

Business Model Generation

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Business Model

Def. **Business Model**

A business model describes the rationale of how an organization creates, delivers, and captures value

Building Blocks of a Business Model



1 Customer Segments

An organization serves one or several Customer Segments.



2 Value Propositions

It seeks to solve customer problems and satisfy customer needs with value propositions.



3 Channels

Value propositions are delivered to customers through communication, distribution, and sales Channels.



4 Customer Relationships

Customer relationships are established and maintained with each Customer Segment.



5 Revenue Streams

Revenue streams result from value propositions successfully offered to customers.



6 Key Resources

Key resources are the assets required to offer and deliver the previously described elements ...



7 Key Activities

... by performing a number of Key Activities.



8 Key Partnerships

Some activities are outsourced and some resources are acquired outside the enterprise.

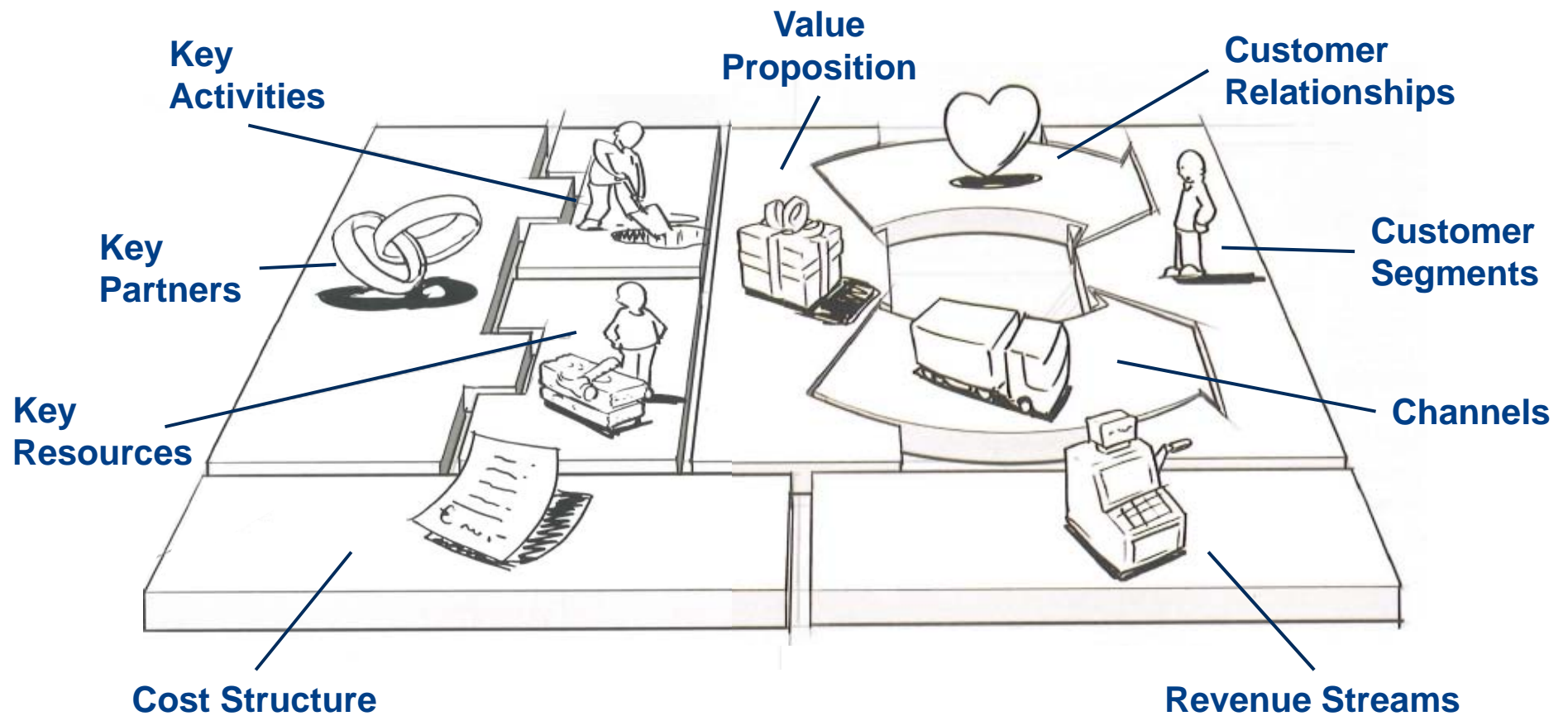


9 Cost Structure

The business model elements result in the cost structure.

