



Business Model Canvas

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Some definitions of Business Model

1/3

- “the logic of the firm, the way it operates and how it creates value for its stakeholders”
- “business model as architecture for product, service and information flows, including a description of the various business actors and their roles; and a description of the potential benefits for various business actors; and a description of the sources of revenue”

Some definitions of Business Model

2/3

- “A well-specified system of interdependent structures, activities, and processes that serves as a firm’s organizing logic for value creation (for its customers) and value appropriation (for itself and its partners)”

Some definitions of Business Model

3/3

- A business model is a conceptual tool containing a set of objects, concepts and their relationships with the objective to express the business logic of a specific firm. Therefore we must consider which concepts and relationships allow a simplified description and representation of what value is provided to customers, how this is done and with which financial consequences

Why Digital Business Models

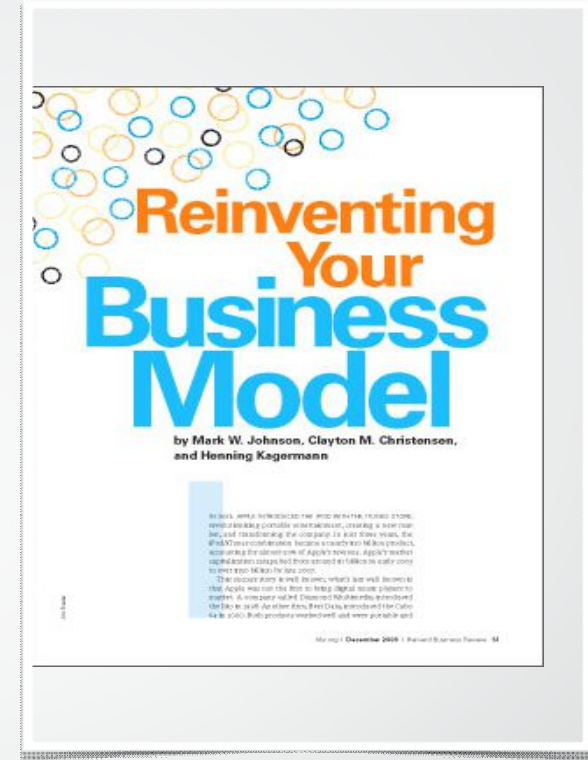
- We have progressively transitioned from a focus on the design of information systems, to the design of IT-enabled business processes, and more recently to the design of business models for services provided through digital platforms

Why Digital Business Models

- Digital business ecosystems feature not only idiosyncratic technological architectures but also important new inter-organizational business architectures.
- Responding to the velocity and turbulence of the environment, and taking advantages of the affordances of digital technology, firms and groups of firms have been prolific in establishing digital platforms for the combination of technologies and the delivery of services or products

Platforms

- Platforms are standards or architectures that allow modular substitution of complementary assets
- Taking advantage of the digital affordance of modularity, platforms enable firms to focus their attention (and innovation) on one part of a system at a time, and to assemble those parts—whether they are products or activities—into a variety of configurations



Reinventing your business model

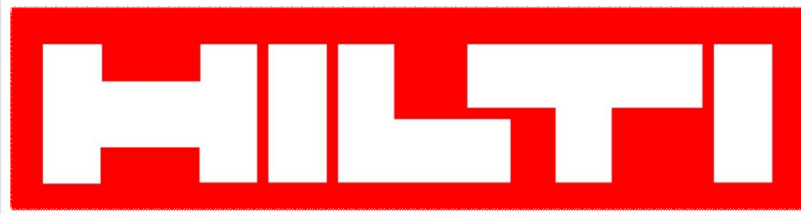
Johnson, Christensen and Kagermann

(December 2008)

Elements of a Business Model

A Business Model is composed by 4 interlocking elements:

1. Customer Value Proposition
2. Profit Formula
3. Key Resources
4. Key Processes



Hilti: from sales to rent



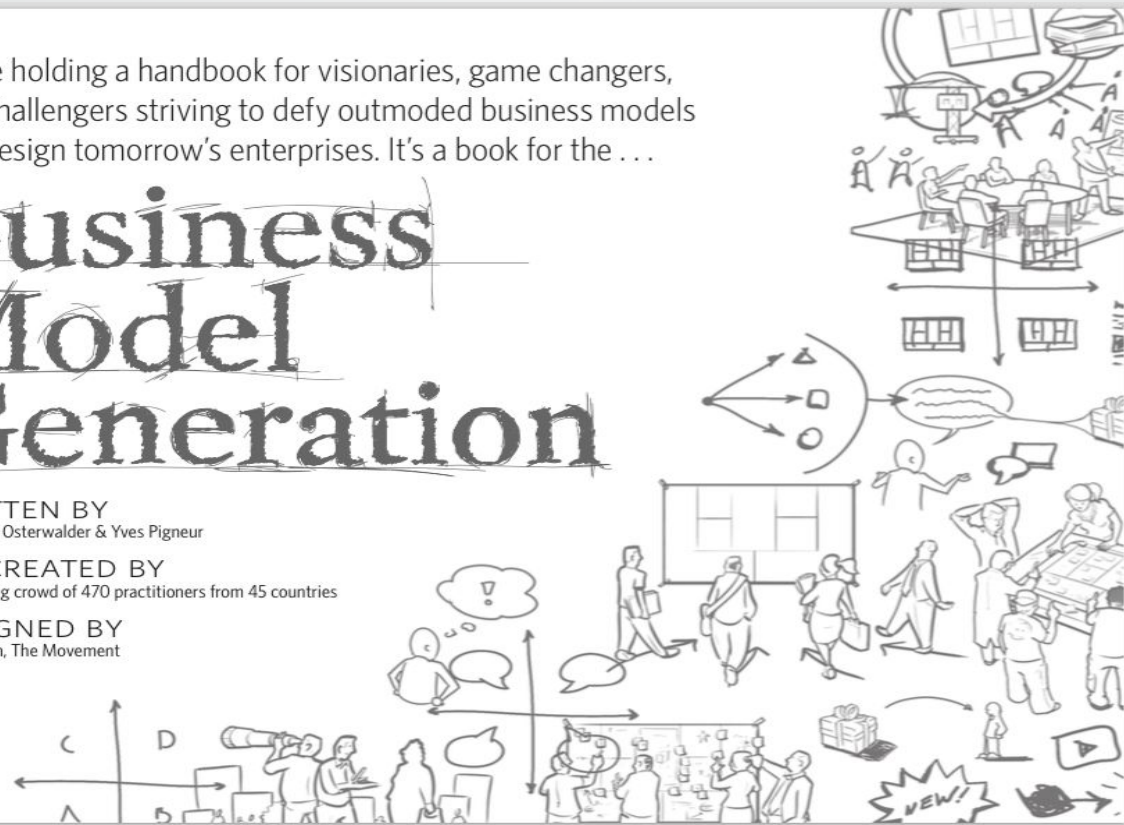
You're holding a handbook for visionaries, game changers, and challengers striving to defy outmoded business models and design tomorrow's enterprises. It's a book for the . . .

