Business Model Canvas

A tool for thinkers
Define “Business Model”

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

○ The CANVAS is a sheet of large paper divided into 9 blocks.

○ The CANVAS is a tool for describing, analyzing, and designing business models.
The CANVAS

- Describes a business model through 9 basic “building blocks” that show the logic of how a company intends to make money.

- The 9 blocks cover four main areas of a business:
  1. Customers
  2. Offer
  3. Infrastructure
  4. Financial viability
Who uses the CANVAS?

People with an idea, a business, or organizations
Customer Segments

The different groups of people a company or an organization AIMS to reach and serve.

- Multi-sided platforms - serve two or more interdependent customer segments
- Mass-focus on one group
- Niche-specific
- Segmented-specific, but certain customer needs differ
- Diversified-serves unrelated markets with diversified products
Value Propositions

- Solves a customer problem, or satisfies a customer need.
- The value proposition is why customers turn to one company, or another.
- Newness - new set of needs customers did not perceive because no one is offering the new service or product.
- Performance - Improvement of a product or service.
- Customization - tailoring to specific needs.
Channels

How a company or organization communicates with and reaches its customer segments to deliver the value proposition.

Through which channels do our customer segments want to be reached? How are we reaching them now? Which ones work best? Are the most cost efficient? How are our channels integrated?
5 Channel Phases

Awareness  ❄️ Sales force
Evaluation  ❄️ Web sales
Purchase    ❄️ Own stores
Delivery    ❄️ Partner stores
After Sales ❄️ Wholesaler
Customer Relationships

- The types of relationships a company or organization wants to establish with each customer segment.

- Relationships can be automated or personal.

- Personal assistance
- Dedicated personal assistance
- Self-service
- Automated services
- Communities
- Co-creation
Reven"ue Streams

0 Cash a company or organization generates from each customer segment.

0 What are customers willing to pay?

0 Asset sale-sale of products
0 Usage fee
0 Subscription fees
0 Lending/renting/leasing
0 Licensing
0 Broker fees
0 Advertising
Key Resources

- Describes the most important assets required to make a business model work.
- Physical
- Intellectual
- Human
- Financial
Key Activities

- Describes the most important things a company or organization must DO to make its business model work.
- Production
- Problem solving
- Platform/Network
Key Partnerships

- Describes the network of suppliers and partners that make the business model work.
- Strategic alliances with non-competitors
- Coop-etition with competitors
- Joint ventures to develop a new business
- Buyer/supplier relationships to assure reliable supplies
Describes all costs incurred to operate a business model.

- Cost driven
- Value driven
- Fixed costs
- Variable costs
- Economies of scale
- Economies of scope
Skype’s Biz Model Canvas

KP
Payment Providers
Distribution Partners
Telco Partners

KA
Software Development

VP
Free internet & video calls
Cheap calls to phones

CR
Mass Customized
Headset partnerships

CS
Web users
Globally

CH
Skype.com
People who want to call phones

C$
Software development
Complaint management

R$
FREE
Skypeout pre-paid
Or subscription
Hardware sales
Consider adding

Post it note in the middle that reads “Hardest problem(s) to solve” to make this plan work

Marketing plan block
Use Post It Notes

For navigating through the Canvas