

# Knowledge-based Entrepreneurship

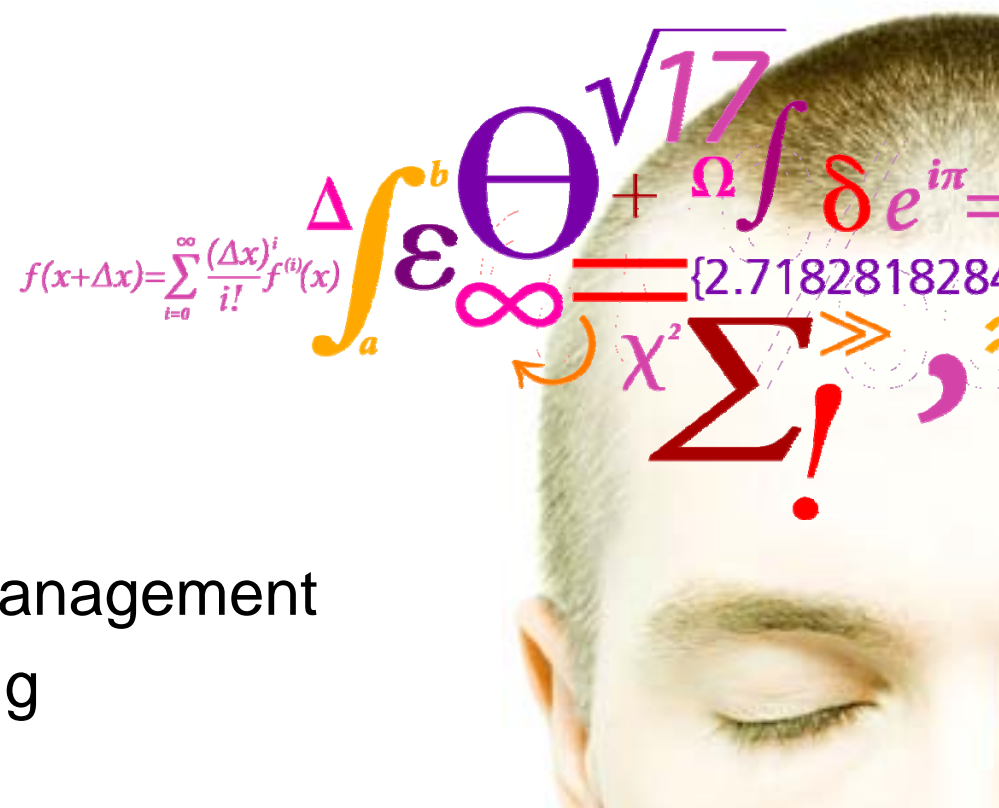
## Business Models

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# OUTLINE

## Definitions of the Business Model

- 3 takes on the Business Model
  - Teece
  - Johnson
  - Osterwalder

## Components of the Business model

## What can Business models do

## Innovating the business model

*"A business model reflects the management's hypothesis about what customers want, how they want it, and how the enterprise can organize to best meet those needs, get paid for doing so, and make a profit."*

