

Four Pillars

Different views exist on what exactly a Business Model is, what components it has, what is should be used for and how a widely accepted definition:

“The business model is the rationale of how an organization creates, delivers and captures value” - Osterwalder and Pigneur (2010)

accepts there are four pillars

Creating Value	WHAT?	The Value Proposition: what value does a company create with its product/service
	HOW	Logic of the Business: how is the value proposition created: activities, processes, resources, and capabilities
Delivering Value	WHO	Customers Segments who are the customers
Capturing Value	WHY	Revenue Model why is the value proposition created and how is value captured.

Organising thoughts, seeking clarity about what the business does – providing a foundation from which new products and new services can be built – a basis for innovation.



Co-funded by the
Erasmus+ Programme
of the European Union

Business Model Canvas

Know and understand the business

Alexander Osterwalder and Yves Pigneur's Business Model Canvas has become the standard tool for describing organizations' business models. The canvas has introduced business model thinking into the mainstream and has proven to be a fantastic tool for visualizing your business model.

We were given case studies at the Tekniker premises in Spain and will be expected to use this approach with local companies. Benefits of multi-disciplinary approach.

Examples

Nespresso – I wonder just how tight and connected all of this digital technology actually is... During my preparation for this presentation I've been saving work using Dropbox. Very handy for working - almost seamlessly - between home and office.

However... I was somewhat surprised to see an online advert extolling the advantages of the Nespresso system. May just have been coincidence, or perhaps I should be reading those online terms and conditions.

There are many business models

It surprised me how many there are – in excess of 50 here.

Efforts have analysed and categorised BM looking for innovation patterns.

The phrase "There's no need to reinvent the wheel" is relevant here; as we look more closely, only a few BM innovations are *really new*. Often, innovations are

slight variations of something that has existed elsewhere, in other industries, or in other geographical areas.

Essentially, there are three categories:

- Price Driven
- Service Driven
- Others

Success is not necessarily the ultimate reflection on the performance or quality of goods and services – more likely to be an innovative implementation of an existing business model, or combination of models.

Case Study: Rolls Royce

...

Case Study: Ulma Spanish Handling Equipment

Forklift datalogger captures various operating parameters of the truck including:

Hydraulic temperature and pressure, driver presence, impact, velocity, battery condition, vibration

Connected to internet over WiFi

Analysis takes place centrally – the company then knows the quality of the machine's life – was it well looked after – working time, when next service is due, number of shocks experienced -

There's aggregate data (big data) of customers' fleets and patterns will emerge

When the vehicle ends its life with the first customer, ULMA take responsibility for any maintenance and refurbishment and have high levels of confidence as the forklift starts the next part of its working life, for another customer.

There are (were) concerns:

- Quality of product re-engineering
- Need for Training
- Financial aspects – breakeven / profitable

Conclusions

- Risk reduction
- Sustainable / Efficient fleet management
- Enabler for servitization / PSS (Product Service Solutions)

Servitization - services and solutions that supplement their traditional product offerings