



TECHNOPRENEUR

Business Model & Business Model Canvas

Learning Objectives

LO 1: Identify Entrepreneurs Personality and Innovative Business Idea

Sub Topics

1. 9 Building Blocks and How to Use It
2. Types of Business Model

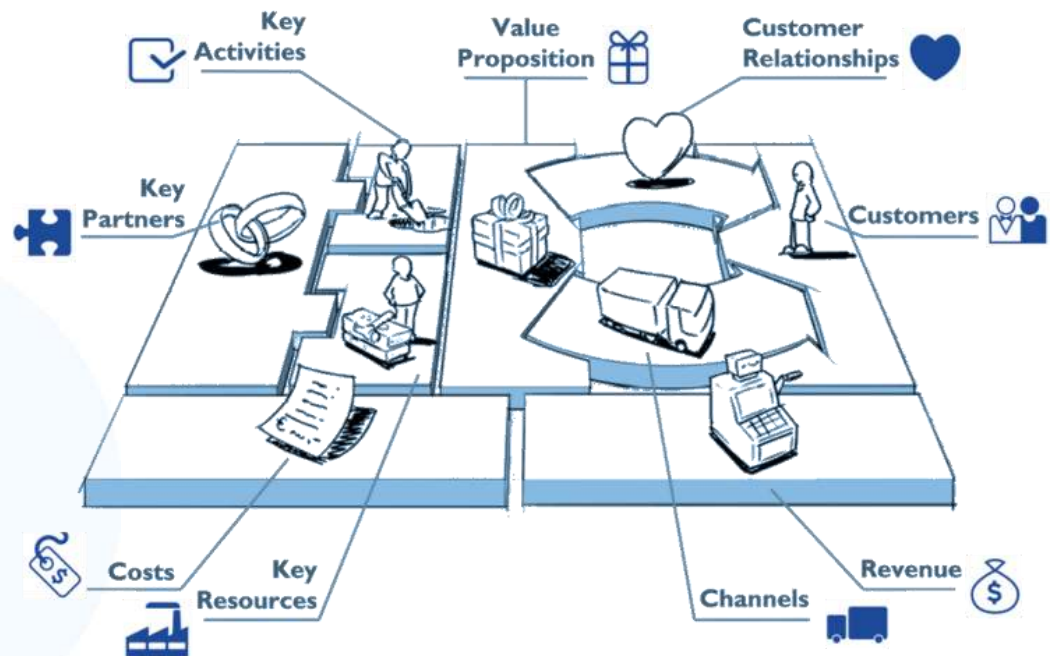


9 BUILDING BLOCKS AND HOW TO USE IT

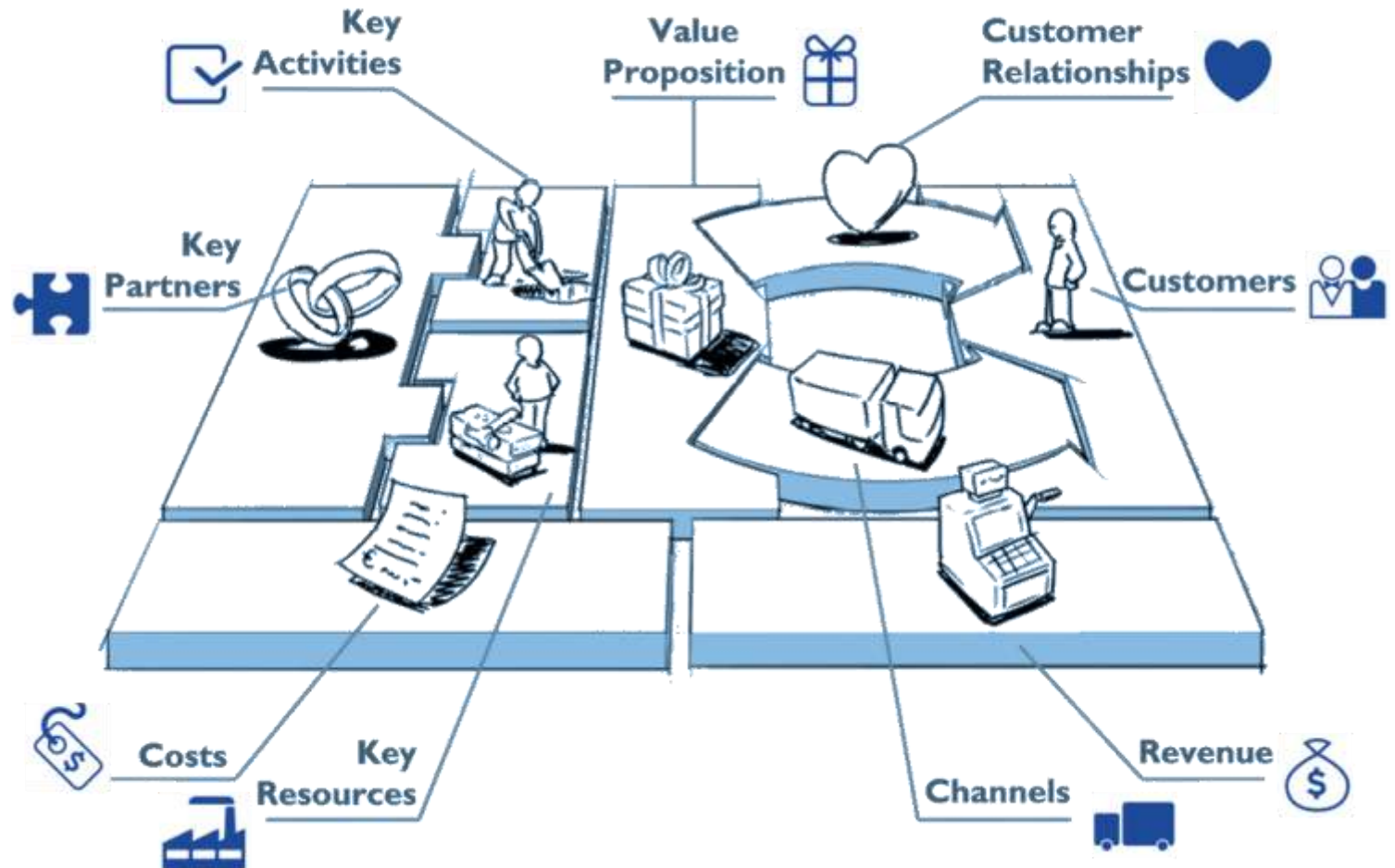
Business Model Canvas

BMC is a tool to see our business. This is a tool that is formed from 9 different boxes, which each box describes the different characteristic of the business.

