Business Models for Lean Ventures

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Overview.
Business Models for Lean Ventures.

- Background
- Introduction to Business Models, Modeling Formats and Activities
- Case Study MagiTact
- The Business Model Starter Kit
- Small group exercise (elevator pitch and playground)
Background: T-Labs combine the best of three worlds. Network of international partnerships with prestigious research institutes, universities, industrial partners and start-ups.

**Strategic Research**
- Focus on scientific research
  - 6 professorships in universities in Berlin
  - More than 150 High-Potentials from around the globe
- Leading edge competence:
  - 250 publications per year, 1 patent per week
  - 1 award per month, e.g. Scientific Award of Leibnitz 2011

**Innovation development**
- Focus on 7 key topics
  - 180 Telekom experts
  - Competences all across the Telco value chain
- Impact orientation:
  - Gravity core for Telekom innovations in the double digit billions
  - Close cooperation with all business units of Deutsche Telekom
- Push results of the Open Innovation ideas
  - Worldwide Joint innovation with SAP, Bell Labs, Ericsson, BMW, etc.
  - Start-up network (Berlin, Silicon Valley, Israel)
  - Track record of new ventures – QiSec, Spree, Zimory, Youchoose, WahWah, Schaltzeit, Spotlight, etc.
Background: Bovacon – Designing Business Interaction.
Innovation Consultants.

About bovacon

Bovacon helps its customers providing better products and services to their customers. We increase the understanding of the customers across all touchpoints in order to drive innovation. We bring customer closer to the brand, design innovative products and services, and optimize internal design and development processes.

Regardless whether you call this open innovation management, business modeling, service design, user experience or process optimization – it must help our customers. That’s why we work pragmatically and result-oriented.

News and Events

» 18. October 2012 – Lean Venturing
We created a new offering named “Lean Venturing” for coaching corporate ventures and their steering. A process and a set of methods combine business modeling approaches with organizational learning practices. Theory and cases we will present at ISPIM 2012 Symposium in Seoul.

» 20. June 2012 – Learning from the Future
Action for Innovation - Innovating from Experience: This is the title of this year’s conference of the society...
Background: User Driven Innovation at T-Labs.
Phase-specific methods for securing user-oriented innovation development.

Foresight
- Scenario Analysis
- Trend Research
- Future Workshop

Exploration & Ideation
- Ethnographic Studies
- Diary Research
- Ideation Workshop
- Innovation Pump

Selection
- Live User Clinics
- Online Bus Studies

Concept & Modeling
- Co-Creation
- Requirements Specification
- Business Modeling

Usability Engineering
- Experience Prototyping
- Usability (Field) Tests
- UX Clinic

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Introduction to Business Models
Introduction.
Business Models in Practice and Theory.

- Peter Drucker asked: What is your business? Which value do you create for customers and partners, and how? How do you generate revenue?

- Information technology and web-based applications lay fostered the creation of new business models.

- Meanwhile software development methodology was increasingly challenged by the risen impact of user requirements and business strategy (e.g. [www.iconatg.com/iconprocess](http://www.iconatg.com/iconprocess)).

- Beyond product and process innovation new business models became a new toehold for innovation strategy and management.

- After the „new economy“ crashed scientific research increased how to successfully model new business.

Doing business:
- How? (Business Process Models)
- What? (Business Models)
- Why? (Strategy and competitors)

Introduction.
Relevance and power of modeling new business.

The dichotomy between technology- versus market-driven innovation is being replaced by a systemic view on a multitude of innovation constituents within a business ecosystem.
Introduction.
Relevance and power of modeling new business.

„A mediocre technology pursued with a great business model may be more valuable than a great technology exploited via a mediocre business model“ (Henry Chesbrough 2010).
Introduction.
Relevance and power of modeling new business.

The new complexity calls for simplified frameworks and easily accessible plans for action.
Introduction.
Business Model Definitions.

- “An architecture for the product, service and information flows, including a description of the various business actors and their roles; and a description of the potential benefits for the various business actors; and a description of the sources of revenues” (Timmers 1998).