*(Teece, 2010: 172)*

The Business model answer the question of:  
**How are businesses organized?**

## **How do businesses**

Deliver products and services to customers

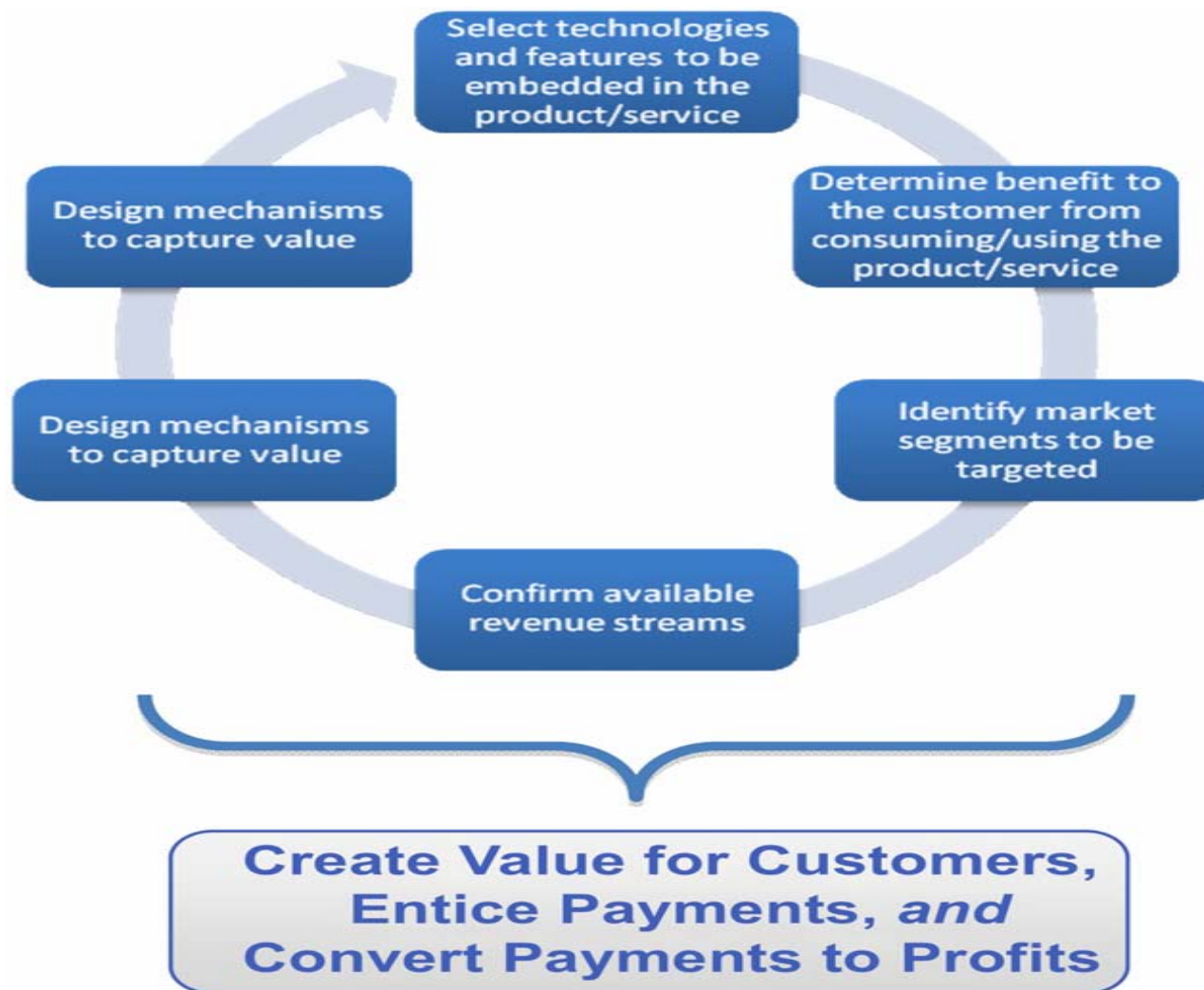
while

Creating values for themselves (investors,  
owners etc.)

