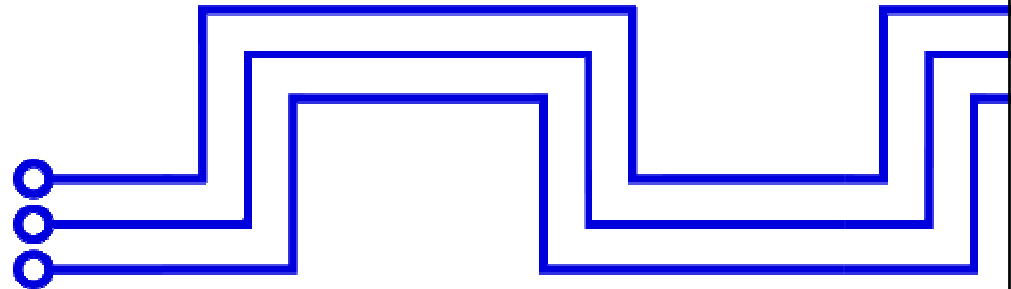
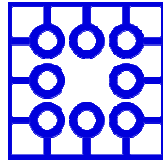


PA181 – Service Systems, Modeling and Execution

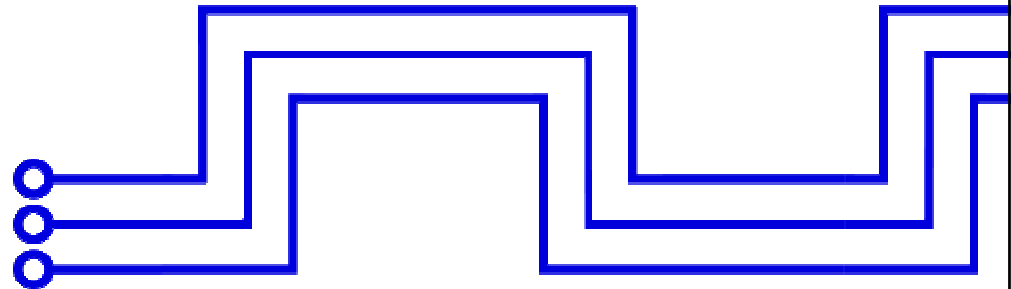
Business and Service Models





Business Model Canvas for Service Science

- for project in IBM Services -



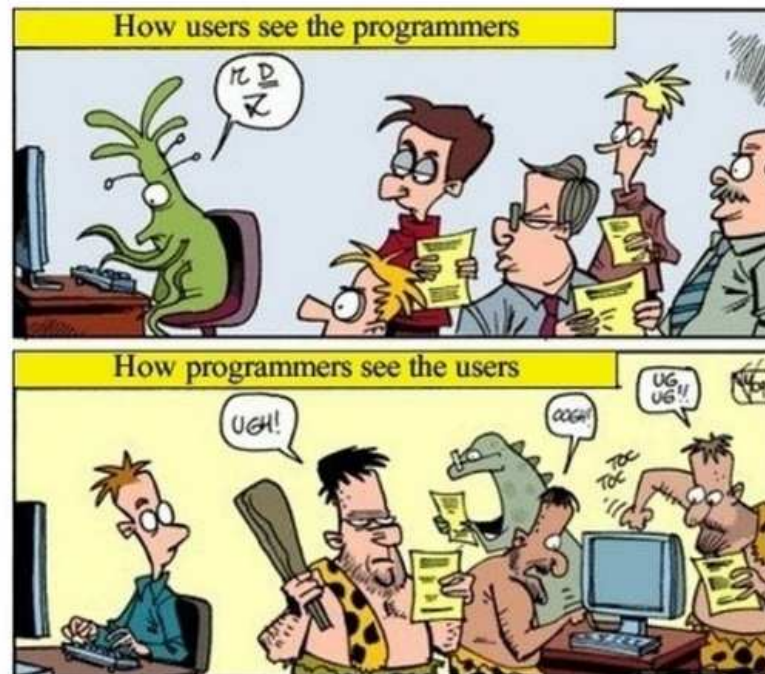
Two different planets

Business people

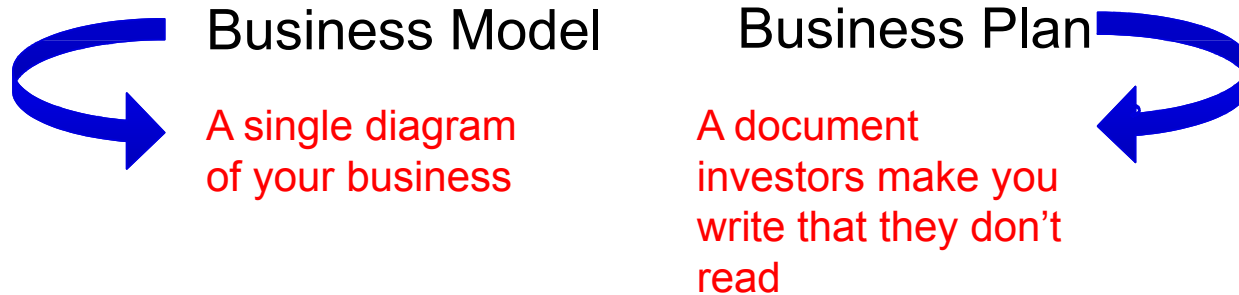


