INFO5992 Understanding IT Innovations

Week 9: Commercialisation II and III

Innovation Management, Value Proposition Canvas & Business Model Canvas

Semester 1, 2025

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Acknowledgement of Country

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UoS Semester Outline

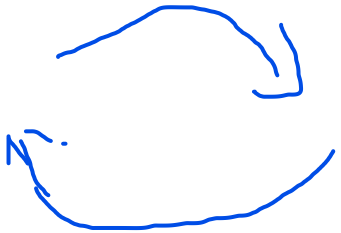
Week	Learning Outcomes	Lectures
Module 2: Innovation Framework		
Week 01	L01, LO2, LO3	Unit of Study Introduction, Administrivia, Definition of IT Innovation, Importance of Innovation to a Country, General Purpos e Technologies, Overview of Emerging Technologies
Week 02	LO4, LO5	Innovation Frameworks I: Dynamics of IT Innovation, Dominant Design
Week 03	LO6	Innovation Frameworks II: Disruptive Innovation, Innovator's Dilemma, Value Chain & Value Network
Module 2: Development of Key Intellectual Property in the Modern Age		
Week 04	LO7	Introduction to Open Innovation and Closed Innovation Distributed Innovation I: Product Platforms, Web APIs
Week 05		Distributed Innovation II: Crowdsourcing, Free and Open- Source Software, Open Data
Week 06		Distributed Innovation III: Platform Ecosystems, User Innovation
Mid semester break		
Module 3: Commercialisation Process and Business Strategies for Emerging Technologies		
Week 07	LO8	Commercialisation I: Startup vs Traditional Companies, Lean Startup Methodology and Agile Development
Week 08		Commercialisation II: Customer Development Process, Value Proposition Canvas
Week 09	LO8, LO9	Commercialisation III: Innovation Management, Business Model Canvas Commercialisation IV: Capital & Fundraising for IT Innovation
Week 10	LO11, LO12	Organisational Cultures and Structures Supporting Innovation, Judging IT Innovation
Module 4: Innovation At-Scale		
Week 11	LO10	Innovation Ecosystem: Silicon Valley and Australia
Week 12	N/A	Course Review | Innovation Pitch Presentation
Week 13	N/A	Innovation Pitch Presentation
Final Exam		

20,000 Feet View

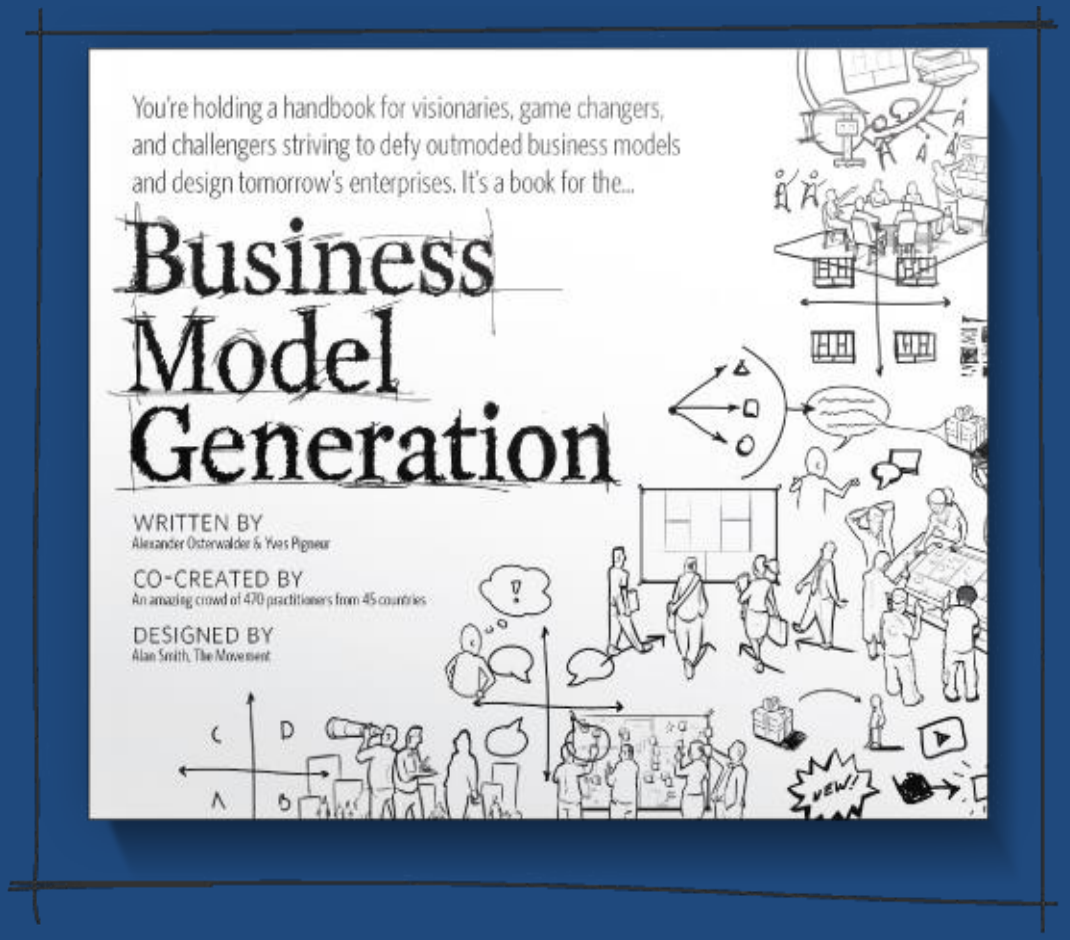
- Business Model Canvas
- Value Proposition Canvas
- Value Proposition Pyramid

- Lean Startup Methodology;
- Customer Development Process
- Agile Development

- Organisational Culture & Structures Supporting Innovation



Business Model Canvas



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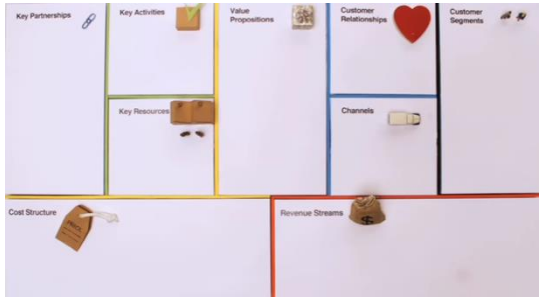
The Business Model Canvas

- Created by Alexander Osterwalder et al, 2010
- Involved 470 practitioners in 45 countries
- Studied hundreds of business models and extracted key aspects into a model to make a common framework and tested it
- The global standard for companies of all sizes
- Describe, design, challenge and pivot the business model
- Works with other strategic management, execution tools and processes.

Alexander Osterwalder
http://alexosterwalder.com/



https://youtu.be/QoAOzMTLP5s (Apr'25)
http://www.slideshare.net/Alex.Osterwalder/presentations (Apr'25)

Business Model Canvas: Introduction

- A business model describes how an organisation creates, delivers and captures value. A business model is built around an innovation – a clear business model is required for successful commercialisation
- The Business Model Canvas provides us with a framework to analyse and develop business models
- The combination of the building blocks makes up the business model. The individual building blocks, as well as the relationships between the building blocks, are important to ensure that there is alignment within the business model

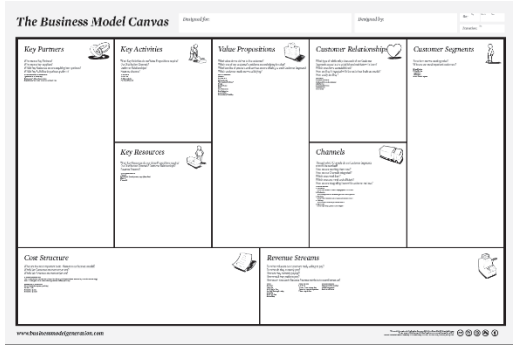
Filling in the Business Model Canvas

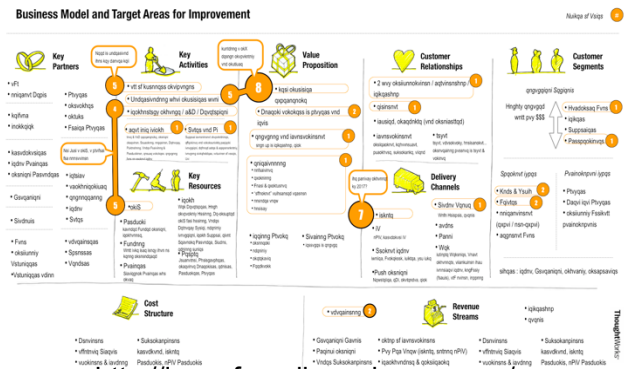
- Startup = the search for a business model
- Business model canvas = a representation of a business model

- **A startup can track its search for a business model by iteratively filling in a business model canvas**

- The Business Model Canvas:
  - Good for representing:
    - what's known (results of hypothesis testing); and
    - what hypotheses still need to be tested

