# BUSINESS MODEL CANVAS

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# Origins



**Alexander Osterwalder, PhD**

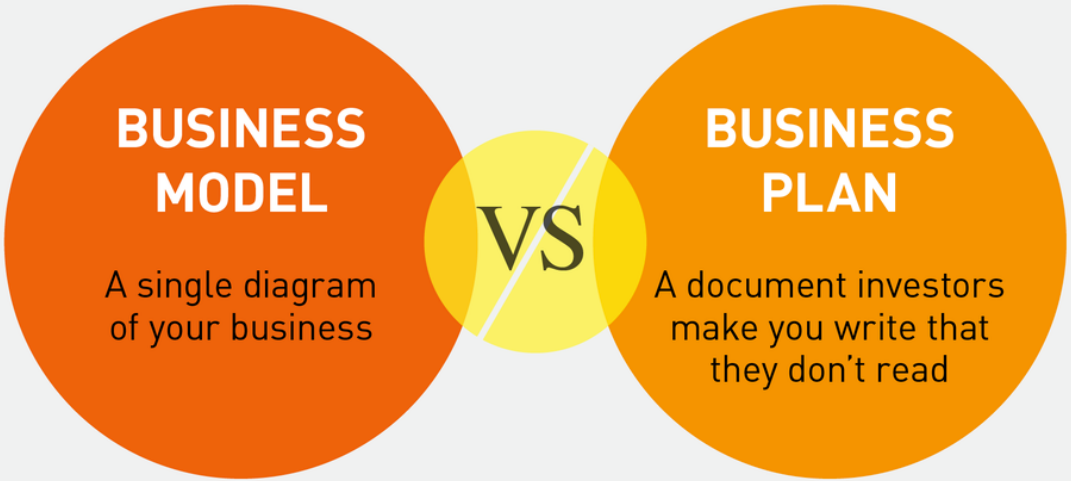
Business Model Ontology, PhD thesis published in 2008
Business Model Generation, gorgeous visual book published in 2010
*(would recommend to read into a story about this book was published)*
Business Model Canvas was accepted to a lean startup framework

# Business plan

Set of documents prepared by a firm's management to summarize its operational and financial objectives for the near future (usually one to three years) and to show how they will be achieved

# Business model

Describes the rationale of how an organization CREATES, DELIVERS, and CAPTURES value, in economic, social, cultural or other contexts.


BUSINESS MODEL
A single diagram of your business
VS
BUSINESS PLAN
A document investors make you write that they don't read
STARTUPS MODEL, COMPANIES PLAN

# Business plan: startup angle

There is a problem with business plan and early stage startups. It can be by the case, that by time you finish the document, it might be already irrelevant. Or after one month in execution, your fundamental assumptions might be proven to be wrong.

# Business model: startup angle

Business model also need to be tested

You do not need a product to test it

Business model can differ according to customer segments

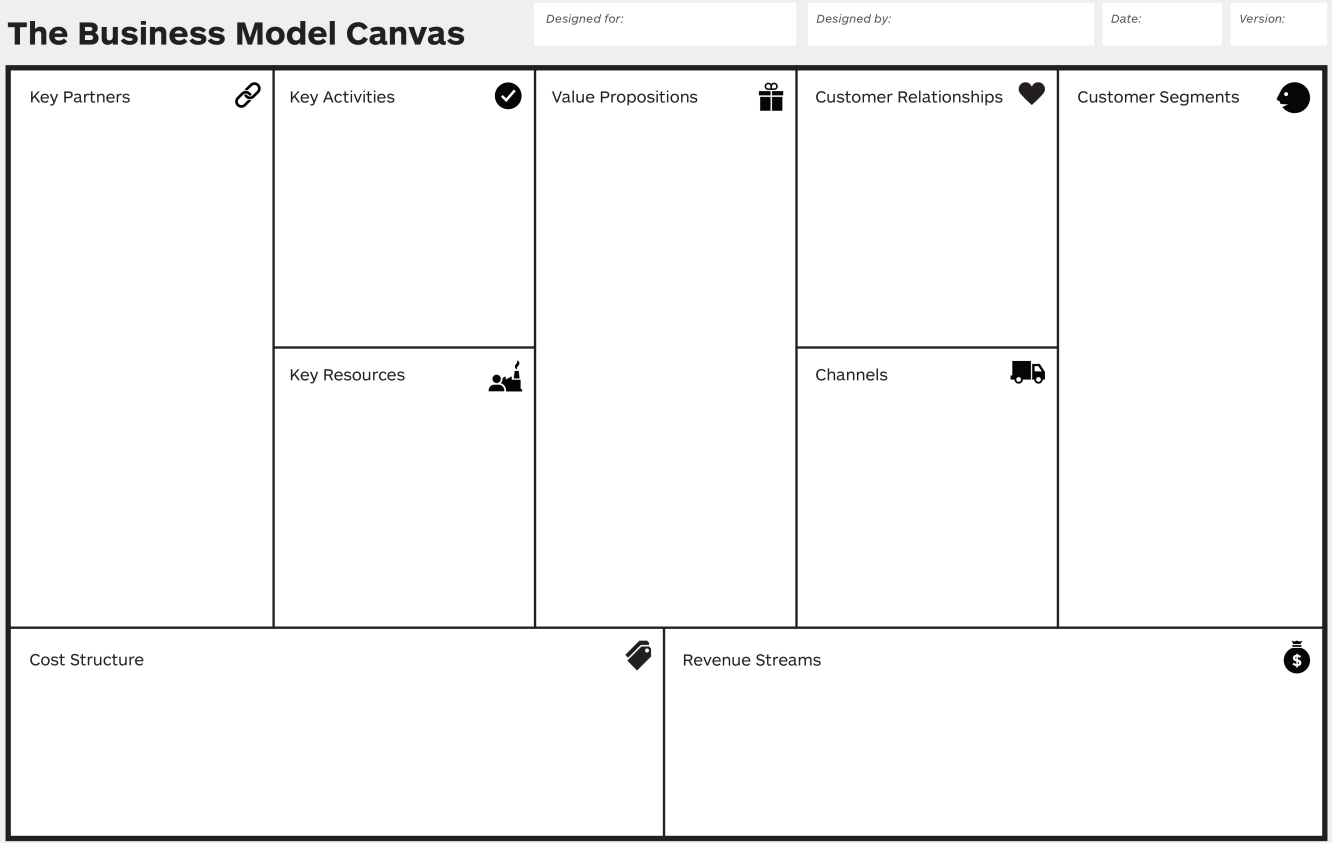
Prove that you are learning from failure and build once you know it is working

# Business model canvas

A single reference model based on the similarities of a wide range of business model conceptualizations. With his business model design template, an enterprise can easily describe their business model.

