

To the Reader:

I hope these notes will help you. If you have any suggestion, or you don't understand something, please let me know at georgiana.bud@students.unitn.it

IBICT Lecture 4

BUSINESS MODELLING

Accelerators, start-ups

WHAT IS A BUSINESS MODEL? (Fundamentals of Economics)

- start. answ.
- Target clients (B2C, B2B)
 - Competitors: advantages / disadvantages
 - Products, vision

Wikip: how an organisation creates, delivers and captures value from ideas

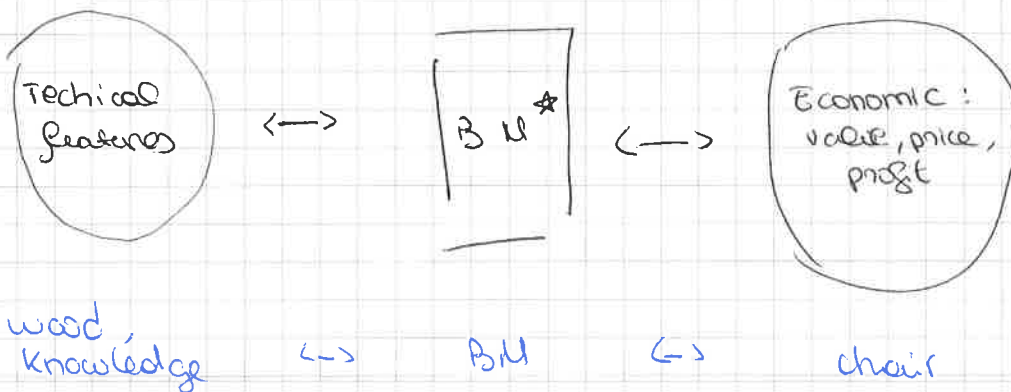
↓
maintain
e.g. w/ competitors

David J. Teece: b.m. articulates logic and provides data and evidence about how a business creates and delivers value

Keep selling (improve project)

How a company makes money ... but not only

aka Revenue Modelling



- * In B.M.:
- market
 - value proposition
 - value chain
 - cost & profit
 - value network
e.g. Amazon w/ logistics
 - competitive strategy

Why B.M. in accelerators of start-ups?

Because you have to prove to yourself and to your investors that your idea is valuable.

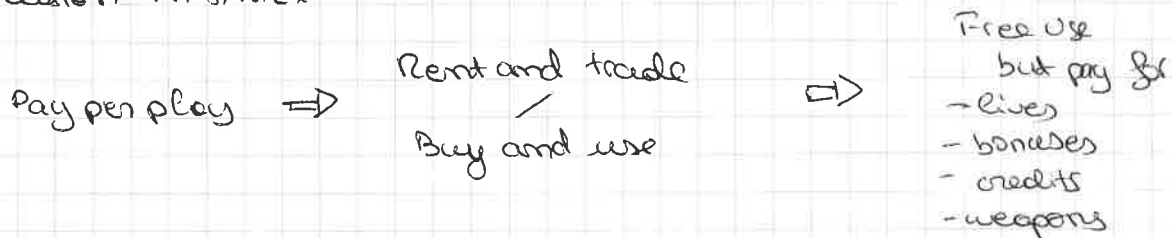
DIFFERENT B.M.

Games: 5 examples of B.M. of same market

Evolution in interaction w/ customers, depending on available tools

- 1) Move to get to the place where you play: videogames area
- 2) Freedom to move and play
- 3) PSP: at home, expensive → serious players
- 4) Wii: families
- 5) Simplify user interface w/ joystick

Evolution in time:



WHAT IS NECESSARY and SUFFICIENT CONDITION for BUSINESS:

Answer from students:

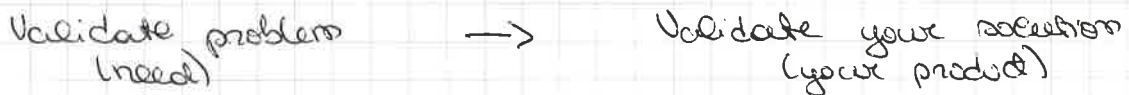
- profit
- customers **Paying customers**
- sustainable
- new idea or better idea: product
- flexibility
- organization / plan → objectives
- investors
- team

The first mistake of start-up is BUILDING SOMETHING NOBODY WANTS!