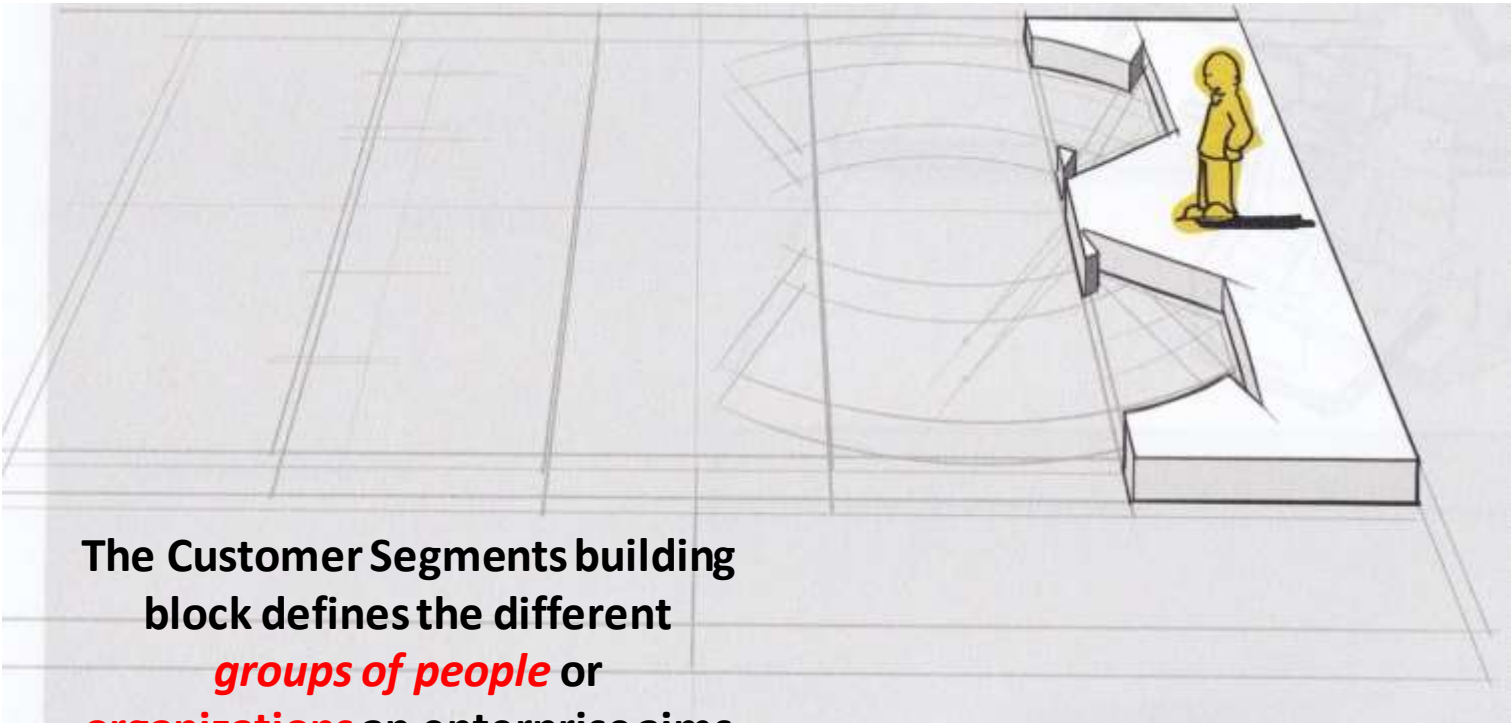
*It is firstly developed by **Alexander Osterwalder**, and now, it is being used wide world in almost all business communities.*