Built on nine pillars:
1. Value Propositions
2. Customer Segments
3. Channels
4. Customer Relationships
5. Revenue Streams
6. Key Partners
7. Key Resources
8. Key Activities
9. Cost Structure

# Business model canvas



# BMC: Value proposition

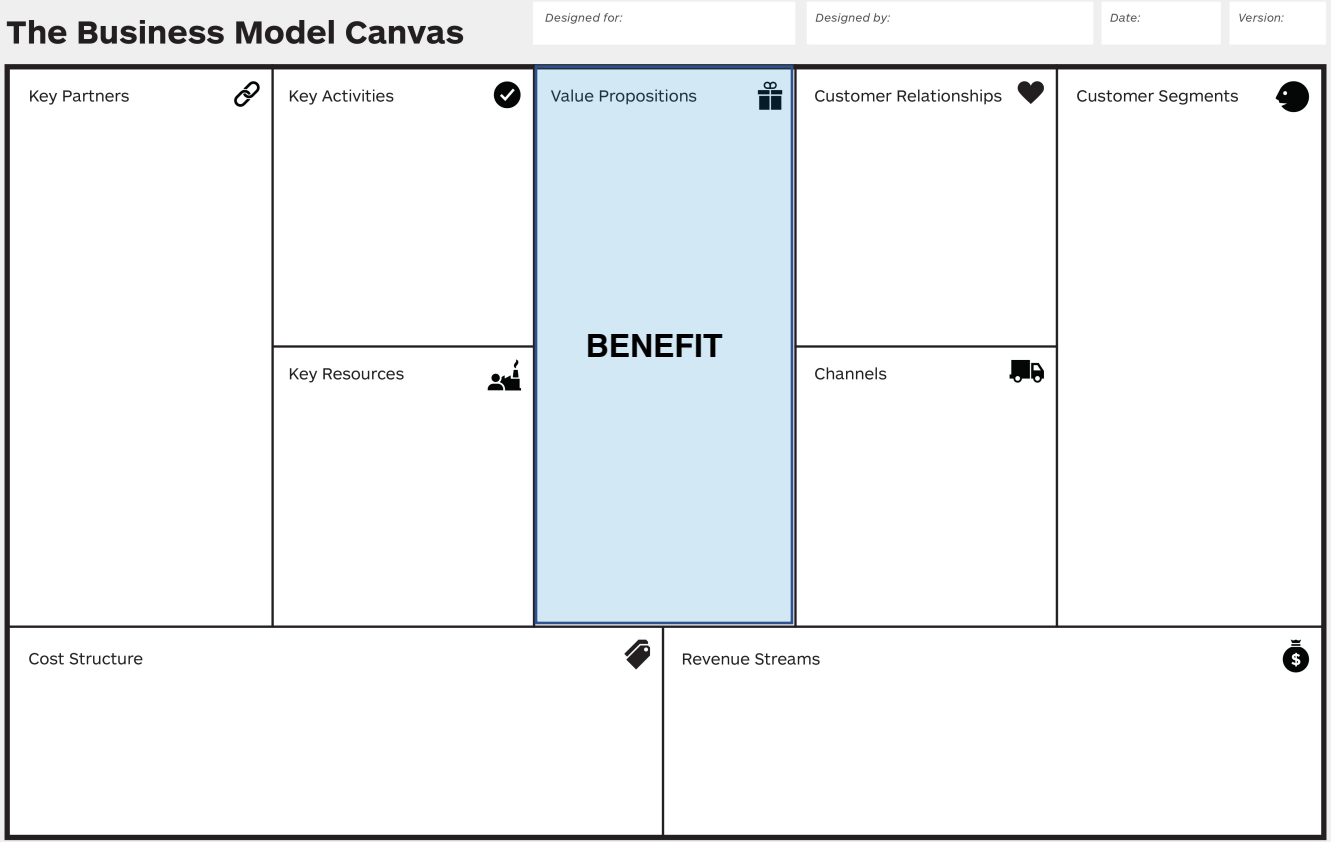
What is the client's problem, how frequent and painful it is for the client

How you alleviate the pain and what is the meaning that you make, what value do you create