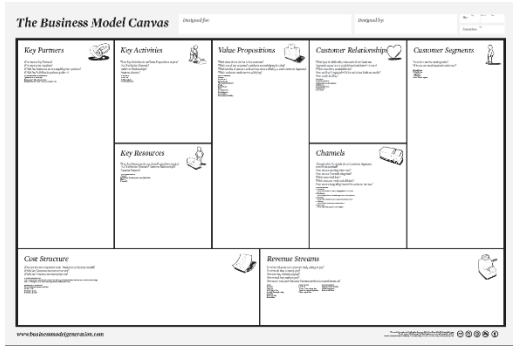
Filling in the Business Model Canvas

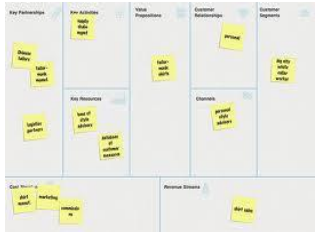


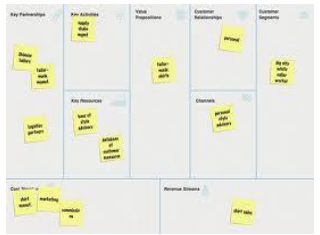


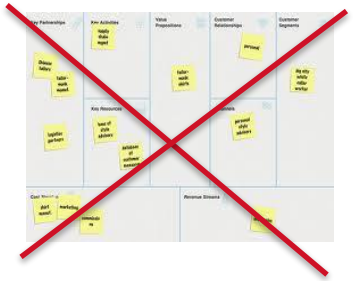
http://jasonfurnell.wordpress.com/

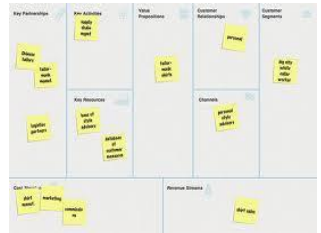
Filling in the Business Model Canvas

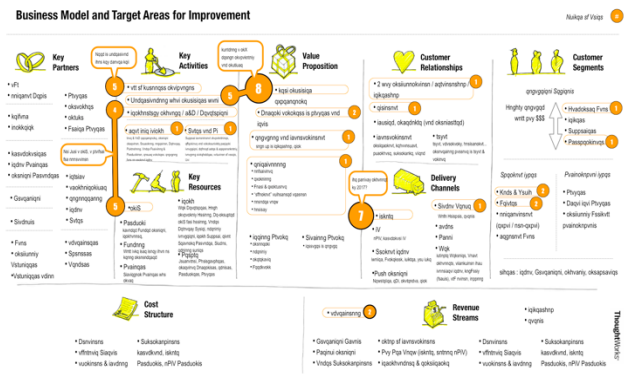






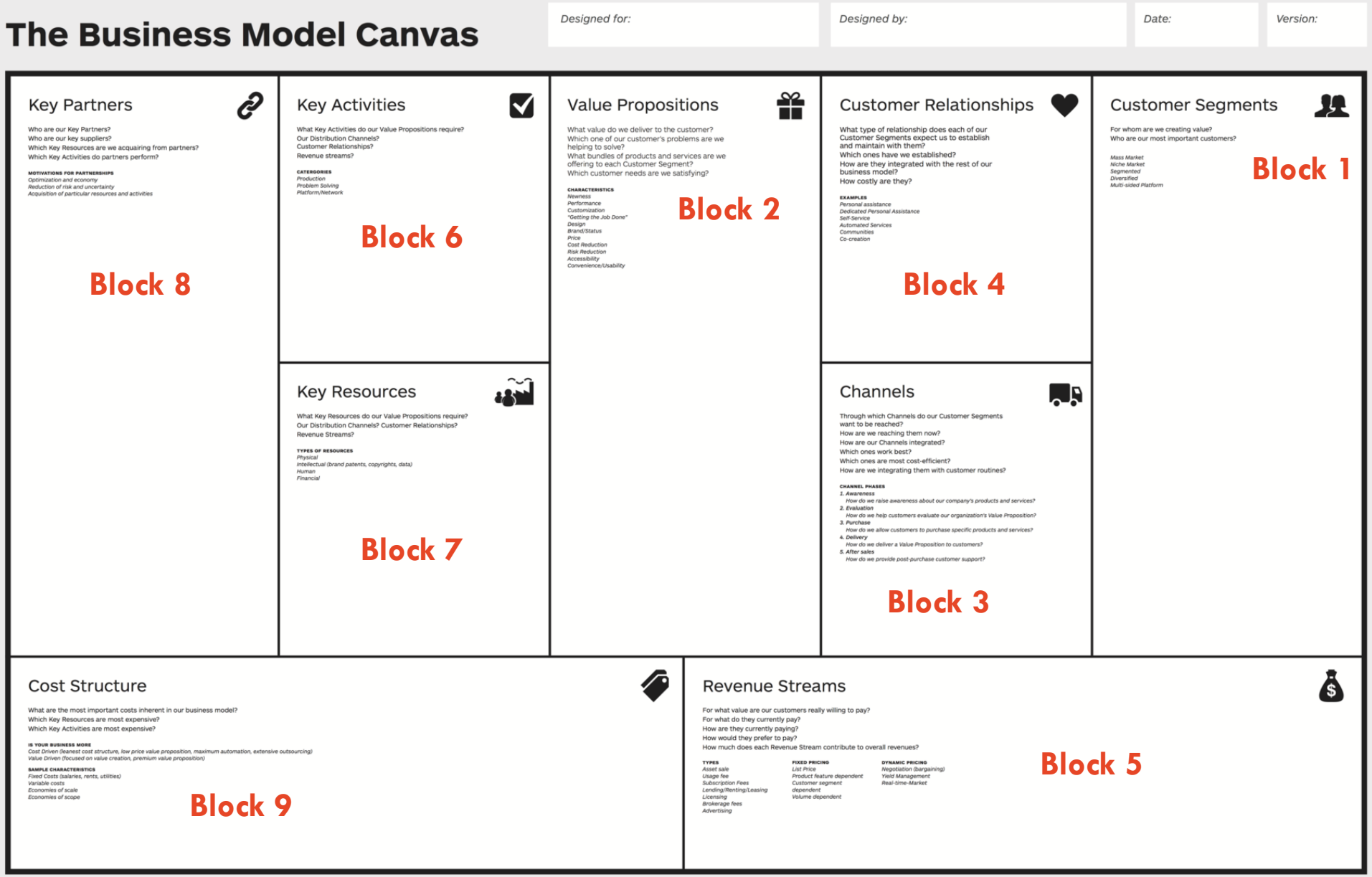






9 Building

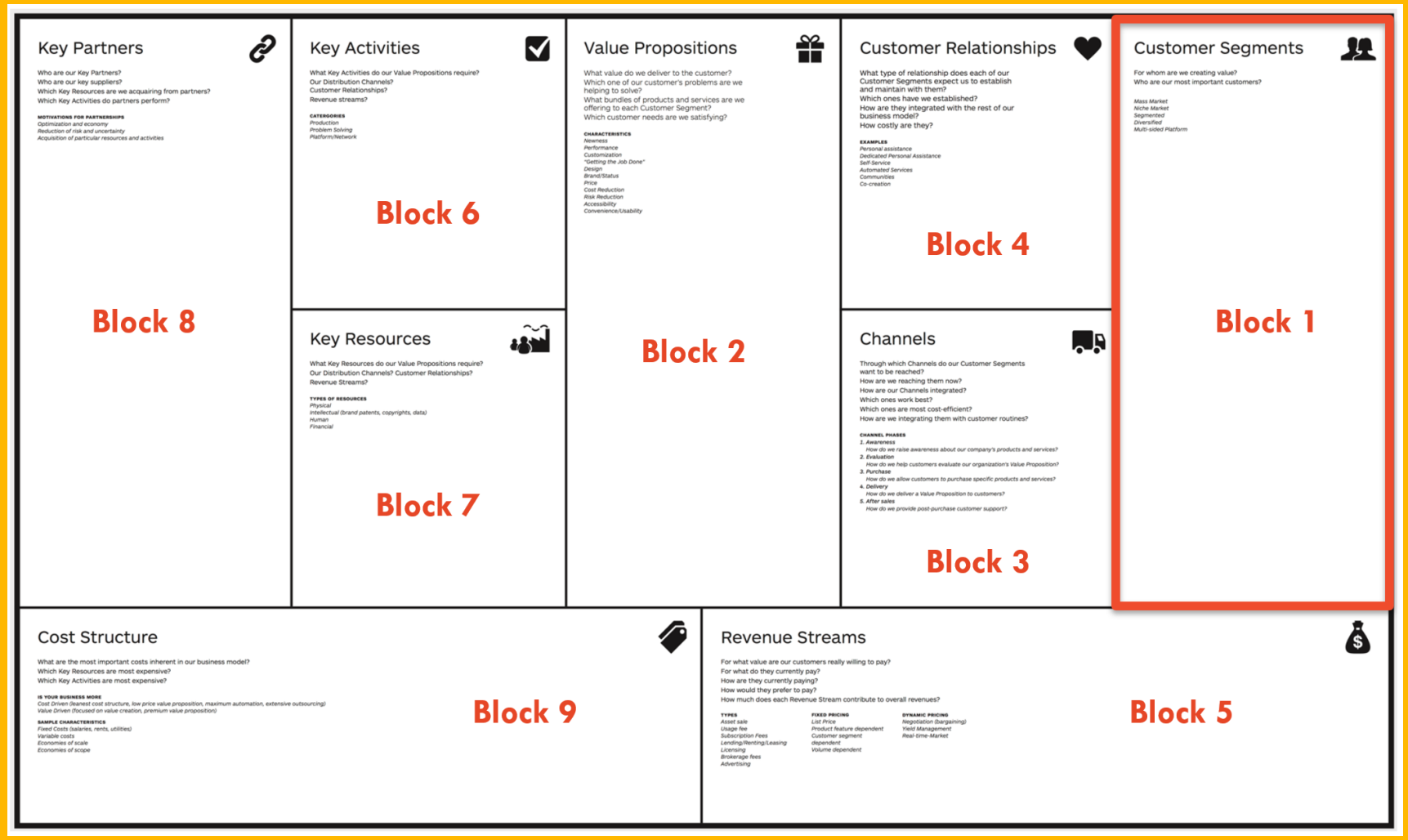
– There are 9 building blocks in the Business Model Canvas:



Overview of the 9 Building Blocks

Customer Segments	Block 1	… are the groups of people and/or organisations a company or organisation aims to reach and create value for with a dedicated value proposition.
Value Propositions	Block 2	… are the value created and delivered to a Customer Segment in the form of Pain Relievers or Gain Creators.
Channels	Block 3	… describe how a value proposition is communicated and delivered to a customer segment through communication, distribution, and sales channels.
Customer Relationships	Block 4	… outline what type of relationship is established and maintained with each customer segment and explain how customers are acquired and retained.
Revenue Streams	Block 5	… result from a value proposition successfully offered to a customer segment. It is how an organisation captures value with a price that customers are willing to pay.
Key Activities	Block 6	… are the most critical activities an organisation must do to deliver Value Propositions to a Customer Segment and generate revenue.
Key Resources	Block 7	…. are the most important assets required to offer and deliver the previously described elements.
Key Partnerships	Block 8	… shows the network of suppliers and partners that bring in external Activities and Resources.
Cost Structure	Block 9	… outlines all major costs incurred to operate the business model

Customer Segments Block 1



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Block 1: Customer Segments

- **The Customer Segment building block defines the different groups of customers (e.g. people or organisations) the company aims to reach and serve with its products.**
- Customers comprise the heart of any business model. Without profitable customers, no company can survive for long.
- To better satisfy customers, a company may group them into distinct segments with common needs, common behaviours or other attributes.
- A business model may define one or several large or small Customer Segments
- An organisation must consciously decide which segments to serve and which segments to ignore

https://mailchimp.com/resources/what-are-segmentation-variables/ (Apr'25)

Block 1: Customer Segments cont.

- Once this decision is made, a business model can be carefully designed around a strong understanding of specific customer needs.
- Customers represent **separate segments** if:
  - Their needs require and justify a distinct offer
  - They are reached through different distribution channels
  - They require different types of customer relationships
  - They have substantially different profitability
  - They are willing to pay for different aspects of the offer

5 Types of Customer Segments

Mass Market	Business models focussed on mass markets don't distinguished between different customer segments. The Value Propositions, Distribution Channels, and Customer Relationships all focus on one large group of customers with broadly similar needs and problems. This type of business model is often found in the consumer electronics and automotive sector.
Niche Market	Business models targeting niche markets cater to specific, specialised Customer Segments. The Value Propositions, Distribution Channels, and Customer Relationships are all tailored to the specific requirements of a new niche market. Such business models are often found in supplier-buyer relationships, where the supplier depend heavily on purchases from the buyer. Examples include Qualcomm which depend heavily on purchases from smartphone makers for its system-on-chips (Snapdragon).
Segmented	Some business models distinguish between market segments with slightly different needs and problems. For example, Apple distinguish between users that want computers with varying mobility, performance and size requirements– all of whom had similar but varying needs. As such, Apple offers each segment with slightly different Value Propositions with its MacBook Air, MacBook Pro and iMac/ iMac Pro.
Diversified	An organisation with a diversified customer business model serves two unrelated Customer Segments with very different needs and problems. For example, in 2006, Amazon.com decided to diversify its retail business by selling "cloud computing" services: online storage space and on-demand server usage. Thus, it started catering to a totally different Customer Segment (i.e. organisations requiring cloud computing). The strategic rationale behind this diversification can be found in Amazon.com's powerful IT infrastructure.
Multi-sided platforms (or multi-sided markets	Some organisations serve two or more interdependent Customer Segments. A data annotation platform needs a large base of AI companies that require labelling services, and a base of annotators that can label data. Both segments are required to make the business model work.

Case Studies

Mass Market Strategy

Qualcomm

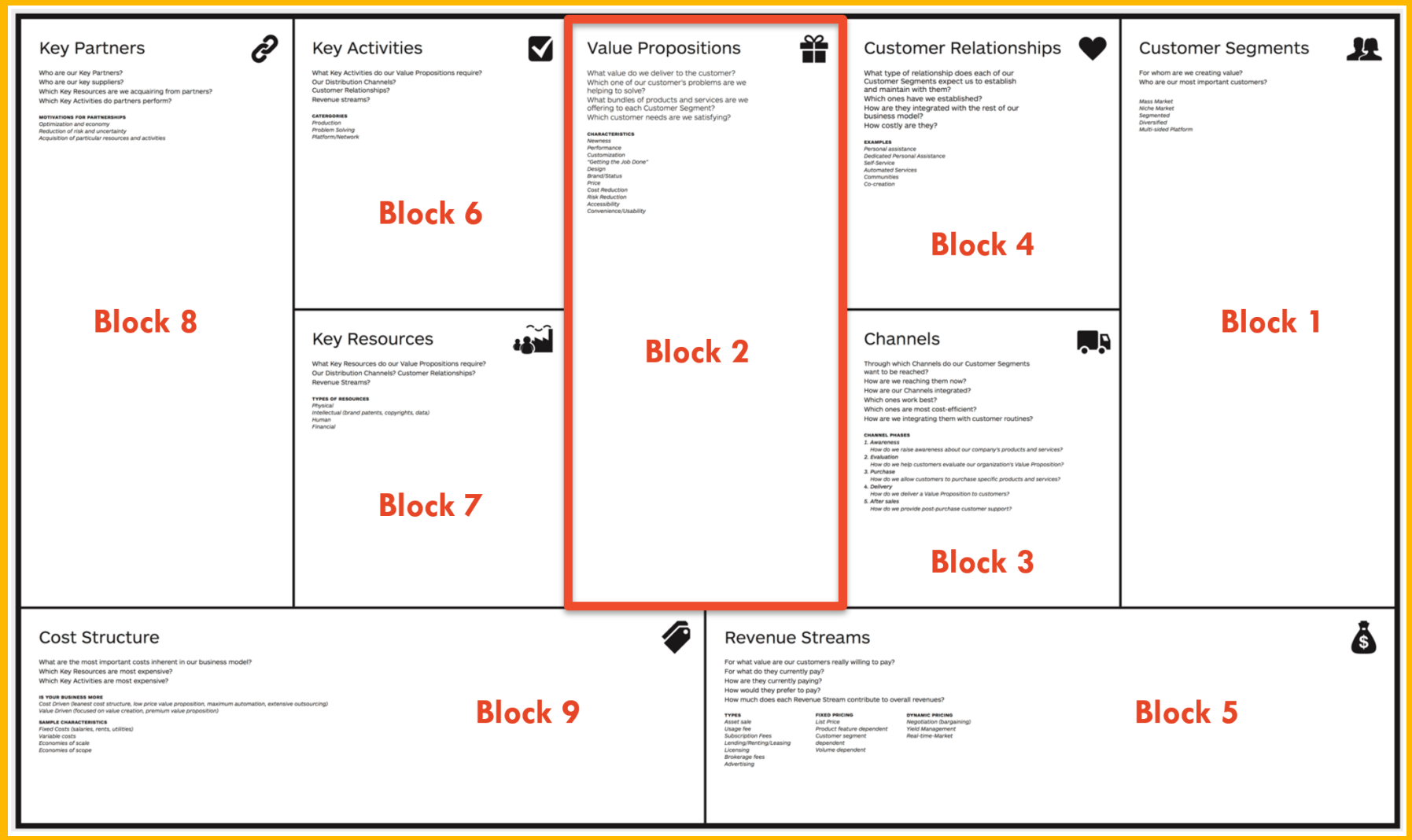
Niche Market Strategy

Segmented Strategy

Diversified Strategy

Multi-Sided Platform Strategy

Value Propositions Block 2



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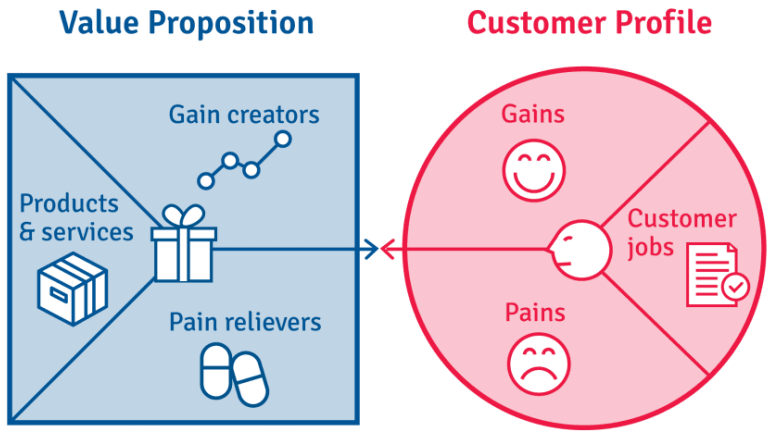
Block 2: Value Propositions

- **The Value Propositions Building Block describes the bundle of products and services that create value for a specific Customer Segment**

- The Value Proposition is why customers turn to one company over another. It solves a customer problem or satisfies a customer's need.
- Each Value Proposition consists of an offering that caters to the requirements of a specific Customer Segment.
  - What is the organisation's offering?
  - What are the Gain Creators and Pain Relievers? (Refer to the Value Proposition Canvas)
  - What Value Propositions are offered to the Customer Segment (as a result of the Gain Creators and Pain Relievers)?

Recap: Value Proposition Canvas

The Value Proposition Canvas helps you to design and test great value propositions in an iterative search for what customers want. Value proposition design is a never-ending process in which you must constantly evolve your value proposition(s) to keep it relevant to customers.



You achieve Fit when your value map meets your customer profile – when your product offering produces pain relievers and gains creators that match one or more jobs, pains, and gains important to your customer.

Value Proposition Map

- Product & Services represent your offering
- Gain Creators describe how your products and services create customer gains
- Pain Relievers describes how your products and services alleviate customer pains

Customer Profile

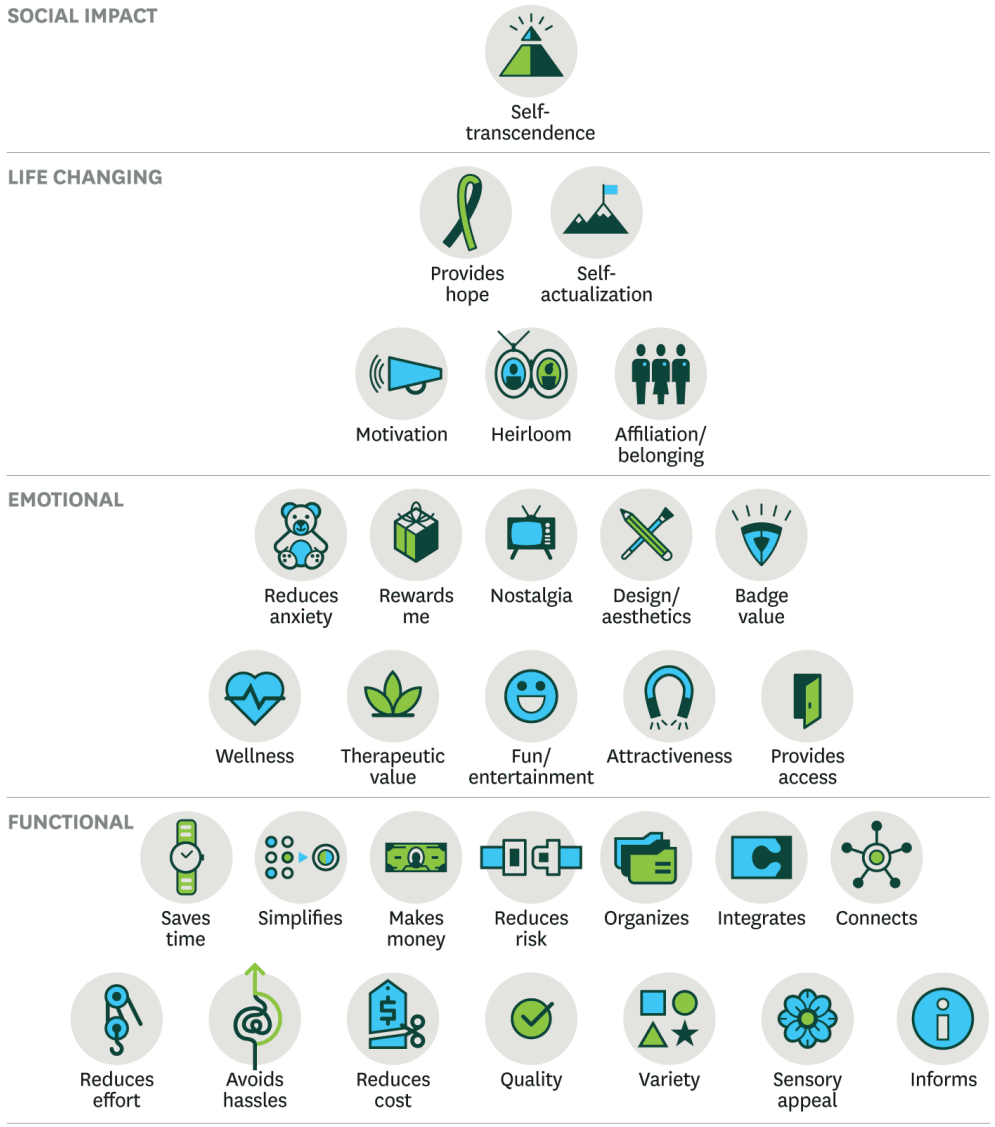
- Customer Jobs describe what your customers are trying to accomplish in their work and lives, as expressed in their own words.
- Gains describe the outcomes customers want or the concrete benefits they seek.
- Pains describe bad outcomes, risks, and obstacles related to customer jobs.

