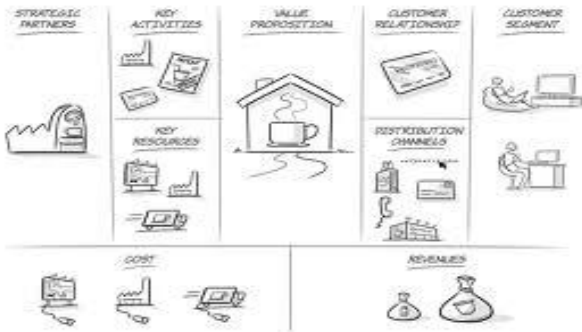




**TAL
TECH**





BUSINESS MODEL DEVELOPMENT



Sirje Ustav, PhD
Senior Lecturer

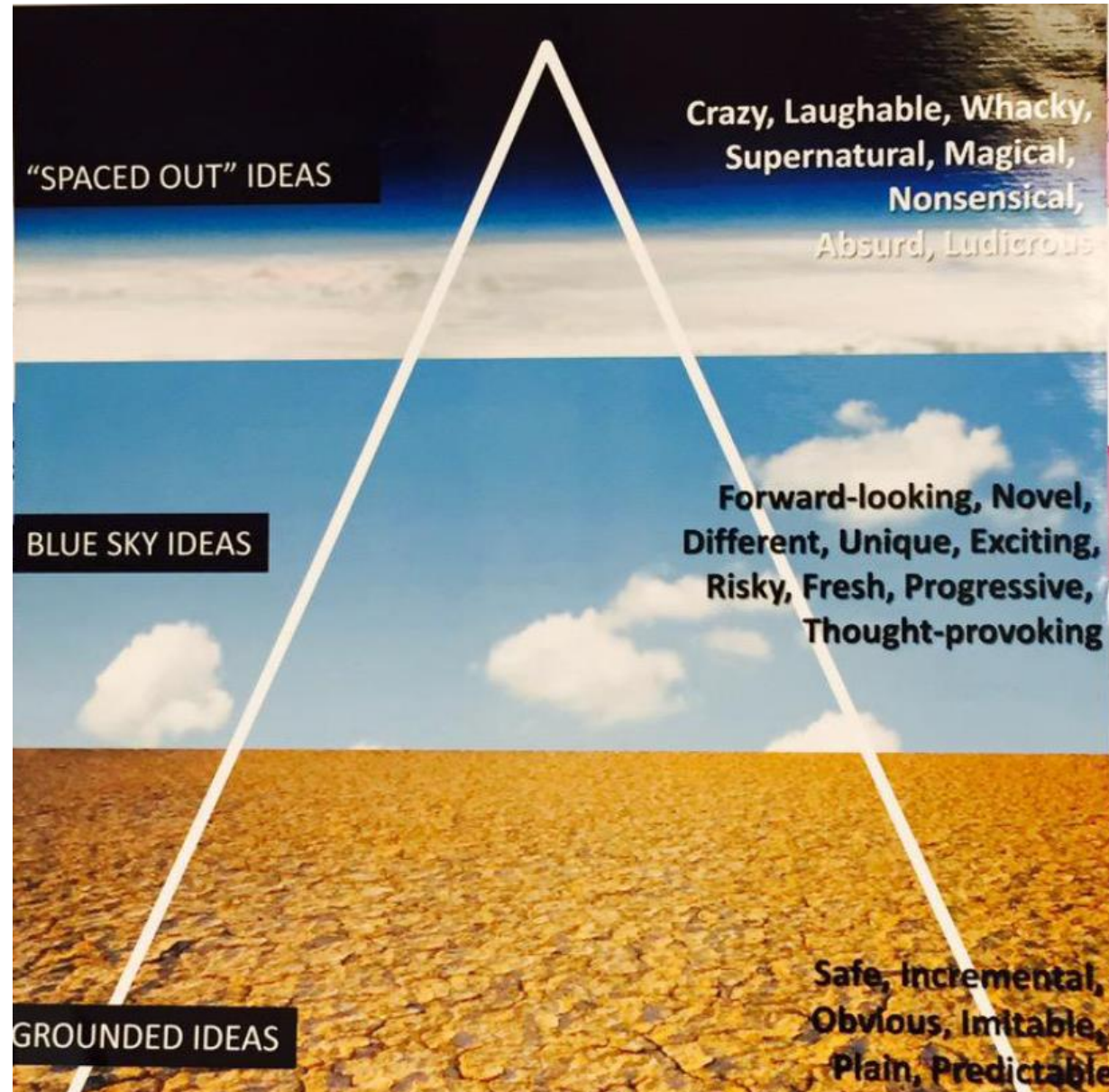
BACKGROUND – ENTREPRENEURIAL ECOSYSTEM

„Entrepreneurship is complex and chaotic where there is no notion of linearity “
(Neck & Green, 2011)

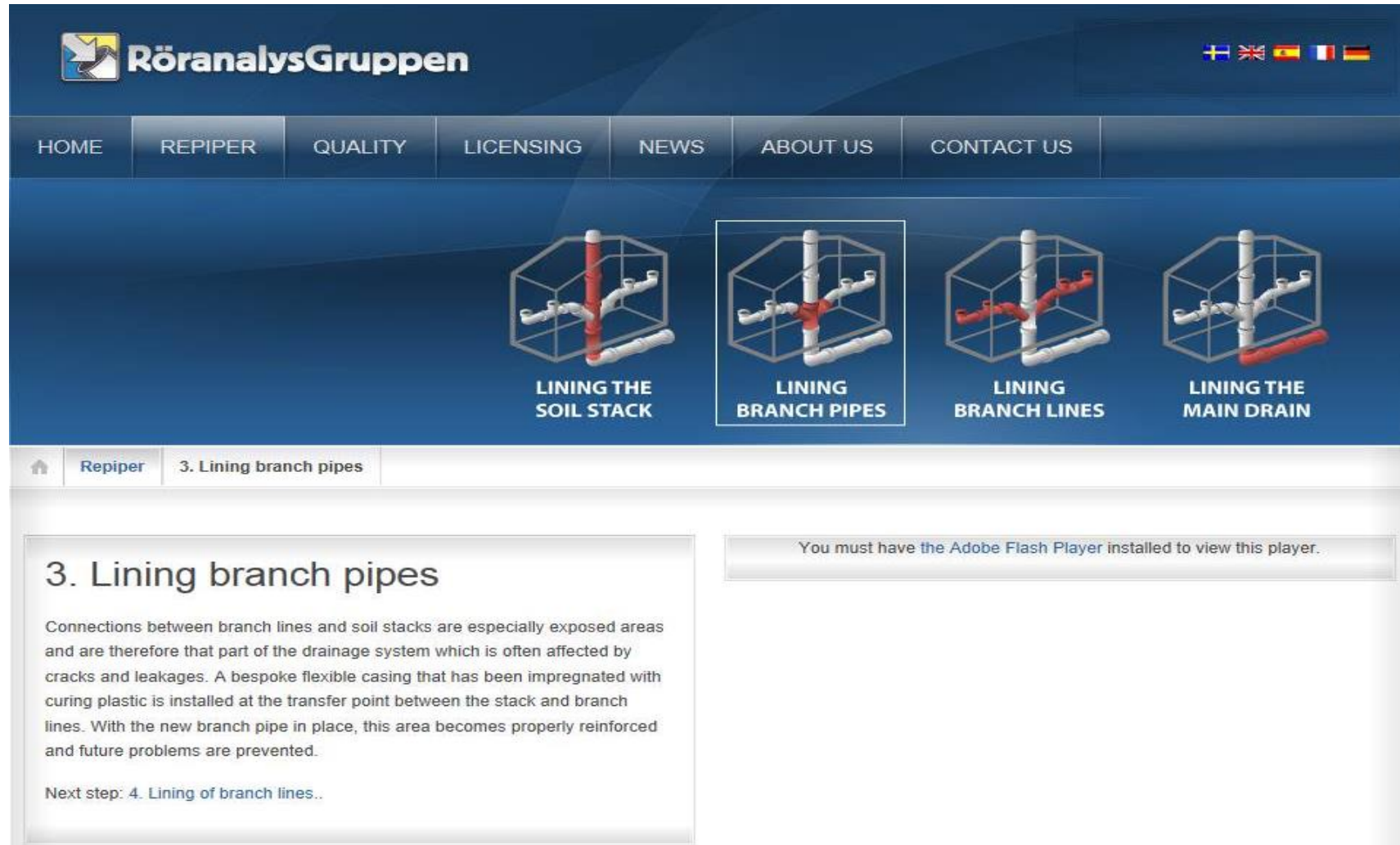
			Corporate level	Personal level
V		Volatility	Agility	Personal initiative
U		Uncertainty	Information	Opportunity recognition
C		Complexity	Restructuring	Sustainable thinking
A		Ambiguity	Experimentation	Creativity