Business Model Generation

WRITTEN BY
Alexander Osterwalder & Yves Pigneur

CO-CREATED BY
An amazing crowd of 470 practitioners from 45 countries

DESIGNED BY
Alan Smith, The Movement

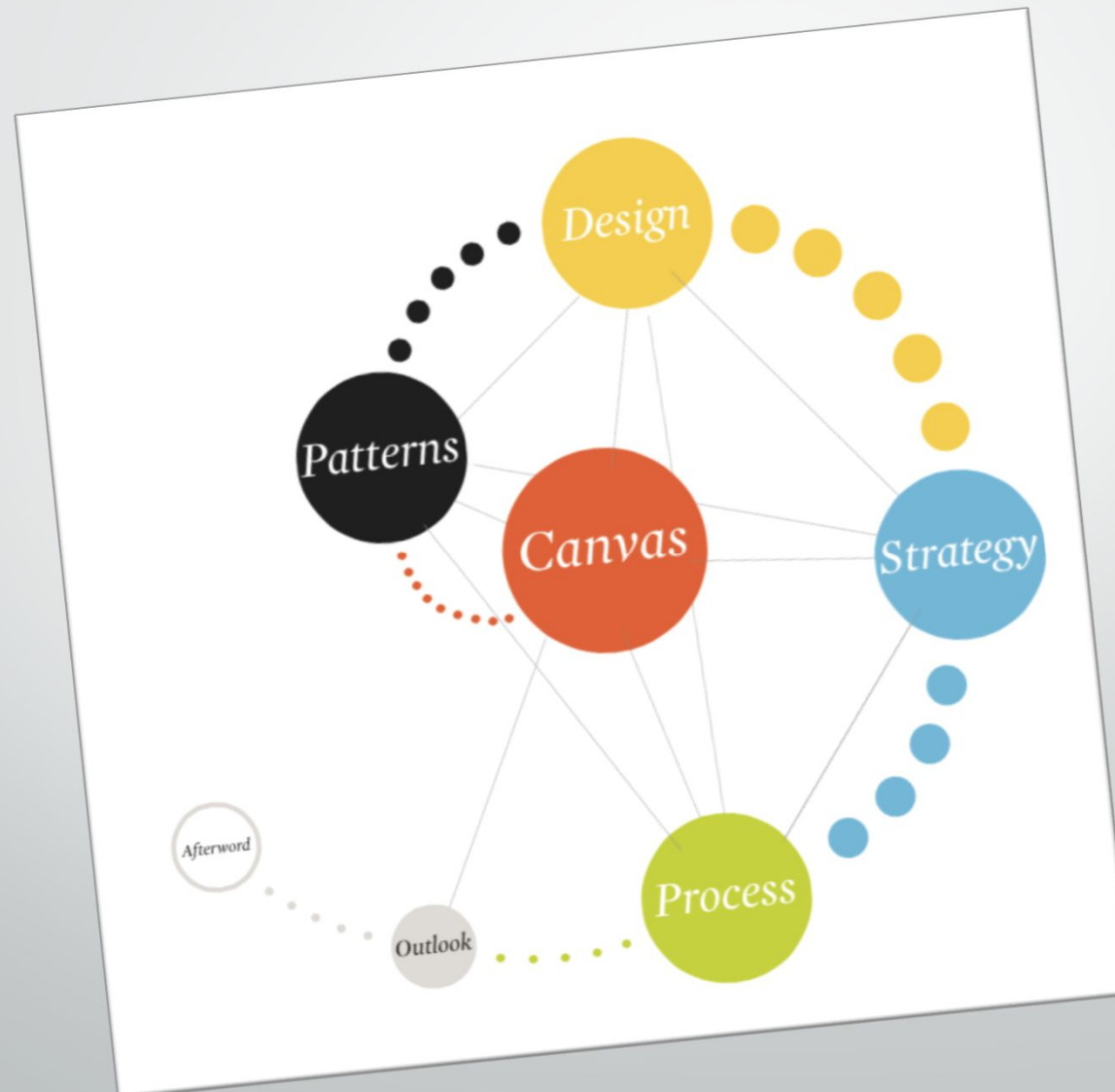


Business model canvas

Objectives

- Understand a framework to setup a business
 1. Canvas
 2. Patterns
 3. Design
 4. Strategy
 5. Process