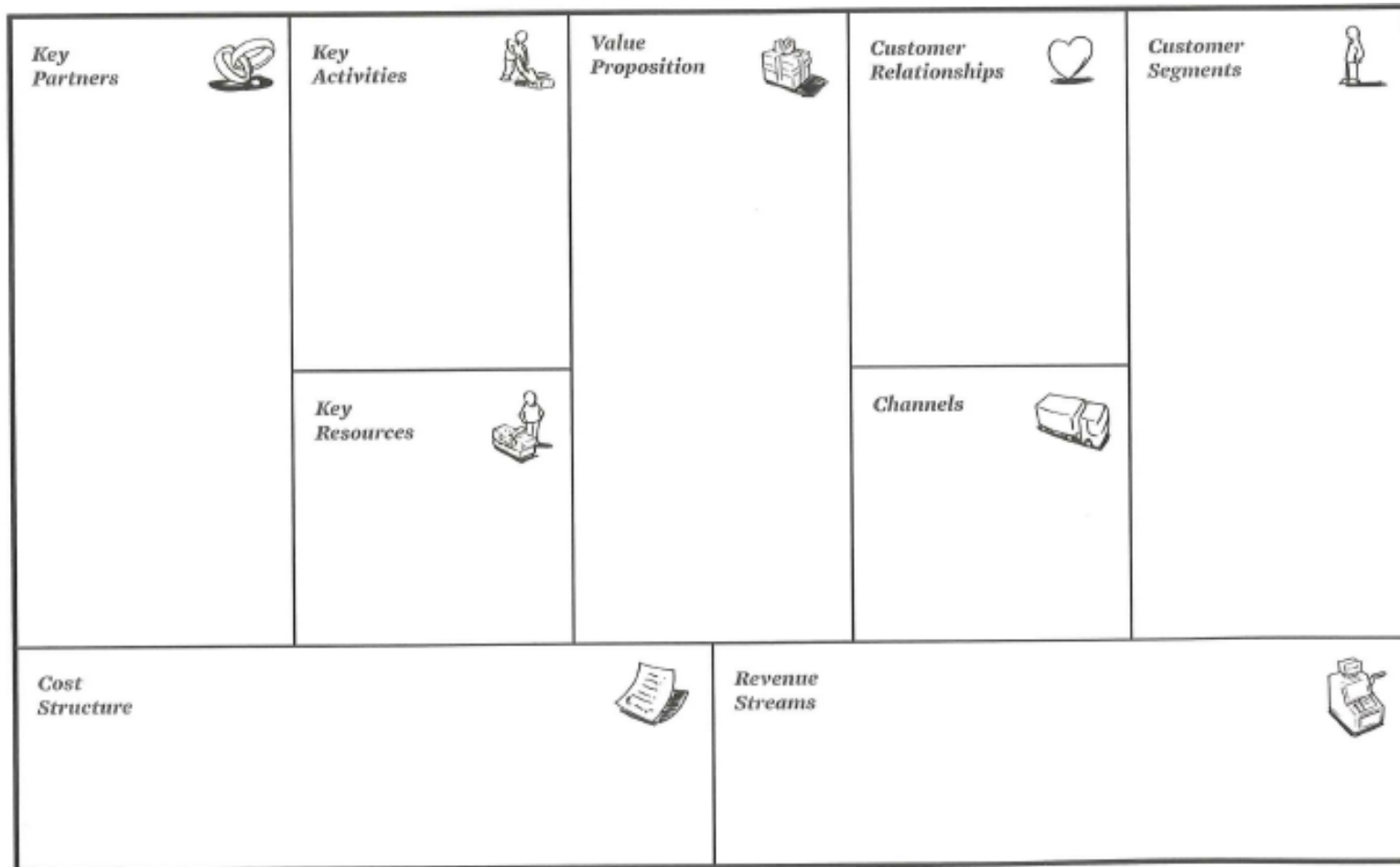


Business Model Building Blocks



(Osterwalder & Pigneur 2010)

