Tools for Business Model Canvas Design

14 November – Interactive Workshop

Boris Fritscher  boris.fritscher@he-ar.ch
boris@fritscher.ch
Topics

Computer-Aided Business Model Design

Elicitation
• From paper to screen
• A different view
• Design a better model

Assessing
• Rule Of Thumb Calculations

Evolution
• Using layers to visualize transformation

http://www.fritscher.ch/blog/workshop/tools-for-business-model-canvas-design/

Boris Fritscher – 14.nov.2014
Prototypes

A.1 Business Model Designer  A.2 Business Object Modeler  A.3 Business Model Calculation
A.4 Business Model Diver  A.5 Business Model Rules  A.6 Business Model Layers
A.7 Strategy Canvas  A.8 Business Model Text  A.9 Business Model Types
Application: Strategyzer.com
Computer-Aided Business Model Design
Context

Faster production cycles

Strategic level
  business model unit of analysis

Current tools generic
  or too constraining

Boris Fritscher – 14.nov.2014
Business Model Design
Computer Aided Design
Digital Copy Paper Pattern

Boris Fritscher – 14.nov.2014
Digital Flexible Model

Business Model: Amazon

Key Activities:
- fulfillment
- content management
- IT management
- delivery
- affiliates
- 3rd party sellers
- warehouse & inventory
- IT infrastructure
- people
- technology & content marketing

Key Resources:
- People
- Technology & content marketing

Offer:
- IT services
- Retail stuff over the web

Client Relationships:
- Mass customization globally
- Affiliates
- Mass customer globally
- Internet companies

Client Segments:
- Amazon.com
- Affiliates
- Internet interfaces

Distribution Channels:
- Selling stuff
- Utility fees

Revenue (model):
- Selling stuff
Model Validation

Boris Fritscher

– 14.nov.2014
Computer Aided Design in other areas
Computer Aided Business Model Design

Target users in “management”
=> needs to be easy to use
Allow for creativity, draw outside the box
Three usages

1. Creative design **elicitation**
2. Assessing / **evaluation** of the design
3. **Evolution** management
Why the Business Model Canvas?
Fixed one-page layout (learnability)
simple...
...yet expressive enough
Adopted by practitioners, target of a CAD tool
YouTube of Business Models?

<table>
<thead>
<tr>
<th>Name</th>
<th>Company</th>
<th>Date</th>
<th>Rating</th>
<th>Votes</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Circuito Solar</td>
<td>ValueFlux LLC</td>
<td>2012-06-02</td>
<td>4.5</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Magret de Pato</td>
<td></td>
<td>2013-04-16</td>
<td>5.0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Smart Street Lighting</td>
<td></td>
<td>2013-01-26</td>
<td>4.5</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>$3</td>
<td>Amazon</td>
<td>2013-06-12</td>
<td>2.0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Beef</td>
<td></td>
<td>2012-06-12</td>
<td>4.5</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Innovacion X</td>
<td>Phoenix</td>
<td>2013-02-14</td>
<td>5.0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Kilim D'Or</td>
<td></td>
<td>2014-03-15</td>
<td>4.5</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Patronas</td>
<td></td>
<td>2013-01-26</td>
<td>5.0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Albania</td>
<td></td>
<td>2011-09-21</td>
<td>5.0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Boris Fritscher – 14.nov.2014
Application: Strategyzer.com
Colors
Application S

Boris Fritscher – 14.nov.2014
Position
Heat map of element positions (top left corner) n= 163’589
Exercice 1: Design a business model

Freemium
Connecting to other models
Business Model Diver
Applying same interaction principals to other models
DESIGN A BETTER BUSINESS MODEL

Best practice checking, with rules
Storytelling (Business Model Mechanics)
Zumba

Key Partnerships
- Apparel manufacture / distribution?
- Music Artists

Key Activities
- Media Designed
- Community (ZIN) Management
- Licensing / Training Instructors
- Logistics (e-shop, events)
- Content production / Choreographies
- Tiered Instructor network
- Instructors'
convention / Events
- Zumba content (DVD, Games, Music)
- Instructor training (certification)
- Zumba Instructor Network
- Instructors' convention / Events
- Instructors' network
- Zumba (Choreographies)
- Content (Choreographies)
- Instructor training (certification)