CREATIVITY

& idea development



Example: RÖRANALYSGRUPPEN



RöranalysGruppen

HOME REPIPER QUALITY LICENSING NEWS ABOUT US CONTACT US

LINING THE SOIL STACK LINING BRANCH PIPES LINING BRANCH LINES LINING THE MAIN DRAIN

Reper 3. Lining branch pipes

3. Lining branch pipes

Connections between branch lines and soil stacks are especially exposed areas and are therefore that part of the drainage system which is often affected by cracks and leakages. A bespoke flexible casing that has been impregnated with curing plastic is installed at the transfer point between the stack and branch lines. With the new branch pipe in place, this area becomes properly reinforced and future problems are prevented.

Next step: 4. Lining of branch lines..

You must have the Adobe Flash Player installed to view this player.

Example: Laerdal



Asmund S. Laerdal
Founder

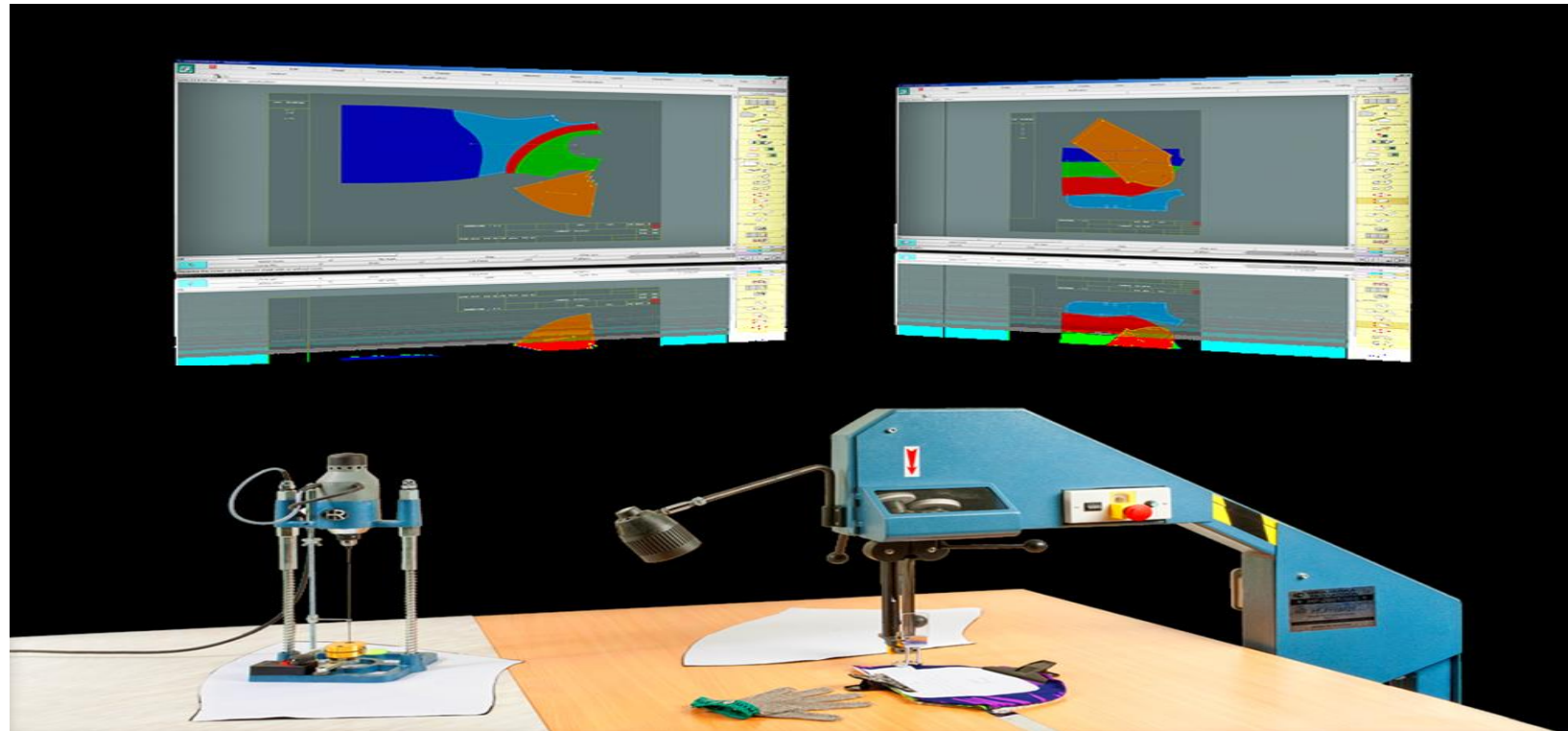


Tore Laerdal
succeeded his father
in 1981

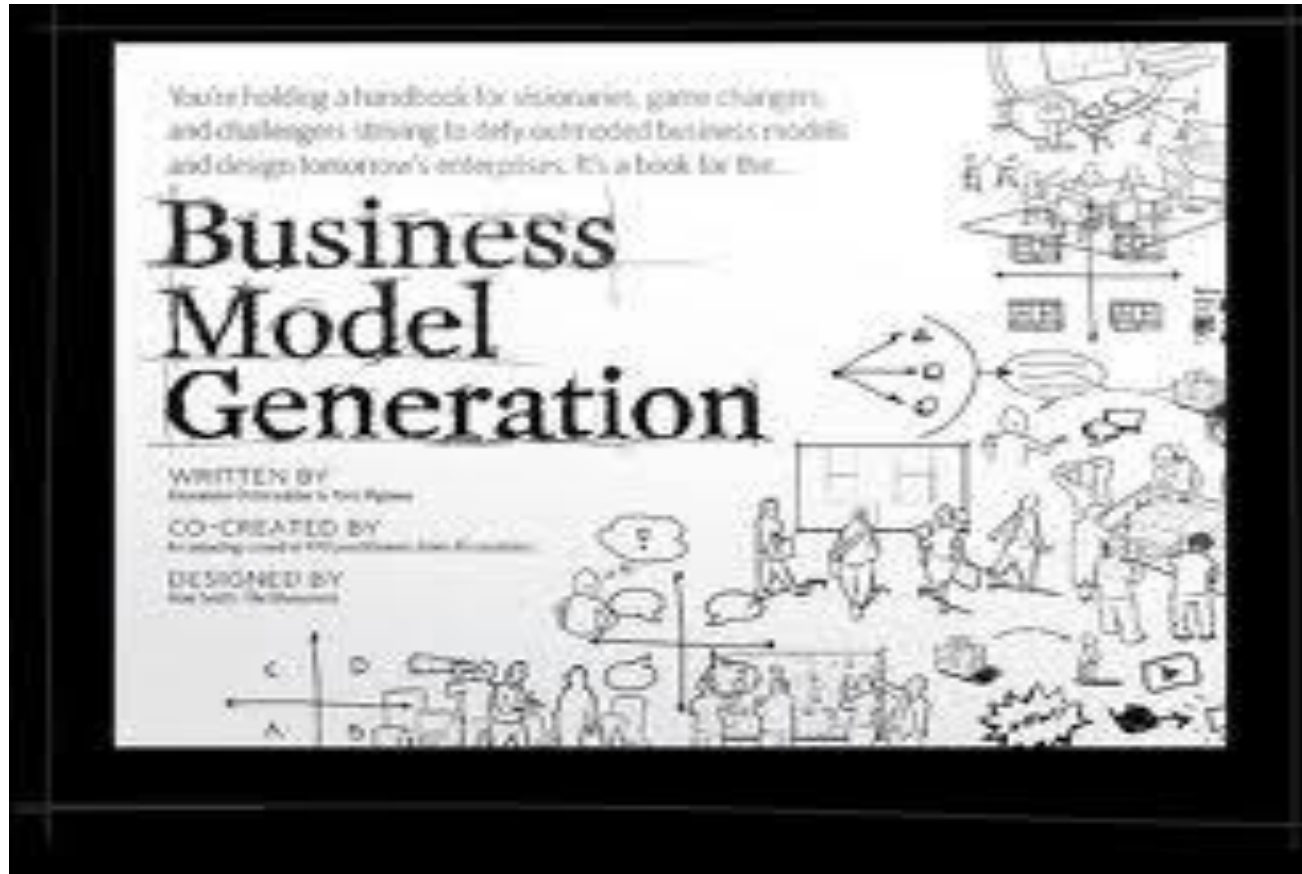


Now Available on SimStore!
Nursing Obstetric Scenarios for SimMom™ >

Example: Baltic Intertex



BUSINESS MODEL CANVAS CONTEMPORARY CONCEPT

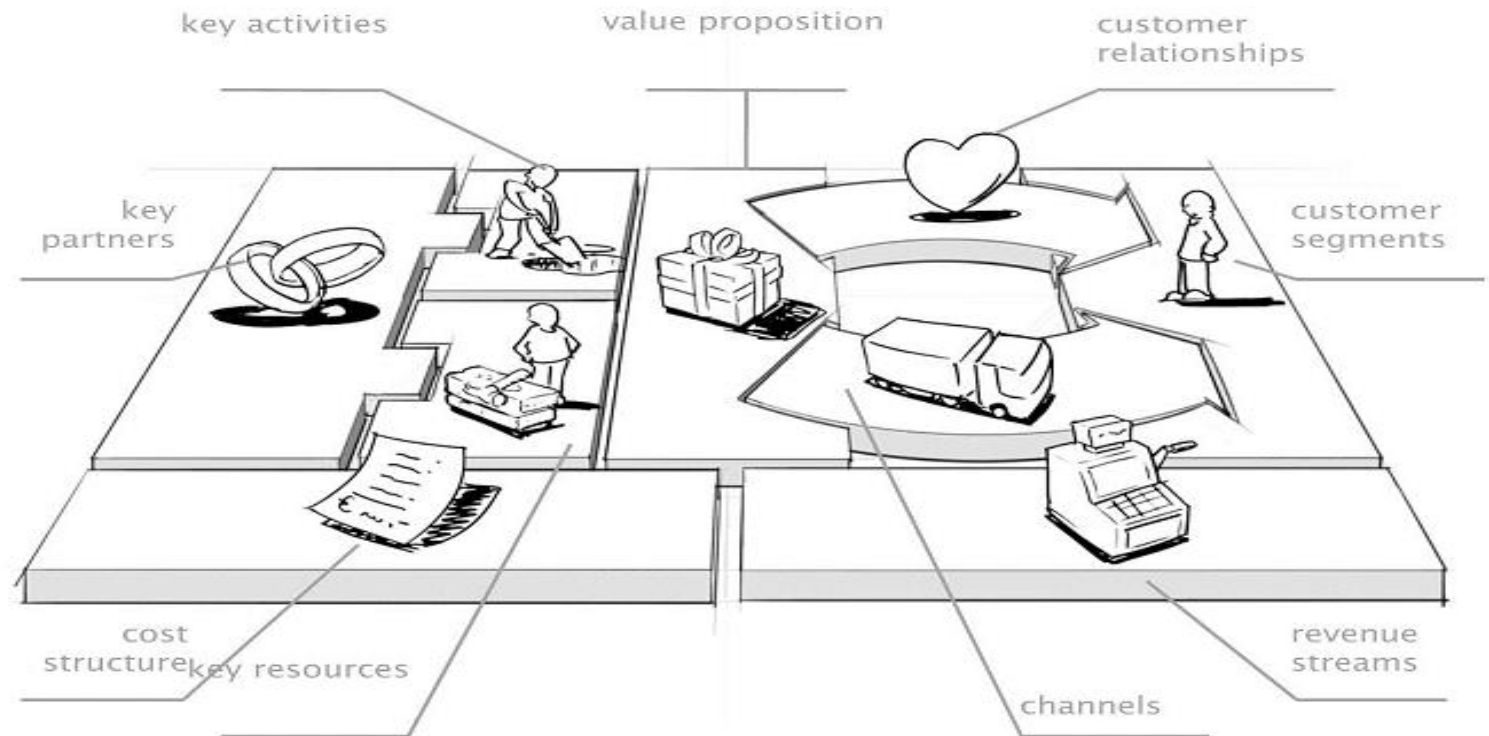


By: Alexander Osterwalder
(2005)

BUSINESS MODEL DEFINITION

Describes connections,
how organisation
creates, delivers and
achieves value

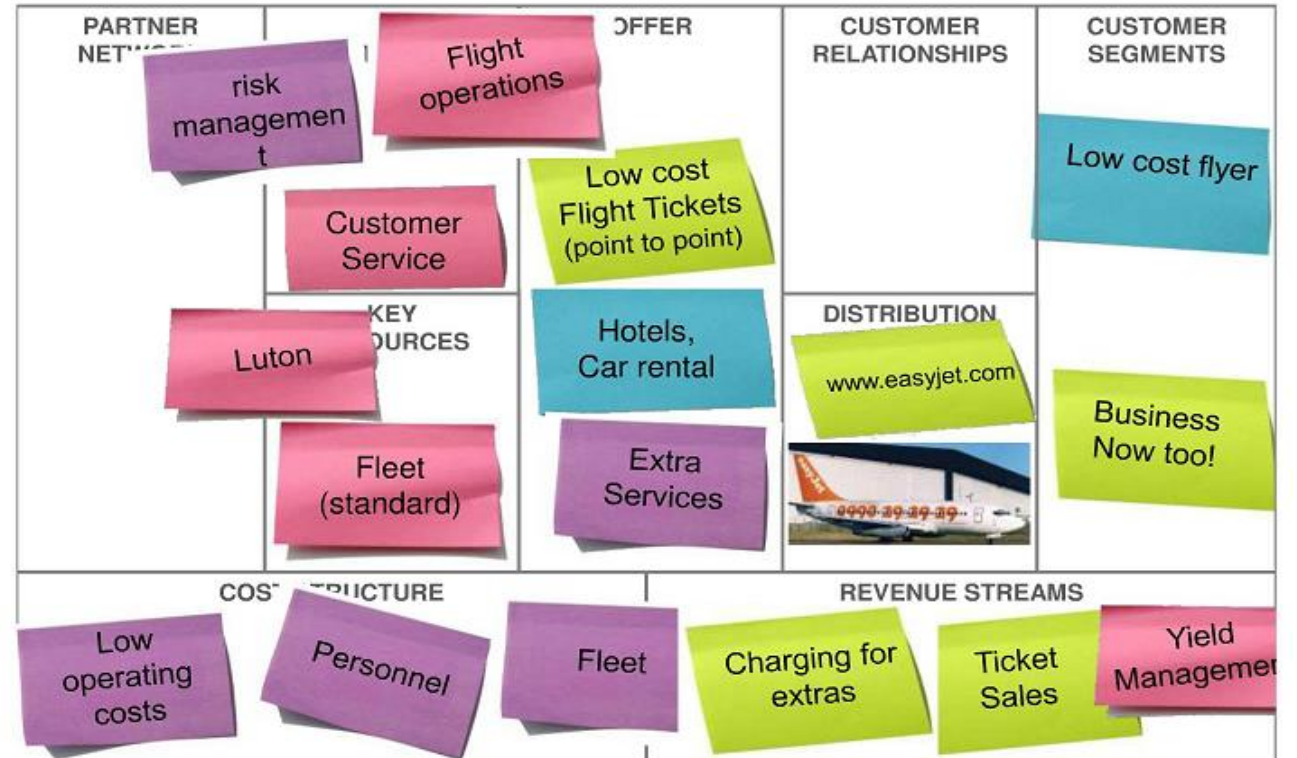
(A.Osterwalder)



