AI Business Model Canvas Introduction
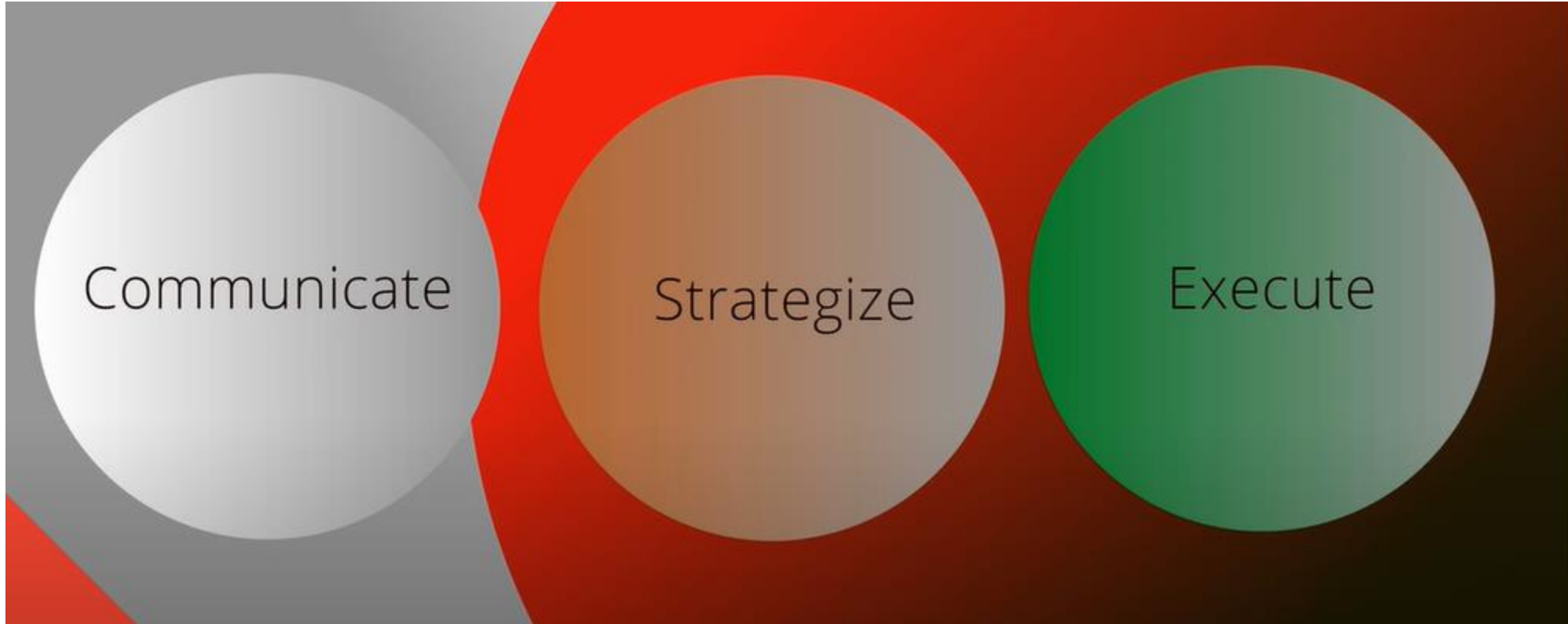
Basics of AI - ICB011AS2AE
Anne Wuokko, Eira Vatanen

22.1.2024

AI Business Model Canvas – Key Idea
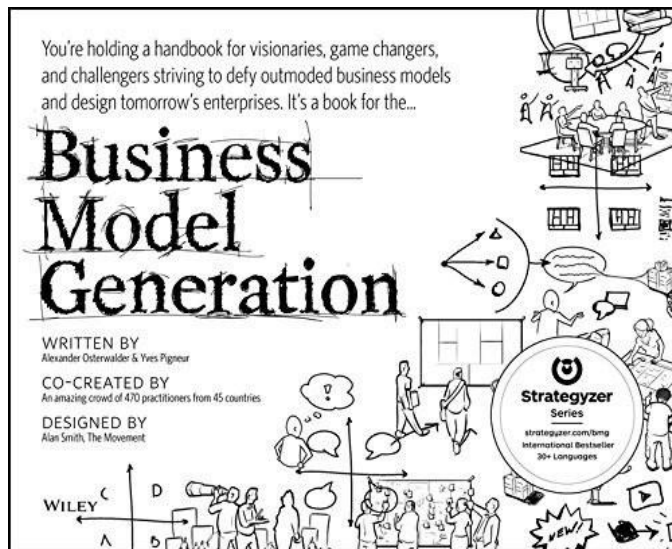

Source: Businessleaders.ai

AI Business Model Canvas

- Is used to develop new AI business models and to present existing models

- Helps to figure out the big picture
- How to use AI in business
- How to proceed from idea to production