How can it be measured, can you calculate ROI for your client

"Cheaper" is not a sufficient value proposition

Not to focus on product or service, no feature pitch



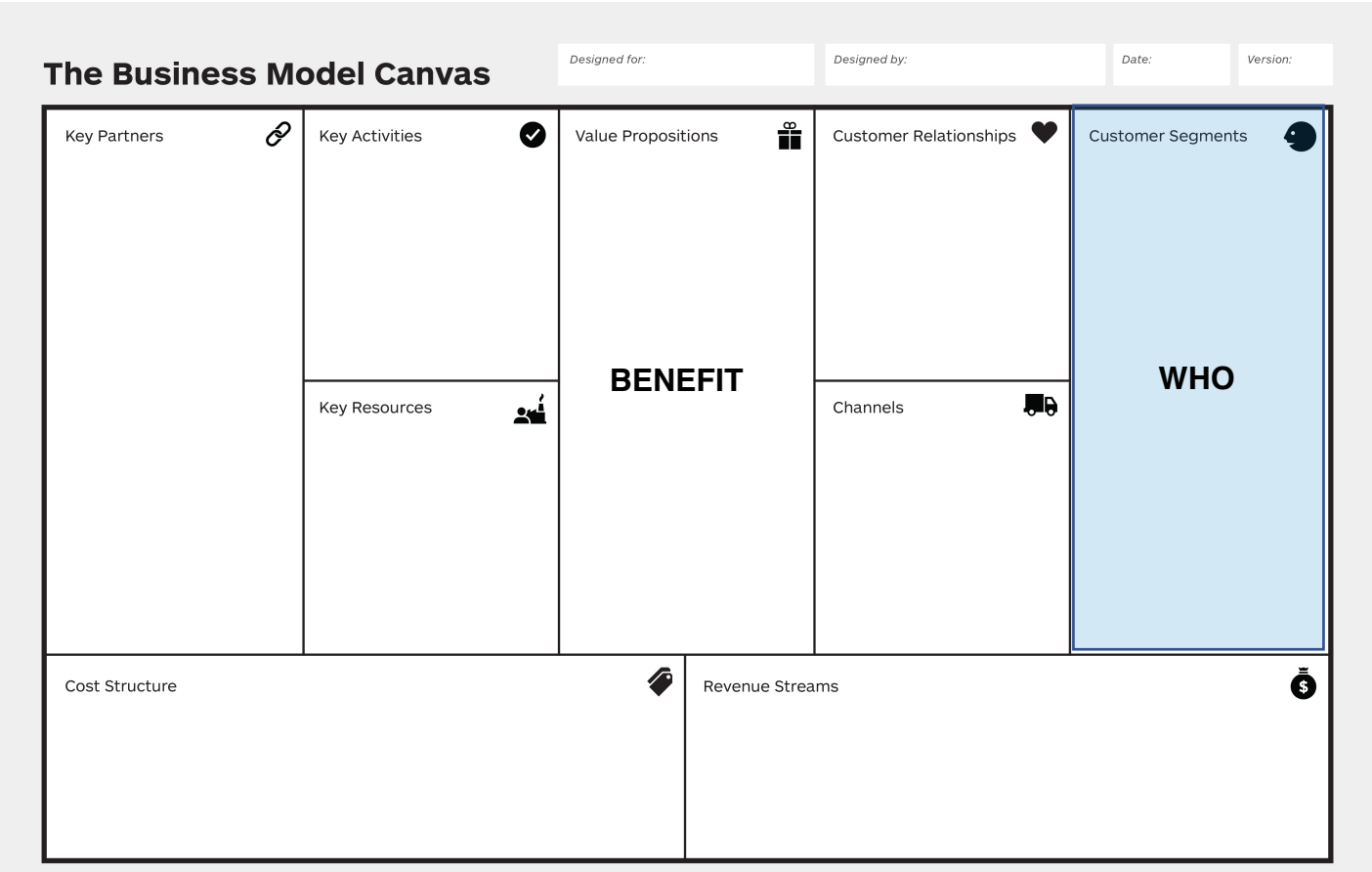
# BMC: Customer Segments

For whom are you creating value?

Who has the problem?

Who is willing to pay?

Provide attributes for customers, different profiles (size, vertical, geography, size, operations, etc)



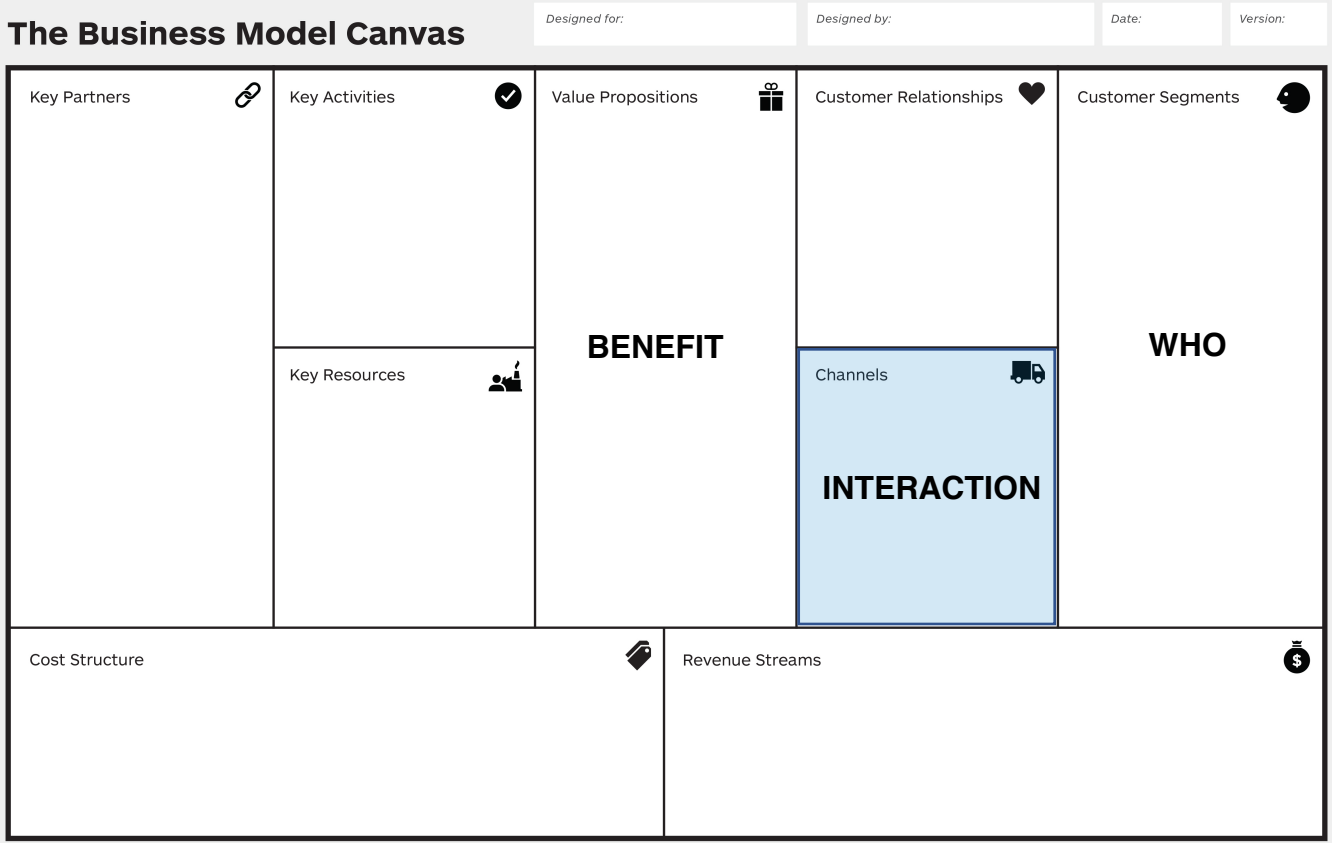
# BMC: Channels

How the customers will get to know about your value proposition? What are the touch-points?

Direct / indirect

Which channels work best, which are cost-efficient? How are you integrating with customer routines?

Map out value chain of the market with all stakeholders. Who can be your agents, distributors, etc?






