

Business Modeling

Start Up in ICT /8

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A close-up photograph of a young woman with dark hair and brown eyes, smiling warmly at the camera. She is leaning forward with her chin resting on her hands, which are clasped together on a light-colored surface. In front of her lies an open glass jar that has spilled its contents onto the table. The jar contains various US coins and several US dollar bills. The background is slightly blurred, showing what appears to be a window with a view of a city skyline.

Let's Talk About
Business

some **typical questions** from the C-cockpit ...

'They are asking for a Business Plan ...
let's go **boil some numbers**.'

'The only sure part of the P&L is the **Budget** for the expenditure plan. Let's get it through.'

'If one could predict those top-line numbers of the P&L, he could be in the **wizards business**.'

'Nobody can be considered accountable for numbers that's **impossible to create** accurate.'

The Business Plan

Not always the correct tool. Time to align to mainstream practice.



Business Plan (BP)

1. BPs related to Disruptive propositions **never survive the crash of the market launch**
2. BPs are ok for established, maturely sized markets.
Not ok for: non-existing (yet) markets or for their Disruptive evolutions
3. Roadmaps are **limited to Evolutive** requirements, only
 - Company Valuation:
Discounted Cash Flow (DCF) , Comparables

**BREAK-
THROUGH
PRODUCT**

**PRODUCT
EXISTS**

**CUSTOMERS & MARKETS
ALREADY IN PLACE**

**CUSTOMERS & MARKETS
DO NOT EXIST, YET**

Lean mgmt (Biz) Model

Focus: Validated Learning

Experiments: Pivots

Terrain: Qualitative/Quantitative



Traditional Biz Plan

Focus: Growth

Experiments: Optimizations

Terrain: Quantitative

Breakthrough propositions take unpredictable time to get adoption

Why use an extrapolation 3-5 year formula when dealing with sublinear behaviors, hopefully turning (fast) into superlinear ones sometimes exponential adoption curve?

Limit the ‘few point market share syndrome’

Traction, Traction!

Traction is a bottom-up measure of the product's engagement with its market

Speaks louder than any top down figure

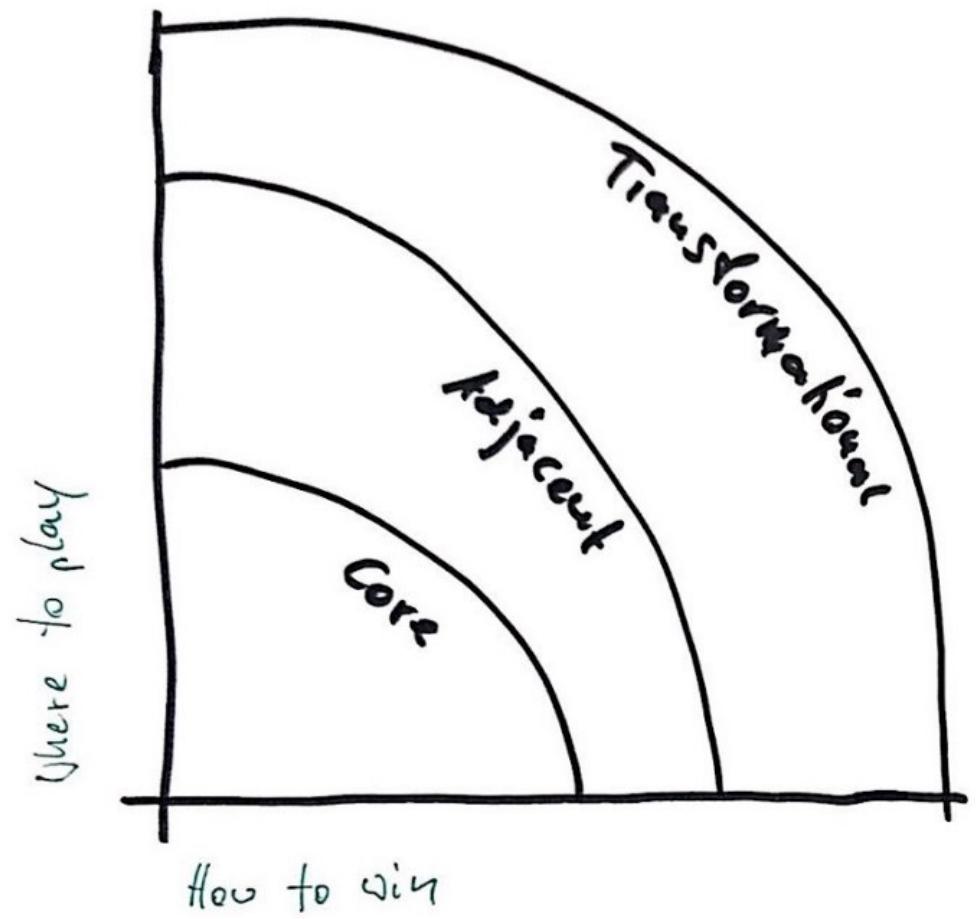
- No comparison with any existing Product
- Direct Substitution doesn't apply
- Current segmentations do not apply