- Communicates the main idea of the AI project and the AI business model from different angles in compact and easy form

AI Business Model Canvas - base

- **Alex Osterwalder's** Business Model Canvas

How to start? First choose the model

- There are several different AI Business Model Canvas models e.g

  - AI business model canvas (BusinessLeaders.ai)

  - The AI Business Model Canvas (Lomas)

  - AI Project Canvas

  - Enterprise AI Business Model Canvas (Kerzel)
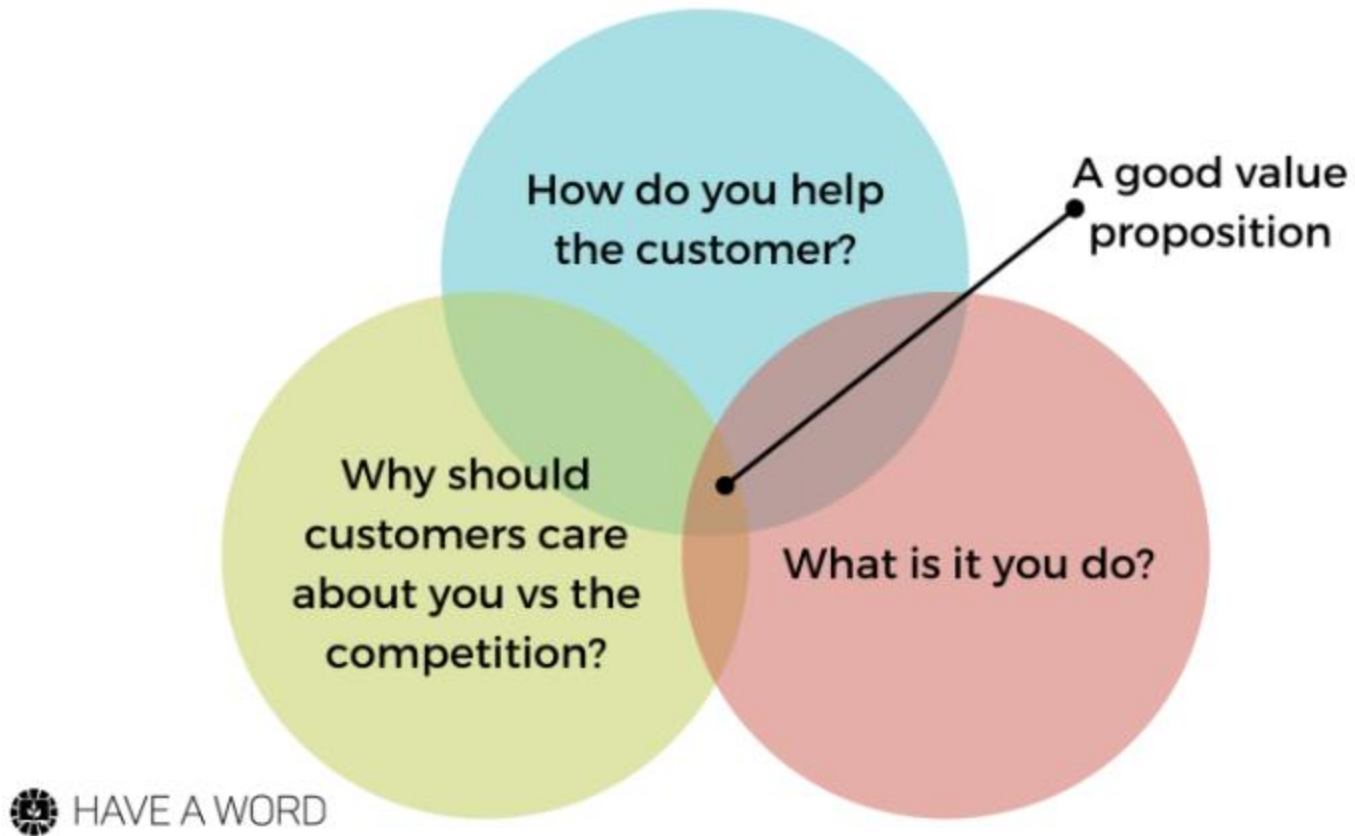
AI Business Model Canvas: BusinessLeaders.ai