Book's ToC



What is a “Business Model”

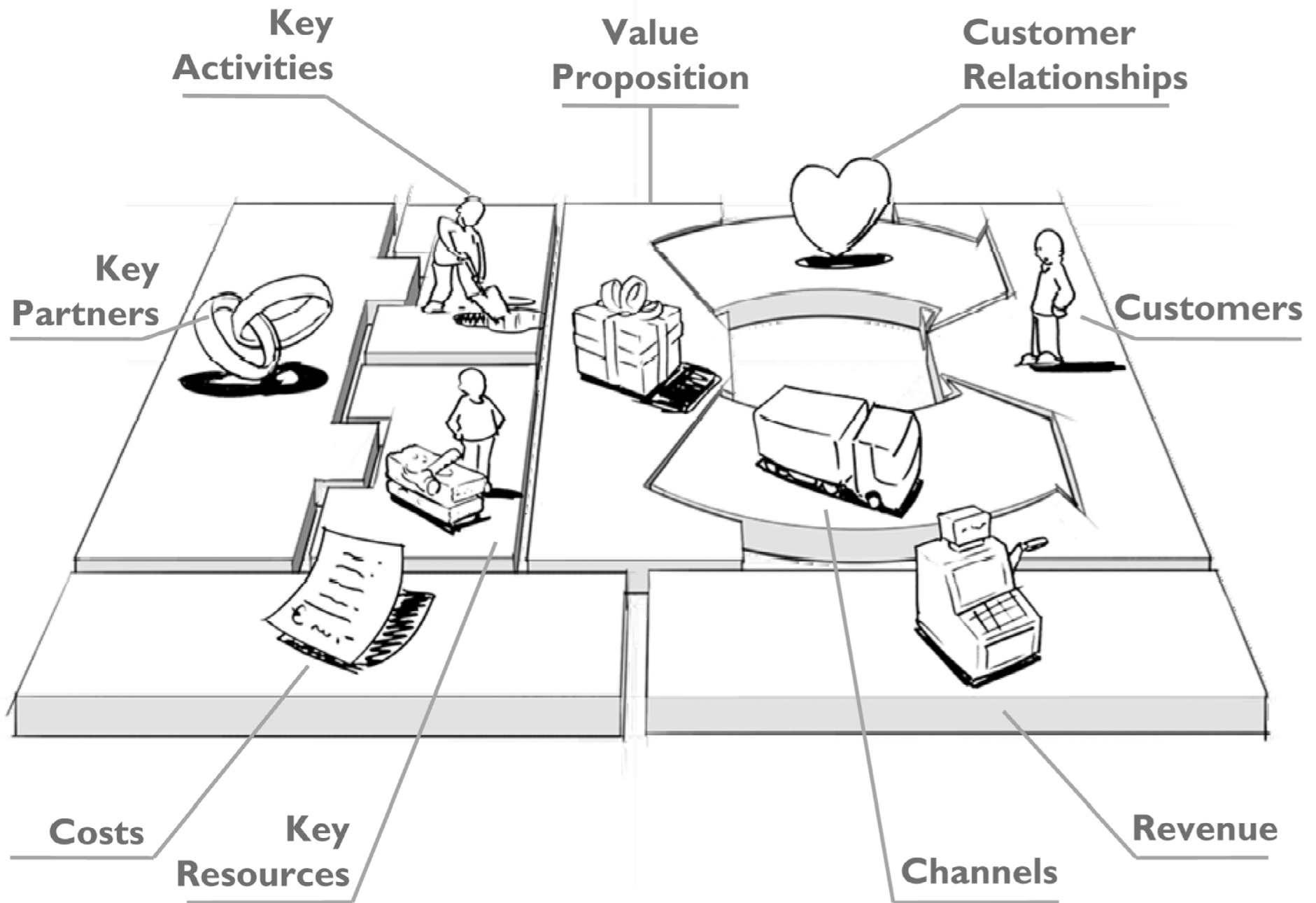
A business model describes the rationale of how an organization creates, delivers, and captures value

Value: definition

- From businessdictionary.com:
 1. Accounting: The monetary worth of an asset, business entity, good sold, service rendered...
 2. Economics: The worth of all the benefits and rights arising from ownership. Two types of economic value are (1) the utility of a good or service, and (2) power of a good or service to command other goods, services, or money, in voluntary exchange.
 3. Marketing: The extent to which a good or service is perceived by its customer to meet his or her needs or wants, measured by customer's willingness to pay for it.

Framework

- We need a framework that helps us
- What is a framework? “an essential supporting structure of a building, vehicle, or object”
- “essential”: “absolutely necessary; extremely important”