Recap: Value Proposition Pyramid

Product offering deliver fundamental elements of value that address four kinds of needs:

- Functional
- Emotional
- Life Changing
- Social Impact

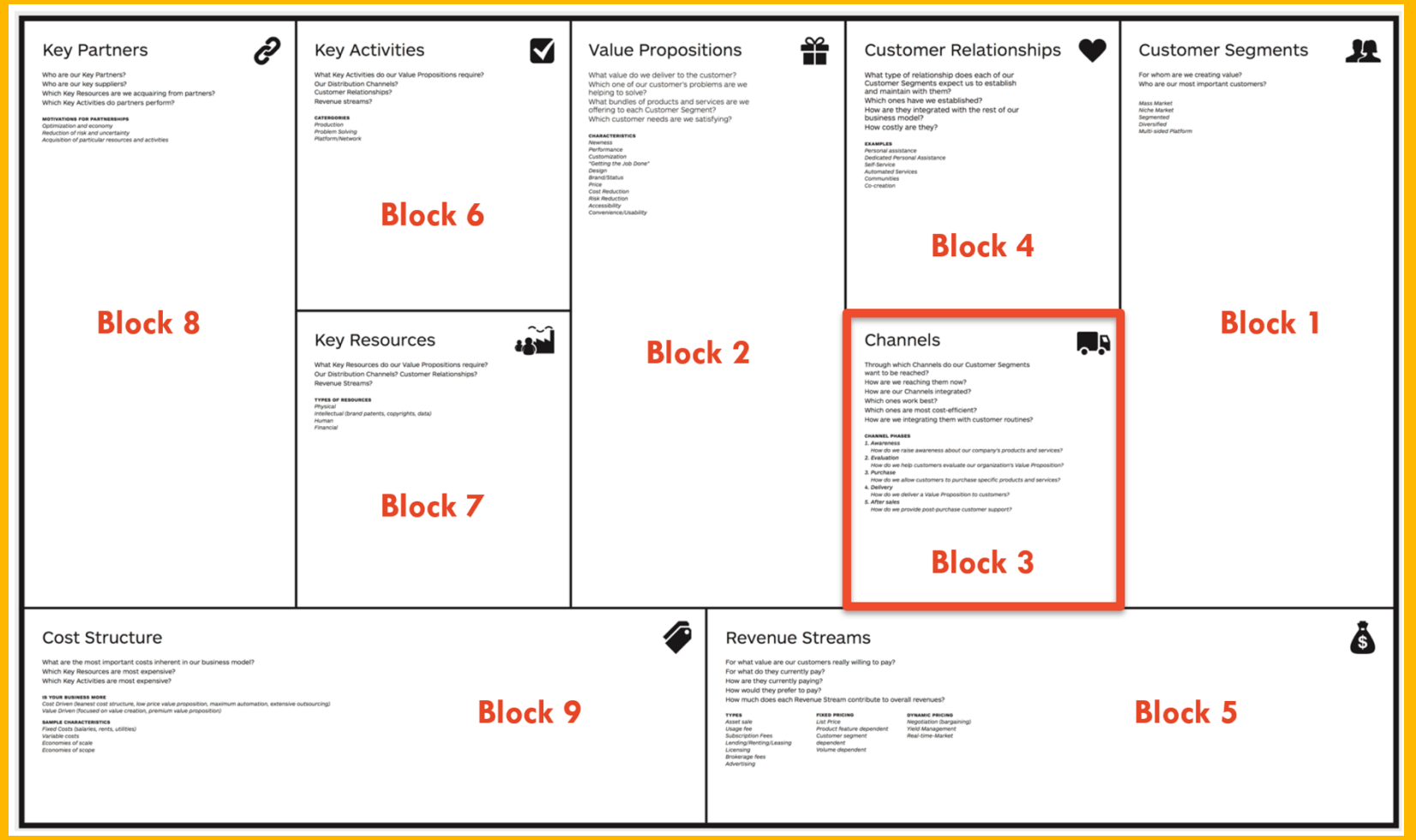
In general, the more elements provided, the greater customers' loyalty and the higher the company's sustained revenue growth.



Case Studies

SPACEX			KICKSTARTER	Google Cloud
Self-Trancendence	Affiliation & Belonging	Design & Aesthetics	Provides Access	Simplifies

Channels
Block 3



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Block 3: Channels

- **The Channels Building Block describes how a company communicates with and reaches its Customer Segments to deliver a Value Proposition.**

- Communication, distribution and sales Channels comprise a company's interface with customers.
- Channels are customer touch points that play an important role in the customer experience.
- A few questions to be considered here are, "through which Channels do our Customer Segments want to be reached? How are we reaching them now? Which ones work best?"

Block 3: Channels cont.

- Channels serve several functions, including:
  - Raising awareness among customers about a company's product offerings
  - Helping customers evaluate a company's Value Proposition
  - Allowing customers to purchase specific products and services
  - Delivering a Value Proposition to customers
  - Providing post-purchase customer support

Channel Types & Phases

Channel Types

There are online and offline channels. Online channels include:

- Web: This include self-service sign-ups, logins and documentation; and live chats with a real person or AI (chatbot).
- Phone calls: With a real person or chatbot.
- Emails: Replied by a real person, or via pre-determined logic pathways
- Advertisements: Social media and search
- Payments

And more

Channel Phases

Phase 1- Awareness	Phase 2 - Evaluation	Phase 3 - Purchase	Phase 4 - Delivery	Phase 5 – After Sales
How do we raise awareness about our company's product offering?	How do we help customers to purchase specific products and services?	How do we allow customers to purchase specific product offerings?	How do we deliver a Value Proposition to customers?	How do we provide post-purchase customer support?

Case Studies

Web
+
Phase II, V

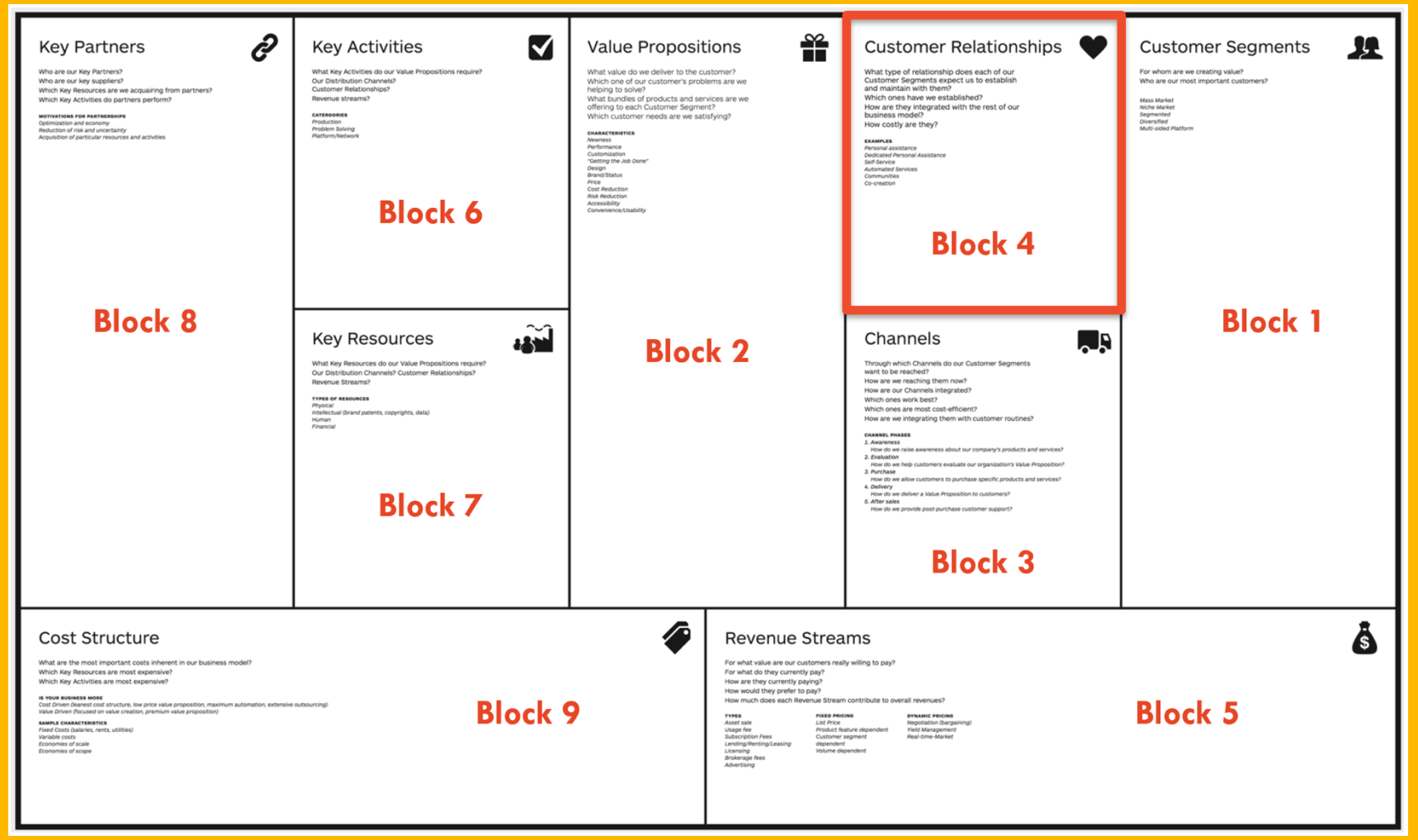
Email
+
Phase I, II, III

Advertisement
+
Phase I

Payments
+
Phase III

Web
+
Phase I, II, III, IV, V

Customer Relationships Block 4



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Block 4: Customer Relationships

- **The Customer Relationships Building Block describes the types of relationships a company establishes with specific Customer Segments**

- A company should clarify the type of relationship it wants to establish with each Customer Segment.
- Relationships can range from personal to automated. The following motivations may drive Customer Relationships:
  - Customer acquisition (Onboarding new customers);
  - Customer retention (Retaining repeat customers);
  - Upselling and cross-selling (Selling higher priced product offerings or selling other complementary products)

Types of Customer Relationships

Personal Assistance	This relationship is based on human interaction. The customer can communicate with a real customer representative to get help during the sales process or after the purchase is complete. This may happen on-site at the point of sale, through call centres, by email or through other means.
Dedicated Personal Assistance	This relationship involves dedicating a customer representative specifically to an individual client. It represents the deepest and most intimate type of relationship and normally develops over a long period of time. In private banking services, for example, dedicated bankers serve high net worth individuals. Similar relationships can be found in other businesses in the form of key account managers who maintain personal relationships with important customers.
Self-Service	In this type of relationship, a company maintains no direct relationship with customers. It provides all the necessary means for customers to help themselves.
Automated Services	This type of relationship mixes a more sophisticated form of customer self-service with automated processes. For example, personal online profiles give customers access to customised services. Automated services can recognise individual customers and their characteristics, and offer information related to orders or transactions. At their best, automated services can simulate a personal relationship (e.g. offering book or movie recommendations).
Communities	Increasingly, companies are utilising user communities to become more involved with customers/prospects and to facilitate connections between community members. Many companies maintain online communities that allow users to exchange knowledge and solve each other's problems. Communities can also help companies better understand their customers.
Co-Creation	More companies are going beyond the traditional customer-vendor relationship to co-create value with customers. Amazon.com invites customers to write reviews and thus create value for other book lovers. Others, such as YouTube, rely on their content producers to develop and maintain relationships with their followers and supporters.

Case Studies

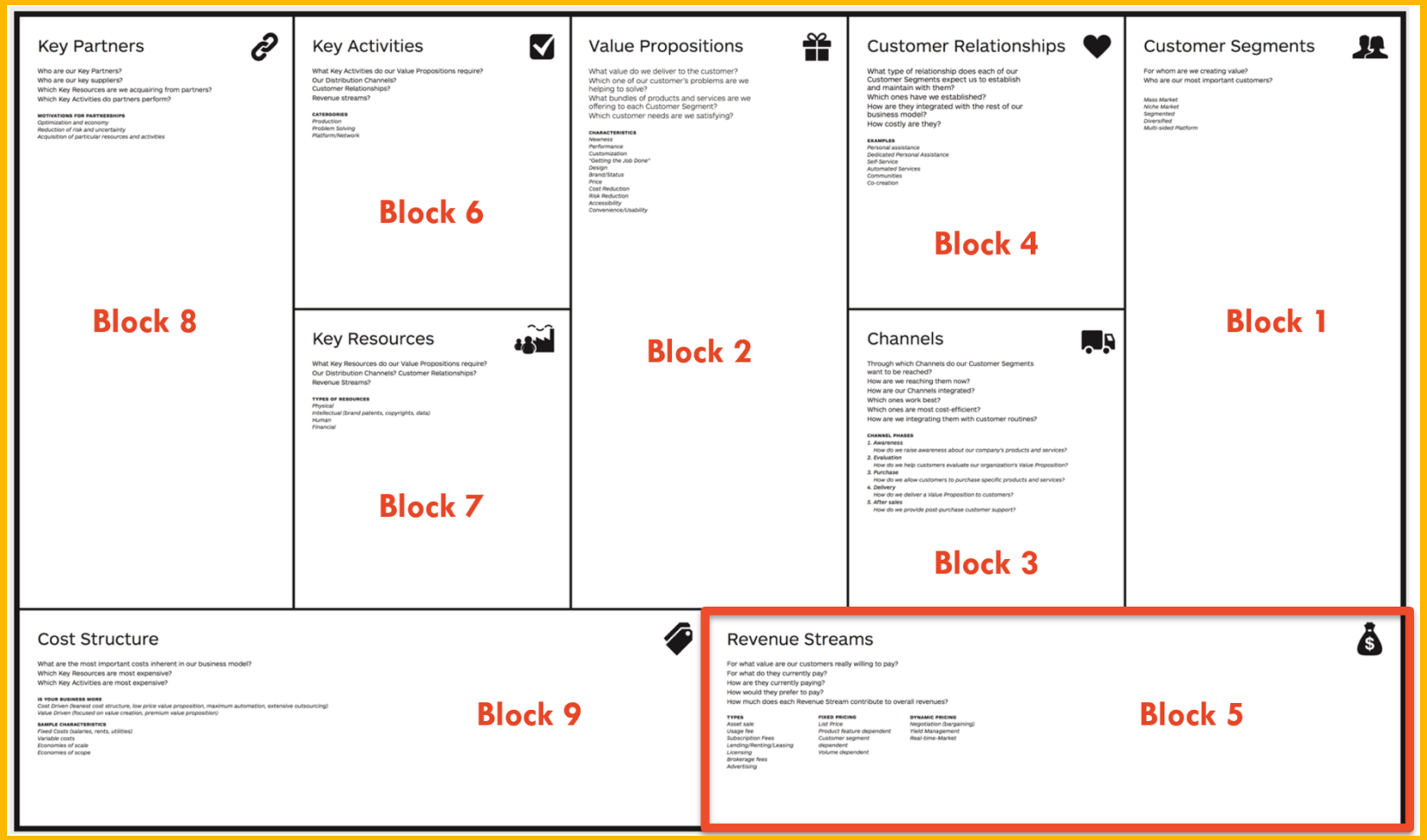
Personal Assistance

Self-Service

Automated Services (e.g. Recommendations)

Communities

Revenue Streams
Block 5



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Block 5: Revenue Streams

- **The Revenue Streams Building Block represents the cash a company generates from each Customer Segment (i.e. how the company earns money from its Customer Segment)**
- If customers comprise the heart of a business model, Revenue Streams are its arteries. A company must ask itself, how can it quantify the financial value of the Value Proposition that it delivers to its Customer Segment?
- How much of that financial value can the company capture? What methods can it capture that financial value?
- For example, a certain product offering saves a Customer Segment 5,000 hours per year, estimated to be equivalent to $1 million in financial value per year. Out of the $1 million, the company expects to capture $200,000 per year via an annual subscription model.

Types of Revenue Streams

Asset Sale	The most widely understood Revenue Stream derives from selling ownership rights to a physical product. Amazom.com sells books, music, consumer electronics, and more online. Fiat sells automobiles which buyers are free to drive, resell or even destroy.
Usage Fee	This Revenue Stream is generated by the use of a particular service. The more a service is used, the more the customer pays. A cloud computing platform may charge customers based on the number of minutes which a virtual machine is being run. A scooter ridesharing startup like Lime may charge customers based on a combination of the number of kilometres travelled on the scooter (it can also be argued that Lime is).
Subscription Fee	This Revenue Stream is generated by selling continuous access to a service. A SaaS platform like Asana sells its members monthly or yearly subscriptions in exchange for access and usage of its project management tool.
Lending, Renting or Leasing	This Revenue Stream is created by temporarily granting someone the exclusive right to use a particular asset for a fixed period in return for a fee. For the lender, this provides the advantage of recurring revenues. Renters or lessees, on the other hand, enjoy the benefits of incurring expenses for only a limited time rather than bearing the full costs of ownership. Zipcar.com allows customers to rent cars by the hour
Licensing	This Revenue Stream is generated by giving customers permission to use protected intellectual property in exchange for licensing fees. Licensing allows rights-holders to generate revenues from their property without having to commercialise an invention. In the technology sector, patentholders grant other companies the right to use a patented technology in return for a license fee.
Transaction or Brokerage Fees	This Revenue Stream derives from intermediation services performed between or on behalf of two or more parties. Tripe, for example, generate revenue by taking a percentage of the value of the transaction executed between the merchant and the buyer.
Advertising	This Revenue Stream results from fees for advertising a particular product. For example, Google Adwords has a “pay-per-click” model and may charge their advertising customer $1.50 for every click of their advertisement displayed in the search results on Google.

