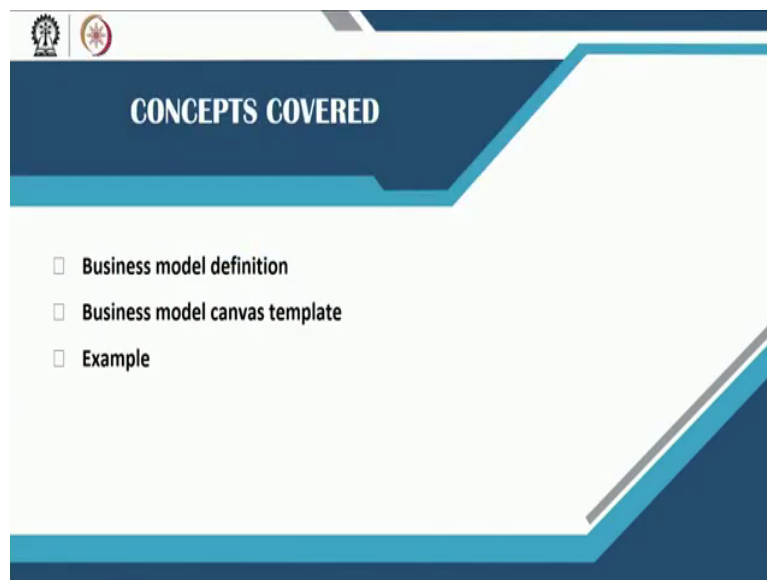


Entrepreneurship Essentials
Prof. Manoj Kumar Mandal
Rajendra Mishra School of Engineering Entrepreneurship
Indian Institute of Technology, Kharagpur

Module – 04
Lecture – 16
Business Model Canvas

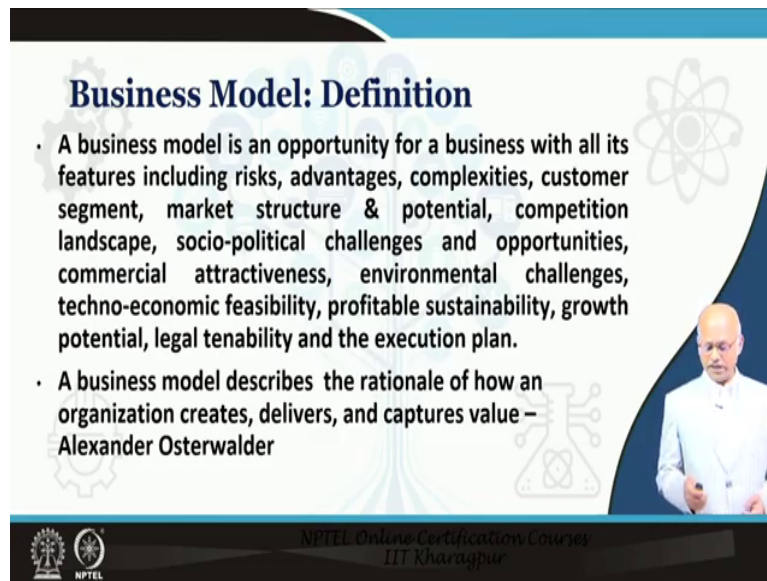
Hello and welcome, session topic is business model and we are going to use existing Business Model Canvas to explain business model per se. The canvas has been developed by Alexander Osterwalder.

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And it is doing good to the community as a whole the investors, the entrepreneurs all using the canvas to facilitate understanding of a particular business model.

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Business Model: Definition

- A business model is an opportunity for a business with all its features including risks, advantages, complexities, customer segment, market structure & potential, competition landscape, socio-political challenges and opportunities, commercial attractiveness, environmental challenges, techno-economic feasibility, profitable sustainability, growth potential, legal tenability and the execution plan.
- A business model describes the rationale of how an organization creates, delivers, and captures value –
Alexander Osterwalder

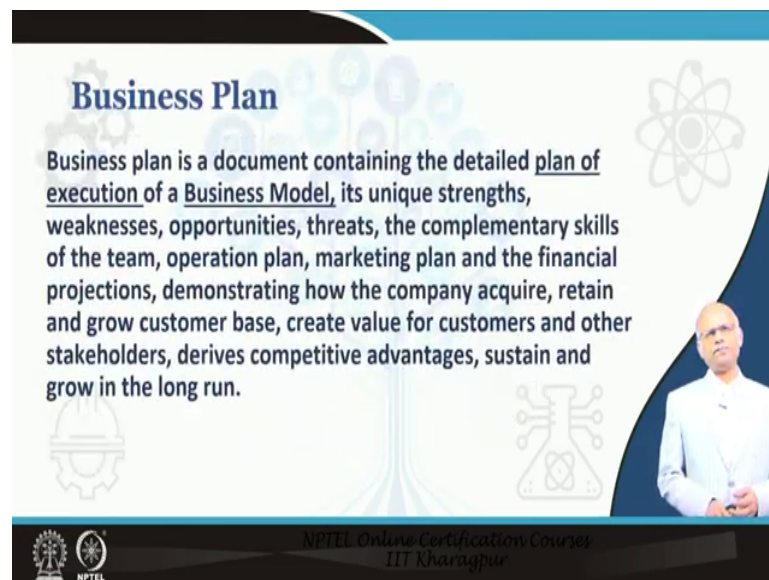
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So, the topic will be like this business model definition, model canvas template and we will end with an example. So, business model; what is a business model? Business model actually refers to identifying a pain and then developing a solution that solves the pain better than competitors at a lower cost. So, that a company or enterprise can create lasting relationship with the target audience lasting profitable relationship.

So, in formal terms a business model is an opportunity for a business with all its features including risk, advantages, complexities, customer segments, market structure and market potential, competition landscape, socio political changes and opportunities, commercial attractiveness, environmental challenges, techno economic feasibility, profitable sustainability, growth potential, legal tenability and execution plan.

As Osterwalder says a business model describes the rationale of how an organization creates delivers and capture values.

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Business Plan

Business plan is a document containing the detailed plan of execution of a **Business Model**, its unique strengths, weaknesses, opportunities, threats, the complementary skills of the team, operation plan, marketing plan and the financial projections, demonstrating how the company acquire, retain and grow customer base, create value for customers and other stakeholders, derives competitive advantages, sustain and grow in the long run.

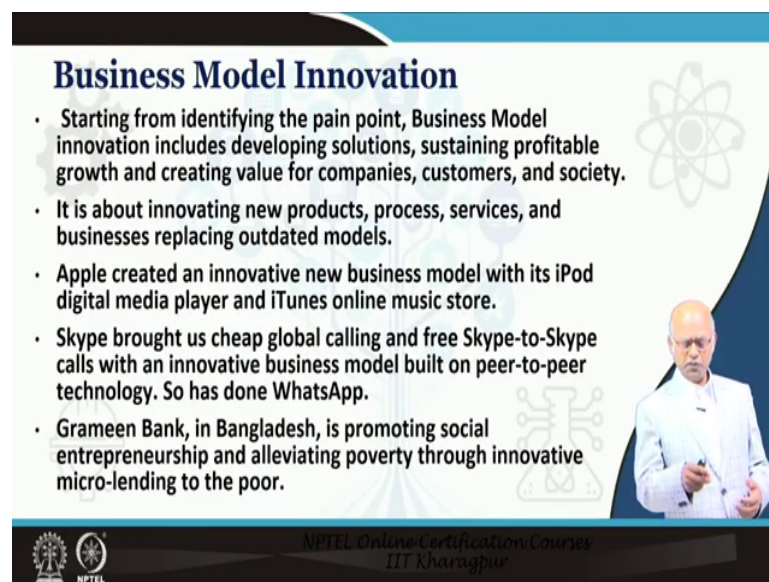
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The slide features a blue and white color scheme with decorative icons of a gear, a lightbulb, and a network diagram. A presenter in a white shirt is visible on the right side of the slide.