The Contents of BMC

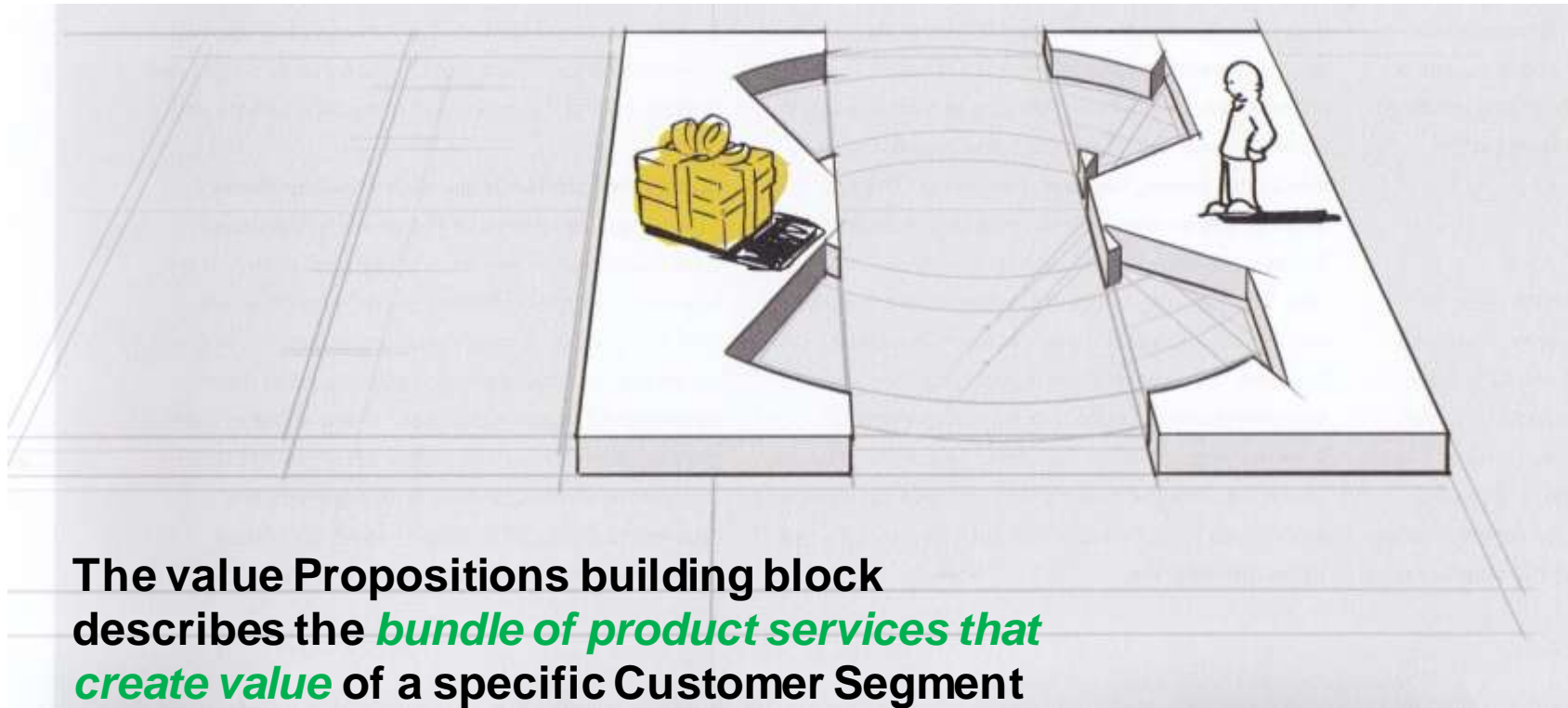


Customer Segment

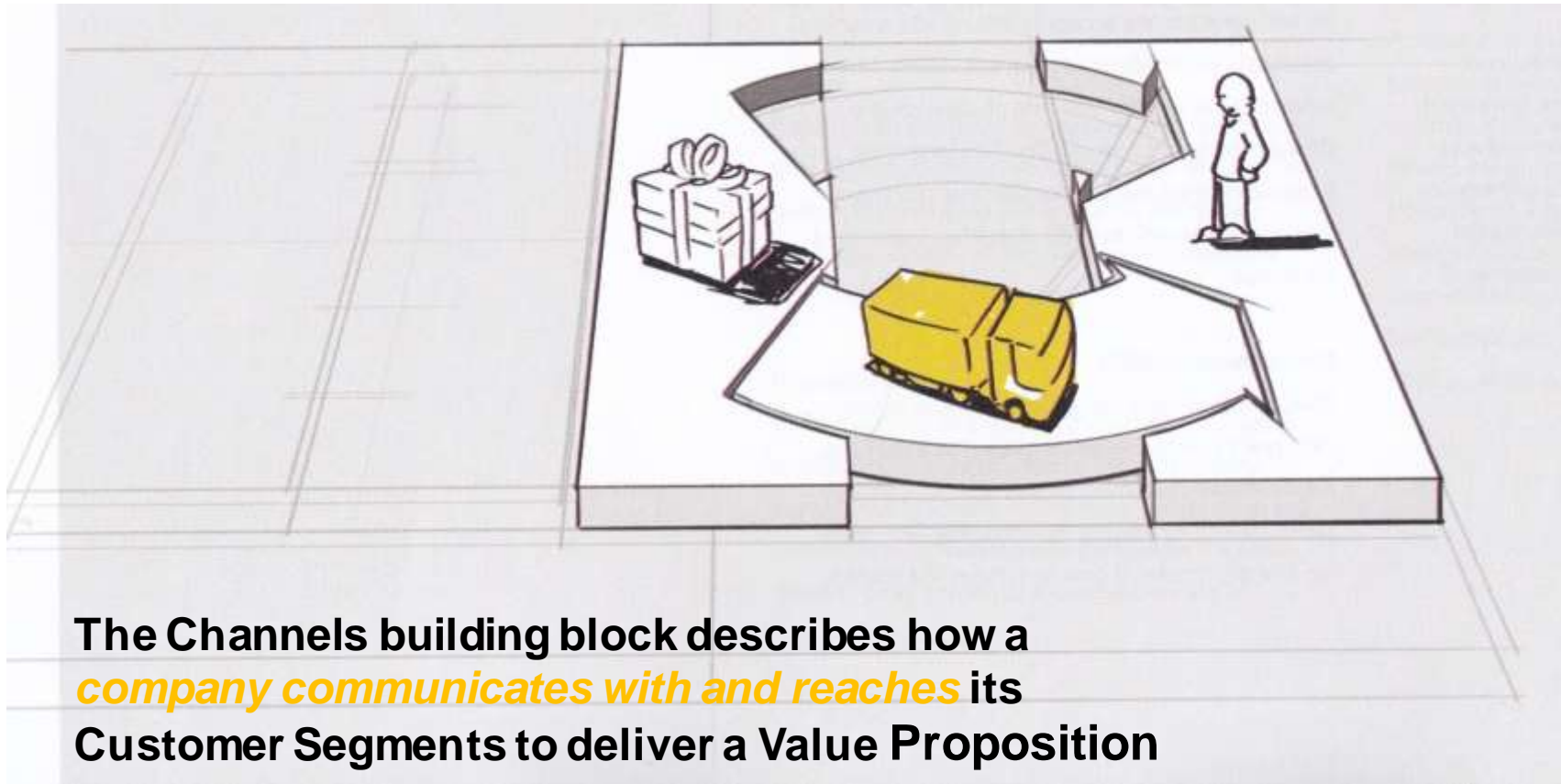


The Customer Segments building block defines the different *groups of people* or *organizations* an enterprise aims *to reach* and serve