Case Studies

Asset Sale

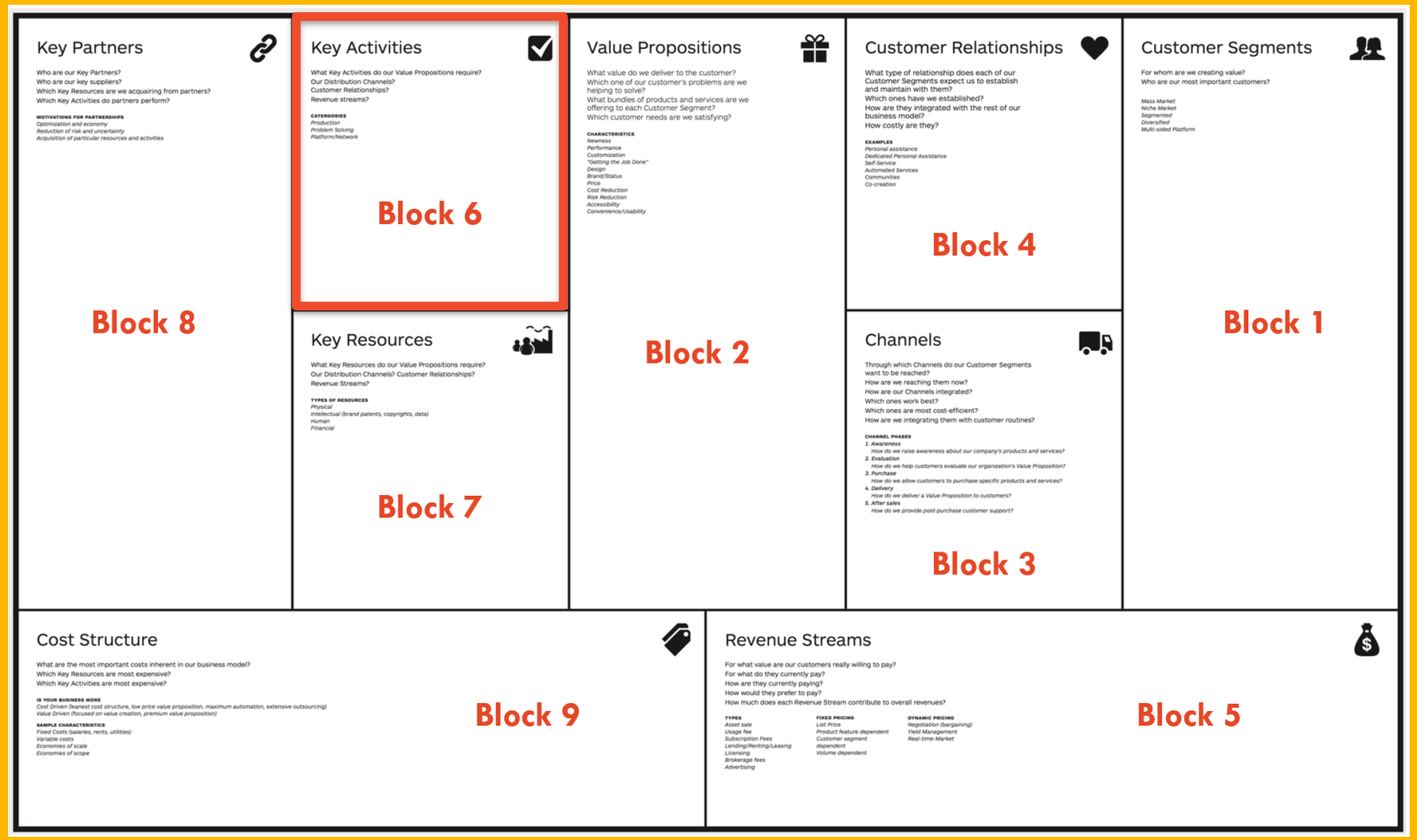
Usage Fee

Subscription Fee

Lending, Renting
or Leasing

Transaction
or Brokerage Fee

Key Activities
Block 6



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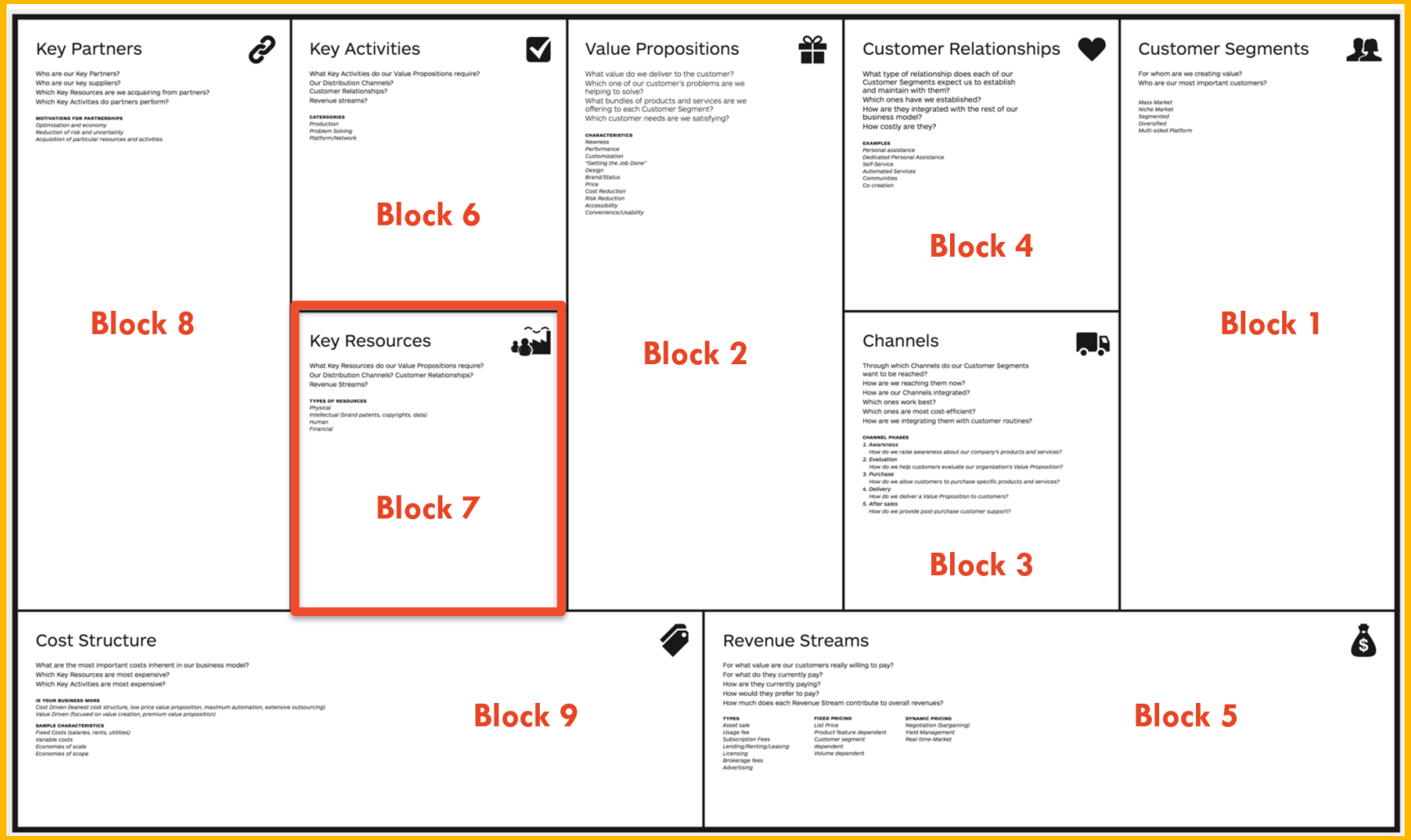
Block 6: Key Activities

- **The Key Activities Building Block describes the most important things a company must do to make its business model work**

- Every business model calls for several Key Activities. These are the most important actions a company must take to operate successfully.
- Key Activities enable other building blocks (Value Propositions, Channels… etc).
- Key Activities differ depending on the business model of the organisation. For example, the key activities for Microsoft would be software development, whereas for Dell (PC manufacturer), it would be supply chain management.

Key Resources
Block 7



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Block 7: Key Resources

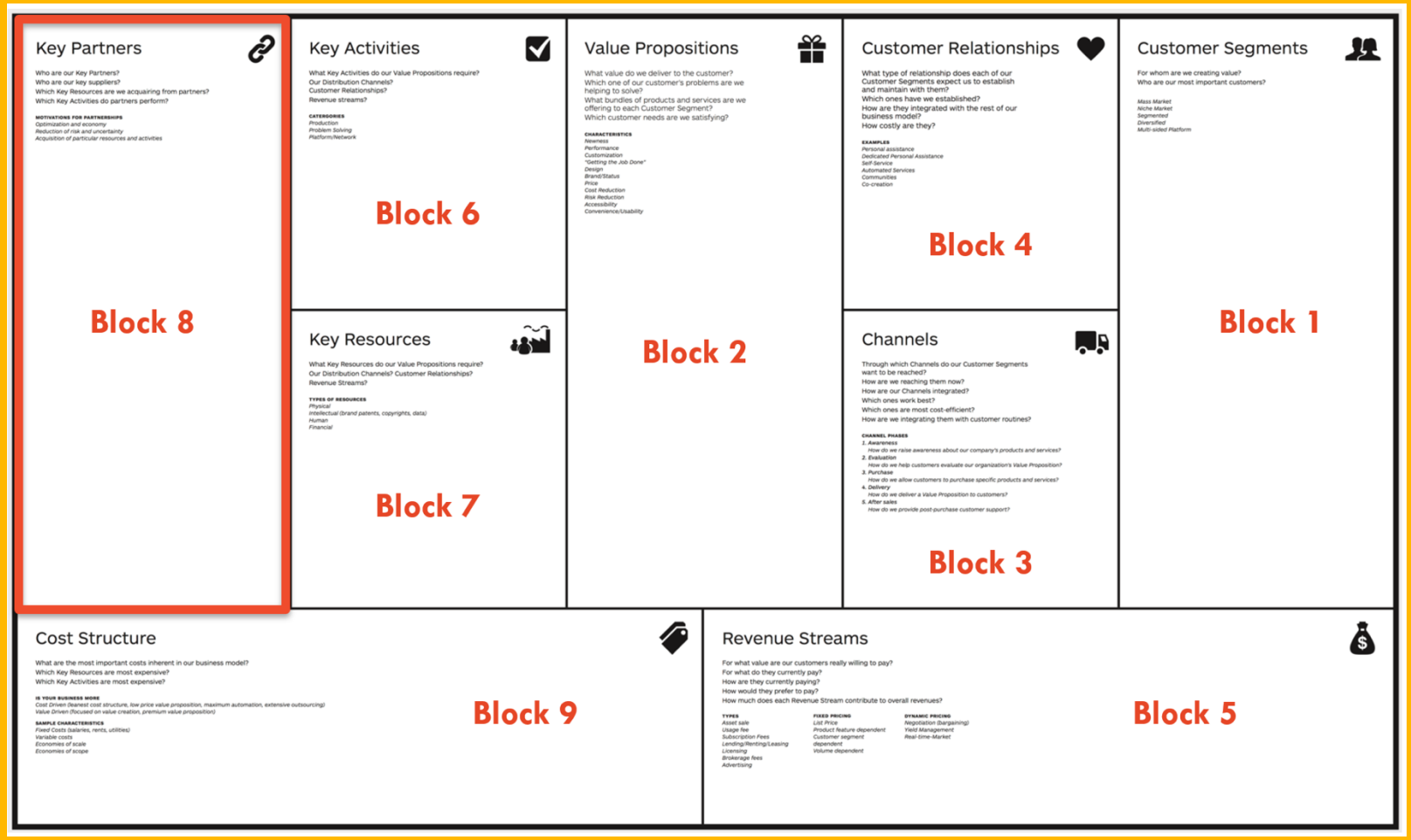
- **The Key Resources Building Block describes the most important assets required to make the business model work**

- Every business model requires Key Resources. These resources allow an enterprise to create and offer a Value Proposition, reach markets, maintain relationships with Customer Segments, and earn revenues. Different Key Resources are needed depending on the type of business model.
- A self-driving car startup requires large volumes of training data to develop its computer vision model, whereas Wikipedia requires the underlying open-source software (Media Wiki).

Types of Key Resources

Technology	This may include proprietary or open-sourced software. Various libraries and frameworks are often used in the development of proprietary technologies.
Data	Data is crucial for AI companies as training data is required to develop AI models. Either open data or proprietary data may be accessed and used.
Human	Every enterprise requires human resources, but people are particularly prominent in specific business models. For example, human resources are crucial in knowledge-intensive and creative industries. For example, a pharmaceutical company such as Novartis relies heavily on human resources: its business model is predicated on an army of experienced scientists and a large and skilled sales force.
Intellectual	Intellectual resources such as proprietary knowledge, patents and copyrights, and insights into technical and business problems are increasingly important in a modern business model. Intellectual resources are challenging to develop but, when successfully created, may offer substantial value. Smartphone maker Huawei has the most patents on 5G in the world, which has enabled the organisation to achieve its dominant position in 5G globally today.
Physical	This category includes physical assets such as manufacturing facilities, buildings, vehicles, machines, systems, point-of-sales systems and distribution networks. eCommerce platforms like Amazon rely heavily on physical resources for logistics and fulfilment functions.
Financial	Some business models call for financial resources, such as cash, debt or stock options for hiring key employees.

Key Partnerships
Block 8



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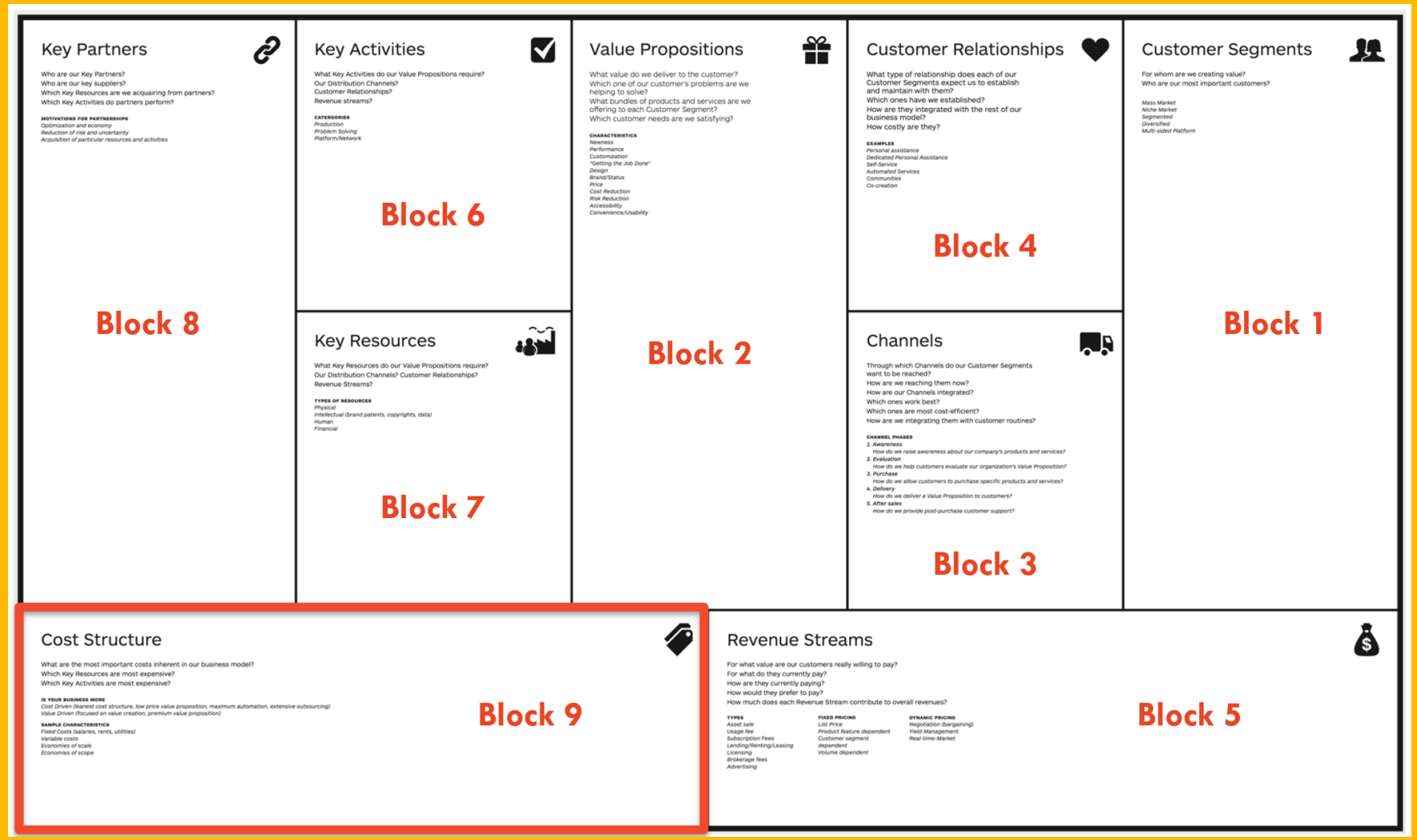
Block 8: Key Partnerships