- “The business model is an abstract representation of an organization, be it conceptual, textual, and/or graphical, of all core interrelated architectural, co-operational, and financial arrangements designed and developed by an organization presently and in the future, as well as all core products and/or services the organization offers, or will offer, based on these arrangements that are needed to achieve its strategic goals and objectives” (Al-Debei et al. 2008).

- “Business model is a conceptual tool that contains a set of elements and their relationships and allows expressing the business logic of a specific firm. It is a description of the value a company offers to one or several segments of customers and of the architecture of the firm and its network of partners for creating, marketing, and delivering this value and relationship capital, to generate profitable and sustainable revenue streams” (Osterwalder et al. 2005).

- Aziz et al. (2008) defined business models also based on their components. Within their literature analysis they identified 54 business model components within various literature sources.
Introduction.
Identified patterns through literature classification by Burkhart et al 2011.

- Business models are a high-level aggregation of a company's business logic. [27 of 30]
- The concept is applicable to all kind of businesses. [21]
- The addressees of business models are generally company internal people [23], external ones [11] are additionally mentioned.
- Aspects that reach beyond the company's border are being addressed. [27]
- To represent business models, textual [20] means of representation are normally used; graphical ones can only be found rarely. [3]
- The representation process is mainly done in a creative manner. [18]
- A component-based perspective [16] on business models can be found frequently and does always consider offering [16/16], market [16/16] and internal [16/16] components; economy ones [15/16] can be very often observed.
- Components are understood as interdependent units. [14/16]
Introduction.
Start with eight simple components to discuss and learn about assumptions.

Value Proposition
Customer Touchpoints
Distribution Channels
Customer Segments
Revenue Model

Capabilities
Cost Structure
Partners
Business Modeling.
Maturity Quick Check.

Value Proposition
- To be discussed or vague
- Well defined
- Qualified (through feedback)
- Quantified
- Proven

Customer Segments
- To be discussed or vague
- Well defined
- Qualified (through feedback)
- Quantified
- Proven

Customer Touchpoints
- To be discussed or vague
- Well defined
- Qualified (through feedback)
- Quantified
- Proven

Distribution Channels
- To be discussed or vague
- Well defined
- Qualified (through feedback)
- Quantified
- Proven

Revenue Model
- To be discussed or vague (revenue channels & price)
- Well defined
- Qualified (through feedback)
- Quantified
- Proven

Capabilities
- To be discussed or vague
- Well defined
- Qualified (through feedback)
- Quantified
- Proven

Partners
- To be discussed or vague
- Well defined
- Qualified (through feedback)
- Quantified
- Proven

Cost Structure
- To be discussed or vague
- Well defined
- Qualified (through feedback)
- Quantified
- Proven

Prio-Rating:
- To Do:
- Person in charge:
- Value & Customer Side
- Revenue Side
- Cost Side

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Introduction.
Lean Venturing applies five “E”s to increase maturity of corporate ventures.

- **Steering & Coaching**
  - **Evolution**: Plan long-term sustainability
  - **Experimentation**: Test critical assumptions and learn to scale
  - **Evaluation**: Evaluate business model configuration
  - **Elaboration**: Detail selected business model aspects
  - **Exploration**: Business Modeling Starter Kit

**Startup new ventures**
Business Modeling Formats. Three formats for exploration and elaboration.

Full Scale Business Modeling Project

The full scale business modeling project covers a five step process including a initial domain research, a modeling workshop, prototyping through illustration and storytelling, stress testing though feedback, and business process modeling resulting in a business case.

Instant Business Modeling

Instant business modeling is a moderated workshop focusing on selected dimensions of a model. Half day sessions enable a rapid turnaround of results. Out of scope is an in depth or creative elaboration of business models, its building blocks and their interaction.

Business Model Starter Kit

We modified and simplified an already simple reference model to lower entry barriers for entrepreneurs and business leaders. A game-like do-it-yourself toolbox supports small teams in thinking about new business in a structured way. It enables first hand experiences in simple business model ideation.

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Business Modeling Formats.
Exploration and elaboration in five activities.