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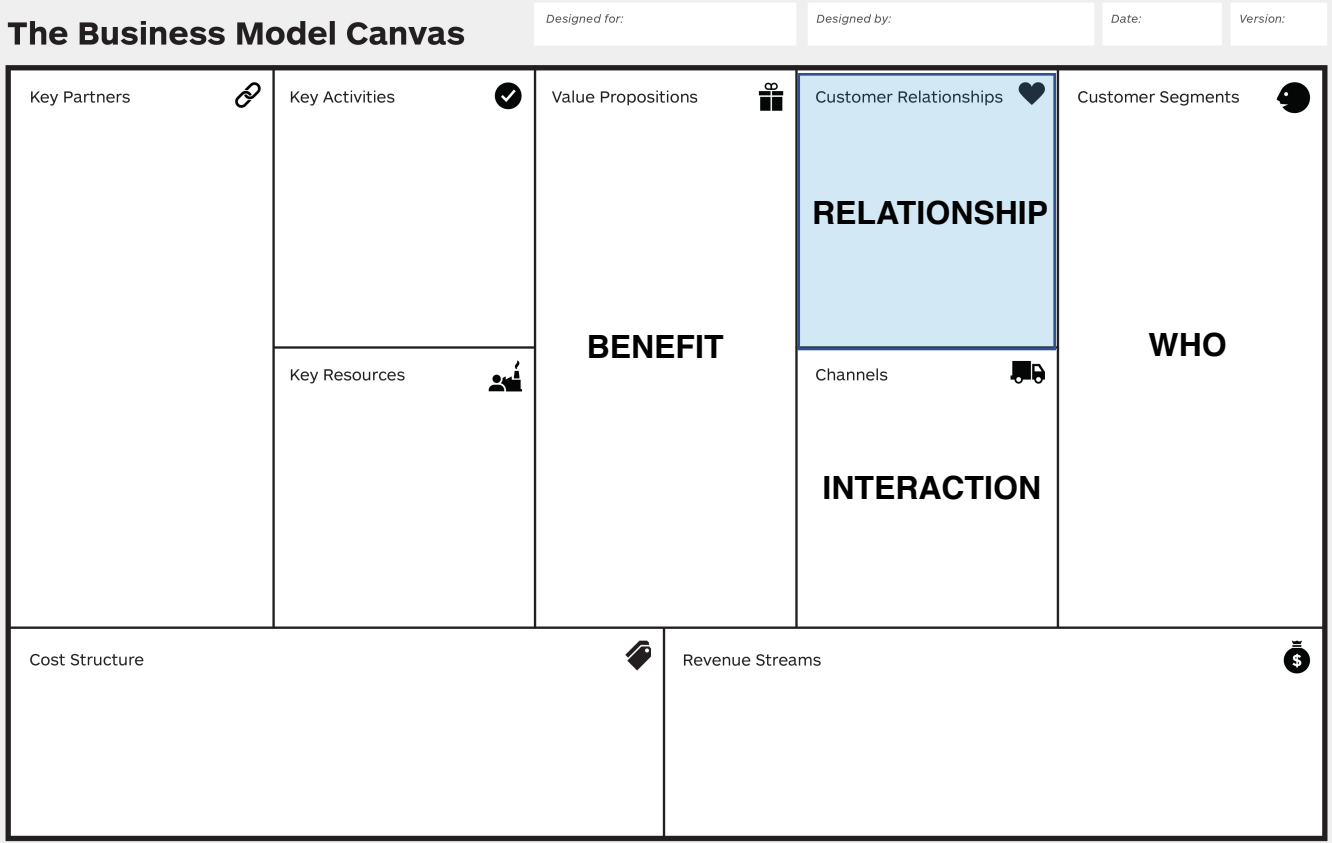
# BMC: Customer relationships

What kind of relationship does any customer segment expect us to establish?

Transactional / Long-Term / Personal assistance / Self-service / Automated Service / Communities / Co-creation / Switching costs