Source: Businessleaders.ai

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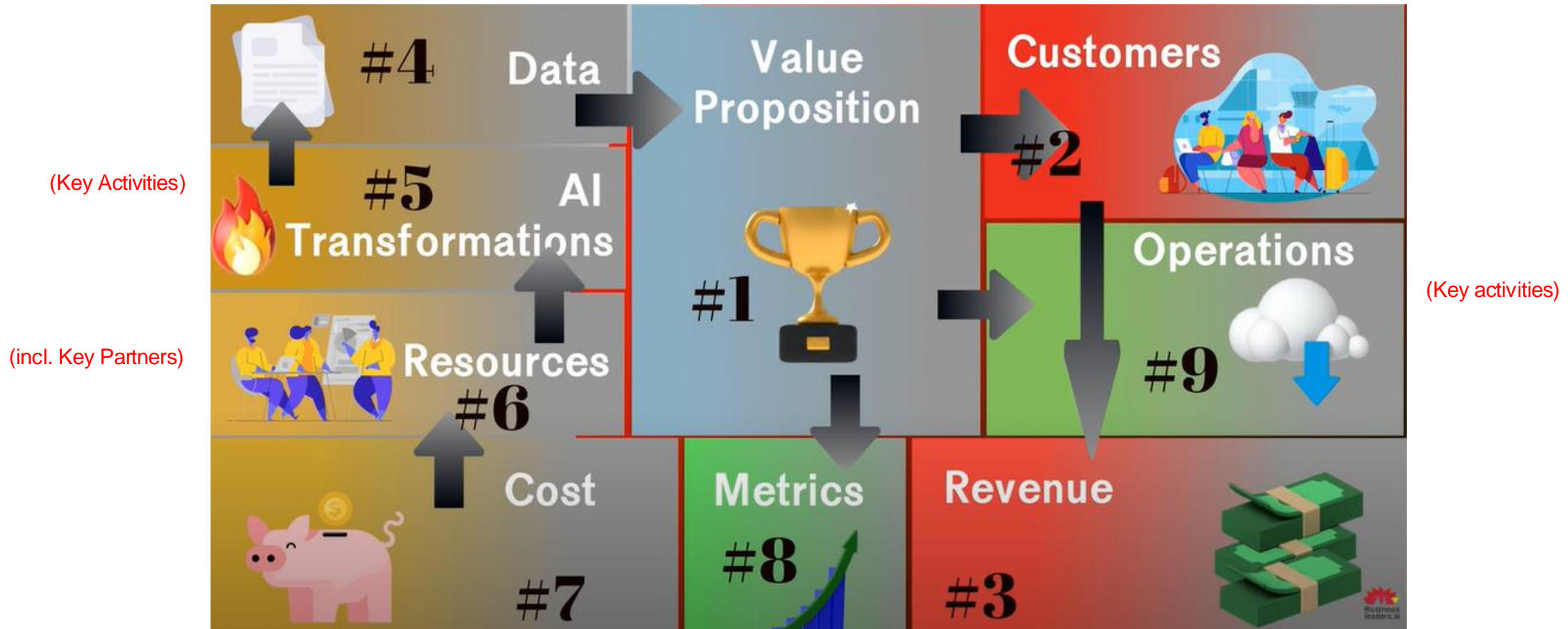
Value Proposition – 3 Questions to Answer

How do you help the customer?

A good value proposition

Why should customers care about you vs the competition?

What is it you do?

HAVE A WORD

Source: growthmodels.co

AI Business Model Canvas: Lomas

The AI Business Model Canvas

Designed by: Christopher Lomas
Designed for: ABC Corp
Version: 1.0
Date: 17/07/18

Key Partners
Who are our key partners? (For data, service, AI skills ...)
Who are our key suppliers?
Which key resources do we need from these partners?
What key activities do they perform?
What are the motivations for partnership?
Would we reasonably expect to be able to do these activities ourselves?
Who else could we partner with?

