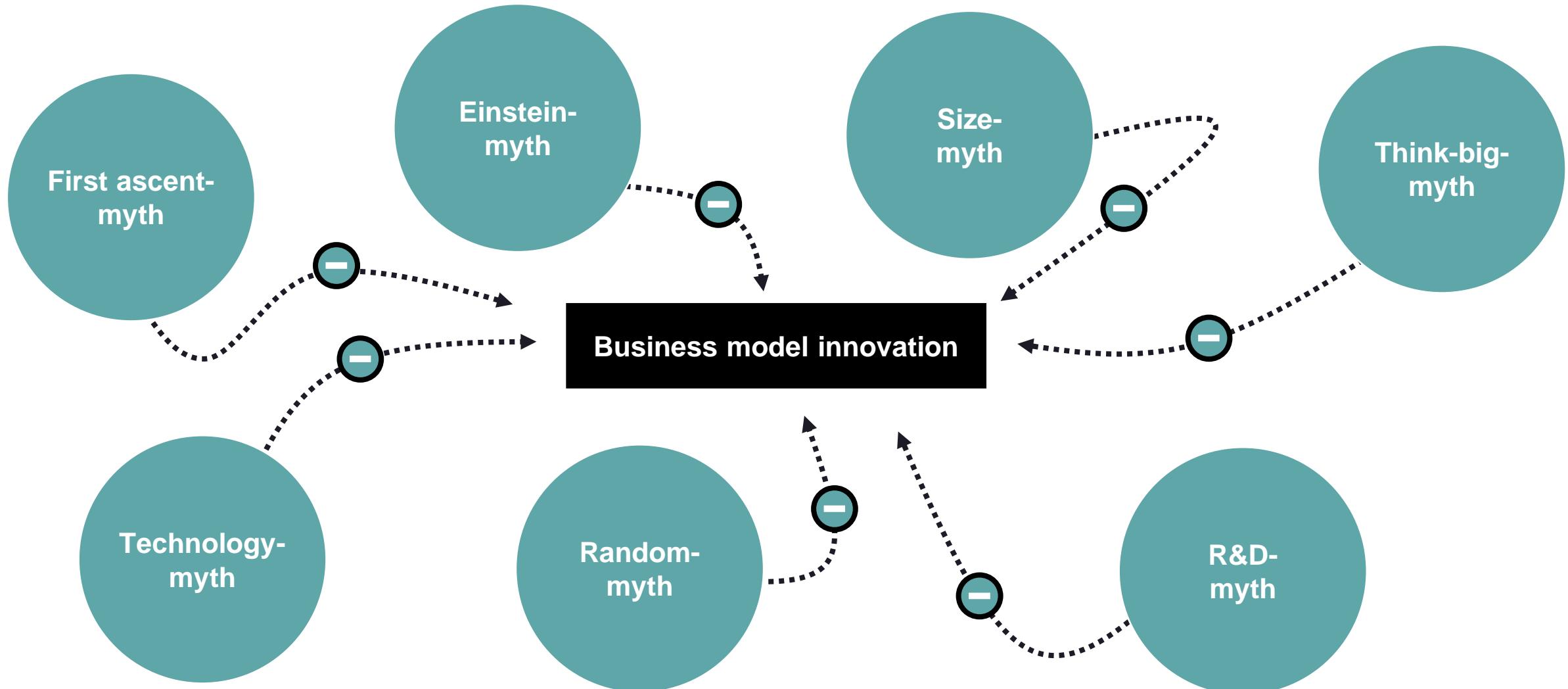
The top ten most valuable hotel brands worldwide



Rating in Jahr 2017: 33 Mrd. USD

# Myths about business model innovations

Integrating new ideas from outside can help break through the dominant industry logic. Appealing to subsequent myths nevertheless keeps many companies from innovating their business model.



Source: Gassmann / Frankenberger / Csik (2013): Geschäftsmodelle entwickeln – 55 innovative Konzepte mit dem St.Galler Business Model Navigator



The Fighting Temeraire von William Turner

## Sailing Ship Effect

- Sailing Ship Effect originates from technology / innovation research
- Threat potential of new technology leads to efficiency increase of old technology
- Effect also transferable to business models?

## (Market) barriers

In general, a distinction must be made between "vulnerable" markets and those with high barriers

Barriers due to

- Market entry barriers
- Market exit barriers
- Mobility barriers

# A little task due the next session

Please be ready to describe the assigned business models in short (max. 2min) to the group in the next session.

Business Model	Name	Business Model	Name
ADD-ON	YAO, Sossou	FLATRATE	KAWANE, M. Loreine
AFFILIATION	YAO, Sossou	FRACTIONALIZED OWNERSHIP	KAWANE, M. Loreine
AIKIDO	ZONGO, Célestin	FRANCHISING	OUEDRAOGO, U. Ezekiel
AUCTION	ZONGO, Célestin	FREEMIUM	OUEDRAOGO, U. Ezekiel
BARTER	SEMDE, Salifou	FROM PUSH-TO-PULL	ZONGO, W. Siméon
CASH MACHINE	SEMDE, Salifou	GUARANTEED AVAILABILITY	ZONGO, W. Siméon
CROSS SELLING	OUEDRAOGO, Assami	HIDDEN REVENUE	YARO, Emmanuel
CROWDFUNDING	OUEDRAOGO, Assami	INGREDIENT BRANDING	YARO, Emmanuel
CROWDSOURCING	ZONGO, Marthe	INTEGRATOR	SEMDE, Aissata
CUSTOMER LOYALITY	ZONGO, Marthe	LAYER PLAYER	SEMDE, Aissata
DIGITALIZATION	BAZIER, Giovanni	LEVERAGE CUSTOMER DATA	ZOMA, W. Rodrigue
DIRECT SELLING	BAZIER, Giovanni	LICENSE	ZOMA, W. Rodrigue
E-COMMERCE	KABORE, Florentin	LOCK-IN	TONDE, Salif
EXPERIENCE SELLING	KABORE, Florentin	LONG TAIL	TONDE, Salif

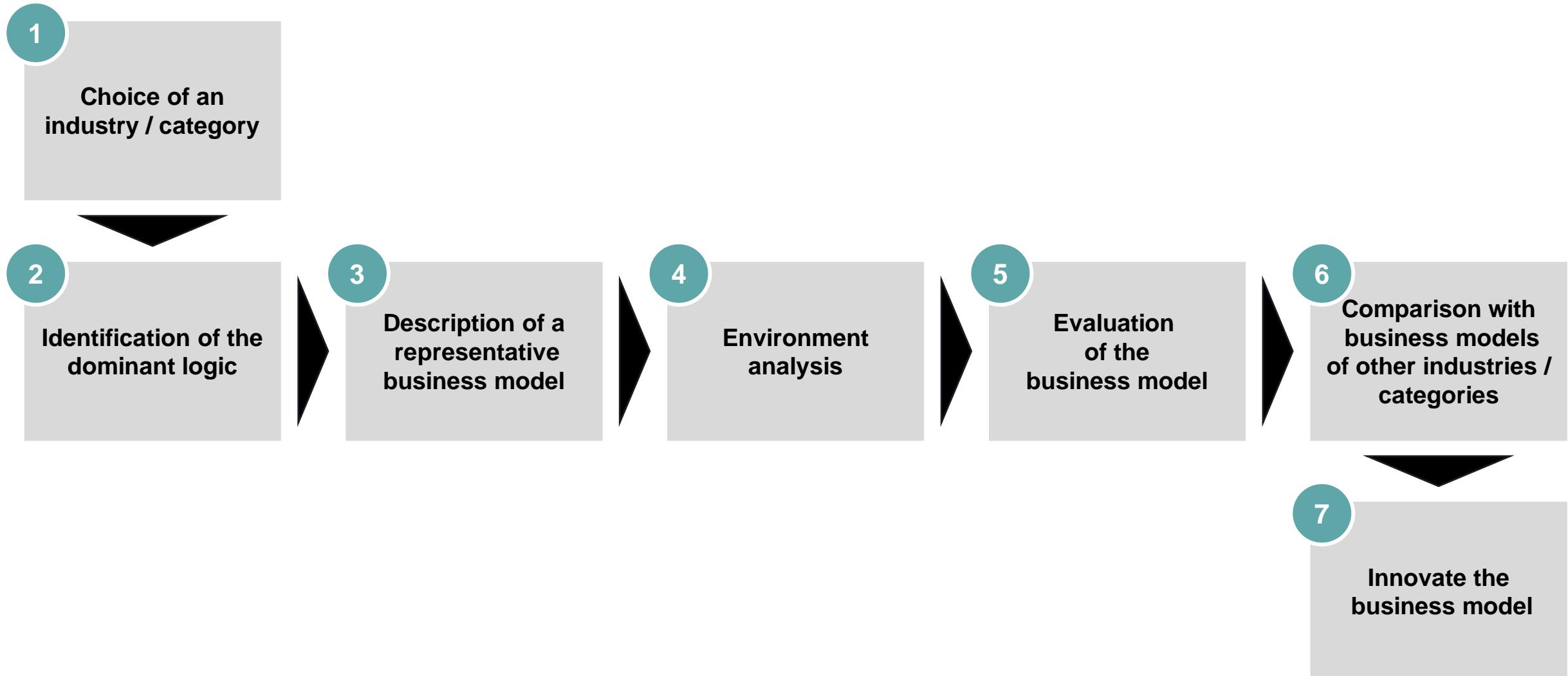
# A little task due the next session

Please be ready to describe the assigned business models in short to the group in the next session.

Business Model	Name	Business Model	Name
MAKE MORE OF IT	NANA, Jeremie	REVERSE INNOVATION	SANOU, Lougoudoro
MASS CUSTOMIZATION	NANA, Jeremie	ROBIN HOOD	SANOU, Lougoudoro
NO FRILLS	KABORE, Boukary	SELF-SERVICE	ZONGO, J. Axel
OPEN BUSINESS MODEL	KABORE, Boukary	SHOP-IN-SHOP	ZONGO, J. Axel
OPEN SOURCE	NEYA, Dolores	SOLUTION PROVIDER	YAMEOGO, Philippe
ORCHESTRATOR	NEYA, Dolores	SUBSCRIPTION	YAMEOGO, Philippe
PAY PER USE	KABORE, W. David	SUPER MARKET	BOUDA, M. G. Alice
PAY WHAT YOU WANT	KABORE, W. David	TARGET THE POOR	BOUDA, M. G. Alice
PEER-TO-PEER	TIENDREBEOGO, Arsène	TRASH-TO-CASH	SEMDE, Alexandre
PERFORMANCE- BASED CONTRACTING	TIENDREBEOGO, Arsène	TWO SIDED MARKET	GERDT, Sven-Olaf
RAZOR AND BLADE	KAGAMBEGA, Melaine	ULTIMATE LUXURY	SEMDE, Alexandre
RENT INSTEAD OF BUY	KAGAMBEGA, Melaine	USER DESIGNED	BAKOUAN, Youba
REVENUE SHARING	YANOGO, Y. Patrick	WHITE LABEL	BAKOUAN, Youba
REVERSE ENGINEERING	YANOGO, Y. Patrick		

# Business model development- and innovation process

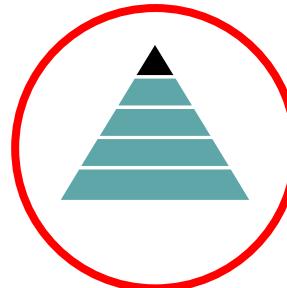
One way of identifying entrepreneurial opportunities and building on them to promote business model innovation is to systematically analyze one's own business model in the context of one's own and other industry(ies).



When selecting an industry/category, it is useful to first select a product or service and then outline the industry/category by companies that produce substitutable products or services.

## What do we mean by an industry / category?

A collective term for companies that produce largely substitutable products or services



## Procedure for choosing a branch / category (recommendation)

Selection of a product that interests you / that you want to deal with



Search for manufacturers / suppliers of the product or service and manufacturers / suppliers of substitutes



Industry / category outline



To capture the dominant industry logic, the goal is not ground level, but 10,000 meters of flight altitude.

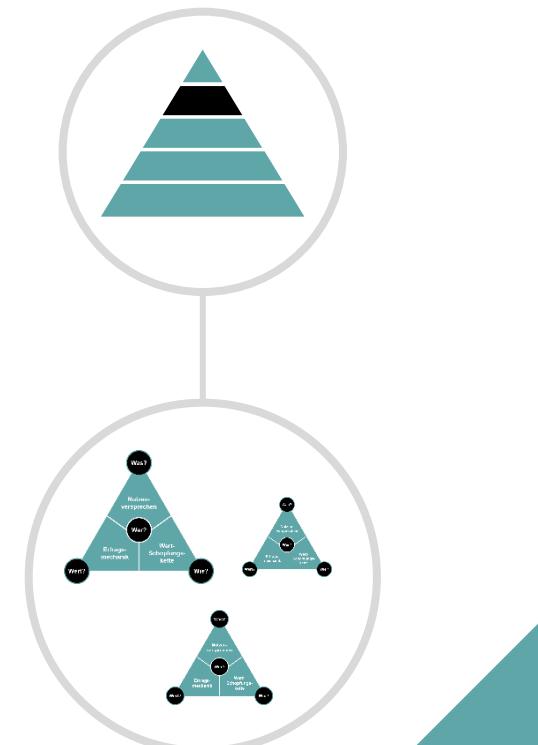
### Procedure for identifying the dominant industry logic (recommendation)

Selection of a representative group of manufacturers / suppliers of the industry / category

Brainstorming: How do the companies in this industry function on an abstract level? To what extent are the manufacturers / suppliers similar in terms of their business model?

Screening of the generic business models of Gassmann et al. and Osterwalder / Pigneur

Matching a generic business model with the industry



# 55 Business model patterns according to Gassmann et al. I

No.	Name	Dimensions	Examples	Description
1	<b>ADD-ON</b>	What Value	Ryanair (1985), SAP (1992), Sega (1998)	A basic offer is provided at a competitive price, which can be extended by numerous extras. These drive up the final price, which means that the customer often ends up spending more than initially expected.
2	<b>AFFILIATION</b>	How Value	Amazon Store (1995), Cybererotica (1994), Pinterest (2010)	Third parties for the supply of customers. The third parties, known as affiliates, are generally remunerated per referral of a new customer or pro rata on the basis of successfully completed transactions.
3	<b>AIKIDO</b>	Who What Value	The Body Shop (1976), Swatch (1983), Cirque du Soleil (1984), Nintendo (2006)	AIKIDO is a Japanese martial art in which the strength of an attacker is used against himself. In the form of a business model, AIKIDO means that a company offers something diametrically opposed to the paradigm of the competition.
4	<b>AUCTION</b>	What Value	eBay (1995), Google (1998), MyHammer (2005)	Here, a product or service is sold to the highest bidder. The final price is determined when a certain end time is reached or no higher bid is made.
5	<b>BARTER</b>	What Value	Procter & Gamble (1970), Pepsi (1972), Lufthansa (1993), Pay with a Tweet (2010)	Barter transactions through which a good is given to the customer without the exchange of monetary benefits. The customer offers something of value to the company in return. The goods exchanged need not have a direct connection and are usually valued differently by the two parties.
6	<b>CASH MACHINE</b>	How Value	Dell (1984), Amazon Store (1995), PayPal (1998),	When a company generates revenue faster than it has to make the necessary expenditures to do so. The negative cash turnover results in the release of additional liquidity.

# 55 Business model patterns according to Gassmann et al. II

No.	Name	Dimensions	Examples	Description
7	CROSS SELLING	Who What Value	Shell (1930), IKEA(1956), Tchibo (1973), SANIFAIR (2003)	A company's range of services is supplemented by complementary products and services. The aim is to generate additional sales to the company's existing range of services.
8	CROWD-FUNDING	How Value	Diaspora (2010), Brainpool (2011), Pebble Technology (2012)	A product, project or complete start-up is funded by a group of private small investors who want to support the underlying idea. The investors benefit from special advantages that depend on the amount of money provided.
9	CROWD-SOURCING	How Value	Threadless (2000), Procter & Gamble (2001), Cisco (2007)	The solution of a task or a problem is taken over by an anonymous mass. The aim of this pattern is to expand one's own innovation and knowledge horizons and to enable a more cost-efficient and effective solution to the problem by developing it.
10	CUSTOMER LOYALITY	What Value	American Airlines (1981), Safeway Club Card (1995), Payback (2000)	Loyalizing customers by rewarding them for their loyalty in the form of bonus programs. The reward creates an emotional relationship with the company, which in turn binds customers more strongly to the company.
11	DIGITALIZATION	What How	Napster (1999), Wikipedia (2001), Facebook (2004), Dropbox (2007), Netflix (2008)	The possibility of offering existing products or services in a digital variant that has advantageous properties over the physical variant. The advantages may include, for example, lower production costs, greater reach, or faster distribution.

# 55 Business model patterns according to Gassmann et al. III

No.	Name	Dimensions	Examples	Description
12	DIRECT SELLING	What How Value	Vorwerk (1930), Tupperware (1946), Nestle Nespresso (1986)	Concept in which products are sold directly by the manufacturer rather than through retailers. By bypassing retailers, costs can be saved and a consistent sales concept can be ensured. In addition, the relationship with the customer is intensified.
13	E-COMMERCE	What How Value	Amazon Store (1995), Dollar Shave Club(2012), Winebid (1996), Zopa (2005)	Traditional products or services are offered via online channels. This allows the costs of operating a physical infrastructure to be bypassed. Customers benefit from higher availability.
14	EXPERIENCE SELLING	What How Value	Harley Davidson (1903), IKEA (1956), Starbucks (1971), Nestle Nespresso (1986), Red Bull (1987)	In addition to the supply of products or services, the focus is on the associated impressions and experiences of the customer. The customer's perceptible environment is actively influenced, for example by consistently coordinating promotion, store design, sales personnel, product functionality and packaging.
15	FLATRATE	What Value	SBB (1898), Sandals Resorts (1981 ), Netflix (1999)	The customer pays a flat rate for a service and can use it in unlimited quantities. This means that the customer does not have to limit his consumption and retains full cost control.
16	FRACTIONALIZED OWNERSHIP	Who What How Value	Hapimag (1963), Netjets (1964), Mobility Carsharing (1997)	Describes the shared acquisition of a property within a community of owners. Typically, it is a capital-intensive product, but not frequently required.

# 55 Business model patterns according to Gassmann et al. IV

No.	Name	Dimensions	Examples	Description
17	<b>FRANCHISING</b>	What How Value	McDonald's (1948), Starbucks (1971 ), Subway (1974), Fressnapf (1992), McFit (1997), BackWerk (2001)	Refers to a cooperation in which a so-called franchisor lets a franchisee use its business concept commercially for a fee. The franchisor owns the brand name, the products and the corporate identity. These are licensed to independent franchisees, who bear the risk of local operations.
18	<b>FREEMIUM</b>	What Value	Linkedin (2003), Spotify (2006 ), Dropbox (2007)	The basic version of a service is offered free of charge, whereas a corresponding surcharge is levied for the premium version. This is intended to attract as large a user group as possible, in which enough users can be found who are willing to pay for the premium version.
19	<b>FROM PUSH-TO-PULL</b>	What How	Toyota (1975), Zara (1975), Dell(1984), Geberit (2000)	Describes the strategy whereby a company makes its processes more flexible in order to be able to focus on the customer. In order to be able to respond quickly and flexibly to his needs, the entire value chain can be included in this concept.
20	<b>GUARANTEED AVAILABILITY</b>	What How Value	IBM (1995), Hilti (2000), ABB Turbo Systems (2010)	A type of availability guarantee is issued for a product or service that can be used by the customer. The aim is to minimize downtime costs caused by non-availability.
21	<b>HIDDEN REVENUE</b>	Who What How Value	Sat.1 (1984), Google (1998), Facebook (2004), Spotify (2006)	A company generates its main revenue by commercializing an advertising space that is linked to products or services. In this way, the company generates its revenue not from traditional customers, but from advertisers.

No.	Name	Dimensions	Examples	Description
22	<b>INGREDIENT BRANDING</b>	What How	Intel (1991), Carl Zeiss (1995), Shimano (1995), Bosch(2000)	Refers to the creation of a brand for a product that is not purchased individually, but only as a component of an end product. The product is specifically advertised as an independent feature of the end product, resulting in the formation of a 'brand within the brand' of the end product.
23	<b>INTEGRATOR</b>	How Value	Ford (1908), Zara (1975), Exxon Mobil (1999)	An INTEGRATOR carries out the majority of its value creation activities on its own. The company thus retains control over all central resources and capabilities of the value chain. Increased efficiency, economies of scope, and reduced dependencies lead to cost reductions.
24	<b>LAYER PLAYER</b>	What How	Wipro Technologies (1980), PayPal (1998), Amazon Web Services (2002)	Company specializing in the provision of a few activities in a value chain. The services it provides in this context are offered across diverse market segments. Due to its high degree of specialization, it benefits not only from specialization advantages but also in particular from a multiplication of its knowledge.
25	<b>LEVERAGE CUSTOMER DATA</b>	How Value	Google (1998), Payback (2000), Facebook (2004), Twitter (2006),	Collecting customer data so that it can subsequently be used profitably. Opportunities for commercialization arise, for example, through the direct sale of data to third parties or through the company's own use, e.g., to improve the effectiveness of advertising.
26	<b>LICENSE</b>	What How Value	BUSCH (1870), IBM (1920), DIC 2 (1973), ARM (1989),	Concentration on the development of intellectual property, which is licensed to other companies. The focus is thus not on the company's own implementation and exploitation of knowledge in the form of its own products, but rather on the commercialization of its rights of use.

# 55 Business model patterns according to Gassmann et al. VI

No.	Name	Dimensions	Examples	Description
27	<b>LOCK-IN</b>	How Value	Gillette(1904), Lego (1949), Nestle Nespresso (1986)	Customers are "locked in" to the ecosystem of an omnichannel provider. Switching to other providers is made difficult by switching costs, which is intended to protect against customer loss. LOCK-IN is created by technological mechanisms or interdependencies of products or service.
28	<b>LONG TAIL</b>	What How Value	eBay (1995), Netflix (1999), Apple iPod iTunes (2003), YouTube (2005),	Instead of focusing on blockbuster products, the majority of revenues are generated by a "LONG TAIL" of niche products. Individually, these products are not in demand in large quantities, nor do they allow for high margins. However, if sufficiently large quantities are offered, these small profits can add up lucratively.
29	<b>MAKE MORE OF IT</b>	What How Value	BASF (1998), Amazon Web Services (2002), Sennheiser Sound Academy (2009)	Know-how and other available resources of a company are not only used to manufacture its own products, but are also made available to other companies in the form of an external service. The aim is to multiply competencies outside the core business.
30	<b>MASS CUSTOMIZATION</b>	What How Value	Deli (1984), Levi's (1990), mymuesli (2007), My Unique Bag (2010)	A product is adapted to the customer's individual needs, with efficiency conditions similar to those prevailing in the manufacture of a mass product. As a result, the customer receives a product customized to his needs without having to pay a significant surcharge.
31	<b>NO FRILLS</b>	Who What How Value	Ford (1908), Aldi (1913), McDonald's (1948), Southwest Airlines (1971)	A product or service is reduced to its core. The resulting cost savings are shared with the customer, which appeals to a group of customers with lower purchasing power or a lower willingness to pay.