- **The Key Partnerships Building Block describes the network of suppliers and partners that make the business model work.**

- Companies forge partnerships for many reasons, and partnerships are becoming a cornerstone of many business models.
- Companies create alliances to optimise business models, reduce risk, or acquire resources.
- We can distinguish between four different types of partnerships:
  - Strategic alliances between non-competitors
  - Cooperation: Strategic partnerships between competitors
  - Joint ventures to develop new businesses
  - Buyer-supplier relationships to ensure reliable supplies

Cost Structure
Block 9



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Block 9: Cost Structure

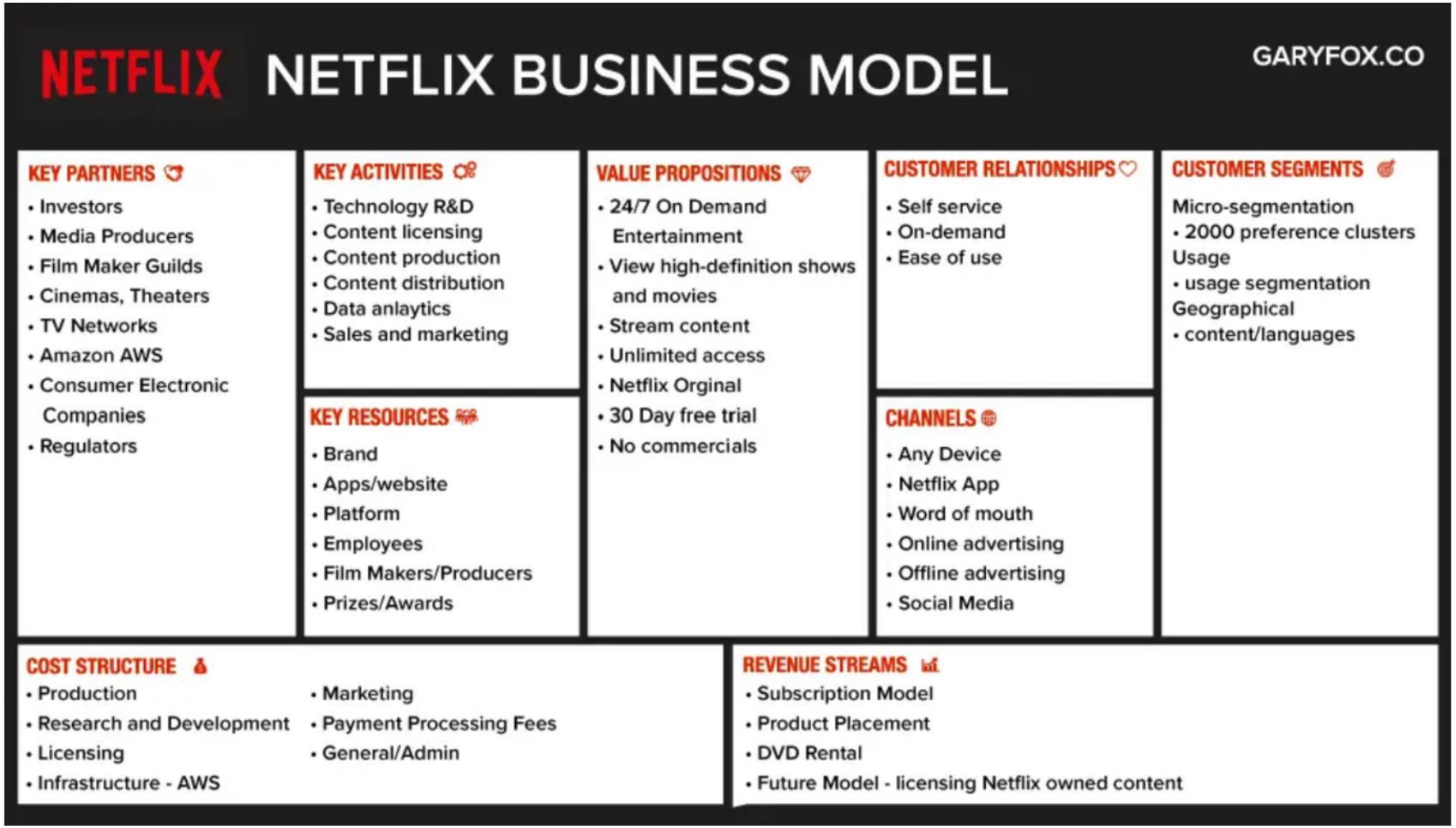
- **The Cost Structure describes all costs incurred to operate a business model**

- This building block describes the most important costs incurred under a particular business model.
- Creating and delivering value, maintaining Customer Relationships, and generating revenue all incur costs. Such costs can be calculated relatively easily after defining Key Resources, Key Activities, and Key Partnerships. Business models enabled by technology are more cost-efficient than others.

Type of Costs

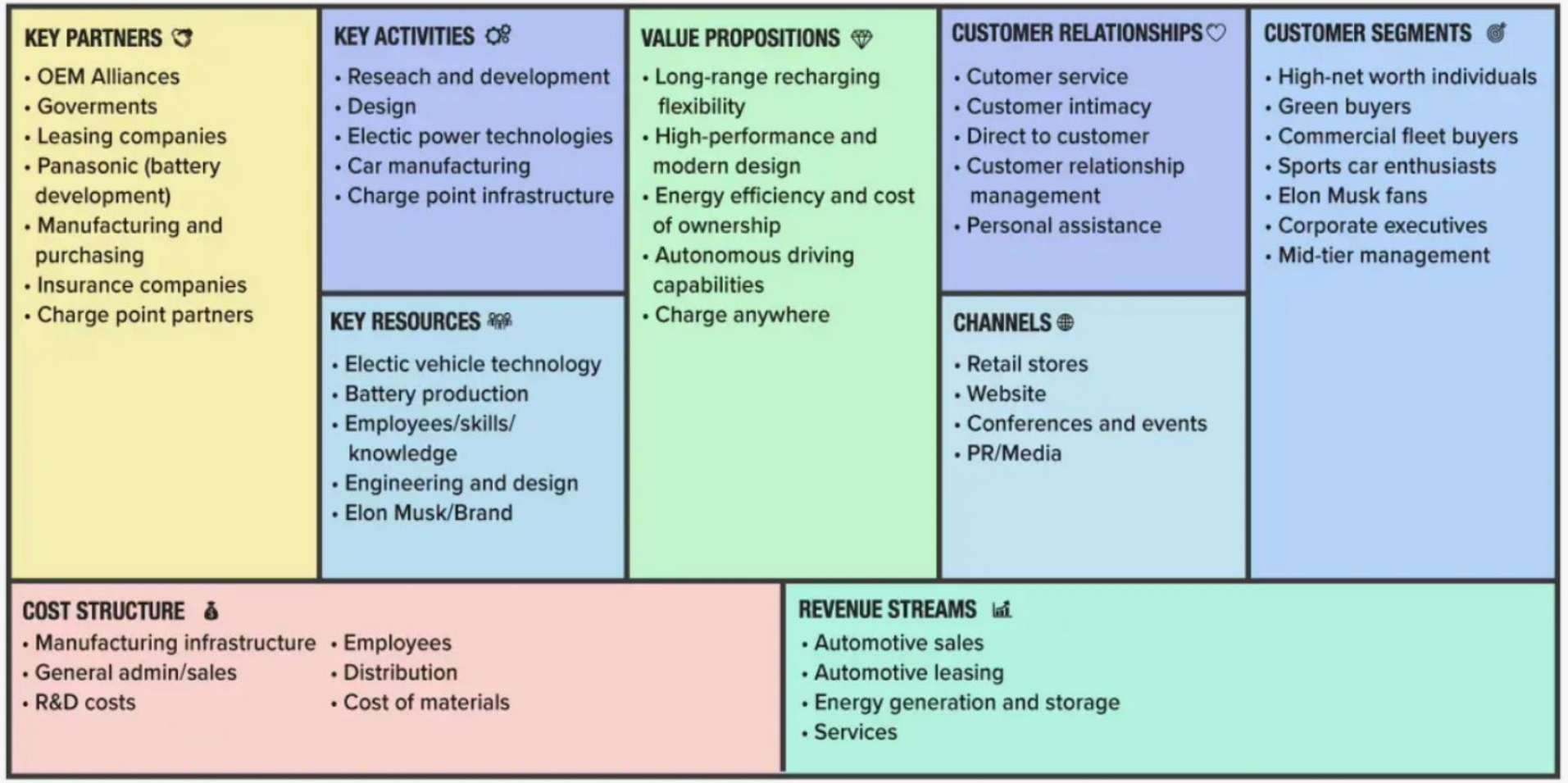
Fixed Costs	Costs that remain the same despite the volume of goods or services produced. Examples include salaries, rent, and physical manufacturing facilities. Some businesses, such as manufacturing companies, are characterised by a high proportion of fixed costs.
Variable Costs	Costs that vary proportionally with the volume of goods or services produced. Some businesses, such as SaaS companies, are characterised by a high proportion of variable costs.

Business Model Canvas Examples



Overview of the Business Model Canvas with Templates and Examples — Helping Companies Deliver More Value Through Better Process Management | Bob Stanke (Apr'25)

BUSINESS MODEL CANVAS (TESLA)

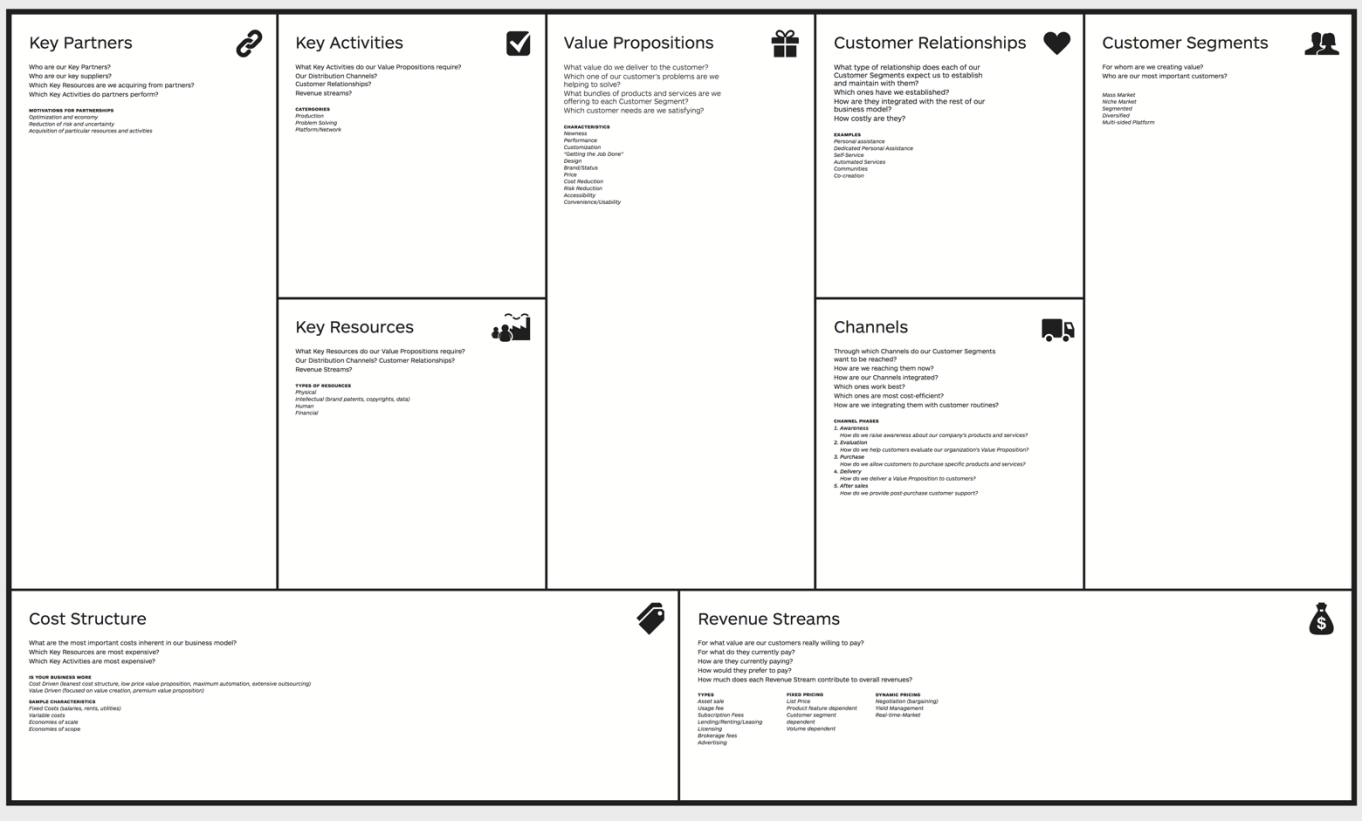


Overview of the Business Model Canvas with Templates and Examples — Helping Companies Deliver More Value Through Better Process Management | Bob Stanke (Apr'25)