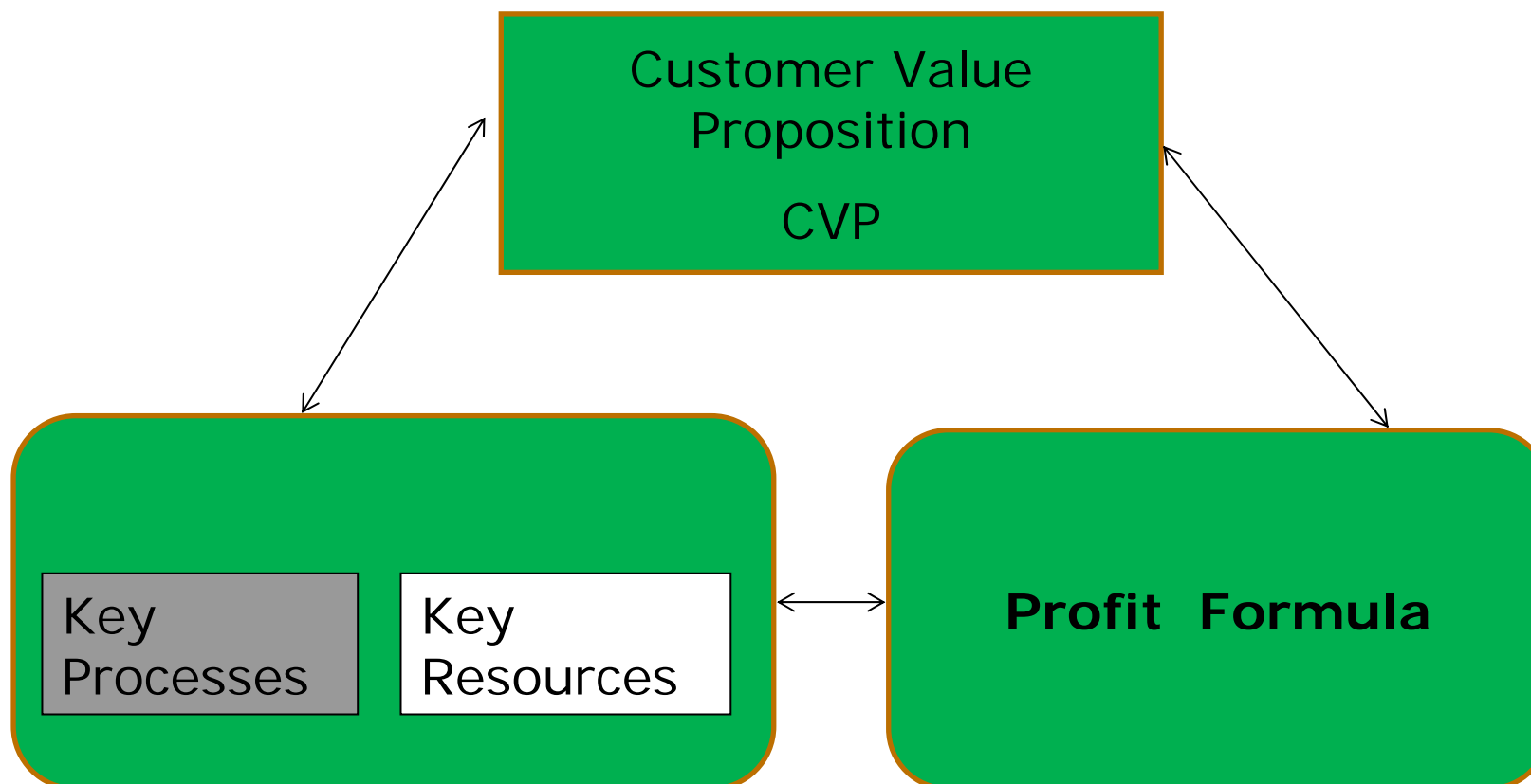
## Other Definitions

- 'A way to visualize, understand, share and communicate the logic of a business to stakeholders' (Osterwalder & Pigneur, 2005)
- A well-formulated model combines the value proposition, the customer, internal processes and competencies, and how the firm makes money and also addresses elements of competitive strategy reflecting the need to translate core competencies and the value proposition into a sustainable marketplace position (Morris et al, 2005)

