

Business of Software CSC454/2527 - ASSIGNMENT 4

Value Proposition, Competition, Tech Know-How (10%)

Objective

The two foundational elements of the Business Model Canvas are the Customer Segment and the Value Proposition. These two elements comprise the Value Proposition Canvas. This exercise goes a long way to de-risking a venture by ensuring a direct tie-in between these two elements against a backdrop of the market, its size, and the competitive landscape gives your venture tremendous insights and the best chances for survival. This assignment will teach you a step-by-step approach to narrow down your venture's product-market-fit. Your last assignment focused on the Customer Segment component of the aforementioned pair. This assignment will get you to bring in the Value Proposition complement to give a better sense if your idea has a product-market-fit.

Your Mission

1. Define possible products, services, or features. Identify your value propositions
2. Define the competitive landscape in which your venture will operate.
3. Develop your Business Model Canvas
4. Update your business plan
5. Present your discoveries to an audience via a PowerPoint presentation

Please see below for detailed instructions on how to complete each part of this assignment

Relevant Readings and Resources

Textbook:

- Blank, Chapter 3 – Customer Discovery, pg. 40-103
- Blank, Chapter 4 – Customer Validation, pg. 105-154
- O&P, Chapter 1 – Canvas, pg. 14-51
- O&P, Chapter 2 – Patterns, pg. 56-119
- O&P, Chapter 3 – Design, pg. 122-195

Customer Development:

- [Achieve product-market fit with value proposition designer canvas](#)
- [Testing your value proposition](#)
- [The empathy map](#)
- [The proposition canvas \(video\)](#)

Business Model Canvas:

- [Alexander Osterwalder: The Business Model Canvas](#) (YouTube)

Competitors:

- [You must find your competition](#)
- [Market Competition 101: The 3 types of competitors to keep an eye on](#)

Tools:

- [Business Model Canvas \(template\)](#)

Submission Instructions

In your team's private Basecamp, create a post called Assignment 4 Submission and upload your files to this discussion.

Assignment 4a (Due by Monday October 30, 2017 by 10pm): (5%)

1. Answer Part 1, Part 2, and Part 3 in a PDF document titled *TeamName_Assignment4a.pdf*

Assignment 4b (Due on Wednesday November 1, 2017 in-class): (5%)

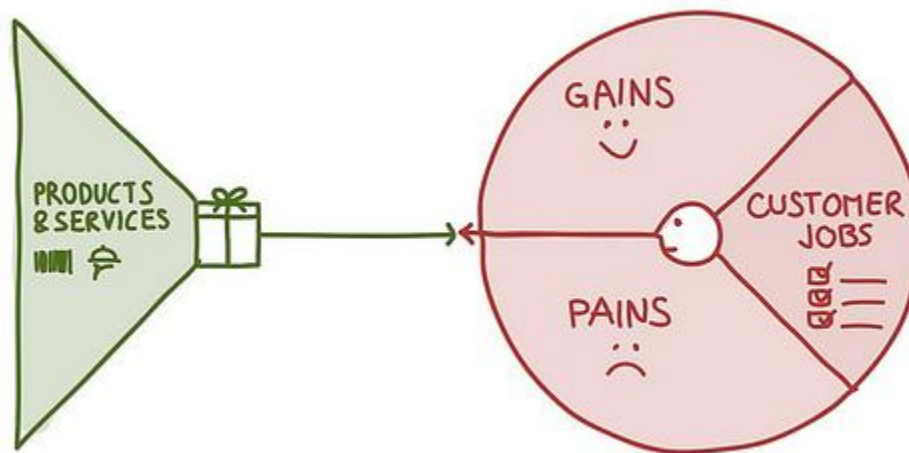
1. Team Pitches – Submit your slides to your team's Basecamp location in a PDF titled *TeamName_Assignment4b.pdf*

See Part 5 of this assignment for detailed instructions

Part 1: Value Proposition

For each persona you did in Assignment 3, you evaluated the jobs, pains, and gains that were most significant to your customer segment. In this section you will define possible products, services, or features that can potentially be used to help complete your customer's jobs, and indicate how that will relieve pains and/or create gains.