No Market Need

2 slides on reasons of failure: remember first 3/4 (Market need, cash, team, competition)

IMPORTANT:



XEROX Business Case

1950s: photocopiers were poor: mimeograph / dry thermal process

Then, xerography → higher quality, longer lasting

- ↳ Chester Carlson, 1937 patent
- ↳ bought by Haloid Corp, 1950 first Xerox machines

The big companies did not think Xerox had a future

6 times more expensive but cost per copy same as before

→ They identified high volume users
↳ e.g. big companies

→ lease machines + give included copies in price ⇒ resulted in 2000 copies per day

⇓
GOOD BUSINESS MODEL

Also nowadays: ~~no~~ Nespresso; Netflix / Pay per view / cloud services

Find UNMET NEED and build your business around it
 ↳ of people, business, organisation

Xerox invented
 GUI, mouse
 ...

Types of Business Model

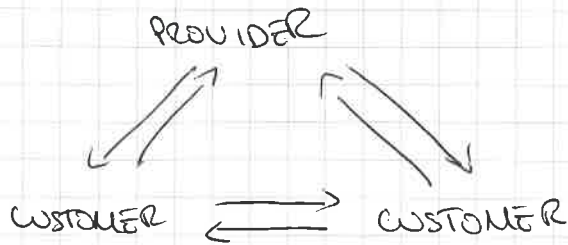
↳ B2B, C2B, B2C, ...

Who is your customer? ≠ Users
 ↳ depends on interaction model

INTERACTION MODEL

- Provider → user } e.g. Library service
- Provider
 ↓ ↕
 User customer } Customers are marketing services
 for example in Google and FB:
 → FB/Google sell analytics data
 Users are the ones using the service (US)
- Provider
 ↓ ↕
 Customer } B2C
 e.g. Transport : buy a ticket to get a service
- Provider
 ↓ ↕
 Customer / Provider } B2B: sell to legal persons
 e.g. Saint-Cobain, Salesforce
 ↳ for sales representatives
- Amazon / Ebay : users are physical persons, products come from other companies





Gos C2C (initially)
 e.g. Airbnb: physical persons
 renting a room for
 other persons

BM tools

BM Canvas

Very used in startups, developed by phd student in Vienna

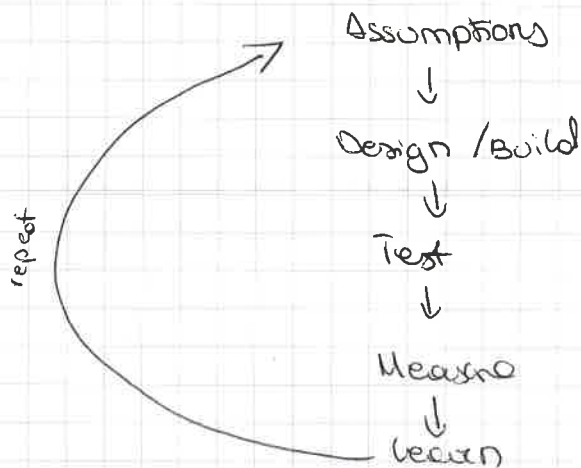
Video BM Canvas Explained

Subcanvas: Value Proposition Canvas

- ↳ Value Proposition
- ↳ Customer Segment

Learn Validation

Do customers have the problems that you think they have?



use Javelin Board

Waterfall vs Learn / Agile

↓
 complex products
 (e.g. cars)

↳ digital: lightweight, prototypes

BM Innovation

iTunes → Apple convinced music makers → ✓ intellectual prop. rights

Nespresso → inexpensive machine, expensive coffee

Gillet → for change in lame

P&G → collect idea from customers

Rolls Royce → engines for jet airplanes → rented in # flying hours
↓
working & maintenance

Indian Hospitals → surgery x2 : you pay the surgery to a poor person

TOUGHEST COMPETITOR : the status quo :

Customers want to do something they are used to do