Business plan on the other hand is a document that shows how a business model is going to be executed, how value will be created, how this business model creates superior, lasting, profitable relationship with the customer, what is its unique selling proposition, how it is pitted against the competition. Everything to get all are documented including what are going to be the financial projection of or what kind of financiers the company is going to achieve including cash flow to understand whether the company is facing any cash flow problem or the company is actually going to create value.

It also includes how much value the business is going to create for the investors for founders, for the nation at last.

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Business Model Innovation

- Starting from identifying the pain point, Business Model innovation includes developing solutions, sustaining profitable growth and creating value for companies, customers, and society.
- It is about innovating new products, process, services, and businesses replacing outdated models.
- Apple created an innovative new business model with its iPod digital media player and iTunes online music store.
- Skype brought us cheap global calling and free Skype-to-Skype calls with an innovative business model built on peer-to-peer technology. So has done WhatsApp.
- Grameen Bank, in Bangladesh, is promoting social entrepreneurship and alleviating poverty through innovative micro-lending to the poor.

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So, the document actually is the business plan that can be in the form of a written document, that can be a PowerPoint presentation. Business plan also is necessary for founders own consumption to guide him or her or them about what are the plan moving forward and whether they are actually moving exactly in line with the plan or they are deviating they are kind weather they are losing focus. Business model innovation is the starting point of starting a business and highly involving.

So, it requires a lot of knowledge innovation of a product before that identifying a pain that is worth solving or a pain which the existing solution is not capable of ameliorating. So, all of that involves a business model. So, when somebody tries to innovate a business model they

try to identify an unmet pain, pain that unmet pain or partially met pain and then the pain actually is bothering a large number of people. So, that it makes sense to spend a lot of money to develop a solution build a solution.

Starting from identifying this pain point business model innovation includes developing solutions, sustaining profitable growth and creating value for companies, customers, society country at large. It is about innovating new product, process, services, business replacing may be outdated or maybe just creating new business altogether. Maybe customer customers have pain that they are not even aware of like this iTunes and iPod, customers perhaps did not even realize that such a device and such downloading music online by paying online is a possibility, but then when it was there customers thought my means we needed this even yesterday.

Apple created an innovative new business model through I iPod and iTunes selling music online similarly Skype, WhatsApp they brought cheap communication calling both video and voice and its doing a lot of good to the society at large and then making revenue for the founders and for the business. Similarly, Grameen Bank came up with a new model of microfinance to the a bottom of the pyramid people residing at the bottom of the pyramid that model was innovative and then it is doing a lot of good to the poor. Not only that many countries across the world are emulating that model, copying that model and doing good business.

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The slide features a light blue background with a central graphic of a tree whose branches are composed of various icons representing business and technology. The icons include gears, a smartphone, a lightbulb, a network diagram, a hard hat, and a chemical flask. The text on the slide is as follows:

Business Model Template

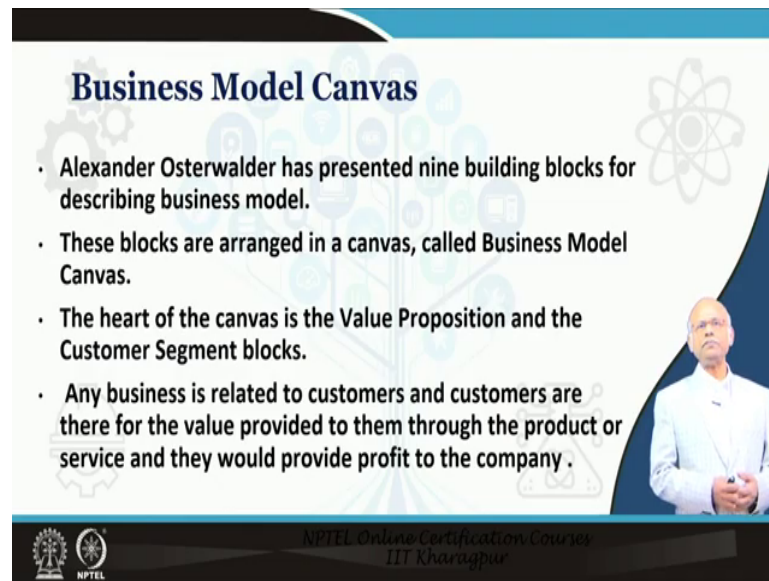
- Thankfully for us, **Alexander Osterwalder** has developed a template for business model.
- It is known as **Business Model Canvas**.

In the bottom right corner, a man in a white shirt is shown from the chest up, appearing to be the speaker. At the bottom of the slide, there are logos for NPTEL and IIT Kharagpur, along with the text 'NPTEL Online Certification Courses IIT Kharagpur'.

Business model template; as I already impressed that business model generation or innovation is definitely an involving subject and that is perhaps for any entrepreneur is the stumbling block at the beginning itself. To understand what are the challenges and opportunities that is throwing a business model before the entrepreneur its a difficult task.

But thankfully Osterwalder has come up with a template that is built of 9 building blocks and it almost takes care of major issues that are supposed to be addressed now in a business model or innovating a business model.

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Business Model Canvas

- Alexander Osterwalder has presented nine building blocks for describing business model.
- These blocks are arranged in a canvas, called Business Model Canvas.
- The heart of the canvas is the Value Proposition and the Customer Segment blocks.
- Any business is related to customers and customers are there for the value provided to them through the product or service and they would provide profit to the company .

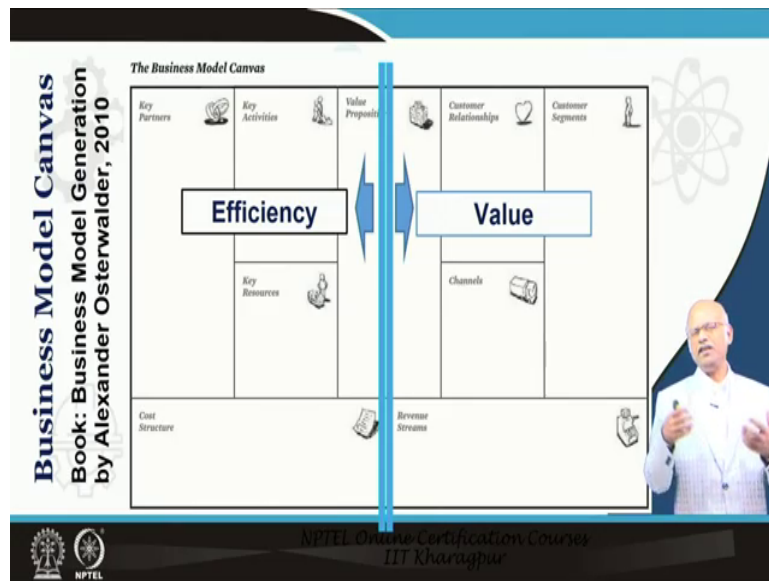
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So, its kind of a canvas with 9 building blocks and each block represents either some opportunity or some challenges and if somebody addresses all the elements in the block in a systematic way almost like the business plan is built. Meaning the plan of execution that will contain the challenges and opportunities and other aspects of the business model like all resources, then activities channels etcetera even revenue model.