Relationships are established through Channels

Aim to acquire, retain or boost sales

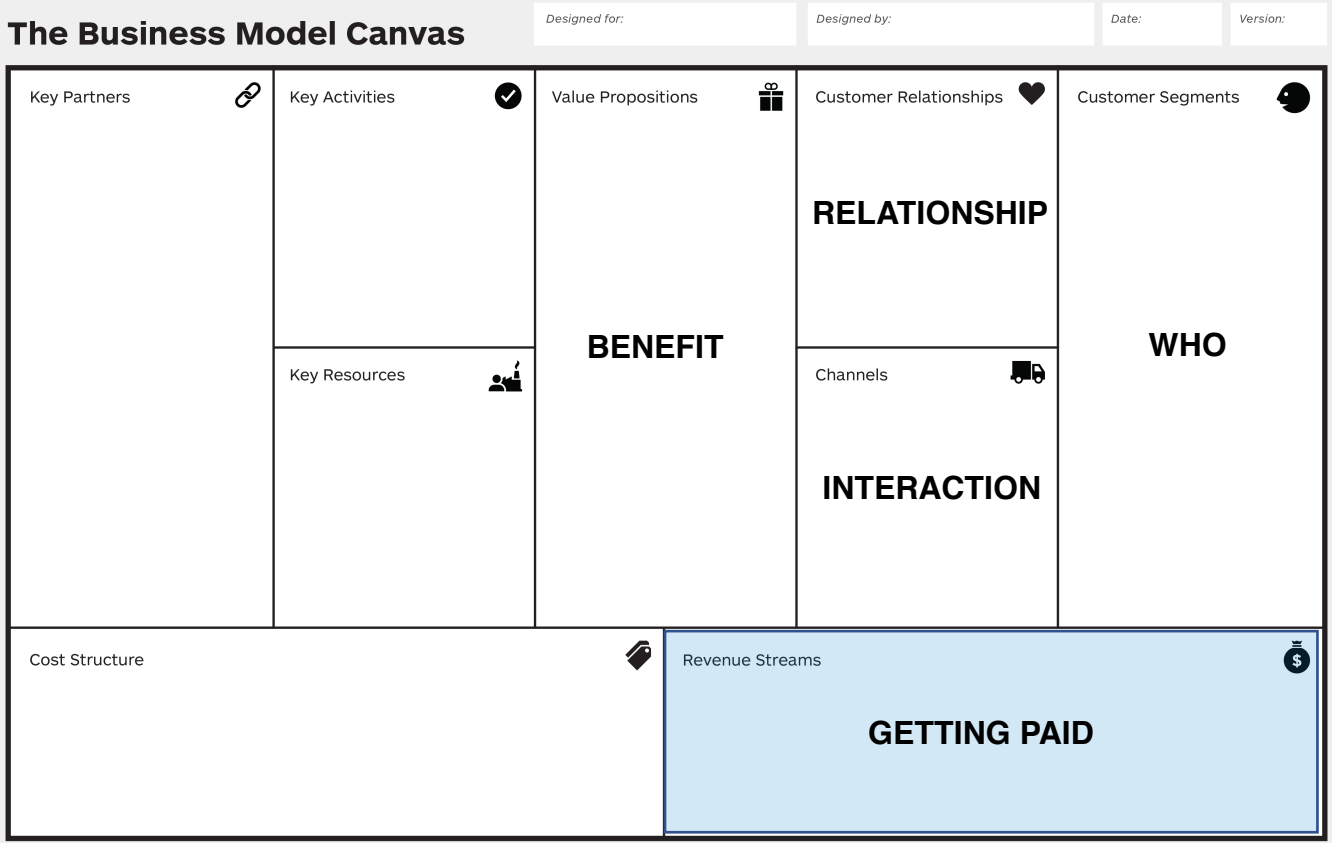


# BMC: Revenue streams

For what value customers are willing to pay? Potential for product packaging

Revenue streams, pricing mechanisms

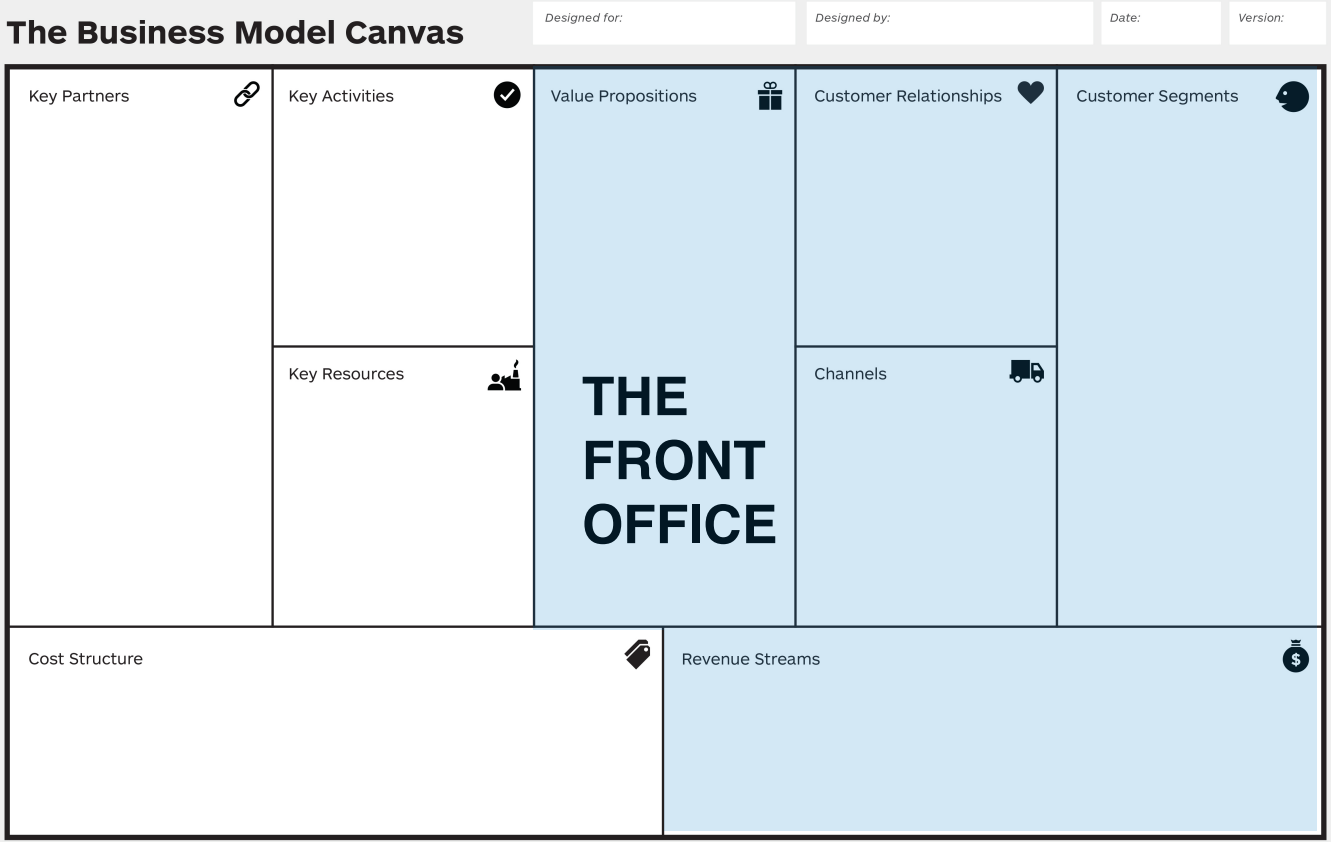
Asset sale / Usage fee / Subscription / Lending, Renting, Leasing / Licensing / Brokerage fees / Advertising