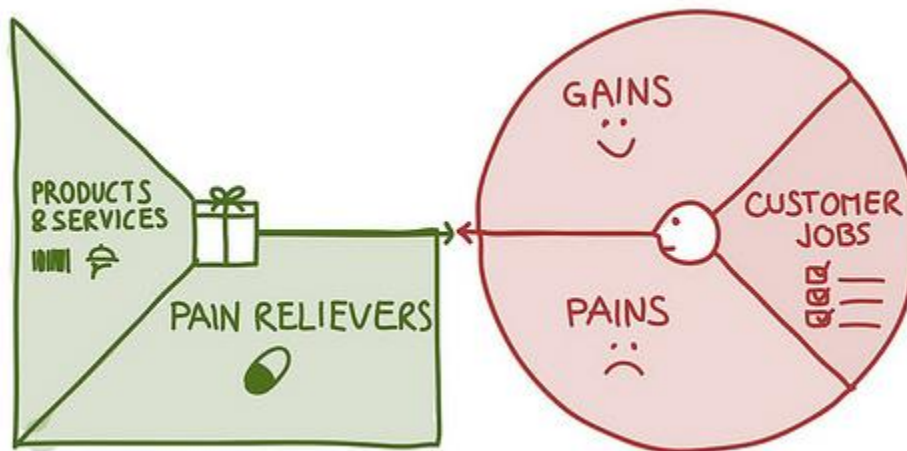
[1] Products and Services. (Counterpart to Customer Jobs). Define products/services/features that can potentially be used to help complete each of your customer's jobs. These may either be tangible, digital/virtual (e.g., downloads, online), intangible (e.g., quality assurance), or financial.



[2] Pain Relievers. (Counterpart to Customer Pains). Describe how these products, services, or features can alleviate customer pains associated with the job they are trying to complete. How do they eliminate or reduce negative emotions, undesired costs, situations, and risks that your customer experiences, or could experience, before, during, and after getting the job done?

Do they...

- Produce savings?
(e.g., in terms of time, money, efforts, ...)
- Make your customer feel better?
(e.g., kills frustrations, annoyances, ...)
- Fix underperforming solutions?
(e.g., new features, better performance, better quality, ...)
- Put an end to difficulties and challenges your customer encounters?
(e.g., make things easier, help them get done, eliminate resistance, ...)
- Wipe out negative social consequences your customers encounter/fear?
(e.g., loss of face, power, trust, or status, ...)
- Eliminate risks your customer fear?
(e.g., financial, social, technical or what could go awfully wrong, ...)
- Help your customers sleep better at night?
(e.g., help with big issues, diminishing concerns, eliminating worries, ...)
- Limit or eradicate common mistakes customers make?
(e.g., usage mistakes, ...)
- Get rid of barriers that are keeping
(e.g., lower or no upfront investment costs, flatter learning curve, less resistance to change, ...)