The heart of the canvas is the value proposition and customer segment for any business its a repetition, but for any business the most important event is when somebody is making payment in exchange for goods and services. So; obviously, that is the heart of a business, but then why a person will pay because person will view the product or service in offer as superior value proposition for his money compared to the competitors.

So, value proposition is definitely driving this transaction from that point of view value proposition and customer segments or the customers per se is the heart of any business model; obviously, it is the heart of business model canvas as well.

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So, business model canvas if you imagine a an imaginary line, but vertical imaginary line on the business model canvas on your right is the value that the business is offering to the customer, on the left is the efficiency part meaning how efficiently value is being created. So, that value can be extended to the customer, dispense to the customer in a competitive manner.

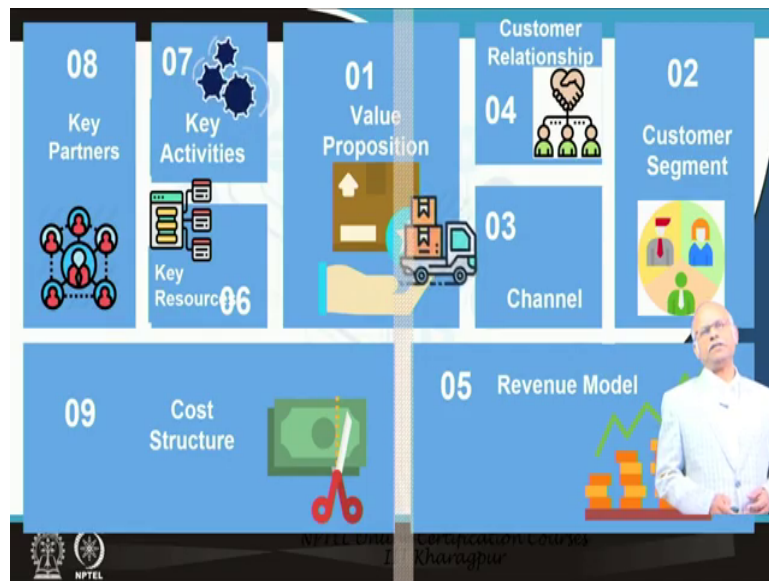
So, the objective of the business is to create superior value and then let it or send it to the customer through some channel. So, channel comes in between and then sending it continuously. So, that so Whatsapp business expects that customer should come back to us

continuous for a long long period to come. So, business would like to create or build deep customer relationship.

So, between the superior value proposition and the customer we have the channel through which value is send or value reaches to the customer and then we also create a relationship and at the bottom have the revenues. So, once we are capable of sending the value to the customer and maintaining sustainable relationship with the customer, customers are going to give us the revenue that is going to lead us generating revenue and from revenue we make profit.

On the left side for all of that value creation we use our resources, our partners helps us to; help us to create the value then we use resources at our position to facilitate creation process and then all of that help us to cut cost and provide the value to the customer at a competitive rate.

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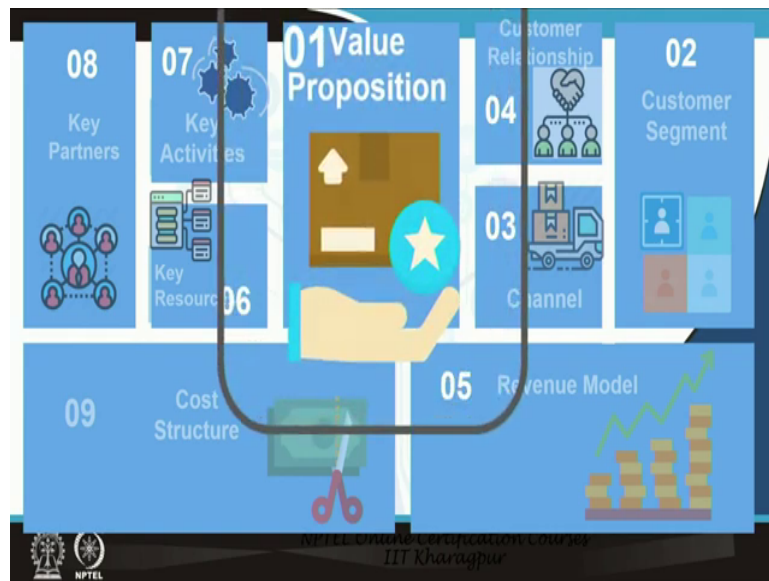
So, everything together this is the business model canvas, showing it slightly more graphically. So, we have the value proposition at the center that is that reaches to the customer through the channel, then we maintain long term relationship and that leads to profitable revenue.

So, that is the left side of the business model canvas and the sorry right side of the business model canvas on the left we try to provide the value at a cheaper rate, we maintain efficiency and we provide low cost value through our access to our resources, then we use efficient process that is our key activities and our partners actually help us to provide that value to the customer.

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This is a kind of a landscaping view of the business model. First off, the first building block is the value proposition. So, value proposition is the value superior value that maybe in terms of efficacy of our product or efficiency of our services that creates profit to the customers or it can be giving a superior product with at a lower cost. So, that customers customer gains in terms of money.

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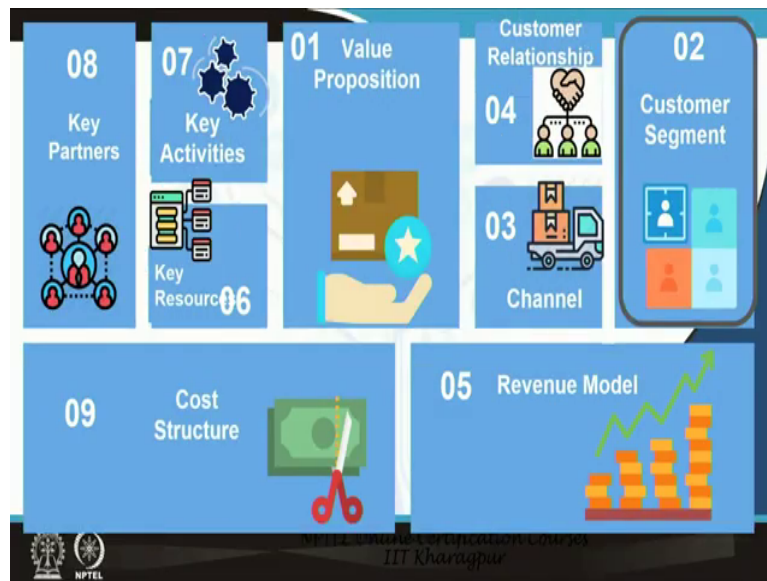
Value Proposition

- The Value Propositions Building Block describes the favorable features of products and services that would be perceived by the customers in the targeted segment as superior value for money.
- The Value Proposition provides reasons to customers why they would buy product of one company over another.
- Customers would consider the bundle of features and the price to be paid vis-à-vis with those of competing products.

