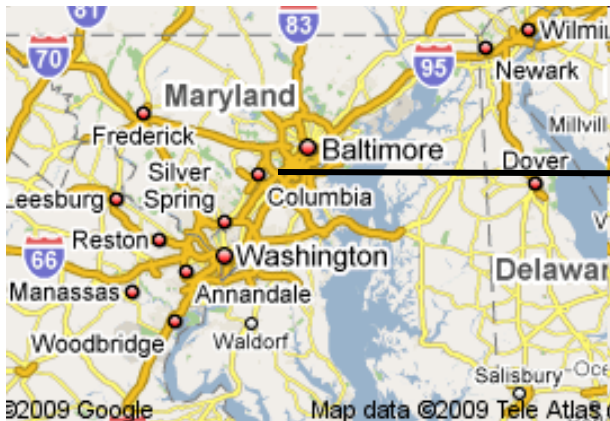


# Business Model and Business Plan Development

**Surya Raghu**

**Workshop on University IP Commercialization**

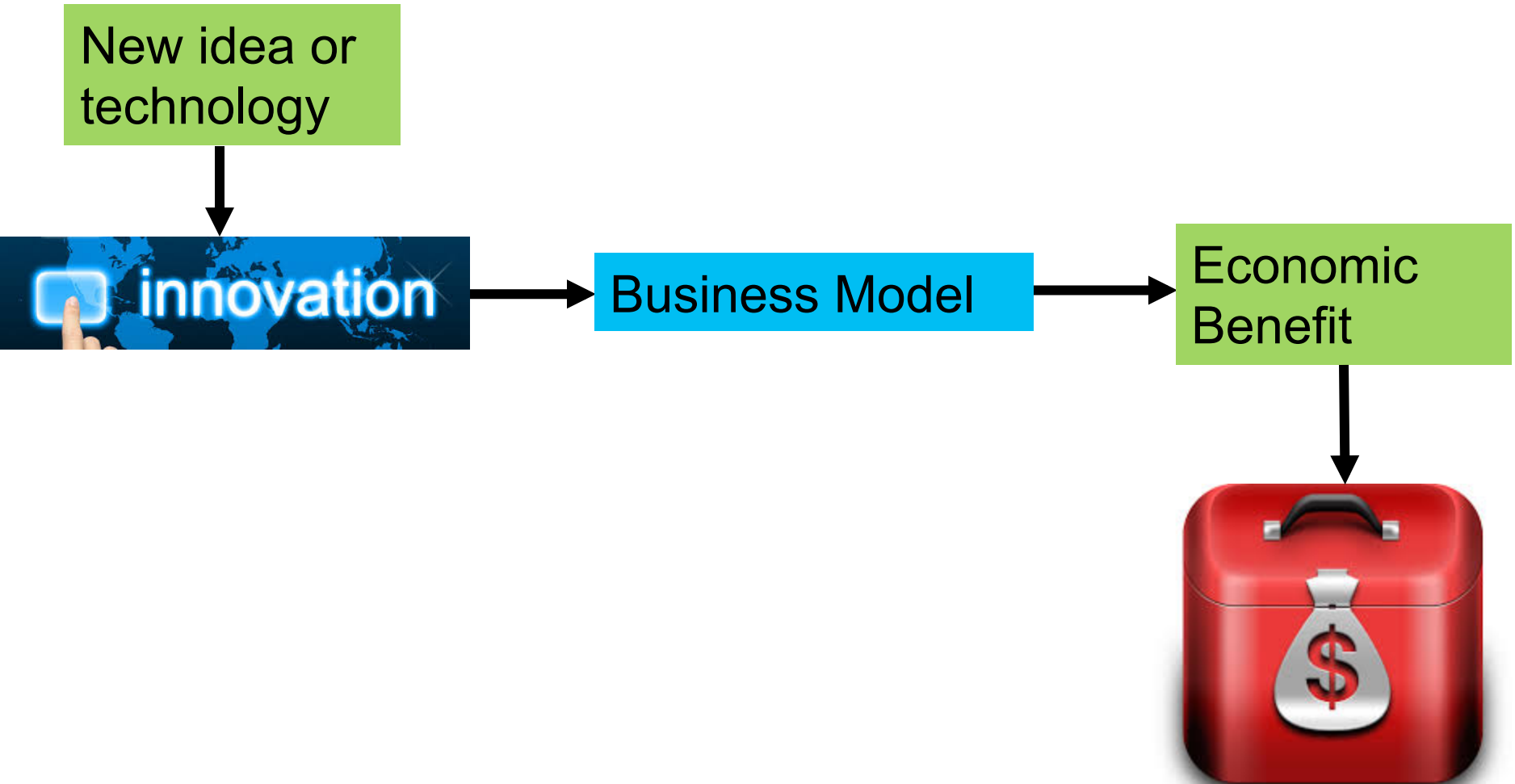
ICTP, Trieste  
March 30-April 5, 2016












# OUTLINE

1. Business Model
2. Business Plan
3. Exercise

# Business Model



# Business Model

The Business Model Canvas		Designed for:	Designed by:	Date:	Version:
Key Partners 	Key Activities 	Value Propositions 	Customer Relationships 	Customer Segments 	
	Key Resources 		Channels 		
Cost Structure 		Revenue Streams 			

# Knowing your Customer

Customer

VS

Consumer?