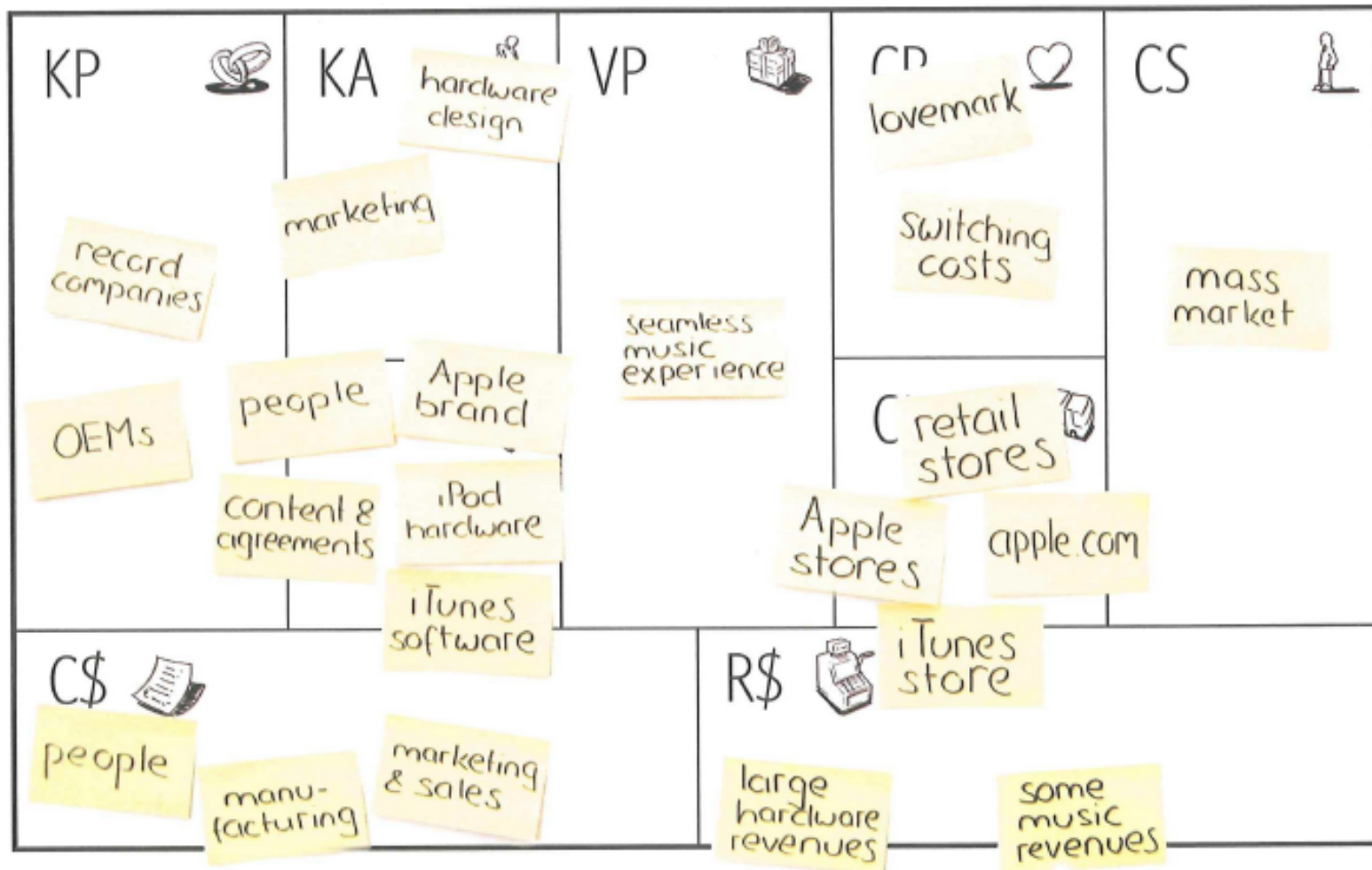
Business Model Canvas



left canvas: efficiency

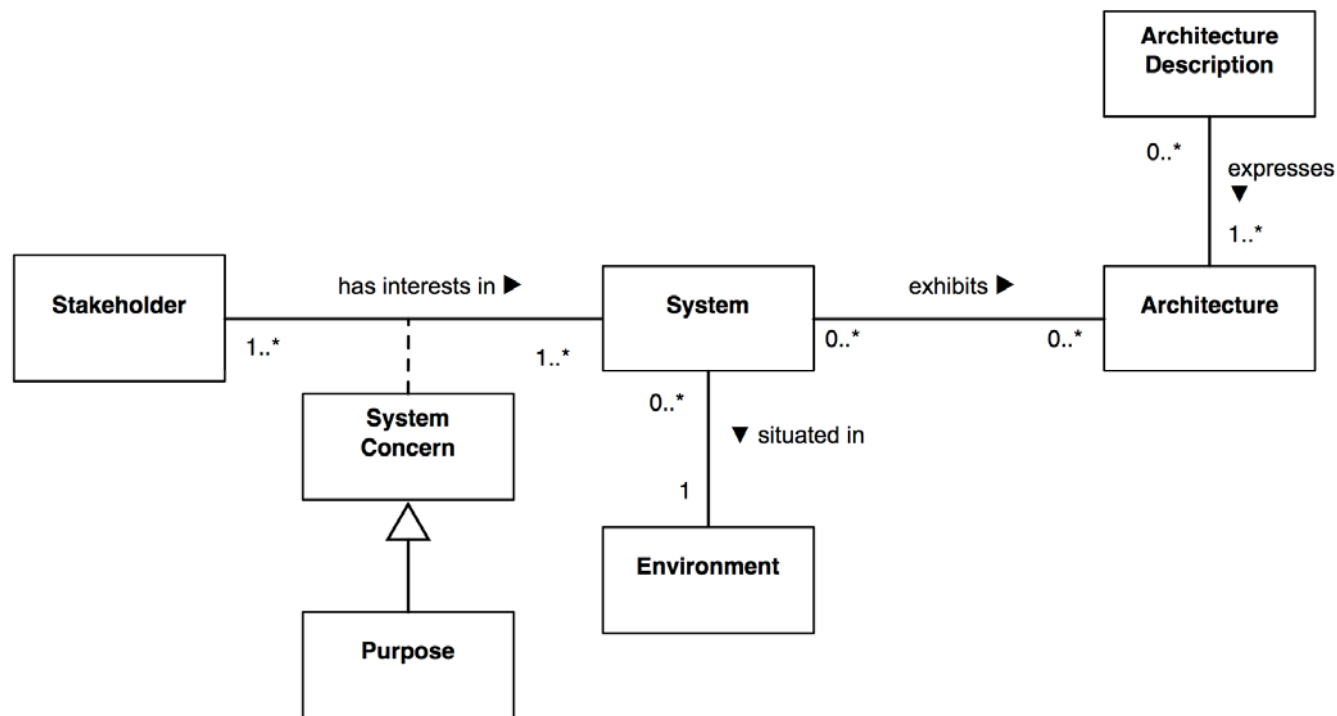
right canvas: value

Example: Apple iPod/iTunes Business Model



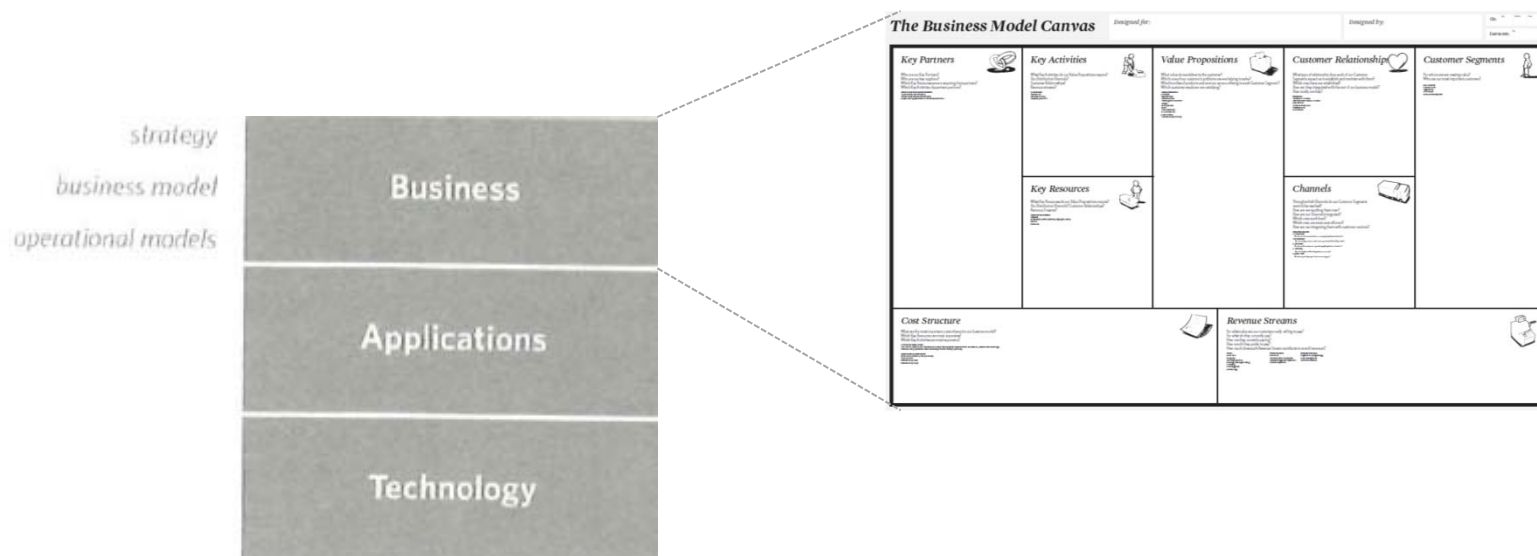
Enterprise and Environment

Every System exists in its Environment. The business model of an enterprise determines part of its environment as it refers to various stakeholder (customer, employees, partners)



Business Model and Enterprise Architecture

- According to Gartner, the business model canvas should be used by CIOs to align IT and key business processes
- It is recommended
 - ◆ to use the canvas to guide the business perspective
 - ◆ and then to align the business with the application and technology perspectives



(Osterwalder & Pigneur 2010, p. 272)

Questions for Business and IT Alignment

How can IT support the processes and workflows required by my business models?

Where in my business model does security play an important role and how does that influence my IT?

What information do I need to capture, store, share, and manage to improve my business model?

Do I need to invest in IT training and education to leverage my business model?

How does my application portfolio leverage the specific dynamics of my business model?

Could investments in IT research and development improve my business model in the future?

How will IT architecture, standards, and interface choices limit or leverage my business model?

Which technology infrastructure is required and crucial to the success of my business model (e.g. server farms, communications, and so on)?

(Osterwalder & Pigneur 2010, p. 273)