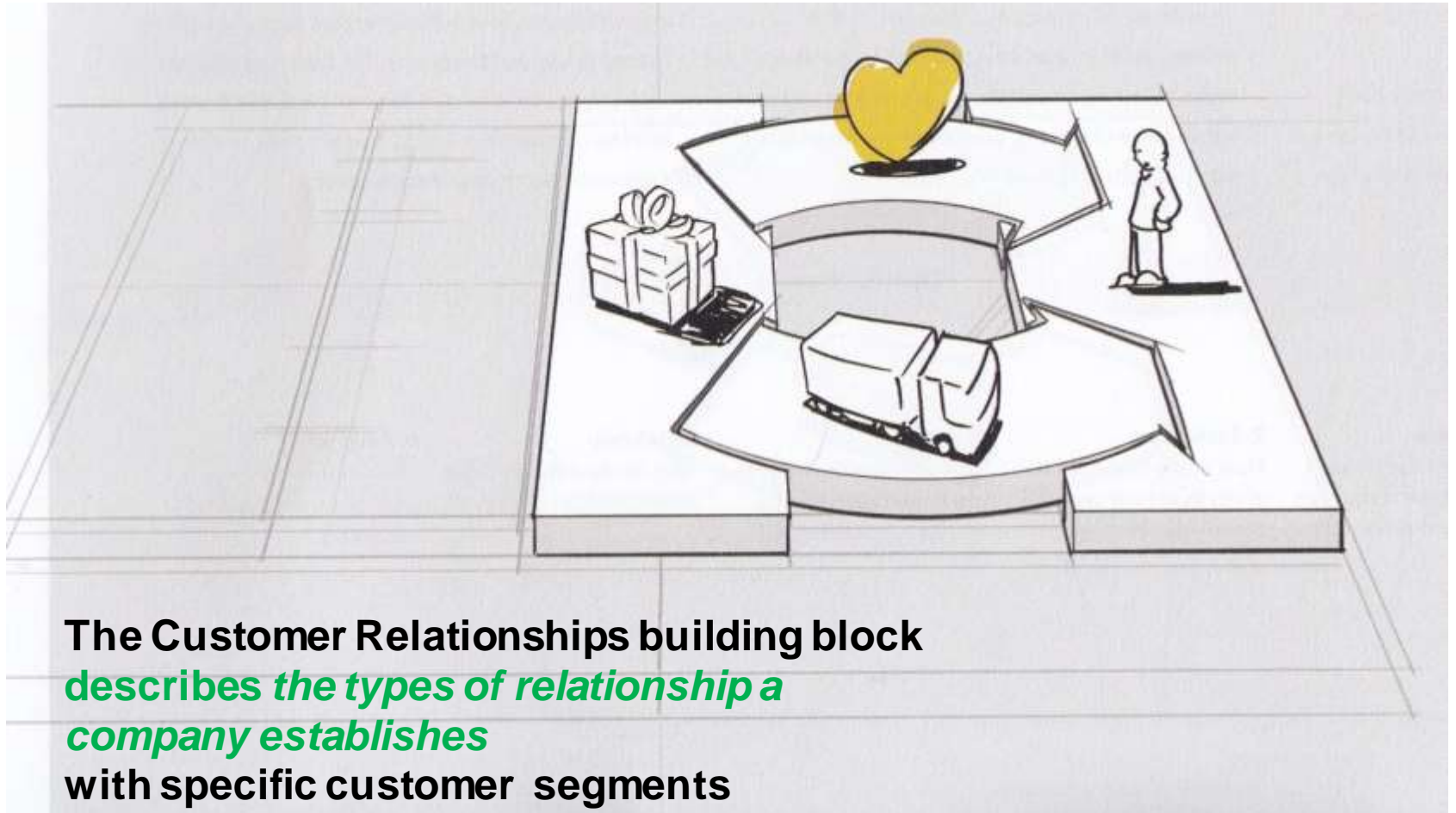
Value Proposition



Channel



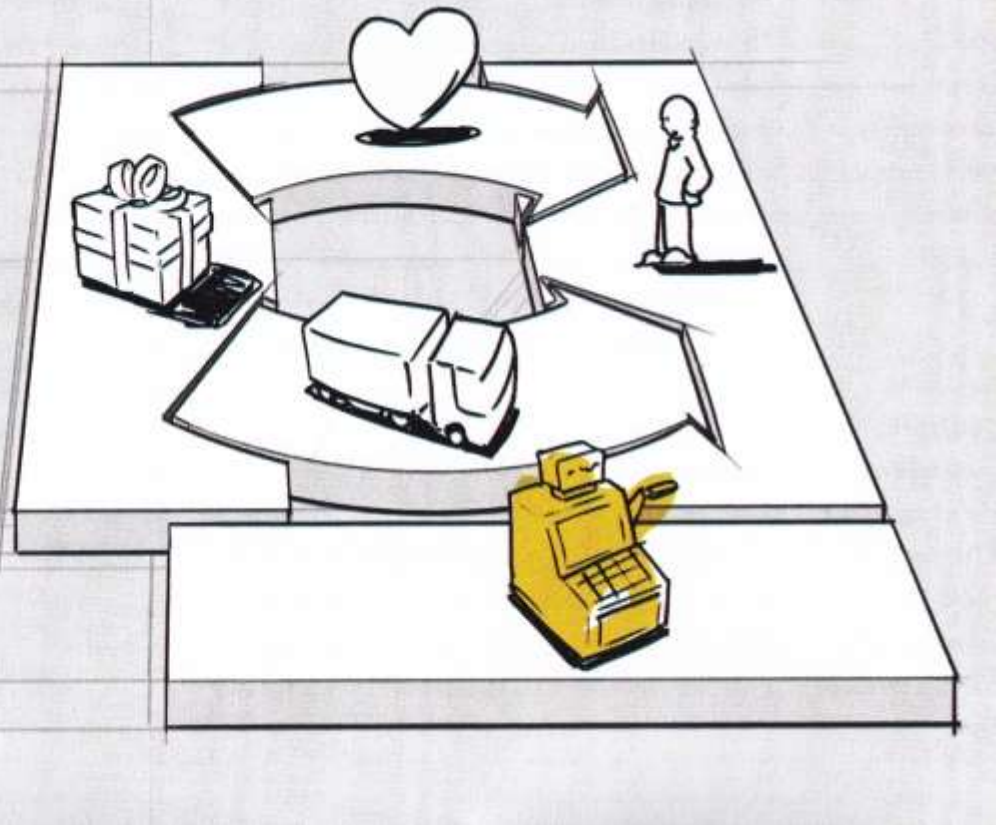
Customer Relationship



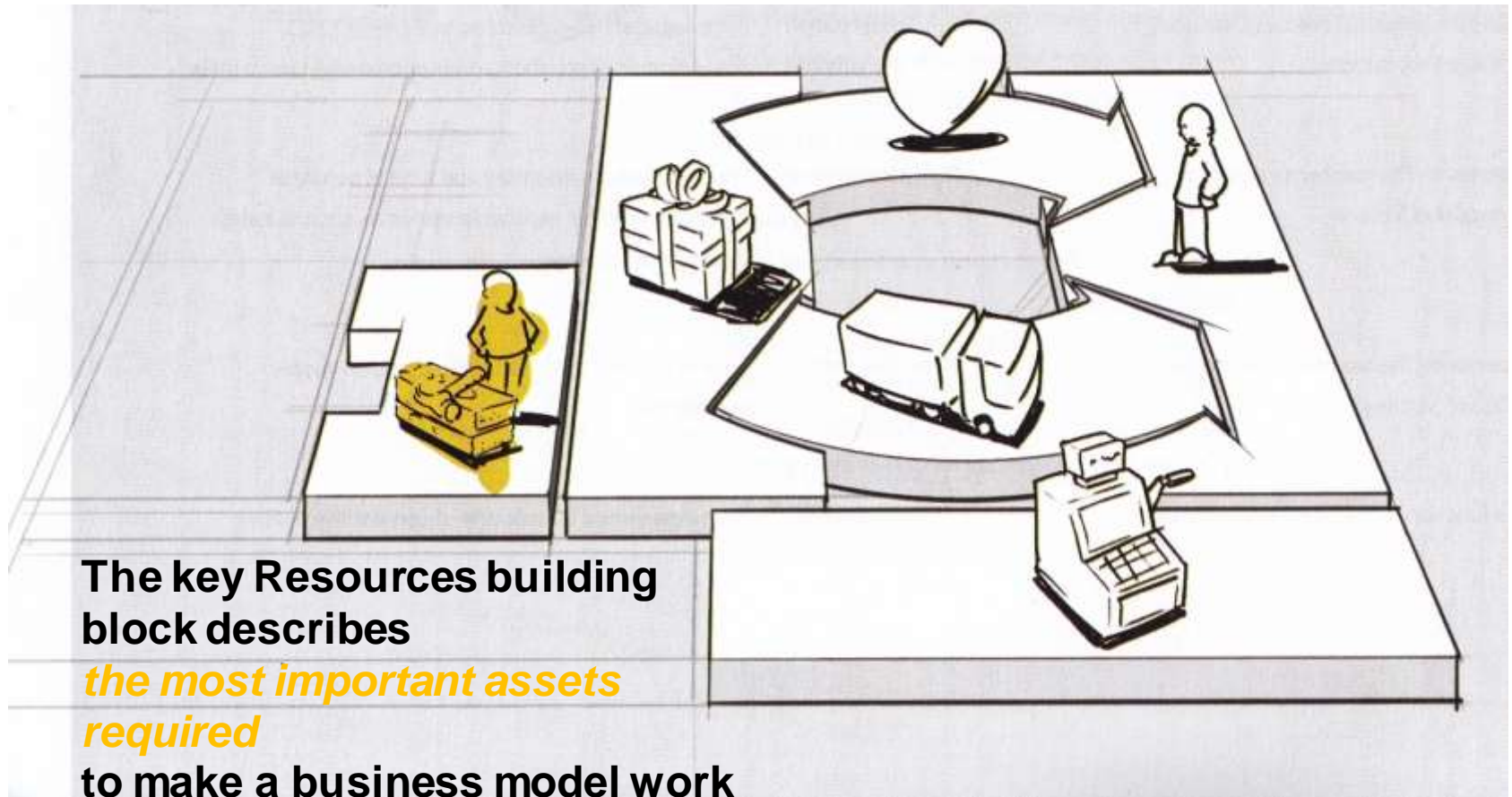
The Customer Relationships building block
*describes the types of relationship a
company establishes*
with specific customer segments