drawings by JAM

CUSTOMER SEGMENTS

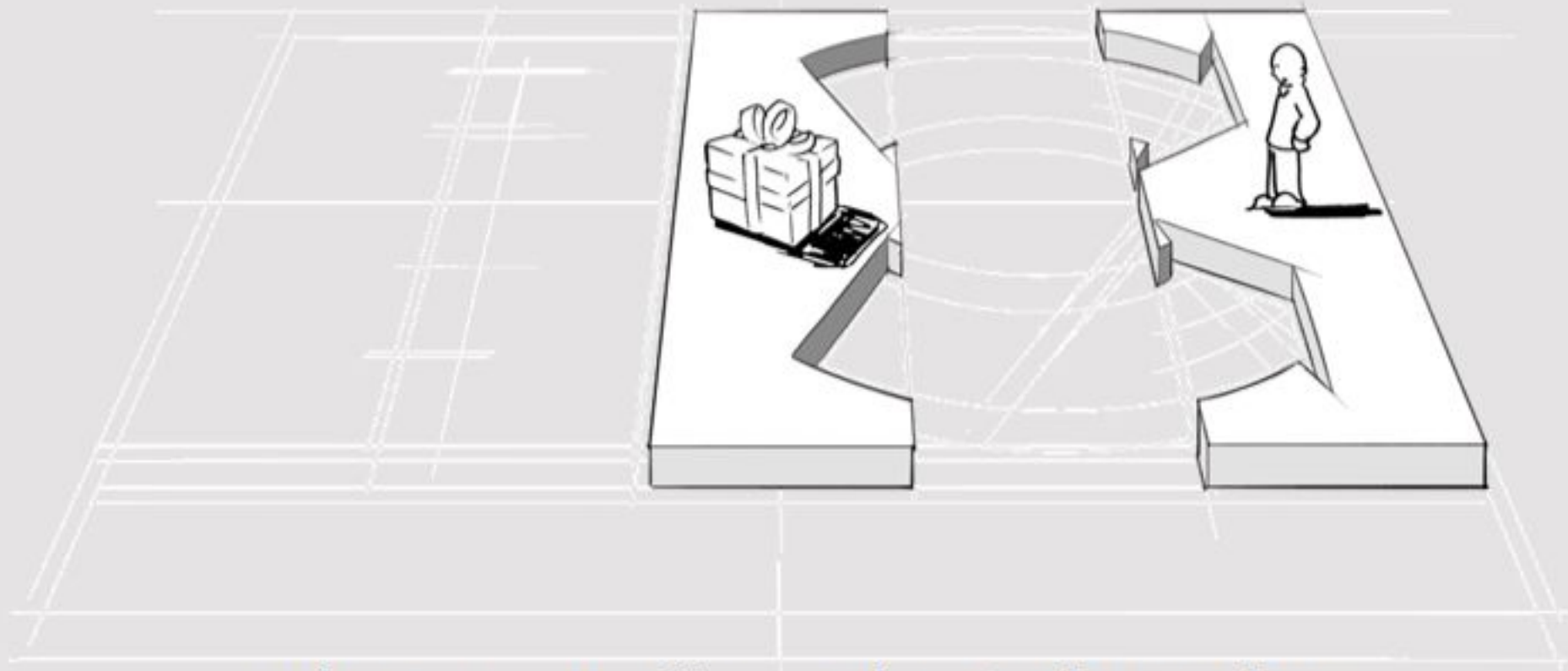


which customers and users are you serving?
which jobs do they really want to get done?

Customer Segments

- Defines the different groups of people or organizations an enterprise aims to reach and serve.
- A business model may define one or several large or small Customer Segments.
- An organization must make a conscious decision about which segments to serve and which segments to ignore.
- A business model can be carefully designed around a strong understanding of specific customer needs.

VALUE PROPOSITIONS

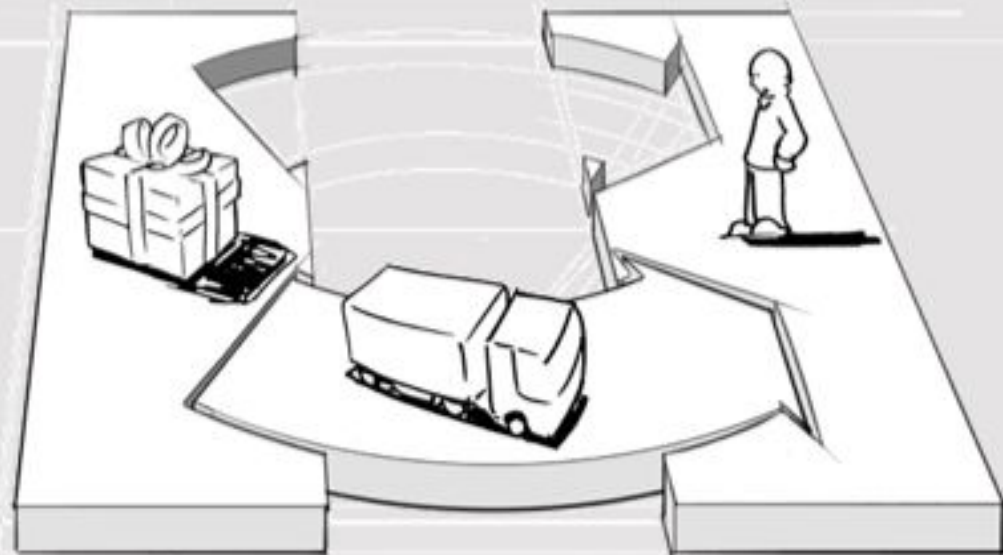


what are you offering them? what is that
getting done for them? do they care?

Value proposition

- The Value Propositions Building Block describes the bundle of products and services that create value for a specific Customer Segment.
- The Value Proposition is the reason why customers turn to one company over another. It solves a customer problem or satisfies a customer need.
- Each Value Proposition consists of a selected bundle of products and/or services that caters to the requirements of a specific customer segment