- Domain Research includes trend & business model research, industry benchmarks, & blue ocean analysis.
- Ideation & Deep Dives: Ideation workshops differentiate new business ideas with users & experts.
- Illustration & Storytelling: Illustration and storytelling consolidate and communicate the model to external stakeholder.
- Iterative remodeling & live experimentation.
- Stakeholder Reviews: Critical aspects of the model are reviewed by customers, partner and/or investors.
Case Study MagiTact
MagiTact is a radically innovative technology that enables gestural interaction with mobile devices through magnets and has the potential to serve as a novel interaction mechanism.

Being a radical, research-driven innovation MagiTact initially lacked any specific market application scenario.

Since the technology bears potentials for implementation into a large variety of potential use cases, a careful evaluation and selection of application domains became crucial and drove the development of strongly differing business model alternatives.
MagiTact Idea Evolution.
Phases towards commercialization and their outcomes.
MagiTact Idea Development.
Simple demos, several publications and a patent resulted from MagiTact’s initial phase.

Demos:
- AirGuitar, AirDrum, Harmonics,
- Simple games,
- Gesture controlled audio player

Publications:
- **MagiMusic:** Using Embedded Compass (Magnetic) Sensor for Touchless Gesture Based Interaction with Digital Music Instruments in Mobile Devices
  Hamed Ketabdar, AmirHossein JahanBekam, Kamer Ali Yuksel, Tobias Hirsch
  The Fifth International Conference on Tangible, Embedded and Embodied Interaction, Madeira, Portugal, January 23-26, 2011
- **MagiSign:** User Identification/Authentication Based on 3D Around Device Magnetic Signatures
  Hamed Ketabdar, Kamer Ali Yuksel, AmirHossein JahanBekam, Mehran Roshandel, Daria Skripko
- **Towards Digital Music Performance for Mobile Devices Based on Magnetic Interaction**
  Hamed Ketabdar, Kamer Ali Yuksel
  IEEE International Workshop on Haptic Audio Visual Environments and Games, Arizona State University, USA, October 16-17, 2010
- **MagiEntertain:** Mobile Entertainment Interaction Based On Magnetic Field
  Hamed Ketabdar, Kamer Ali Yuksel
  Proceedings of the IADIS International Conference on Game and Entertainment Technologies, Freiburg, Germany, July 26-28, 2010
- **Towards Using Embedded Magnetic Field Sensor for Around Mobile Device 3D Interaction**
  Hamed Ketabdar, Kamer Ali Yuksel, Mehran Roshandel
  The Twelfth International Conference on Human-Computer Interaction with Mobile Devices and Services, Lisbon, Portugal, September 7-10, 2010
- **MagiWrite:** Towards Touchless Digit Entry Using 3D Space Around Mobile Devices
  Hamed Ketabdar, Kamer Ali Yuksel, Mehran Roshandel
  The Twelfth International Conference on Human-Computer Interaction with Mobile Devices and Services, Lisbon, Portugal, September 7-10, 2010
- **MagiTact:** Interaction with Mobile Devices Based on Compass (magnetic) Sensor
  Hamed Ketabdar, Kamer Ali Yuksel, Mehran Roshandel
  Proceedings of the 2010 International Conference on Intelligent User Interfaces, pp. 413-414 , Hong Kong, China, 2010

Patent:
- “Around device interaction for controlling an electronic device, for controlling a computer game and for user versification”
MagiTact Idea Evolution.
Phases towards commercialization and their outcomes.
MagiTact Business Modeling Project. Exemplary results from moderated ideation and illustration.

1. Ideation Workshop
   - Multi-method ideation
   - From free associations to specific concepts
   - More than 60 ideas for use cases - 10 top ideas and 8 further ideas for use case scenarios.

2. Business Model Starter Kit
   - Basic drivers
   - Personas
   - Partner analysis

3. Business Models for the most relevant use cases developed in the Ideation Workshop: Silent Reply, Gaming, Invisible Signature.
MagiTact Business Modeling Project.
Exemplary results from moderated ideation and illustration.

Market introduction in three steps:
1. **Light Version** for free to try technology & ‘My favored magnet Competition’ at the same time.
2. **Premium Edition** with multiple functions & product line of magnetic devices with partners.
3. **Software Development Kit** for licensing.