Software developers














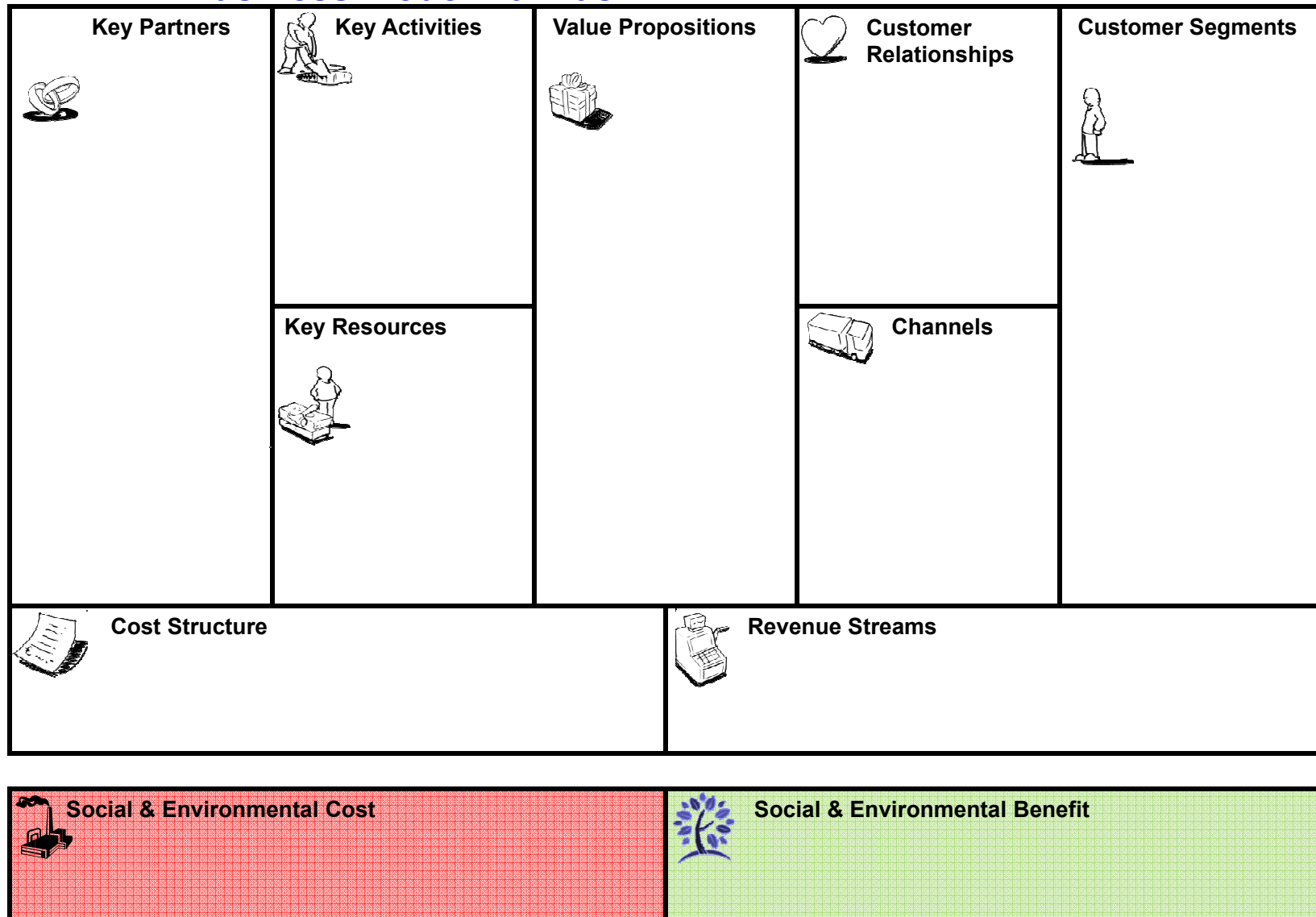
Business Model versus Business Plan



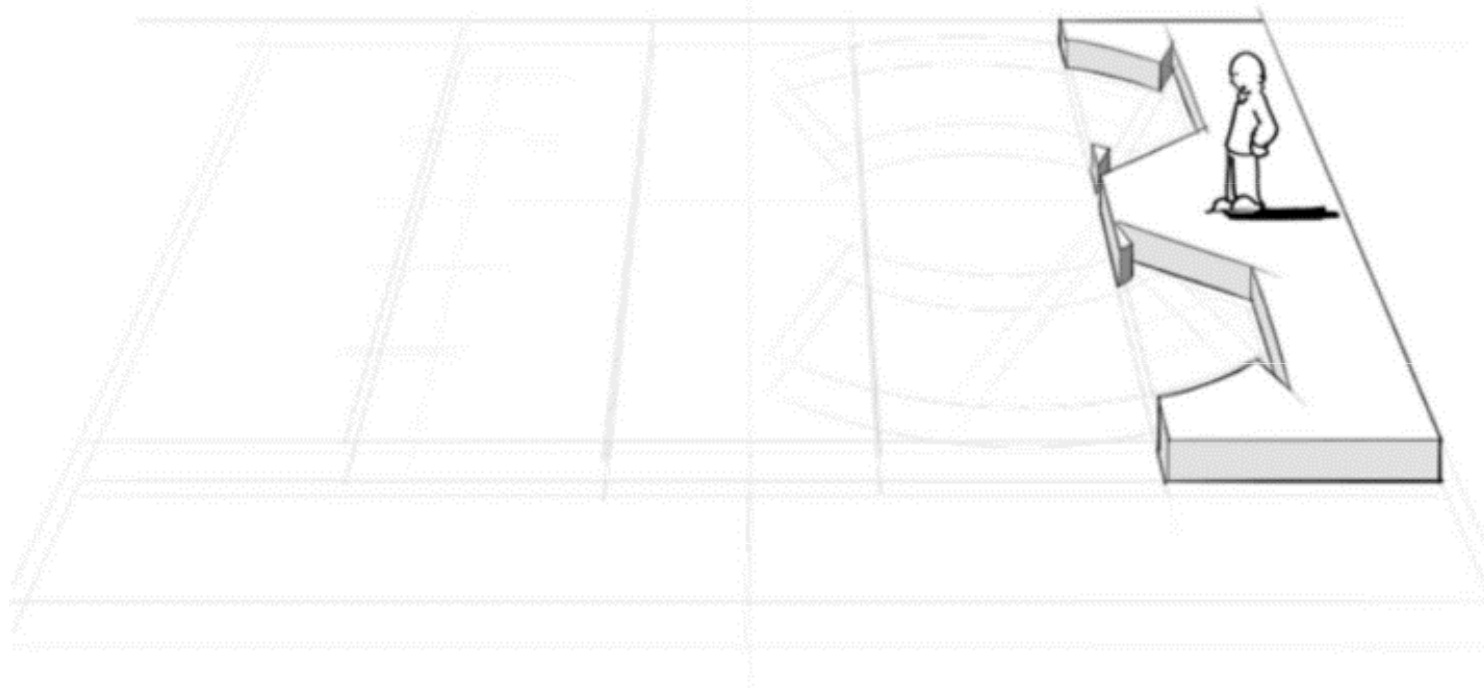
Business Model Canvas – Template

 Key Partners	 Key Activities	 Value Propositions Write directly to the canvas... Or use the post-it™ note ...or both	 Customer Relationships	Customer Segments 
Key Resources 			Channels 	
 Cost Structure			 Revenue Streams	

