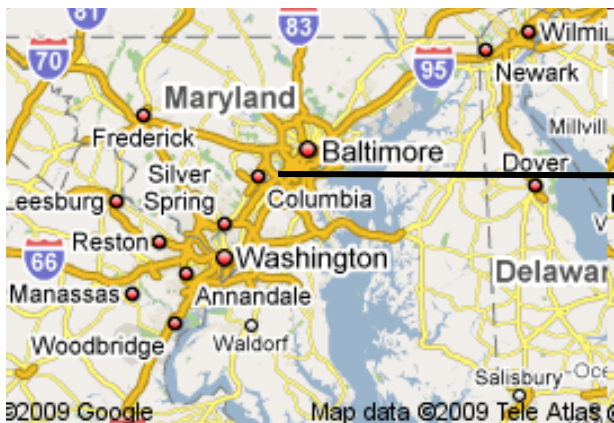


Business Model and Business Plan Development

Surya Raghu
ETCube International &
Advanced Fluidics

ICTP, Trieste
March 19-23, 2018



OUTLINE

1. Business Model
2. Business Plan
3. Exercise

Design Thinking

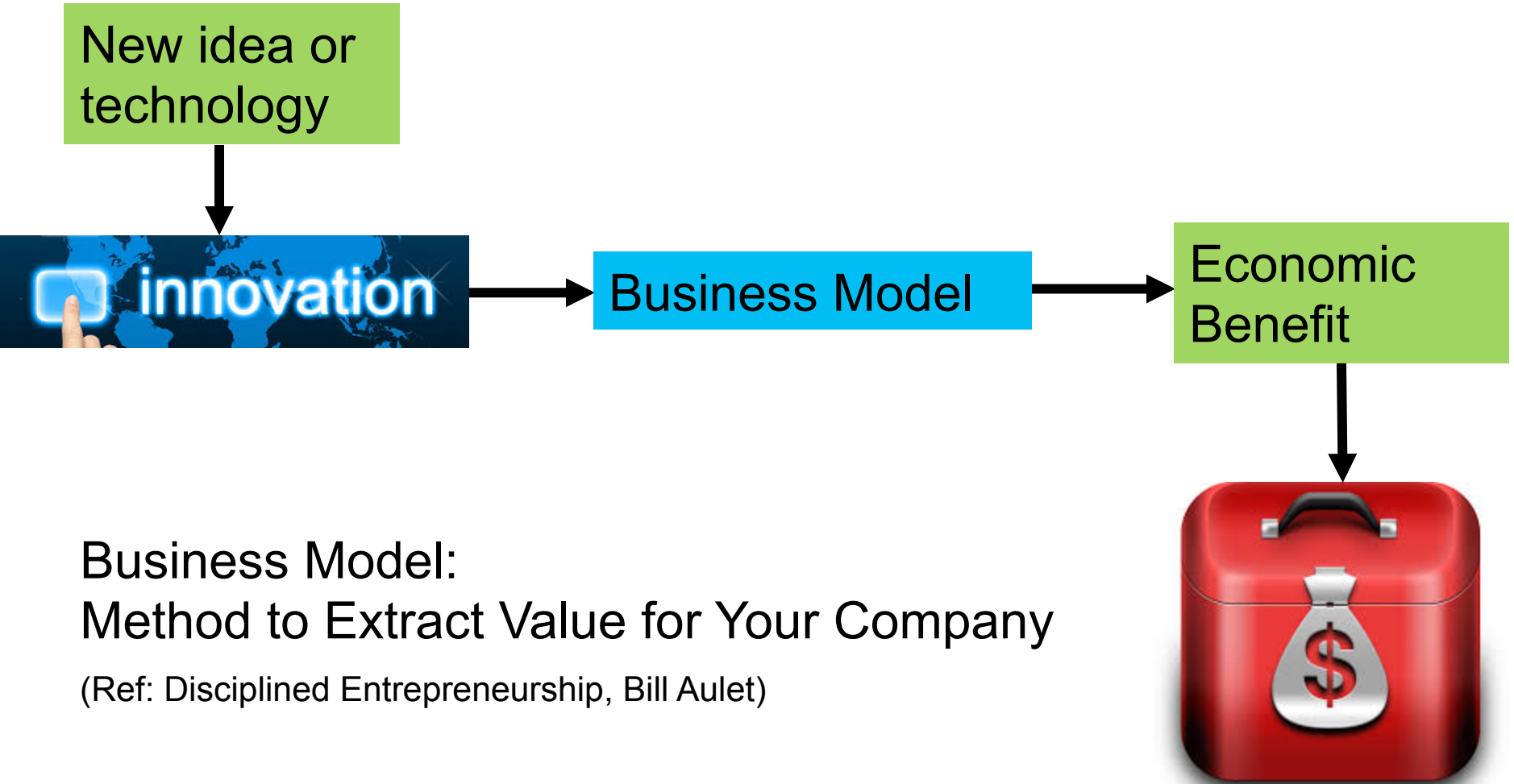
From “What is”

to “What if”

to “What wows”

to “What works”