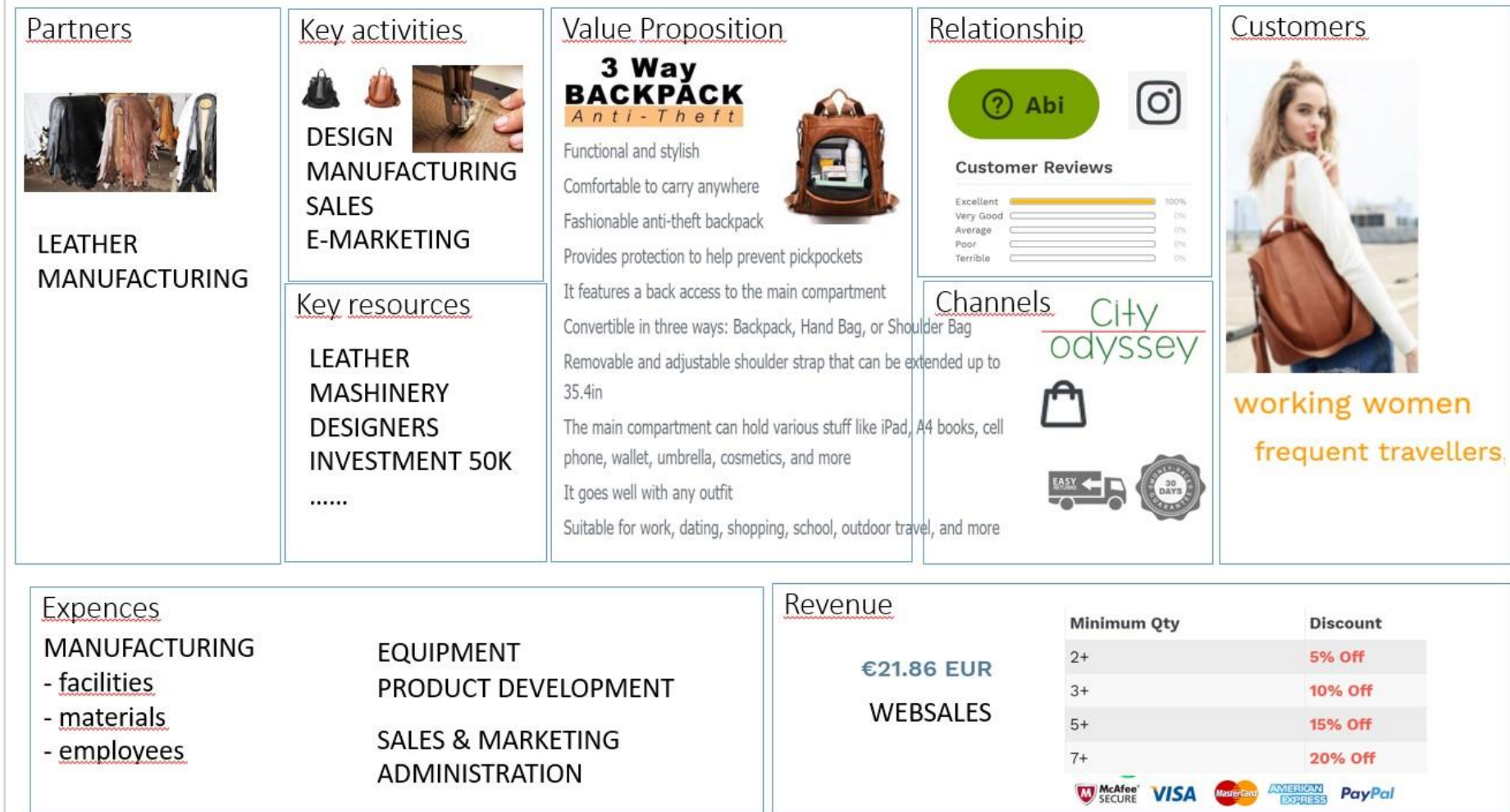
WORKING WITH THE CANVAS

- Do as many as possible (NB! Thinking patterns, filters, selectivity)
- At first stage no critics, no analysis
- Work in team
- Make it a habit

easyJet 's business model



MY EXAMPLE – USE VISUAL HELP



DIFFERENTIATION

1. Differentiate between customers and consumers

Customer pays for product, user needs it

2. Divide bigger segments into smaller

It is not possible to design, position and communicate a product to everyone

3. Try to sketch a businessmodel for each customer segment

**TAL
TECH**



Facility/Operations Manager Fred



Company information

- Industry: Distribution, Manufacturing, 3PL
- Yearly Revenue: \$20M
- Employees: 100

Goals and Challenges

- Success means: a raise and promotion
- Values most: Job security, family, recognition for success, church
- Biggest challenges: New systems, managing people, keeping all balls in air
- Biggest objections: Appearance, liability, suitability, not state of the art, look dumb

Personal Background

- Age: 45-55
- Married with 1 kid in College, 1 in HS
- Education: Undergraduate

Role: Facility or Operations Manager

- Job measured: space and operations efficiency, employee productivity
- Skills required: People management, analysis, industry knowledge
- Reports to: CEO or General Manager
- Manages: Operations staff

Shopping and Industry News Preferences

- Preferred communication: Email, phone
- Use internet for buying research: Much
- Gets updated industry news: Specific industry publication
- Industry publications: Trade magazines
- Industry associations: Industry trade groups
- Social networking sites: LinkedIn?

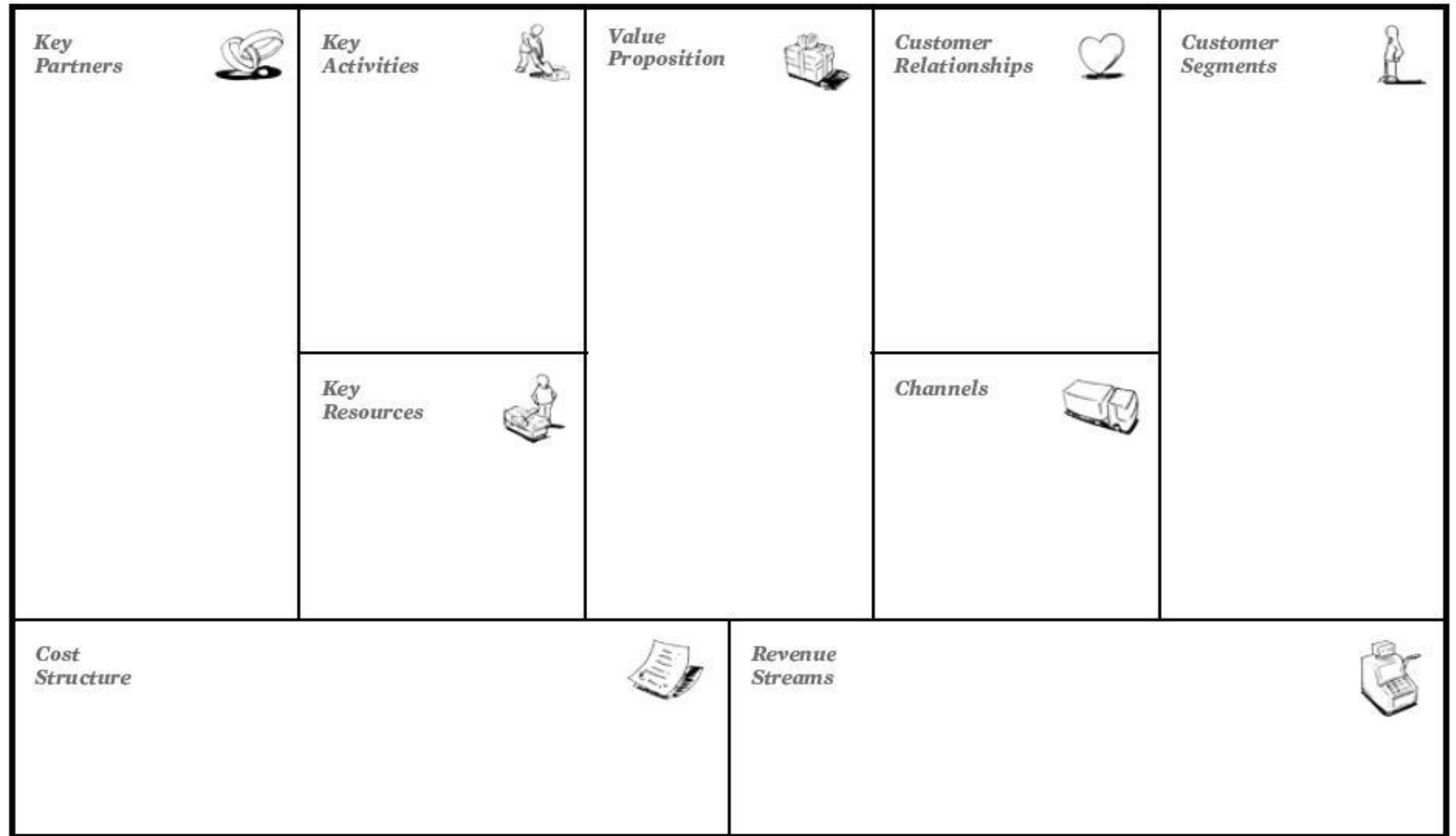
Geographic – region, size, density, climate

