



# Introduction to Business Model Canvas

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

# Business Model Concept

- ▶ Customers
- ▶ Offer
- ▶ Infrastructure
- ▶ Financial Viability

# Business Model Elements

- ▶ 9 building blocks
  - ▶ Customer Segments
  - ▶ Value Propositions
  - ▶ Channels
  - ▶ Customer Relationships
  - ▶ Revenue Streams
  - ▶ Key Resources
  - ▶ Key Activities
  - ▶ Key Partnerships
  - ▶ Cost Structure

# Customer Segments

# Customer Segment Criteria

- ▶ Their needs require and justify a distinct offer
- ▶ They are reached through different Distribution Channels
- ▶ They require different types of relationships
- ▶ They have substantially different profitability levels
- ▶ They are willing to pay for different aspects of the offer

# Customer Segment Types

- ▶ Mass market
- ▶ Niche market
- ▶ Segmented
- ▶ Multi-sided platform

# Value Propositions



# Value Proposition Contributors

- ▶ Newness
- ▶ Performance
- ▶ Customization
- ▶ Design
- ▶ Brand / Status
- ▶ Price
- ▶ Cost Reduction
- ▶ Risk Reduction
- ▶ Accessibility
- ▶ Usability

# Channels

# Channel Phases

- ▶ Raising awareness among customers about a company's products and services
- ▶ Helping customers evaluate a company's Value Proposition
- ▶ Allowing customers to purchase specific products and services
- ▶ Delivering a Value Proposition to customers
- ▶ Providing post-purchase customer support

# Channel Types

- ▶ Direct
  - ▶ Sales force
  - ▶ Web sales
- ▶ Indirect
  - ▶ Owns stores
  - ▶ Partner stores
  - ▶ Wholesaler

# Customer Relationships

# Customer Relationship Motivations

- ▶ Customer acquisition
- ▶ Customer retention
- ▶ Upselling

# Customer Relationship Categories



- ▶ Personal assistance
- ▶ Dedicated personal assistance
- ▶ Self-service
- ▶ Automated services
- ▶ Communities
- ▶ Co-creation

# Revenue Streams



# Revenue Stream Sources



- ▶ One-time customer payments
- ▶ Recurring customer payments
- ▶ Post-purchase customer support

# Revenue Stream Types

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

# Key Resources

# Key Resource Categories

- ▶ Physical
- ▶ Intellectual
- ▶ Human
- ▶ Financial

# Key Activities

# Key Activity Categories

- ▶ Production
- ▶ Problem solving
- ▶ Platform network



# Key Partnerships

# Partnership Motivations

- ▶ Strategic alliances between non-competitors
- ▶ Coopetition: strategic partnerships between competitors
- ▶ Joint ventures to develop new businesses
- ▶ Buyer-supplier relationships to assure reliable supplies



# Partnership Targets

- ▶ Optimization and economy of scale
- ▶ Reduction of risk and uncertainty
- ▶ Acquisition of particular resources and activities



# Cost Structure

# Business Model Classes by Cost

- ▶ Cost-driven
- ▶ Value-driven

# Cost Structure Characteristics

- ▶ Fixed costs
- ▶ Variable costs
- ▶ Economies of scale
- ▶ Economies of scope

*Key  
Partners*



*Key  
Activities*



*Value  
Proposition*



*Customer  
Relationships*



*Customer  
Segments*



*Key  
Resources*



*Channels*



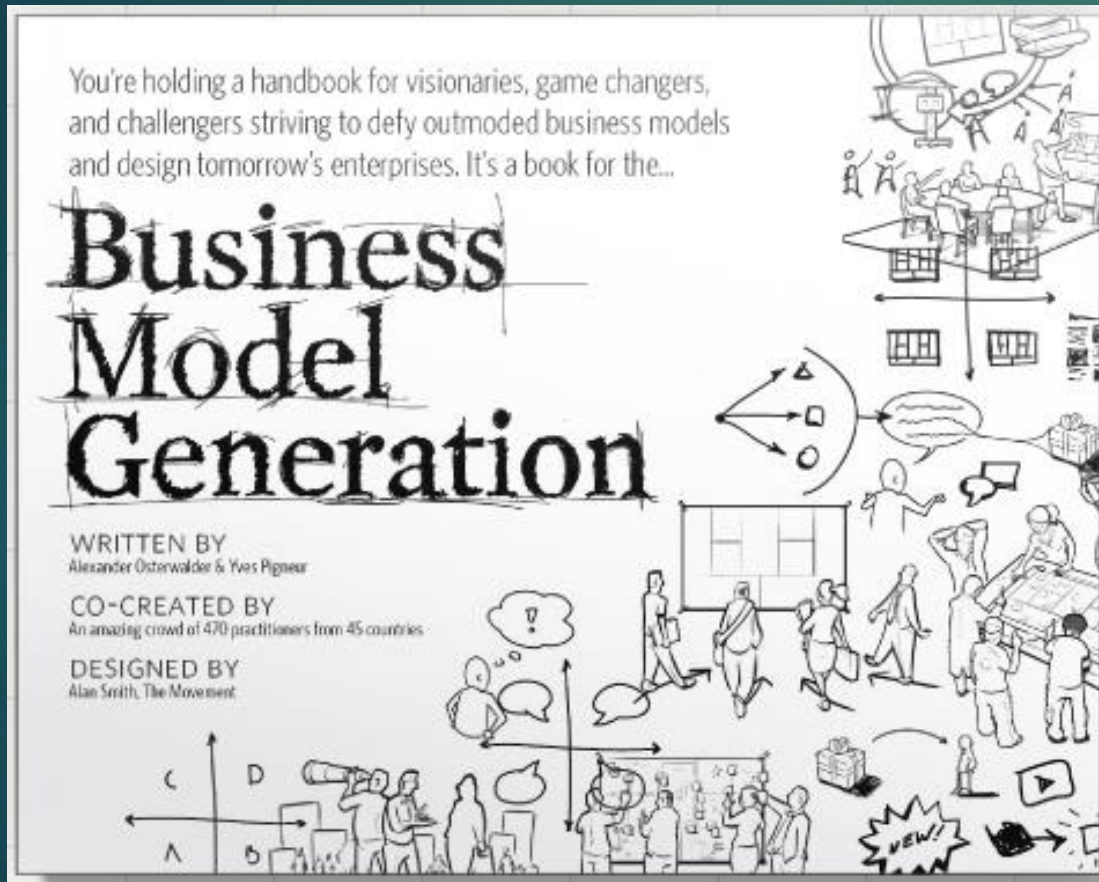
*Cost  
Structure*



*Revenue  
Streams*



# Further Reading



## Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers

By Alexander Osterwalder

July 13, 2010

From \$21,49 @ Amazon

# Useful Links

- ▶ <https://strategyzer.com>
- ▶ <http://steveblank.com/2014/10/24/17577/>
- ▶ <https://hbr.org/2013/05/a-better-way-to-think-about-yo/>