# 55 Business model patterns according to Gassmann et al. VII

No.	Name	Dimensions	Examples	Description
32	<b>OPEN BUSINESS MODEL</b>	How Value	Valve Gorparation (1998), Abril (2008)	Collaboration with partners is shaping up as a key source of value creation. Companies are actively seeking new ways to collaborate with suppliers, customers, or other ecosystem participants to open up and expand their business.
33	<b>OPEN SOURCE</b>	What How Value	IBM (1955), Mozilla (1992), Wikipedia (2001), Local Motors (2008)	In this pattern, a product is not developed by a single company, but by a public community. Money is usually earned through services that are offered complementary to the product, such as consulting or support.
34	<b>ORCHESTRATOR</b>	How Value	Procter & Gamble (1970), Li & Fung (1971), Nike (1978)	Focused on core competencies. All value chain activities outside this area are outsourced and actively coordinated. This enables the company to benefit from the specialization advantages of its suppliers. Focusing on core competencies increases performance.
35	<b>PAY PER USE</b>	What How	Google (1998), Ally Financial (2004), Better Place (2007), Car2Go (2008)	Services are not billed at a flat rate, but according to their actual use. This means that customers only pay for what they actually use. The company is thus able to attract customers who appreciate additional flexibility.
36	<b>PAY WHAT YOU WANT</b>	What How	One World Everbody Eats (2003), Noise Trade (2006)	The price is set by the buyer. This means that the buyer only has to pay as much for the service as he actually wants. Due to social norms, customers rarely take advantage of this pattern.

# 55 Business model patterns according to Gassmann et al. VIII

No.	Name	Dimensions	Examples	Description
37	PEER-TO-PEER	What How Value	Napster (1999), LinkedIn (2003), Skype (2003), Zopa (2005), SlideShare (2006), Airbnb (2008)	A company positions itself as a kind of contact point for the interpersonal needs of a society by specializing in brokering transactions between private individuals. These may consist, for example, in lending personal items, offering certain services and products, or sharing information and experience.
38	PERFORMANCE-BASED CONTRACTING	What How Value	Rolls-Royce (1997), BASF (1998), Xerox (2002)	The price of a product is determined on the basis of the service it provides. The manufacturer of the product is often strongly integrated into the service creation process of its customer. An extreme variant are the so-called operator models, in which the product remains the property of the company and is operated by it.
39	RAZOR AND BLADE	What How Value	Gillette (1904), HP (1984), Nestle Nespresso (1986), Apple iPod/iTunes (2003), Amazon Kindle (2007), Better Place (2007)	The basic product is offered at a low price or even for free. The complementary product, on the other hand, which is required to use the basic product, is more expensive and is responsible for the company's main sales. The low price of the basic product lowers the initial purchase threshold of customers, while the subsequent recurring sales of the complementary products are used to cross-subsidize it.
40	RENT INSTEAD OF BUY	What Value	Xerox (1959), Rent a Bike (1987), CWS-boco (2001),Car2Go (2008)	In this pattern, a product is not purchased by the customer but rented by him instead. The elimination of acquisition costs increases the user's financial scope, enabling him to afford previously unaffordable products.

# 55 Business model patterns according to Gassmann et al. IX

No.	Name	Dimensions	Examples	Description
41	<b>REVENUE SHARING</b>	What Value	HubPages(2006), Apple iPhone/ AppStore (2008), Groupon (2008)	Revenue is shared with stakeholders. Revenue sharing is used to reward value-adding activities that stakeholders perform for the company. The aim is to establish a symbiotic relationship through which a mutual increase in revenue can be achieved.
42	<b>REVERSE ENGINEERING</b>	What How Value	Bayer (1897), Pelikan (1994), Brilliance China Auto (2003)	Procedure in which a company breaks down a competitor's product into its component parts and uses this information to build a similar or compatible product. Since no major investment in R&D is required, these products can be sold at a lower price.
43	<b>REVERSE INNOVATION</b>	What How	Logitech (1981), Nokia (2003), Renault (2004), General Electric (2007)	Simple and low-cost products developed in and for emerging countries are also sold in industrialized countries. The term "reverse" refers to the fact that new products used to be developed as a rule in the laboratories of the Western world.
44	<b>ROBIN HOOD</b>	Who What How	Aravind Eye Care System (1976), One Laptop per Chilei (2005), Warby Parker (2008)	The same products or services are sold to the "rich" at a much higher price than to the "poor". The revenues generated by the rich are used to cross-subsidize the services provided to the poor. This pattern creates a positive scale and image effect that other providers cannot match.
45	<b>SELF-SERVICE</b>	What How Value	McDonald's (1948), IKEA (1956), BackWerk (2001), Car2Go (2008)	Part of the value chain is transferred from the company to the customer. The costs saved as a result enable the service to be offered at a lower price. In addition, the efficiency of the value chain can often be improved.

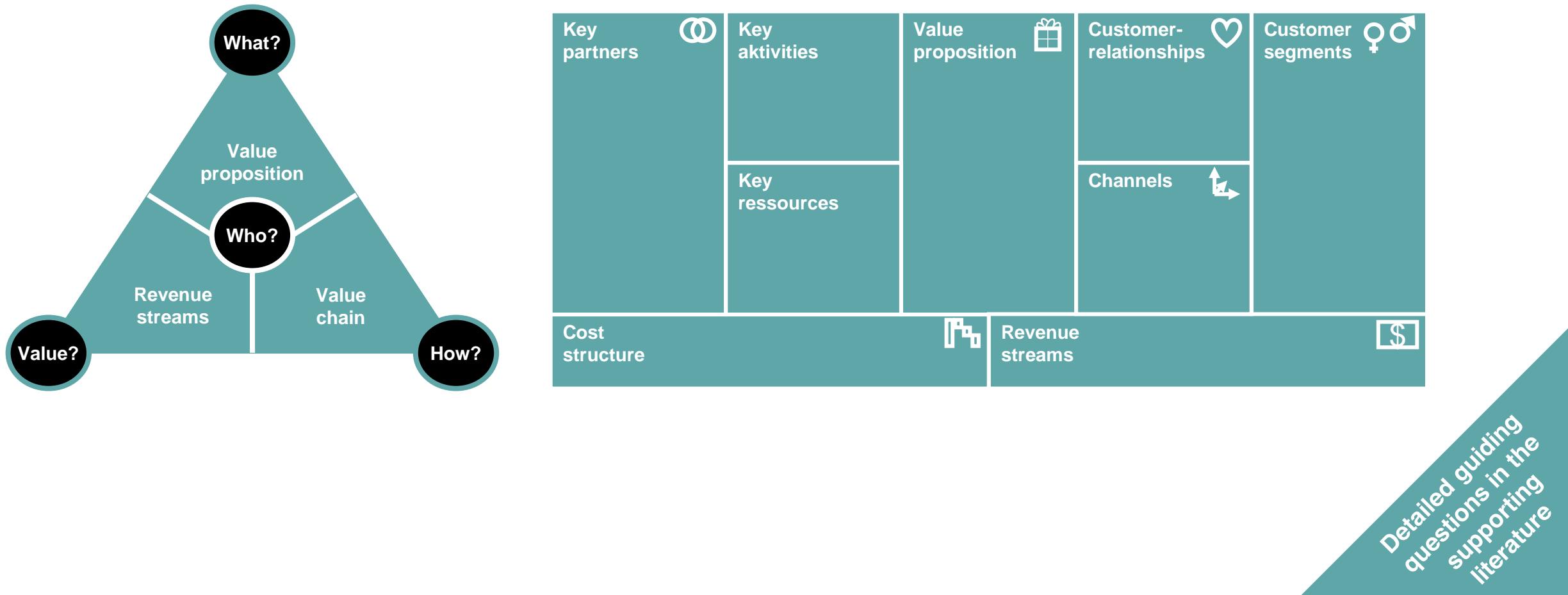
# 55 Business model patterns according to Gassmann et al. X

No.	Name	Dimensions	Examples	Description
46	<b>SHOP-IN-SHOP</b>	What How Value	Tim Bortons (1964), Tchibo (1987), Deutsche Post (1995), Bosch (2000)	Instead of building its own store, a sales room is set up within another store. The integrated company is free to choose the product range and the presentation of its services. The store operator benefits from additionally attracted customers.
47	<b>SOLUTION PROVIDER</b>	What How Value	Heidelberger Druck maschinen (1980), Tetra Pale (1993), 3M Services (2010)	A company offers its customers not only its products, but a comprehensive total solution of integrated products and services. Since the company covers the entire need around the customer's problem, it acts as the customer's "single point of contact".
48	<b>SUB-SCRIPTION</b>	What Value	Netflix (1999), Salesforce (1999), Jamba (2004), Spotify (2006),	The customer receives a service at regular intervals. The frequency and duration of use are contractually agreed with the company and paid for by the customer in advance or at regular intervals. Customers benefit from lower usage costs.
49	<b>SUPER MARKET</b>	What How Value	Toys"R"Us (1948), Fressnapf (1985), Staples (1986)	The companies offer customers a wide variety of products at low prices. By expanding the range, a broad spectrum of customer requirements can be covered. The bundled use of distribution channels leads to the realization of economies of scale and scope.
50	<b>TARGET THE POOR</b>	Who What How Value	Grameen Bank (1983), Hindustau Unilever (2000), Walmart (2012)	The products or services offered are targeted at the customer segment located at the base of the world income pyramid. Addressing this consumer group is associated with large revenue streams due to their broad mass, even if the margins of the individual services are comparatively low.

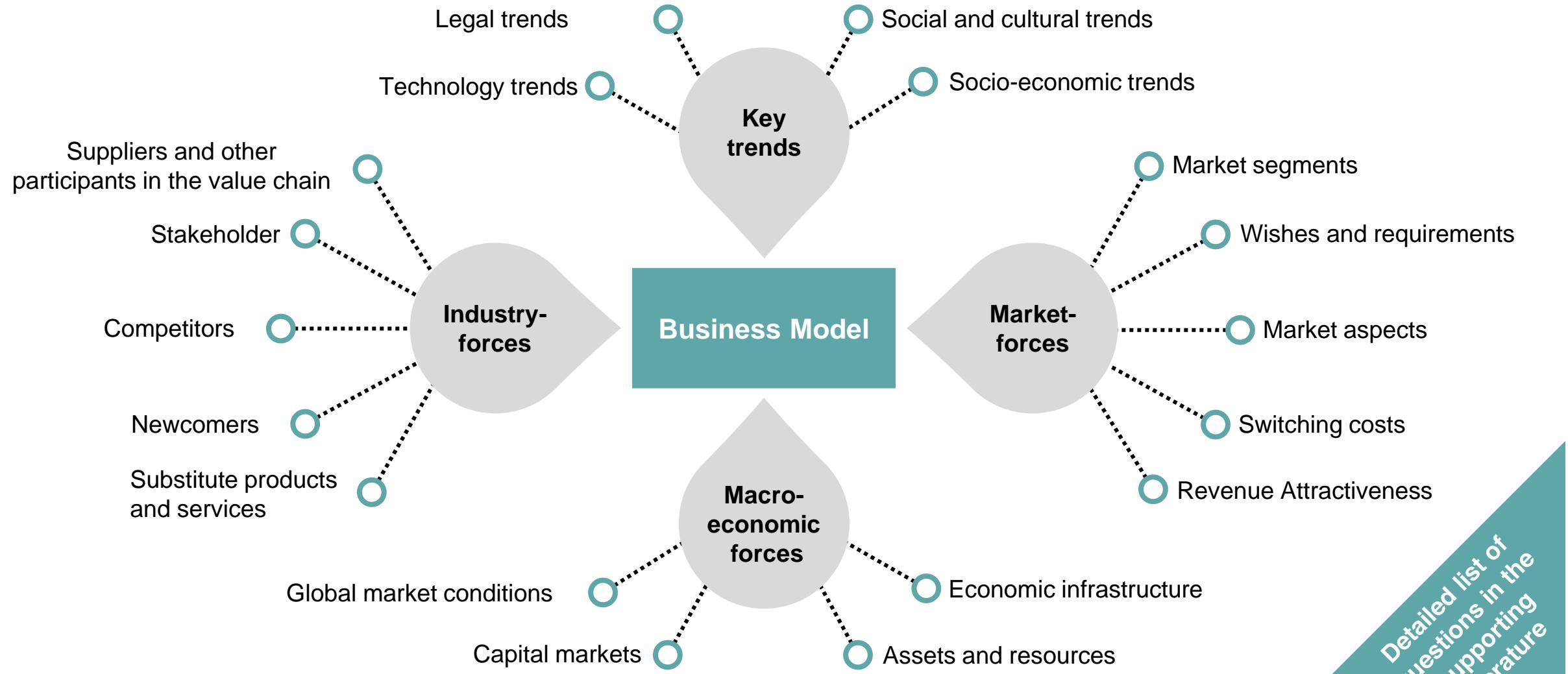
# 55 Business model patterns according to Gassmann et al. XI

No.	Name	Dimensions	Examples	Description
51	TRASH-TO-CASH	What How Value	Greenwire (2001), Emeco (2010), H&M (2012)	Waste or co-products are purchased by companies, processed into new goods and resold. While procurement costs for the company are nearly eliminated by this, the supplier benefits from the possibility of low-cost waste disposal.
52	TWO SIDED MARKET	Who What How	Google (1998), Facebook (2004), Groupon (2008)	Two-sided markets enable interaction between two independent user groups. The more users one group has, the more attractive it is for the other group to connect with it.
53	ULTIMATE LUXURY	Who What How Value	Lamborghini (1962), MirCorp (2000), The World (2002),	Focus on the top level of the income pyramid. In order to appeal to the appropriate customers, the focus is on top quality and exclusive privileges. The investments for this differentiation are covered by high prices and margins.
54	USER DESIGNED	What How Value	Spreadshirt (2001), Lego Factory (2005), Amazon Kindle (2007), Apple iPhone/ AppStore (2008),	The customer is the inventor and seller of a product. The company is only responsible for supporting the customer in the realization of his entrepreneurial project. It can profit from the creative power of its customers. For the customer, the attraction of this pattern is that he can slip into the role of inventive entrepreneur.
55	WHITE LABEL	What How	Foxconn (1974), Richelieu Foods (1994), Printing-In-A-Box (2005)	A WHITE-LABEL manufacturer allows other companies to sell the manufactured products under their own brand names. The products look as if they were produced by the respective companies, as the product labels bear their brand.

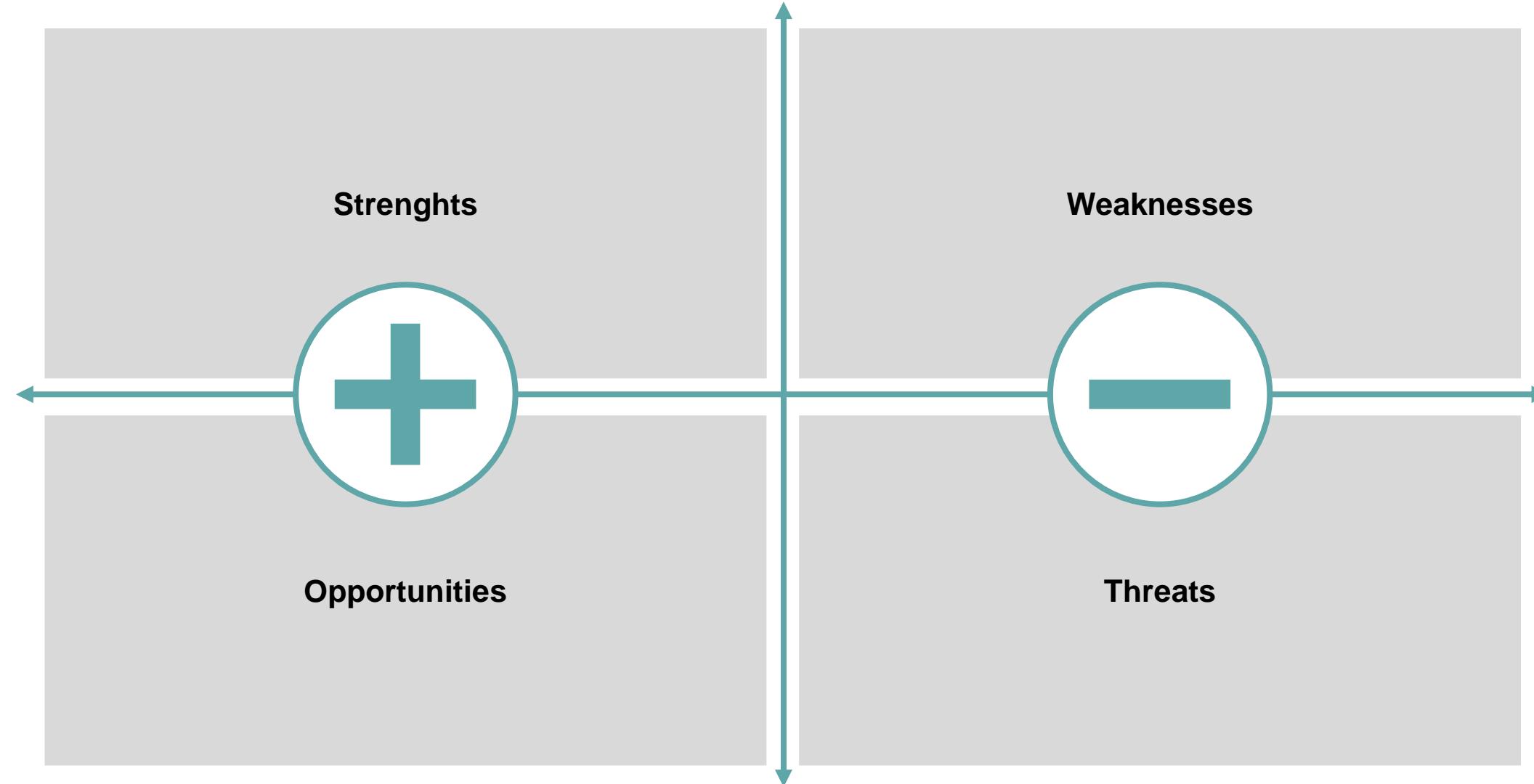
The business model approaches of Gassmann et al. and Osterwalder / Pigneur are suitable for a more detailed description of one's own or a representative business model.



Business models are designed and executed in specific environments. An intimate understanding of the environment and its evolution helps to design stronger and more competitive business models.

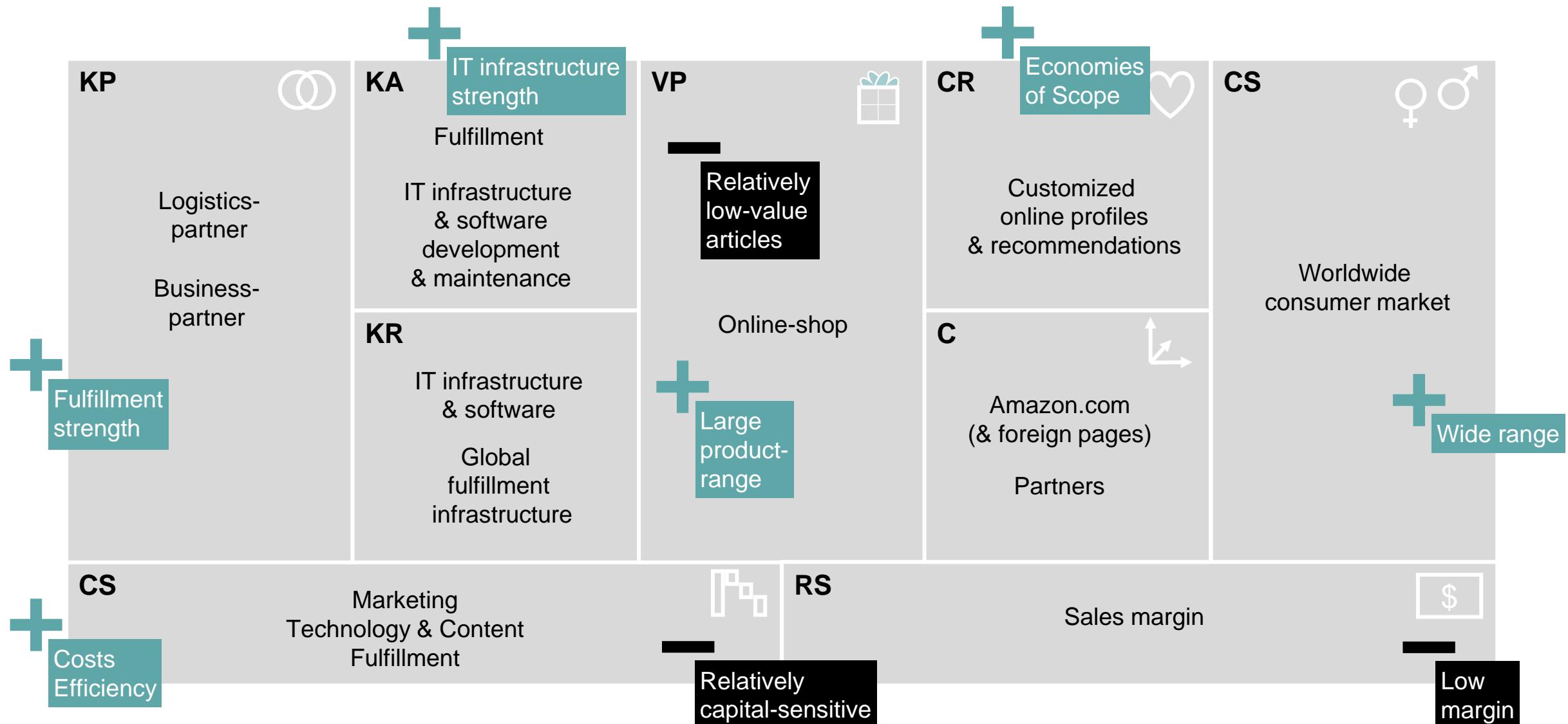


The SWOT analysis is suitable for assessing the business model. The perspective of an existing business model is assumed and external forces are evaluated from the inside out.