Inputs
What data do we have access to?
In what volume?
Where is it stored currently?
In what format is it? (pdf, word, structured database, live [eg IoT sensors, Natural Language], Public/ Private third party data sources).
Is it sensitive?
Can we use it in its current format?

Outputs
What action do we want to take from the data?
What key question does the data need to answer?
Should the model be predictive?

Value Proposition
What pain point will this solve?
What hypothesis are we trying to prove/ disprove?
How does this fit with the company's overall business and technology strategy?
Describe how we create *Sustainable* Competitive Advantage?

Can we articulate the value proposition to a User or Buyer?
"As a _____ I want to _____ So that _____ ."

How will we know if we have succeeded?
What will be the Objectives and Key Results (OKRs)?
How will you measure them?
What level of accuracy do you need to achieve?

Skills
What AI technology skills do we need to ingest the data? (OCR, NLP, Machine/ Computer Vision, Web Semantic, Data Mining ...)

Trainers
What is the process we are replicating or replacing?
Who understands this process/ domain the best?
Who can train the system initially?
Who can train the system on an ongoing basis?

Users and Buyers
Describe who will *pay for* this service or product? (Internal or External?)
Describe who will *use* this service or product?
- Segments
- Geographic
- Demographic
- Mass, Niche, Segmented?
Is there a cultural change program needed to embed AI with these users?

Resource Considerations
Who is needed to *Train, Sustain and Maintain* the product or service?
What new skills do we need for the full life-cycle of the product?
Who's role will be affected by this new technology?
Can we retrain people or do we need to hire?

Channels
How will this new product or service "go to market"?
What channel partners (internal or external) do we need to engage?
What needs to be considered in terms of brand, form, UX, UI, tone?
How reusable is the technology in other channels?
Where else could this new product or service be deployed?

Costs
- Fixed costs
  Variable costs
- Licence fees
- New hardware
- Key hires/ skills
- Retraining

Revenue streams
- Usage
- Subscription
- License
- Brokerage
- Data led consulting/ advice
- Advertising
- Cost avoidance/ reduction

Stakeholders
Who are the key stakeholders that you need to:
- Keep informed?
- Manage most thoroughly?
- Anticipate and meet needs?
- Have regular but minimal contact with?

AI Business Model Canvas: AI Project Canvas

AI Project Canvas   Title:

Data	Skills	Value Proposition	Integration	Customers
Which data do you need?	Which skills do you need for development?	What is the value added by your project?	How will the project be integrated?	Who are the end customers?

Output — Which key metric are you optimizing for?

Stakeholders — Who are the key stakeholders?

Cost — What costs will the project incur?

Revenue — How will the project generate revenue?

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Enterprise AI Business Model Canvas (Kerzel) 1/2

Enterprise AI Canvas – Part 1: Business View

Decision & Optimization:

How are decisions optimized? By whom?

Value:

How does the use-case generate value? What can be offered? Which problem can be solved?

Success:

How is success (metrics, KPIs) defined? What makes the use-case "good" or "bad"? Who decides this?

Organization:

How are decisions & actions currently formed? How will this change with this use-case? Change Management? Additional training?

Domains:

Which domain expertise is needed? Which business units are involved?

Sponsor: Which senior manager is responsible?

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Enterprise AI Business Model Canvas (Kerzel) 2/2

Enterprise AI Canvas – Part 2: Model & Data View

Domains and Data Quality:

Which domain expertise is needed? How and who can decide whether the data are "good" or "bad"? How to measure & improve data quality?

Prediction & Action:

What should be predicted? How are predictions (as probabilities) transformed into actions?

Features:

Which features are likely important?

Data Sources & Processing:

Which data sources are required, which are already available? Which types of data are needed? Which systems are required and already available to handle the data?

Constraints:

What is the typical time-frame for a prediction? Which granularity is required? How often does the model need to be re-trained? How are the models served? Edge, on-premise or Cloud?

Evaluation & Monitoring: Which metrics are used? How will the project be monitored? What happens in case of incidents?

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Thank you!