CHANNELS

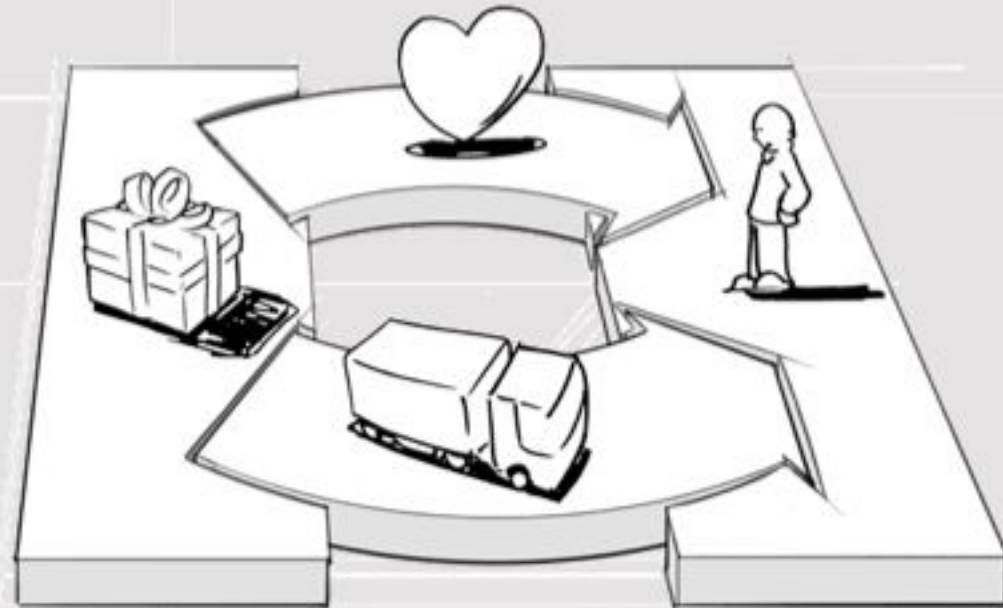


how does each customer segment want to be reached? through which interaction points?

Channels

- The Channels Building Block describes how a company communicates with and reaches its Customer Segments to deliver a Value Proposition
- Channels are the company's interface with customers.
- Channels serve several functions, including:
 - Raising awareness among customers about a company's products and services
 - Allowing customers to purchase specific products and services
 - Delivering a Value Proposition to customers
 - Providing post-purchase customer support

CUSTOMER RELATIONSHIPS

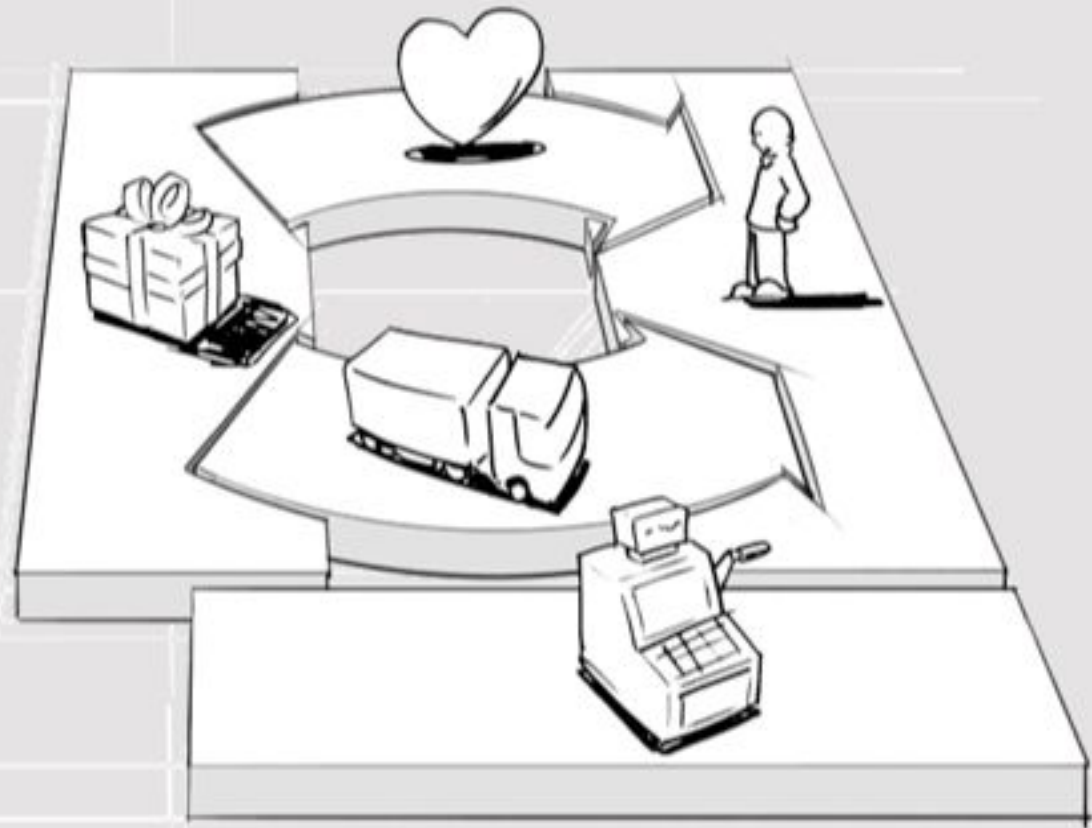


what relationships are you establishing with each segment? personal? automated? acquisitive? retentive?