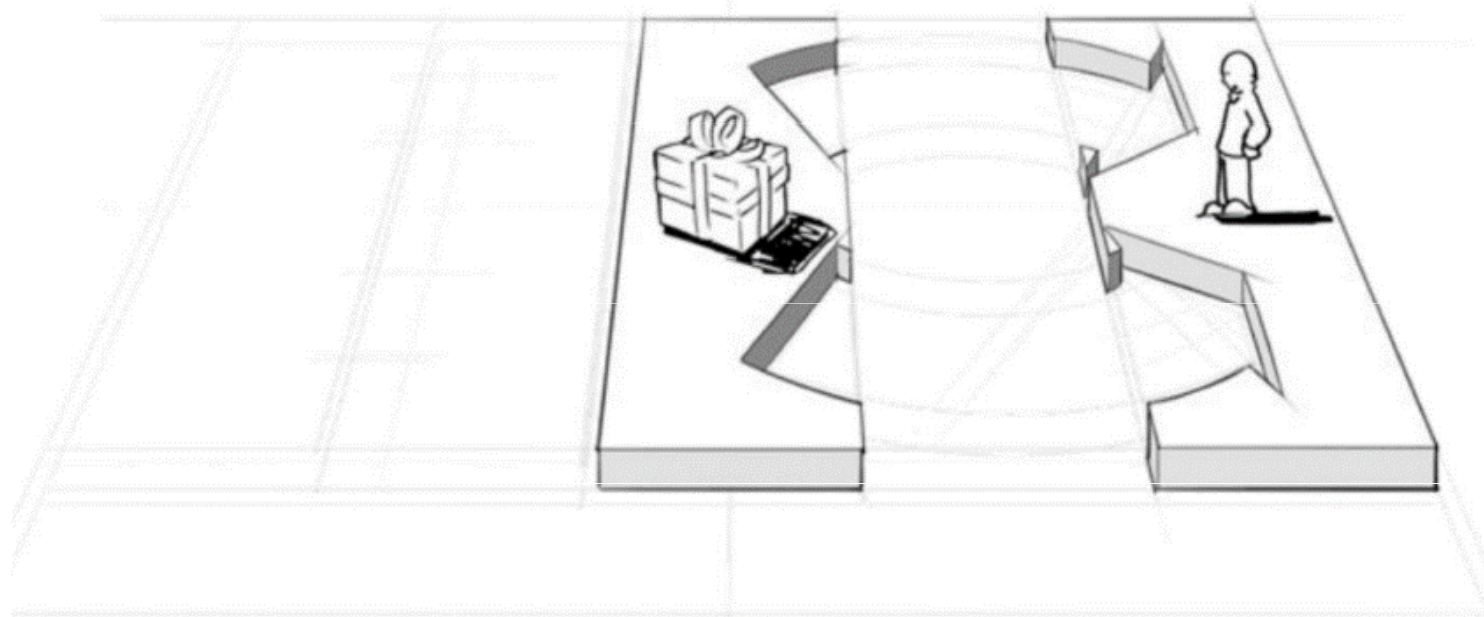
Business Model Canvas -



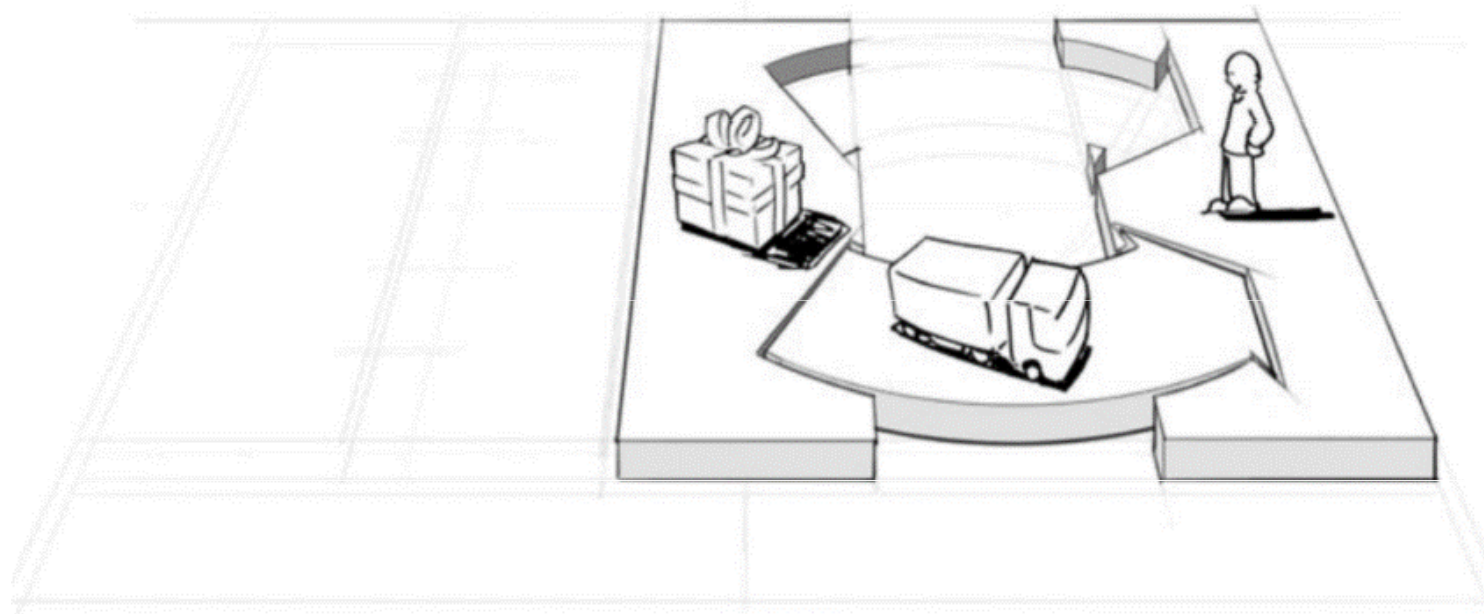
CUSTOMER SEGMENTS



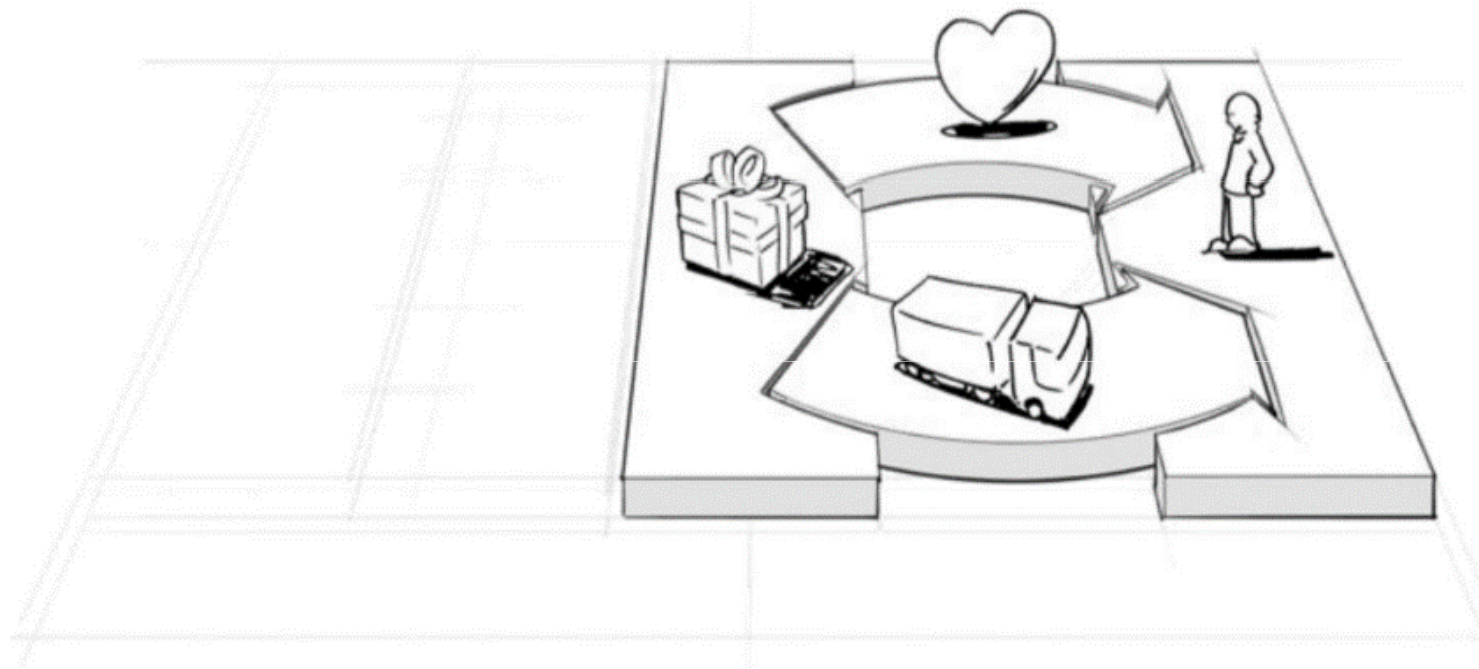
VALUE PROPOSITIONS