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The value proposition building block describes favorable features of the products and services that would be perceived by the customers in the targeted segment a superior value for money. Value proposition also provides reasons for customers as to why they will come to our company come why they will buy our product, why they will remain loyal to the brand purchase or value proposition contains all of that features of the product or service.

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Consumers would consider the bundle of these features and the price to be paid vis a vis those of the competitors to decide that they should remain with us and then enjoy the benefits that the customer is giving next in line is the customer segment. So, if there are no customers there is no business; obviously. So, customer is an again another central component of a business. So, very aptly Osterwalder has placed customer segments at number 2.

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Market / Customer Segment

- Market segmentation is the act of dividing a broad consumer or business population into sub-groups of consumers based on some shared characteristics relevant for marketing particular product or service.
- Dividing the market for common characteristics such as shared needs, common interests, similar lifestyles or even similar demographic profiles.
- Ideally the market segment should hold promise of profitable relationship with growth potential.

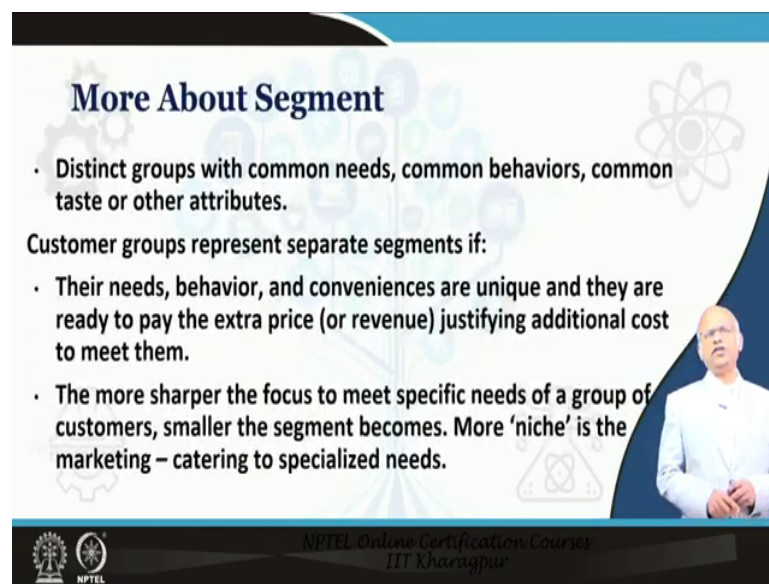
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Segment is a homogeneous group in a heterogeneous population, the group the homogenous group that has similar kind of challenges, similar kind of needs aspirations. So, we identify a homogenous group whose challenges or aspiration or liking can be addressed by our product or our product is relevant or alleviate their challenges. So, when you identify a small segment, it becomes easy for us to reach out to them, it becomes easy for us to make them aware that we exist our value proposition exists and here there is a superior value.

Without really identifying a segment it becomes very difficult to reach out to the entire audience and then tell relevant people that look here is the solution that your are looking for. Then once you identify a segment you can understand them better because now you can study them closely and get to know their aspirations their challenges whatever will enamor them in our product.

So, we can design the product accordingly for a sustainable relationship. Dividing the market for common characteristic such as shared needs, common interests, similar lifestyle, it will similar demographic profiles ideally market segments should hold promise of profitable relation with growth potential.

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More About Segment

- Distinct groups with common needs, common behaviors, common taste or other attributes.

Customer groups represent separate segments if:

- Their needs, behavior, and conveniences are unique and they are ready to pay the extra price (or revenue) justifying additional cost to meet them.
- The more sharper the focus to meet specific needs of a group of customers, smaller the segment becomes. More 'niche' is the marketing – catering to specialized needs.

The slide features a speaker in a white shirt on the right side. The background includes a blue and white color scheme with faint icons of a gear, a lightbulb, and a network diagram. The footer contains the NPTEL logo and the text 'NPTEL Online Certification Courses IIT Kharagpur'.

Now, the homogeneous group, the distinct homogeneous group that has common needs, common behavior, common test or other attributes. The represents a separate segment only if their needs behavior and convenience are unique and that this segment will be relevant for us if we are actually solving that unique needs.

The more sharper the focus to meet specific needs of a group of customers smaller the segment becomes because for every product or for every pain there will be some kind of uniqueness among some people. So, the moment we try to focus our attention sharper and

sharper the group becomes a smaller. So, that is what is called niche marketing. And then we catered to the niche requirement, so that is through specialized solution. Suppose you are selling a Smartphone to a larger audience say Smartphone at last means in general.

Now, suppose you are targeting doctors, now suppose doctor needs something like a sensor for sensing heart sound or something or the body say pulse rate. Now, of course, there are apps available to do that, but maybe you would like to put a sensor inside the Smartphone and facilitate this for doctors. So, this is this doctors are a small group of people compared to the whole population, so if this becomes a niche.

Now, you build another a new kind of cellphone that will capture some of the information that doctors are interested in. So, that becomes a niche product for a niche market that is how niche can be defined.

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Segmentation

The features of the products or services include newness, performance, customization, 'getting the job done', design, price, brand, cost reduction, risk reduction, accessibility, convenience, usability and such (Osterwalder 2010).

The slide features a central title 'Segmentation' in a bold, dark blue font. Below the title, a paragraph of text describes product features. The background is light blue with various icons: gears, a tree with nodes, a chemical structure, and a hard hat. A small inset image of a man in a white lab coat is visible in the bottom right corner. At the bottom, there are logos for NPTEL and IIT Kharagpur.

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The features of the product or service includes maybe newness, performance, customization, getting the job done, design price, brand cost reduction, brand means say what kind of satisfaction level of satisfaction that somebody would like to achieve maybe self esteem some brand like apple give self esteem.

Cost reduction, risk reduction, accessibility convenience usability and such that is what Osterwalder described for segmenting segmentation of market, we may look at all of this features. Next in line is this channel, channel gives the media through which not only we send the goods to the customer or the service to the customer, but also we create awareness for the customers.

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Channels

- The Channels Building Block describes how a company communicates with and reaches its Customer Segments to deliver a Value Proposition.

It includes:

- Creating awareness among customers of the value proposition.
- Helping customers evaluate a company's Value Proposition.
- Facilitating easy purchase of the product or service by the customers.
- Delivering the product or service conveniently to customers.
- Providing after-sale customer support as part of value proposition.
- Allowing to return in case of mismatch. Exchange of old with new.

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How the customer will know that superior value is waiting for me to get? The previous session I mentioned that its market research and marketing per se tries to make people aware,

the right people aware that look a wonderful product is available at a competitive rate unless people know that whatever people no people are going to buy that; obviously.