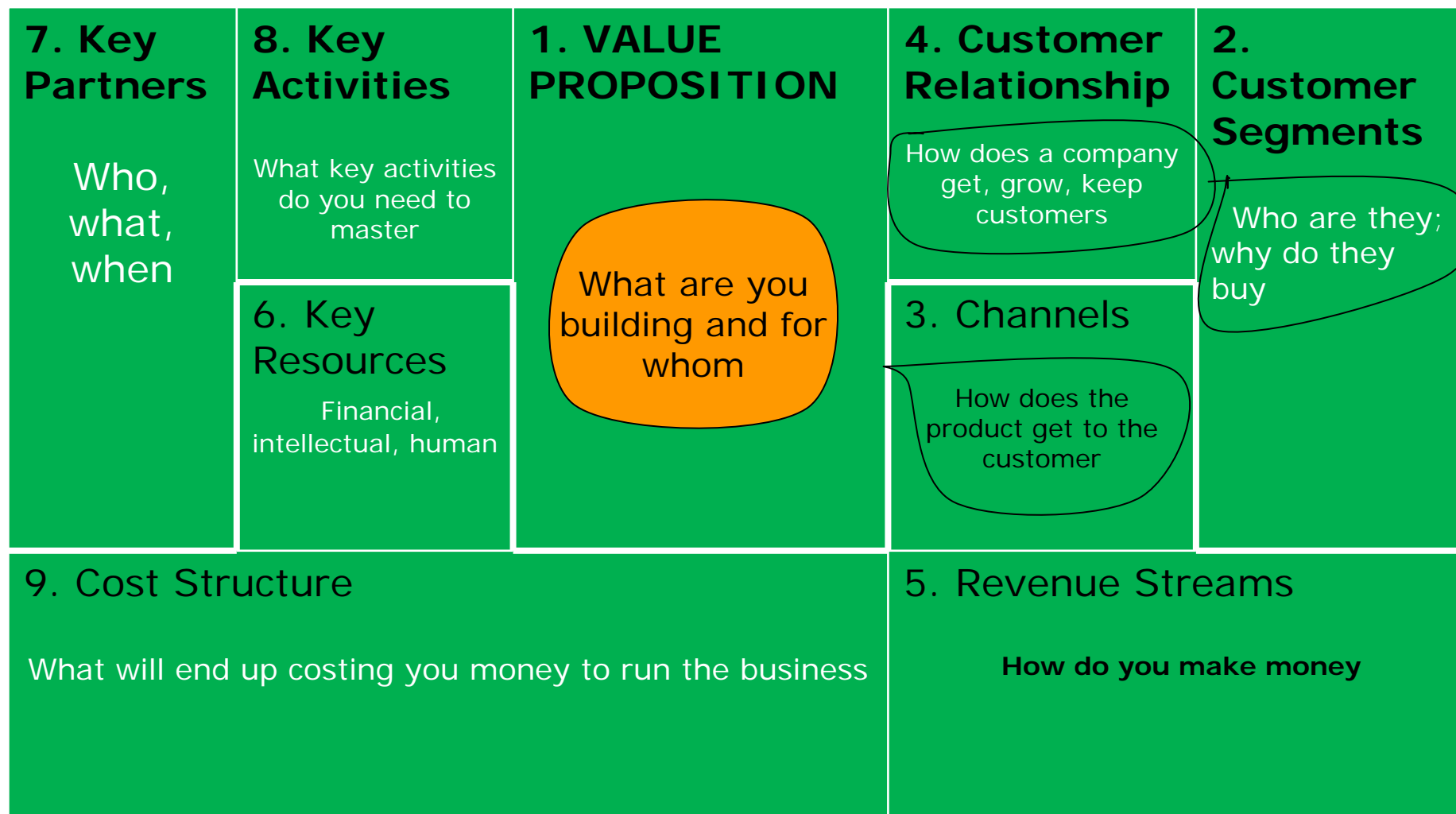
# Teece, 2010



# Johnson, 2010

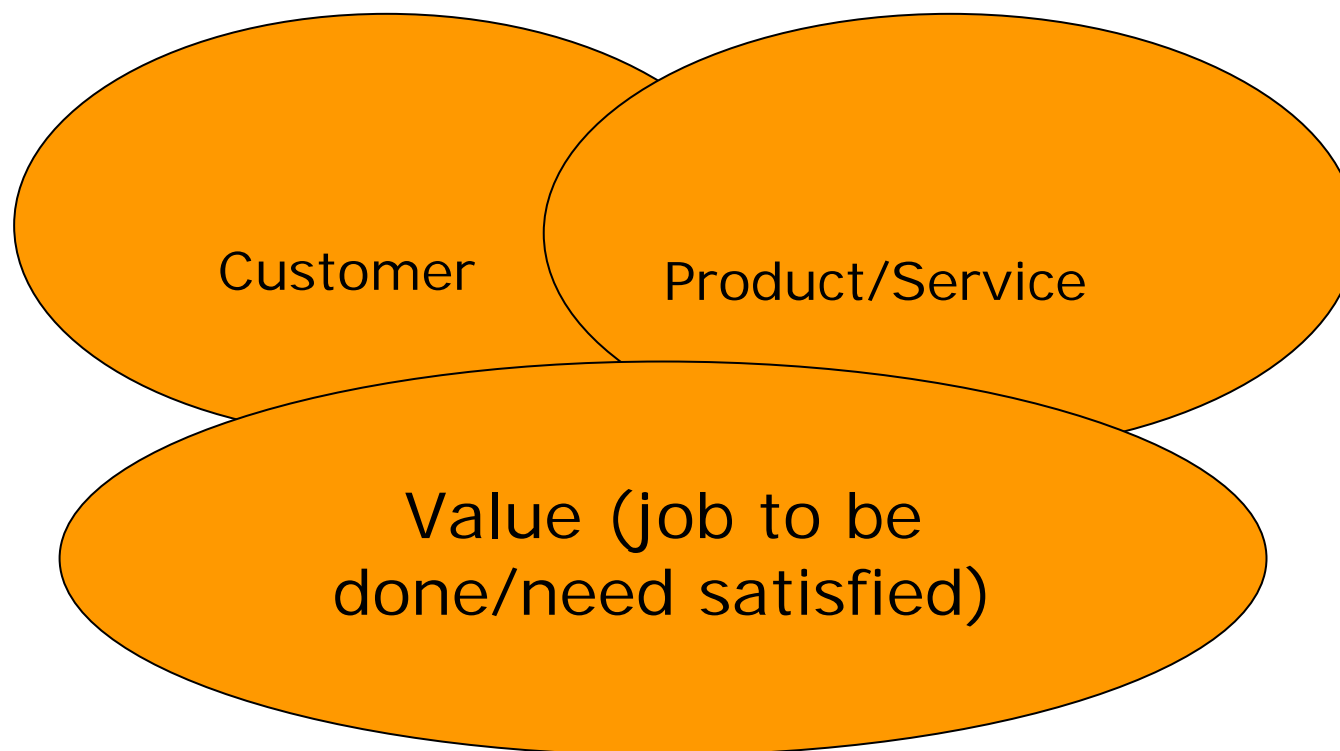


# The pieces - Osterwalder & Pigneur





# Customer Value Proposition



Product, service (or combination) that helps customers do more effectively, conveniently or affordably a job that needs to be done/solve an important problem

# Key Processes

Which key activities do we need to master?

## ❑ Positioning in the Value Chain

Upstream activities – raw material mining, research, product development, manufacturing

Downstream activities- marketing, selling, warehousing, logistics, customer support

Integrated – combined activities

## ❑ Which business functions do we need to perform in-house/outsource?



# Key Resources

Needed to deliver on the CVP