Analysts data are not be used alone to guess markets sizes when the Product Experience will Refactor/Reshape them

Since a Business Plan is **not the correct tool...**

What is an **established practice to value** Disruptive Activities?

How can they be accepted and discussed at **Investors and C-Level**?



Horizon 3 - Transformational

Develop products for markets that do not even exist yet

High uncertainty - ROI cannot be known

Horizon 2 - Adjacent

Expand into "how to the company" business

Lower uncertainty, but increasing complexity.
ROI can (probably) be predicted

Horizon 1 - Core

Optimize existing products

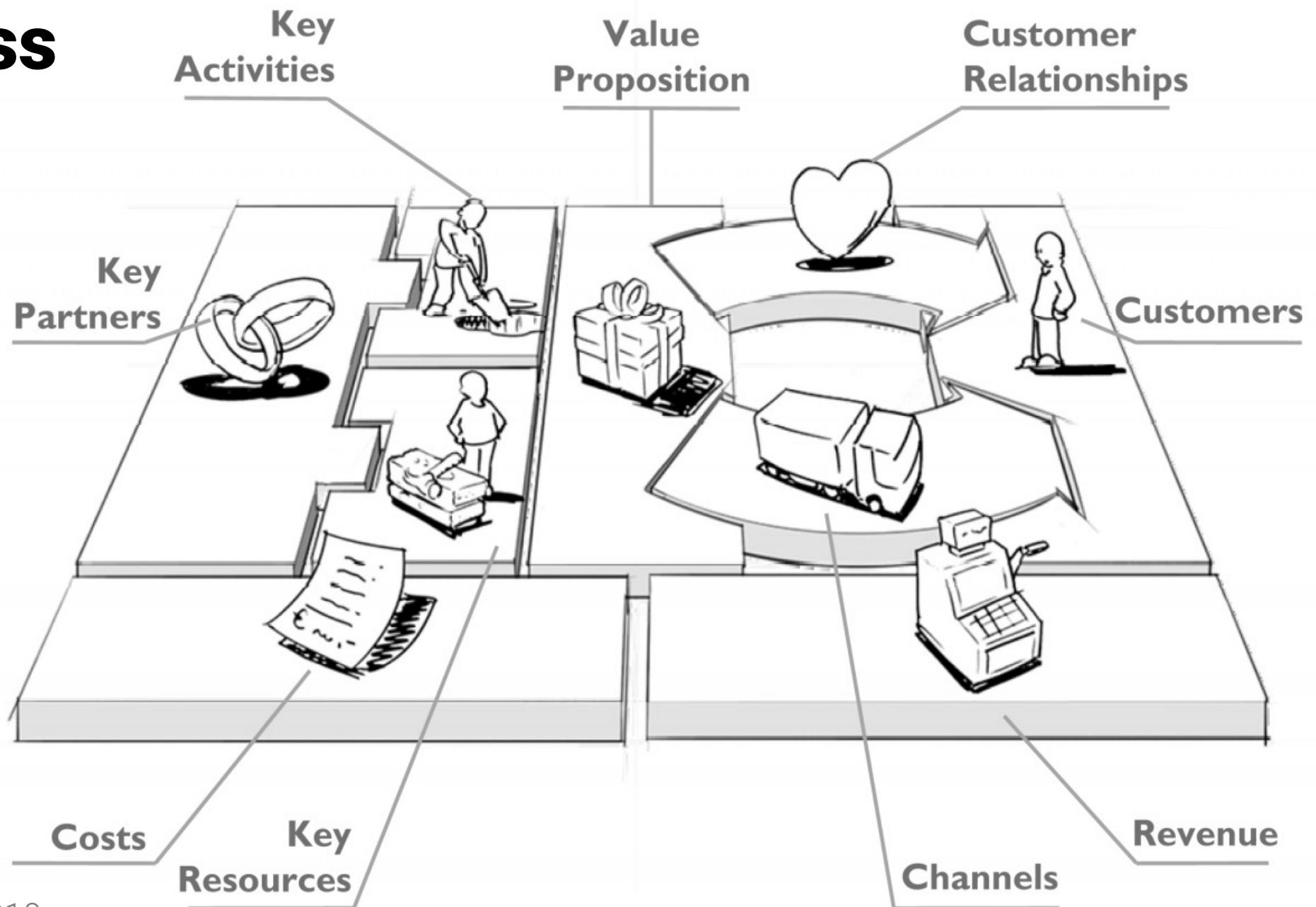
Almost no uncertainty, but high complexity -
ROI can be calculated