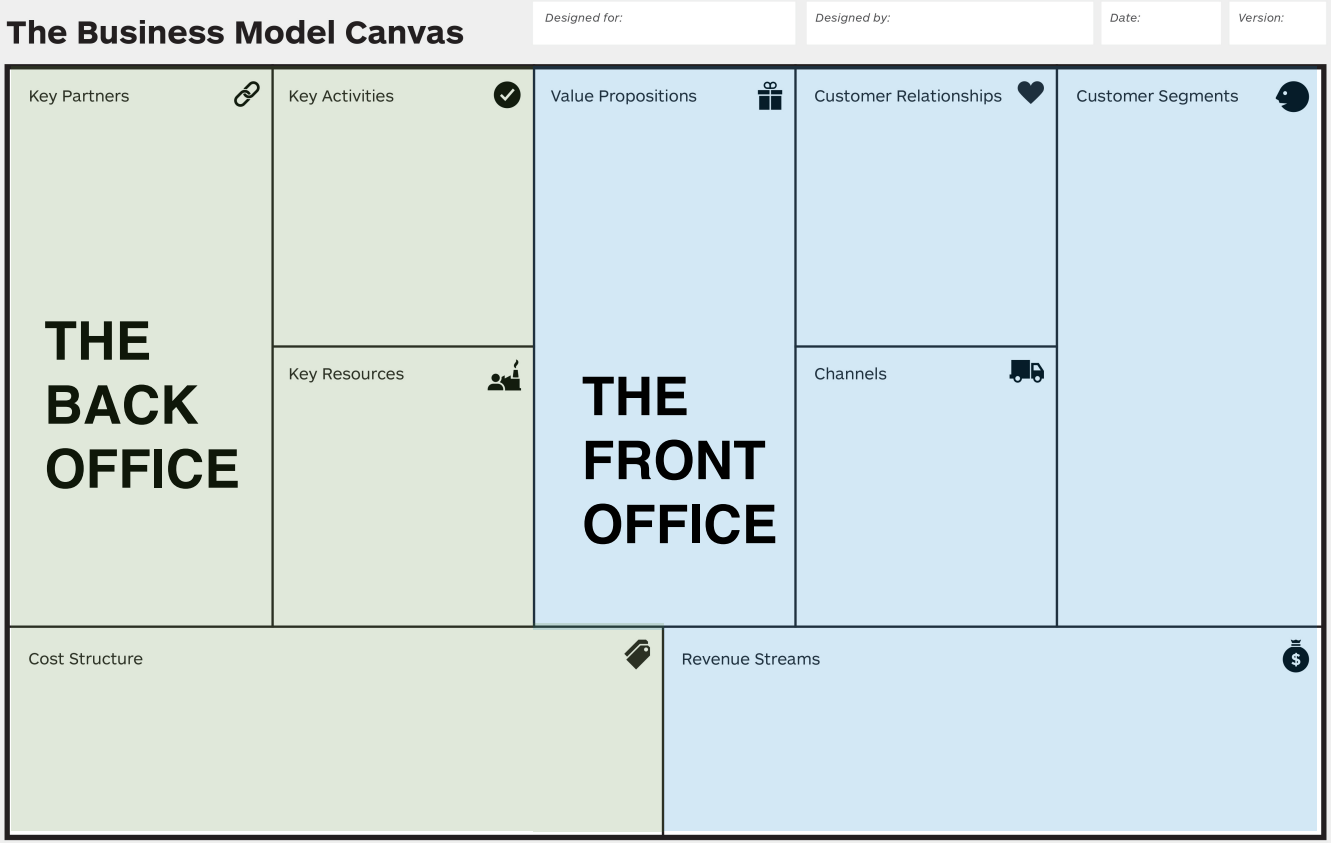

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# BMC: Front vs Back office




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# BMC: Front vs Back office

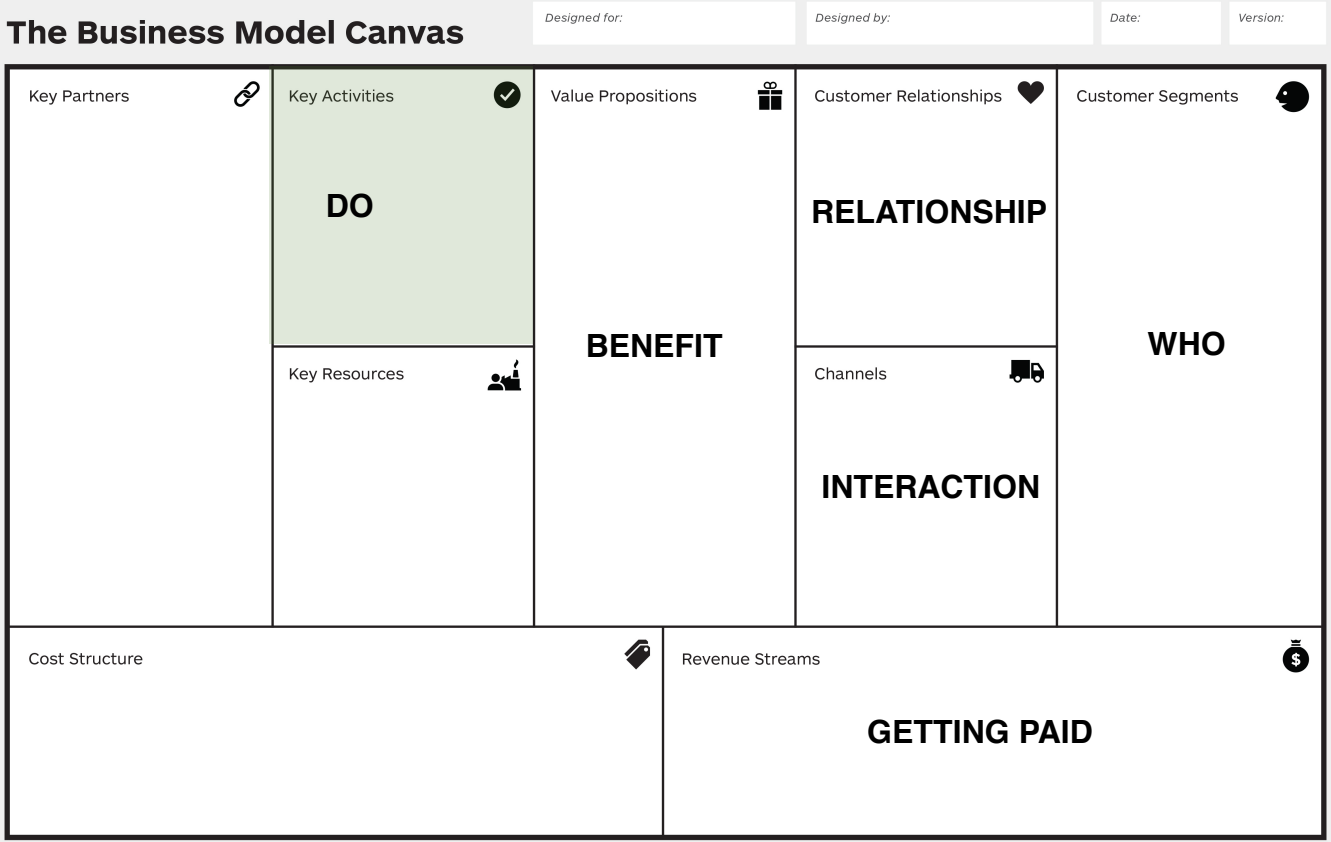



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# BMC: Key activities

What key activities required by our value proposition, distribution channels, customer relationships, revenue streams?

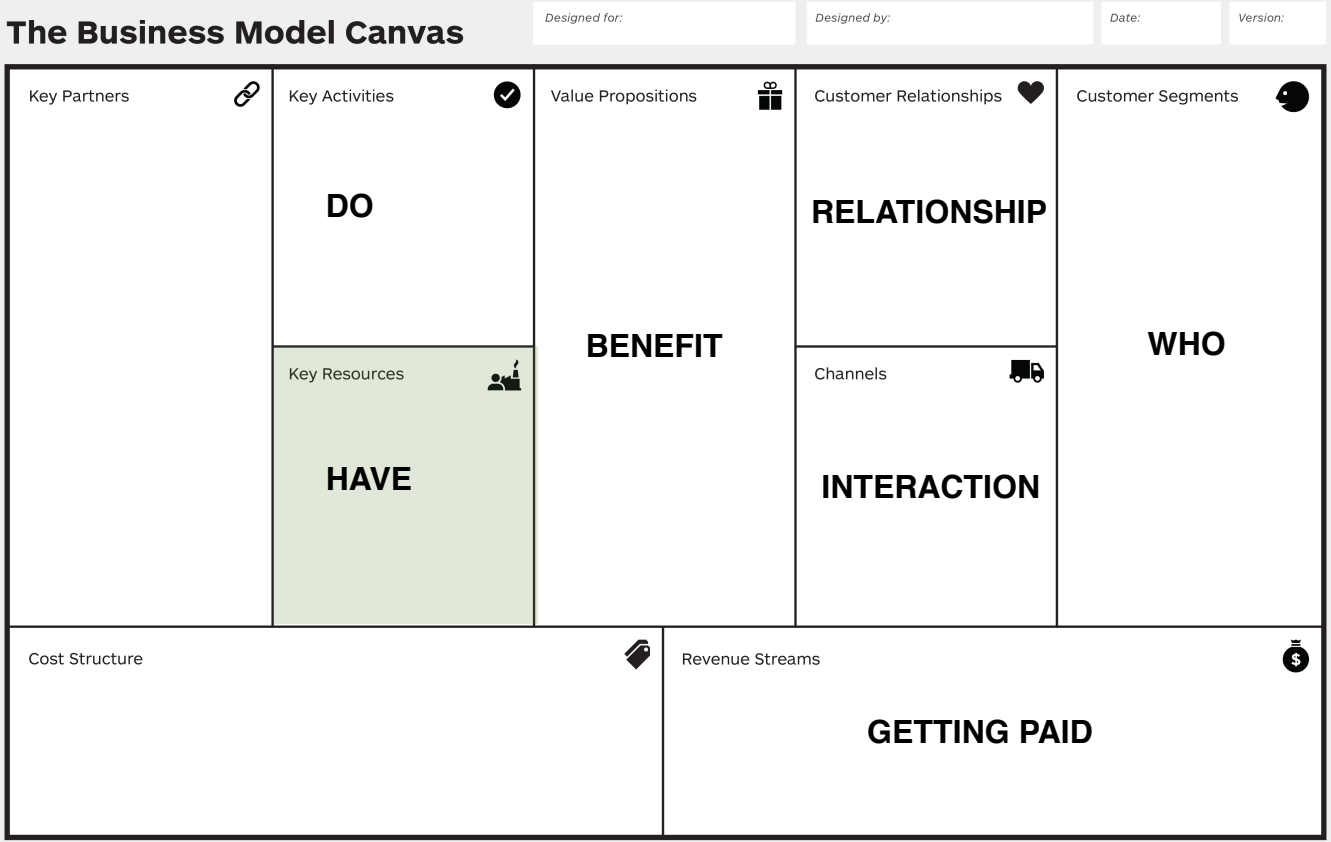
Production / Problem Solving / Platform or Network