So, channel actually make people awareness maybe this is through social media, maybe content marketing or something then channel also may involve the physical logistic physical infrastructure for reaching the product to the customer or the service to the customer maybe you have a brick mortar store at someplace, may be for a entertainment maybe for selling hardware. So, it can be anything.

It includes creating awareness among customers and about the value proposition helping the customers evaluate a company's value proposition. Then facilitating easy purchase of the product or service by the customer. So, it is not just sending the product even business needs to make arrangements.

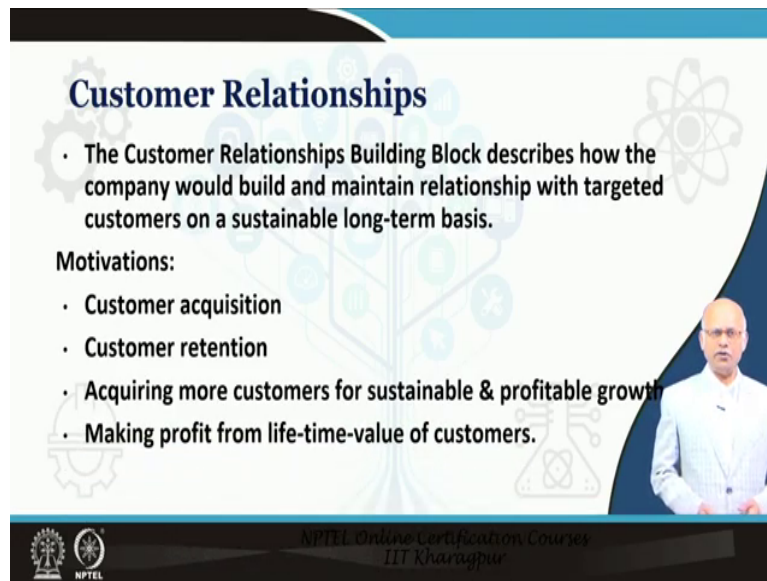
So, that customer can buy it easily many a times we have a mental blocked and we do not want to go to the marketplace and buy. So, we need to make the product or make facility for easy accessibility to the information and easy purchase, then we deliver right in front of the door.

So, that makes purchase easy any company making purchase easy has a natural advantage over others. Providing after sale service also is part of channel. So, nowadays most of the brands are putting up service center in major cities. So, that anybody telephoning and asking for a service man is ready within 24 hours. So, that makes a product attractive.

Allowing to return in case of mismatch or exchange old with the new also gives convenience to the customers and customers would like to buy those products who are offering this service. Next is customer relationship.

So, you do not want to sell goods to a person only once, you want to retain him or her for a long time. So, that he comes he or she comes repeatedly back to you and purchase again and again the he or she becomes a repeat customer.

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Customer Relationships

- The Customer Relationships Building Block describes how the company would build and maintain relationship with targeted customers on a sustainable long-term basis.

Motivations:

- Customer acquisition
- Customer retention
- Acquiring more customers for sustainable & profitable growth
- Making profit from life-time-value of customers.

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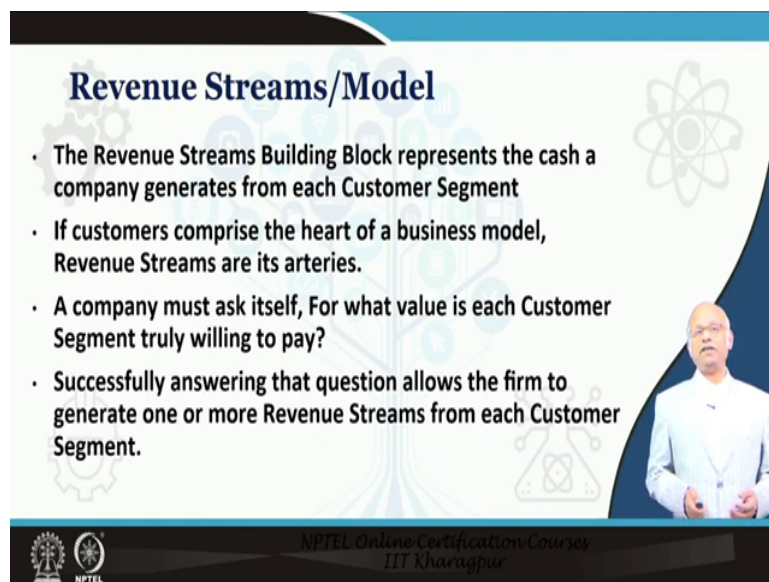
So, they will become repeat customers only when you maintain relationship. So, the customer relationship building block describes how the company will build would build and maintain relationship with targeted customers on a sustainable long term basis. And motivation for doing that is customer acquisition, customer retention, acquiring new customers for sustainable and profitable growth, making profit from lifetime value.

The next in line is revenue model that is block number 5. So, revenue is if your value proposition and customer segment is the heart of the business plan, revenue model are the arteries through which revenue streams comes to the business. One point that we all know, but we may not notice is that there are many cash outflows whatever expenses you incurred are all cash outflows, you pay rent, you pay salary, you pay money for raw material, you pay

internet cost, you pay whatnot transportation traveling electricity. So, many things, but the these are all cash outflow.

The only cash inflow is the revenue or maybe are some revenue a streams. For many businesses there is just one revenue stream and that is the money that is coming the sales revenue, but for others there are several revenues and we need to strive hard to identify new revenue models. So, that more cash inflow is happening and the company makes better profit higher profit.

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Revenue Streams/Model

- The Revenue Streams Building Block represents the cash a company generates from each Customer Segment
- If customers comprise the heart of a business model, Revenue Streams are its arteries.
- A company must ask itself, For what value is each Customer Segment truly willing to pay?
- Successfully answering that question allows the firm to generate one or more Revenue Streams from each Customer Segment.

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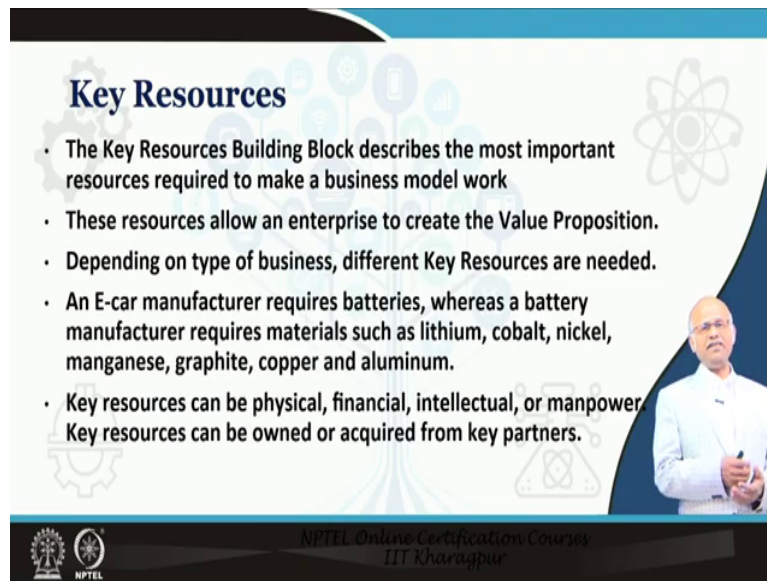
Revenue stream building block represents the cash a company generates from each customer segment. If customers comprise the heart of the business, revenue is the arteries. The company must ask itself, for what value is each customer segment truly willing to pay? At times revenue may be just the goods that you sell, maybe your ecommerce company.