Value Propositions
- Apparel line
- Zumba content (DVD, Games, Music)
- Instructors' convention / Events
- Instructors' network
- Zumba (Choreographies)

Customer Relationships
- FEJ
- Community (ZIN)
- Affiliate program
- Online Shop
- Instructor
- ZIN platform
- Instructors

Customer Segments
- mass-market

Channels
- Online Shop
- Instructor
- ZIN platform
- Instructors

Cost Structure
- Instructors
- Refereal
- Content production
- Marketing
- Logistics Shop

Revenue Streams
- Apparel sales
- Licensing / Training course
- Other sales
- ZIN subscription
- Events

Boris Fritscher
BMC Design guideline

A. Discover Business Model Elements
B. Improve Business Model through Connections
C. Highlight Business Model Mechanics
Guidelines applying to any individual element

• These guidelines help in maintaining a visually understandable BMC.
• There is only one idea per sticky note.
• Ideas are written with keywords, or presented with a simple illustration.
• The meaning of the element is understandable by all stakeholders.
• The element is a key component in explaining the business model; indeed, without it the business model cannot be explained.
Guidelines applying to individual building blocks

• These guidelines help to identify the right amount of detail for the BMC.
• All nine building blocks of the model are used, or have at least been considered.
• Elements that are too detailed have been grouped into a simpler element.
• Elements that are too generic have been split into more detailed elements.
• The detail level of the elements are adequate (there are not too many detailed elements, nor too few which are too generic).
Guidelines applying to connections between elements in different building blocks

- These guidelines help with the coherence of the BMC.
- Colors are used on elements to highlight their connections according to the BMC’s meta-model (Fritscher and Pigneur, 2010)
- Each color is labeled and has a specific meaning.
- Client perspective is valid:
  - Each customer segment is addressed by one or more value proposition.
  - A channel supports a value proposition-customer segment set.
  - If present, a customer relationship targets a customer segment.
  - In case of multiple customer segments, colors distinguish each business side.
- Activity perspective is valid:
  - Each value proposition is produced/delivered by a key activity, a key partner or offers a key resource.
  - Key resources or key partners support an activity.
- Financial perspective is valid:
  - Revenue stream is generated from a value proposition-customer segment set. (A revenue stream can also be “free”).
  - Major fixed costs are listed.
  - Major variables costs are listed.
- There are no orphan elements: all elements are connected to another element (in a different block to themselves).
## Guidelines & Rules

<table>
<thead>
<tr>
<th>Guideline</th>
</tr>
</thead>
</table>
| - Client perspective is valid:  
  - Each customer segment is addressed by one or more value proposition.  
  - A channel supports a value proposition-customer segment set.  
  - If present, a customer relationship targets a customer segment. |

<table>
<thead>
<tr>
<th>Rule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Each color set has to have at least an element of a value proposition, a customer segment and a revenue stream. Optionally it should include an element of a channel and a customer relationship.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Resolution Hint</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complete the color set by adding the missing mandatory elements.</td>
</tr>
</tbody>
</table>
Exercice 2: Checking coherence of the designed business model

Elements

Connections

Story (mechanics)
Assessing
Attributes
Financial attribute usage on S

- Complete financials: 33%
- No financials: 54%
- Only cost structure: 6%
- Only revenue stream: 7%

Boris Fritscher – 14.nov.2014
Exercice 3: Checking the numbers
Adding what-if?
Visualizing Business Model Evolution with the Business Model Canvas: Concept and Tool

Published in Proc. 16th IEEE Conference on Business Informatics (CBI’2014), IEEE Computer Society Press, 2014
http://phd.fritscher.ch/prototypes/bmlayers/#/evolution/Valve_Corporation_Steam_platform
Exercice 4: Apple iPod/iTunes -> Apps/iPhone
Further Work

• Rules for information
• Rules for financial simulation
• Layers for legal or social concerns
• Cross-section at multiples disciples: requirement engineering, information systems, strategy and user experience.
• This kind of research should be extended to other strategy methods.