Customer Relationships

- The Customer Relationships Building Block describes the types of relationships a company establishes with specific Customer Segments
- Relationships can range from personal to automated.
- Customer relationships may be driven by the following motivations:
 - Customer acquisition
 - Customer retention
 - Upselling

REVENUE STREAMS

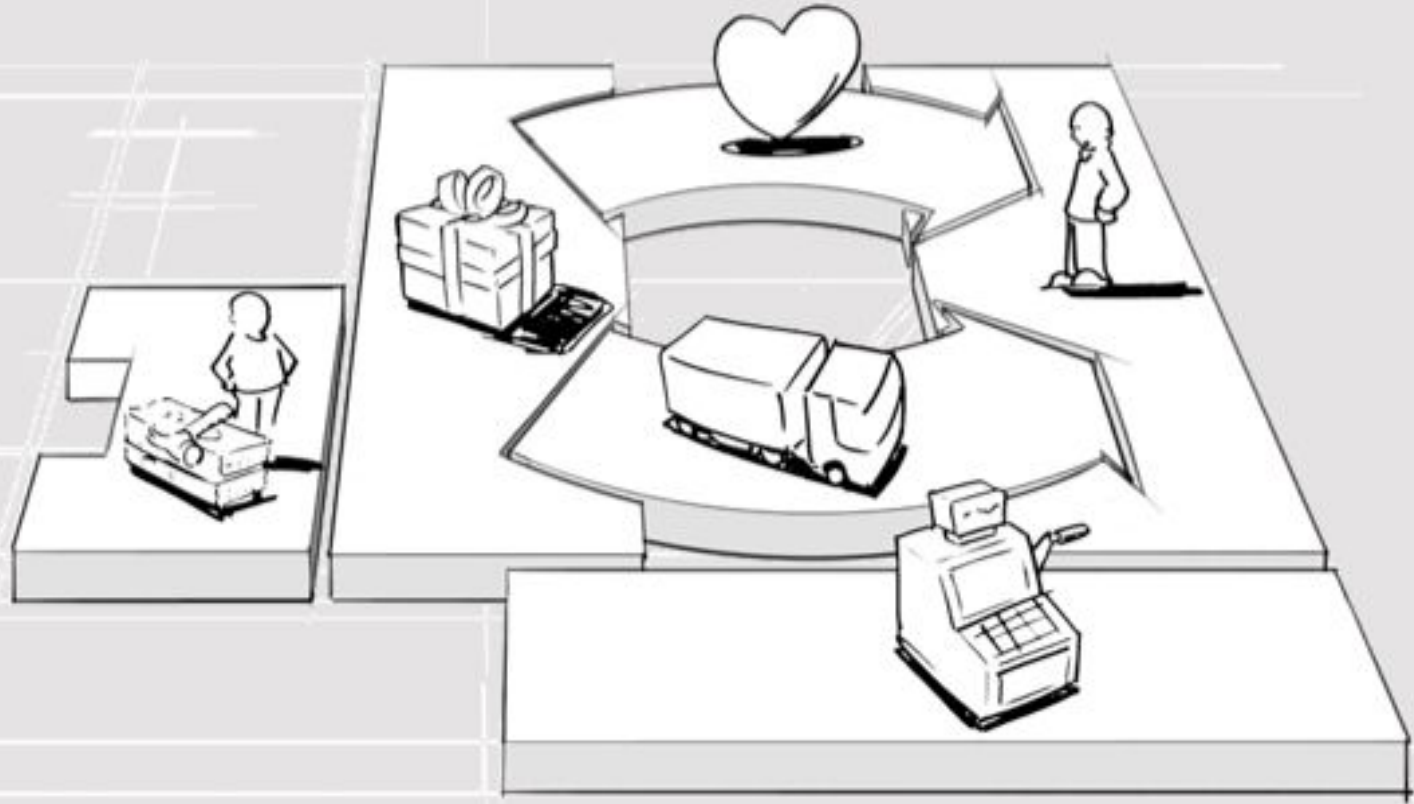


what are customers really willing to pay for? how?
are you generating transactional or recurring revenues?

Revenue Streams

- The Revenue Streams Building Block represents the cash a company generates from each Customer Segment.
- Each Revenue Stream may have different pricing mechanisms, such as fixed list prices, bargaining, auctioning, market dependent, volume dependent, or yield management.
- A business model can involve two different types of Revenue Streams:
 - Transaction revenues resulting from one-time customer payments
 - Recurring revenues resulting from ongoing payments to either deliver a Value Proposition to customers or provide post-purchase customer support