Revenue Stream

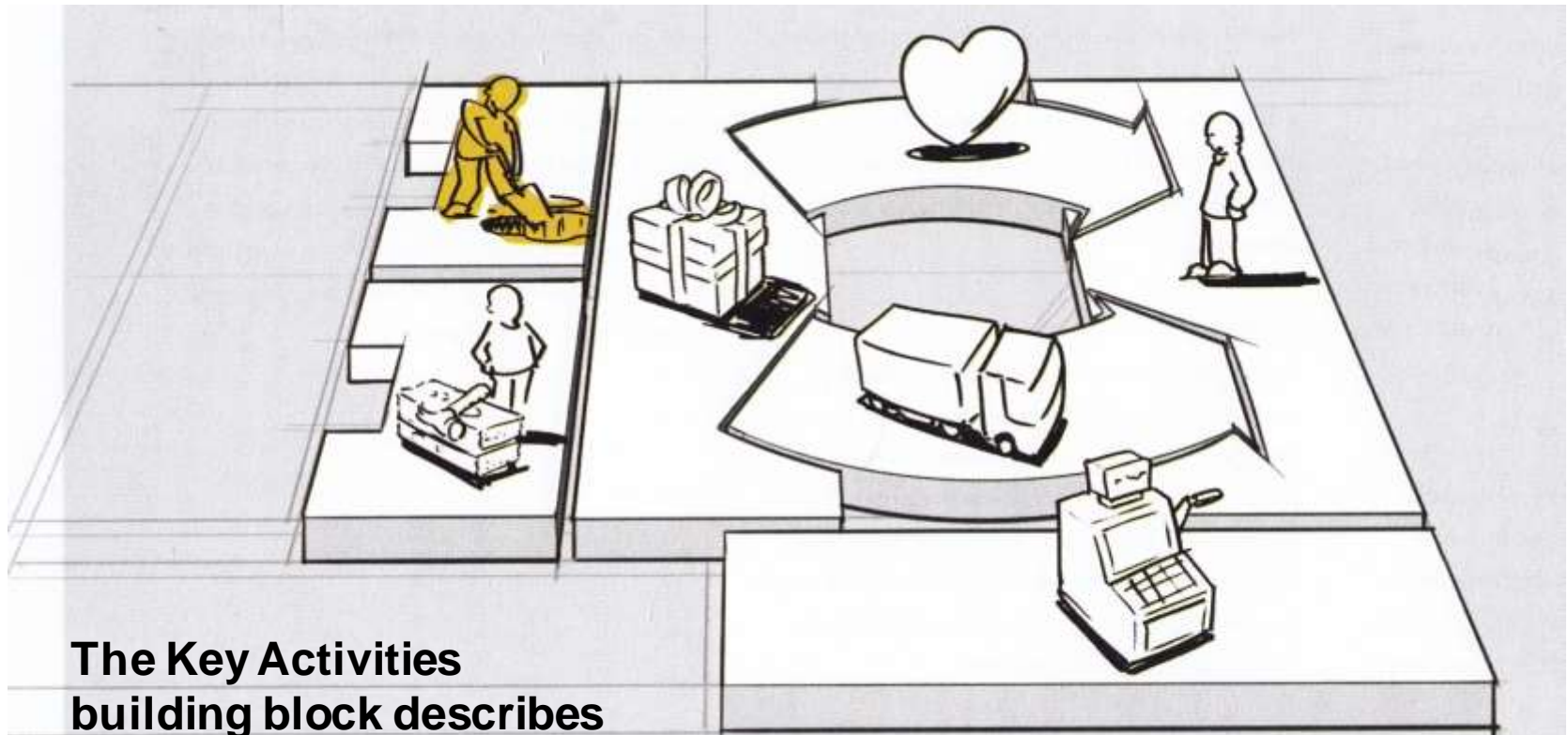
The Revenue Streams building block represents *the cash a company generates* from each Customer Segments



Key Resources



Key Activities



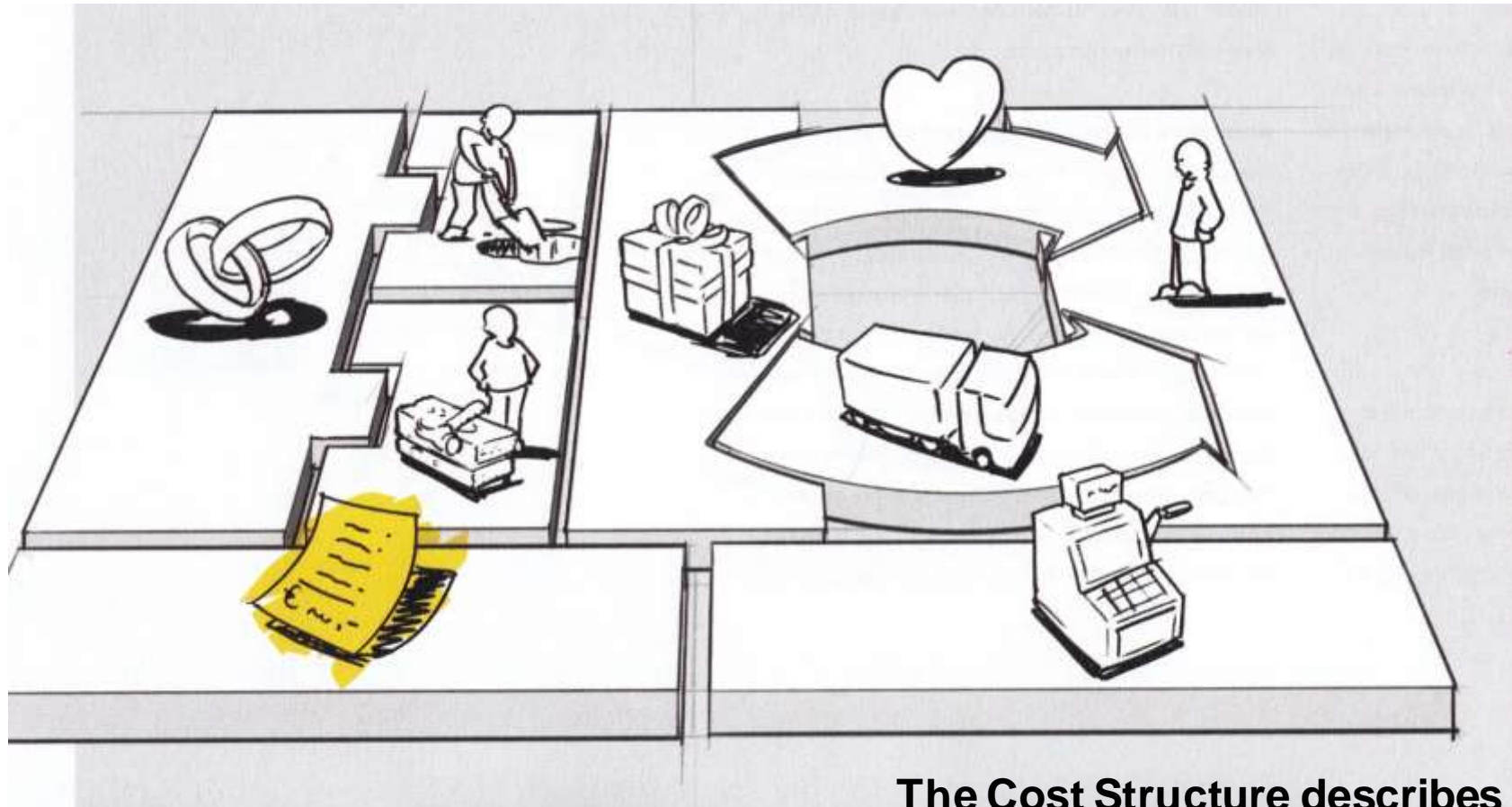
The Key Activities
building block describes
the most important things a company must do
to make its business model work

