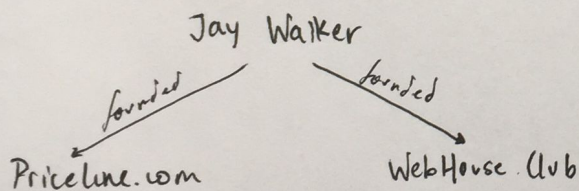


Business Model

- rationale of how a company creates, delivers, and captures value
- does your company make money
- How do you deliver value to your customers at an appropriate cost

Innovative Business Models

- "disruptive": widely varied definition.
 - ↳ something that starts at the bottom and finishes by challenging the top.
 - ↳ Such as (maybe) amazon
 - ↳ Uber might not have been disruptive because it was superior from day 1
- When Designing a business model,
- keep in mind that
 - ↳ you cannot physically plug and play business models across industries



Both: you put up a bid price for an item (below) and you find somewhere (if) you can get the item at that price

Hotels, Plane tickets
↓
Success
b/c bigger-ticket,

Supermarket items
↓
failure
b/c small items...

Value Drivers

- Patents or Propriety
- Take a new slant on an existing technology
- Lock In / Razor + Blade
- Complementarities, i.e. value enhancing

Business Model Canvas

- Customer Segment
 - ↳ who are our customers
 - ↳ who are we creating value for
 - ↳ are end users different from buyers
 - ↳ { Niche market / Mass Market / Multi-sided platform
- Value Proposition
 - ↳ what are we solving?
 - ↳ relates to newness or cost reduction, or performance...
- Channels
 - ↳ how product makes it to customer
 - ↳ ex's: online, physical, store, phone...
- Key (activities resources)
 - ↳ Activities: what does the value prop require
 - ↳ Resources: what resources does the value prop require
- Key Partners
 - ↳ who are our partners
- Cost structure
 - ↳ what are the costs in business model

- Revenue Streams

- ↳ what value do customers perceive
- ↳ what are customers willing to pay

Types of Revenue Models

- subscription / membership
- Volume or Unit based: pay per unit
- Advertising Based: free to user
- Licensing: one-time:
- Transaction Fee: fixed % of total cost taken by an agent
- Freemium: Basic is free, upgrade = \$

Types of Costs

- fixed: Do not vary with the volume
- Variable: Proportional with Volume
- Non-recurring: infrequent, irregular