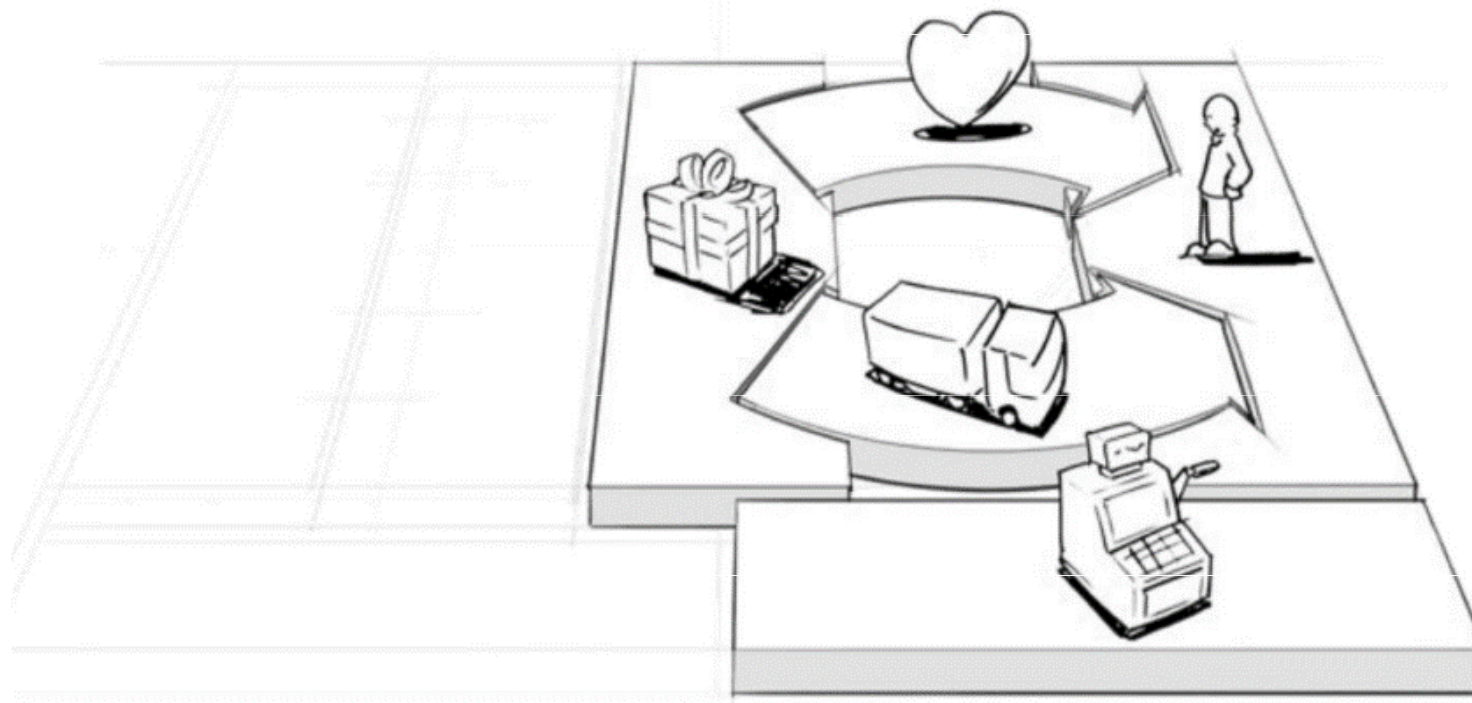
CHANNELS



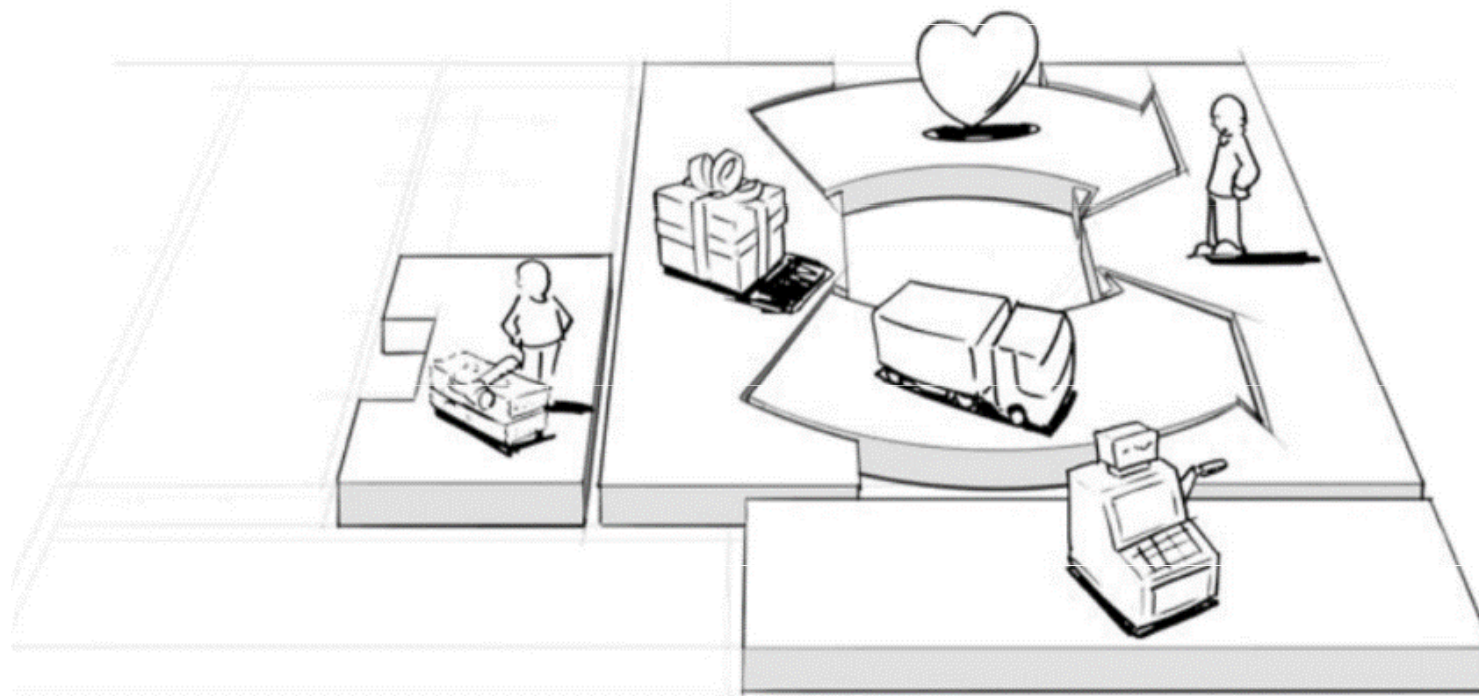
CUSTOMER RELATIONSHIPS



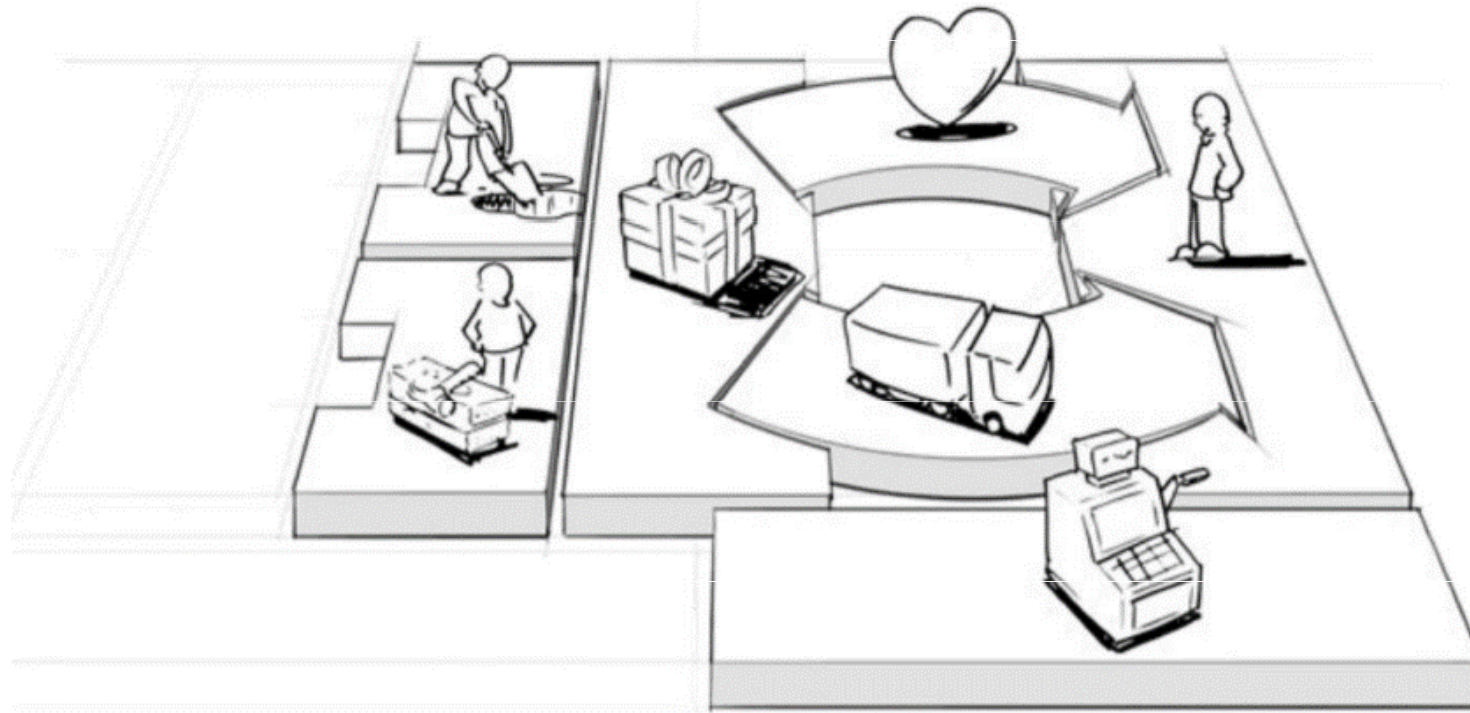
REVENUE STREAMS



