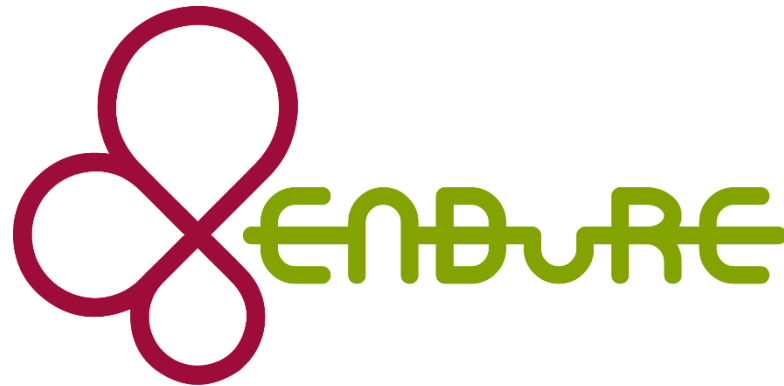




Customer Development and Business Modeling Part 1

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University of Pisa
Zerynth.com



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Erasmus+ Programme
of the European Union

The European Commission support for the production of this publication does not constitute endorsement of the contents which reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

What you will learn today

- **Thinking** as the customer, **acting** for the customer
- **Designing** your business model through iterations
- **Building** a resilient Value Proposition



Your Speaker

PhD Management Engineering

- Value creation from academic research
- Startups Creation
- Innovation Management

Research Associate University of Pisa

- Project Manager ENDuRE Project
- Co-raised ~1 million € Reasearch EU funds
- Research periods in Cambridge University and University of Southern Denmark

CEO ZERYNTH www.zerynth.com

Co-raised

- 22k € Kickstarter Campaign
- ~150k € seed funding from EU
- Winner of several competitions



LET'S START WITH A STORY

Let's start with a story



2013



Company? NO

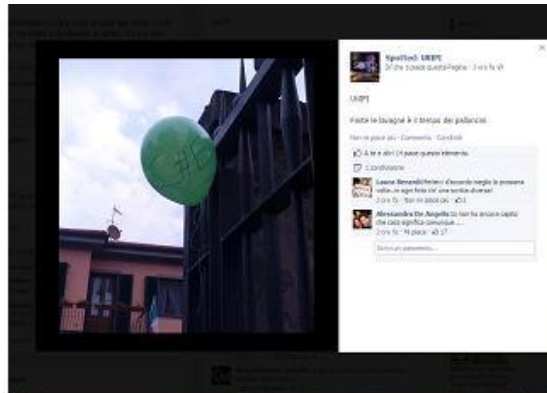
Office? NO

Website? NO -> FabLab Pisa channel

Execution plan? NO

Vision? YES: easing the access to development of connected devices

Let's start with a story



Me piace · Commenta · Share · 28 March at 23:47 via Mobile
Claudio Della Bruna, Maria Del Carlo, Gemma Taverni and 2 others like this.



Like · Commenta · Share
Clare Gullotta, Leonardo Fontanelli and Lina Parziale like this.



Let's start with a story



Let's start with a story

What?!

Let's start with a story

The image is a collage of three screenshots related to the #SOME Land project. The top screenshot shows the main website interface with the title "#SOME Land" and navigation links. The middle-left screenshot shows the "Customize" section for the "BODY" of an "Octagon Box", displaying four 3D model options. The bottom-left screenshot shows the "Customize" section for the "BRAIN", displaying three hardware options: Arduino Uno, Arduino Due, and Raspberry Pi. The right screenshot shows the "SomeLand" software interface, which is a visual programming environment with various blocks for controlling the device's behavior, such as "When", "Do", "Led Blink", "Led Color", "Speaker Change", "Led Luminescence", and "Beep".