Business Model



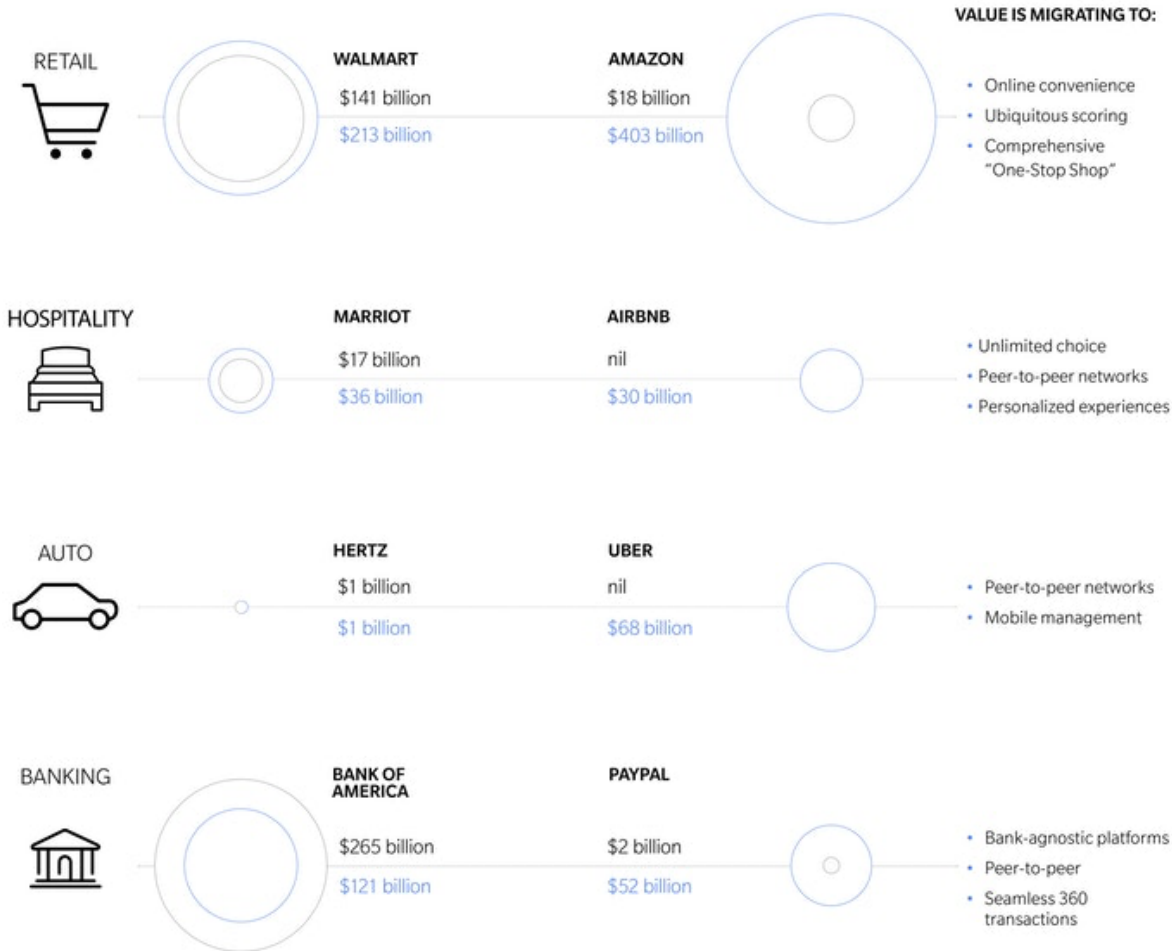
Business Model:
Method to Extract Value for Your Company

(Ref: Disciplined Entrepreneurship, Bill Aulet)

Changing Business Models

TOTAL MARKET CAPITALIZATION US \$ BILLION

○ 2007 ○ 2017



More Business Models

Sale + Maintenance

Subscription or leasing model






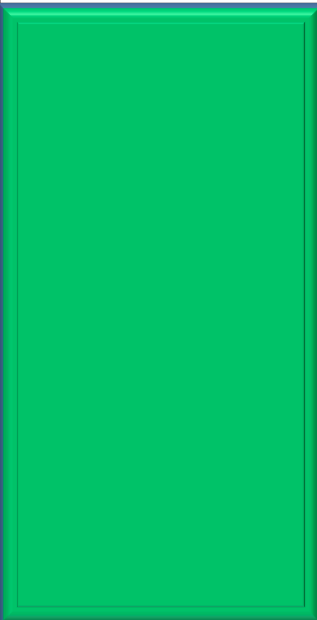




Consumables

Usage based

“Cell-phone” plans: Base price + usage

Licensing, advertising, and perhaps new models.....