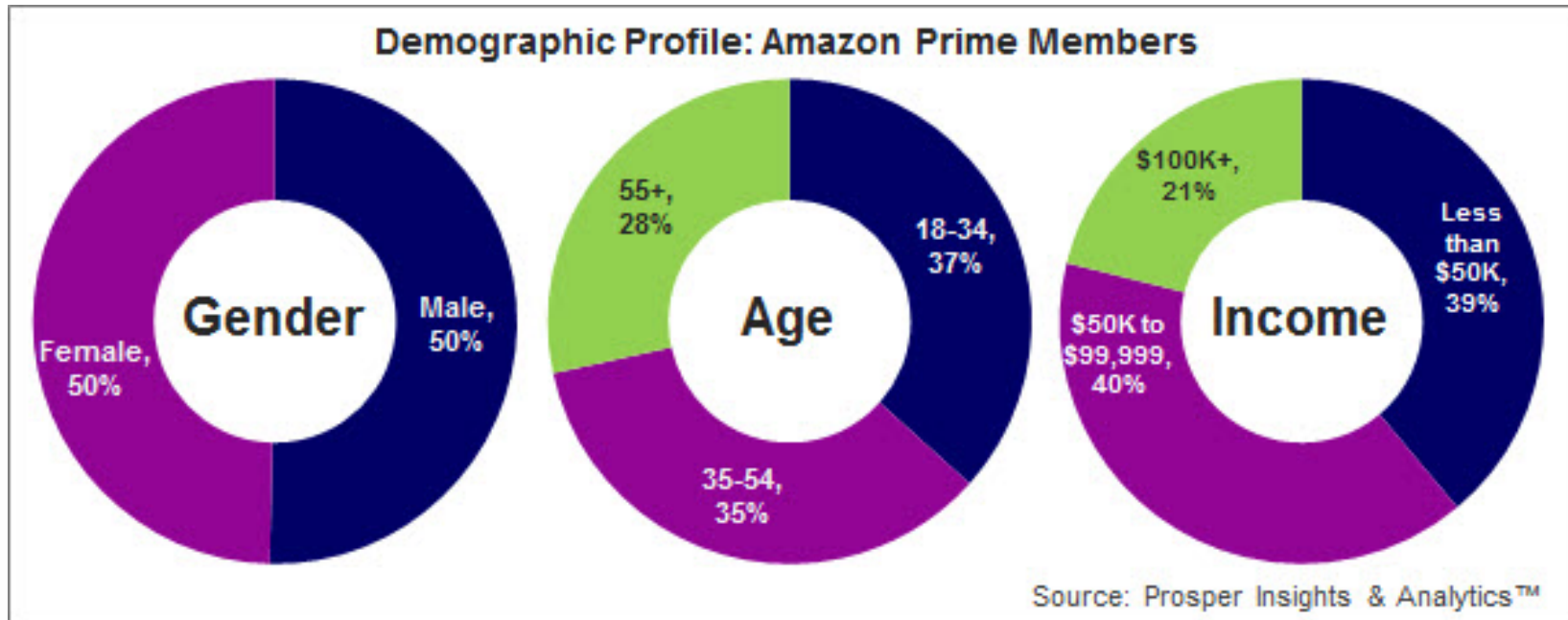


© S. Raghu

# Customer (Market) Segments

- **Demographics**
- **Geographics**
- **Behavioral**

# Customer (Market) Demographics



Forbes, 2013

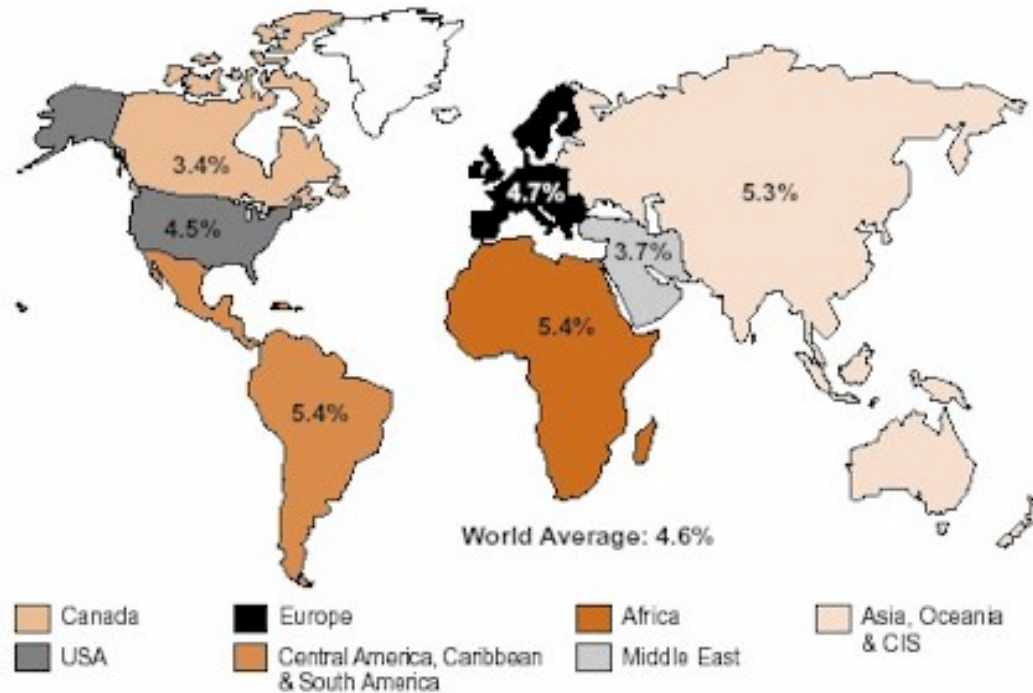
# Customer (Market) Demographics

## Demographic Segments

- Institutional or individual users
- Age group - Gen Y, Gen X, Baby Boomers and Seniors, males or females or both)
- Tech savvy?
- Geographic location – village, small town, city, country.
- Value of your product to money, space and time.



# Geographical Distribution of Market












<http://www.tc.gc.ca/eng/civilaviation/publications/tp13549-chapter5-2143.htm>

# Business Model

## The Business Model Canvas










Designed for:
Designed by:
Date:
Version:

Key Partners 	Key Activities 	Value Propositions 	Customer Relationships 	Customer Segments 
	Key Resources 		Channels 	
Cost Structure 		Revenue Streams 		

# Value Proposition

What is the current need (pain) and how is your product solving it (gain)?

# Business Model

The Business Model Canvas		Designed for:	Designed by:	Date:	Version:
Key Partners 	Key Activities 	Value Propositions 	Customer Relationships 	Customer Segments 	
	Key Resources 		Channels 		
Cost Structure 		Revenue Streams 			

# Customer Relationship

How will you reach out to the customer?  
(one time, continuous contact, return customers???)

Sales, marketing, customer service and support

Web-based training, seminars, tutorials, social media, customer support, etc.

# Business Model

## The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

<div>Key Partners</div> <div></div>	<div>Key Activities</div> <div></div>	<div>Value Propositions</div> <div></div>	<div>Customer Relationships</div> <div></div>	<div>Customer Segments</div> <div></div>
	<div>Key Resources</div> <div></div>		<div>Channels</div> <div></div>	
<div>Cost Structure</div> <div></div>		<div>Revenue Streams</div> <div></div>		

# Customer Channels

**How do you access the customer?**

Communication, distribution and sales

Personal contacts, salespersons, distributors, e-marketing, trade shows, social media, others?