Demographic – age gender, income, occupation, education, ethnicity, religion, etc

Psychographic – activities, interests, opinions, attitudes, values

Behavioural – benefits sought, usage rate, brand loyalty, user status, readiness to buy, occasions

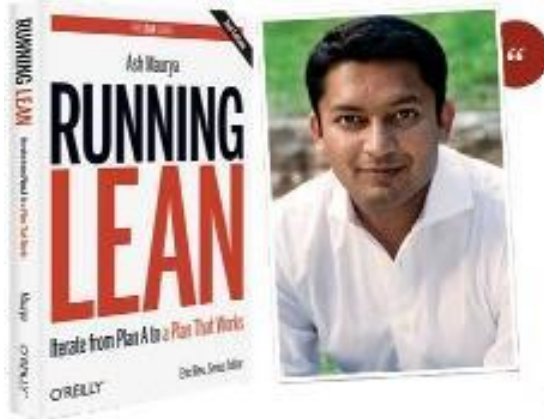
THE CANVAS



All canvas sections are in tight connection to each other – if you change something in one section, see what changes it might cause in others!

For more: www.businessmodelgeneration.com

LEAN CANVAS



A customer (problem) - centric approach

Write your canvas with a “getting things done” attitude. Based on your current stage and what you know right now, what are the next set of hypotheses you need to test to move your product forward?

LEAN CANVAS

Problem Top 3 problems 1	Solution Top 3 features 3	Unique Value Proposition Single, clear, compelling message that states why you are different and worth buying 2	Unfair Advantage Can't be easily copied or bought 7	Customer Segments Target customers 1
	Key Metrics Key activities you measure 6		Channels Path to customers 4	
Cost Structure Customer Acquisition Costs Distribution Costs Hosting People, etc. 5		Revenue Streams Revenue Model Life Time Value Revenue Gross Margin 5		

NOTE

The boxes on the Canvases are intentionally small because it forces you to be concise!
You may find it easier to free-form your answers first and then fill out the canvas.

The important thing is sharing it with at least one other person when you are done to be sure the idea can be understood right and quick.

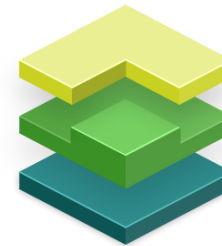
MAIN MISTAKES IN BUSINESS MODEL CANVAS

- immediate understanding of the idea hard to catch
- readability and overall logic is poor
- Overgeneralisation (mass market ...)
- abstract values (cheap, fast, best)
- using full sentences and stretching the boxes – long reading is not the aim
- Not fitting on one page



Typical in IT Business Models

IT Business Model areas



Box Products

Applications

Software as a Service Platform

Content

Customers:

B2C – to consumer: eclectic, nonpredictable market, endusers' behaviour change quickly

B2B – to SME's: stable, crowded market, opportunity rich (digitalisation of SME-s)

B2B – to Corporation: taylor made solutions, loyal customers, most difficult to reach

Value – revenue streams ?

Box products



- Standard products
- Standard price
- One time purchase
- Mass market orientation

App focus



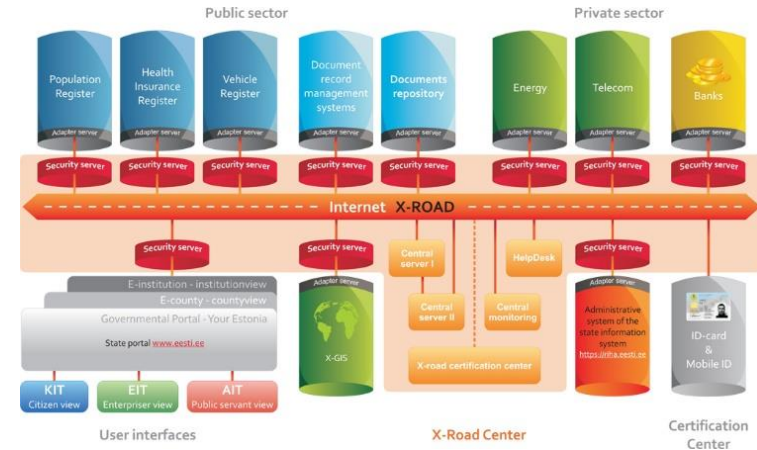
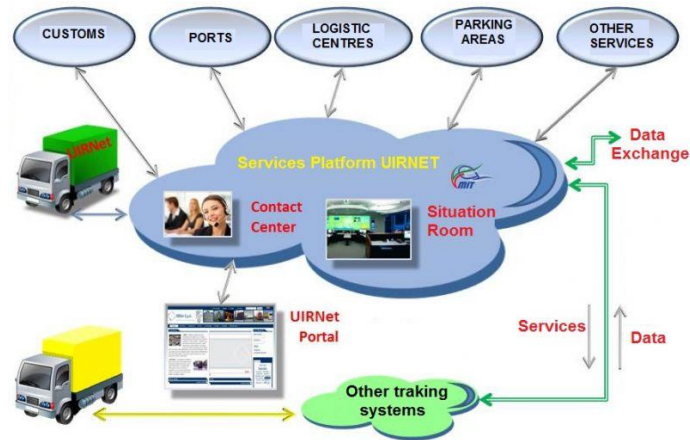
- Nish market
- Convenience products
- Hygiene factor – support for main service
- Free or small fees

Software as a Service



- Owner gives access for (periodical) fee
- Main use in business management, HRM, logistics, finance, etc.
- 80-90% SME market

Platform



- A set of interrelated IT components that support the company's strategy
- Technology infrastructure
- Highly concentrated market
- Subcontractors market

TAXIFY PLATFORM
Increase efficiency. Get more customers.