# BMC: Key resources

What key resources required by our value proposition, distribution channels, customer relationships, revenue streams?

Physical /
IP /
Human /
Financial

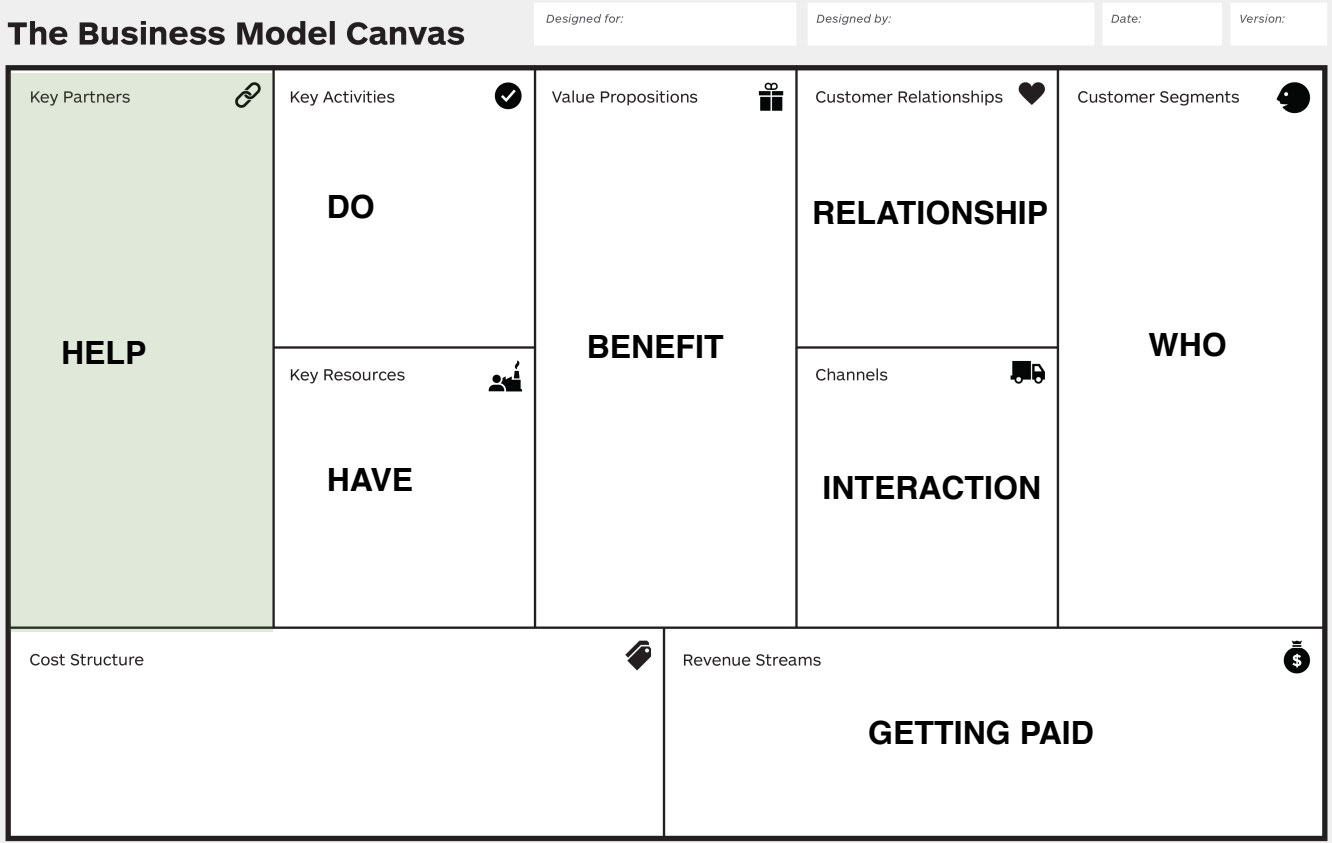


# BMC: Key partners

Network of suppliers and partners to make business model work

What key resources are we acquiring from suppliers, what key activities are partners performing for us?

Optimization and economies of scale / Reduction of risk and uncertainty / Acquisition of particular resource and activities