So, customers are buying on your platform and you earn a commission, but maybe there are too many registered users who are just visiting and not buying. But then you can put some advertisement and earn some advertisement revenue because these people who are visiting your site are also noticing another advertisement they might click on that and then they might be directed to another website where they will do some business.

In the process you facilitate their business and you earn some advertisement revenue. Successfully answering that question allows the firm to generate one or more revenue streams from each customer segment.

Next is key resources. So, the value that you create and dispense to the customer will be created using the resources. So, access to cheaper and ready resources is key to creating value. If the resources are not available right on time, then customers are not going to wait for us to wait for the resources to arrive and then create value and give it to them. So, access to resources access to cheaper quality cheaper resources and access to quality resources are key to creating value and then key to make customer satisfied.

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Key Resources

- The Key Resources Building Block describes the most important resources required to make a business model work
- These resources allow an enterprise to create the Value Proposition.
- Depending on type of business, different Key Resources are needed.
- An E-car manufacturer requires batteries, whereas a battery manufacturer requires materials such as lithium, cobalt, nickel, manganese, graphite, copper and aluminum.
- Key resources can be physical, financial, intellectual, or manpower. Key resources can be owned or acquired from key partners.

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Resources building block describes the most important resources required to make business model work. These resources allow an enterprise to create the value proposition. Depending on type of business different key resources are needed, like for an electrical car manufacturer they require batteries, but then the company who is manufacturing batteries they require raw materials such as lithium, cobalt, nickel, manganese, graphite, copper etcetera.

So, key depending on business resources varies. Key resources can be physical sometimes financial like if you are a lender online lender or a bank intellectual like say copyright you are making software's and makes and selling. So, software is protected by copyright and you are selling CDs. So, it can be intellectual or maybe you are consultant giving consultancy.

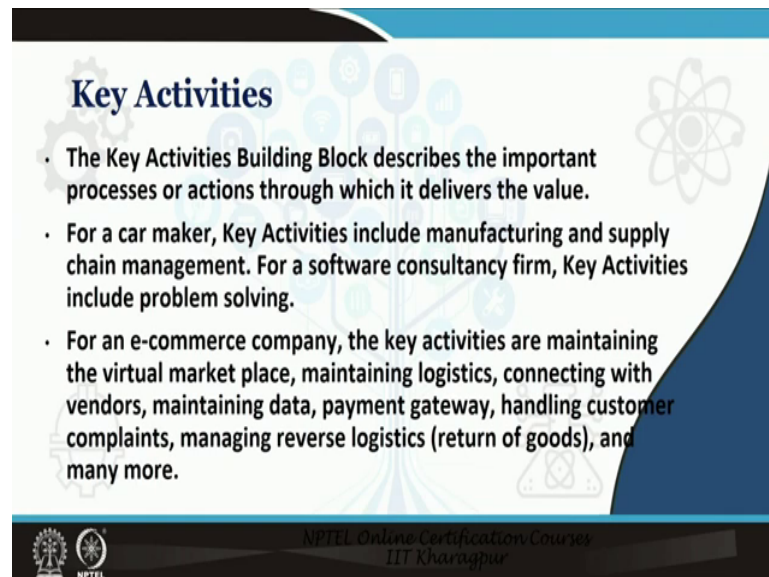
So, your resource actually consultancy; that means, intellectual capital of your employees and the business per se or maybe manpower like a contracting companies. Key resources can be

owned or acquired from key partners like a contract firm that maintain employees manpower you can hire them through that company and you do not have to pay salary you have to pay some lump sum money to the contractor.

Next is the key activities. So, you have the resources and you want to create value. So, whatever you do to transform the resources into value is the activity. For a car manufacturer manufacturing car is the activity, manufacturing car painting it maintaining logistic then maintaining a dealer network distribution, network dealer network providing after sale service.

And maybe maintaining a payment gateway if you have online payment system, if you are selling online then all everything necessary to do maintain the online portal and then server payment gateway etcetera etcetera.

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Key Activities

- The Key Activities Building Block describes the important processes or actions through which it delivers the value.
- For a car maker, Key Activities include manufacturing and supply chain management. For a software consultancy firm, Key Activities include problem solving.
- For an e-commerce company, the key activities are maintaining the virtual market place, maintaining logistics, connecting with vendors, maintaining data, payment gateway, handling customer complaints, managing reverse logistics (return of goods), and many more.

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So, for an e-commerce company, the key activities are maintaining virtual market place, maintaining logistic, connecting with vendors, maintaining data, payment gateway, handling customers complaint, then managing reverse logistic like return of goods and many more.

Next is the key partners. Key partners sometimes is misunderstood this is not just the co founders; co founders are also partners, but that is not the point here. Here the point is partners beyond partners like suppose you have mentors they are partner, suppose you have suppliers trusted suppliers or you are the trusted vendor for them. So, relation between suppliers and your company is going to define whether you will get the material in time, whether they are going to provide at a constant price or a cheaper price competitive price whether they are giving priority to you.

Then there are bankers you need money for growth. So, you just approach to them and there is money. So, whosoever are facilities facilitating the business in whatever way they are all partners.

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Key Partnerships

- The Key Partnerships Building Block describes the network of suppliers, providers of other resources, and facilitators.
- Companies create alliances to optimize their business models, reduce risk, or acquire resources.
- Key Partners include key suppliers of inputs, funding, consulting, manpower providers, investors.
- Co-founders are partners, but this block refers mostly to outside partners who play key role in smooth running of the venture

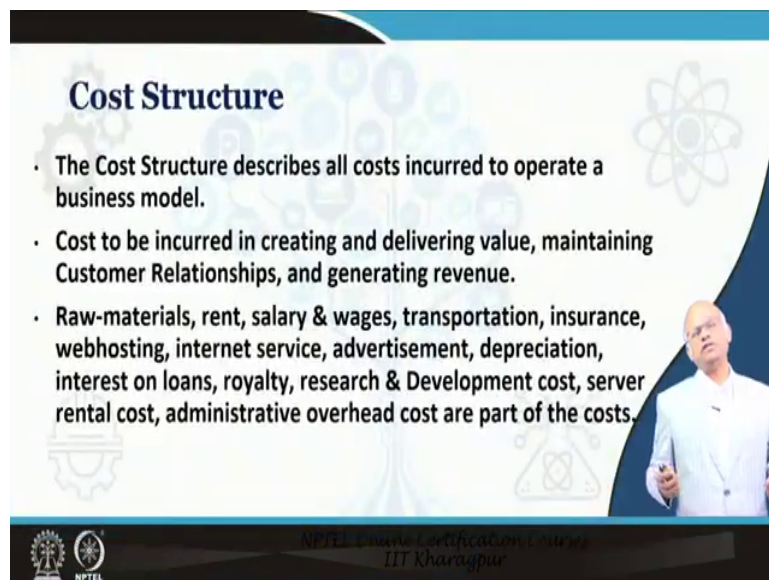
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So, key partners are the building block that describe network of suppliers providers of other resources and facilitators. Company companies create alliances to optimize their business models. So, that they can reduce the risk of right supply in time and then they acquire resources from all those partners.