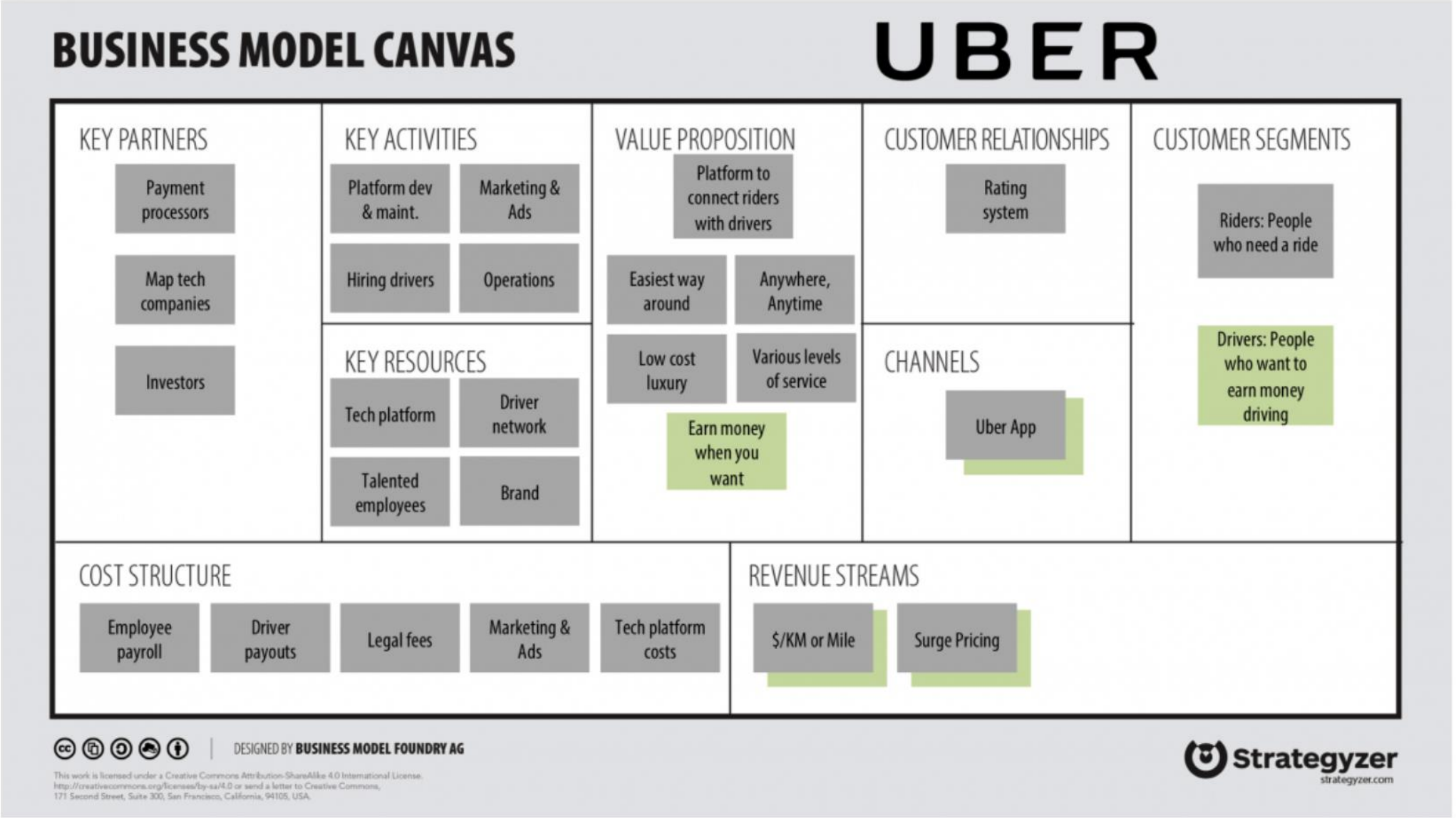
Uber Business Model Canvas

Class activity

https://www.menti.com/al4hasa8p5pn

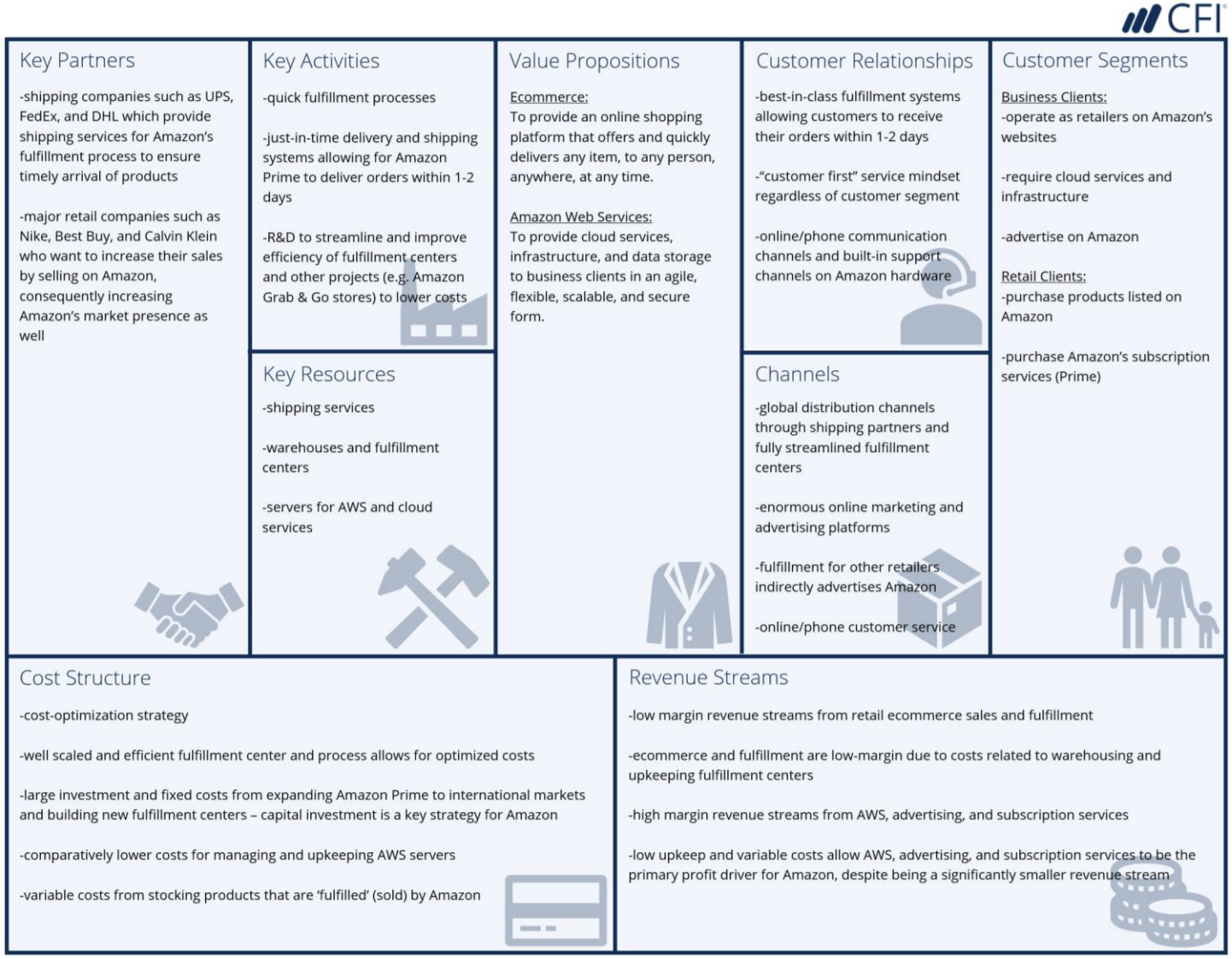


Uber



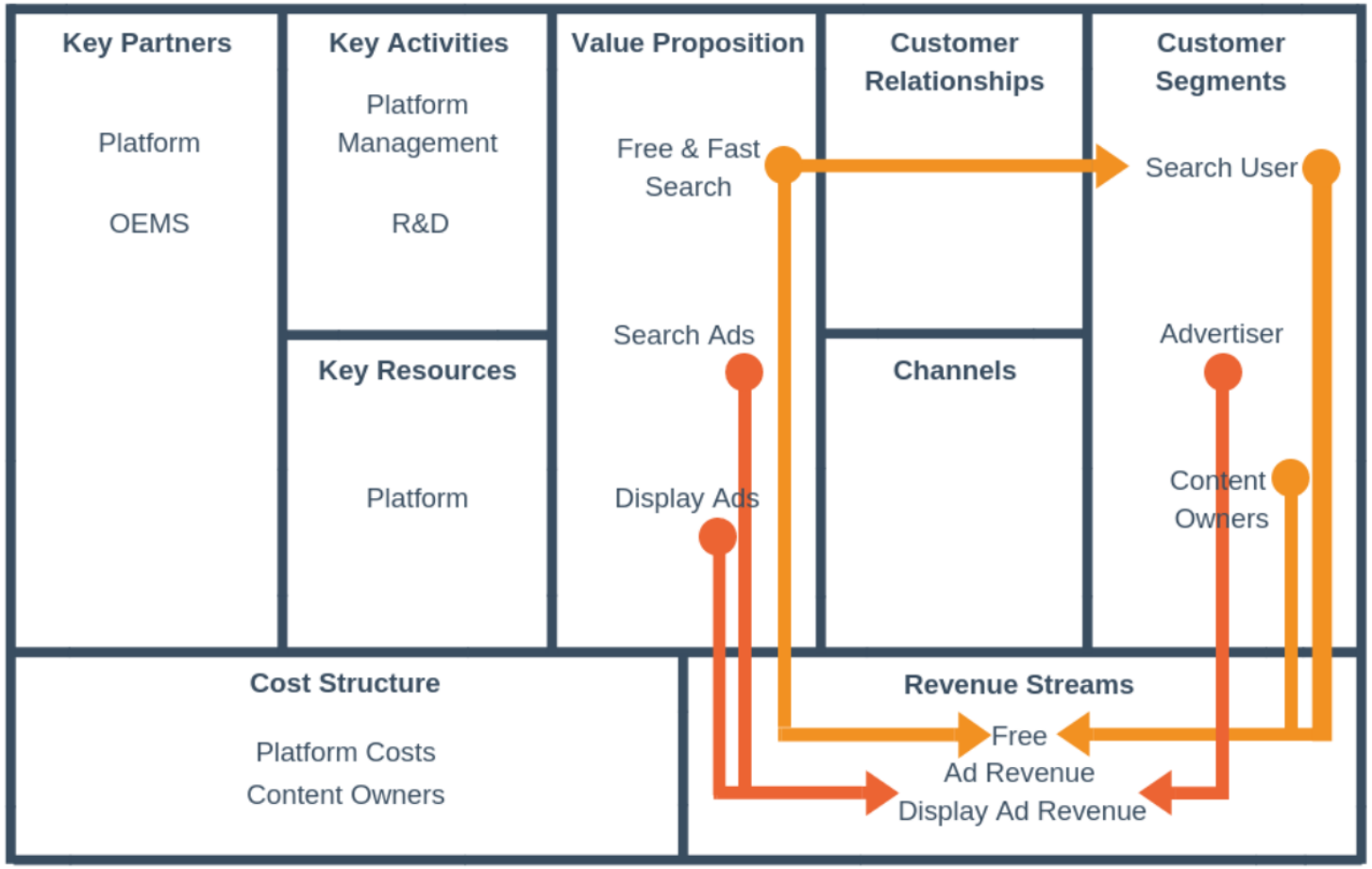
https://designabetterbusiness.com/2017/11/02/how-to-use-the-business-model-canvas-for-innovation/ (Apr'25)

Example BMC -Amazon



https://corporatefinanceinstitute.com/resources/knowledge/strategy/business-model-canvas-examples/ (Apr'25)

Business Model Canvas: Google



Business Model Canvas Explained with Examples | upGrad blog (Apr'25)

Tutorial

- In your tutorial, you will try to complete a BMC of the same company – Afterpay – from last week's tutorial

- Can you fill in all the 9 segments?

Introduction – Capital Raising for IT Innovation

THE UNIVERSITY OF SYDNEY

Scale AI

$100 million in Series C Round

THE UNIVERSITY OF SYDNEY

Scale AI and its 22-year-old CEO lock down $100 million to label Silicon Valley's data

Lucas Matney @lucasmtny / 10:14 am AEST • August 6, 2019

Comment

Big artificial intelligence companies are promising an automated future, but many of their products rely on the labeled training data coming from Scale AI, a startup that highlights machine learning's intimate bond between human contractors and algorithms.

The three-year-old startup announced Monday that it had closed a $100 million Series C round of financing led

Airwallex

$250 million in Series D Round

FINANCIAL REVIEW

Airwallex gets $250m raise away despite COVID-19 crunch

Yolanda Redrup
Reporter

Apr 16, 2020 – 6.01am

Save Share

Payments fintech Airwallex has closed a monster $US160 million ($250 million) capital raise, despite the COVID-19 pandemic putting pressure on venture capitalists' hip pockets.

The round values the business at $US1.8 billion and comes less than 13 months after it cracked the lauded $US1 billion unicorn milestone.

New investors ANZi Ventures (ANZ Bank's investing arm) and Salesforce Ventures joined the company's existing investors, including Square Peg Capital, DST Global, Tencent, Sequoia Capital China, Hillhouse Capital and Horizons Ventures, in buying into the round.

Jack Zhang's Airwallex is now valued at $US1.8 billion. **Paul Jeffers**

Airwallex chief executive Jack Zhang told *The Australian Financial Review* less than half of the raise was locked away in January, with the remainder completed during the COVID-19 downturn.

"It's been a very stressful funding round. It was a tough time and we were worried that there could be changes ... but fortunately we managed to close it," he said.

THE UNIVERSITY OF SYDNEY

Byju

$400 million at $10 billion valuation

THE UNIVERSITY OF SYDNEY

Indian education startup Byju's is fundraising at a $10B valuation

Manish Singh @refsrc / 7:56 am AEST • May 2, 2020

Comment

Featured Article

Anthropic's $5B, 4-year plan to take on OpenAI

Anthropic plans to train a powerful model with billions in new funding

Kyle Wiggers, Devin Coldewey, Manish Singh / 7:25 AM GMT+10 • April 7, 2023

Comment

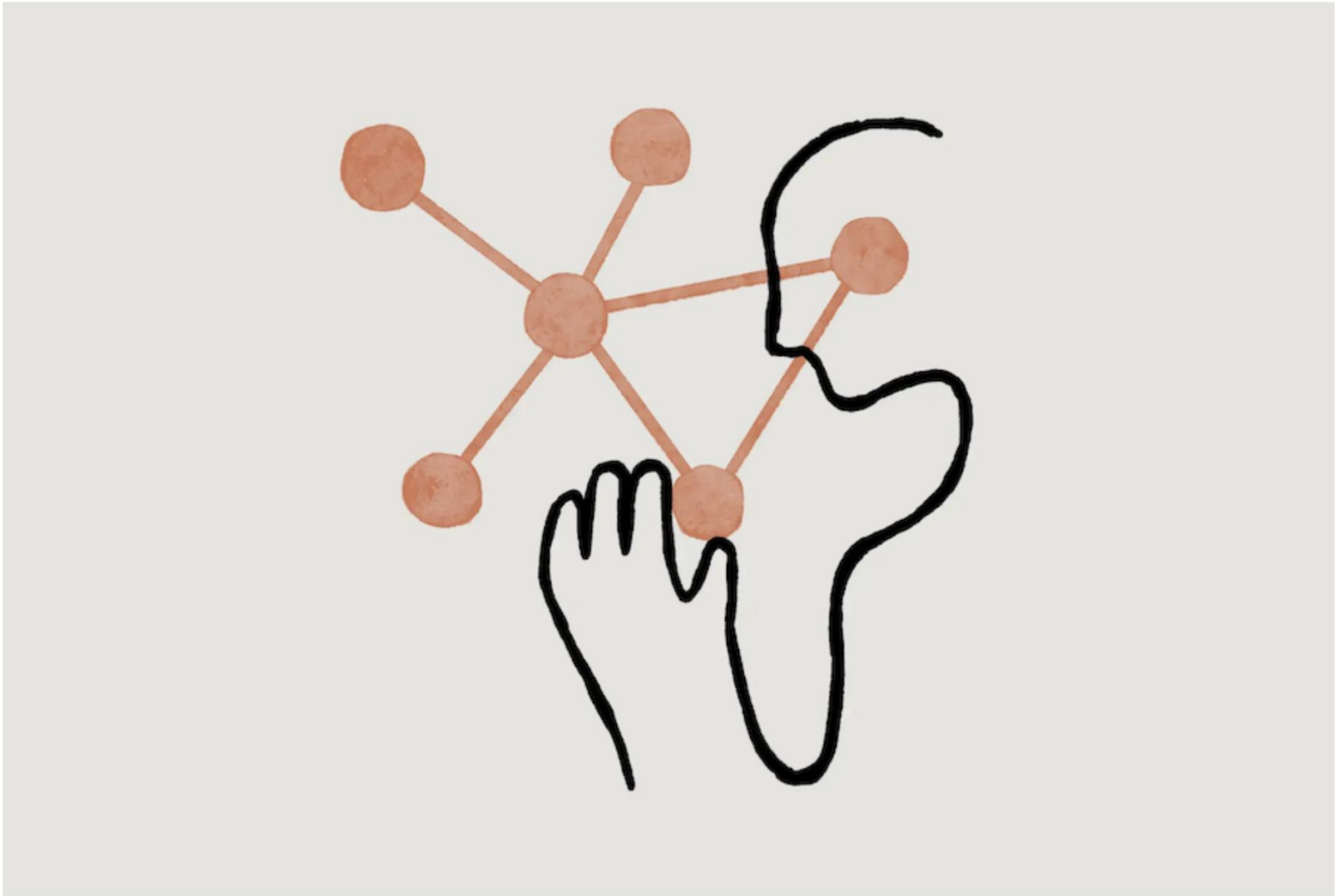


Image Credits: Anthropic

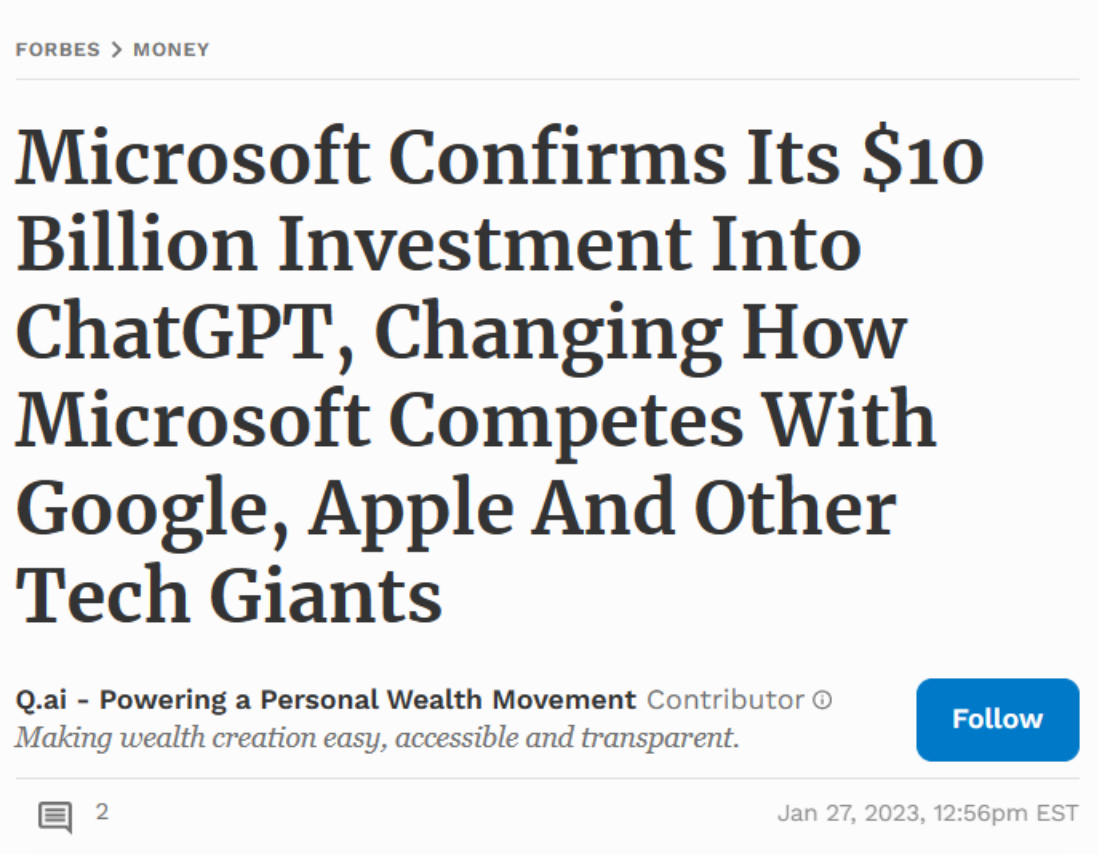
- A pitch deck for Anthropic's Series C fundraising round discloses these and other long-term goals for the company, which was founded in 2020 by former OpenAI researchers.
- In the deck, Anthropic says that it plans to build a "frontier model" — tentatively called "Claude-Next" — 10 times more capable than today's most powerful AI, **but that this will require a billion dollars in spending over the next 18 months**.