# BMC: Cost structure

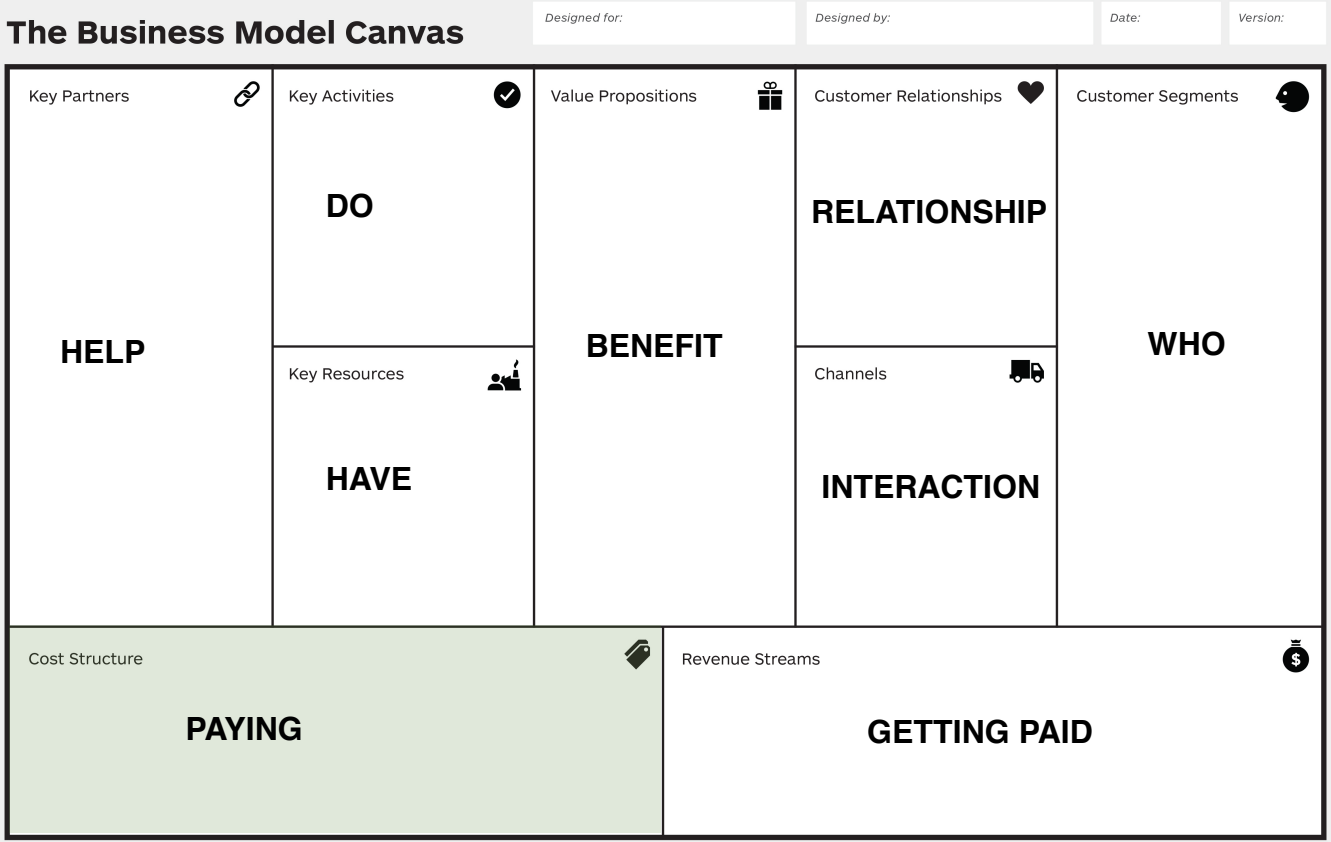
Most important inherent costs

What key resources are most expensive?

What key partners are most expensive?

Cost or value driven?

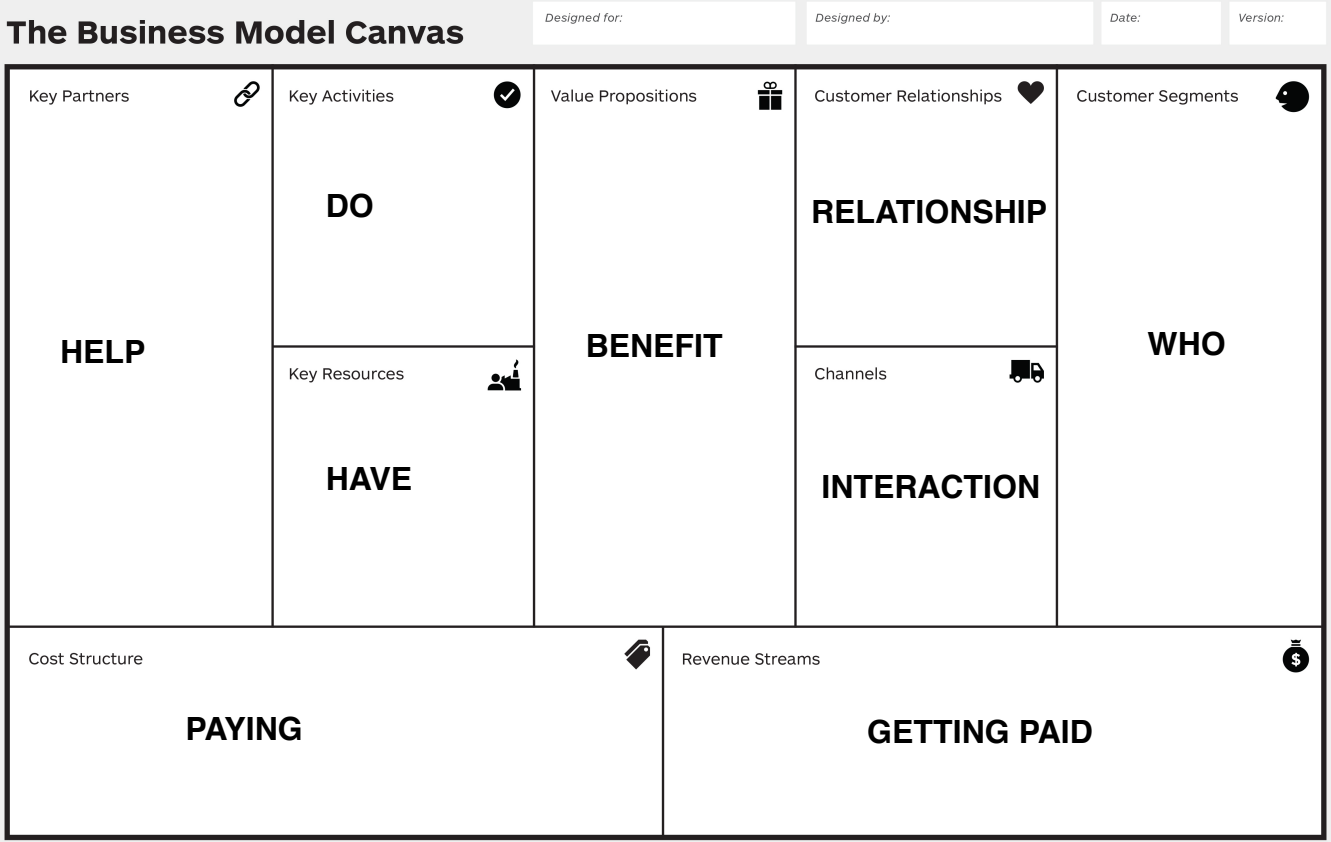
Economies of scale / Economies of scope / Fixed costs / Variable costs



# BMC: Closing remarks

Exercise and discussion between team members should be very detailed but end result should be high level

Iterate, search and validate before building



# Business model canvas