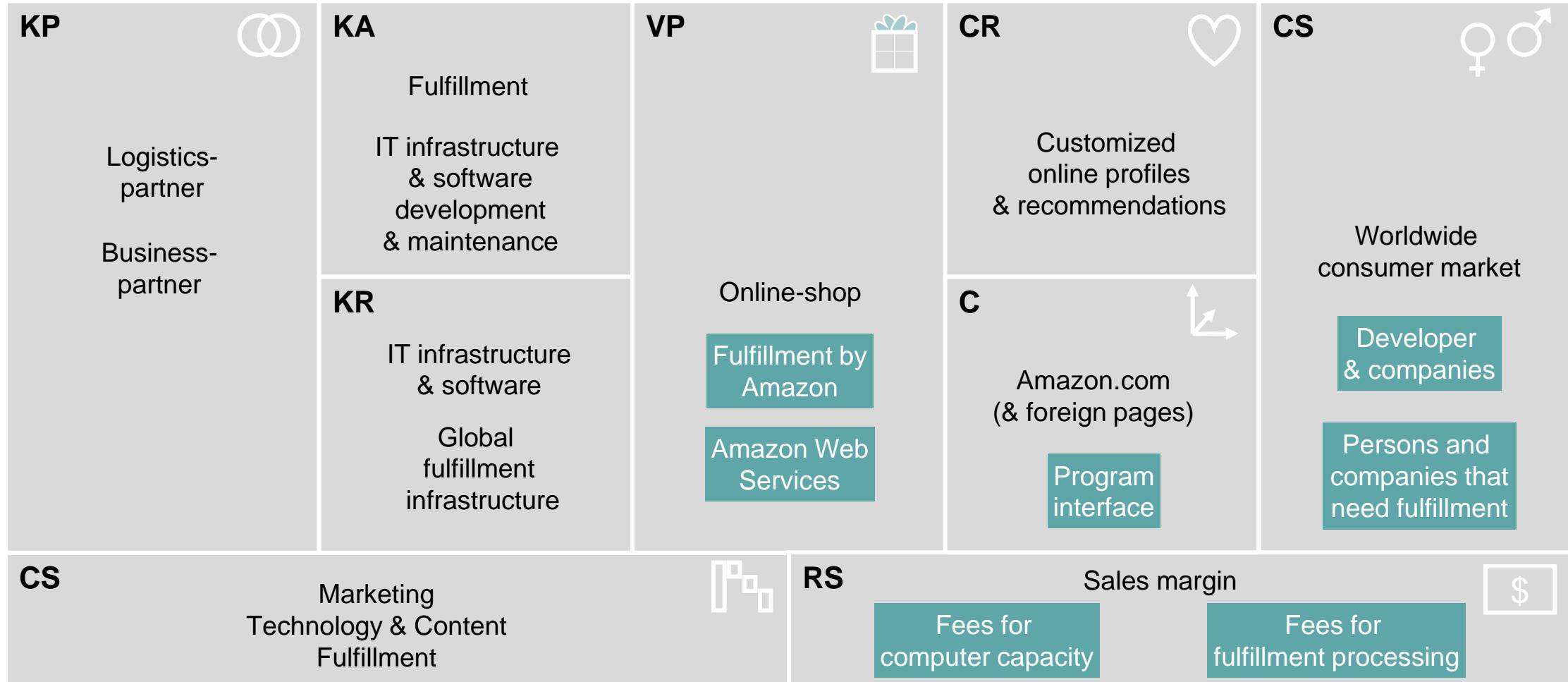


Source: Osterwalder / Pigneur (2011): Business Model Generation – Ein Handbuch für Visionäre, Spielveränderer und Herausforderer.

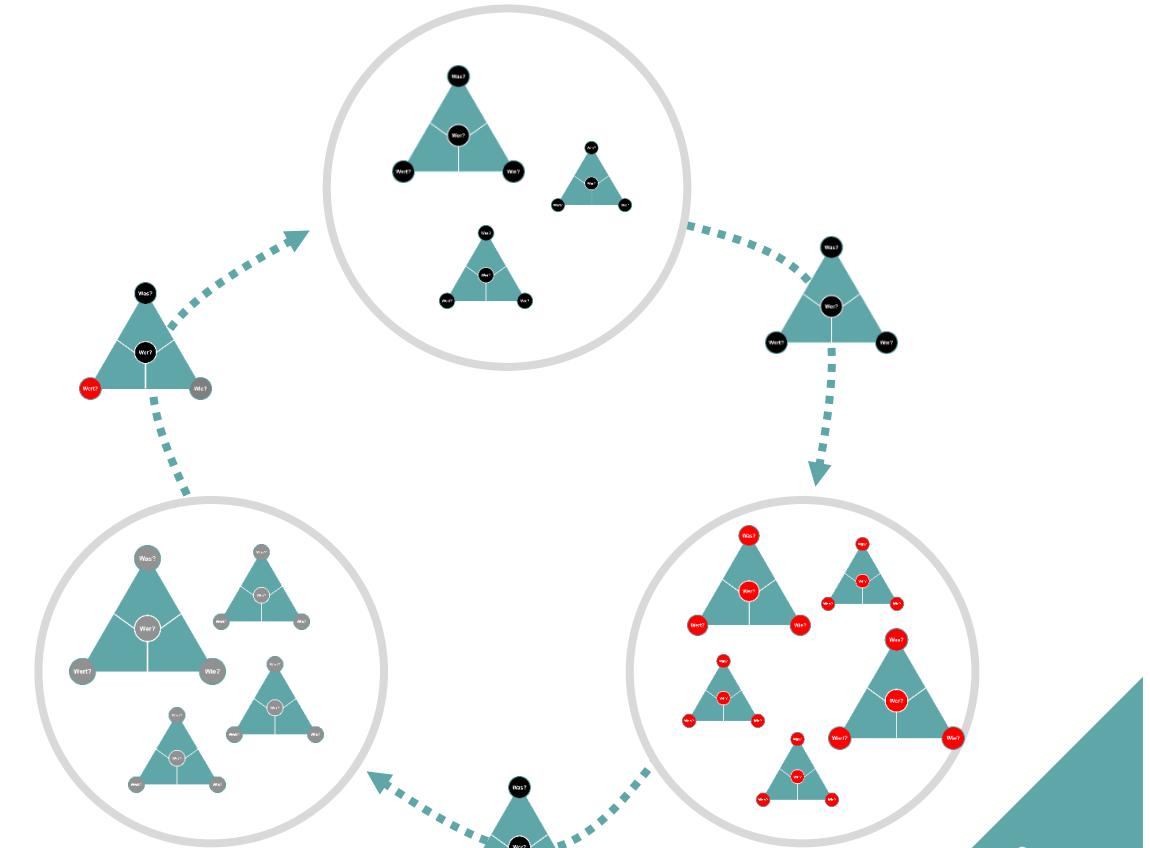
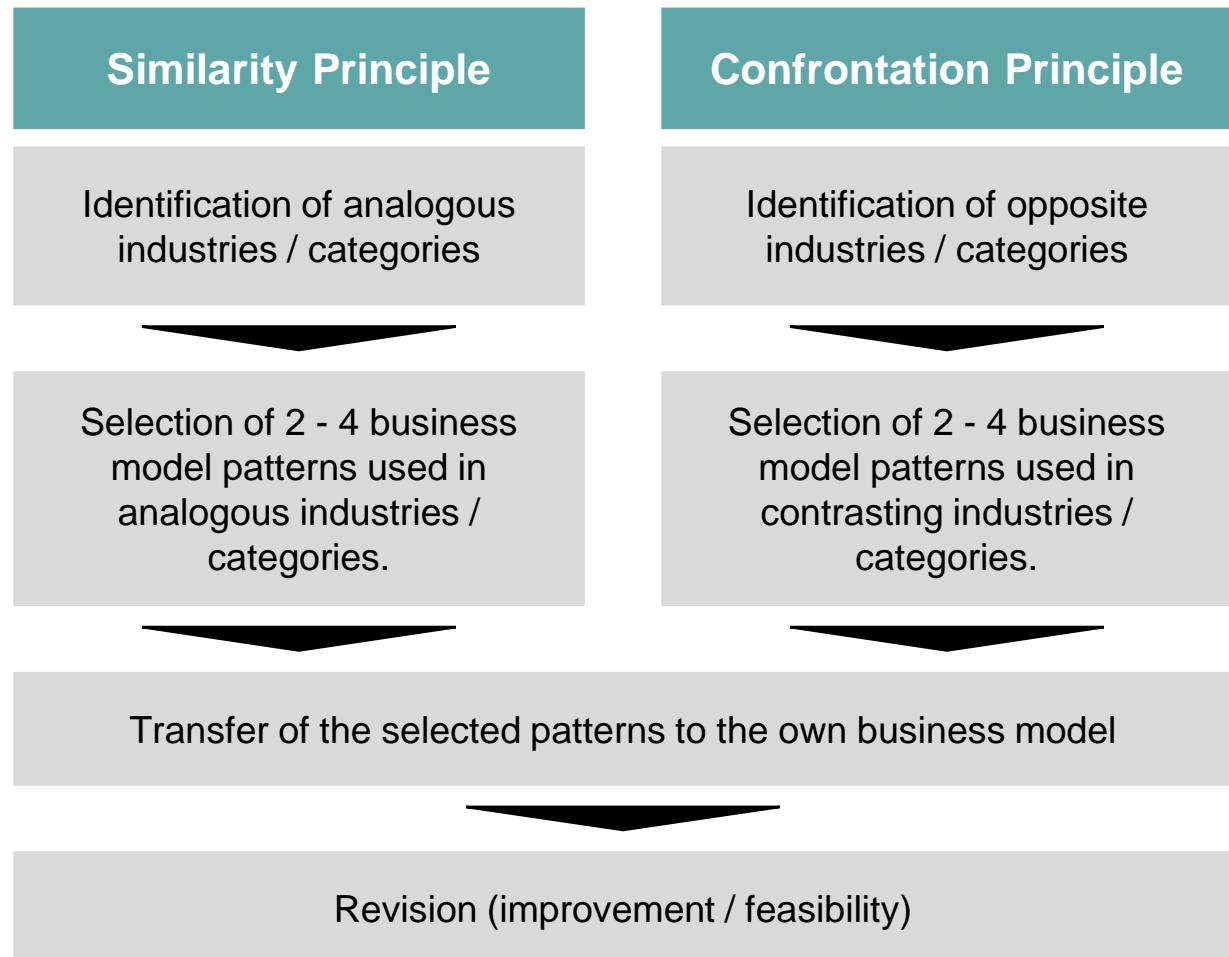
Detailed list of  
questions in the  
literature



Source: Osterwalder / Pigneur (2011): Business Model Generation – Ein Handbuch für Visionäre, Spielveränderer und Herausforderer.

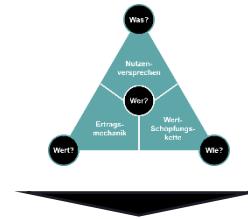


90% of all business model innovations are not really "new", but are based on recombinations of existing business models from other industries. The comparison supports the overcoming of the dominant industry logic.



55 Business  
model patterns  
in the related  
literature

Approaches for the further development / innovation of an existing business model can be derived from the results of the environmental and SWOT analysis. The comparison with business models from other industries supports the idea generation.



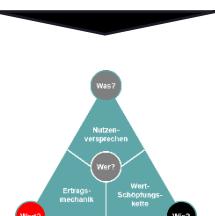
### Environment analysis

### SWOT analysis

### Comparison



### Consistency analysis



Checklist for consistency in the supporting literature

- 
- 1 **Introduction**
  - 2 **Research landscape on business models**
  - 3 **Business model concept basics**
  - 4 **Business model analysis & development**
  - 5 **Example Session**
  - 6 **Designing an investor pitch**
  - 7 **Organization & Literature**



ASSA ABLOY

Business Model Assa Abloy –  
An innovative Solution

# Agenda



1 Introduction

2 Existing Business Model

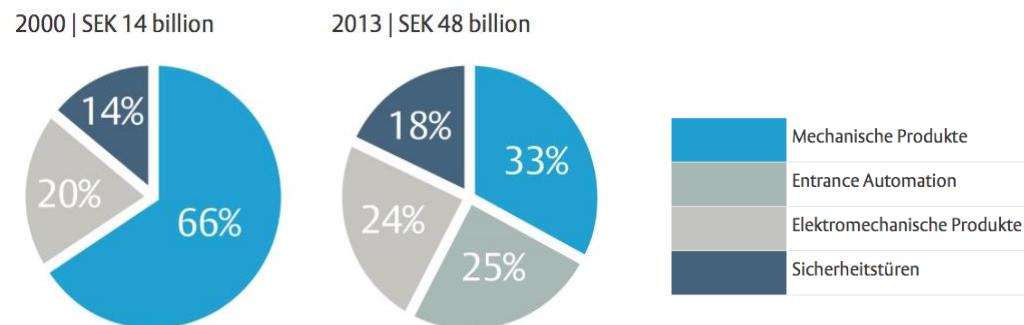
3 Innovative Business Model

4 Outlook

Despite Assa Abloy's market leadership, growth potential in individual market segments is not yet being efficiently exploited.

## Situation

- Many types of locking systems
- Strong industry dynamics
- Increasing trend from mechanical to electronic locking systems



## Complication

- Short product life cycles
- Most individuals as well as businesses already have a locking system → Novelties are therefore substitutes with luxury goods character
- B2B Focus
- General market growth in the B2C area higher than own current market share

## Key Question

In which market segment can Assa Abloy leverage its technical and innovative edge to increase company profits in the long term?

# Introduction

## Dominant Industry Logic

Assa Abloy is the largest international manufacturer in the locking systems industry and follows the solution provider business model.

### Dominant Industry Logik

- Industry: Locking systems
- Largest manufacturer: Assa Abloy
- Other manufacturers: Dorma and Kaba

Gassmann  
Model

Solution Provider –  
Single Sourcing

Locking-  
Systems



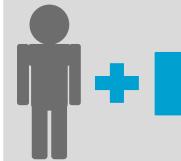
Access  
Control



Software



### Product Types



What  
one  
has

- Card
- Transponder
- Biochip



What  
one  
knows

- Code entry
- Phone number



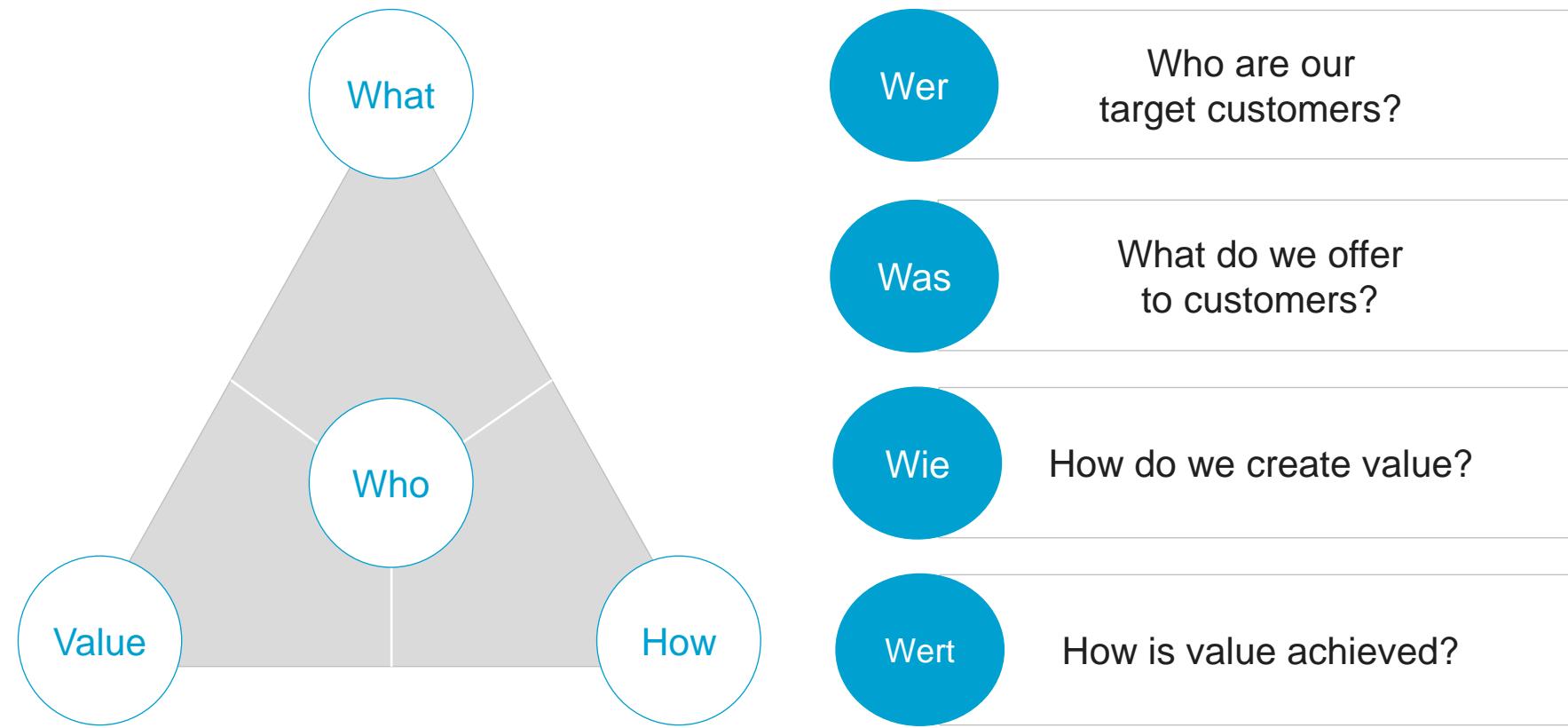
Who  
one  
is

- Finger scanner
- Face  
recognition



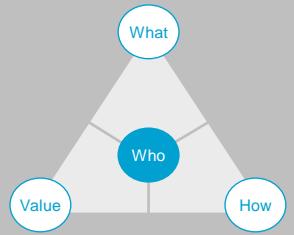
# Existing Business Model

The analysis of the existing business model is carried out by means of four determinants.



# Existing Business Model

## Target Customers



Assa Abloy has a global customer base of mostly craft and security companies.

### Target customers

✓ B2B und B2C

✓ Global

#### Main Customers

- Metal worker
- Security companies
- Locksmiths
- Specialized stores



#### Customer Segments

- Hotels
- Companies
- Universities
- Hospitals
- Government buildings



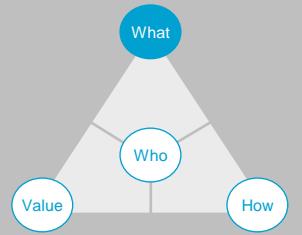
#### Sales Channels

- Online-Shop (B2B)
- Individual requests (B2C)



# Existing Business Model

## Customer Benefits



To ensure the greatest possible customer benefit, Assa Abloy is continuously expanding its product portfolio.

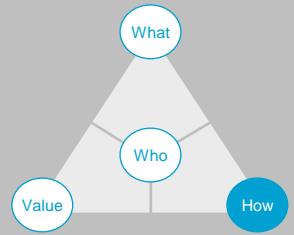


### Customer Benefits

- R&D spending increased by 130% since 2005
- Technology leadership in the security industry
- Combination of energy efficiency and attractive product design

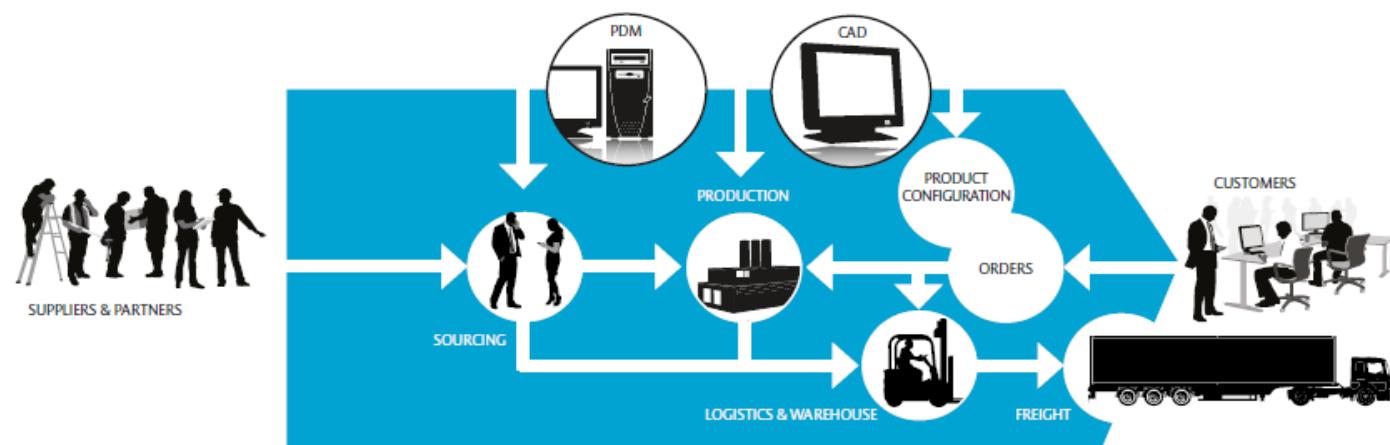
# Existing Business Model

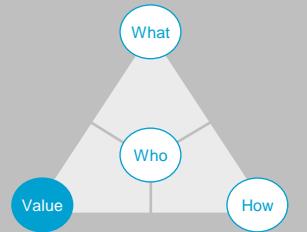
## Value Creation



Key partners, activities and resources enable innovation, efficient production, sustainability as well as value chain optimization.

Key Partners	Key Activities	Key Resources
<ul style="list-style-type: none"><li>• Specialist partner</li><li>• Factory partner</li><li>• SMP Partner</li><li>• Mechatronics partner</li><li>• NOK partner</li></ul>	<ul style="list-style-type: none"><li>• Technical research activities</li><li>• Continuous supplier audits</li><li>• Sustainability</li></ul>	<ul style="list-style-type: none"><li>• 1053 suppliers</li><li>• 1400 product design engineers</li></ul>





# Existing Business Model Value Achievement

Through continuous controlling and optimization measures, Assa Abloy was able to realize a return on sales of 16.3% in fiscal year 2014.

