Disciplined Entrepreneurship Workbook

Step 15: Design a Business Model
Worksheet:

Customer

Looking at the DMU, what is important? Accuracy, efficiency, ease of integration, strong ROI. Senior partners and legal advisors drive decisions.

DMP? Lawyers experience the pain; managing partners and finance teams approve purchases.

Preference for upfront (capital) or recurring (operating) expense? Preference for recurring operating expense (monthly or yearly subscriptions).

Other considerations: Trust in AI accuracy is crucial; regulatory compliance (GDPR, EU AI Act) matters for acceptance.

Value Creation

How much value do they get? Saves 30-50% time on legal research; reduces compliance errors.

When? Immediate impact after onboarding (within 1-2 weeks).

How risky is it? Moderate. If AI accuracy is poor, trust will drop; however, strong validation processes lower this risk.

Other considerations: Early adopter feedback is critical to building credibility and speeding up broader adoption

Competition

Who is comp & what biz model do they use? Westlaw, LexisNexis (subscription model); Government portals (free but outdated); generic AI legal tools (freemium).

How locked in are they? Medium. Lawyers are loyal to trusted tools but open to better solutions if value is proven.

Could I disrupt the industry? Risks? Yes, by offering Cyprus-specific AI insights with real-time updates. Risk: Legal tech skepticism and trust-building challenge.

Other considerations: Localization and regulatory credibility give us a strong competitive edge

Internal

Effect on Sales Cycle? COCA? Short to medium sales cycle (~2-3 weeks). Customer Acquisition Cost (COCA) is moderate through direct outreach and legal networks.

LTV? High. Subscription renewals likely; potential upgrades to firm-wide licenses.

Distributors? Direct sales to law firms; potential partnerships with Bar Associations.

Cash Flow: Recurring subscription payments with predictable cash inflow.

Operations & other considerations: Lean operations focused on AI updates, legal content acquisition, customer support.

Identification of Different Units of Product You Can Charge For (if appropriate)

What are the different potential units you could charge for? (e.g., individual product, number of users, usage, site license, etc.)

1. Individual Subscription (per lawyer)
   Pros: Predictable revenue, scalable with user base,
   Cons: Requires ongoing customer retention efforts

2. Site License (law firms, agencies)
   Pros: Larger contracts, higher revenue per sale
   Cons: Longer sales cycles, procurement hurdles

3. Usage-Based Billing (API queries, compliance checks)
   Pros: Aligns price with usage, attractive for heavy users
   Cons: Revenue unpredictability, requires monitoring systems

4. Freemium Access with Premium Upsells
   Pros: Easy market entry, supports viral growth
   Cons: Monetization conversion can be low without strong upsell incentives

5. Compliance Dashboard Licensing (B2G)
   Pros: High-value contracts, strong strategic positioning,
   Cons: Very long sales cycles and strict compliance barriers

#	Option	Unit	Cust. Fit	Value Creation Fit	Comp. Fit	Internal Fit	Pros	Cons	Grade
							Summary of Business Model Candidates		
1	Individual Subscription	Lawyer subscription	Very High	Very High	High	Very High	Scalable, straightforward	Retention effort needed	A
2	Site License (Firm)	Law firms, agencies	High	Very High	Medium	High	High revenue per customer	Complex sales process	B+
3	Usage-Based API Billing	API for compliance/legal tools	Medium	High	Medium	Medium	Usage-aligned pricing	Harder to forecast revenue	B
4	Freemium with Premium Upsells	Citizens and small firms	Medium	High	Medium	Medium	Low barrier to entry	Monetization can be slow	B
5	Compliance Dashboard Contracts	B2G Agencies	High	Very High	Medium	Medium	High margin, strategic trust	Bureaucratic hurdles	B+

Note: Do not forget to consider creative hybrid models if appropriate.

1. **Initial Decision and Rationale**

    Which business model did you choose and why?

    We chose the Individual Subscription model for lawyers as our primary business model.

    It offers the strongest fit with our beachhead market (lawyers in Cyprus), enables immediate revenue, and scales easily as more users join. It also aligns with our freemium strategy for citizens and upsell plans for law firms. This approach helps build a trusted customer base to expand later into B2G and compliance-focused markets.

2. Tests to Validate

a. What hypotheses are you assuming to be true for the business model(s) you have chosen?
    - Lawyers will pay €100/month (€1,200/year) for faster, more accurate legal research.
    - Freemium access will generate leads among small firms and citizens.
    - Firms will upgrade from individual to team/site licenses after positive experiences.

b. What experiments will you run to test your hypotheses?
    - Launch a 14-day free trial aiming for 10 paid users in 30 days.
    - Track freemium-to-premium conversion and upgrade requests.
    - Interview early users to validate willingness to pay and perceived value.

c. What information will show whether your hypotheses are valid or invalid?
    - Trial-to-paid conversion rate >20%.
    - Willingness to pay €100+/month.
    - Net Promoter Score (NPS) >40.

d. How long will you give the experiments to run?
    - Run experiments over 60 days after launch.