- Intellectual property - Patents, copyrights etc.
- Brands, databases, network relations
- Partnerships, relationships with customers,
- Buildings, equipment, financial assets
- Technology
- Human Assets - Skills and knowledge of employees

## Profit Formula - How do we make money/Profit

It specifies the assets and fixed cost structure, as well as the margins required to cover them  
 'managing cost and revenues to generate an acceptable profit'

Operating Leverage – fixed vs. variable cost

Volumes

Margins

Revenue sources – one, several, how customers pay for the product

Pricing – cost vs. value based

- fixed or flexible

“Buzz with your neighbour”

Can you identify the ‘major’ components  
of the business model for DTU?

5 minutes

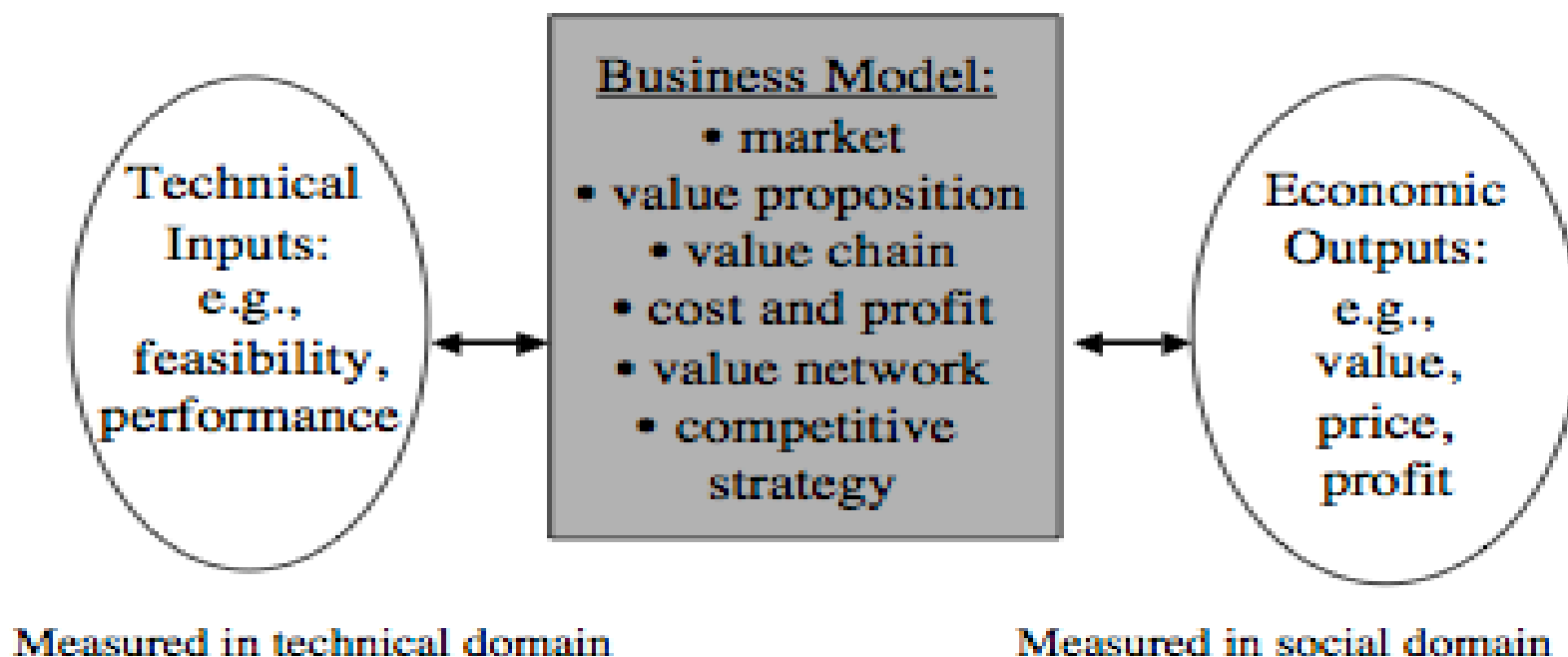
# What Can Business Models Do ?