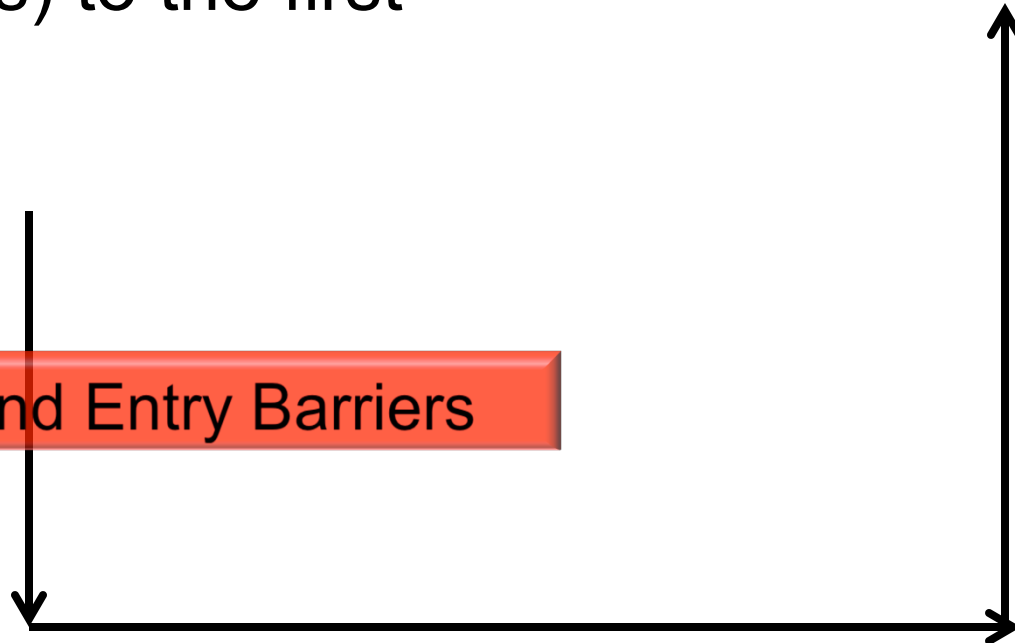
# The First Customer

First customer / First adopter?



Route (access) to the first customer?

Competition and Entry Barriers







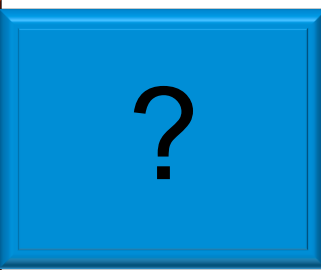













# Entry Barrier



# Business Model

The Business Model Canvas		Designed for:	Designed by:	Date:	Version:
Key Partners 	Key Activities 	Value Propositions 	Customer Relationships 	Customer Segments 	
					
	Key Resources 				
Cost Structure 		Revenue Streams 			
					

# Business Plan

## Execution of the Business Model

- Understanding the market and market size
- How much money will you need?
- How much money you will make?
- Plan for growth and exit
- Timeline of activities and funding required
- Team for conducting the business
- Risk management

# Knowing Your Market

The market analysis is attempting to answer the questions:

- **To whom?** (Who is the target market)
- **How many?** (Size of market)
- **At what price?** (Value of the market)

*These are simple questions, with often complex answers and a high level of uncertainty.*