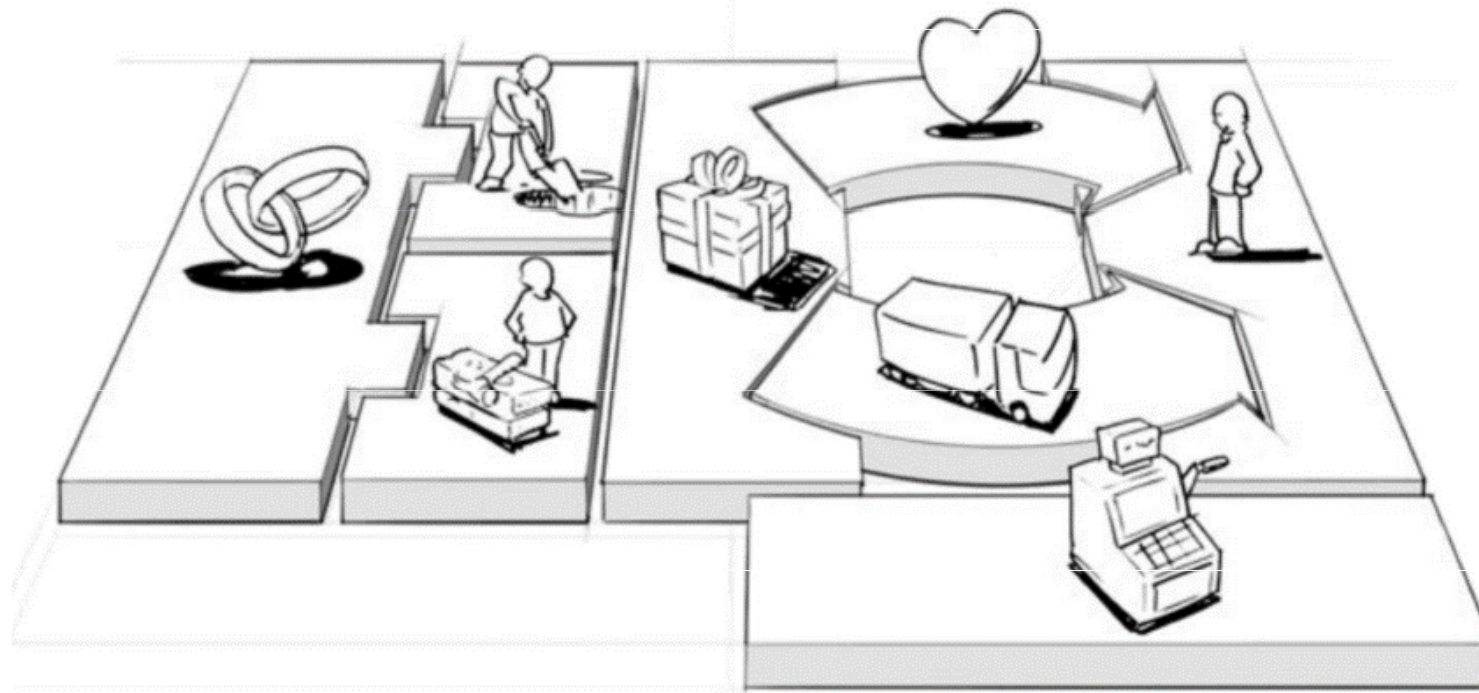
KEY RESOURCES



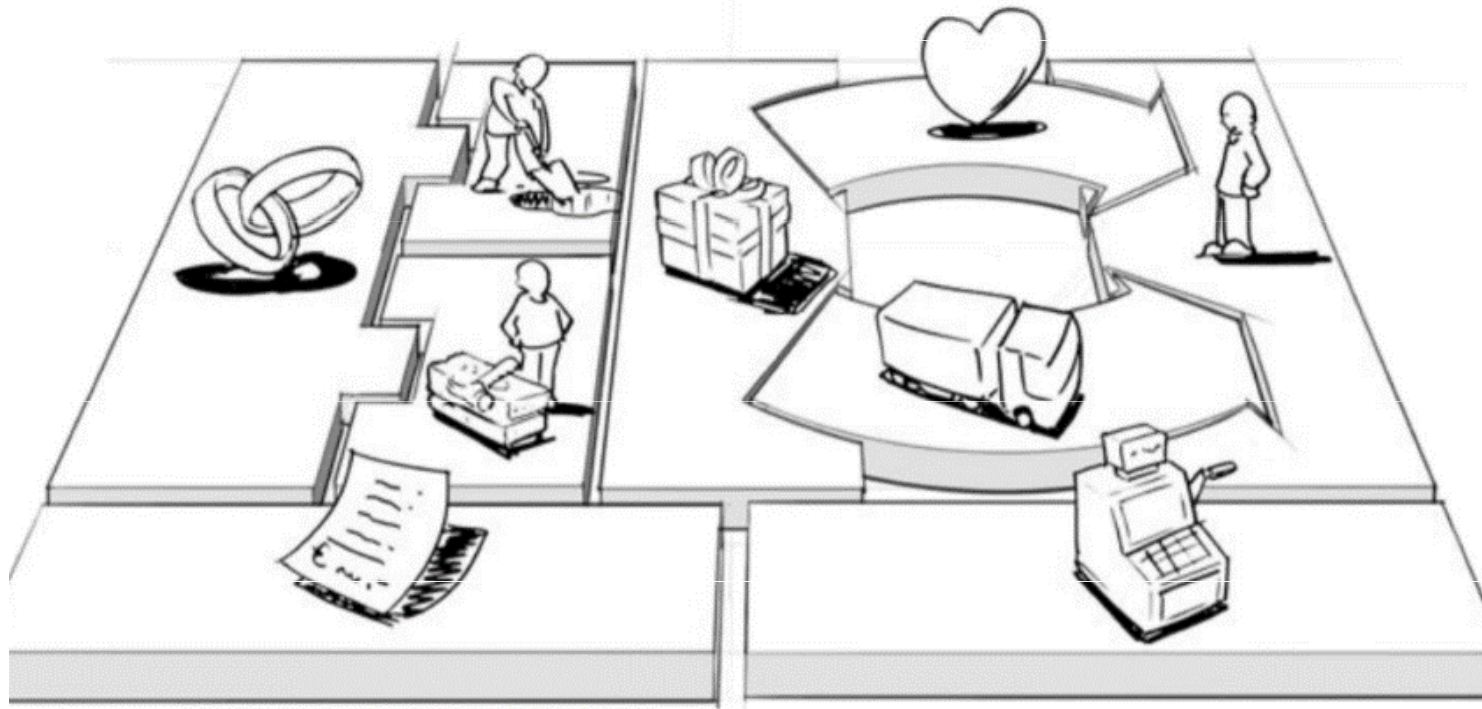
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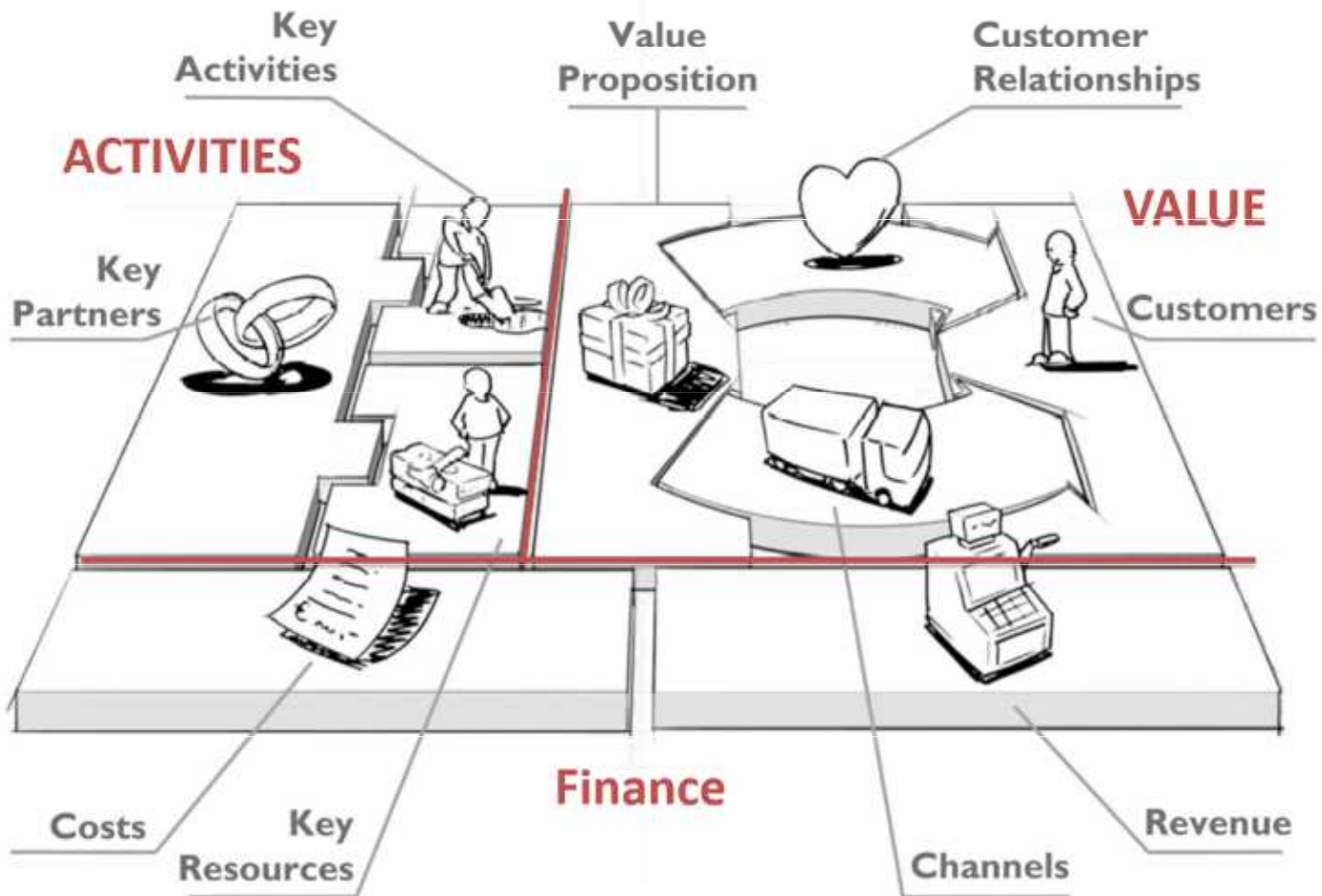