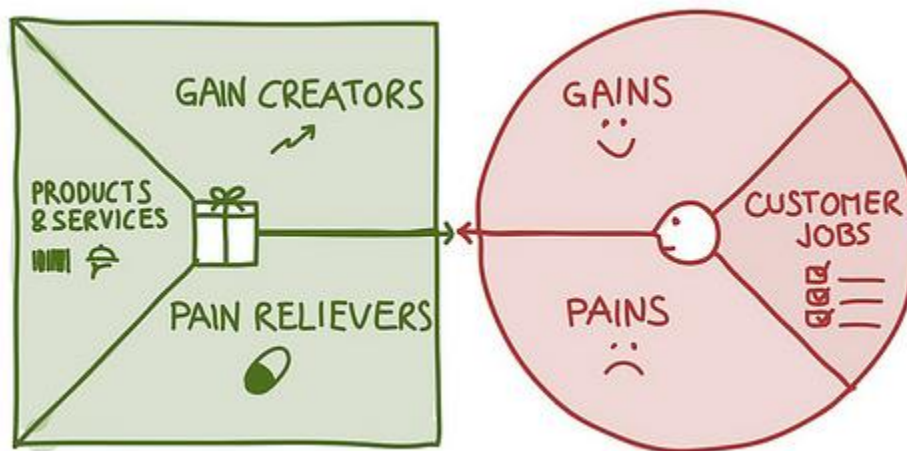


[3] Gain Creators. (Counterpart to Customer Gains). Describe how these products, services, or features can create customer gains. How do they create benefits that your customer expects, desires, or would be surprised by, including functional utility, social gains, positive emotions, and cost savings?

Do they...

- Create savings that make your customer happy?
(e.g., in terms of time, money and effort, ...)
- Produce outcomes that your customer expects or that go beyond their expectations?
(e.g., better quality level, more of something, less of something, ...)
- Copy or outperform current solutions that impress your customer?
(e.g., regarding specific features, performance, quality, ...)
- Make your customer's job or life easier?
(e.g., flatter learning curve, usability, accessibility, more services, lower cost of ownership, ...)

- Create positive social consequences that your customer desires?
(e.g., make them look good, produces an increase in power, status, ...)
- Does something customers are looking for?
(e.g., good design, guarantees, specific or more features, ...)
- Fulfill something that customers are dreaming about?
(e.g., help big achievements, produce big reliefs, ...)
- Product positive outcomes matching your customer's success and failure criteria?
(e.g., better performance, lower cost, ...)
- Help make adoption easier?
(e.g., lower cost, less investment, lower risk, better quality, performance, design)



Part 2: Competitive Landscape

Understanding your competitive landscape should be a hot button issue for strategic-minded entrepreneurs. It is especially informative to investors and other stakeholders because competition is a major source of risk to your venture, its prosperity, and their investment.

Now that you have completed Assignment 4 and this much of Assignment 5, pausing and investigating the competitive landscape will give you an additional perspective on prioritizing what products/services to offer your customers. The purpose of understanding the competitive landscape in which your startup will operate is to determine the: strengths and weaknesses of the competitors within your market, strategies that will provide you with a distinct competitive advantage, the barriers that can be developed in order to prevent competition from entering your market, and any weaknesses that can be exploited within the product development cycle.

Recall that during one of the lectures I said to the class, "It's not enough to build a company that creates a lot of value, you have to also capture significant levels of that value". The examples I gave included a comparison, from Peter Thiel's book, *Zero to One*, between the airline industry that creates a lot of value (\$160 billion in 2012) yet retains very little of it, whereas Google creates less value (\$50 billion in 2012) but has profits margins over 100 times greater than the airline industry's. As a result Google is now worth three times more than every U.S. airline combined. What makes the difference?

The airlines compete with each other – intensely because their product/service offerings to their customers are undifferentiated. But Google has less and weaker competition which allows it to stay well ahead of the pack. Google's strength lies in its ability to provide products and services that are highly differentiated from whatever competition is out there giving it the luxury of delivering value at the quantity and price combination that maximizes its profits. Google is the kind of company that is so good at what it does that no other firm can offer a close substitute. Not Microsoft, and not Yahoo! If entrepreneurs want to create and capture lasting value, don't build an undifferentiated commodity business. Coming full circle – this ties directly back into your value propositions to your customer segment.

Finally, there are three types of competitors that you have to understand and objectively identify in order for you to judiciously select which product/services will place your offering in a highly differentiated position in the eyes and mind of your customer.

Direct competitors – these will be competitors that offer the same products/services that you came up with in Part 1, or they solve the problem in a substantially similar way (e.g., Nike vs. Adidas).

Indirect competitors – these will be competitors who offer a solution that addresses customers' needs (i.e., jobs, pains, gains) in a completely different way (e.g., Air Canada vs. Greyhound).

