

## BUSINESS MODEL

### Elevator Pitch

- Short, Simple, Memorable: **“What, How, Why.”**
  - “We’re X for Y” is ok if 1) it’s true 2) X & Y are well-known
- Max 3 key words / phrases, 2 sentences.
- No “Inside Baseball” lingo
  - make it easy for non-experts to understand.

### Customer Segments

For whom are we creating value?

Who are our most important customers?

Which clients have you/could you contact to test your idea?

What will influence growth in these segments?

What is the choice of target market segment and rationale for this ?

What is the precise description of target customers ?

What are their key buying factors, pain points ?

What is the purchasing process: who buys and over what time frame?

Who are these people and where did they come from?

Why should I care?

What’s in it for me?

Why should I listen to you?

Why should I take action and actually do something different?

How many people or companies, how many dollars (top-down and bottom-up), how fast is the growth, and what is driving the segment

Mass Market

Niche Market

Segmented

Diversified

Multi-sided Platform

**The industry offers payers products and services, not necessarily solutions to problems experienced by actual end-users**

**Greatest challenge: Value-driven innovation**

### Value Propositions - Offer

You are going to increase revenues, reduce costs, increase speed, expand reach, eliminate inefficiency, increase effectiveness, whatever

What are the main factors that make clients buy?

What value do we deliver to the customer?

Which one of our customer’s problems are we helping to solve? With which functionalities ?

Questions to help determine the 1-page Business Model

What bundles of products and services are we offering to each Customer Segment?

Which customer needs are we satisfying?

Great Companies do 1+ of 3 things: Get you **LAI**D (= pleasure) / Get you **PAI**D (= money) / Get you **MAI**D (= power)

Describe why your Solution: Makes customers **very happy**, Does it **better, different** than anyone else, Remember "NICHE to WIN"

What are the competitive strategies and "unfair" competitive advantages? core / "breakthrough" tech, big market lead, experienced team, "defensible" IP / patents, "exclusive" partnership, great sales/marketing

What is the competitors market share and financial strength? Who fills the same need, even with different products?

What are their competitive strategies and "unfair" competitive advantages?

Who are their strategic and financial partners?

What are their strengths/weaknesses in products, service, pricing, quality and technology?

What are their design, manufacturing, marketing and distribution capabilities?

How does the competition work? What strategies do they pursue?

What are the market entry barriers, how can they be overcome? How can they help you if you are first to market?

What is the market share of your main competitors? What are their target segments?

What is the profitability of your competitors?

What are their marketing strategies?

What is the likelihood that you will maintain your competitive advantage?

How will competitors react to your market entry? How will you respond?

*characteristics*

Newness

Performance

Customization

"Getting the Job Done"

Design

Brand/Status

Price

Cost Reduction

Risk Reduction

Accessibility

Convenience/Usability

**The industry mainly delivers high-technology products and services to businesses**

**Greatest challenge: Customer orientation and service innovation**

**Channels**

Through which Channels do our Customer Segments want to be reached?

Questions to help determine the 1-page Business Model

How are we reaching them now? and later?  
How are our Channels integrated?  
Which ones work best? Volume, Cost, Conversion  
Which ones are most cost-efficient?  
How are we integrating them with customer routines?

*channel phases:*

1. Awareness  
How do we raise awareness about our company's products and services?
2. Evaluation  
How do we help customers evaluate our organization's Value Proposition?
3. Purchase  
How do we allow customers to purchase specific products and services?
4. Delivery  
How do we deliver a Value Proposition to customers?
5. After sales  
How do we provide post-purchase customer support?

**The industry's value chain hardly facilitates interaction**

**Greatest challenge: Create multiple touch-points**

**Customer Relationships**

What type of relationship does each of our Customer?  
Segments expect us to establish and maintain with them?  
Which ones have we established?  
How are they integrated with the rest of our business model?  
How costly are they?  
How will you retain customer loyalty ?

*examples*

Personal assistance  
Dedicated Personal Assistance  
Self-Service  
Automated Services  
Communities  
Co-creation

**It takes a relationship and a social space for a customer to experience a service**

**Greatest challenge: Establish relationships**

**Revenue Streams**

For what value are our customers really willing to pay?  
For what do they currently pay?  
How are they currently paying?

Questions to help determine the 1-page Business Model

How would they prefer to pay?

What is the exact sales and cash cycle?

How much does each Revenue Stream contribute to overall revenues?

How do people make money in this market? basis of competition - price, differentiation, range, discount structure, etc. , nature and number of substitutes (and “near substitutes”), the ease or difficulty of gaining market entry, the margin opportunity - current and future

Describe Top 1-3 Revenue Sources

Prioritize by Size, Growth, and/or Potential

Cite current market activity / customer behavior as proof

Show How You Get to Break-even (or Profitable)

Ideally, on the current round of funding you’re raising

Common Revenue Models

**Direct:** ecommerce, subscription, digital goods, brands

**Indirect:** advertising, lead gen, affiliate / CPA

Critical metrics: Customers, licenses, units, revenues, margin, etc.

*types:*

*Asset sale*

Usage fee

Subscription Fees

Lending/Renting/Leasing

Licensing

Brokerage fees

Advertising

*fixed pricing*

List Price

Product feature dependent

Customer segment dependent

Volume dependent

*dynamic pricing*

Negotiation( bargaining)

Yield Management

Real-time-Market

**The industry is asset sale driven**

**Greatest challenge:** Usage, subscription, licensing models

**Key Resources**

What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?

What is the merger and acquisition activity, if any?

What is the level of historical or expected government regulation?

People : Geeks with deep technical background, Entrepreneurs who have built companies, Sales/Marketing who Make it Rain

Questions to help determine the 1-page Business Model

Also Identify: Key Hires you Need but \*Don't\* Have, and...you've got candidates lined up in those areas, ready to hire as soon as you close funding, or at least job descriptions / est. salary

What are the backgrounds and capabilities of existing management and key employees? What relevant domain experience do they have? What start-up experience do they have?

What are the anticipated future hiring needs? What are the gaps ?

What is the plan to meet the future hiring needs?

Have you worked together as a team before?

Do the team members have the required experience?

Are the founders aware of their weaknesses, and are they willing to compensate for them?

Have the founders reached an agreement as to their future functions, and how property issues will be resolved?

Has the management team defined a common goal, or are their hidden differences of opinion?

Are all team members fully behind the project?

*types of resources*

Physical

Intellectual (brand patents, copyrights, data)

Human

Financial

**The most important assets in the industry are physical (facilities, machines and systems) and intellectual (patents)**

**Greatest challenge: Human resources**

### **Key Activities**

What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?

What are the anticipated design, manufacturing, marketing and distribution requirements?

How are we getting the product to the client? order processing and fulfillment, physical stockholding and dispatch, use of third parties, projected volumes and variations

**Research > Development > Purchasing > Production > Assembly > Distribution > Sales > Maintenance**

**Greatest challenge: Process innovation and automation**