KEY PARTNERS

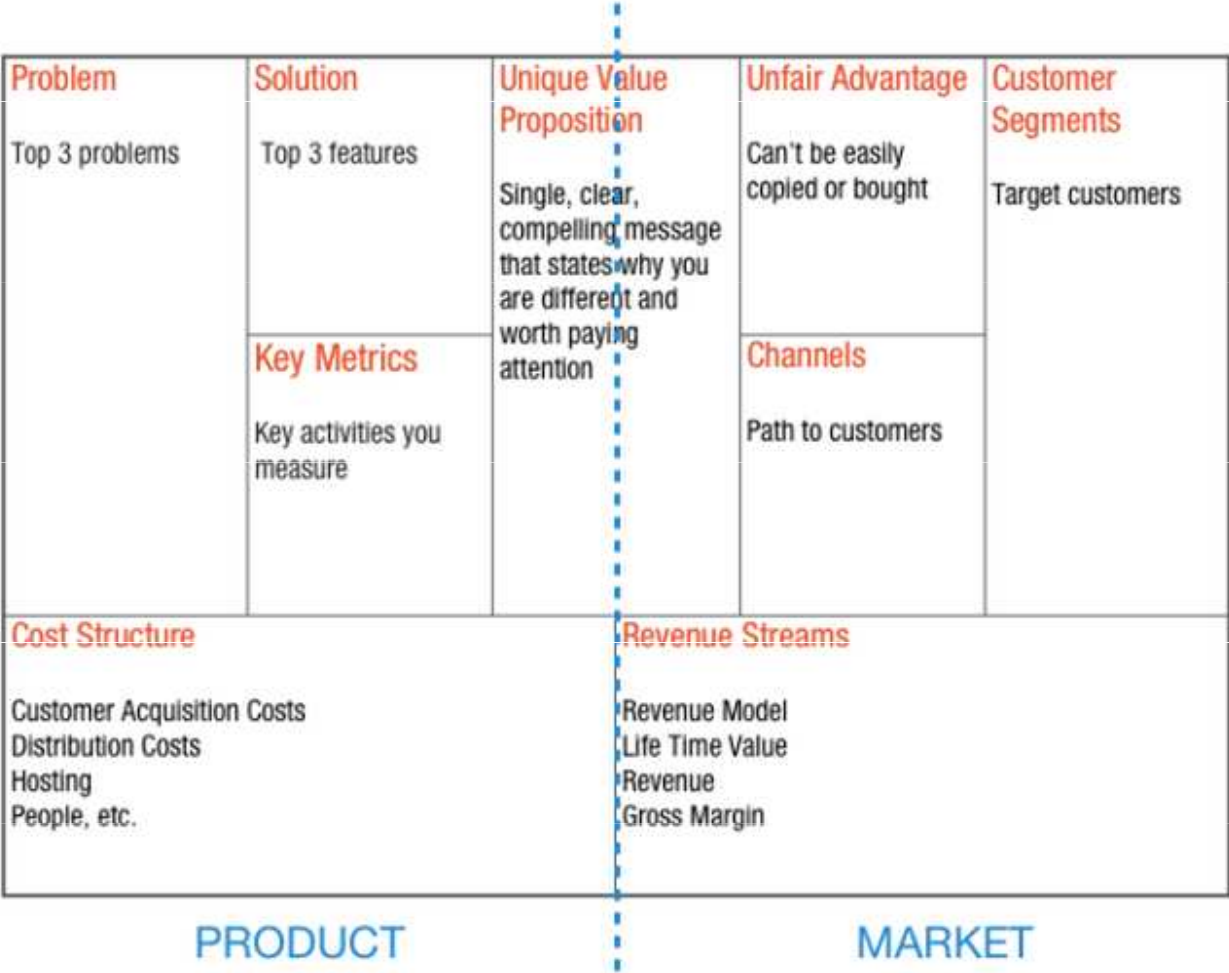


COST STRUCTURE





Business Model – Lean Canvas



The prescribed order

PROBLEM Top 3 problems 1	SOLUTION Top 3 features 4	UNIQUE VALUE PROPOSITION Single, clear, compelling message that states why you are different and worth buying 3	UNFAIR ADVANTAGE Can't be easily copied or bought 9	CUSTOMER SEGMENTS Target customers 2
	KEY METRICS Key activities you measure 8		CHANNELS Path to customers 5	
COST STRUCTURE Customer Acquisition Costs Distributing Costs Hosting People, etc. 7		REVENUE STREAMS Revenue Model Lifetime Value Revenue Gross Margin 6		

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Problem and Customer Segments

PROBLEM Sharing lots of photos/videos is time-consuming. Parents have no free time. There is lots of external demand on this content. <i>Existing alternatives:</i> Flickr Pro, SmugMug, Apple MobileMe, Facebook	SOLUTION	UNIQUE VALUE PROPOSITION	UNFAIR ADVANTAGE	CUSTOMER SEGMENTS Parents (creators) Family and friends (viewers) <i>Early adopter:</i> Parents with young kids
	KEY METRICS			
COST STRUCTURE		REVENUE STREAMS		

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Unique Value Proposition

Some Tips on how to craft a UVP

- Be different, but make sure your difference matters
- Target early adopters
- Focus on finished story benefits
 - Example resume building service
 - A feature - “professionally designed templates”
 - Benefit – “eye catching resume that stands out”
 - Finished story benefit – “landing your dream job”
- Pick your words carefully and own them
 - Performance – BMW
 - Design – Audi
 - Prestige – Mercedes
- Picking a few key words that you consistently use also drives your search engine optimization (SEO) ranking

Answer what, who and why

Study other good UVP's

- Unique Value Proposition
- Why you are different and worth buying/getting attention

Unique Value Proposition

PROBLEM Sharing lots of photos/videos is time-consuming. Parents have no free time. There is lots of external demand on this content. <i>Existing alternatives:</i> Flickr Pro, SmugMug, Apple MobileMe, Facebook	SOLUTION	UNIQUE VALUE PROPOSITION The Fastest Way to Share Your Photos and Videos <i>High-level concept:</i> Photo and video sharing without the uploading	UNFAIR ADVANTAGE	CUSTOMER SEGMENTS Parents (creators) Family and friends (viewers) <i>Early adopter:</i> Parents with young kids
	KEY METRICS		CHANNELS	
COST STRUCTURE		REVENUE STREAMS		

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Solution

PROBLEM Sharing lots of photos/videos is time-consuming. Parents have no free time. There is lots of external demand on this content. <i>Existing alternatives:</i> Flickr Pro, SmugMug, Apple MobileMe, Facebook	SOLUTION Instant, no-upload sharing iPhoto/folder integration Better notification tools	UNIQUE VALUE PROPOSITION The Fastest Way to Share Your Photos and Videos High-level concept: Photo and video sharing without the uploading	UNFAIR ADVANTAGE	CUSTOMER SEGMENTS Parents (creators) Family and friends (viewers) Early adopter: Parents with young kids
	KEY METRICS		CHANNELS	
COST STRUCTURE		REVENUE STREAMS		

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Channels

Freer versus Paid

Inbound versus outbound

- Examples inbound channels
 - Blogs
 - SEO
 - Ebooks
 - White papers
- Examples of outbound channels
 - Print/TV ads
 - Trade shows
 - Cold calling

Direct versus automated

Direct versus indirect

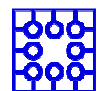
Retention before referral



Channels

PROBLEM Sharing lots of photos/videos is time-consuming. Parents have no free time. There is lots of external demand on this content. <i>Existing alternatives:</i> Flickr Pro, SmugMug, Apple MobileMe, Facebook	SOLUTION Instant, no-upload sharing iPhoto/folder integration Better notification tools	UNIQUE VALUE PROPOSITION The Fastest Way to Share Your Photos and Videos <i>High-level concept:</i> Photo and video sharing without the uploading	UNFAIR ADVANTAGE CHANNELS Friends Daycare Birthday parties AdWords Facebook Word of mouth	CUSTOMER SEGMENTS Parents (creators) Family and friends (viewers) <i>Early adopter:</i> Parents with young kids
	KEY METRICS			
COST STRUCTURE		REVENUE STREAMS		

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Revenue Streams and Cost Structure

Revenue Streams

If you intend to charge for your product you should charge from day one.

- Price is part of the product
- Price defines your customers
- Getting paid is the first form of validation

Cost structure

It's hard to calculate into the future. Instead, focus on the present

- What will it cost you to interview 30 – 50 customers?
- What will it cost you to build and launch your MVP?
- What will your ongoing burn rate look like in terms of both fixed and variable costs?