taxify®

Content



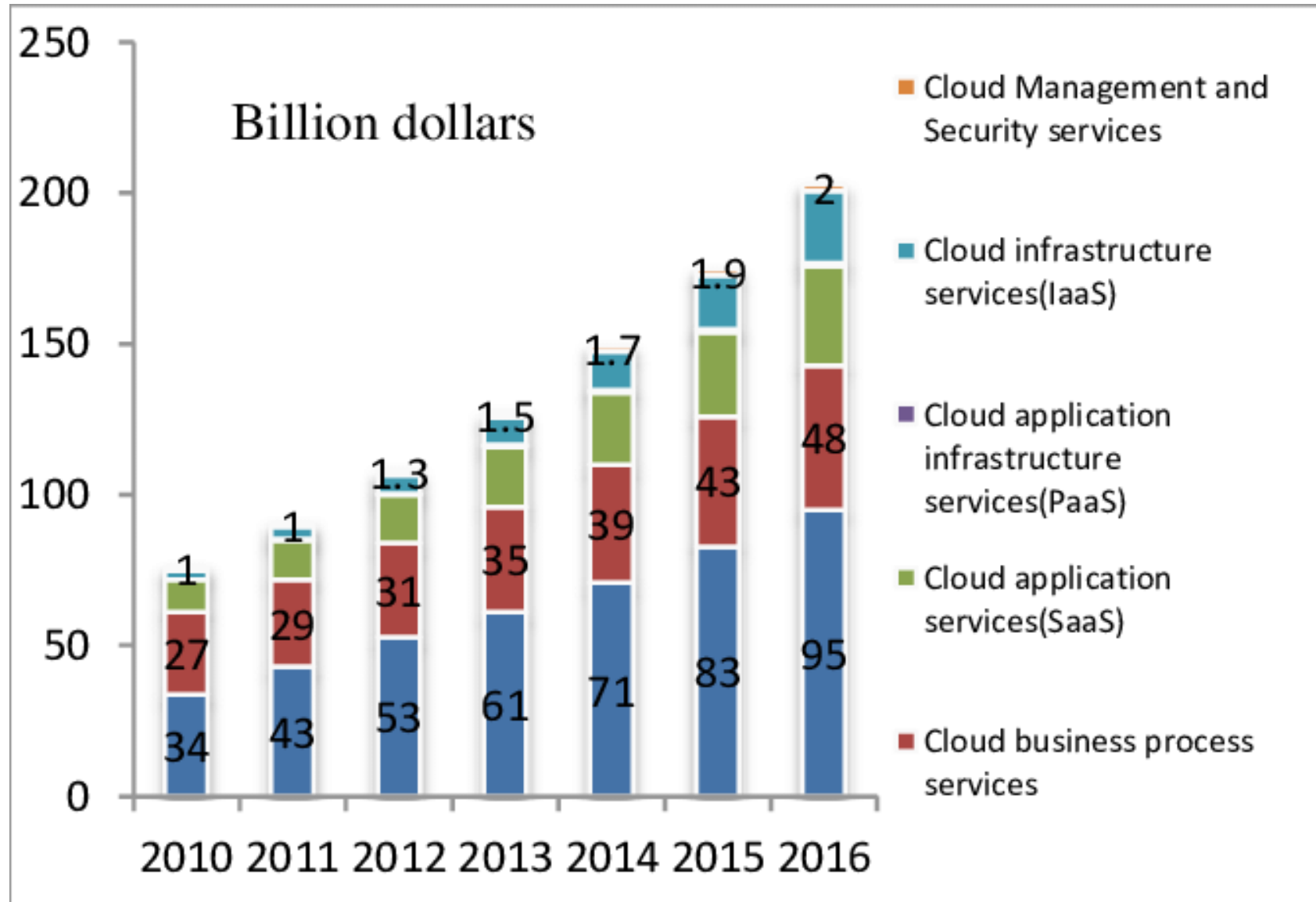
- Content is a value for the customer
- Webs, blogs,
- Referrals
- Main income source advertisers

TAL
TECH

You Tube



IT Service market



BUSINESS MODEL INNOVATION

START-UP

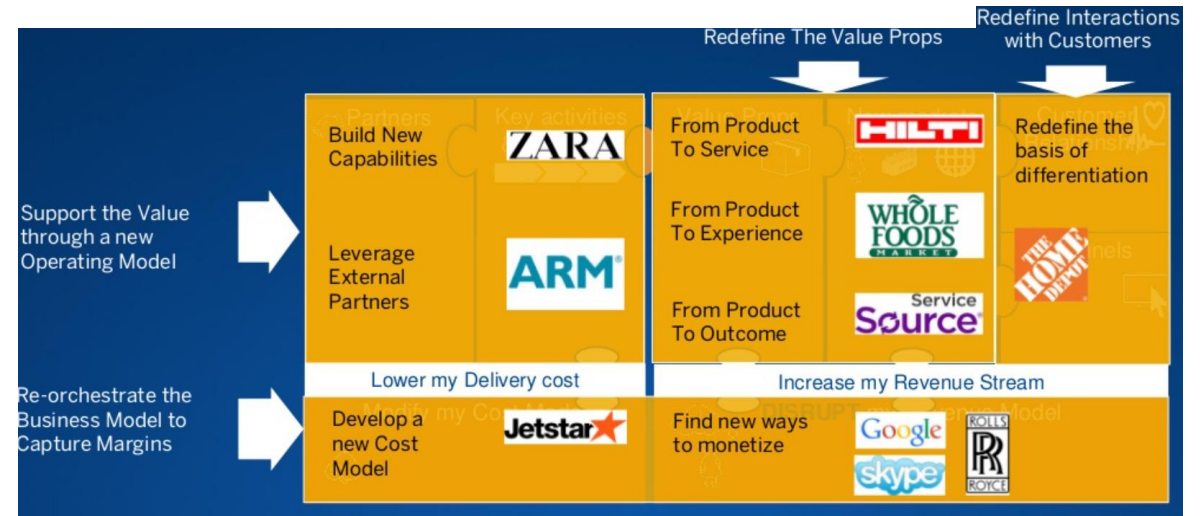
Creating new business models

BUSINESS MODEL TRANSFORMATION

Business model updates

BUSINESS MODEL EXPANSION

New business models around old



BUSINESS MODEL ACQUISITION

Finding additional business models, acquisition and integration

BUSINESS MODEL INNOVATION

New technology is not enough

The symbiosis of different categories of innovation is more difficult to copy

Developing distinctive competencies - develop strengths where you can add the most value

Ecosystem - crises remain – adaptation

Bottom up (B.Feld)

Triple Helix?

Measures: You get what you can measure



FOR BUSINESS MODEL INNOVATION – THERE IS ALWAYS ROOM

Töökuulutus
Standardpakett

CV.ee töökuulutus 1 kuu
Personaalne kliendihaldur
Kandidaatide haldussüsteem

239€ **Standard**

[Osta teenus](#)

Sotsiaalmeedia eri
Facebook, Instagram, LinkedIn

CV.ee töökuulutus 1 kuu
Kogu standardpaketi sisu
Reklaam sotsiaalmeedias

389€ **Soodustus -25%**

[Osta teenus](#)