Anthropic's $5B, 4-year plan to take on OpenAI | TechCrunch (Apr'25)

– SpaceX raising $750 million at a $137 billion valuation

Elon Musk's re-usable rocket maker and satellite internet company, SpaceX, is raising $750 million in a new round of funding that values the company at $137 billion, according to correspondence obtained by CNBC.

- Microsoft invests $10B to OpenAI (ChatGPT)



FORBES > MONEY

Microsoft Confirms Its $10 Billion Investment Into ChatGPT, Changing How Microsoft Competes With Google, Apple And Other Tech Giants

Q.ai - Powering a Personal Wealth Movement Contributor ⓘ

Making wealth creation easy, accessible and transparent.

Follow

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Jan 27, 2023, 12:56pm EST

Microsoft Confirms Its $10 Billion Investment Into ChatGPT, Changing How Microsoft Competes With Google, Apple And Other Tech Giants (forbes.com) (Apr'25)

Why do you need to raise capital for IT innovation?

Example: Uses and Sources of Fund

Uses of funds	$
R&D	$100,000
Engineering/product development	$400,000
Sales and marketing	$100,000
Customer service	$250,000
Financial services licence (Australia)	$150,000
Total: uses of funds	**$1,000,000**

Sources of funds	$
Capital raising: Series A	$750,000
R&D tax incentive (federal)	$200,000
Minimum-viable product grant (NSW Treasury)	$50,000
Loan	
Total: sources of funds	**$1,000,000**

Funding needs for IT innovation: An example

- Travelling
- Phone
- Basic website
- Coffee/ food

- Cloud and/or hardware components
- Additional developers + research

- Engineering Team
- R&D
- Data

- Hire Business Development Manager
- Overhead costs

- Hire sales & marketing team
- Ad campaigns

- Product & Technology
- Team
- Operations

The Valley of Death – "The J Curve"

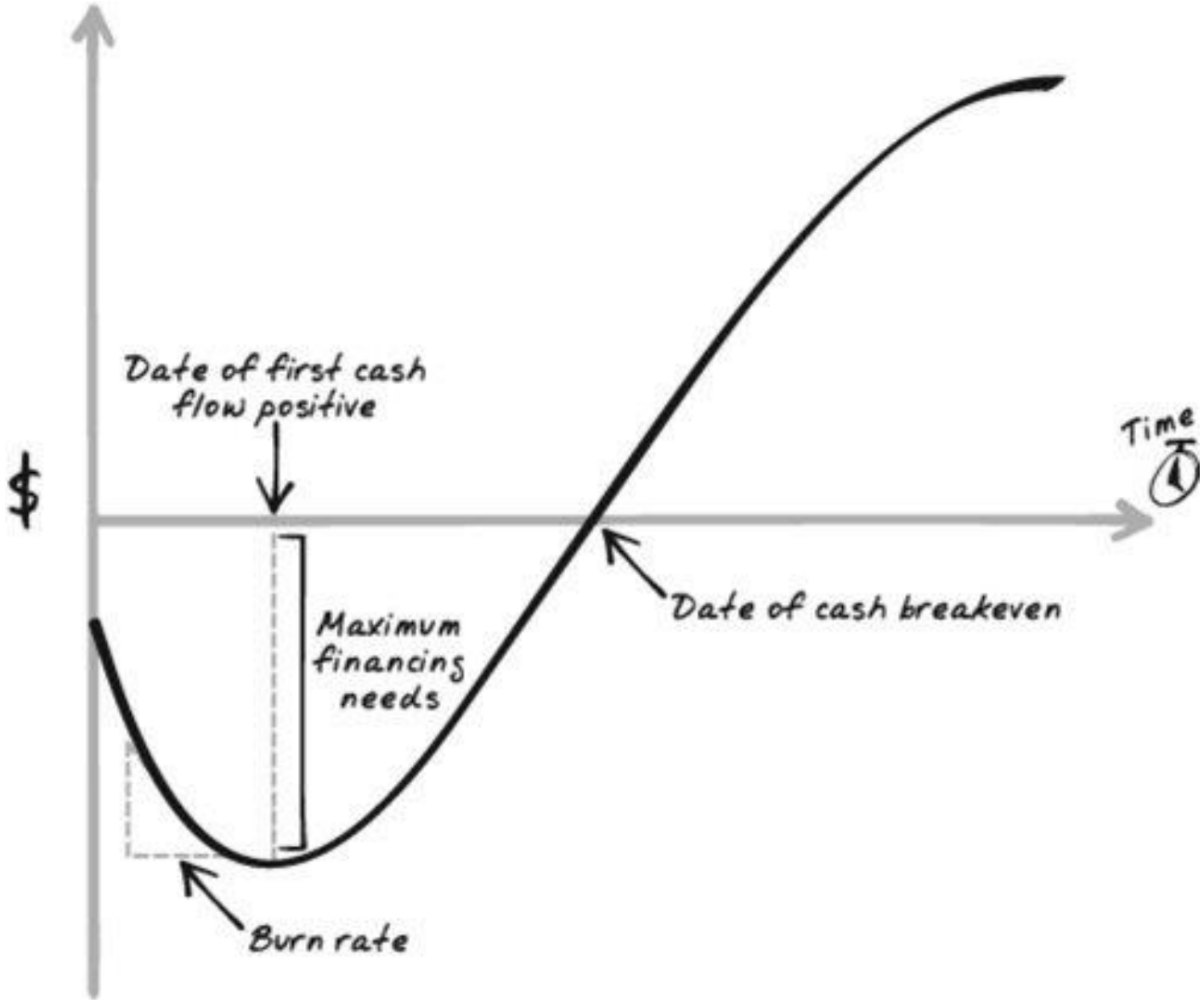
Massive losses in early-stage startups

What does it mean to have a loss?

Revenue

-- Expenses

= Profit OR Loss



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Paytm: Payment startup in India

Expensive to build payment infrastructure and scale acquisition of users

Paytm: Funding losses with capital from investors

"Running a payments business in India is not cheap. Just ask **Paytm**, one of India's largest payment companies, reported a net loss of US$549 million…"

"During the same period, the company's revenue rose to $448 million from $423 million in the year before."

"Paytm has raised over $2 billion from investors including Softbank, Alibaba and Berkshire Hathaway."

Rethink Robotics: Warehouse Automation Startup in Boston

Rethink Robotics closes after acquisition plans fall through

Brian Heater @bheater / 8:35 am AEST • October 5, 2018 Comment

I've said it right here on these very pages: If hardware is hard, robotics are next to impossible. That truism is not better exemplified by this week's closure of Rethink Robotics. A well-respected name in automation, the Boston-based company produced a pair of robotics that have become mainstays in research facilities and warehouse

Crashing and failing in the Valley of Death: High costs of running hardware and robotics startups

"If hardware is hard, robotics are next to impossible"

"… raised nearly $150 million, but that wasn't enough for it to continue its path".

Example: Argo AI, An Autonomous Vehicle (AV) Unicorn in US

- Autonomous tech developer Argo AI, backed by Volkswagen and Ford, is shutting down.
- "… The start-up had been engaged in research and development of driver-assist systems as well as level 4 autonomous driving technology since 2016".
- "… The decision is seen as being tied to growing losses for its two main automotive backers at a precarious time in the industry, collectively amounting to billions".

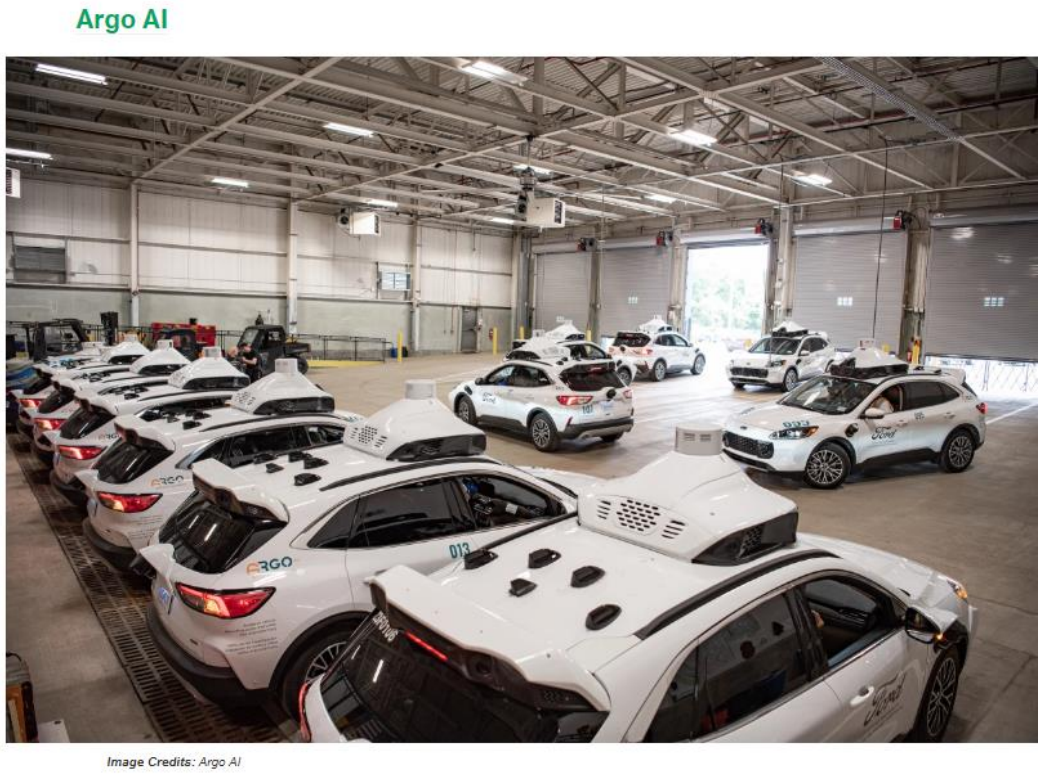


Image Credits: Argo AI

Remembering the startups we lost in 2022 (Apr'25)

Here's Why Argo AI Is Shutting Down (Apr'25)

Example: DAQRI, AR (Augmented Reality) Startup in Los Angeles, CA

- Crashing and failing in the Valley of Death
- "Daqri was an AR (augmented reality) startup that shut down operations in 2019 and sold its assets to Snap. The AR startup ran out of money despite managing to raise $275 million from two private equity rounds led by Tarsadia Investments …"

From Raising $275M to Shutting Down: The Collapse of Daqri (Apr'25)

Anything is possible nowadays: Still reporting massive losses even after becoming a publicly-listed company

Uber Posts $5.2 Billion Loss and Slowest Ever Growth Rate

Uber said its loss totaled $5.2 billion, the biggest quarterly loss since it began disclosing limited financial data in 2017. Jeenah Moon for The New York Times

By Kate Conger

Aug. 8, 2019

304

"Growth at all costs": Reporting massive losses till this day

"Uber set two dubious quarterly records on Thursday as it reported its results: Its largest-ever loss, exceeding $5 billion, and its slowest-ever revenue growth"

"The ride-hailing industry has faced scrutiny in recent months for the way its businesses burn money with no imminent likelihood of profits. Companies must constantly spend freely for incentives to attract passengers and drivers and to fend off competition"

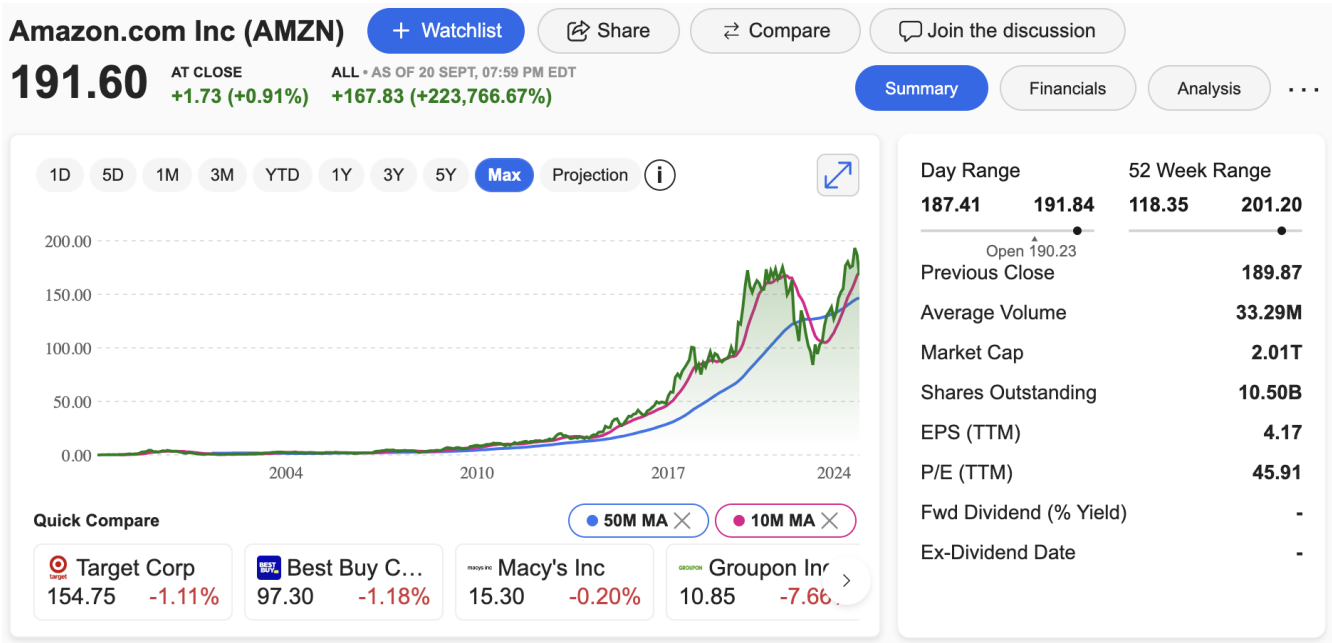
"Revenue grew to $3.1 billion, up 14 per cent from a year ago"

Uber raised $24.76B in funding over 24 rounds.