Key partners include the suppliers of inputs, funding, consulting, manpower provider, investors. Next is the cost structure; cost structure again is very important because if you can reduce the cost, if you can optimize your cost you are going to make profit. If you are not capable of optimizing the cost at least as much as the competitors your cost of production is going to be high, your selling price is going to be high then there will be no buyer. So, if there is no buyer there is no business.

So, from whatever point of view a we look at cost cutting cost or managing cost is no way less important than anything else.

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Cost Structure

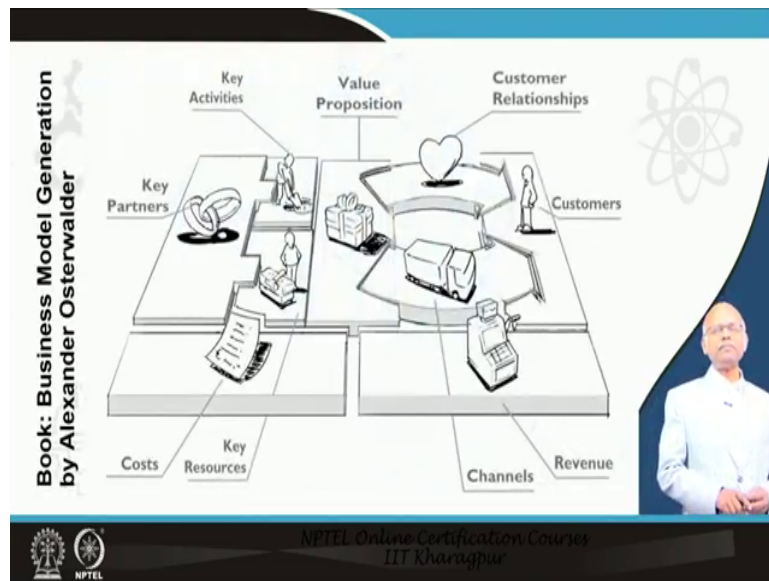
- The Cost Structure describes all costs incurred to operate a business model.
- Cost to be incurred in creating and delivering value, maintaining Customer Relationships, and generating revenue.
- Raw-materials, rent, salary & wages, transportation, insurance, webhosting, internet service, advertisement, depreciation, interest on loans, royalty, research & Development cost, server rental cost, administrative overhead cost are part of the costs.

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So, we should try to eliminate some of the cost and we try to reduce some of the cost as a continuous process of business management. If you incur less cost your you can actually pass on that efficiency in your price to the customer, so that customer will find your product more attractive.

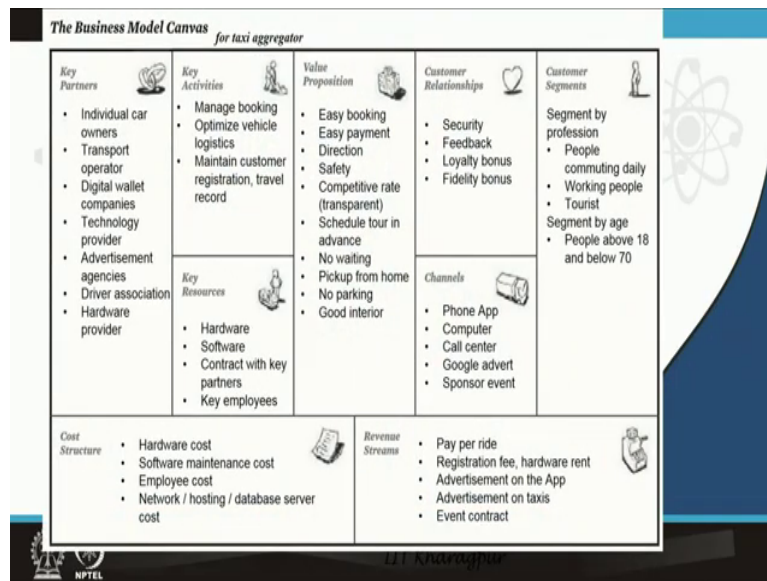
Costs to be incurred in creating and delivering value, maintaining customer relationships and generating revenues all together are the cost structure and it involves a whole a spectrum of cost not just 2, 3, 4, 5. So, you can read how many items are involved this is just a representative list the actual list will run into maybe 30, 40 or 50.

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This is the model that Osterwalder has represented in his book business model generation and it does not have the numbers, but it aptly shows the different building blocks.

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Here is an example suppose we think of a taxi aggregator how to populate all the business all the building blocks and let us see how it actually contains the entire strengths and weaknesses of a business that should define attractiveness of a business model.

So, we start with value proposition. Now, hence means so long booking a taxi was such a bothering job like you are standing on a busy road and you find that taxis are going before you and they are not stopping because its full of passengers, now you just stand there and book online. So, you do not have to bother about you know waiting or anything taxi will come and come in front of you whether you are on the street or in your residence.

So, that very small thing that book a taxi can be booked online makes this business. So, attractive that itself is a wonderful value proposition for any would be customer. Easy payment then once you are boarding the taxi you do not have to bother about changes, you do

not have to worry about cash whether you have cash or not just you can swipe your car and payment is done.

You do not have to bother about direction because there is now a GPS system you just put the address forget about it you do not have to ask people on the street. And now you know the name of the driver and not only the name of the driver the drivers details like address, like credentials etcetera. So, anything happening you are you are I am pretty sure that you can identify the driver without any problem you do not have to identify the company will identify who was the driver.

So, that gives higher amount of safety of course, there are incidences, but then incidences were always there. Now, at least at the very list we have information about the driver who the driver is you do not have to wait for taxi to come taxi comes by click on your cell phone. And now they can pick up from home which is not there earlier and you do not have to bother about parking and taxis are good because the company providing the service will maintain will ensure that interior of the taxi is good.

So, that is the value proposition you can add more points I believe. Then customers, who are the customers? Customers are any passenger who will who are waiting for a taxi or who needs taxi for any purpose. So, whenever somebody needs a taxi he or she is our customer in that sense people who normally travel by taxi for on a regular basis or on demand or need are our customer.

So, segment of people commuting daily or working people tourist people, people above the age of 18 and below 70; 70 above 70 perhaps they would not call the taxi by themselves. So, they will perhaps take somebody help that constitute the customer segment.

What is the channel? Channel is the app through which we make people aware, channel is the app through which customer actually purchase our service; that means, they book our taxies then channel maybe a computer through which they download the app sometimes mostly they download it in their cell phone.

So, the cell phone actually is the channel, cell phone and the cell phone service provider may be the channel call center through which the company actually responds to particular call. Google advertises through which you make customer aware that you are providing this service, then there are sponsor event like some places where there are events and you can put a billboard or something to make people aware. So, all these are channels and delivery and then the taxi purchase the channel through which you are actually delivering the service, its not complete in that sense.

Then customer relationship you provide security and people feel safe. So, they that provides security, then feedback, loyalty bonus, some fidelity bonus and all that through which you actually create lasting relationship customer comes back again and again for getting that. Fifth is the revenue stream. So, whenever customer books a taxi the taxi driver gets money, but their money is routed to the company and company deduct a commission.