Business Model Canvas

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

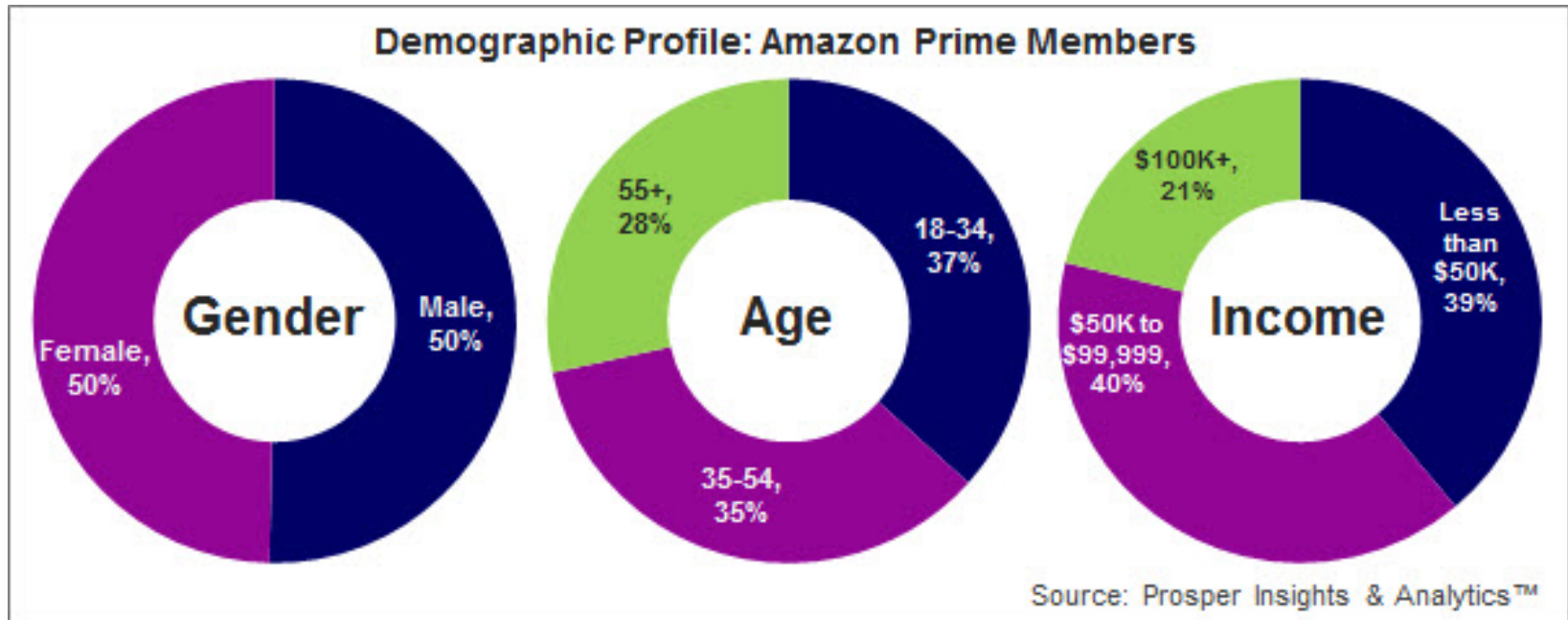
Consumer?