Out-of-category competitors – these will be competitors who may not offer a competing or similar product now, but could easily move into your market segment (e.g., Uber vs. JustEAT).

[1] Competition Identification. Identify and describe your top competitors in each of the following categories (i.e., direct, indirect, out-of-category) and answer the following questions:

1. What are the strengths and weaknesses of these competitors?
2. Compare the competitor's offerings with your product/services.
(e.g., price, performance, delivery, timing, service, warranties, and other pertinent features)
3. What barriers to entry do *your competitors* pose for your product/service?
4. What barriers to entry does *your product/service* pose for your competitors?

[2] Value Proposition Selection. Based on your competitive analysis, select the products/services from Part 1 that will give you a distinct competitive advantage.

[3] Low-Fidelity Prototyping. Using the selected features that make up your value proposition (from the previous question), create a low-fidelity prototype (e.g., wireframes) that will help your customer segment complete their jobs. This prototype will allow you to present your ideas to stakeholders and receive feedback so that you can refine your idea.

[4] Validation. Take the low-fidelity prototype to your target stakeholders. Summarize their feedback and provide the next steps you will take to reiterate on this design. For example, you may need simply tweak the design to improve the user experience, solve the same jobs/pains/gains in a different way, or target new pains/gains/jobs, etc.

Part 3: Business Model Canvas

The BMC is a roadmap that allows the founders of a venture to succinctly describe the venture's customers, offer, infrastructure, and financial viability.

In Assignment 3, you developed personas for your targeted Customer Segments. These personas are a guiding principle for the entire customer facing business model design process and will inform your choices regarding Value Propositions, Distribution Channels, Customer Relationships, and Revenue Streams. From this point you will be in a position to articulate your venture's Key Activities, Key Resources, Key Partners, and the Costs categories needed to execute the business model.

[1] Business Model Canvas. The logical next step once the Value Proposition Canvas and a competitive landscape is understood is to produce an initial draft of a Business Model Canvas for your venture and provide a description explaining the different components. Many of the remaining components will be hypotheses at this time and scheduled for further validation.

For help brainstorming, please refer to the resources above.

Part 4: Slide Presentation

Deliver and, clearly but concisely talk to a slide presentation that supports who your customer(s) are and what your value proposition(s) are to them. You will be limited to a maximum of 8 minutes of presentation and 2 minutes of Q&A. Including the title slide you should keep it to eleven (11) slides max. This limit is strictly enforced so as to teach you to display the essentials and speak to the details – so know your stuff.

Here is how you should structure and sequence your presentation.

- Slide 1: Title slide
- Slide 2: Pains
- Slide 3: Gains
- Slide 4: Jobs
- Slide 5: Pain Relievers
- Slide 6: Gain Creators
- Slide 7: Products & Services
- Slide 8: Competitive Landscape (Direct or Indirect)
- Slide 9: Your Differentiation for the Competition
- Slide 10: Business Model Canvas Description
- Slide 11: Technology and Special Know-How

Talk the audience through the development of both sides of your Value Proposition Canvas only. The Customer Segment(s) and Value Proposition(s) and how you learned what you did along the way and how this experience shaped and adjusted your initial thinking and hypotheses. Don't cram the slides with text. Talk through what you learned about your customer(s) and the offerings that they will find of enough value to pay you for.

Then articulate to the audience the competitive landscape that you will be operating in and how your value proposition clearly differentiates you from your competitors whether they be direct, indirect or possible replacements to your offering.

Against the backdrop of the above outline your Business Model Canvas speaking briefly to the remaining seven (7) elements in your specific case. Some the elements will be in more of a hypothetical state than others and that's fine but a line needs to be drawn on the sand.

Speak to the audience about the Technology and Special Know-How that will be needed and why to execute your venture's business model. You may or may not have these on your team but you still must identify them and explain how they will be attained to move the project forward.