mokup body_3 con new b x
https://someland/body

#SOME Land

Call Now: (888) 123-4567

Home Blog Store Community

My #SOMEs

Customize > Octagon Box > BODY

#SOME Land

Call Now: (888) 123-4567

Home Blog Store Community

My #SOMEs

Customize > Octagon Box > BRAIN

AROUND UNO ARDUINO DUE RASPBERRY PI

#SomeLand

When Do Led Blink

When Do Led Color Speaker Change

When Do Speaker Change Led Luminescence

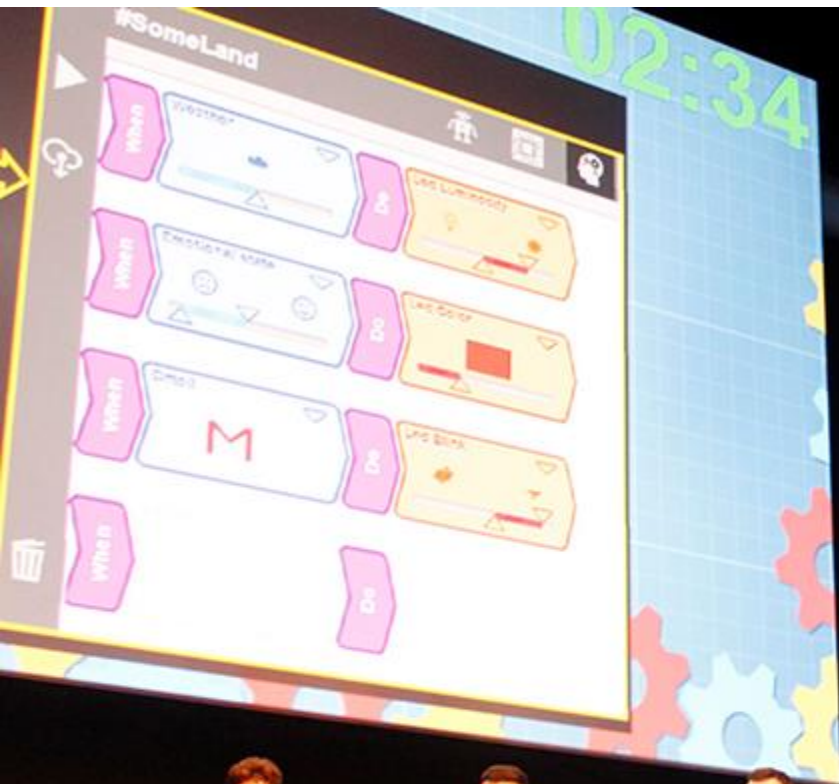
When Do #SpeakerChange #SpeakerChange

Beep Beep

Let's start with a story



Let's start with a story



Let's start with a story



Company? NO

Office? NO

Website? NO -> FabLab Pisa channel

Execution plan? NO

Vision? YES: easing the access to development of connected devices

Some outcomes from the field? YES

Let's start with a story



Conferences and Meetings with companies

7/03/2014 Seoul, South Korea

IEEE World Forum on Internet of Things (WF-IoT)



INTERNET OF THINGS FOR DESIGNING SMART OBJECTS



Let's start with a story



Company? NO

Office? NO

Website? YES

Execution plan? NO

Vision? YES: easing the access to development of connected devices

Some more outcomes from the field? YES

Let's start with a story



VIPER: the Python IoT Design suite for Arduino, UDOO & Spark

by TOI ThingsOnInternet



323
backers

\$22,579
pledged

Mar 27, 2015
funded

KICKSTARTER

Let's start with a story



Company? YES

Office? YES

Website? YES

Execution plan? YES

Network: 323 backers from 25 countries; worldwide contacts with major electronics producers, tech evangelists, researchers.

Vision? YES: easing the access to development of connected devices

Some more outcomes from the field? YES

Let's start with a story



Company? YES

Office? YES

Website? YES

Execution plan? YES

Network: 323 backers from 25 countries; worldwide contacts with major electronics producers, tech evangelists, researchers.

Vision? YES: easing the access to development of connected devices

Some more outcomes from the field? YES

Finished learning? NO

Did you recognize any ENDuRE element?

Did you recognize any ENDuRE element?

- 3 Pretotypes and 1 MVP before going to the market
- Pivoting through experiments
- Recombinations, negation, analogies
- Preserved Cash While Searching
- Developed a worldwide network
- Vision didn't change



Did you recognize any ENDuRE element?

- 3 Pretotypes and 1 MVP before going to the market
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Did you recognize any ENDuRE element?

- 3 Pretotypes and 1 MVP before going to the market
- Pivoting through experiments
- Recombinations, negation, analogies
- Preserved Cash While Searching
- Developed a worldwide network
- Vision didn't change



- Not structured definition of the assumptions to test
- Not clear measures
- Too long time between tests
- **Poor focus on the CUSTOMER needs**



Let's Start again



Agenda

9:30 - 9:45	Customer Development
9:45 - 10:30	Build your MVP
10:30 - 11:45	Set up your Business Model to test
11:45 - 15:45	Let's test!
16:00 - 18:00	Crafting your Value Proposition

1.CUSTOMER DEVELOPMENT

The Lean Startup Manifesto (Steve Blanks)