Customer (Market) Segments

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

Customer (Market) Demographics



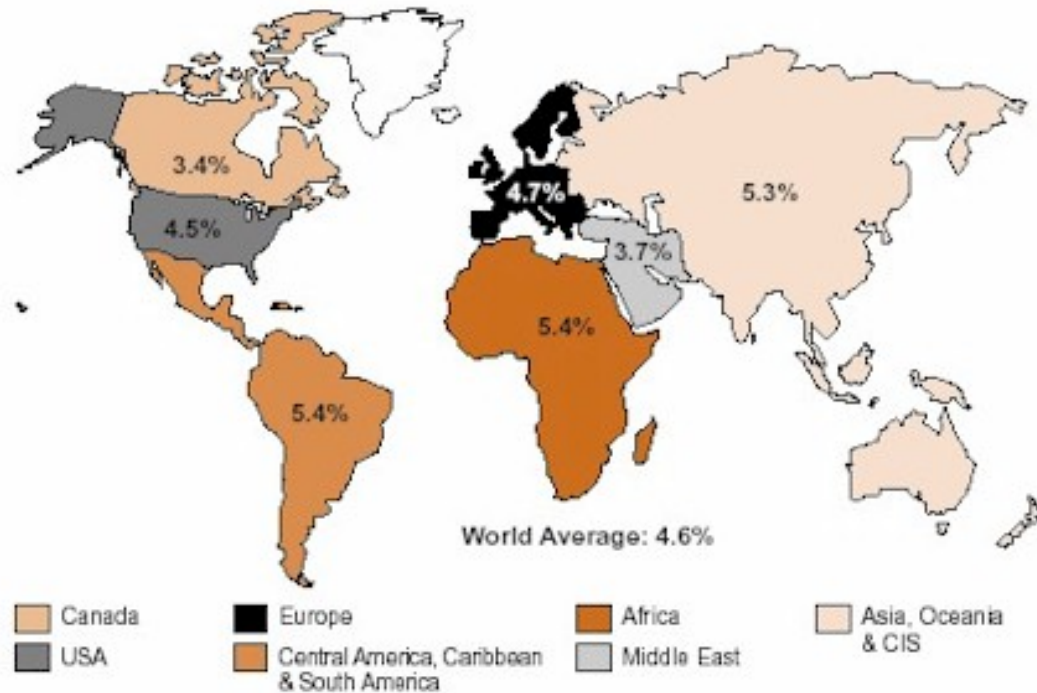
Forbes, 2013

Customer (Market) Demographics

Demographic Segments

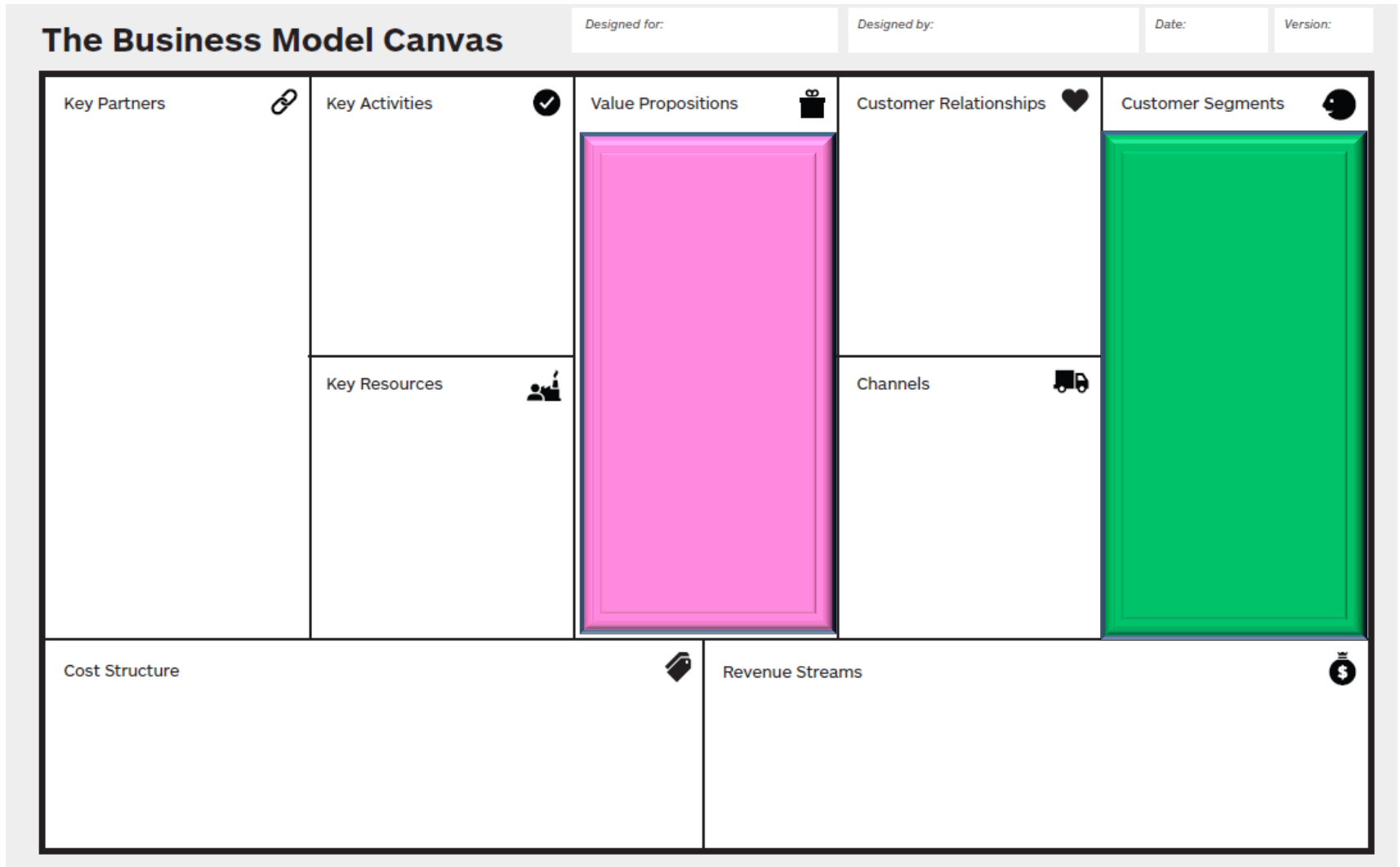
- Institutional or individual users
- Age group - Gen Y, Gen X, Baby Boomers and Seniors, males or females or both)
- Tech savvy?
- Geographic location – village, small town, city, country.
- Value of your product to money, space and time.