**Silent Reply**
- Game for **free** to demonstrate the features; **distributed** through special interest magazines.
- Software Development Kit for a **developer contest** to create exciting new games and to acquire first licensees.
- Revenue arises from licenses to game developer firms.

**Gaming**
- Focus on **B2B** (vendors, banks and developers), but providing unique value to end users.
- Preconditions: market preparation, customer education.
- **Revenue arises from licenses** to system providers, transactions or fixed fees for SMEs & subscription fees for end customers.

**Invisible Signature**
- Gaming Focus on B2B (vendors, banks and developers), but providing unique value to end users.
- Preconditions: market preparation, customer education.
- Revenue arises from licenses to system providers, transactions or fixed fees for SMEs & subscription fees for end customers.
MagiTact Idea Evolution.
Phases towards commercialization and their outcomes.

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MagiTact App Development.
Different iPhone applications were developed.

Applications:
- **MagiGuitar**: The user can play along with a song by triggering proper notes using finger gestures.
- **MagiMusic**: The user can sonify motion of his finger in the space around the device and produce different sound effects.
- **MagiBoxing**: The user can simulate a boxing situation by hitting towards iPhone screen. It works even if the device is the user’s pocket.
MagiTact Idea Evolution.
Phases towards commercialization and their outcomes.
MagiTact Business Model Specification.
Revenue Streams.

Primary Revenue Stream
Leads to increase of App offering

Secondary Revenue Stream
Leads to awareness for MagiTact

Secondary Revenue Stream
Leads to Upsales by Apps

End-users (B2C)
Independent Developers (B2B)

MagiTact Development Kit
- MagiTact API
- MagiTact SDK
- Developer Support

MagiTact Apps
- MagiGuitar
- MagiMusic
- MagiBoxing

MagiTact Air Control
- Mobile Air Control
- 3 Air Control Apps
- 3 Magnets

Mobile App Stores
- iOS
- BlackBerry
- Android
- Windows

Revenue Streams:
- €

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MagiTact Idea Evolution.
Phases towards commercialization and their outcomes.

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The Business Model Starter Kit
Business Model Starter Kit
A hands-on starter kit for entrepreneurs.

We modified and simplified an already simple business model canvas (Osterwalder & Pigneur 2009) to lower entry barriers for entrepreneurs and business leaders. The framework was redesigned from a user-centered and stakeholder-driven point of view that also serves as a consistent anchor for modeling entrepreneurs and engaged business leaders. A game-like do-it-yourself toolbox supports small teams in thinking about new business in a structured way. It enables first hand experiences in the attempt to create or renew business models.
Business Model Starter Kit.
The Playground.
Business Model Starter Kit.
Basic elements and gaming mode.

Quick-Start Guide

Example Cards

Challenger Cards

Sticky Notes + Pens

Playground

Instruction Cars

Refinement Sheets
Thank you for your attention!

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Backup
Elevator Pitch Template

Gruppe: _______________________________________________________

Datum: _______________________________________________________

Für ... _________________________ Wolfe ist die allgemeine Zielgruppe?

die... _________________________ Welches Kundenbedürfnis oder sich neu ergebende Möglichkeit werden adressiert?

ist _________________________ Welchem Geschäftsbereich kann das Angebot zugeordnet werden?

Name d. Produktes / Dienstleistung _________________________

der/die/das... _________________________ Welche besondere Vorteile und Nutzen bietet das Angebot?

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This framework sheet was distributed as part of the Business Modeling Starter Kit.
This facilitation kit is heavily inspired by Alex Osterwalder’s Business Model Canvas
(http://www.businessmodelgeneration.com) and HackFwd’s Phase 2 Generator
(http://www.phase2generator.com).
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To view a copy of this license, visit http://creativecommons.org/licenses/by-sa/3.0/ or send a letter to Creative Commons, 171 Second Street, Suite 300, San Francisco, California, 94105, USA.
## Business Model:

### Group Members:

<table>
<thead>
<tr>
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### Value & Customer Side

### Revenue Side

### Cost Side
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