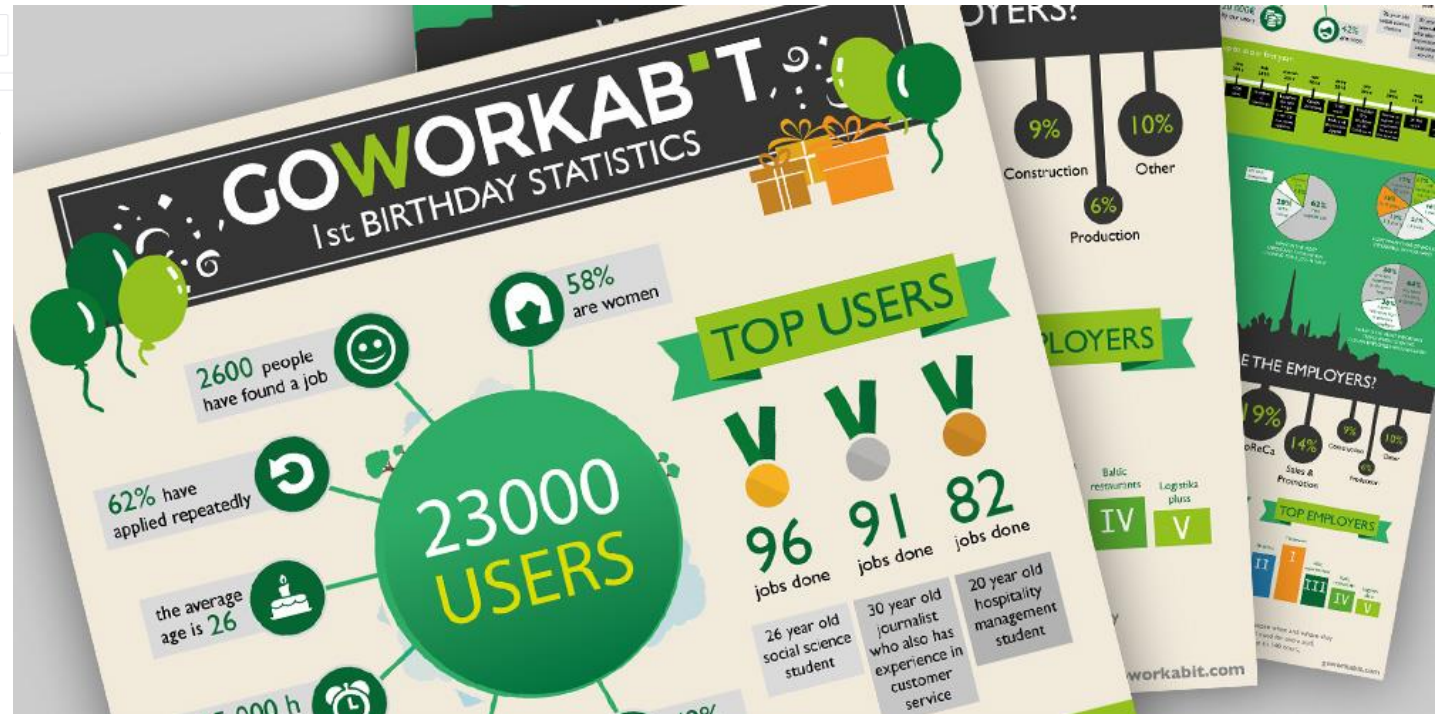
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Sihtotsing CV.ee andmebaasist
Täisvalik

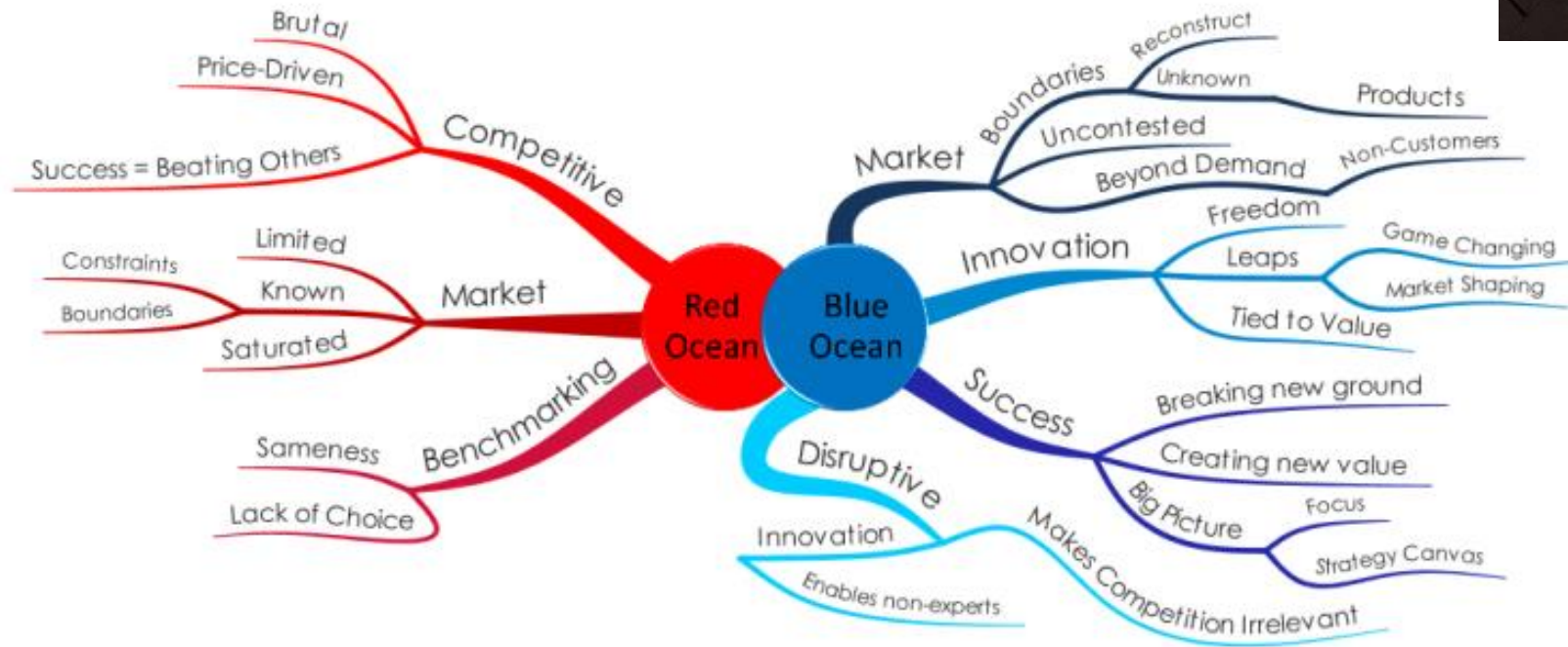
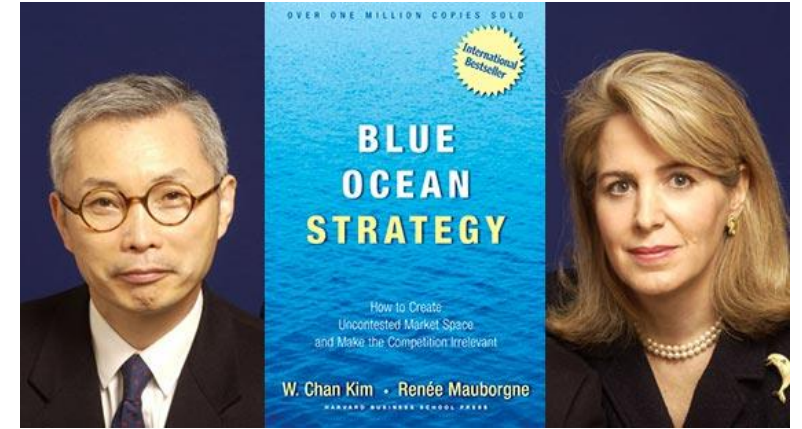
Alates 690€ **Efektivseim!**

[Uuri lähemalt](#)

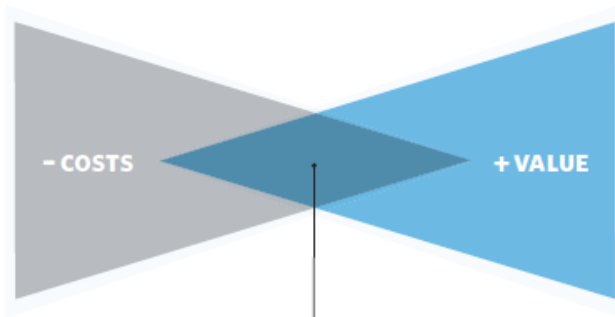
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BLUE OCEAN STRATEGY



BLUE OCEAN STRATEGY & BUSINESS MODEL

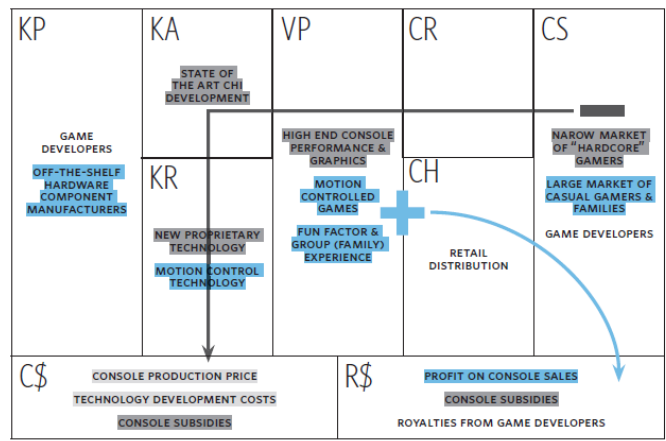


ELIMINATE	RAISE
WHICH FACTORS CAN YOU ELIMINATE THAT YOUR INDUSTRY HAS LONG COMPETED ON?	WHICH FACTORS SHOULD BE RAISED WELL ABOVE THE INDUSTRY'S STANDARD?
REDUCE	CREATE
WHICH FACTORS SHOULD BE REDUCED WELL BELOW THE INDUSTRY'S STANDARD?	WHICH FACTORS SHOULD BE CREATED THAT THE INDUSTRY HAS NEVER OFFERED?