KEY RESOURCES

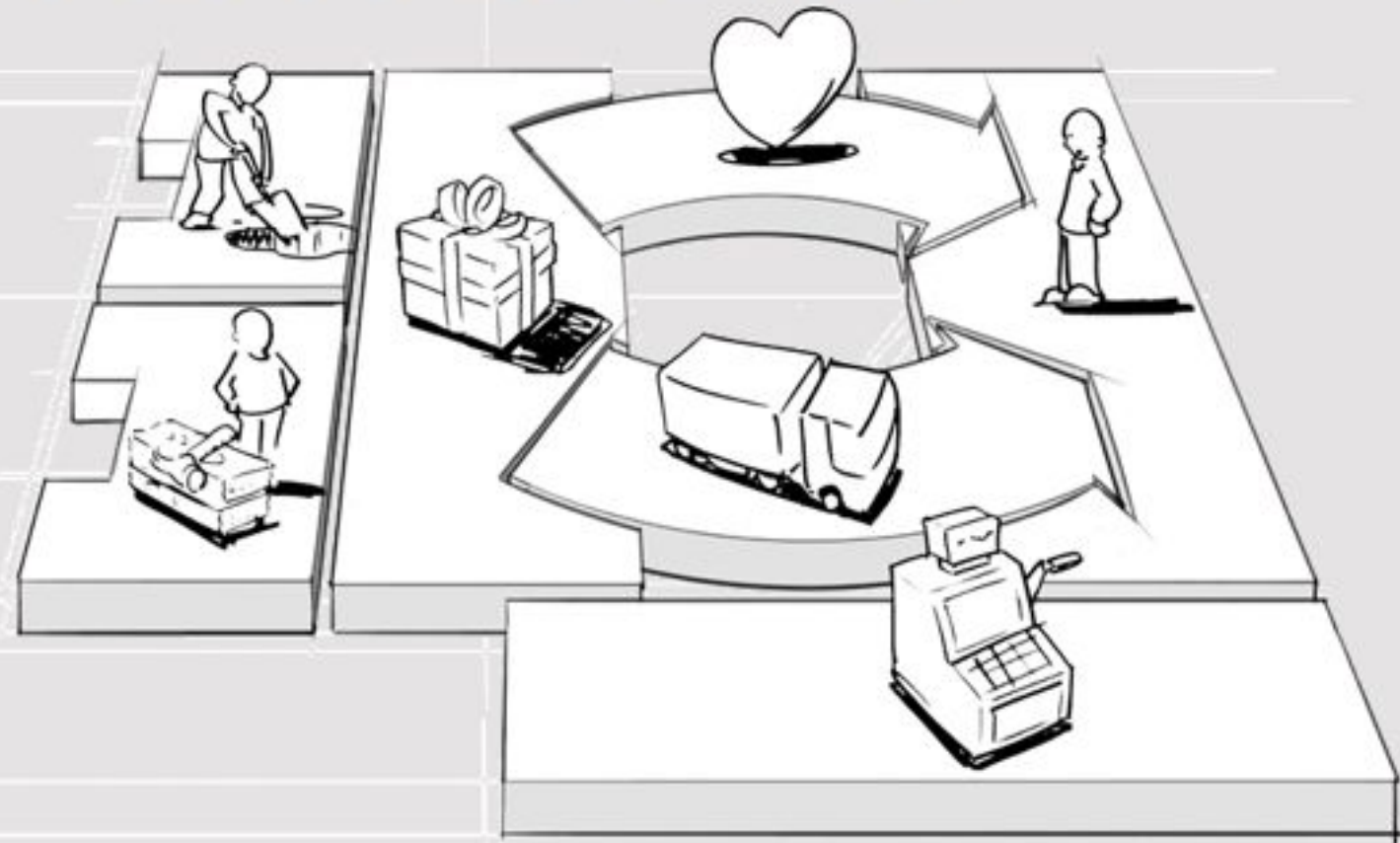


which resources underpin your business model?
which assets are essential?

Key Resources

- The Key Resources Building Block describes the most important assets required to make a business model work.
- Resources allow an enterprise to create and offer a Value Proposition, reach markets, maintain relationships with Customer Segments, and earn revenues.
- Key resources can be physical, financial, intellectual, or human.
- Key resources can be owned or leased by the company or acquired from key partners.

KEY ACTIVITIES

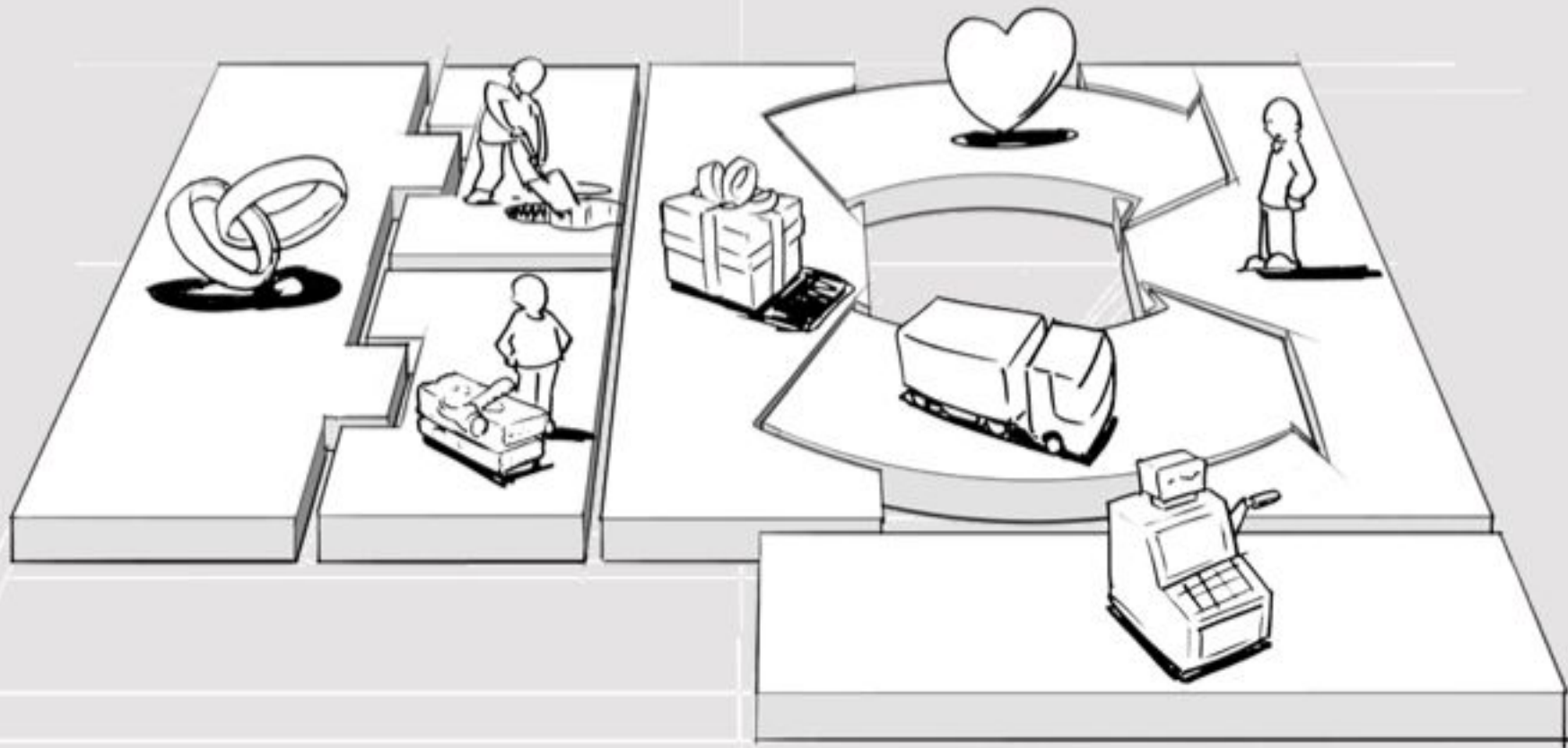


which activities do you need to perform well in
your business model? what is crucial?