Key Partnerships



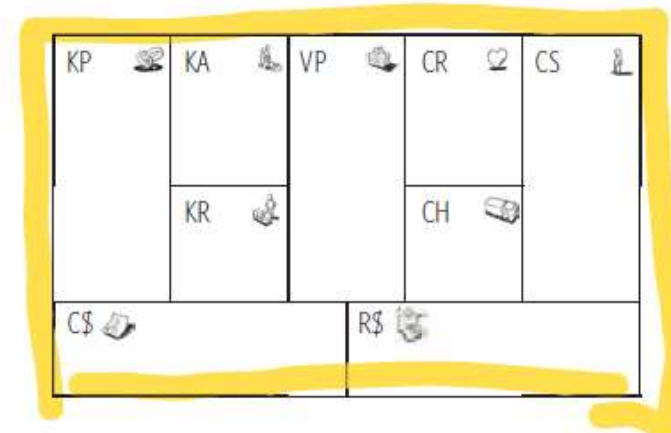
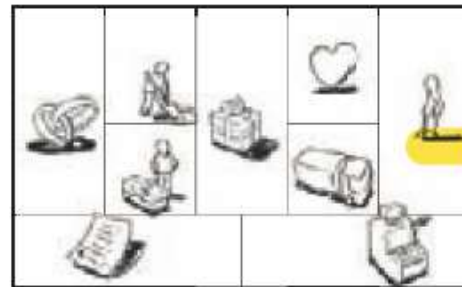
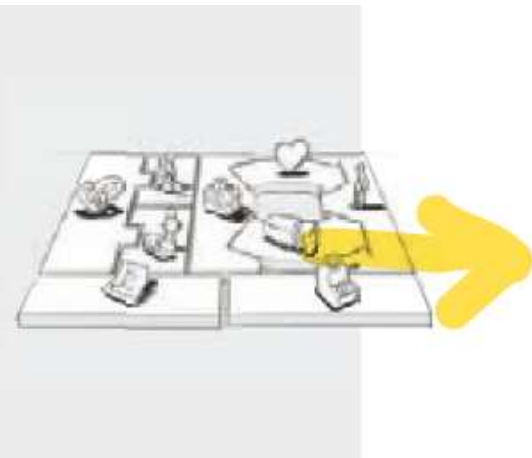
The Key Partnerships building block describes *the network of suppliers and partners* that make the business model work

Cost Structure



The Cost Structure describes
all cost incurred to operate a business model

How to Use Business Model Canvas?



The BMC is a kind of canvas for the painters. The different part is, BMC is being use to “paint” the business.

It would give you the descriptions of your existing business model condition, or it could be used to develop new business model.

The Business Model Canvas works best when printed out on a large surface so groups of people can jointly start sketching and discussing business model elements with

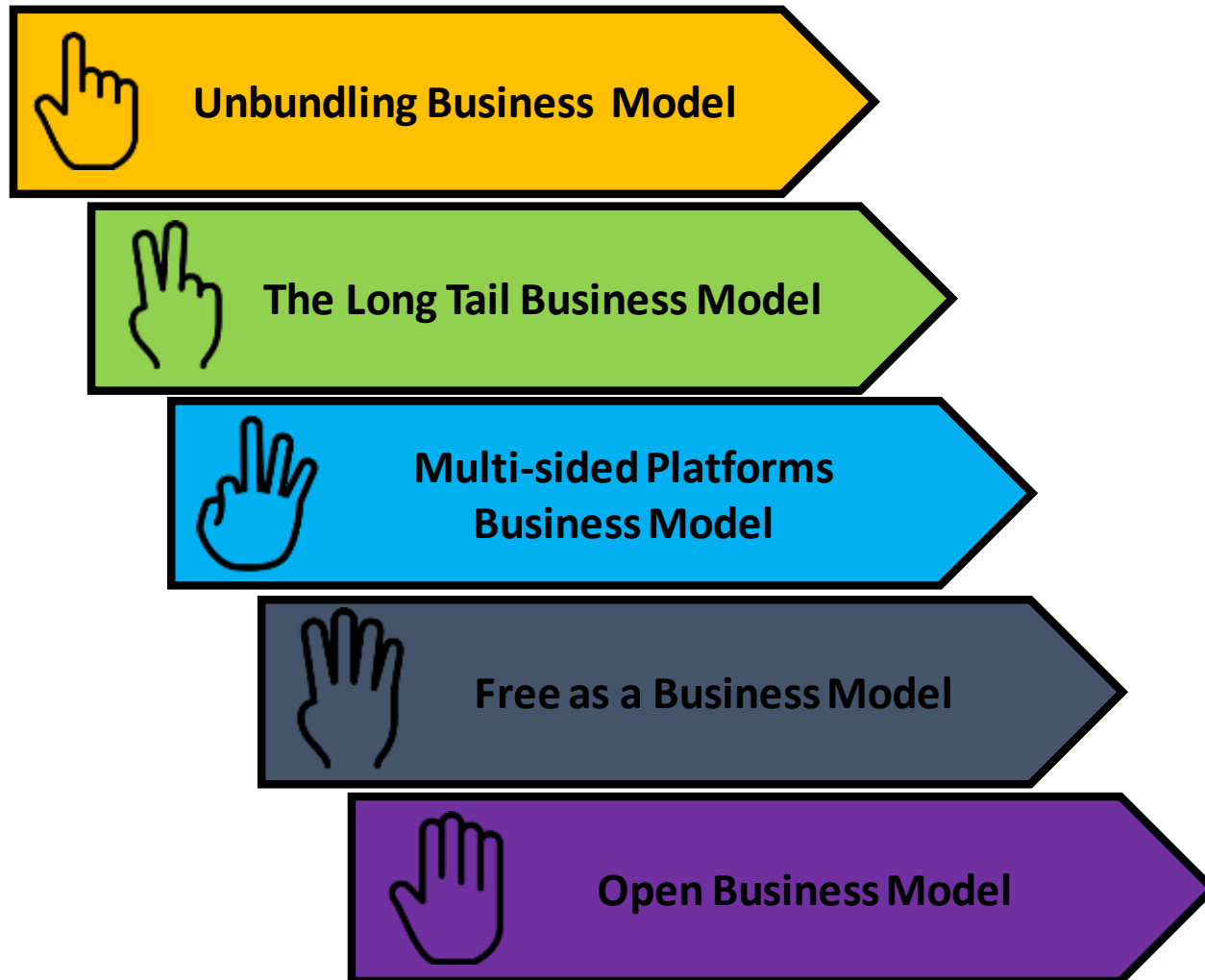
Post-it® notes or board markers.