# What Can Business Models Do

- BM translates the ideas of the entrepreneur
- Displace the idea in space and time, enroll other actors (investors, IP office, customers, etc.)
- Translate the material technology into something else.



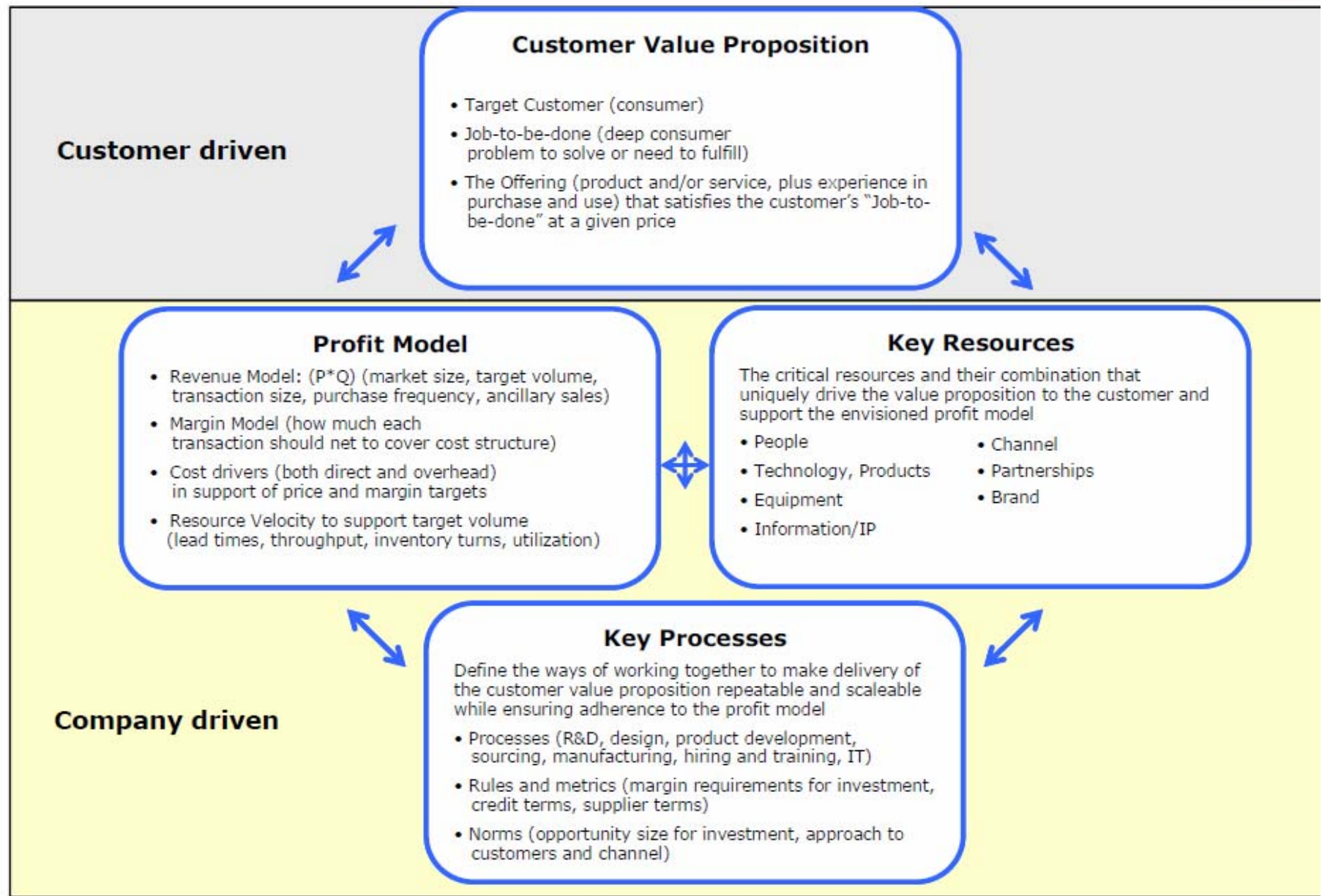
## *The Business Model Mediates Between the Technical and Economic Domains*