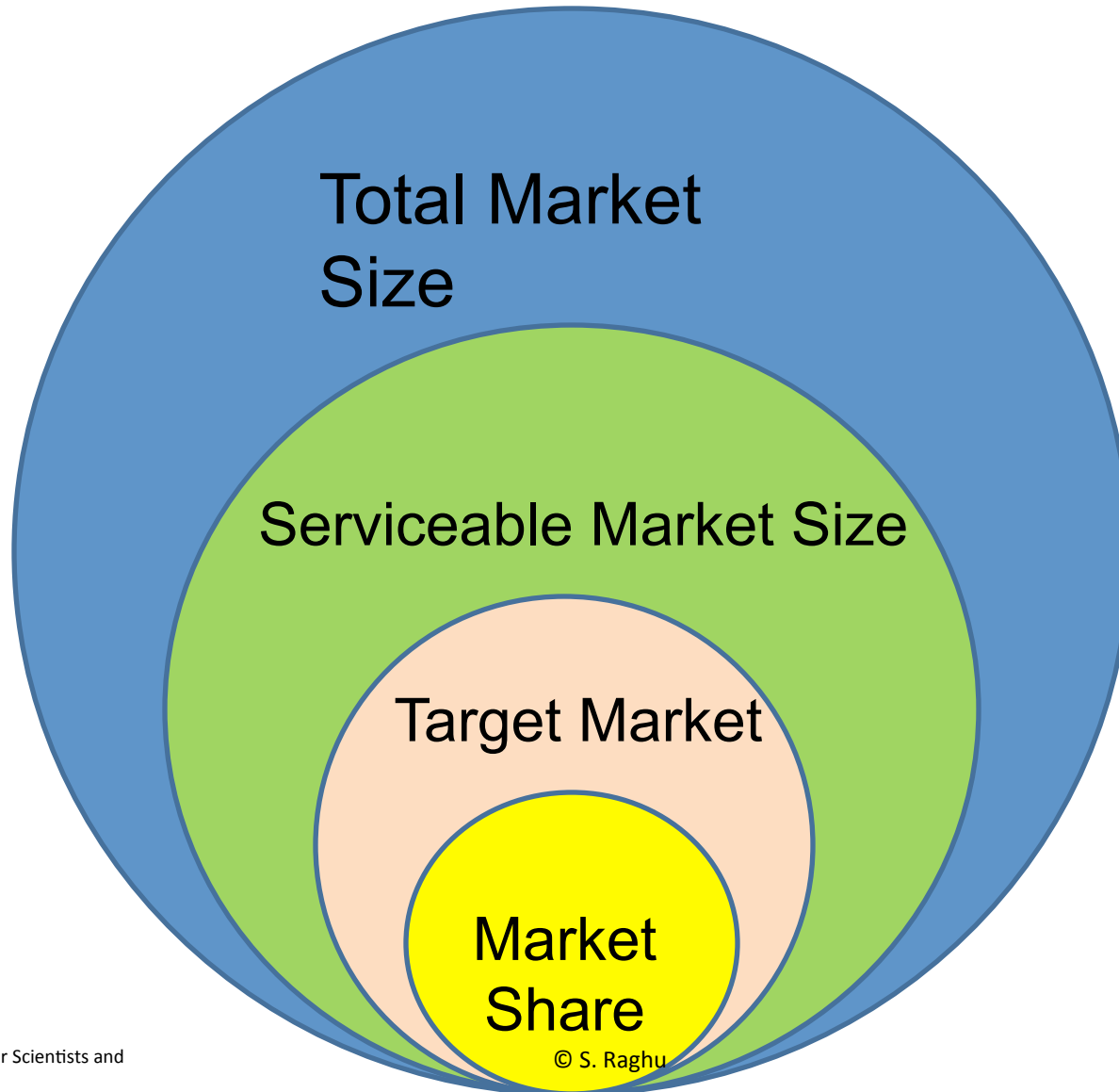
# Market Penetration

What percentage of market do you plan to capture?

What is the entry barrier?

How will you prevent competition from getting into your space?

# Market Penetration



# One-pager

# One-pager

Company  
Logo

Name  
website

Address

## Product

Photograph  
Short Description

## Opportunity

Total Market size:  
Serviceable Target Market:  
Market share:  
  
Competition:

## Product Status

- Patent Status?
- prototypes fabricated?
- Ready to be manufactured?

## The Team

## Sales Projection

Cost/unit \$x?  
Break-even at xx unit sales  
Break-even time: xx months  
5-year sales projection: x% of target market (  
ROI: X10 in Profits and X10 of  
Company at that valuation in 5 years

## Investment needed

**\$\$\$ for x% of company**

Above funds needed for ??

Burn rate: \$\$/month

To what stage will this investment get you?