Geographical Distribution of Market



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

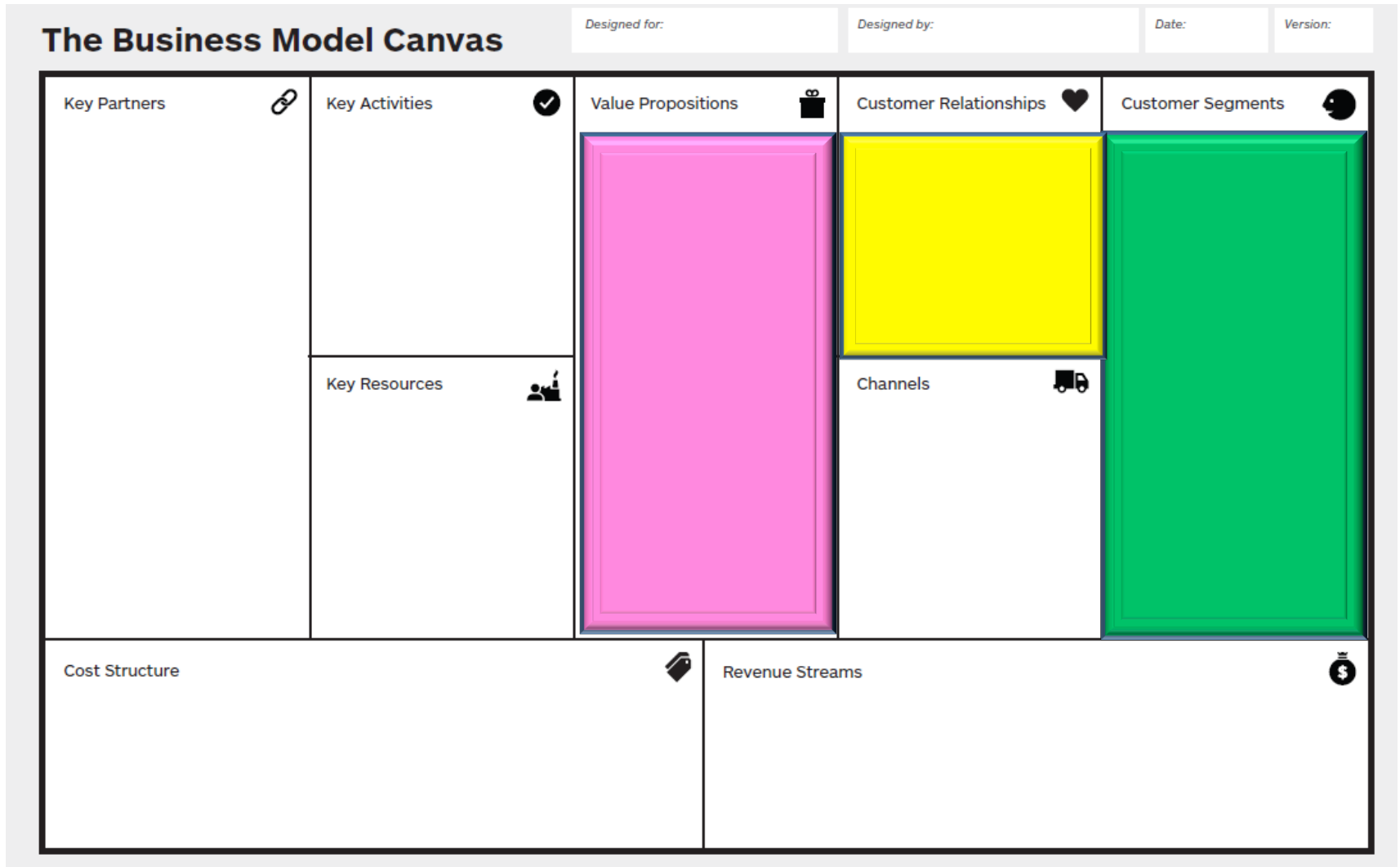
Business Model



Value Proposition

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

Business Model



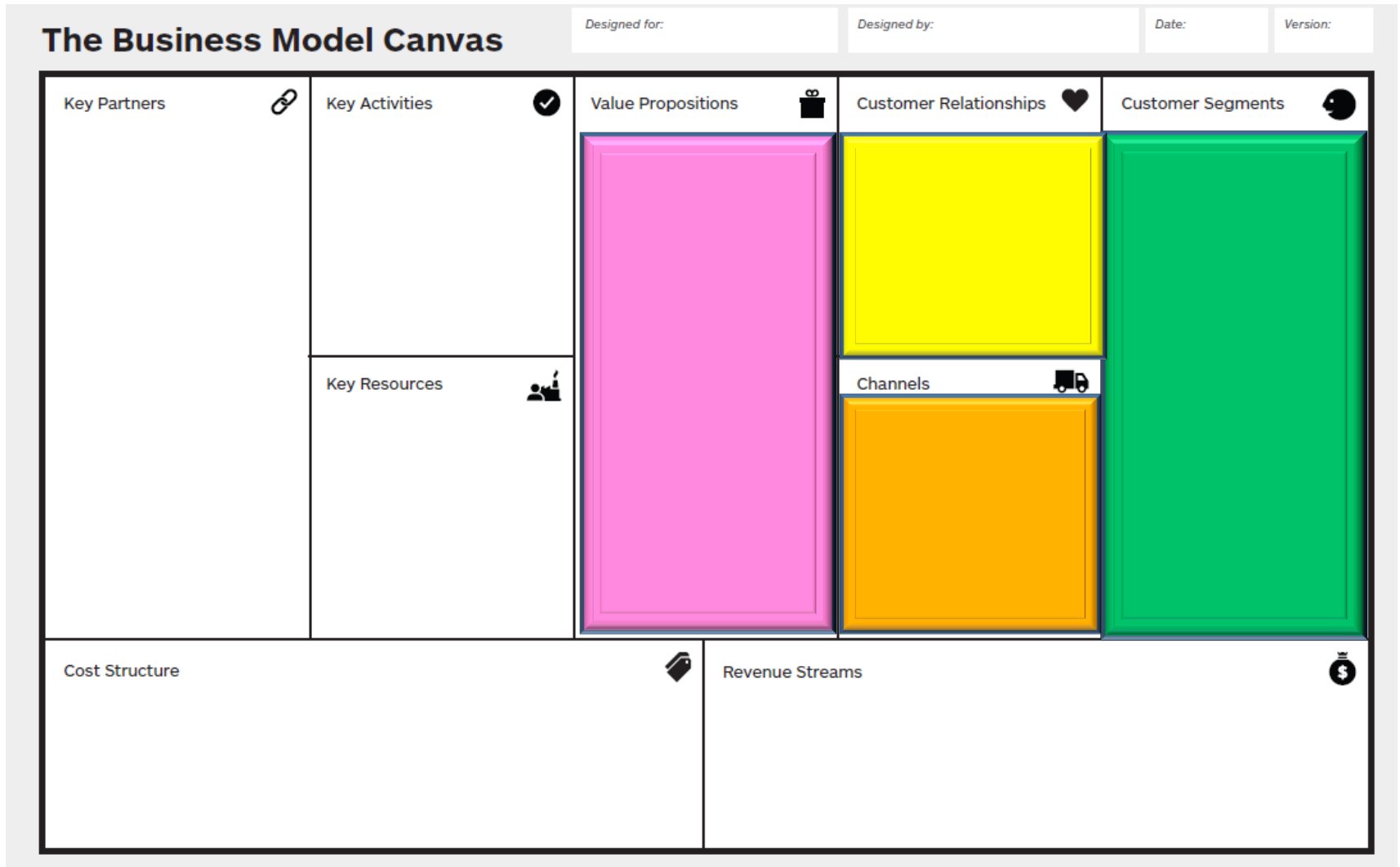
Customer Relationship