**1,500%**

Sales growth since  
1994

**5,800%**

Growth in earnings  
since 1994

**8,300%**

Increase in stock  
returns since 1994



Cost reduction through efficiency increase and sustainability

- Reduction of suppliers by 27% since 2006
- Lean management
- Production in low-wage countries

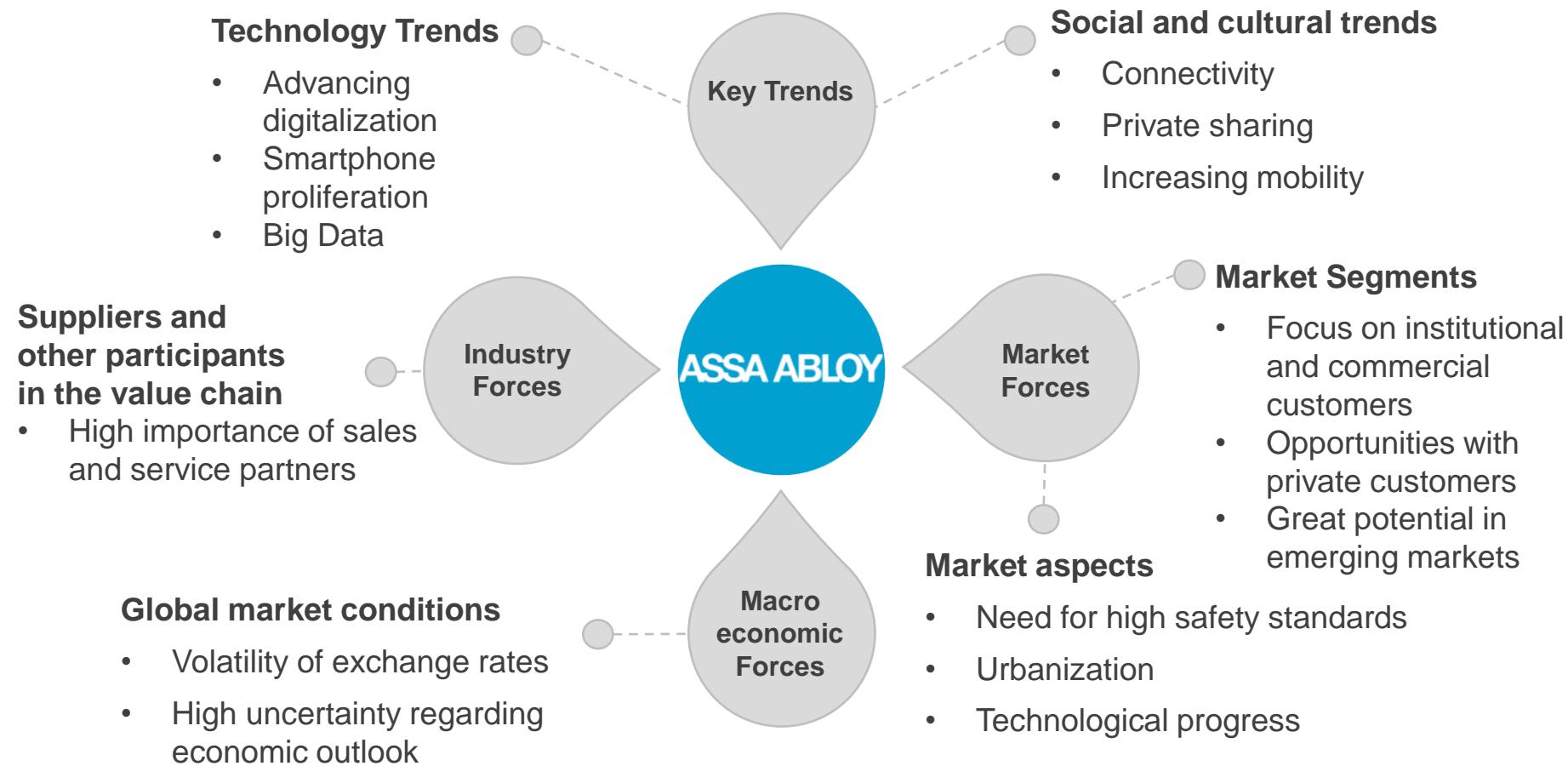
Reduction of the break-even point through standardized programs

- Global Production
- Professional sourcing
- Continuous cost controlling

# Existing Business Model Business Model Environment



Key trends and market forces have the strongest influence on the existing business model.

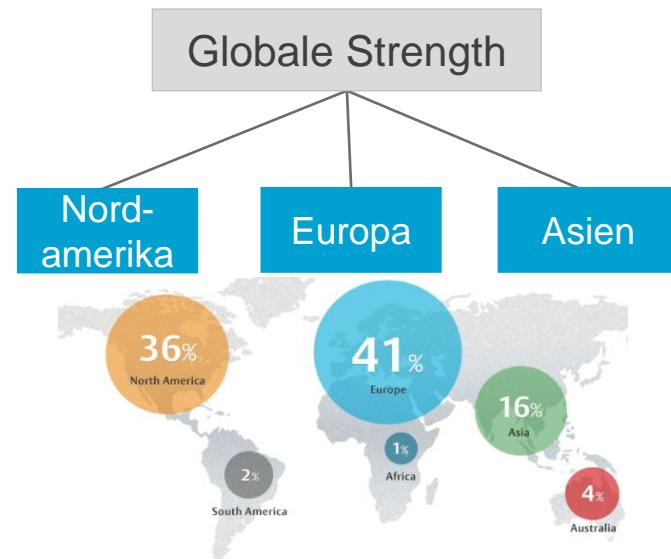


# Existing Business Model Strengths and Weaknesses

A modified business model can transform current weaknesses into strengths in the long term.

## Strengths

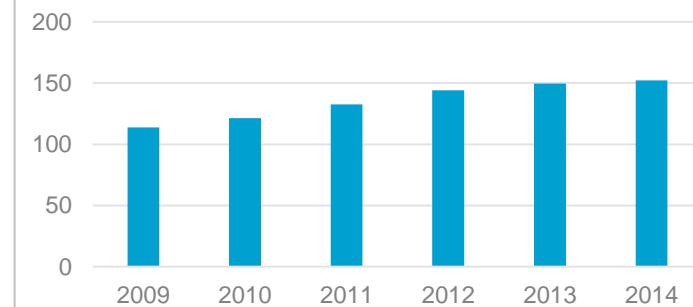
- Market leadership
- Diversified product portfolio
- Recognized safety standards



## Weaknesses

- Ignorance of B2C
- Saturated markets
- Majority of revenue from one-time payment stream

Number of Break-ins in Germany  
(in thousands)



# Innovative Business Model Product Presentation

The new product is set up in just four simple steps.



1

Installation of the new locking system easily and quickly by a specialized technician



2

Owner can control access from the comfort of home through an app and manage key codes individually



3

Tenant receives the access code directly on his smartphone after installing the app



4

Tenant has access to the apartment by smartphone with NFC technology

# Innovative Business Model Market Combination

ASSA ABLOY

The combination of product innovation with the vacation rental market promises a high potential for success.

## Vacation apartment market

- 54,099 vacation apartments and houses
- Vacation apartments second most frequent accommodation
- 5.446 arrivals in vacation apartments
- Number of beds in the parahotel industry exceeds the number of beds in hotels
- 42% of travelers prefer vacation homes as accommodation

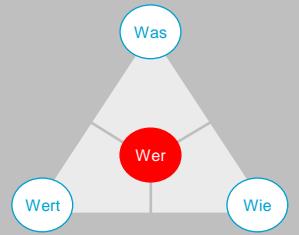
## Smartphone Market

- Germany:45.6 million smartphone owners (as of Feb. 2015)
- International:1.31 billion owners(As of Dec. 2013)
- International forecast:2.56 billion owners(By 2018)



# Innovative Business Model

## Target Customers



The focus is to be additionally placed on B2C in order to thus fully exploit the emerging market in the private customer segment.

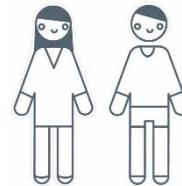
### Actual Situation

- B2B (no direct contact with end customers)
- Sales Channels
  - mainly online store for B2B
  - partly single inquiries
- Customer Segments
  - Hotels
  - Companies
  - Universities



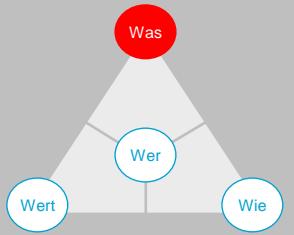
### Target Situation

- B2C (direct contact with end customers)
- Sales Channels:
  - Additional online store for B2C
  - Telephone hotline
- Customer Segments
  - Vacation home owner

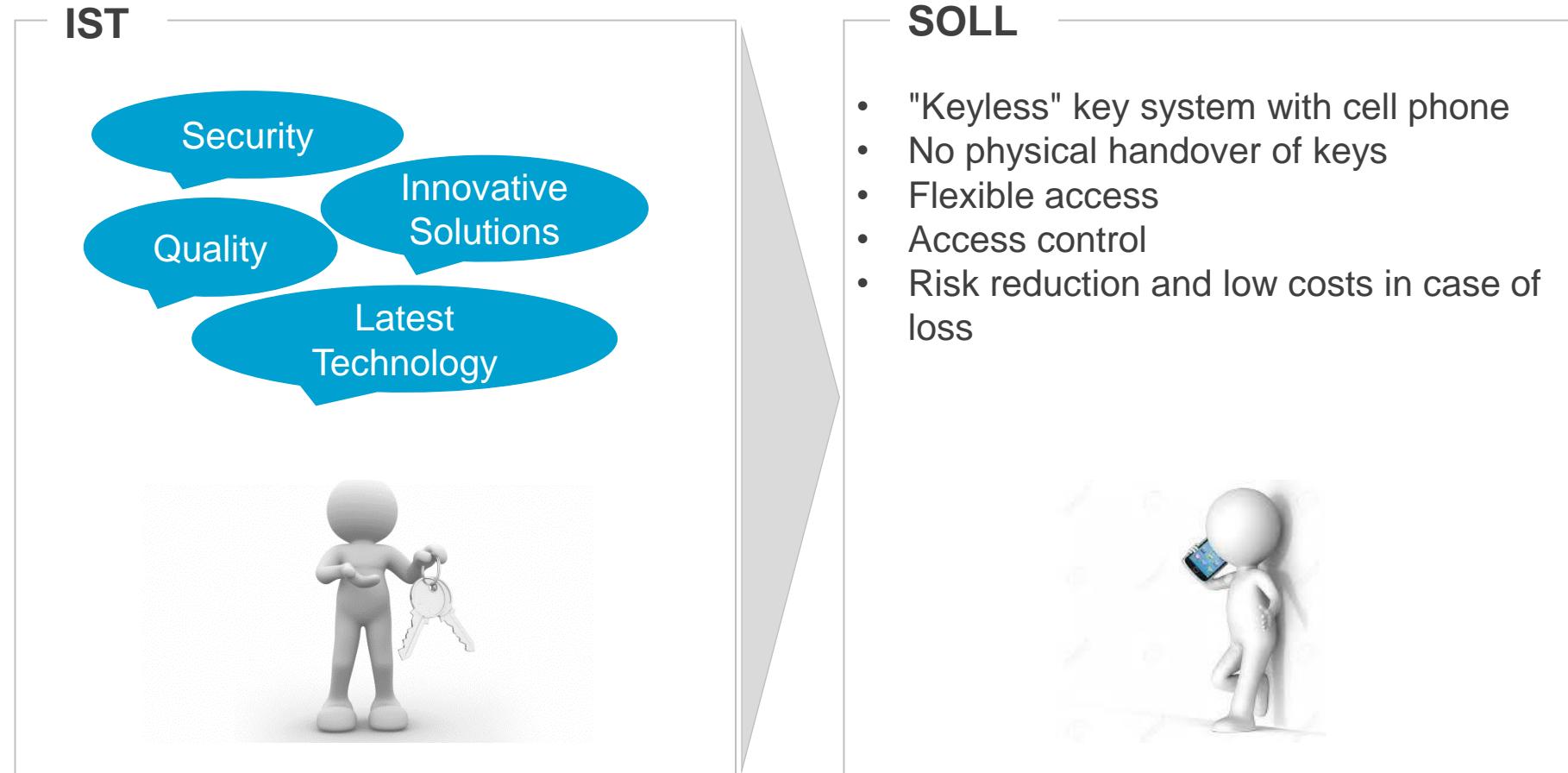


# Innovative Business Model

## Customer Benefits



The application of "Mobile Access" technology provides a great benefit to the owner of a vacation home.



# Innovative Business Model Pricing Model

ASSA ABLOY

Three different pricing models allow each customer to choose a package that suits their needs.

Pay-As-You-Go	FLAT S	FLAT M
Free app download	Free app download	Free app download
<b>Target group</b> <ul style="list-style-type: none"><li>• Irregular use of the system</li><li>• Seasonal renting of the Vacation Apartment</li><li>• Few code changes</li><li>• Max. 10 changes per year</li></ul> <b>Model</b> <ul style="list-style-type: none"><li>• No monthly basic fee</li><li>• One-time setup fee</li><li>• Billing per code change</li></ul> <b>Pricing</b> <ul style="list-style-type: none"><li>• Setup fee per door: 699€</li><li>• Cost per code change: 4,90€</li></ul>	<b>Target group</b> <ul style="list-style-type: none"><li>• Regular use of the system</li><li>• Year-round renting of the Vacation Apartment</li><li>• Frequent code changes</li><li>• More than 100 changes per year</li></ul> <b>Model</b> <ul style="list-style-type: none"><li>• No contract period</li><li>• Low monthly basic fee</li><li>• One-time setup fee</li><li>• Code change flat rate</li></ul> <b>Pricing</b> <ul style="list-style-type: none"><li>• Setup fee per door: 699€</li><li>• Monthly fee: 39,90€</li><li>• No cost for code change</li></ul>	<b>Target group</b> <ul style="list-style-type: none"><li>• Regular use of the system</li><li>• Year-round renting of the Vacation Apartment</li><li>• Frequent code changes</li><li>• More than 100 changes per year</li><li>• Long term commitment</li></ul> <b>Model</b> <ul style="list-style-type: none"><li>• 2 years minimum term</li><li>• Monthly basic fee</li><li>• No setup fee</li><li>• Code change flat rate</li></ul> <b>Pricing</b> <ul style="list-style-type: none"><li>• No setup fees</li><li>• Monthly fee: 89,90€</li><li>• No costs for code change</li></ul>

# Innovative Business Model Pricing Model

ASSA ABLOY

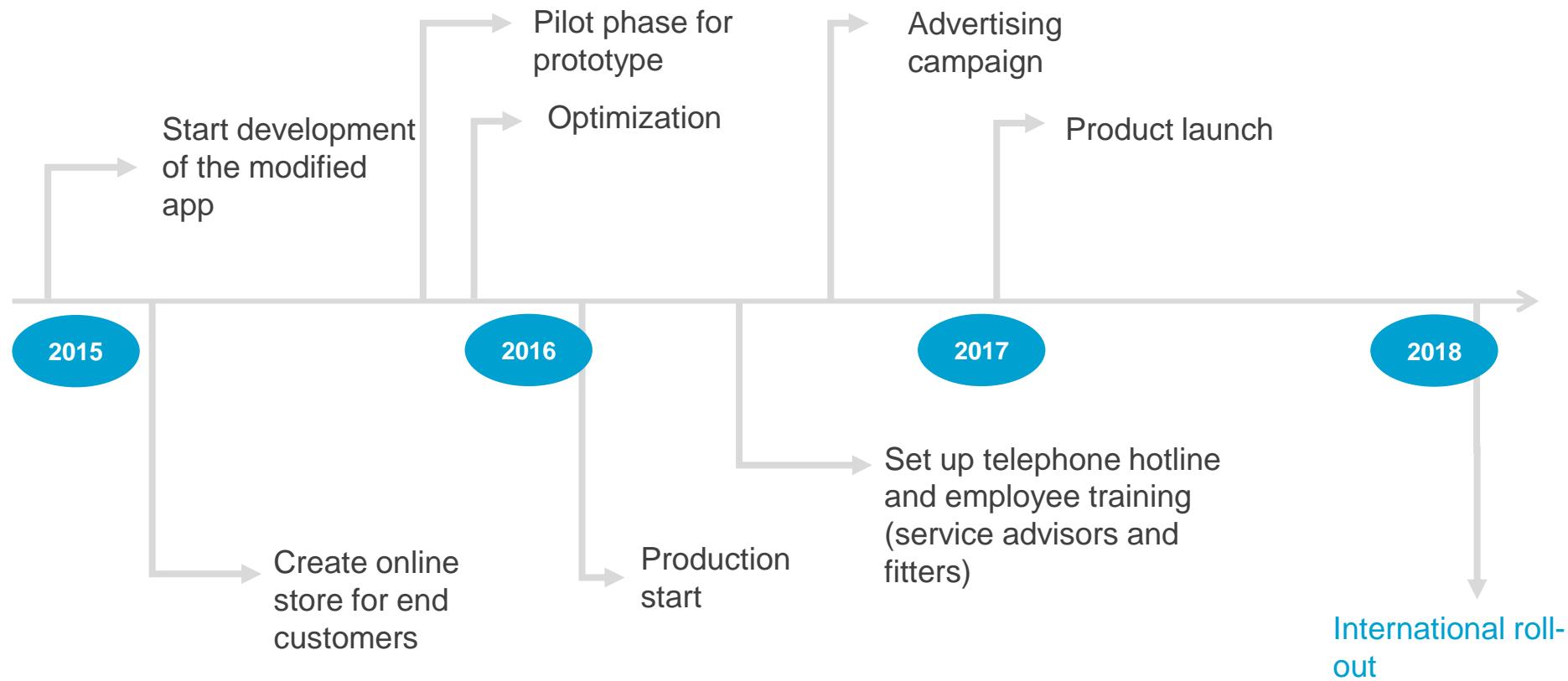
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# Outlook

## Milestones for the next 3 years

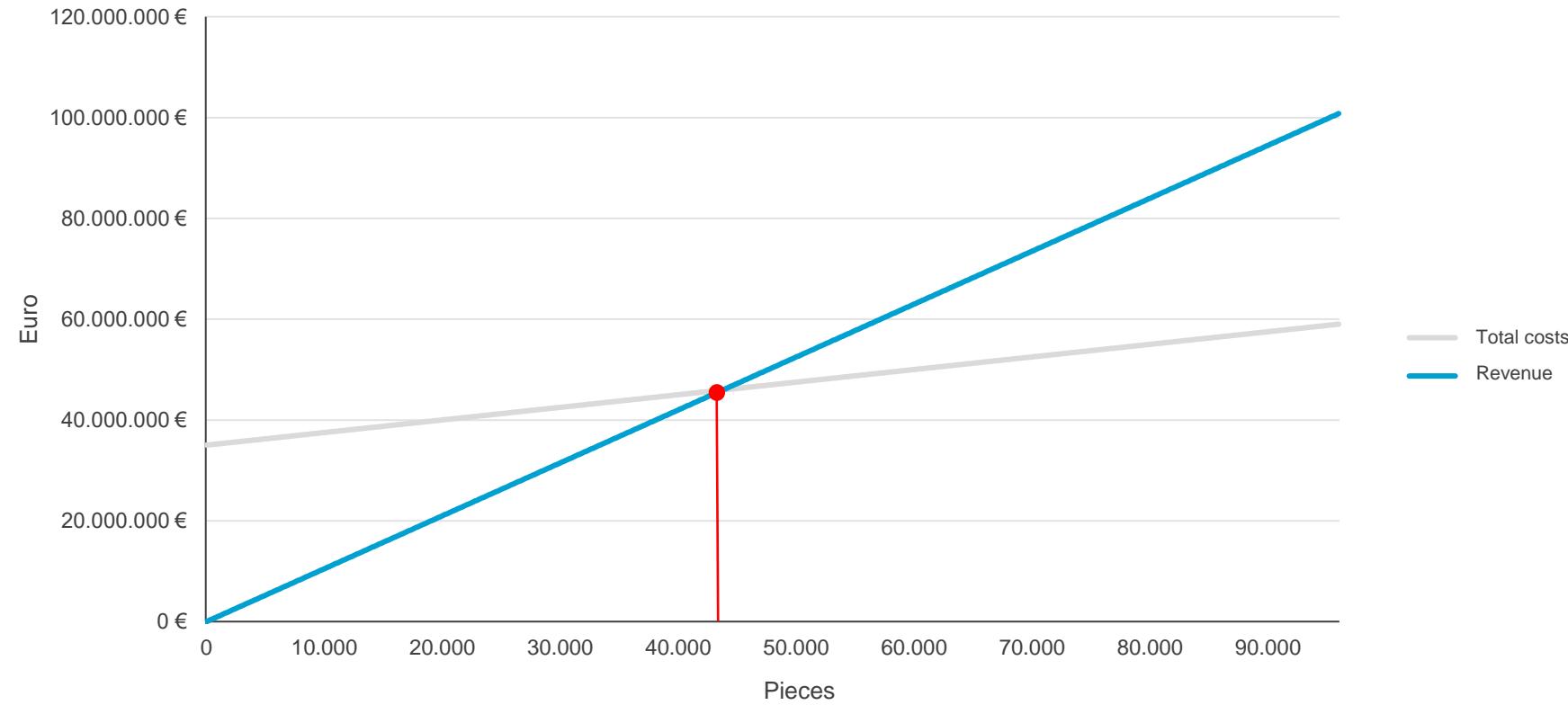
In nur kurzer Zeit kann Assa Abloy das Produkt auf den Markt bringen.



# Outlook

## Break-Even-Analysis

Sustainable product controlling leads to increasing sales figures and reaching the break-even point after only one and a half years.



# Outlook

## Profitability until 2018

An international roll-out will increase revenues more than tenfold within two years.



Costs	Pre Launch	Post Launch until 2018	Sum
App Development	150.000 €	400.000 €	550.000 €
Onlineshop	100.000 €	50.000 €	150.000 €
Prototype Development and Production	500.000 €	24.000.000 €	24.500.000 €
Employee Training	20.000 €	0 €	20.000 €
Hotline	50.000 €	500.000 €	550.000 €
Advertising	2.000.000 €	500.000 €	2.500.000 €
New Employees	1.170.000 €	28.080.000 €	29.250.000 €
Additional Costs	500.000 €	1.000.000 €	1.500.000 €
<b>Summe</b>	<b>4.490.000 €</b>	<b>54.530.000 €</b>	<b>59.020.000 €</b>

Revenues	2017	2018 (incl. Int. Roll-Out)	Sum
Product installation	2.097.000 €	27.960.000 €	30.057.000 €
Pay-As-You-Go	39.200 €	588.000 €	627.200 €
FLAT S	957.600 €	11.970.000 €	12.927.600 €
FLAT M	3.236.400 €	53.940.000 €	57.176.400 €
<b>Sum</b>	<b>6.330.200 €</b>	<b>94.458.000 €</b>	<b>100.788.200 €</b>

# List of Sources

- <http://www.assaabloy.com/en/com/About-us/Business--Market/>
- <http://www.assaabloy.com/en/com/References/>
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- <http://www.evva.de/produkte/elektronische-schliesssysteme-zutrittskontrolle/airkey/systemueberblick/de/>
- [http://www.simons-voss.de/Wohngebaeude.49.0.html?&no\\_cache=1&L=0](http://www.simons-voss.de/Wohngebaeude.49.0.html?&no_cache=1&L=0)
- <http://www.kaba.com/de>
- <http://www.tse-schloss.de>
- <http://de.statista.com>
- <http://www.deutschertourismusverband.de/qualitaet/sterneunterkuenfte/bundesweite-statistik.html>
- <https://www.adac.de/infotestrat/adac-im-einsatz/motorwelt/Reisetrends.aspx>
- <https://www.destatis.de/DE/Publikationen/StatistischesJahrbuch/StatistischesJahrbuch2014.html>



THE GRILL.  
THE ORIGINAL.