WHAT ARE YOUR GOALS?



Business Modeling

The Business Model Canvas



Osterwalder & Pigneur, 2010

*Key
Partners*



*Key
Activities*



*Value
Proposition*



*Customer
Relationships*



*Customer
Segments*



*Key
Resources*



Channels

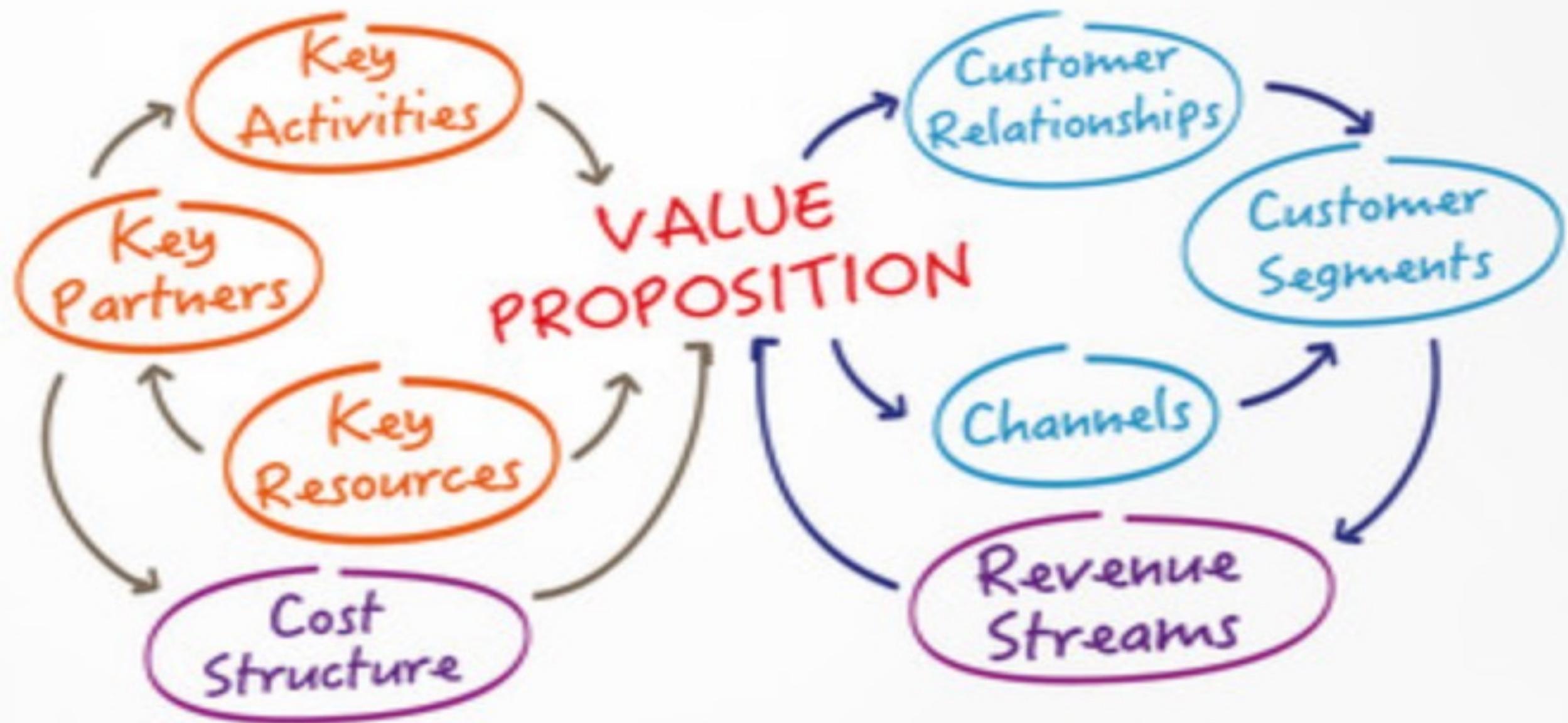


*Cost
Structure*



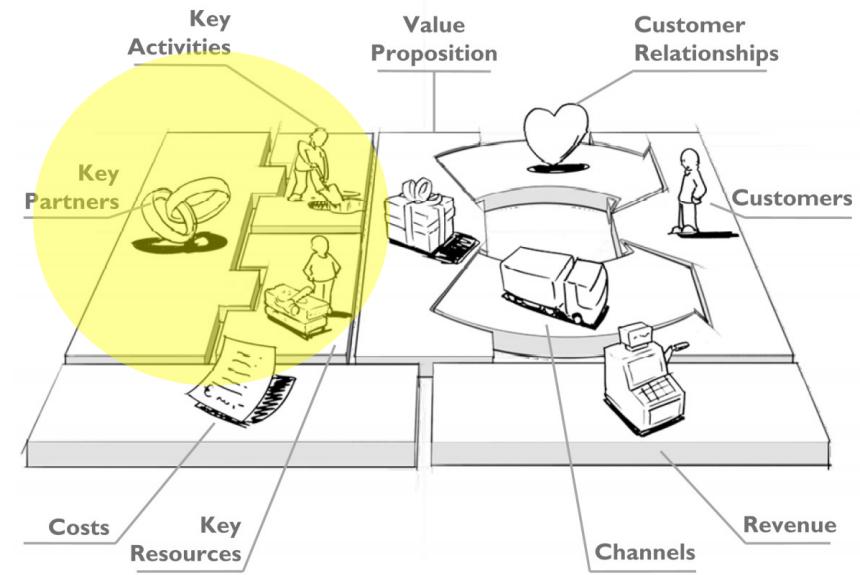
*Revenue
Streams*





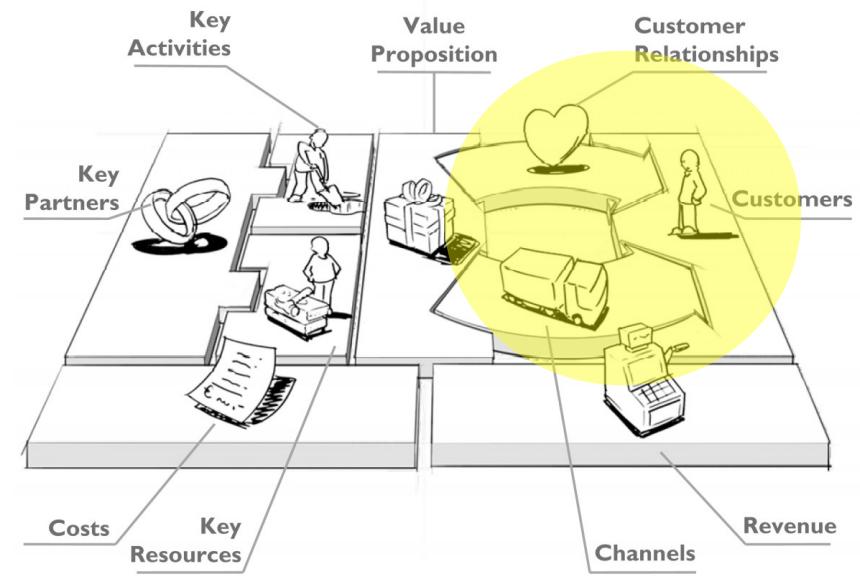
Infrastructure

- **Key Partners & Suppliers:** supply chain, risk management, partnership criteria, partner network, etc.
- **Key Activities:** required by the business model and by the value proposition, customer management, dev, problem solving, etc.
- **Key Resources:** required by the business model and by all its parts (value proposition, channels, relationships, ...) – IP, Staff, Financial resources, etc.