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



Customer Channels

How do you access the customer?

Communication, distribution and sales

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

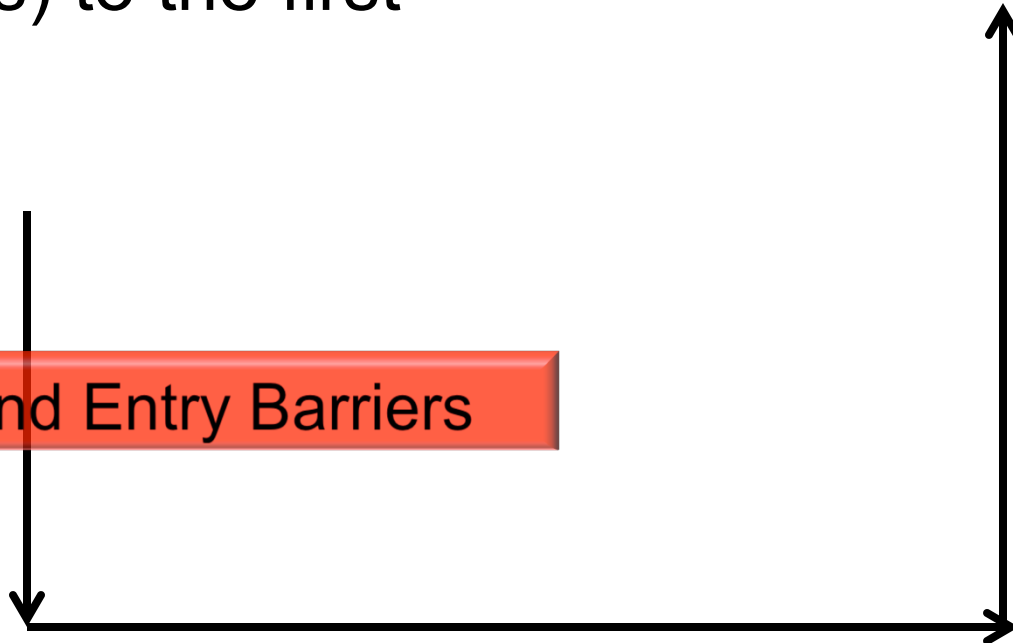
The First Customer

First customer / First adopter?

Route (access) to the first customer?