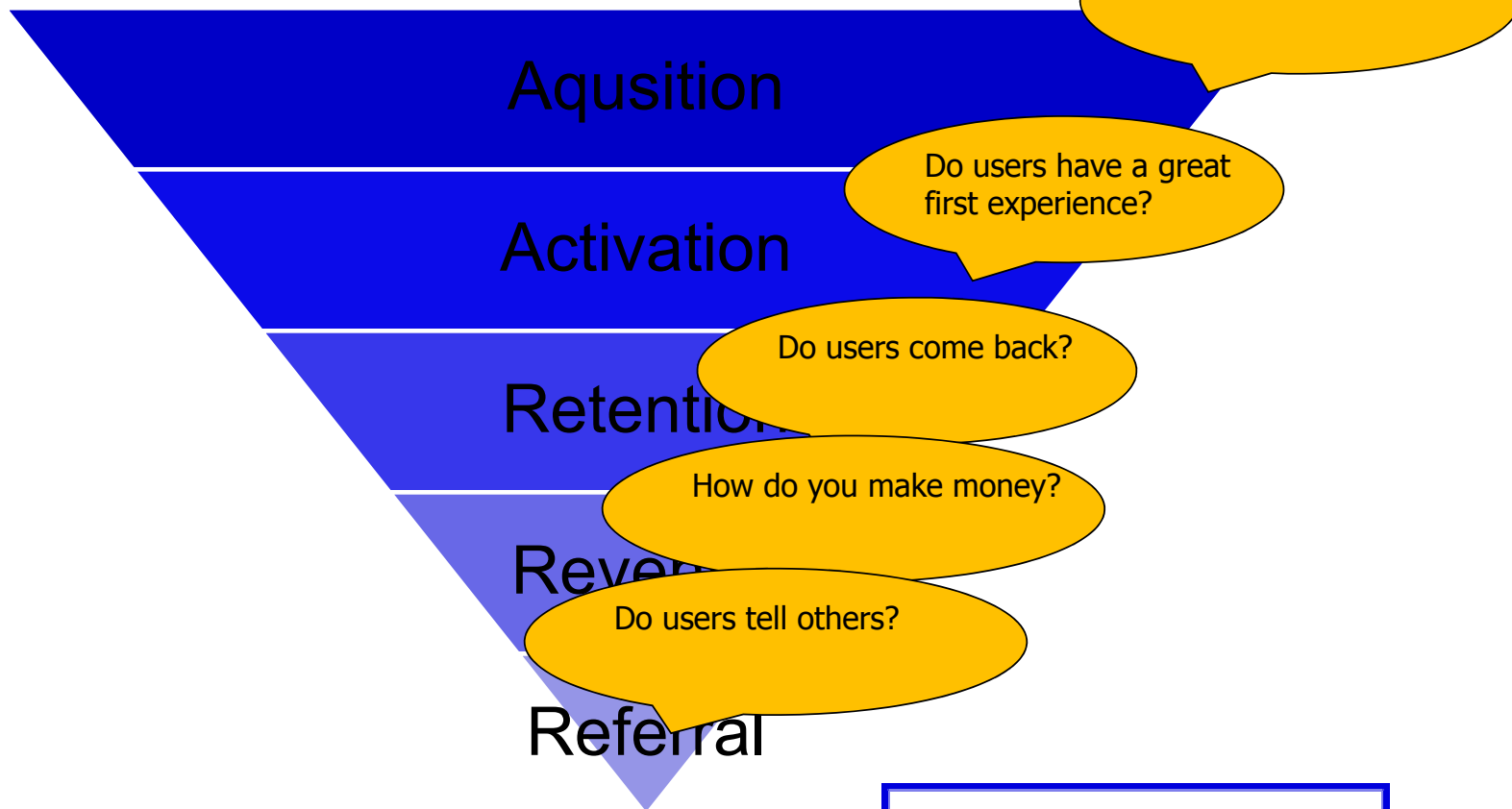
Revenue Streams and Cost Structure

PROBLEM Sharing lots of photos/videos is time-consuming. Parents have no free time. There is lots of external demand on this content. <i>Existing alternatives:</i> Flickr Pro, SmugMug, Apple MobileMe, Facebook.	SOLUTION Instant, no-upload sharing iPhoto/folder integration Better notification tools	UNIQUE VALUE PROPOSITION The Fastest Way to Share Your Photos and Videos <i>High-level concept:</i> Photo and video sharing without the uploading	UNFAIR ADVANTAGE	CUSTOMER SEGMENTS Parents (creators) Family and friends (viewers) <i>Early adopter:</i> Parents with young kids
	KEY METRICS		CHANNELS Friends Daycare Birthday parties AdWords Facebook Word of mouth	
COST STRUCTURE Hosting costs - Heroku (currently \$0) People costs - 40 hrs * \$65/hr = \$10k/mo		REVENUE STREAMS 30-day free trial then \$49/yr Break-Even Point: 2,000 customers		

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Key Metrics

Find the key number that tells you how your business is doing in real time, before you get the sales report



Key Metrics

PROBLEM Sharing lots of photos/videos is time-consuming. Parents have no free time. There is lots of external demand on this content. <i>Existing alternatives:</i> Flickr Pro, SmugMug, Apple MobileMe, Facebook	SOLUTION Instant, no-upload sharing iPhoto/folder integration Better notification tools	UNIQUE VALUE PROPOSITION The Fastest Way to Share Your Photos and Videos <i>High-level concept:</i> Photo and video sharing without the uploading	UNFAIR ADVANTAGE	CUSTOMER SEGMENTS Parents (creators) Family and friends (viewers) <i>Early adopter:</i> Parents with young kids
	KEY METRICS A - Signup A - Created first gallery R - Shared an album and/or video R - Invited family and friends R - Paid after trial		CHANNELS Friends Daycare Birthday parties AdWords Facebook Word of mouth	
COST STRUCTURE Hosting costs - Heroku (currently \$0) People costs - 40 hrs * \$65/hr = \$10k/mo		REVENUE STREAMS 30-day free trial then \$49/yr		
		Break-Even Point: 2,000 customers		

Unfair Advantage

A real unfair advantage is something that cannot be easily copied or bought

How can/will you make yourself different and make your difference matter

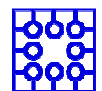
Some examples

- Insider information
- The right “expert” endorsements
- A dream team
- Personal authority
- Large network effects
- Community
- Existing customers
- SEO ranking

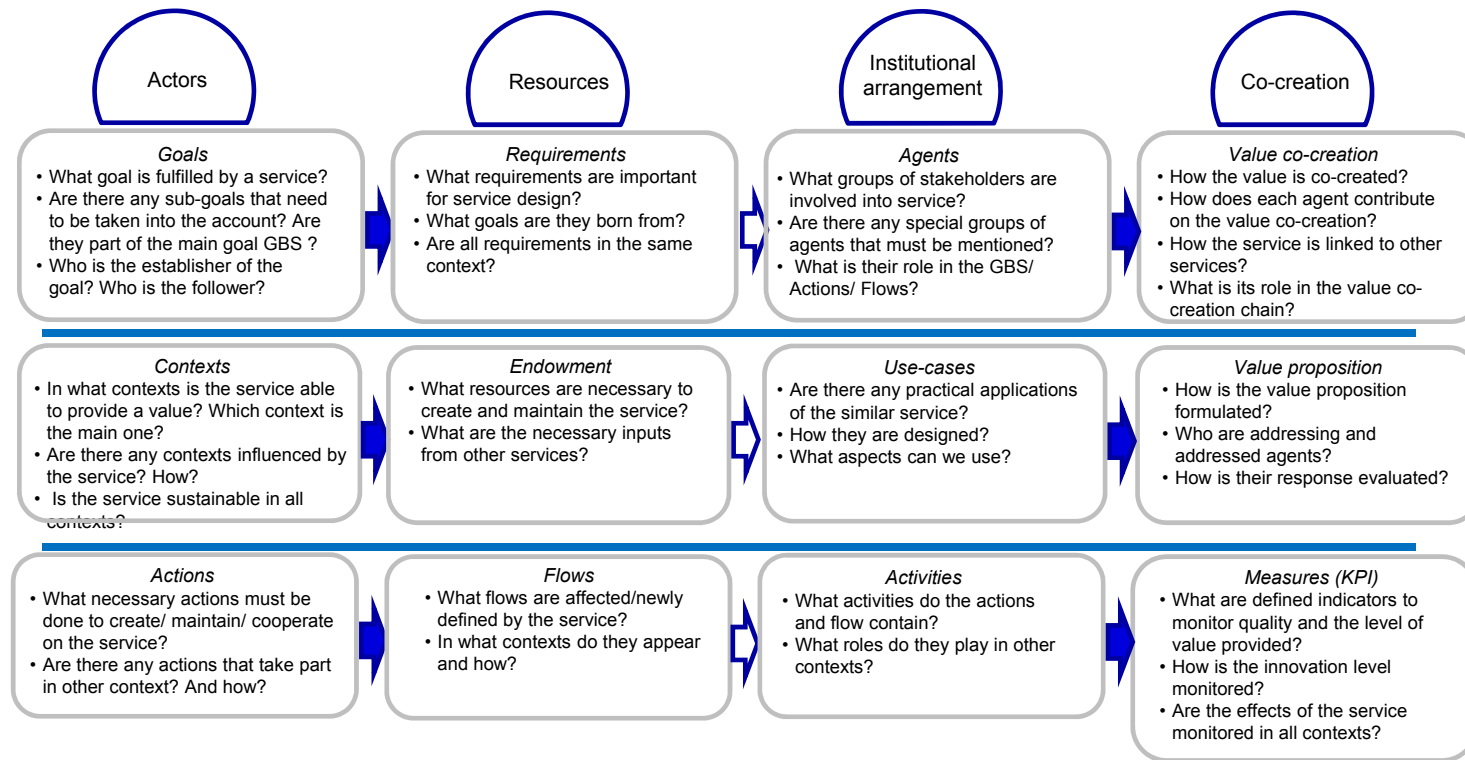
Unfair Advantage

PROBLEM Sharing lots of photos/videos is time-consuming. Parents have no free time. There is lots of external demand on this content. <i>Existing alternatives:</i> Flickr Pro, SmugMug, Apple MobileMe, Facebook	SOLUTION Instant, no-upload sharing iPhoto/folder integration Better notification tools	UNIQUE VALUE PROPOSITION The Fastest Way to Share Your Photos and Videos <i>High-level concept:</i> Photo and video sharing without the uploading	UNFAIR ADVANTAGE Community	CUSTOMER SEGMENTS Parents (creators) Family and friends (viewers) <i>Early adopter:</i> Parents with young kids
	KEY METRICS A - Signup A - Created first gallery R - Shared an album and/or video R - Invited family and friends R - Paid after trial		CHANNELS Friends Daycare Birthday parties AdWords Facebook Word of mouth	
COST STRUCTURE Hosting costs - Heroku (currently \$0) People costs - 40 hrs * \$65/hr = \$10k/mo		REVENUE STREAMS 30-day free trial then \$49/yr Break-Even Point: 2,000 customers		