Example: Amazon

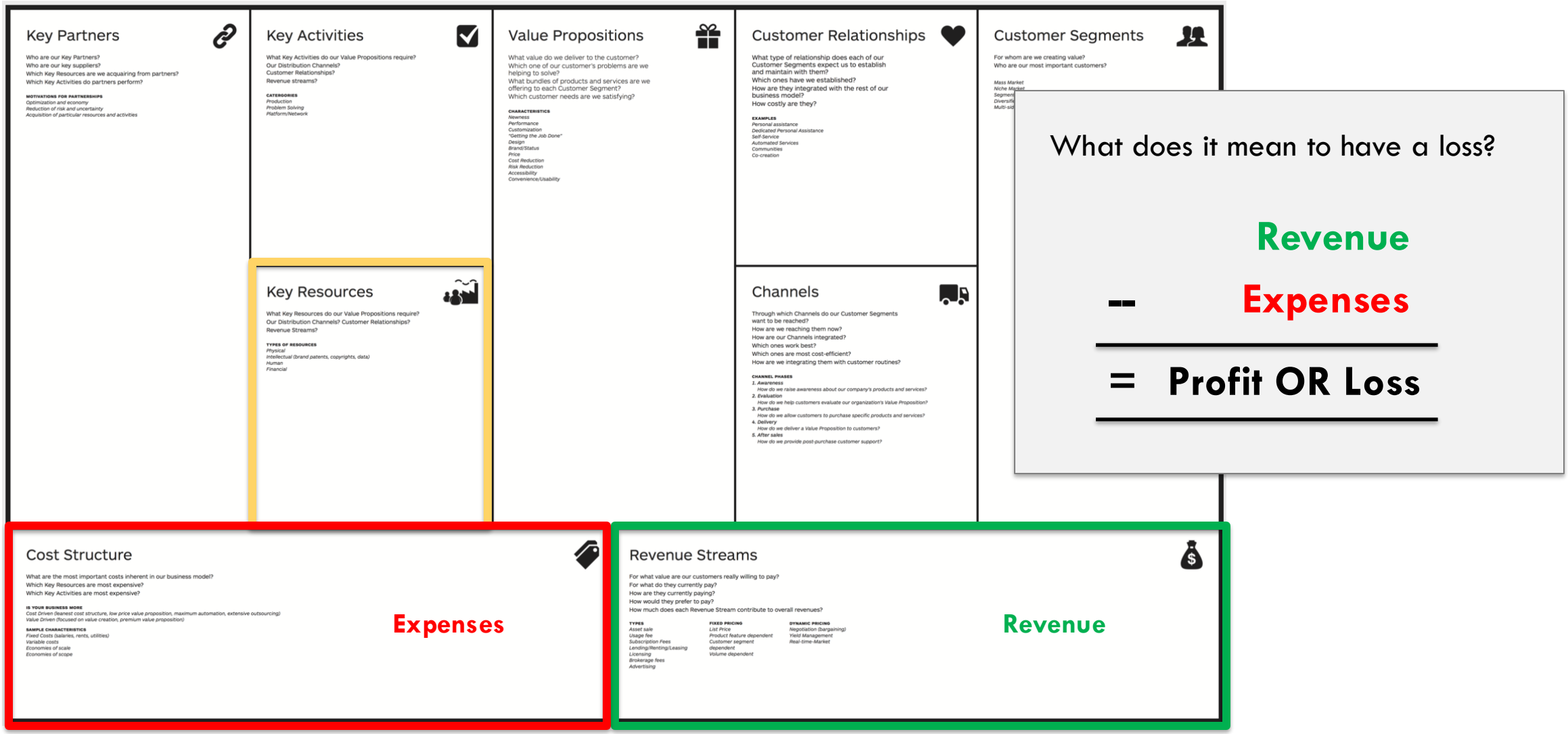
A slow J-curve… worth the wait

- When Amazon was founded in 1994, it operated at a loss for several years as it invested heavily in infrastructure, technology, and expanding its product offerings.
- Its revenues grew rapidly, and the company eventually achieved profitability in 2001.
- Amazon has a market capitalisation of over $2.01 trillion as of 2024.



Amazon.com Inc - MSN Money (Apr'25)

Financial capital is part of ‘Key Resources’ in the Business Model Canvas



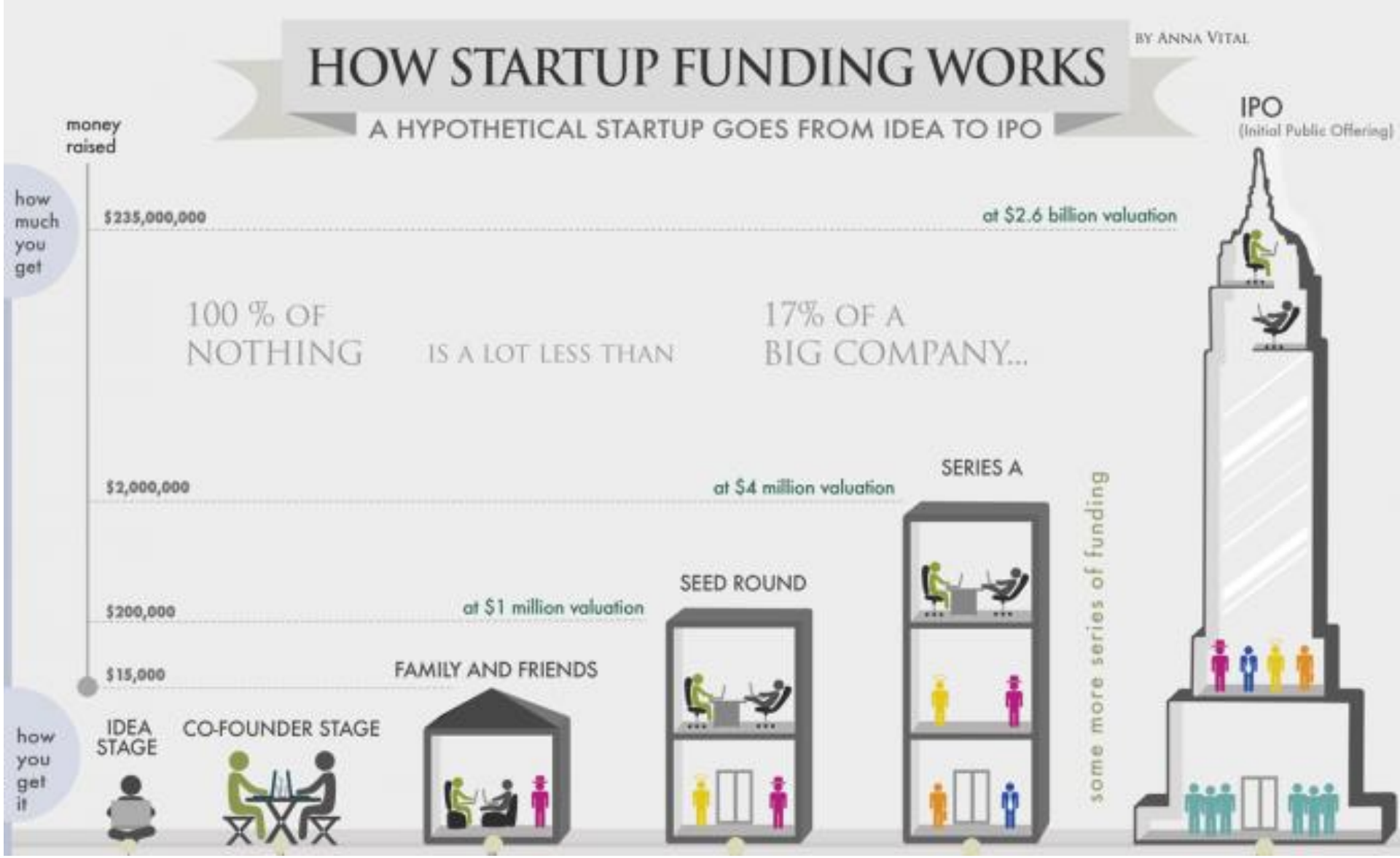
Venture Capital

Funding Rounds
and Capital Raising Process

Funding rounds:

From Zero to IPO

IPO stands for initial public offering



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Canva

Series D Round

From Seed Round in 2013 to Series D in 2021.

Total of $572.6M in funding over 14 rounds.

Announced Date	Transaction Name	Number of Investors	Money Raised	Lead Investors
Sep 14, 2021	Venture Round - Canva	9	$200M	T. Rowe Price
Apr 6, 2021	Venture Round - Canva	4	$71M	Dragoneer Investment Group, T. Rowe Price
Jun 22, 2020	Venture Round - Canva	6	$60M	Blackbird Ventures, Sequoia Capital China
Oct 16, 2019	Series E - Canva	6	$85M	Bond
May 20, 2019	Series D - Canva	4	$70M	Bond, Felicis, General Catalyst
Jan 9, 2018	Series C - Canva	3	$40M	Sequoia Capital China
Sep 14, 2016	Series B - Canva	3	$15M	Blackbird Ventures
Oct 6, 2015	Series A - Canva	7	$15M	Felicis
Apr 3, 2015	Series A - Canva	5	$6M	Matrix Partners
Jul 22, 2014	Seed Round - Canva	5	$3.6M	—

Tokopedia

Series G Round

From Seed Round in 2009 to Series G in 2018.

Total of $2.6 billion in funding over 9 rounds.

Tokopedia is one of Indonesia's unicorn companies ecommerce

Funding Rounds

Number of Funding Rounds	9	Total Funding Amount	$2.4B

Tokopedia has raised a total of $2.4B in funding over 9 rounds. Their latest funding was raised on Nov 21, 2018 from a Series G round.

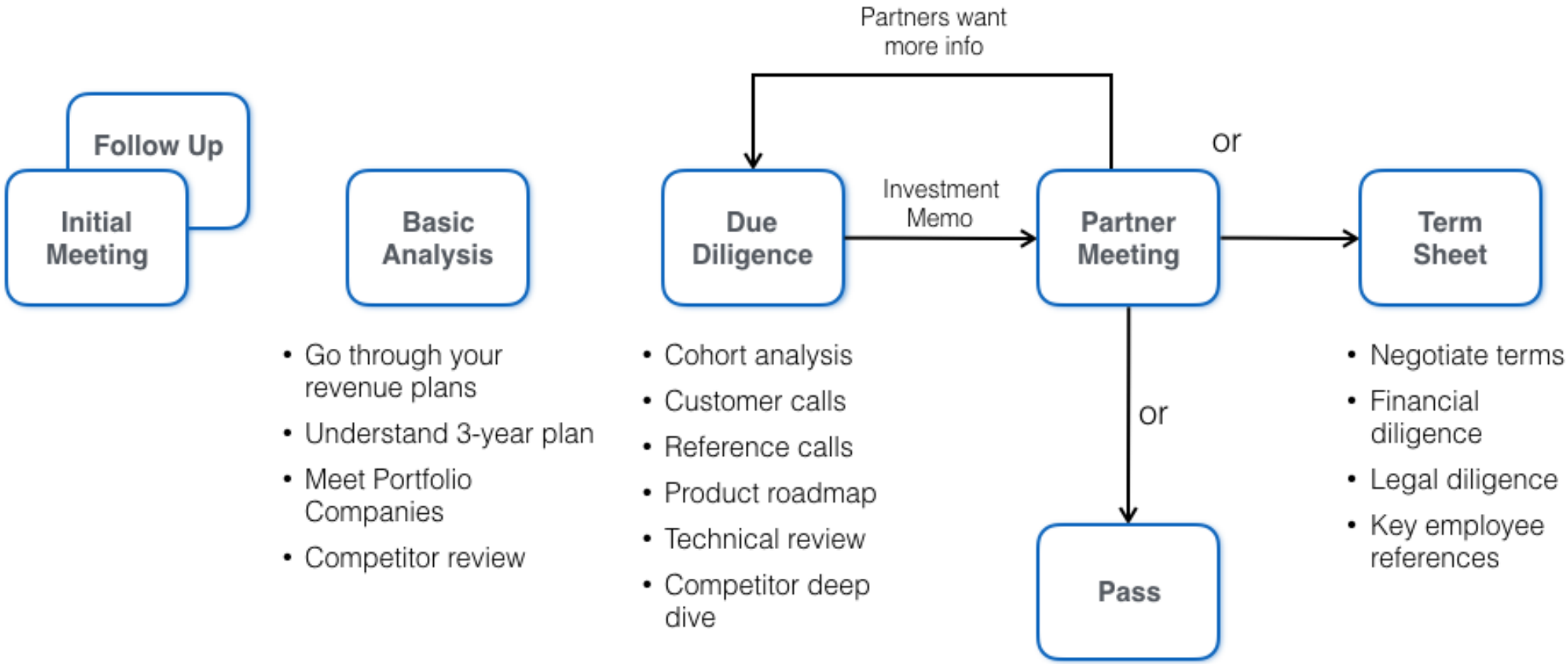
Which funding types raised the most money? pro Show

How much funding has this organization raised over time? pro Show

Announced Date	Transaction Name	Number of Investors	Money Raised	Lead Investors
Nov 21, 2018	Series G - Tokopedia	3	$1.1B	Alibaba Group, SoftBank Vision Fund
Aug 17, 2017	Series F - Tokopedia	1	$1.1B	Alibaba Group
Apr 11, 2016	Series E - Tokopedia	–	$147M	–
Oct 21, 2014	Series E - Tokopedia	3	$100M	SoftBank Telecom Corp
Jun 12, 2013	Series D - Tokopedia	3	–	Softbank Ventures Asia
Apr 4, 2012	Series C - Tokopedia	1	–	Beenos Partners
Apr 19, 2011	Series B - Tokopedia	1	$700K	CyberAgent Capital
Mar 15, 2010	Series A - Tokopedia	1	–	East Ventures
Feb 6, 2009	Seed Round - Tokopedia	1	–	Indonusa Dwitama

Raising capital from investors

How does the process look like?



Key Players in Venture Capital

Pitch Format – Melbourne Accelerator Program

1. Problem
2. Solution
3. Market
4. Traction
5. Competition
6. Business Model
7. Team
8. The Way Forward

Pitch Format - Continued

Introduction	• Introduce yourself • One sentence elevator pitch • Traction teaser (if you have it)
What is the problem/ opportunity	• What problem are you solving? • Do you have a deep understanding of this problem? • What is your solution? • Is your solution well validated?
What is your market	• Who uses your product? • Why do people need your product? • How big is the market? • Is the market large and/or growing? • Is your understanding of the market accurate and complete? • Why is now the right time?
Who you are	• What about the founders will allow the startup to succeed? • How well do the founders work together?
Business Model and Growth	• Do you have a visible and well-understood revenue or funding model? • How will you grow and achieve scale?
How and why you can win	• What else is out there? • Why are you better? • What's your traction/ progress to date? • How big can this get? • How far will you be by the end of MAP?

Key Players in Venture Capital

Investor Types

Angel Investors

Sydney Angels

Build, Lead, Invest | AngelList

Venture Capital

Home | AirTree Ventures

About | Cicada Innovations

Andreessen Horowitz | Software Is Eating the World (a16z.com)

Strategic Investors

GV - Home

Telstra Ventures | Venture Capital Investing Based in Data Science

Alternative Pathways

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Incubators & Accelerators

Y Combinator

techstars

Techstars

Startmate

Startmate

MELBOURNE ACCELERATOR PROGRAM

The Melbourne Accelerator Program (themap.co)

INCUBATE

INCUBATE | Launching startups at The University of Sydney.

MVP Ventures Program

Key information

- **Status:** Open
- **Grant amount:** From $25,000 to $200,000
- **Application opened:** 1 December 2022
- **Application closes:** 1 December 2026, 5:00 pm

Program objective

The objective of the MVP Ventures Program (the Program) is to:

- support businesses to increase the commercialisation of innovative products and services in NSW
- attract and retain commercialisation activities in NSW.

The Program is designed to support businesses throughout their commercialisation journey and innovative firms who successfully complete projects funded under the Program are permitted to reapply for additional funding to make further progress along the technology readiness level (TRL) scale.

The NSW Government will provide up to $10 million per annum for the Program to 2026.

This program is administered by Department of Enterprise, Investment and Trade.

Types of projects funded under this grant

To be eligible, your project must:

- be related to the commercialisation of your product, process, or service
- be progressing your product, process, or service along the Technology Readiness Level (TRL) scale between 3 and 9 (refer to related documents)
- undertake funded activities in NSW
- be aligned with one of the priority industries or technologies listed in the **NSW Industry Development Framework**
- be able to complete your project within 12 months of funding
- demonstrate why sufficient funding for the entire project cannot be accessed from alternative sources and that the project would not proceed in NSW without government support
- identify an Eligible Validating Entity that will complete the qualification activities to validate the quality, functionality and intended behaviours of the product, process, or service
- demonstrate matched funding of 50% has been secured for the project
- include only Eligible Expenditure.

MVP Ventures Program | NSW Government (Apr'25)