WeberAnytime

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**Weber-Stephen Deutschland GmbH**  
Corporate Development Division 2  
Münster  
2016



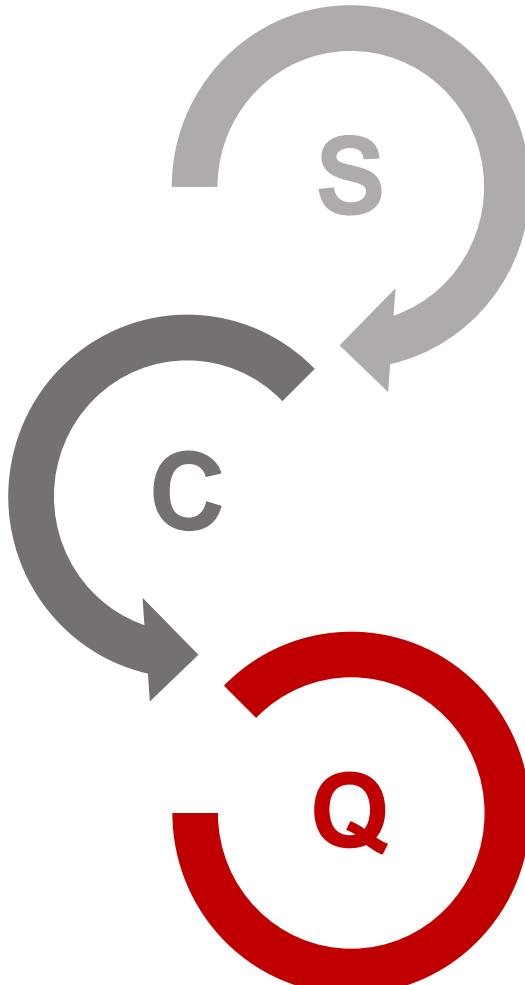
# Agenda

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- 1 Problem Definition Worksheet - SCQ
- 2 Industry Analysis
- 3 Positioning - Status Quo
- 4 Analysis of the business model environment & its development
- 5 Assessment of the Weber business model
- 6 Procedure for innovating the business model
- 7 WeberAnytime as a business model innovation

# Problem Definition Worksheet - SCQ

*„Der Grill ist ein Statement, dass ein Weber Grill mehr kann als nur herkömmliches Grillen.“\**



- Barbecuing as a trend and one of the Germans' favorite leisure activities
  - Constant increase in market volume for barbecue equipment and accessories in Germany
  - Growth from €810 million in 2008 to €1.3 billion for 2017 (forecast)
  - Highly competitive market environment
- Weber as a leading supplier in the premium segment

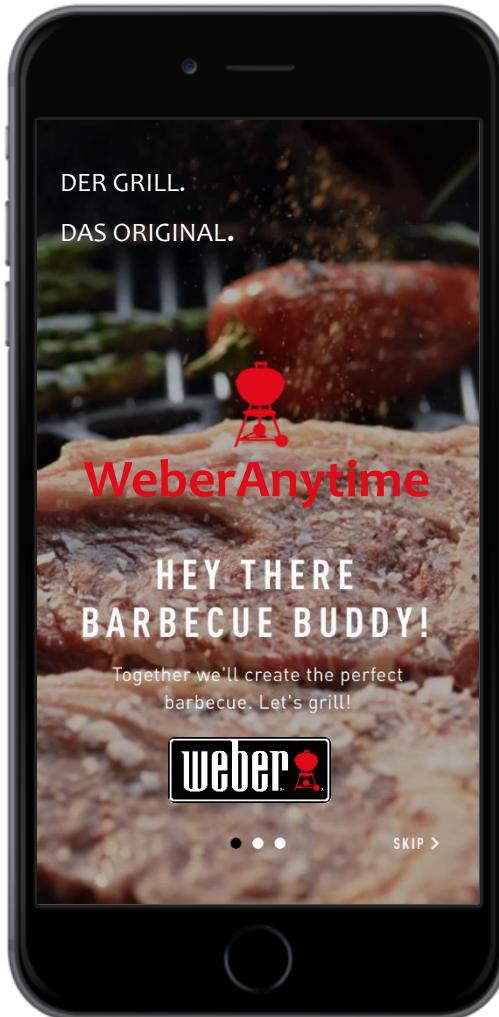
- Progressive innovations essential to maintain brand positioning
- Time-consuming preparations and tedious post-processing, such as cleaning the grill, are among the biggest distractors to barbecuing

➤ How can problems in barbecuing be solved and Weber's core competencies be transferred to current trends and corresponding innovations?

\*Interview Weber Chef Frank Miedaner

## Pure Experience with WeberAnytime

Barbecue when, how and where the customer wants - WeberAnytime makes it possible.

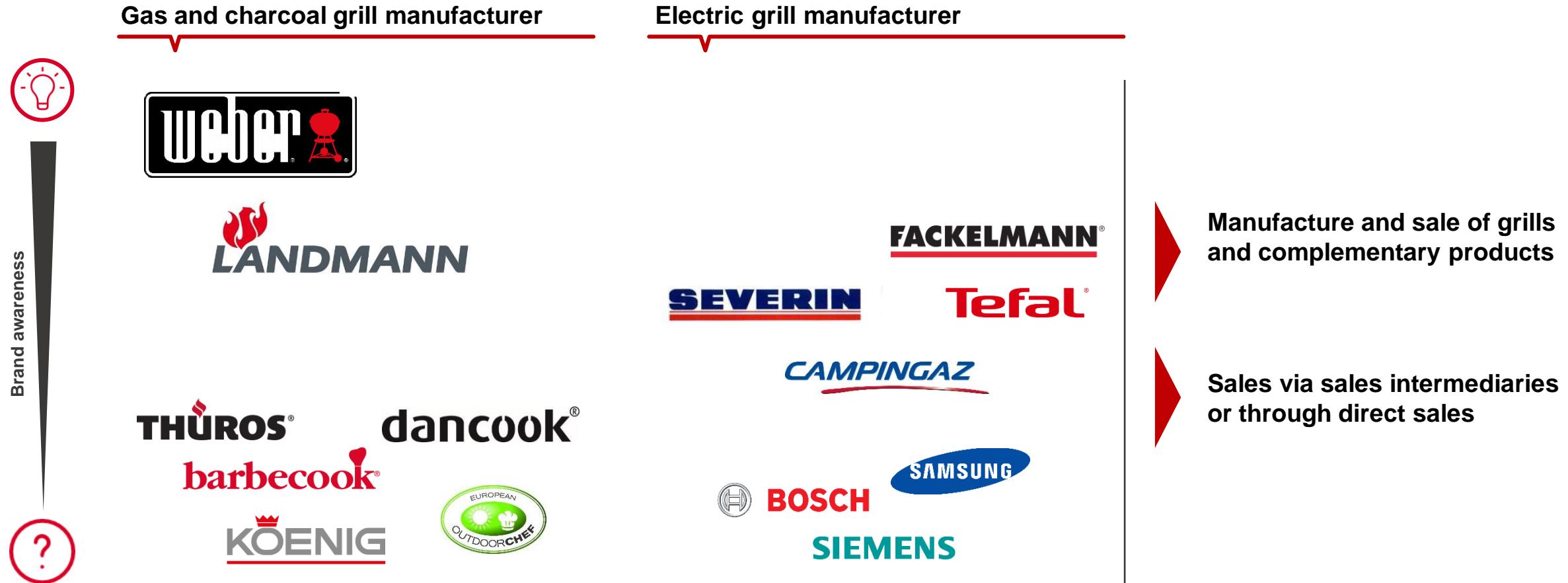


We offer a variable delivery service for barbecue and barbecue accessories, which ensures maximum flexibility and independence. That means when, how and where - the customer can enjoy barbecue individually.

The customer has the possibility to order our service freely and conveniently through his usual channels. Our service: A quickly delivered all-round carefree package. This means delivery, assembly & disassembly, pick-up and cleaning included. Additional products are bookable on request.

# Grill manufacturer industry

Weber has the greatest brand awareness among barbecue manufacturers.\*



\*TFM Social Trends Grillen (2011). S. 20

# Grill manufacturers who could offer our service

After applying the selection criteria, Landmann was identified as the relevant benchmark.

## Selection criteria

- Great popularity of gas and charcoal grills
- Charcoal grills offer maximum grilling experience
- Gas and charcoal grills offer high flexibility

## Analysis of the two most famous manufacturers



### Gas and charcoal grill manufacturer

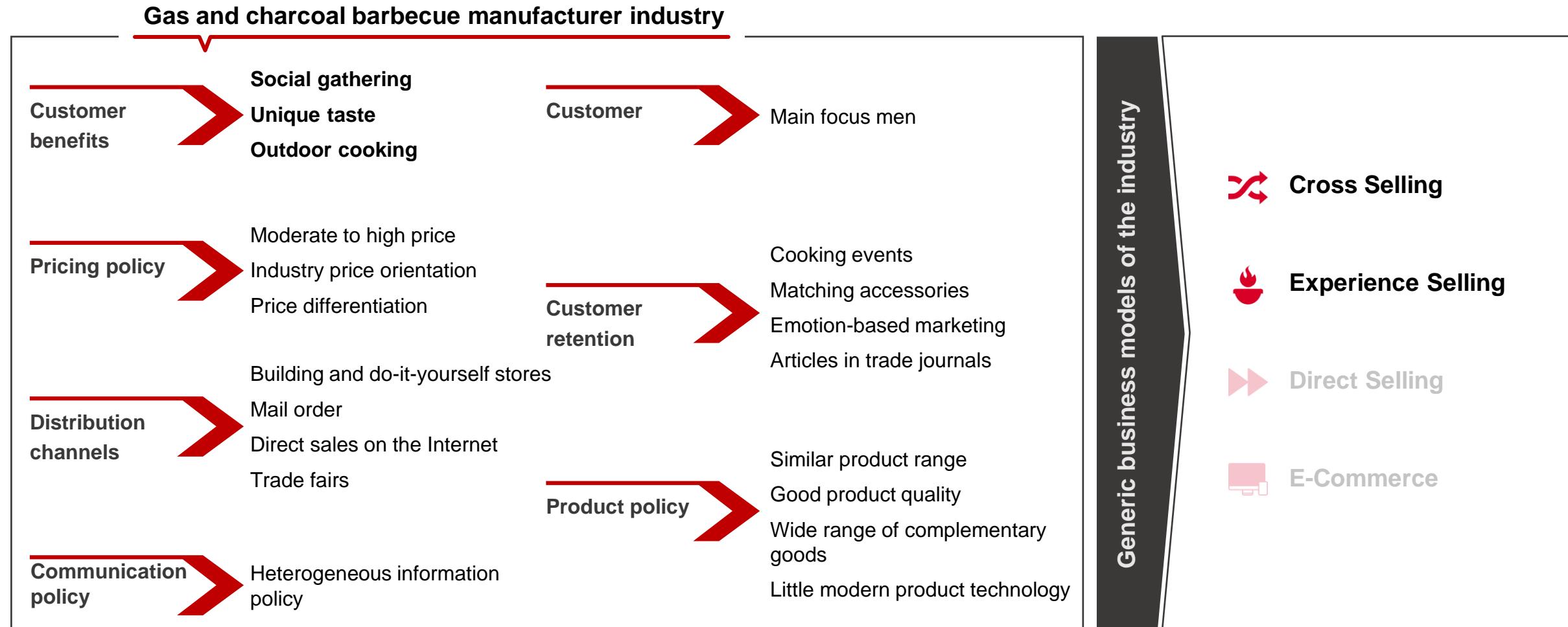


### Electric grill manufacturer



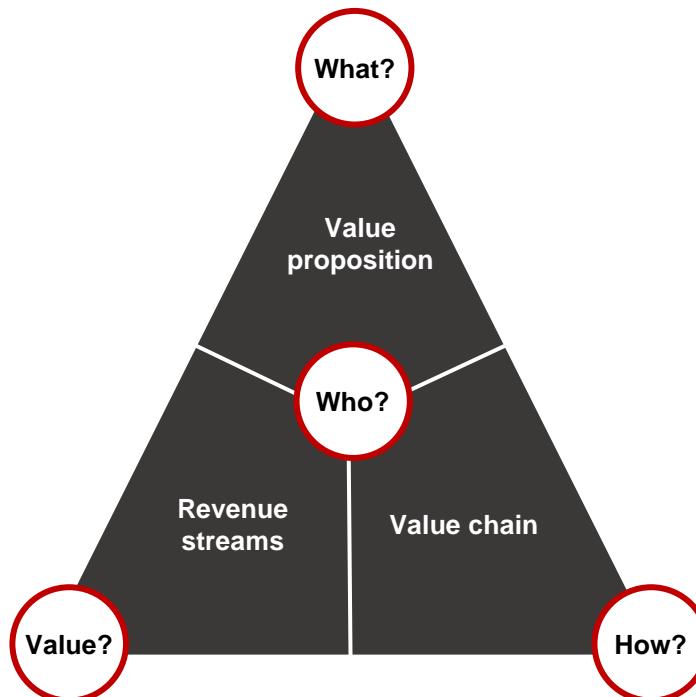
# Dominante Industry Logic

Cross-selling and experience selling are shaping the dominant industry logic.



# Positioning - Status Quo

"They're kicking in a different league, and they've done a great job. "\*



## Who? The Customer

### Target Customer Profile

- Predominantly male
- Medium to high net household income
- Customers for whom barbecueing is associated with emotions
- Strong customer loyalty / close customer relationship

## What? The Value Proposition

### Needs

- Premium quality, lifestyle, status symbol
- Community spirit & outdoor cooking

### Problems

- Premium quality, lifestyle, status symbol
- Community spirit & outdoor cooking

## How? The Value Chain

### Key Resources

- High product quality
- Marketing concept

### Key Activities

- Transport positioning and brand in a highly emotional way → Strong branding
- Strong customer service

## Value? The Revenue Streams

### Revenue generation through core business

Sale of grills and accessories e.g. cookbooks and extensions

\*Interview Landmann Chef Andreas Krebs

# Analysis of the business model environment & its development

Primarily social, cultural as well as technological trends shape the business model environment.

## Social and cultural trends

- Increased demand for quality
- Development towards American BBQ culture
- Sustainability concept
- Regionality
- Organic boom
- Health consciousness



## Technology Trends

- Digitization
- Hightech
- Use of alternative energy sources



## Key trends



## Socio-economic trends

- Urbanization
- Online boom



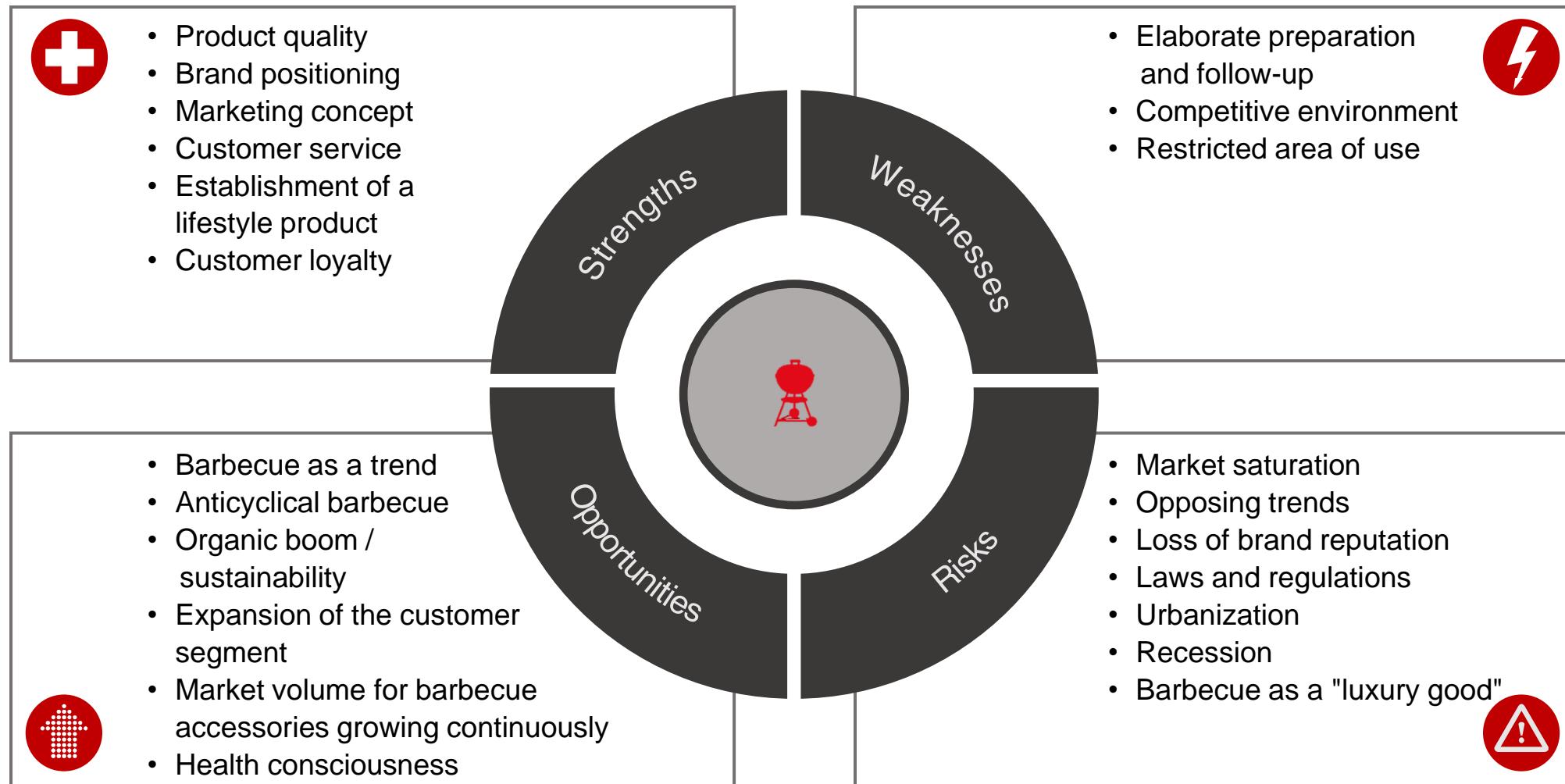
## Legal trends

- Consumer protection
- Safety standards



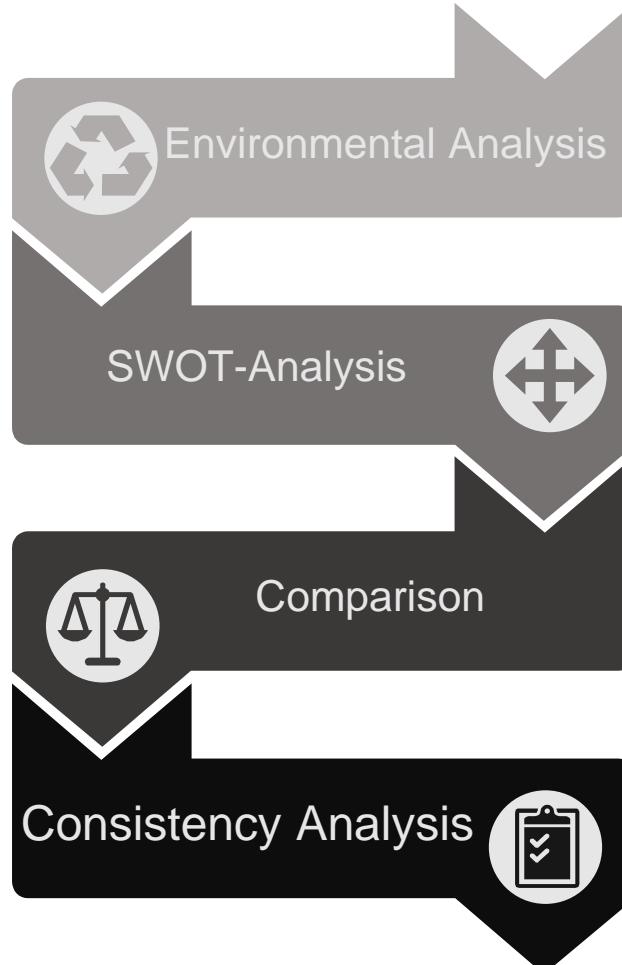
# Assessment of the Weber business model

Success through high-quality products and a strong brand.



# Procedure for innovating the business model

Three business models could be identified as approaches to further develop the existing GM.



- Digitalization
  - Increase in quality standards / health awareness
  - Sustainability and regionalism
  - Development of BBQ culture / lifestyle / creativity in food preparation
  - Urbanization
- 
- Use of brand positioning
  - Expanding the differentiated customer segment to include new target groups
  - Minimize tedious pre & post preparations, stress and time expenditure



Experience Selling



Cross Selling



Rent instead of Buy



Subscription

- ① Rent instead of Buy
- ② Experience Selling
- ③ Cross Selling



# Pure Experience with WeberAnytime - Pilot Project Münster 2016

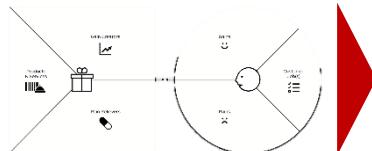
Barbecue when, how and where the customer wants - WeberAnytime makes it possible.

- Variable delivery service for barbecue and accessories
- All-round carefree package
  - Delivery, assembly & disassembly, pickup and cleaning included.
  - Additional products are bookable on request
- Maximum flexibility and independence
- Live and enjoy barbecue individually
- Service freely and conveniently bookable via familiar channels



# WeberAnytime as a business model innovation

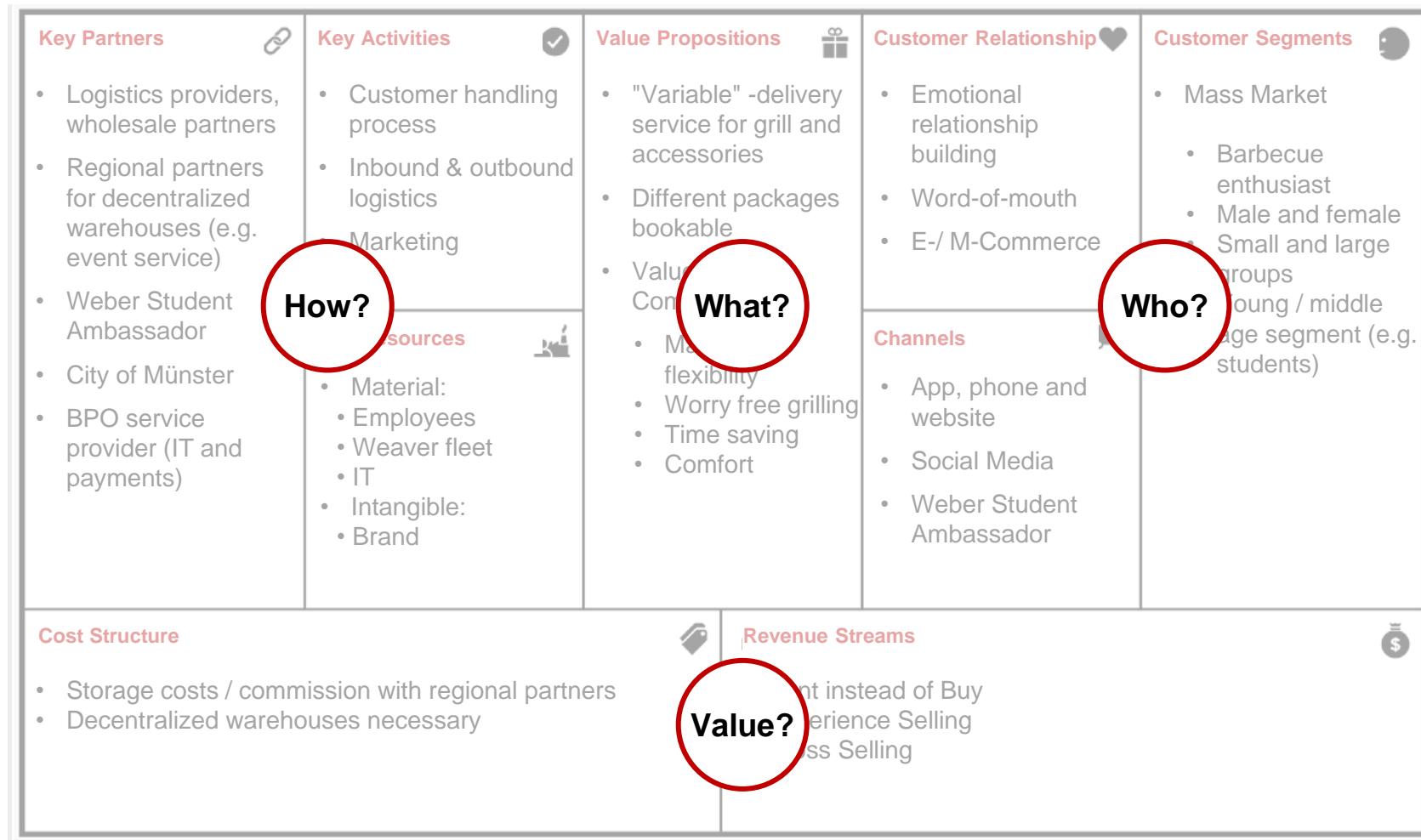
Worry-free barbecuing with professional barbecue equipment without tedious preparation and post-processing.