## Competitive Advantage

## Marketing Strategy

## Other info



# Business Plan

Support the one-pager with 10-12 slides of detailed information

# CONCLUSIONS

## **We discussed:**

1. Business Model (idea)
2. Business Plan (execution)

**“Big Picture” is important for commercialization.**

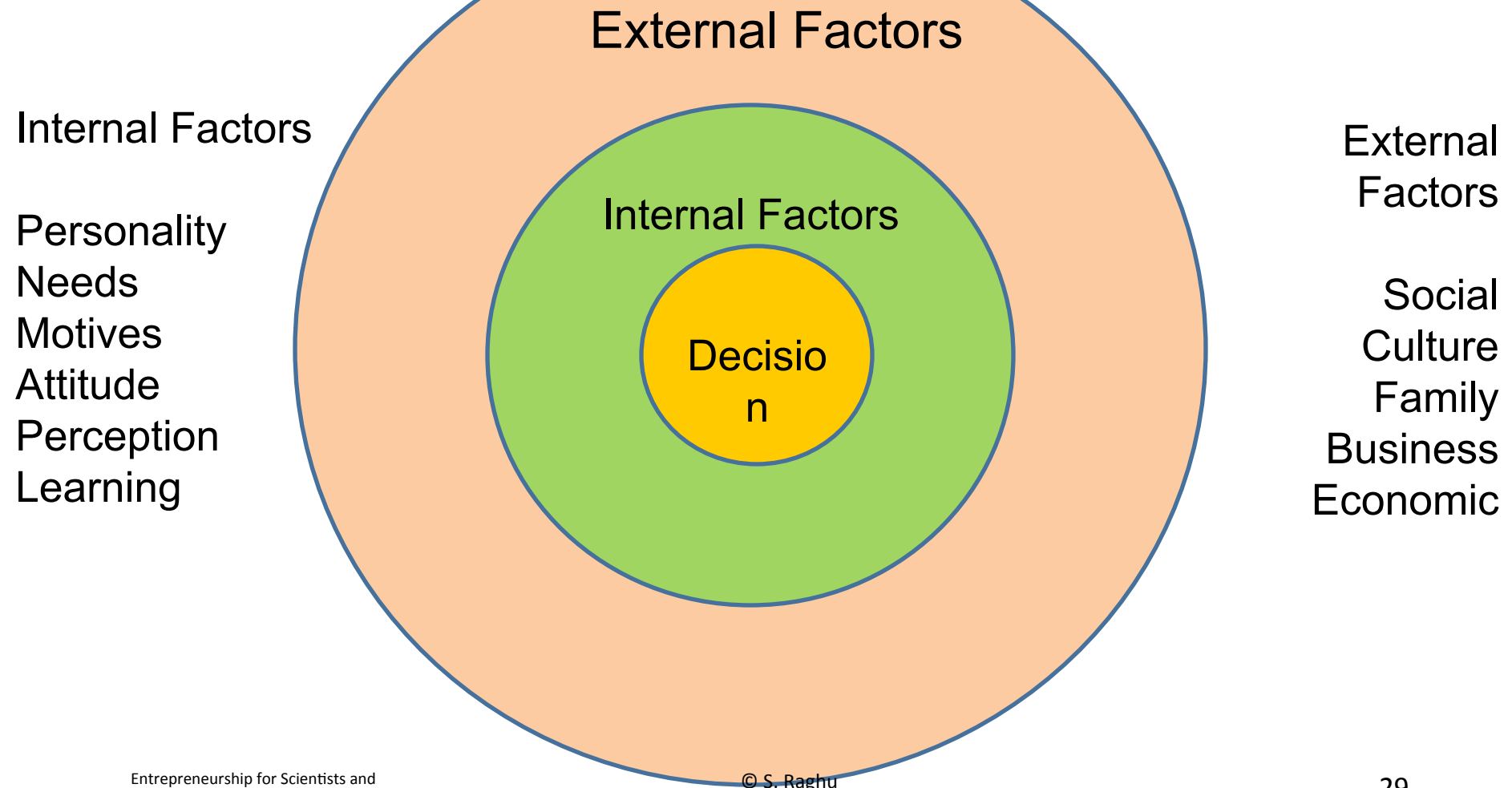
# THANK YOU

# Consumer Behaviour

*"The study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society."*

**- excerpts from Dr Lars Perner University of Southern California)**

# Consumer Behavior



# Why Study Consumer Behavior?

- **Marketing strategy**

Towards better marketing campaigns

- **Public policy**

Smoking, alcohol consumption, certain medications etc.

- **Social marketing**

Getting ideas across to people through social media

- **A better consumer**

Educating the consumer

# Behavioral Segments (Psychographics)

Personality

Values

Attitudes

Lifestyles

Interests