Chesbrough (2006); Chesbrough and Rosenblom, (2002)

# Innovating the business model

# Business Model Innovation Framework



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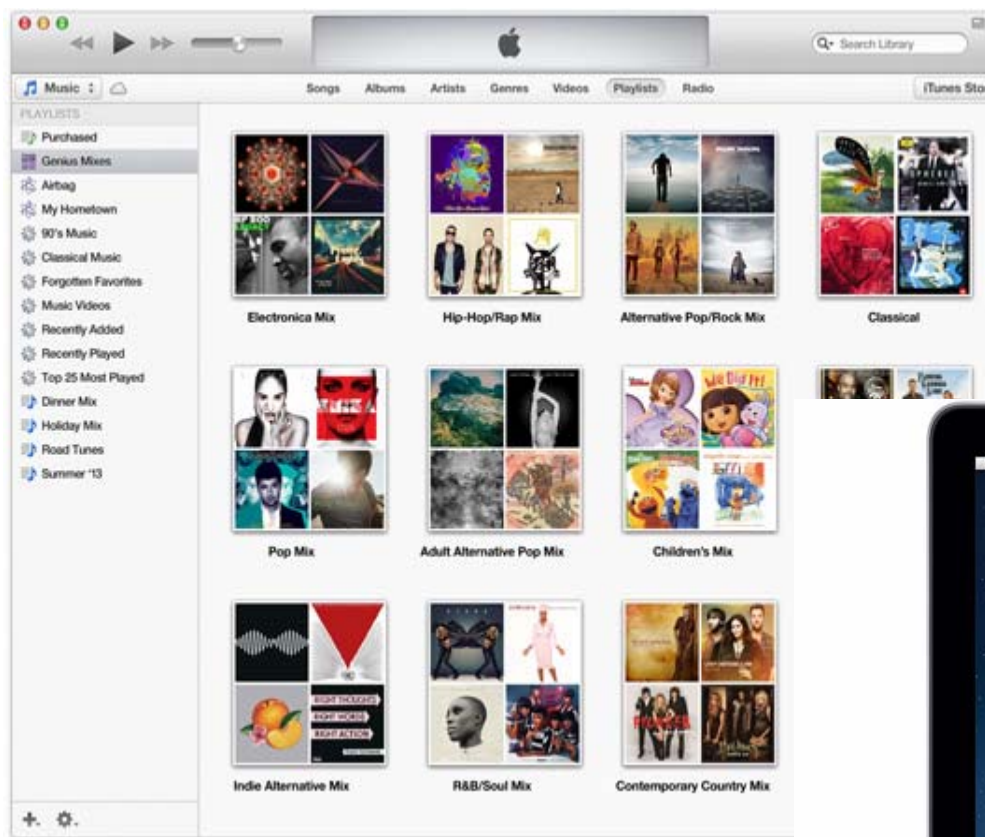
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# Innovative Business model



# Sources of competitive advantage

- Production/operating systems
- Information management/data mining
- Technology/R&D, Creative or innovative capability
- Networking/resource leveraging
- Financial transactions

## Key references, Business Modelling

Forbes on business modelling.

<[click](#)>

<http://www.forbes.com/sites/martinzwilling/2012/01/29/8-key-elements-make-your-business-transformative/>

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<http://www.youtube.com/watch?v=QoAOzMTLP5s>

Alex Osterwalder BMC

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<https://www.udacity.com/course/ep245>