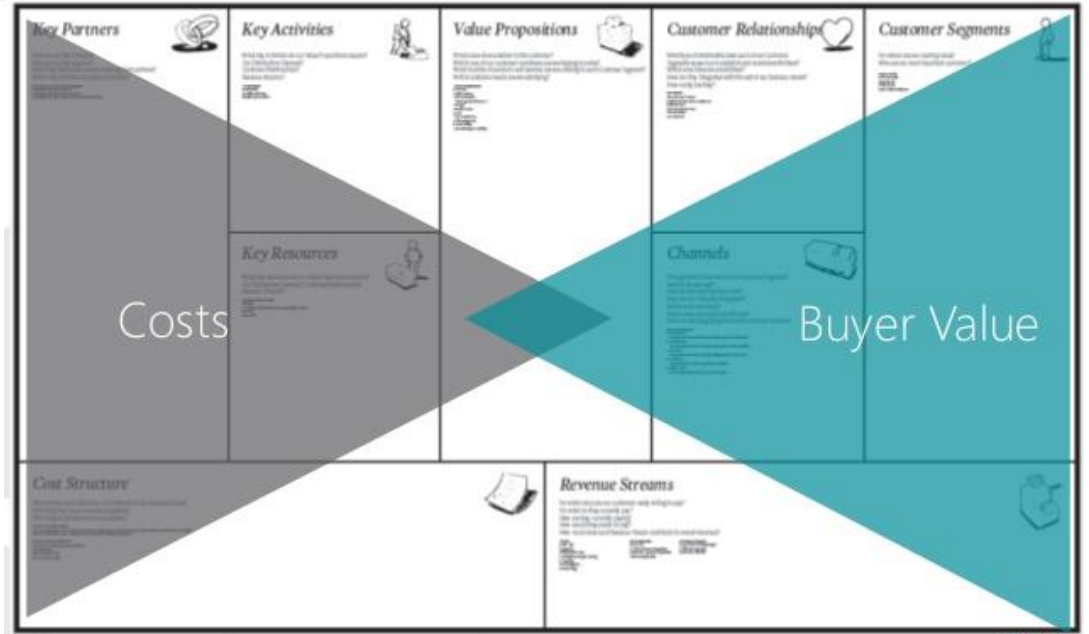
— VALUE INNOVATION —

— FOUR ACTIONS FRAMEWORK —

NINTENDO'S wii



ELIMINATE
REDUCE
CREATE
UNCHANGED



TAL
TECH

Source: "Business Model Generation"

barrabes
NEXT

Main reasons start-up developments fail

42% Poor product – market fit.

No paying customers

29% Cash runs out. No finance

23% Team. Lack of cooperation
and self-drive

18 Mistakes That Kill Startups



1. Single Founder



2. Bad Location



3. Marginal Niche



4. Derivative Idea



5. Obstinacy



6. Hiring Bad Programmers



7. Choosing the Wrong Platform



8. Slowness in Launching



9. Launching Too Early



10. Having No Specific User in Mind



11. Raising Too Little Money



12. Spending Too Much



13. Raising Too Much Money



14. Poor Investor Management



15. Sacrificing Users to (Supposed) Profit



16. Not Wanting to Get Your Hands Dirty



17. Fights Between Founders



18. A Half-Hearted Effort



from
eponymous essay
by Paul Graham
<http://inf.vc/PG-01>

visualized by
Mark Vital

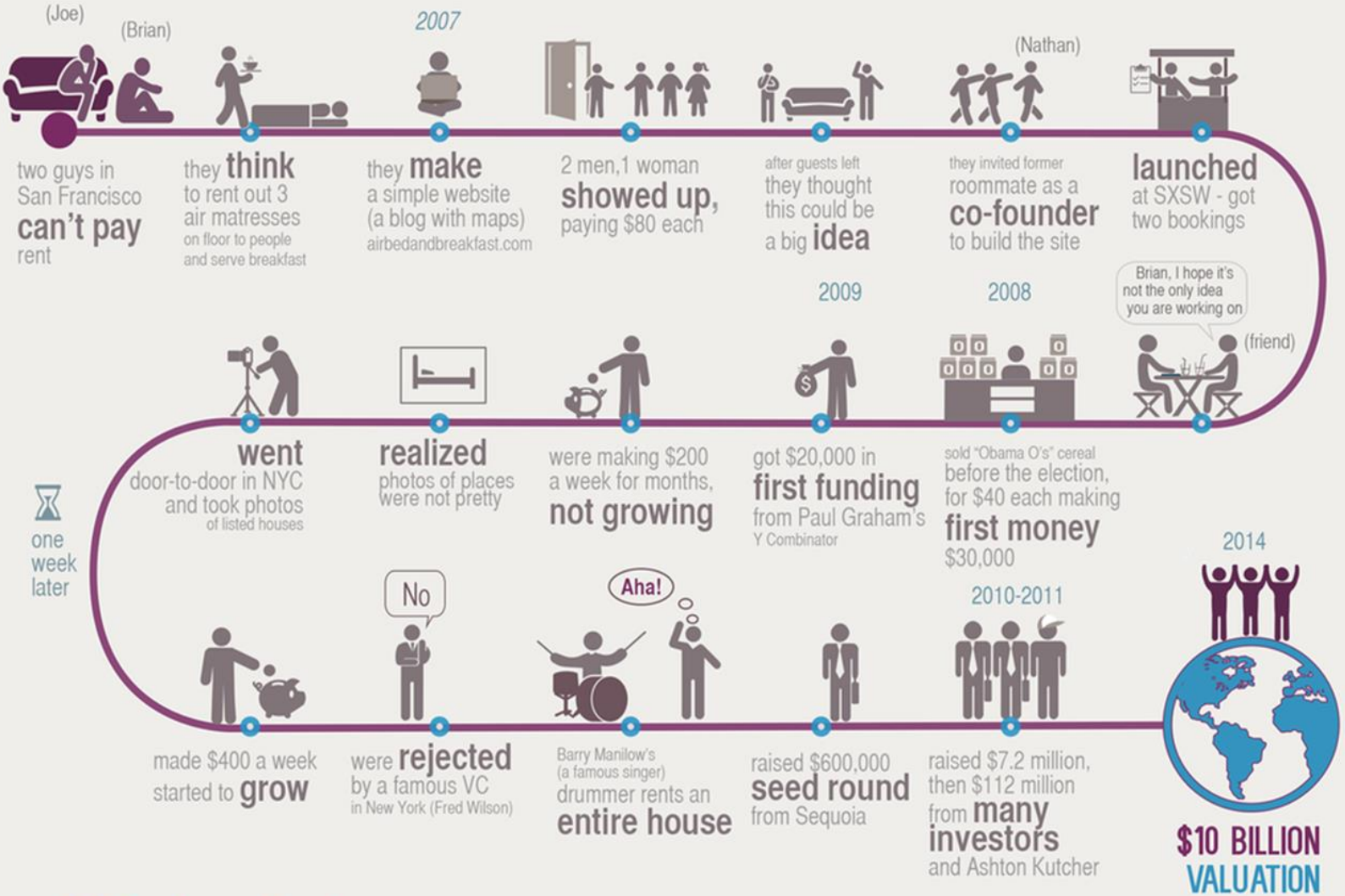
Build with Annalogy, icons made by Freepik

Case for study:

HOW AIRBNB STARTED

BY ANNA VITAL

Or How 3 Guys Went From Renting Air Mattresses To A 10 Billion Dollar Company





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TECH**

THANK YOU!

ANY Q-S?

sirje.ustav@taltech.ee

30.03.2021