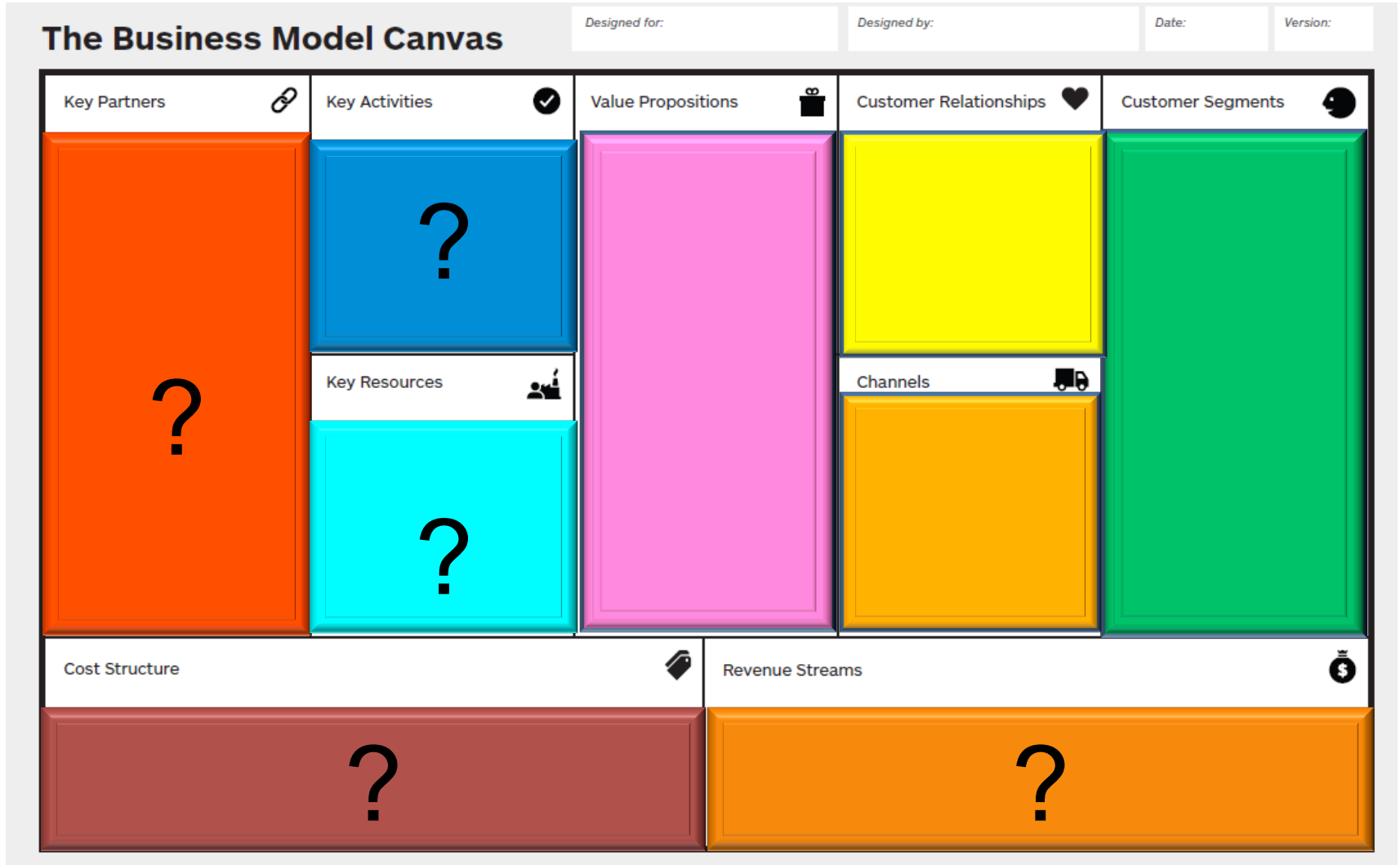
Competition and Entry Barriers



Entry Barrier



Business Model



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
Assumptions and 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.