<b>Key Partners</b>	<b>Key Activities</b>	<b>Value Propositions</b>	<b>Customer Relationship</b>	<b>Customer Segments</b>
<ul style="list-style-type: none"> <li>Logistics providers, wholesale partners</li> <li>Regional partners for decentralized warehouses (e.g. event service)</li> <li>Weber Student Ambassador</li> <li>City of Münster</li> <li>BPO service provider (IT and payments)</li> </ul>	<ul style="list-style-type: none"> <li>Customer handling process</li> <li>Inbound &amp; outbound logistics</li> <li>Marketing</li> </ul>	<ul style="list-style-type: none"> <li>"Variable" -delivery service for grill and accessories</li> <li>Different packages bookable</li> <li>Value Communication</li> </ul>	<ul style="list-style-type: none"> <li>Emotional relationship building</li> <li>Word-of-mouth</li> <li>E-/ M-Commerce</li> </ul>	<ul style="list-style-type: none"> <li>Mass Market</li> <li>Barbecue enthusiast</li> <li>Male and female</li> <li>Small and large groups</li> <li>Young / middle age segment (e.g. students)</li> </ul>
<b>Key Resources</b>	<b>Channels</b>	<b>Cost Structure</b>	<b>Revenue Streams</b>	
<ul style="list-style-type: none"> <li>Material:             <ul style="list-style-type: none"> <li>Employees</li> <li>Weaver fleet</li> <li>IT</li> </ul> </li> <li>Intangible:             <ul style="list-style-type: none"> <li>Brand</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Maximum flexibility</li> <li>Worry free grilling</li> <li>Time saving</li> <li>Comfort</li> </ul>	<ul style="list-style-type: none"> <li>Storage costs / commission with regional partners</li> <li>Decentralized warehouses necessary</li> </ul>	<ul style="list-style-type: none"> <li>App, phone and website</li> <li>Social Media</li> <li>Weber Student Ambassador</li> </ul>	
<b>Cost Structure</b>			<b>Revenue Streams</b>	
<ul style="list-style-type: none"> <li>Rent instead of Buy</li> <li>Experience Selling</li> <li>Cross Selling</li> </ul>				

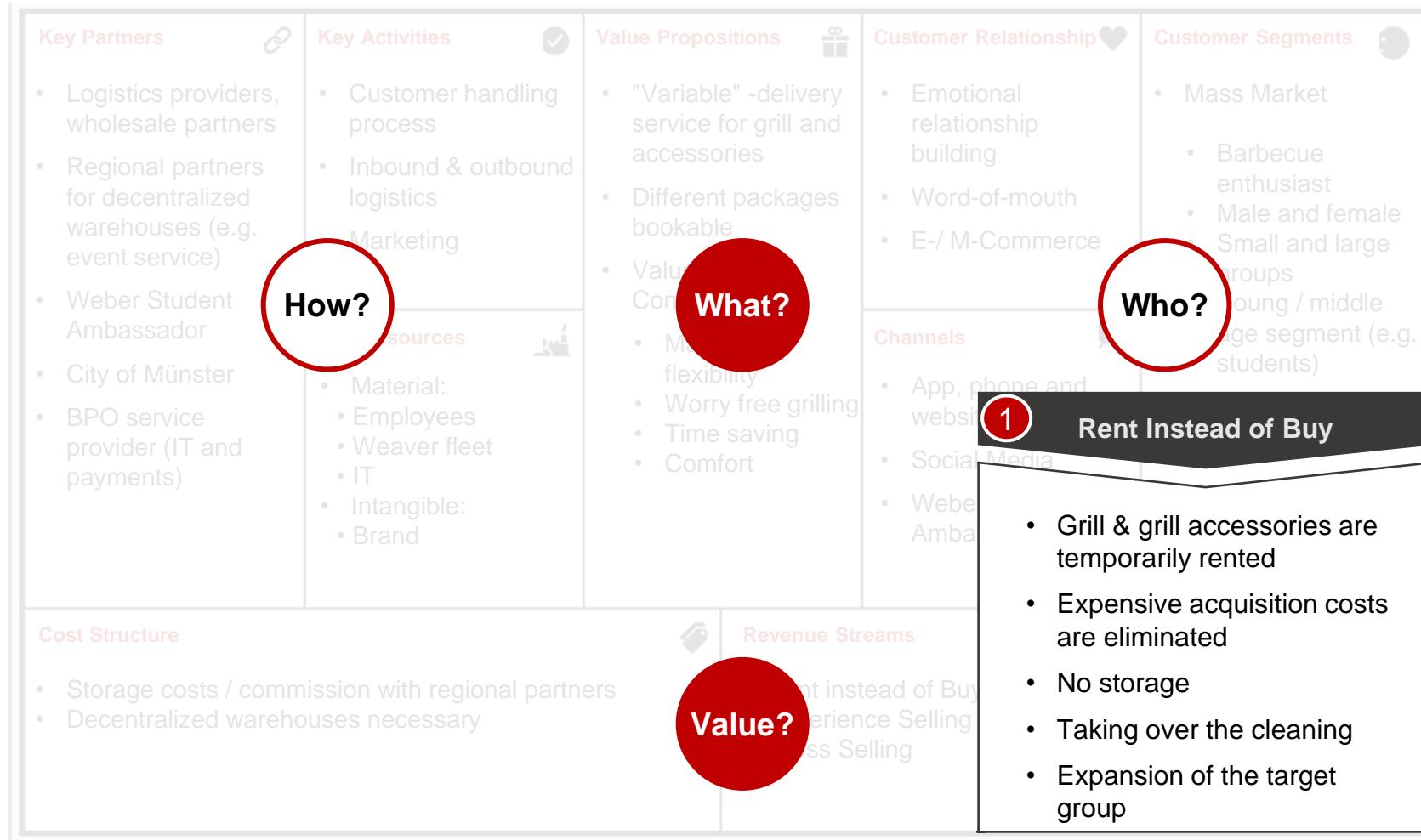
# WeberAnytime as a business model innovation

Business model innovation results from a change in GM dimensions.



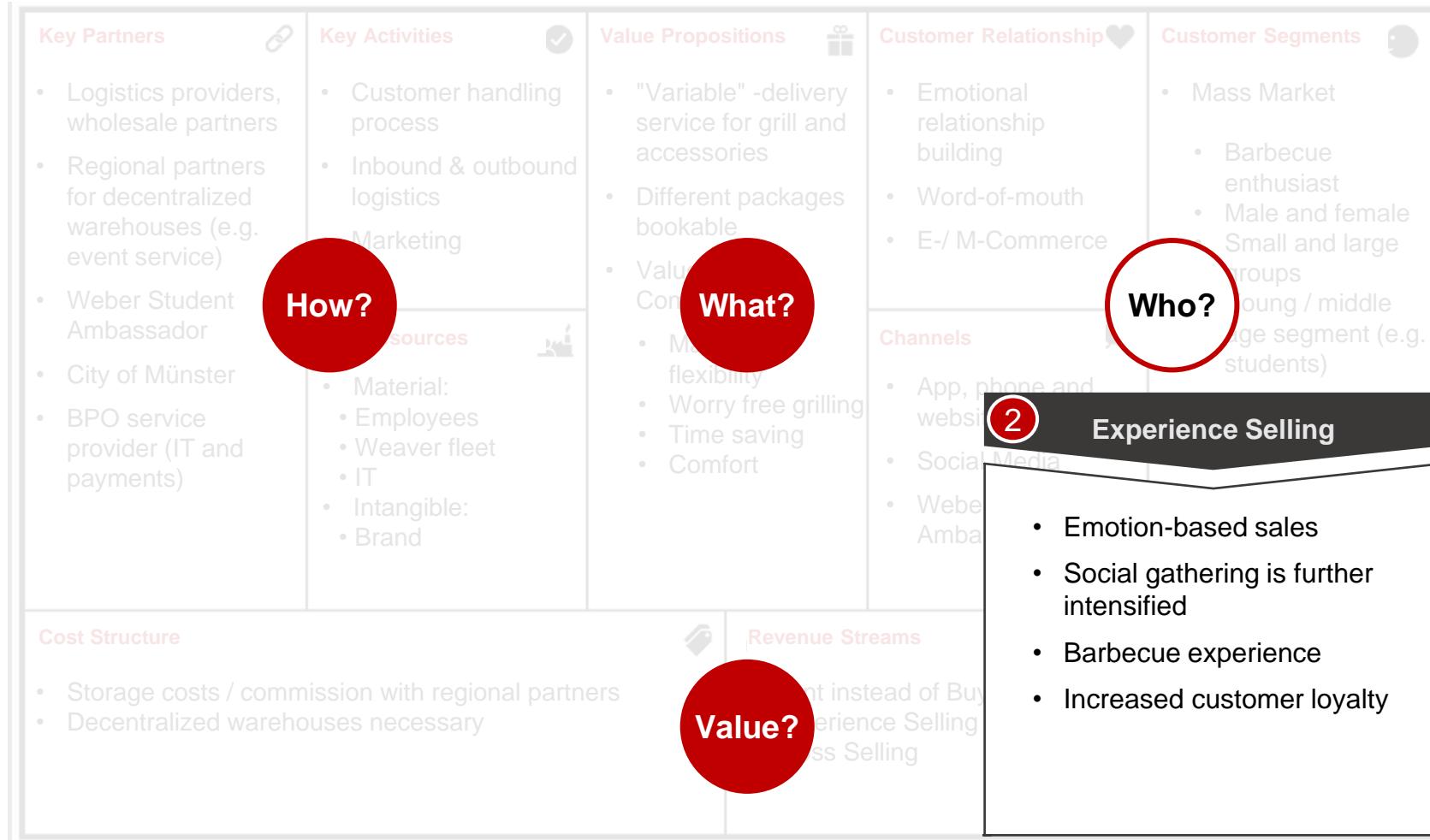
# WeberAnytime as a business model innovation

"Rent instead of Buy" acts as a key driver of business model innovation.



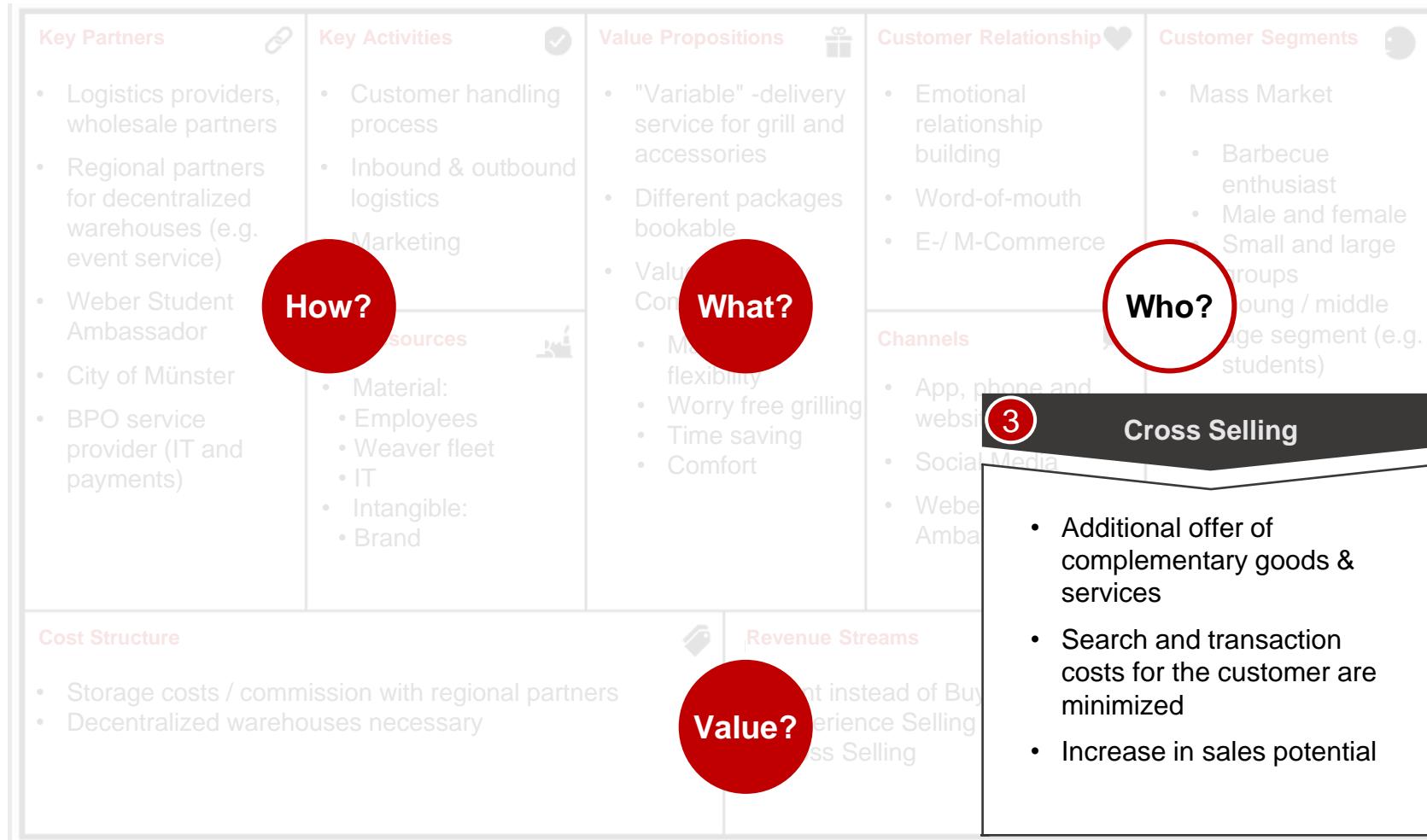
# WeberAnytime as a business model innovation

The emotion-based sales of products related to barbecue will be further manifested.



# WeberAnytime as a business model innovation

With the help of further complementary goods and services, increased customer benefits can be achieved.



# WeberAnytime as a business model innovation

Customers can focus on the archaic need for social grilling in nature and the emotions that come with it.

## Channels



Website



APP / M-Commerce



Customer Service



Word-of-Mouth

## Customer Benefits



- Inconvenient grill cleaning is eliminated
- Time-consuming preparation and post-processing is minimized
- Provision of complementary products and services in line with current trends and changing needs

## Implications



With the help of WeberAnytime, a wide range of current customer needs as well as trends can be implemented in an innovative business model that focuses on the grilling experience and emotions.





THE GRILL.  
THE ORIGINAL.

WeberAnytime

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**Weber-Stephen Deutschland GmbH**  
Corporate Development Division 2  
Münster  
2016



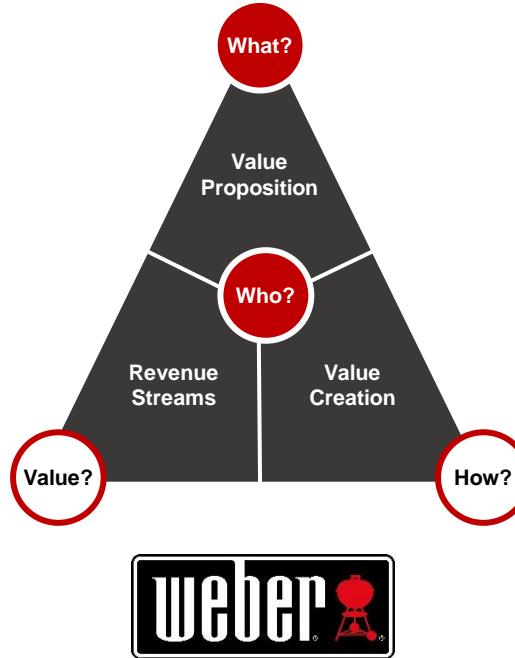
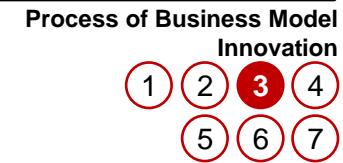


# Back-up

**Weber-Stephen Deutschland GmbH**  
Corporate Development Division 2  
Münster  
2016

# Description of a representative business model - Weber traditional

## Business Model Dimensions according to Gassmann (1/2)



### Who? The Customer

- Target Customer Profile:
  - Medium to high net household income
  - Customers who barbecue especially in summer but also at other times of the year
  - Customers who value quality and enjoy good food
  - Customers for whom barbecuing is associated with emotions
- Weber does not appeal to...
  - ... strongly price-conscious customers
  - ... customers who do not attach importance to quality
- Strong customer loyalty / close customer relationship, e.g. Weber ID
- Customers are served through the following sales channels:
  - Specialty stores, home improvement centers, furniture stores and department stores
  - Successful interaction of stationary trade and own online store
- Customers are influenced by celebrity chefs/stars, cookbooks, magazines/trade journals, newsletters, network of barbecue schools, forums, etc.

### What? The Value Proposition:

#### Needs

- Outdoor Cooking
- Taste experience
- Community feeling
- Individuality
- Lifestyle
- Status symbol
- Premium quality

#### Problems

- Time required for preparation, preparation and follow-up work
- Quality assurance
- Lack of skills at the customer
- Potential risk of injury

#### Perceived customer value

- High customer value through good marketing the customer is conveyed that he is buying more than just a barbecue feeling of individuality and freedom

#### Value for the customer

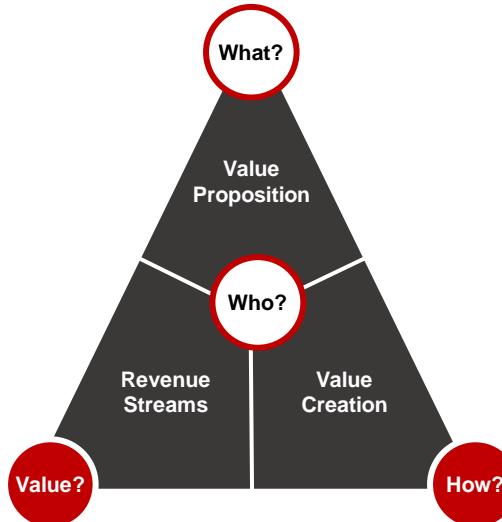
- High-quality product with premium service, a variety of additional products and services, e.g. services related to the product and the topic of barbecue (e.g. Weber TV, cooking schools, online media and magazines). This benefit is communicated to the customer through marketing instruments

#### Competition alternative

- There are functional alternatives to Weber grills, but the other companies do not offer the same additional benefits

# Description of a representative business model - Weber traditional

## Business Model Dimensions nach Gassmann (2/2)



### How? The Value Creation:

#### Key Resources

- High product quality
- Marketing concept
- Various patents

#### Key Partners

- Specialty stores
- DIY stores
- Furnishing and department stores

#### Key Activities

- Strong customer loyalty and customer service at all stages of the value chain
- Transport positioning and brand in a highly emotional way
- Marketing
- Consistent design and strong branding

### Value? The Revenue Streams:

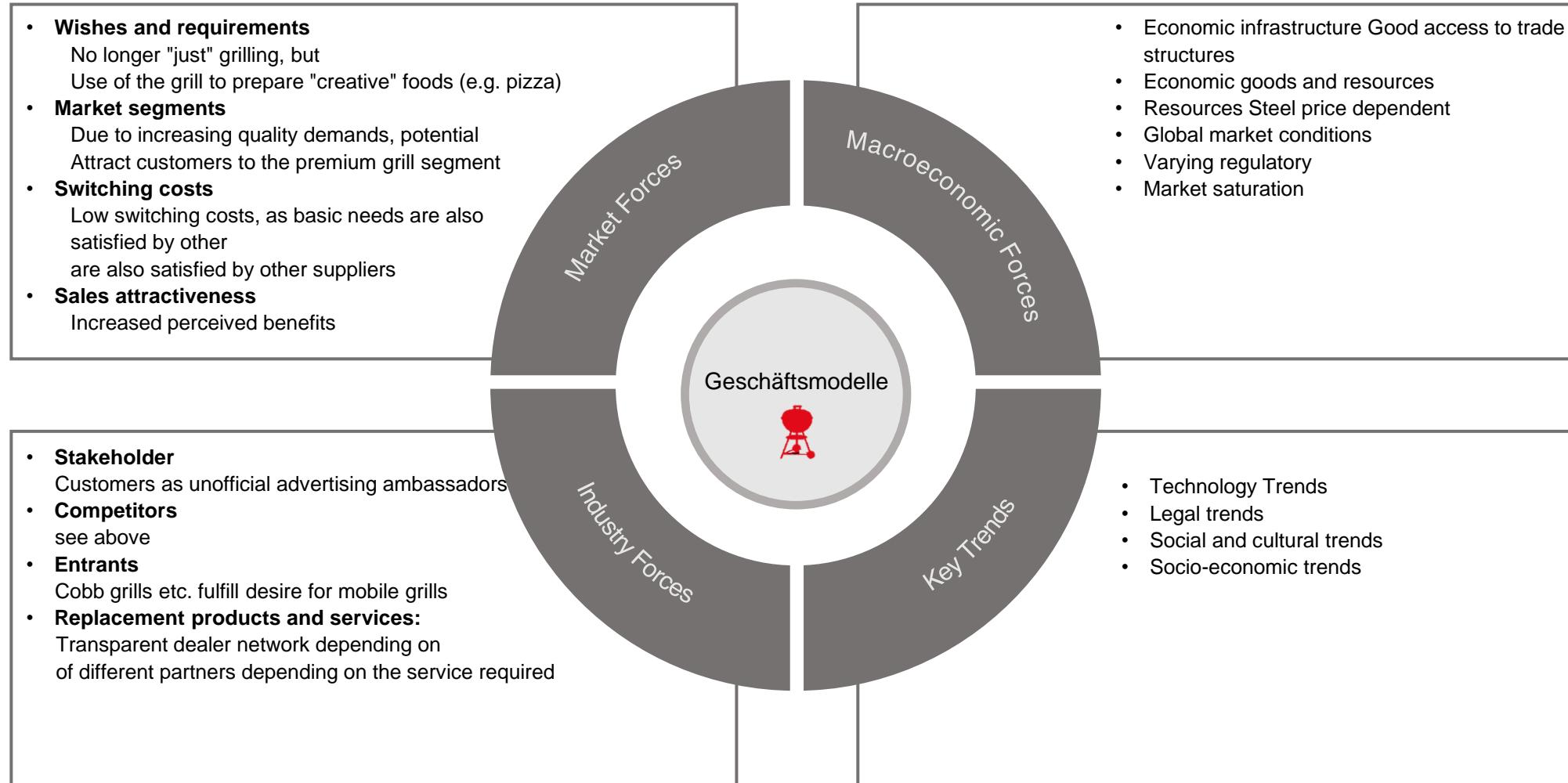
- Revenue generation through core business
- Sales of grills. In particular through accessories, e.g. cookbooks and extensions.
- Financial risks through brand piracy and subsequent damage to brand reputation

# Analysis of the business model environment - Complementary influences

Extension of the business model environment considered in the main section

Process of Business Model  
Innovation

- 1
- 2
- 3
- 4**
- 5
- 6
- 7



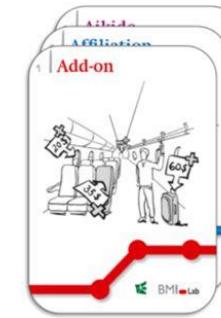
# Comparison with business models in other industries

The ideation phase was conducted using the similarity & confrontation principle



**Similarity Principle**

**Confrontation Principle**



Process of Business Model Innovation

- 1
- 2
- 3
- 4
- 5
- 6
- 7

For the ideation phase according to the similarity principle, the business models of the dominant industry logic were used as a starting point!

