The Business Model
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Osterwalder’s Business Model

- Do they require a different offer or relationship?
- Are they willing to pay for different value?
- Do they have substantially different profitability?
Osterwalder’s Business Model

**Value Proposition**
The bundle of products and services that convinces a customer to buy

**Customer Segments**
The customers a company would like to have buy their product or service

- What value do you bring to the customer?
- What problems are you solving or needs are you satisfying?
- What products and services are needed to do this?

**Channels**
The means by which company communicates with its customers

- Raise awareness
- Help evaluate
- Purchase method
- Delivery of value
- Support

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- Value Proposition: The bundle of products and services that convinces a customer to buy.
- Customer Segments: The customers a company would like to have buy their product or service.
- Customer Relationships: The relationship that a company maintains with its customers.
- Channels: The means by which company communicates with its customers.

- How do you want to interact with your customers?
- What type of experience does each segment expect?
- How costly is each model?

- Revenue Streams: The ways in which money is earned by the company.
- Transaction revenues from a one time customer payment.
- Recurring revenues from ongoing payments to receive some value over time.
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Key Activities
The arrangement of activities and resources that create the value

• What is required to create the value proposition that the customers will buy?
• Are you making a product?
• Are you solving a problem?
• Are you creating a network or platform for others to use?

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Key Resources
The capabilities needed to execute the company’s business model

• What do you need to have control over to make the rest of the business model work?
• Can be physical, financial, intellectual or human.

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The network of cooperative agreements that a company relies on

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Cost Structure
The cost of generating the products and services

• Who do you need to help you do the key activities?
• Why do you need them?
• Would you be better off using key resources to do any particular key activity?

• Which costs are most significant to the business model?
• Which resources/activities are most expensive?
• What can we do to optimize profit?
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