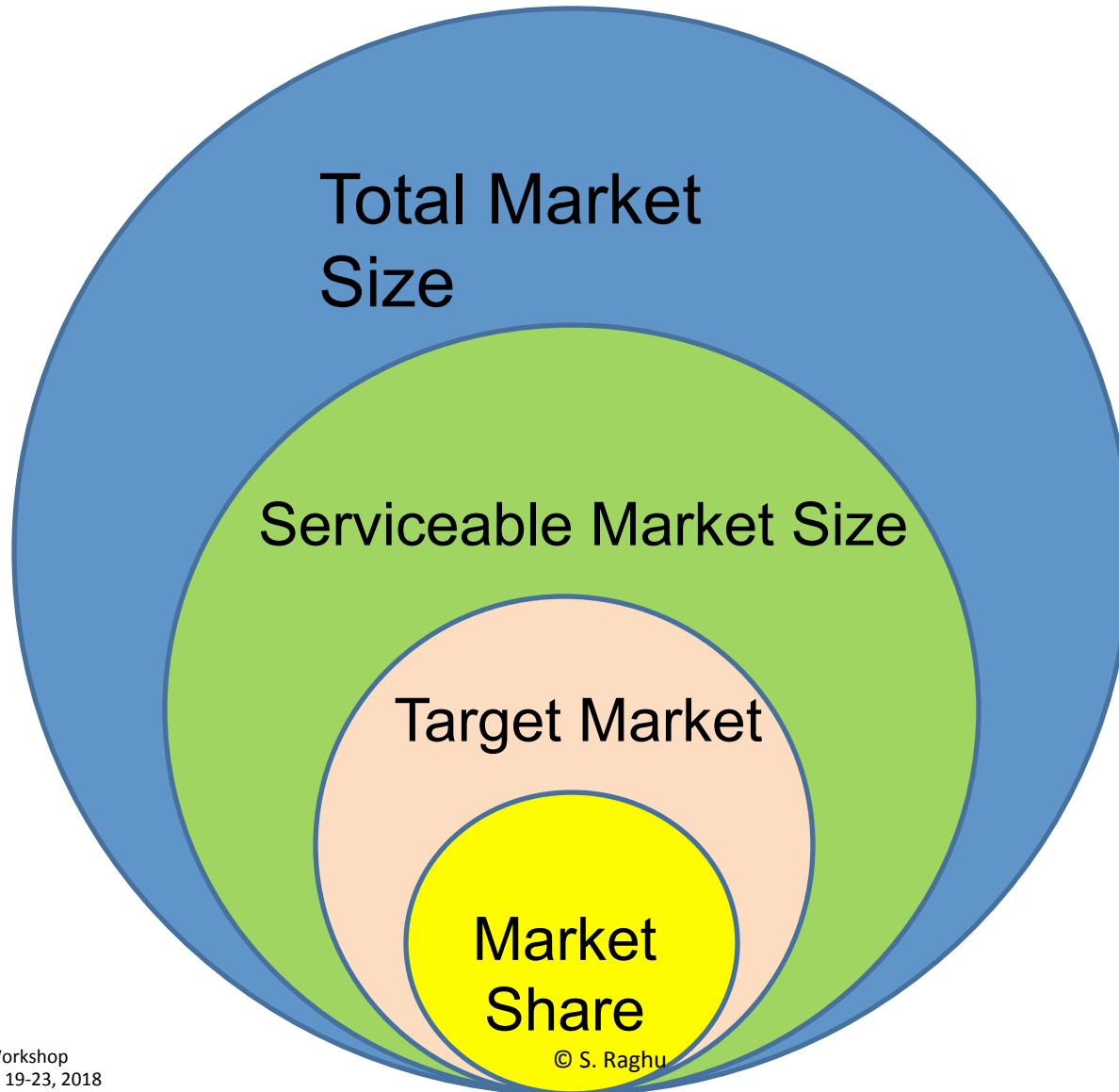
Market Penetration

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

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 Y% 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

© S. Raghu

Other info

27

Business Plan

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

CONCLUSIONS

We discussed:

1. Design Thinking
2. Business Model (idea)
3. Business Plan (execution)

“Big Picture” is important for commercialization.

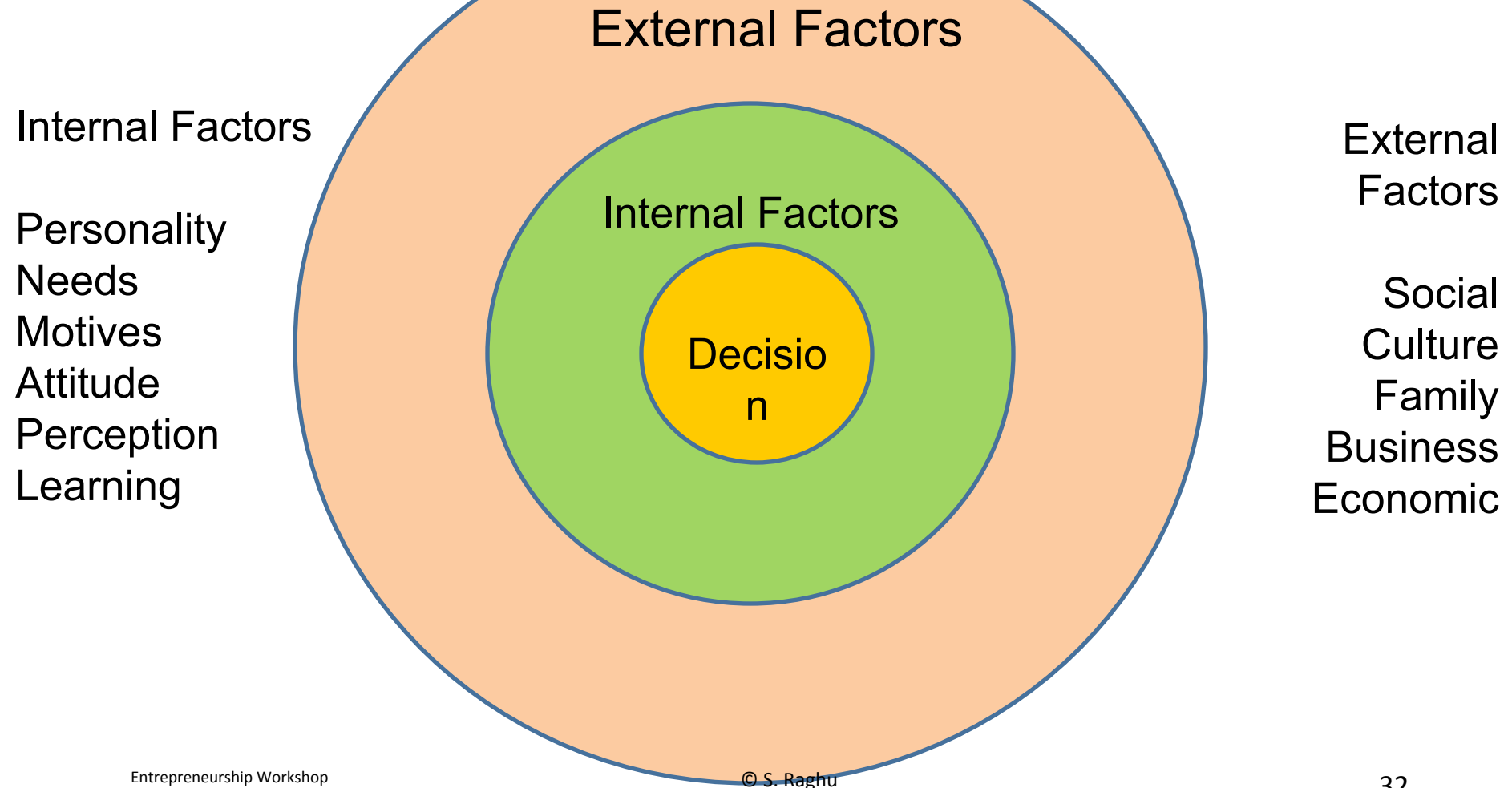
THANK YOU

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

Value Proposition

What is the pain?

What is your solution?

Pain Killer?

Cure?

What is the cost?