It is a hands-on tool that fosters understanding, discussion, creativity, and analysis.

The background of the slide features a solid blue color with a subtle gradient. Overlaid on this are several large, semi-transparent circles in a lighter shade of blue, creating a modern, abstract design. The circles are positioned in the upper left and upper right areas, with their edges curving towards the center.

TYPES OF BUSINESS MODEL

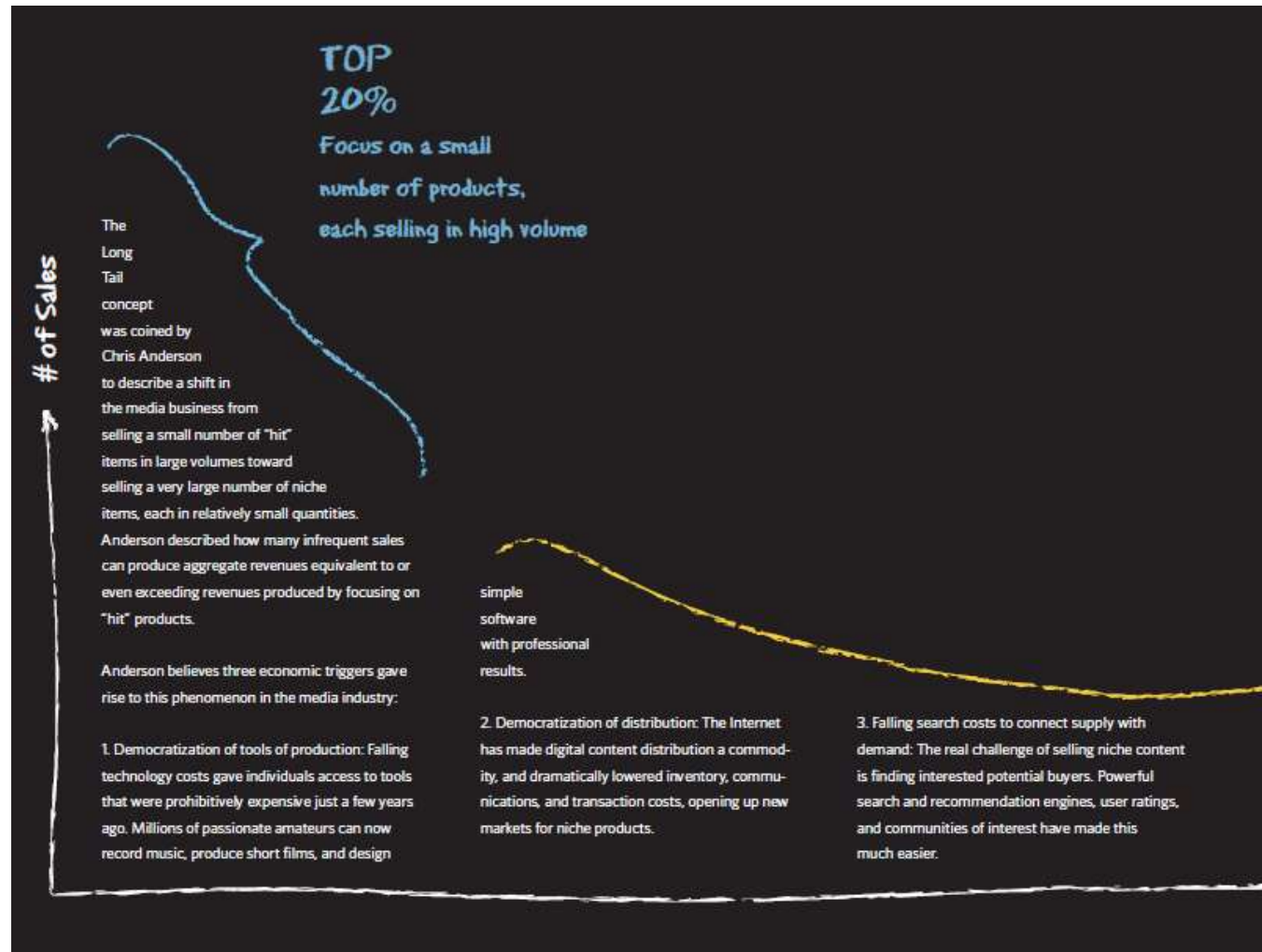
Types of Business Model



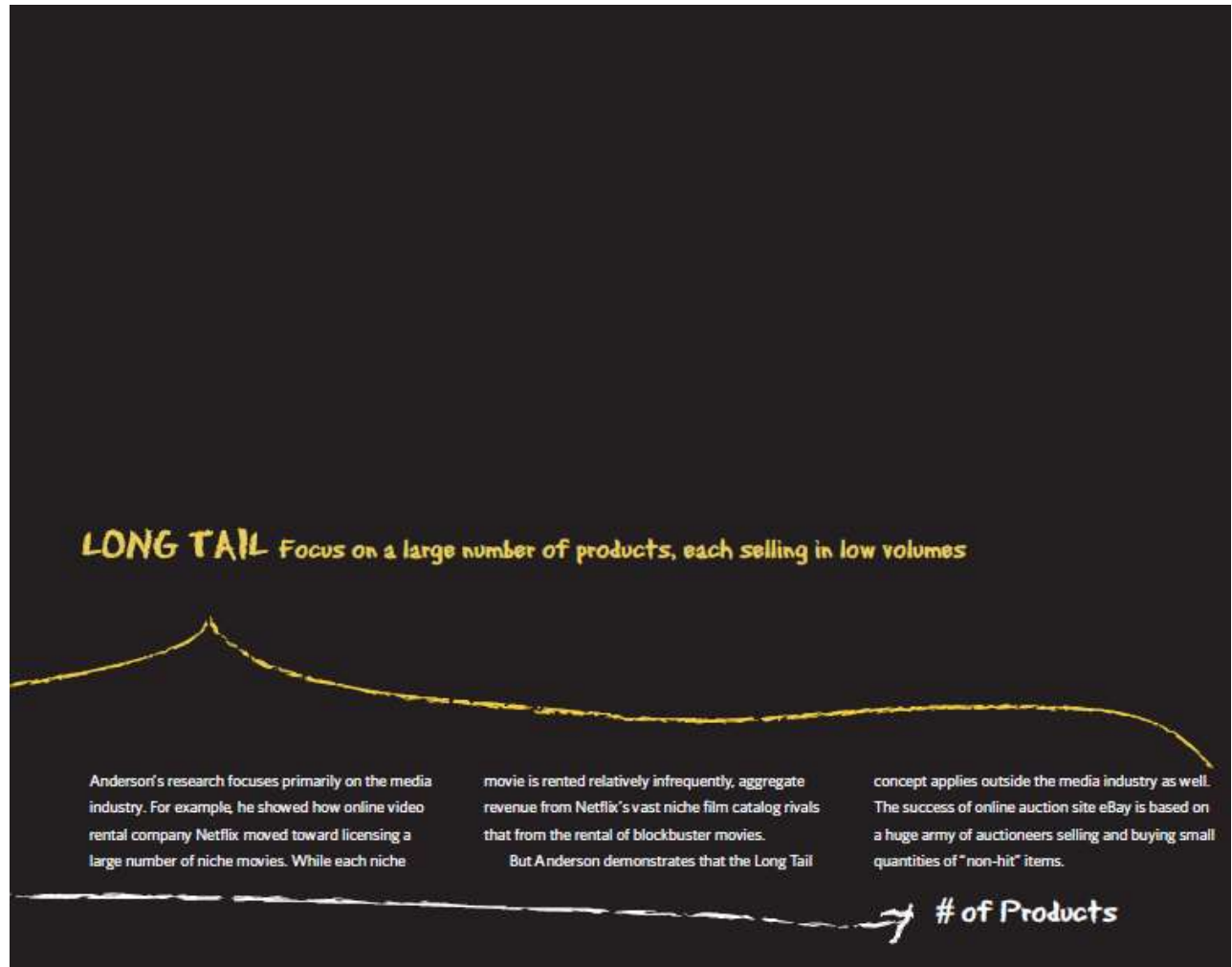
Unbundling Business Model

THREE CORE BUSINESS TYPES			
	Product Innovation	Customer Relationship Management	Infrastructure Management
Economics	Early market entry enables charging premium prices and acquiring large market share; speed is key	High cost of customer acquisition makes it imperative to gain large wallet share; economies of scope are key	High fixed costs make large volumes essential to achieve low unit costs; economies of scale are key
Culture	Battle for talent; low barriers to entry; many small players thrive	Battle for scope; rapid consolidation; a few big players dominate	Battle for scale; rapid consolidation; a few big players dominate
Competition	Employee centered; coddling the creative stars	Highly service oriented; customer-comes-first mentality	Cost focused; stresses standardization, predictability, and efficiency

Long Tail Business Model



Long Tail Business Model – Con't



Multisided Platforms

- ✓ This pattern brings together two or more but interdependent groups of customers.
- ✓ The Platform creates value by facilitating interactions between the different groups.
- ✓ The multi sided platform grows in value to extent that it attracts more users, the network effects.

Free as A Business Model

- ✓ In the Free business model, at least one substantial Customer Segment is able to continuously benefit from a free-of-charge offer.
- ✓ Different patterns make the free offer possible.
- ✓ Non-Paying Customers are financed by another part of the business model or by another Customer Segment.

Open Business Models

- ✓ This type could be used by companies in term of creating and capturing value by systematically collaborating with outside partners.
- ✓ This could happen from the 'outside-in' by exploiting external ideas within the frim, or from the 'inside-out' bu providing external parties with ideas or assets lying idle within the firm.

Pattern Overview

Patterns Overview

Unbundling Business Models

The Long Tail

CONTEXT (BEFORE)	An integrated model combines infrastructure management, product innovation, and Customer Relationships under one roof.	The Value Proposition targets only the most profitable clients.
CHALLENGE	Costs are too high. Several conflicting organizational cultures are combined in a single entity, resulting in undesirable trade-offs.	Targeting less profitable segments with specific Value Propositions is too costly.