Key Activities

- The Key Activities Building Block describes the most important things a company must do to make its business model work.
- Like Key Resources, they are required to create and offer a Value Proposition, reach markets, maintain Customer Relationships, and earn revenues.
- And like Key Resources, Key Activities differ depending on business model type

KEY PARTNERS

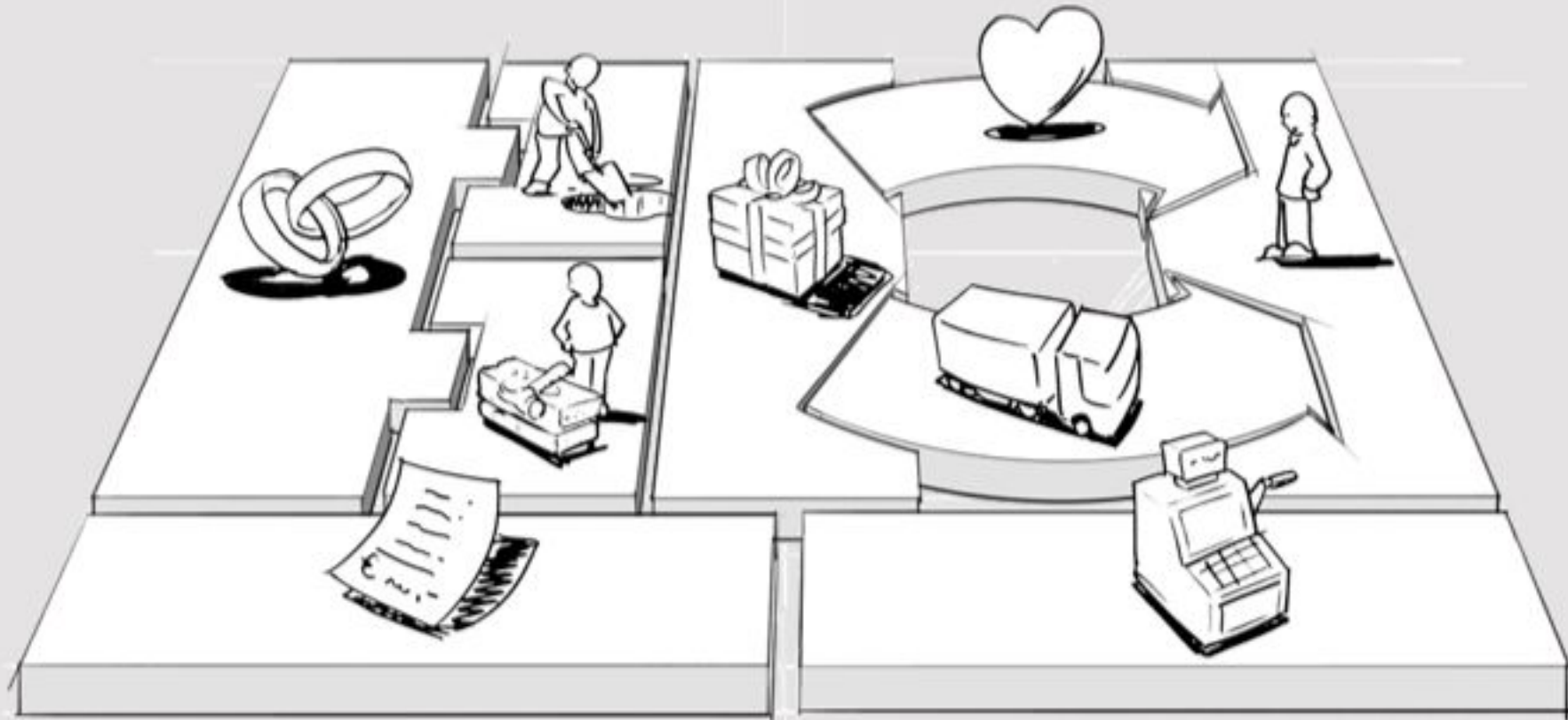


which partners and suppliers leverage your model?
who do you need to rely on?

Key Partnerships

- The Key Partnerships Building Block describes the network of suppliers and partners that make the business model work.
- Companies create alliances to optimize their business models, reduce risk, or acquire resources.
- We can distinguish between four different types of partnerships:
 1. Strategic alliances between non-competitors
 2. Coopetition: strategic alliances between competitors
 3. Joint ventures to develop new businesses
 4. Buyer-supplier relationships to assure reliable supplies










COST STRUCTURE



what is the resulting cost structure?
which key elements drive your costs?

Cost Structure

- The Cost Structure describes all costs incurred to operate a 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.

Key Partners 	Key Activities 	Value Proposition 	Customer Relationships 	Customer Segments 
	Key Resources 		Channels 	
Cost Structure 			Revenue Streams 	

Reading

- **“Reinventing your business model”**
- Mark W. Johnson, Clayton M. Christensen, and Henning Kagermann
- Harvard Business Review - December 2008
- **“Strategy and the Internet”**
- Michael E. Porter
- Harvard Business Review - March 2001