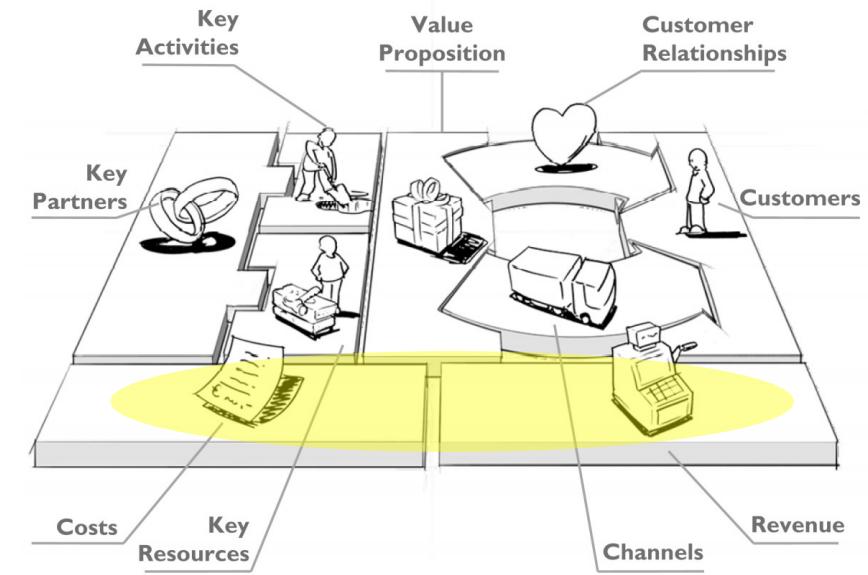
Customers

- **Customer Segments:** carefully identify and describe who your most important customers are.
- **Customer Relationships:** what relationship models you are adopting directly with your customers, how efficient they are, cost, do you use direct assistance, communities, automated tools, etc.
- **Channels:** what are the best channels you use to reach customer segments? Issues: product/brand awareness? Evaluation? Purchase? Delivery? After Sale?