SOLUTION (AFTER)	The business is unbundled into three separate but complementary models dealing with <ul style="list-style-type: none"> ▪ Infrastructure management ▪ Product innovation ▪ Customer relationships 	The new or additional Value Proposition targets a large number of historically less profitable, niche Customer Segments—which in aggregate are profitable.
RATIONALE	IT and management tool improvements allow separating and coordinating different business models at lower cost, thus eliminating undesirable trade-offs.	IT and operations management improvements allow delivering tailored Value Propositions to a very large number of new customers at low cost.
EXAMPLES	Private Banking Mobile Telco	Publishing Industry (Lulu.com) LEGO

Pattern Overview (Cont'd)

<i>Multi-Sided Platforms</i>	<i>FREE as a Business Model</i>	<i>Open Business Models</i>
One Value Proposition targets one Customer Segment.	A high-value, high-cost Value Proposition is offered to paying customers only.	R&D Resources and Key Activities are concentrated in-house: <ul style="list-style-type: none"> Ideas are invented "inside" only Results are exploited "inside" only
Enterprise fails to acquire potential new customers who are interested in gaining access to a company's existing customer base (e.g. game developers who want to reach console users)	The high price dissuades customers.	R&D is costly and/or productivity is falling.
A Value Proposition "giving access" to a company's existing Customer Segment is added (e.g. a game console manufacturer provides software developers with access to its users)	Several Value Propositions are offered to different Customer Segments with different Revenue Streams, one of them being free-of-charge (or very low cost).	Internal R&D Resources and Activities are leveraged by utilizing outside partners. Internal R&D results are transformed into a Value Proposition and offered to interested Customer Segments.
An intermediary operating a platform between two or more Customer Segments adds Revenue Streams to the initial model.	Non-paying Customer Segments are subsidized by paying customers in order to attract the maximum number of users.	Acquiring R&D from external sources can be less expensive, resulting in faster time-to-market. Unexploited innovations have the potential to bring in more revenue when sold outside.
Google Video game consoles from Nintendo, Sony, Microsoft Apple iPod, iTunes, iPhone	Advertising and newspapers Metro Flickr Open Source Red Hat Skype (versus Telco) Gillette Razor and blades	Procter & Gamble GlaxoSmithKline Innocentive

References

Osterwalder, Alexander; Pigneur, Yves (2010). ***Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers***. John Wiley & Sons, Inc. New Jersey. ISBN: 978-0470-87641-1