## Similarity Principle I

Business Model	Example Business	Possible Adaption to Weber
Experience Selling I	Red Bull	Sponsorship of extreme barbecue events Barbecue events in the mountains; Accompanying extreme marketing measures
	Nestle	George Clooney at the grill: demand for style, elegance, pleasure & seduction at Weberprodukte, Grilling for Gentlemen
	Ikea	Weber Grill as a modular system, focus on price and mass
	Starbucks	Flavors and smells in focus Coal; Wide range of sauces with many different tastes, sensitive marketing.

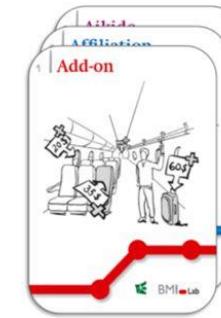
# Comparison with business models in other industries

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**Similarity Principle**

**Confrontation Principle**



Process of Business Model Innovation

- 1
- 2
- 3
- 4
- 5
- 6
- 7

## Similarity Principle II

Business Model	Example Business	Possible Adaption to Weber
Experience Selling II	Harley Davidson	Freedom, steel, fire, masculinity, lifestyle Robust but elegant design of the grill.
Cross Selling	Aldi	Supplementing the product range with similarly qualitative & innovative products that expand the product range and customer benefits
E-Commerce	Dell	Exclusive distribution via the Internet + Selection of product modules
	Amazon	Grill Marketplace Sales of own and other grill brands via platform

# Comparison with business models in other industries

The ideation phase was conducted using the similarity & confrontation principle



**Similarity Principle**

**Confrontation Principle**



Process of Business Model  
Innovation

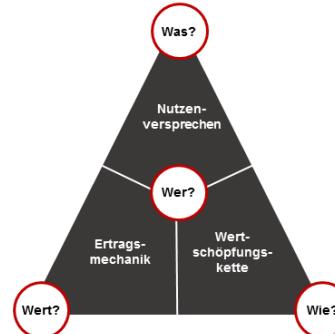
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## Similarity Principle III

Business Model	Example Business	Possible Adaption to Weber
Direct Selling	Vorwerk	Weber sells barbecue products directly "at the door"
	Tupperware	"Weber parties"

# Comparison with business models in other industries

The ideation phase was conducted using the similarity & confrontation principle



**Similarity Principle**

**Confrontation Principle**



Process of Business Model Innovation

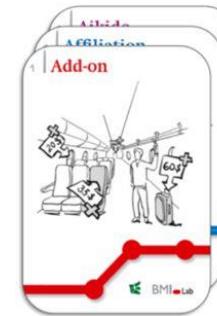
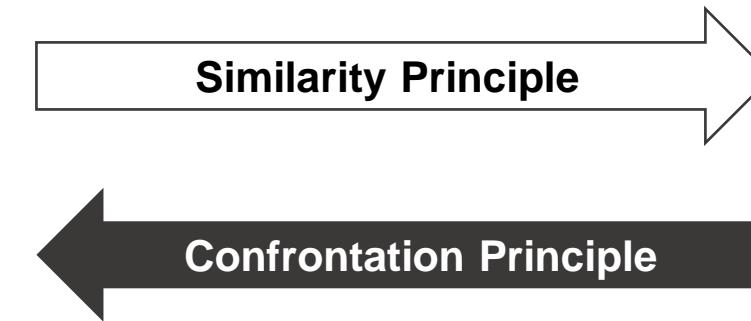
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## Confrontation Principle I

Business Model	Example Business	Possible Adaption to Weber
Add-on	RyanAir	Favorable basic offer of the grill + additives & accessories must be purchased additionally
Subscription	Blacksocks	Monthly delivery of barbecue coal
Flatrate	Netflix	Annual fee for unlimited repair service
Rent instead of Buy	Sixt	Rent instead of buying barbecue

# Comparison with business models in other industries

The ideation phase was conducted using the similarity & confrontation principle



Process of Business Model Innovation

- 1
- 2
- 3
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- 6**
- 7

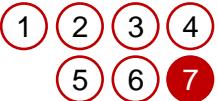
## Confrontation Principle II

Business Model	Example Business	Possible Adaption to Weber
Fractionalized Ownership	Netjets	Customers share a premium grill (sharing platform for Weber grills)
Franchise	McDonalds	Weber restaurants

# Innovating the business model - WeberAnytime

Customer profiles barbecue industry (1/3)

Process of Business Model  
Innovation



## The passionate one:

- Holds a full-time job
- Medium household income
- Barbecues all year round, even in the winter season
- Preferred barbecue location: own home or that of friends
- Passion for grilling is more emotional than practical
- High demand for quality

## Implications

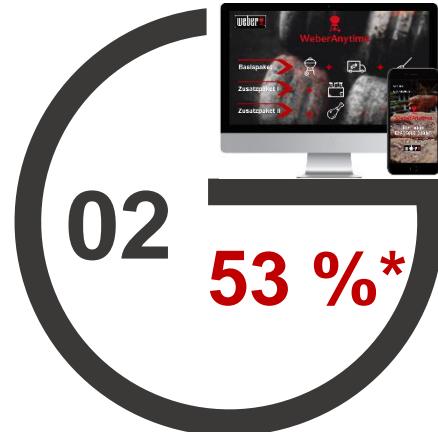
- 
- Main target group of the traditional Weber business model
  - Rather difficult to win over for WeberAnytime

\*TFM Social Trends Grillen (2011). S. 46 ff.

# Innovating the business model - WeberAnytime

Customer profiles barbecue industry (2/3)

Process of Business Model  
Innovation



## The sun worshipper:

- Is engaged in full- or part-time employment
- Household income up to 3.000€
- Barbecues in the summer, but also sometimes in the off season
- Likes socializing with friends & family ; Likes the fun of grilling and the feeling of being out in the fresh air



## Implications

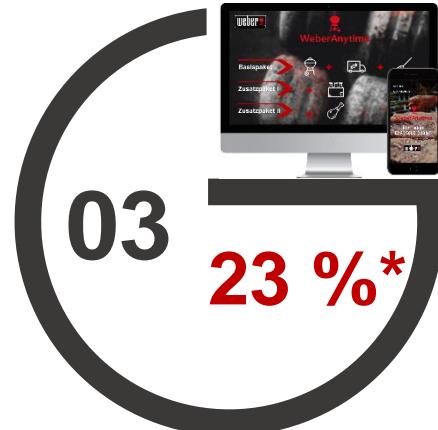
- Main target group of WeberAnytime
- Possible future customer for the purchase of a Weber grill

\*TFM Social Trends Grillen (2011). S. 46 ff.

# Innovating the business model - WeberAnytime

Customer profiles barbecue industry (3/3)

Process of Business Model  
Innovation



## The Unmotivated:

- Working full time or already retired
- Has an income of up to €4,500
- Does not barbecue alone, but only with friends
- Likes socializing with friends
- Sets value on good quality



## Implications

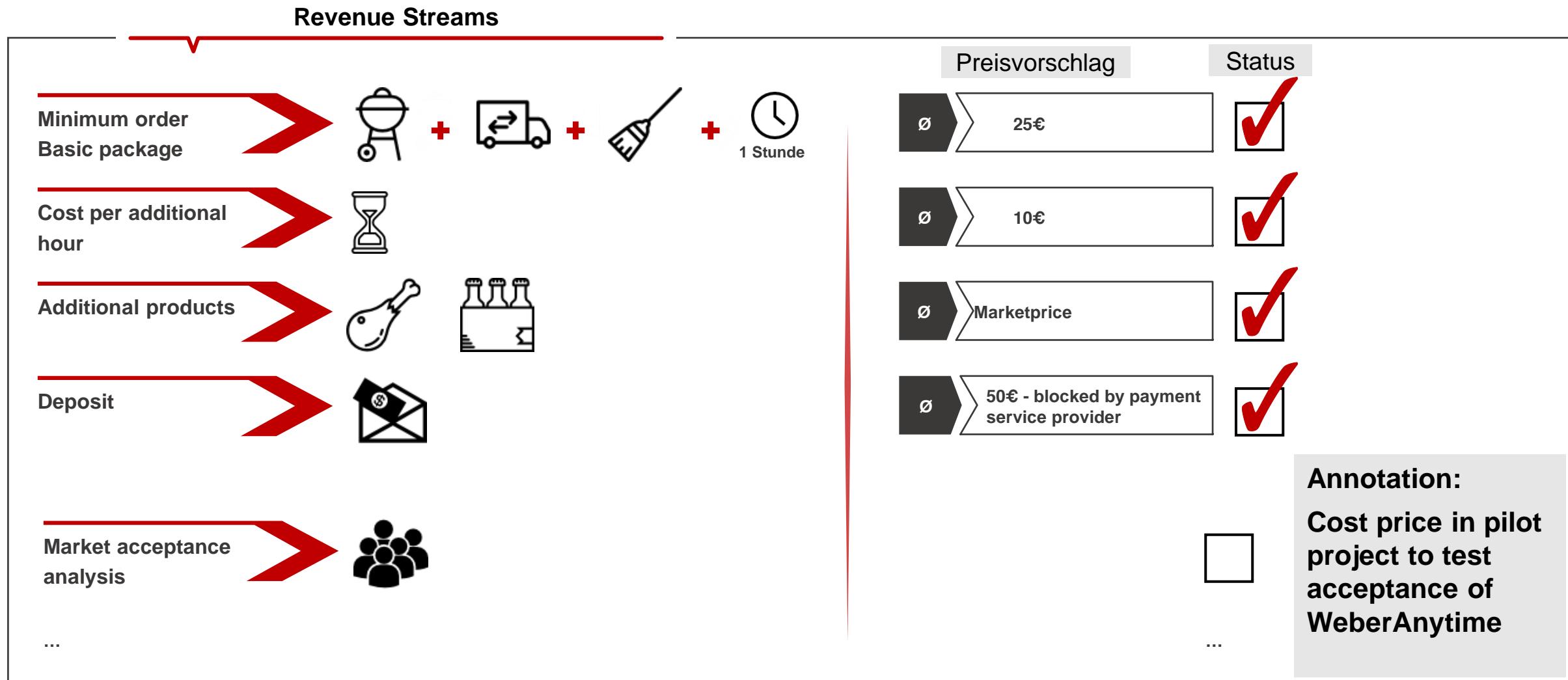
- Secondary target group of WeberAnytime
- Rather not a customer for the traditional Weber business model



The remaining share is accounted for by "the despiser",  
this customer profile is not addressed!

\*TFM Social Trends Grillen (2011). S. 46 ff.

# Price suggestion WeberAnytime - pilot project Münster 2016



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- 1 **Introduction**
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  - 6 **Designing an investor pitch**
  - 7 **Organization & Literature**

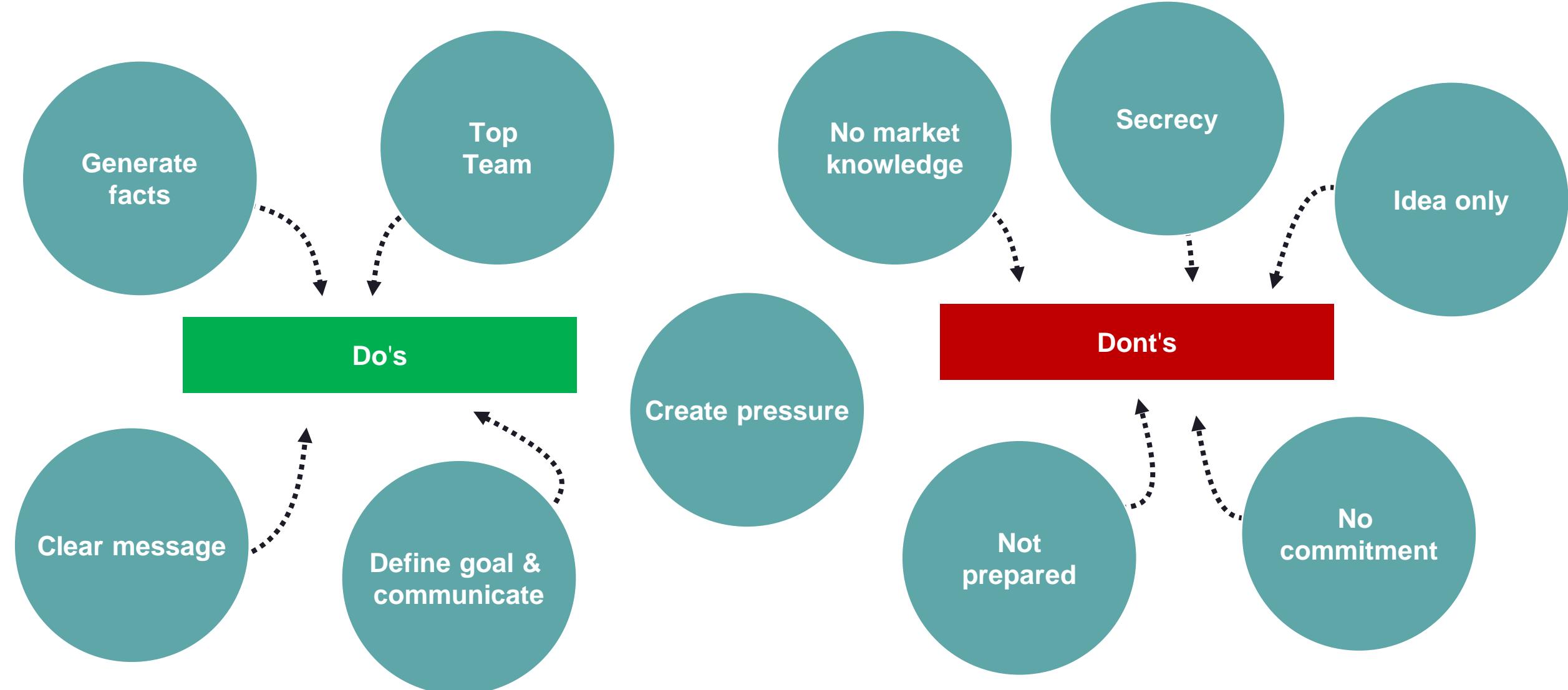
# Types of investor pitches in the "Early Stage"

The degree of detail in the preparation of an investor pitch should always take into account the situation and the possible outcome.

	Elevator Pitch	Public pitch	Closed pitch
Goal	Generate interest for another, more specific pitch	Generate interest for another, more specific pitch	Reaching an agreement on an investment
Components	<ul style="list-style-type: none"><li>▪ Problem</li><li>▪ Solution</li><li>▪ Distribution channels</li><li>▪ Marketing</li><li>▪ Target customers</li><li>▪ Market size</li><li>▪ Competitors</li><li>▪ Competitive advantage</li></ul>	<ul style="list-style-type: none"><li>▪ Problem</li><li>▪ Solution</li><li>▪ Distribution channels</li><li>▪ Marketing</li><li>▪ Target customers</li><li>▪ Market size</li><li>▪ Competitors</li><li>▪ Competitive advantage</li><li>▪ Financing requirements (approx.)</li><li>▪ Cost and performance accounting (approx.)</li></ul>	<ul style="list-style-type: none"><li>▪ Executive Summary</li><li>▪ Problem</li><li>▪ Solution</li><li>▪ Distribution channels</li><li>▪ Marketing</li><li>▪ Target customers</li><li>▪ Market size</li><li>▪ Competitors</li><li>▪ Competitive advantage</li><li>▪ Financing requirements</li><li>▪ Cost and performance accounting</li><li>▪ Milestones</li></ul>

# Do's and Dont's in the investor pitch - an excerpt

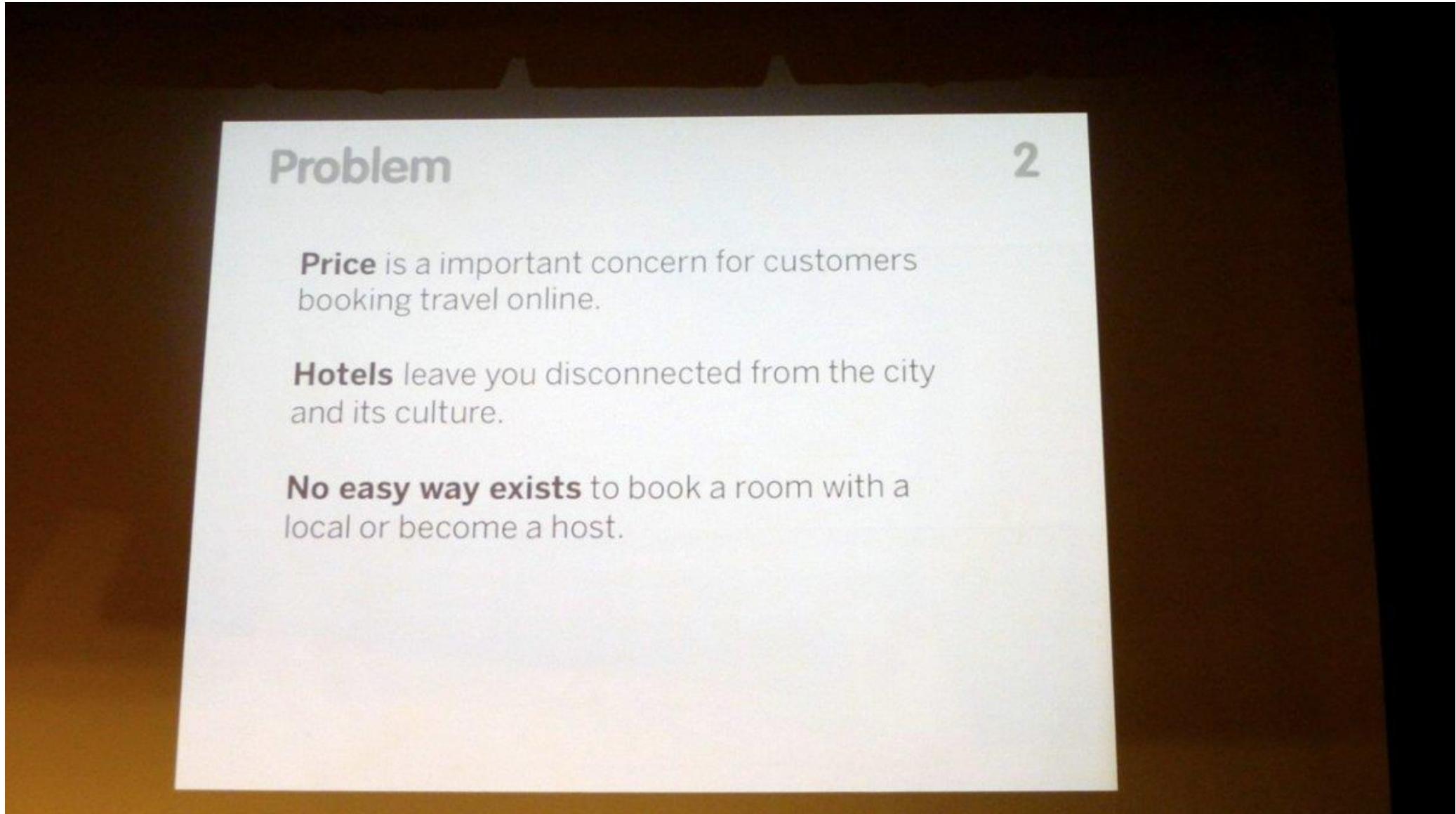
Regardless of what type of investor or pitch you are facing, several success factors have emerged.