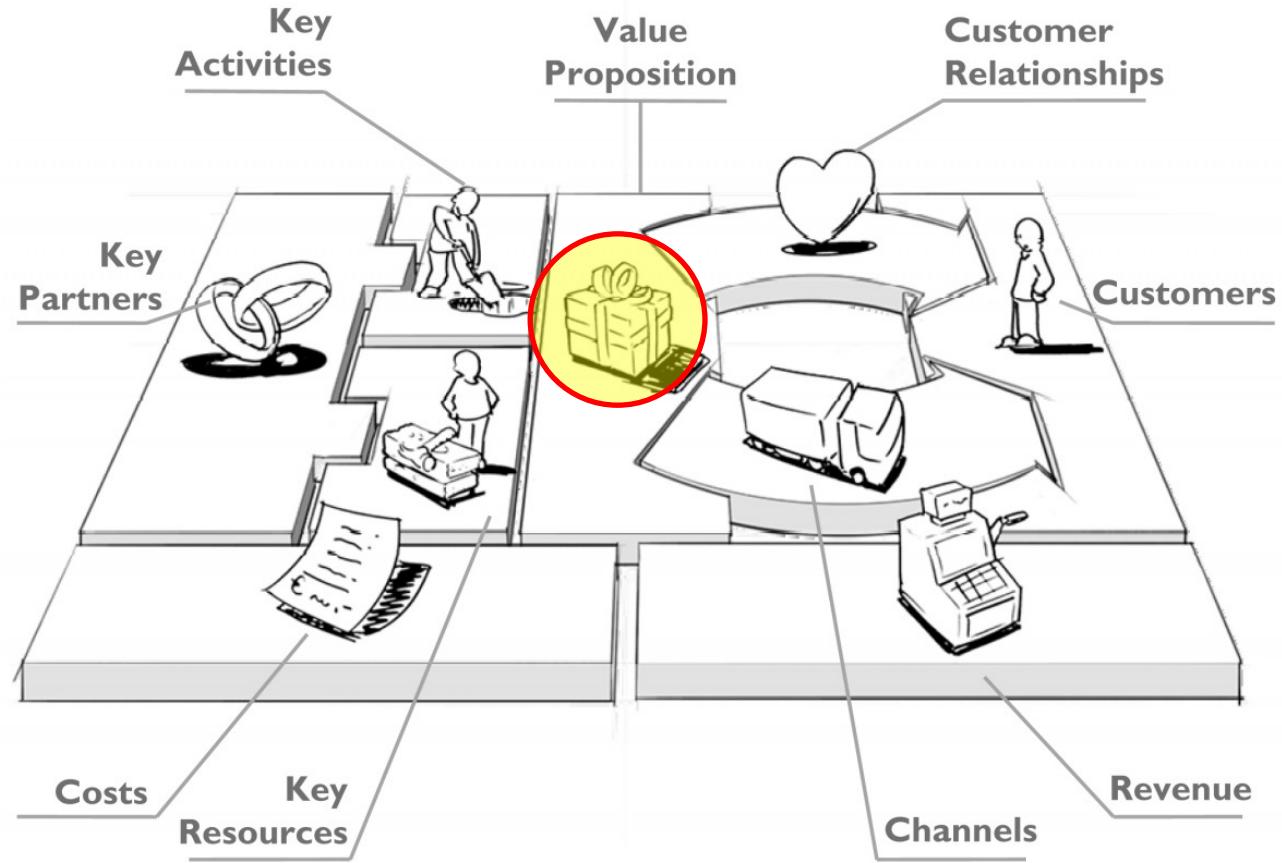
Financials

- **Cost Structure:** most expensive resources and activities. Is your business cost-driven or value-driven? List fixed/variable costs, scale/scope etc.
- **Revenue Streams:** list revenue streams and their main features (how much customers are paying, how, etc.). Do you model revolve around asset sale, usage fees, subscription fees, lending/renting/leasing, licensing, brokerage fees, advertising... - how do you set pricing (fixed, dynamic, etc.).



Your Unique Value Proposition

What makes your product/service unique and provides you with the best competitive advantage through various elements such as newness, performance, customization, "getting the job done", design, brand/status, price, cost reduction, risk reduction, accessibility, and convenience/usability.





TESLA

BUSINESS MODEL CANVAS (TESLA)

KEY PARTNERS 🤝	KEY ACTIVITIES 🌟	VALUE PROPOSITIONS 💎	CUSTOMER RELATIONSHIPS ❤️	CUSTOMER SEGMENTS ☀️
	<ul style="list-style-type: none">• OEM Alliances• Governments• Leasing companies• Panasonic (battery development)• Manufacturing and purchasing• Insurance companies• Charge point partners	<ul style="list-style-type: none">• Research and development• Design• Electric power technologies• Car manufacturing• Charge point infrastructure	<ul style="list-style-type: none">• Long-range recharging flexibility• High-performance and modern design• Energy efficiency and cost of ownership• Autonomous driving capabilities• Charge anywhere	<ul style="list-style-type: none">• Customer service• Customer intimacy• Direct to customer• Customer relationship management• Personal assistance
	KEY RESOURCES 💰		CHANNELS 🌐	
	<ul style="list-style-type: none">• Electric vehicle technology• Battery production• Employees/skills/knowledge• Engineering and design• Elon Musk/Brand		<ul style="list-style-type: none">• Retail stores• Website• Conferences and events• PR/Media	<ul style="list-style-type: none">• High-net worth individuals• Green buyers• Commercial fleet buyers• Sports car enthusiasts• Elon Musk fans• Corporate executives• Mid-tier management
COST STRUCTURE 💸	<ul style="list-style-type: none">• Manufacturing infrastructure• General admin/sales• R&D costs	<ul style="list-style-type: none">• Employees• Distribution• Cost of materials	REVENUE STREAMS 💸	
			<ul style="list-style-type: none">• Automotive sales• Automotive leasing• Energy generation and storage• Services	

Pros & Cons of the **BMC**

- + Very intuitive
- + Extremely Easy to Use
- + Gets you into Canvases

- Focuses on Company Structure and somehow loses focus on startup issues such as problem/solution fit.
- Doesn't cope with typical startup tricks such as good metrics and finding a crucial secret recipe.



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WhatsApp group



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