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Smart Service Canvas

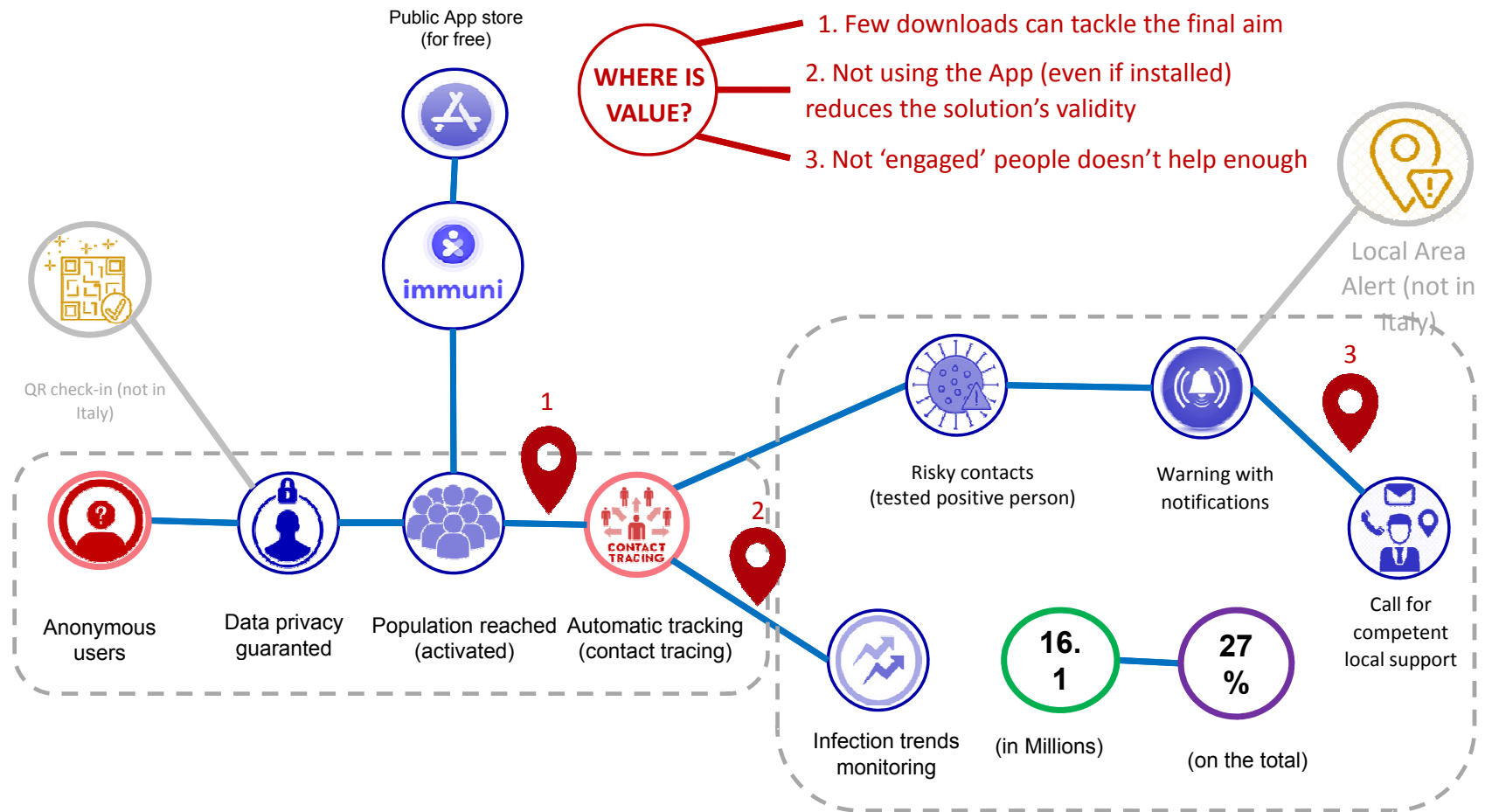


Case Study

- *The application of immuni (ITALY)*
- *First, the value of current application is analyzed*
- *Second, the design of „an ideal application“ is suggested with the examples of the value*



Application Immuni



Goals

1. To monitor a spread of covid-19.
2. To prevent covid-19 infection.
3. To help people to get oriented.
4. To protect non-infected people
5. To enable normal life

CHECKED

Requirements

1. To inform about the contacts
2. To provide information about current situation

PARTIALLY-CHECKED

Agents

1. Inhabitants
2. Medical institutions
3. Sanitary stations

PARTIALLY-CHECKED

Value co-creation

MISSED

Contexts

1. Medical – the key is to prevent the congestion of hospitals
2. Social – people need to understand why they must be isolated

PARTIALLY-CHECKED

Endowment

1. Information about test results

PARTIALLY-CHECKED

Use-cases

1. Are All Covid -19 applications

CHECKED

Value proposition

1. To be informed about the possible infection
2. To know what to do

PARTIALLY-CHECKED

Actions

1. Send warning – this actions happens if the user is infected. The users who were in contact with him/her will be warned.

PARTIALLY-CHECKED

Flows

1. To monitor surrounding
2. To receive positive test information

PARTIALLY-CHECKED

Activities

1. Detect all close devices
2. Send information to sanitary station
3. Receive information about positive contacts

PARTIALLY-CHECKED

Measures (MPI)

1. No of installations
2. No. of informed users

PARTIALLY-CHECKED



Goals

1. To monitor a spread of covid-19.
2. To prevent covid-19 infection.
3. To help people to get oriented.
4. To protect non-infected people
5. To enable normal life

CHECKED

Requirements

1. To inform about the contacts
2. To provide information about current situation
3. To link to register of tests and vaccination

PARTIALLY-CHECKED

Agents

1. Inhabitants
2. Medical institutions
3. Sanitary stations
4. Business entities – will use the app to confirm the person health status

PARTIALLY-CHECKED

Value co-creation

1. The interaction based on information sharing (the confirmation about healthy status)
2. The control on the vaccination and testing

MISSED
CHECKED

Contexts

1. Medical – the key is to prevent the congestion of hospitals
2. Social – people need to understand why they must be isolated
3. Economic – to enable economy to run

PARTIALLY-CHECKED
CHECKED

Endowment

1. Information about test results
2. Information about the vaccinations
3. Control of private data

PARTIALLY-CHECKED
CHECKED
CHECKED

Use-cases

1. Are All Covid -19 applications

CHECKED

Value proposition

1. To be informed about the possible infection
2. To know what to do
3. To get proper date and place for tests and vaccination

PARTIALLY-CHECKED
CHECKED
CHECKED

Actions

1. Send warning – this actions happens if the user is infected. The users who were in contact with him/her will be warned.
2. Get the status – get the current health status from register
3. Connect to register – connect to the register of test and vaccination

PARTIALLY-CHECKED
CHECKED
CHECKED

Flows

1. To monitor surrounding
2. To receive positive test information
3. To monitor the validity of test and vaccination

PARTIALLY-CHECKED
CHECKED
CHECKED

Activities

1. Detect all close devices
2. Send information to sanitary station
3. Receive information about positive contacts
4. Get the information about new test or vaccination

PARTIALLY-CHECKED
CHECKED
CHECKED

Measures (MPI)

1. No of installations
2. No. of informed users
3. No. of tests linked with app
4. No of vaccinations linked with app
5. No. of questions

PARTIALLY-CHECKED
CHECKED
CHECKED

Conclusion

- Business model vs Business plan
- Business model Canvas
- Business model Lean Canvas
- Smart Service Canvas