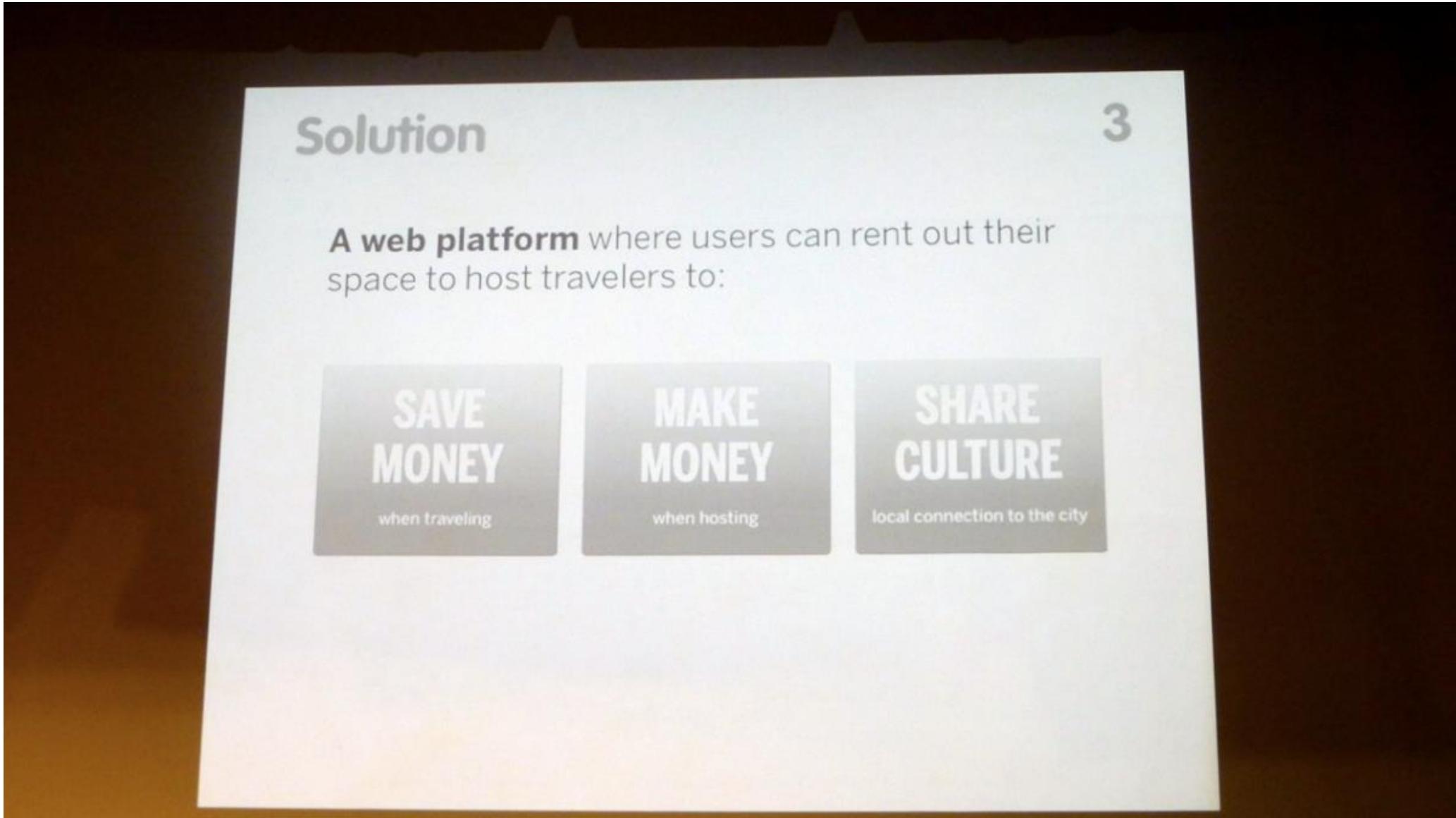


# Example: Pitch deck Airbnb [1]

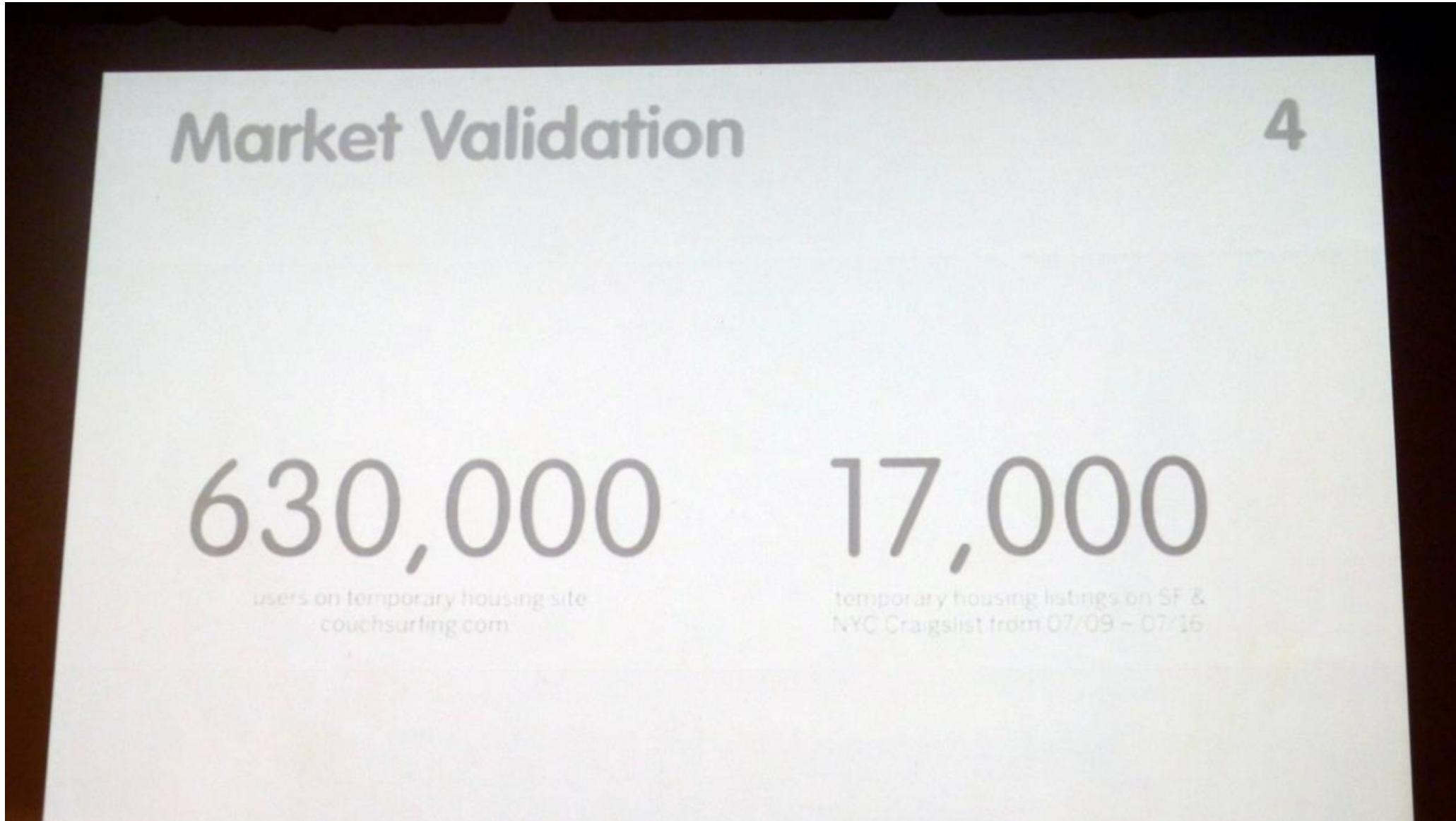


Source: businessinsider.com (2011): Airbnb – A \$1.3 Billion-Dollar Startup's First-Ever Pitch Deck



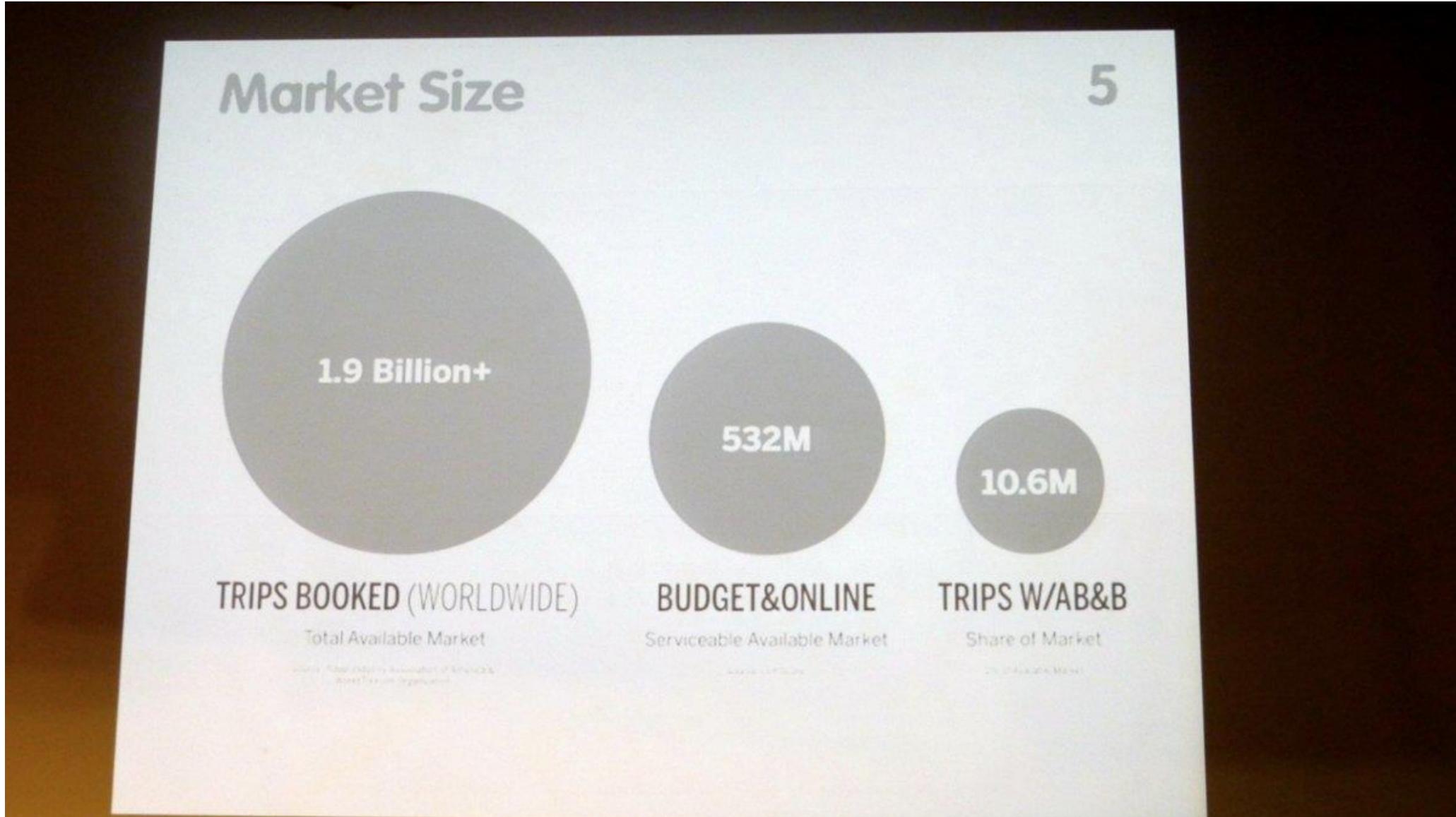


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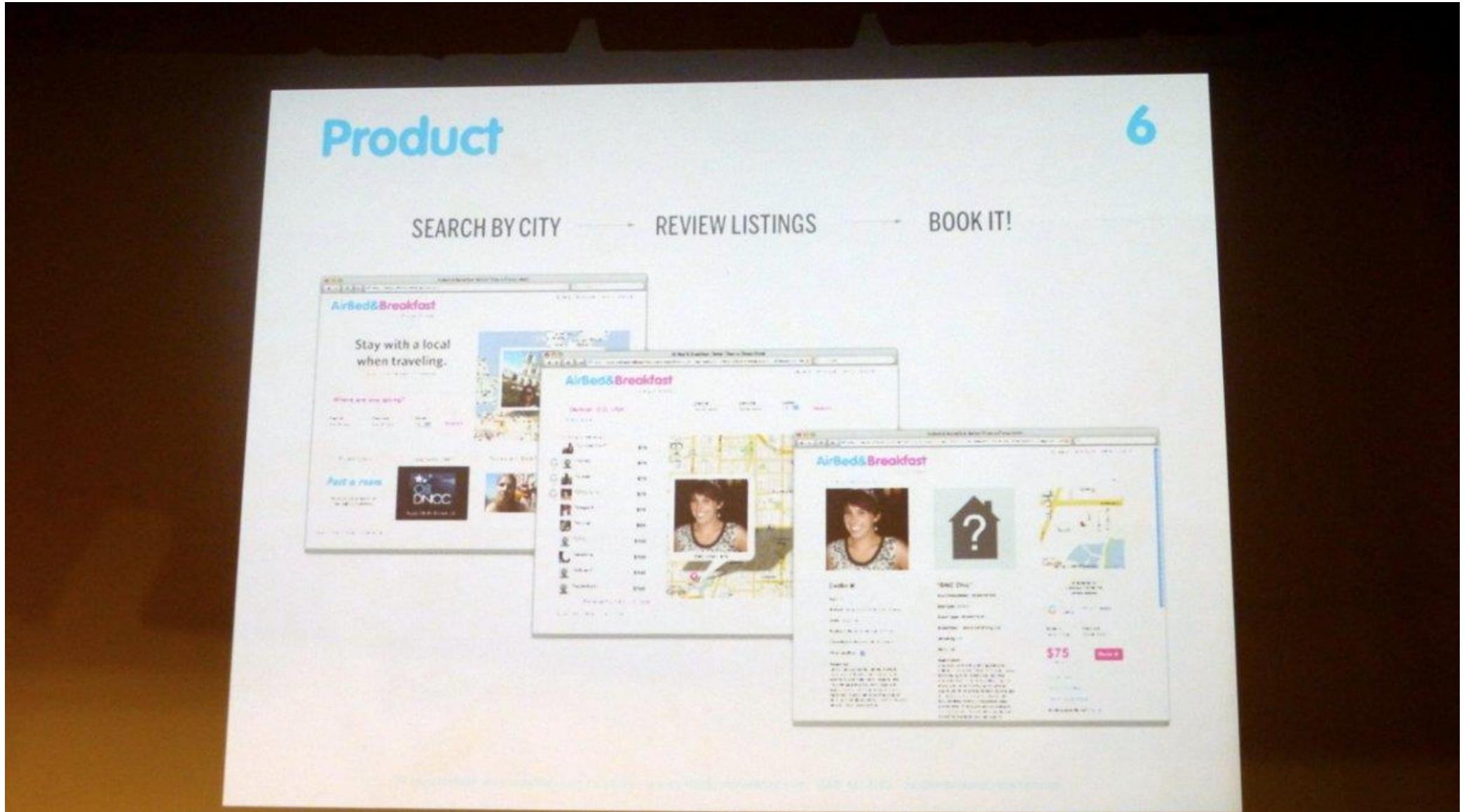
# Example: Pitch deck Airbnb [5]



Source: businessinsider.com (2011): Airbnb – A \$1.3 Billion-Dollar Startup's First-Ever Pitch Deck

# Example: Pitch deck Airbnb [6]

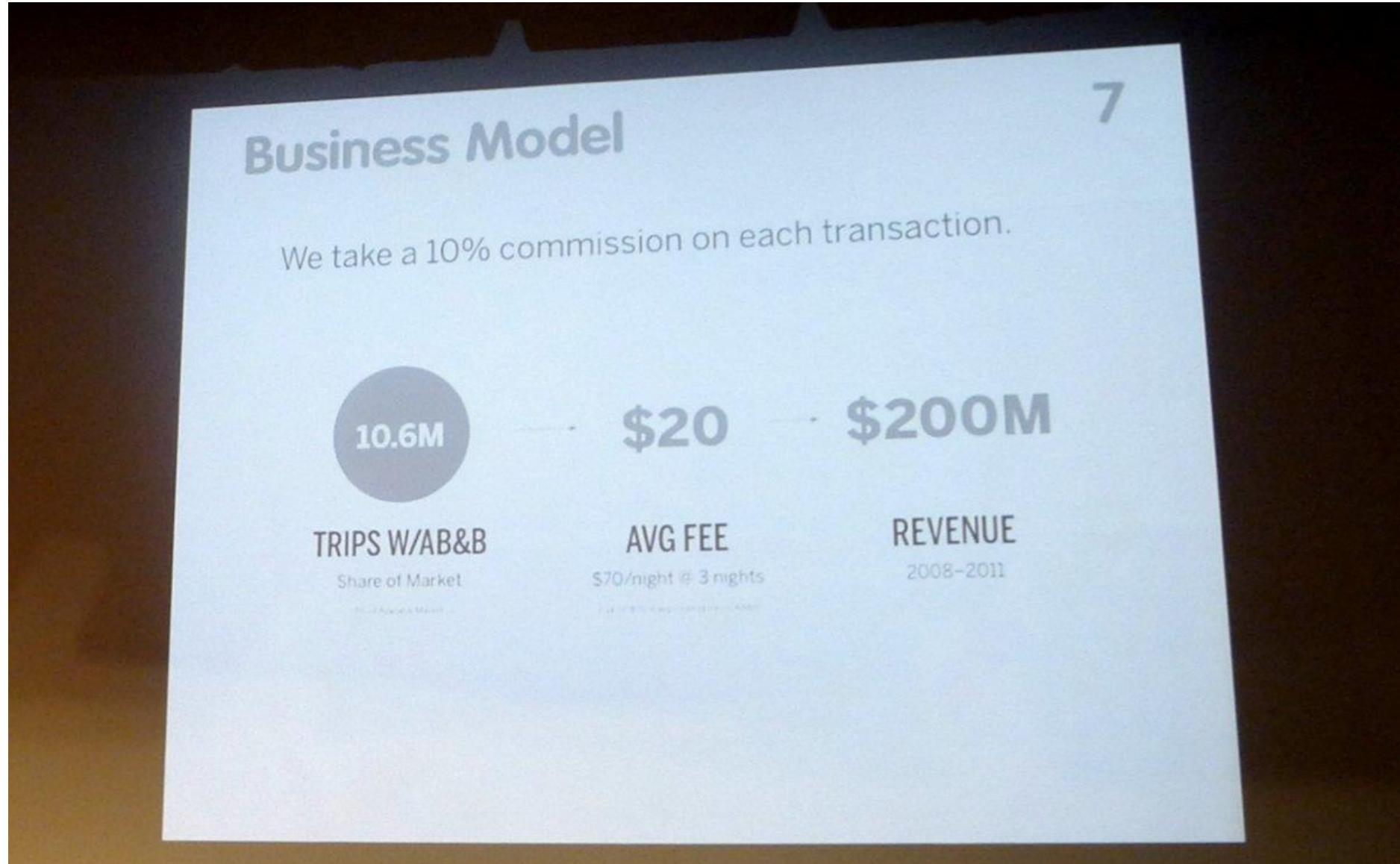
bit



Source: businessinsider.com (2011): Airbnb – A \$1.3 Billion-Dollar Startup's First-Ever Pitch Deck

# Example: Pitch deck Airbnb [7]

bit



Source: businessinsider.com (2011): Airbnb – A \$1.3 Billion-Dollar Startup's First-Ever Pitch Deck

# Example: Pitch deck Airbnb [8]

bit



Source: businessinsider.com (2011): Airbnb – A \$1.3 Billion-Dollar Startup’s First-Ever Pitch Deck

# Example: Pitch deck Airbnb [9]

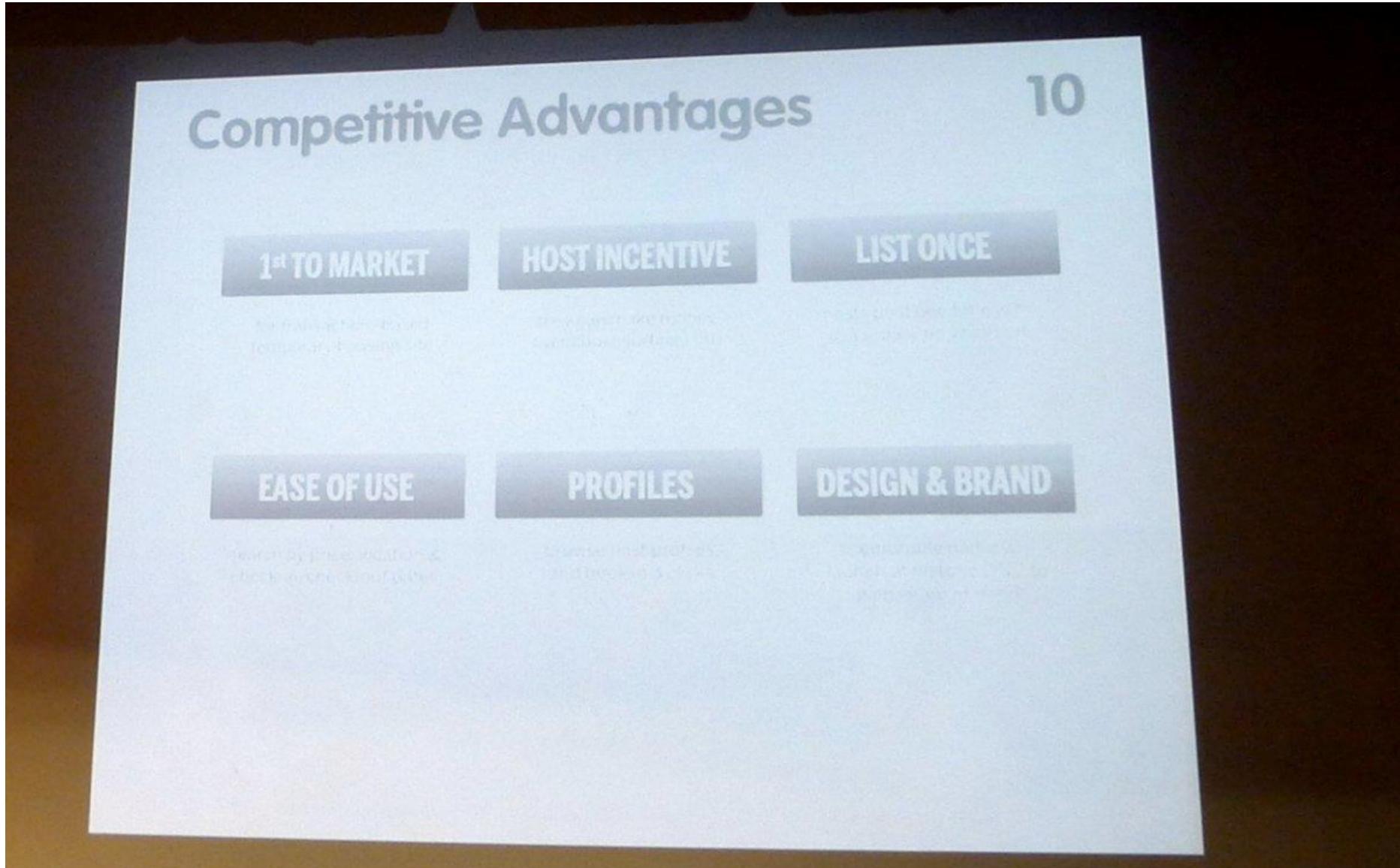
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# Example: Pitch deck Airbnb [10]

bit



Source: businessinsider.com (2011): Airbnb – A \$1.3 Billion-Dollar Startup’s First-Ever Pitch Deck

- 
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1

BAKOUAN, Youba  
SEMDE, Alexandre  
BOUDA, M. G. Alice  
YAMEOGO, Philippe  
ZONGO, J. Axel

2

SANOU, Lougoudoro  
YANOGO, Y. Patrick  
KAGAMBEGA, Melaine  
TIENDREBEOGO, Arsène  
KABORE, W. David  
NEYA, Dolores

3

KABORE, Boukary  
NANA, Jeremie  
TONDE, Salif  
ZOMA, W. Rodrigue  
SEMDE, Aissata

4

YARO, Emmanuel  
ZONGO, W. Siméon  
OUEDRAOGO, U. Ezekiel  
KAWANE, M. Loreine  
KABORE, Florentin

5

BAZIER, Giovanni  
ZONGO, Marthe  
OUEDRAOGO, Assami  
SEMDE, Salifou  
ZONGO, Célestin  
YAO, Sossou

**Task:** Select a company / product of your choice and analyze the existing business model of the company / for the product. Use your analysis as a starting point and, following the explained process, design an innovative business model for the company / product. Prepare a presentation in which you explain your approach and results. Please make sure to address the following aspects:

- Introduction / description of the selected company
- Description of the industry (characterization/competitors)
- Analysis of the business model environment
- Description and assessment of the existing business model
- Description of the innovative business model

**Form of delivery:** Presentation slides in PDF format (please name the file as follows TEAM\_#\_BME)

**Submission date:** until January 21st 2021, 12 am (via E-Mail to [svenolafgerdt@gmail.com](mailto:svenolafgerdt@gmail.com))

**Date of presentation:** January 22nd, 9 am – 2 pm

**Presentation slot per team:** 25 - 30 min. + discussion (please make sure that each team member presents a part)

**Presentation situation:** Your chosen company has hired BIT to analyze and innovate their business model. A manager of BIT has instructed you to do the job. You present your solution to the senior manager of BIT.



Please note that each company can only be assigned once. Please send me a Mail naming your selected company. FCFS

# Supporting Literature & Literature Recommendations

The contents of the seminar are largely based on the following literature. The reading of these and other sources on the topic is not obligatory, but can be helpful for the elaborations.

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