Then there are source pricing when you can charge a premium. So, that becomes another revenue stream, then registration fee of the driver meaning the taxi par se, then hardware rain meaning you give a cellphone to the driver and then you give the app through which they navigate advertisement on taxi maybe another one and etcetera. So, what is the key resources?

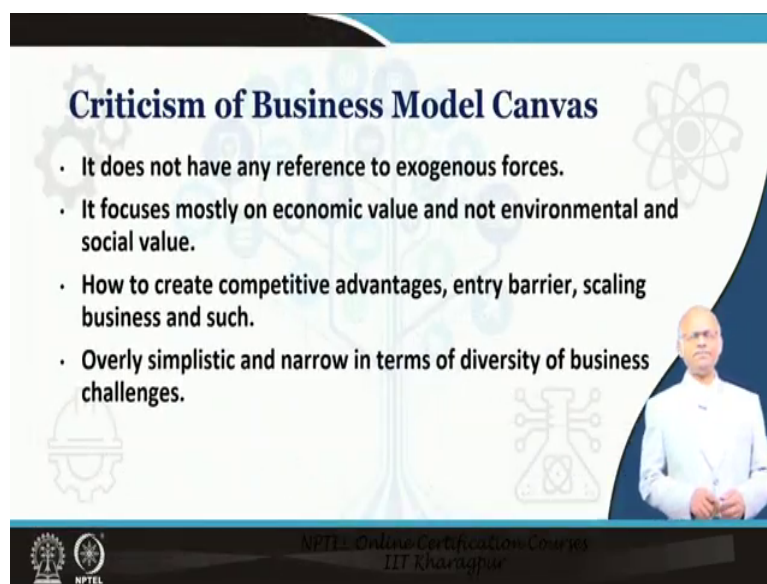
Resources is the hardware software contract with key partners key employees key activities. Maintaining this app is one of the most important activities through which customer connect with us and then maintaining the database where customers are registered their data is stored.

So, that they you know when the customer is coming you can approach to the customer again and again, so that there is a lasting relationship. You optimize vehicle logistics, so that you know there is no downtime, there is no free run there is always taxi always is running on revenue meaning they are earning revenue to run a kilometer, maintain customer registration, travel record etcetera.

Key partners here are individual car owners, transport operators, digital wallet companies for payment gateway, technology provider advertisement agencies, driver association hardware provider. Cost structure most important cost structure is the hardware cost because that is the cost that you incur at the beginning to buy the hardware and give it to the driver.

Software maintenance costs the whole thing is running is standing on software on app on database on what not payment gateways, then you need to work and host and the database server where you will store the data maintain. And then you maintain your website as well there are criticism as well.

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Criticism of Business Model Canvas

- It does not have any reference to exogenous forces.
- It focuses mostly on economic value and not environmental and social value.
- How to create competitive advantages, entry barrier, scaling business and such.
- Overly simplistic and narrow in terms of diversity of business challenges.

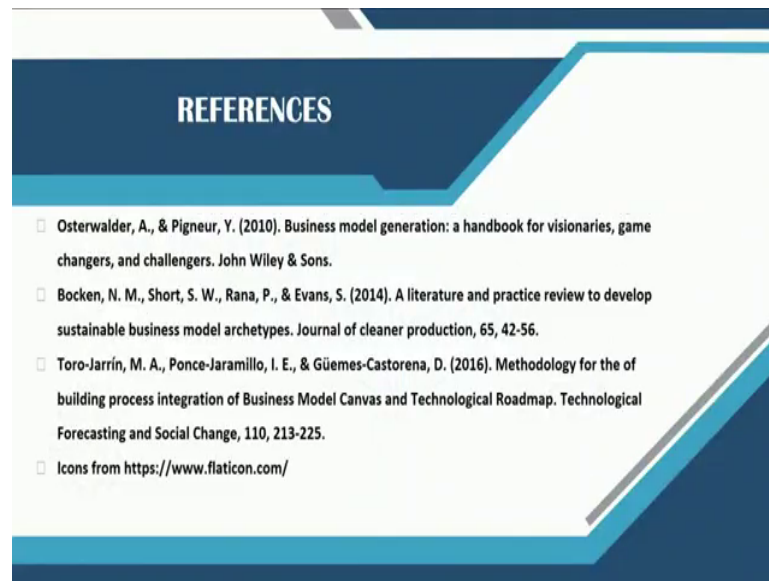
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The most important criticism is that business model canvas is touted as a single point integrated wholesome business model idea, but then many of the things are not actually contained in this business model canvas.

It does not have any reference to the exogenous forces, it only concerns about the endogenous part of the business. It focuses mostly on economic value and not really environmental and social value like what revenue you give to the nation or things like that. How to create competitive advantages, how to create entry barrier, how to create how do scale the business and such which are not really contained in the business model.

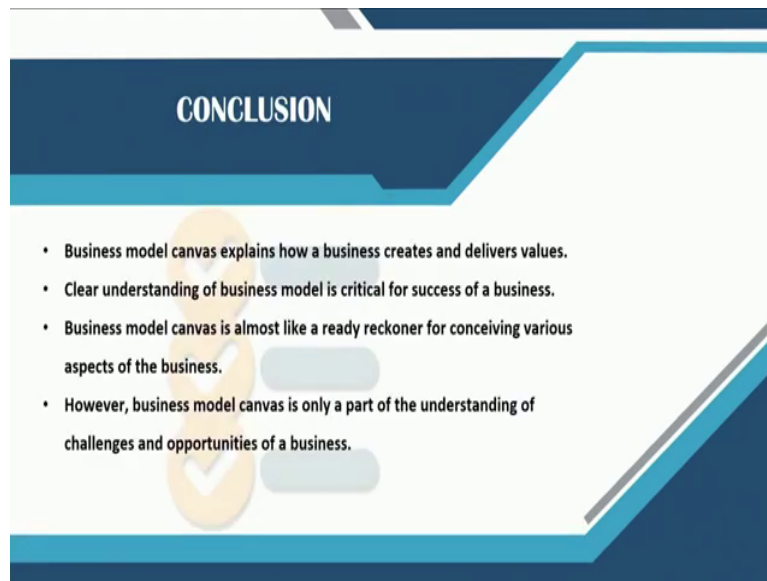
So, one can actually work and extend the business model maybe that may be a wonderful resource work. Overly optimistic and narrow in terms of diversity of business challenges, it looks like every business is same similar, but then this is just a generic model its not really an extended model for every business nobody says that this is for any business, but for every business the heart is the same, the basic philosophy is the same.

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So, from that point of view business model canvas is definitely is a wholesome holistic canvas where you get to know lot about your competitive advantage whether your business stands the test of time moving forward are all content.

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CONCLUSION

- Business model canvas explains how a business creates and delivers values.
- Clear understanding of business model is critical for success of a business.
- Business model canvas is almost like a ready reckoner for conceiving various aspects of the business.
- However, business model canvas is only a part of the understanding of challenges and opportunities of a business.

Some references, some concluding remarks and big.

Thank you.