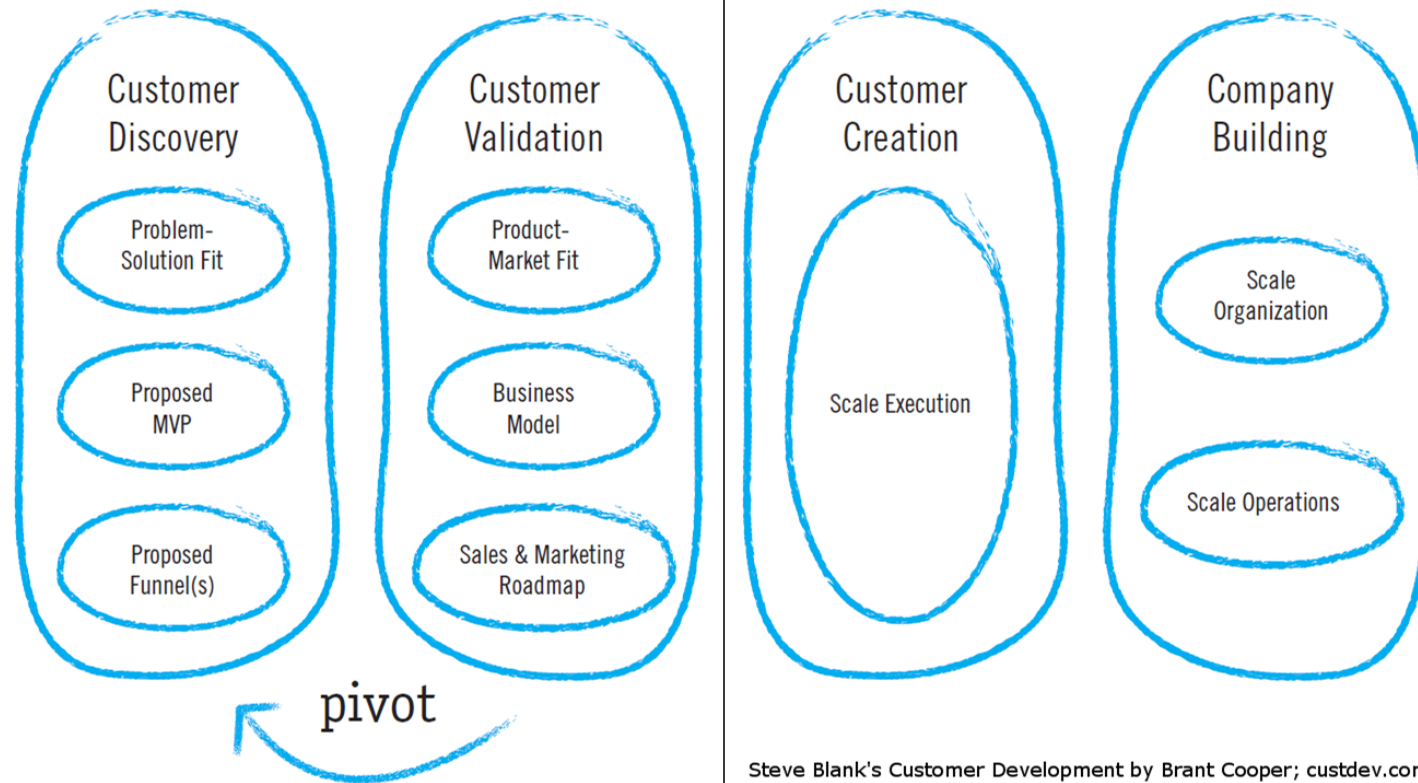
A Startup Is a Temporary Organization Designed to Search for a Repeatable and Scalable Business Model

- 1. There Are No Facts Inside Your Building, So Get Outside**
- 2. Pair Customer Development with Agile Development**
- 3. Failure is an Integral Part of the Search for the Business Model**
- 4. If You're Afraid to Fail You're Destined to Do So**
- 5. Iterations and Pivots are Driven by Insight**
- 6. Validate Your Hypotheses with Experiments**
7. Success Begins with Buy-In from Investors and Co-Founders
8. No Business Plan Survives First Contact with Customers
9. Not All Startups Are Alike
10. Startup Metrics are Different from Existing Companies
11. Agree on Market Type – It Changes Everything
12. Fast, Fearless Decision-Making, Cycle Time, Speed and Tempo
13. If it's not About Passion, You're Dead the Day You Opened your Doors
14. Startup Titles and Functions Are Very Different from a Company's
15. Preserve Cash While Searching. After It's Found, Spend
16. Communicate and Share Learning
17. Startups Demand Comfort with Chaos and Uncertainty

Customer Development Process

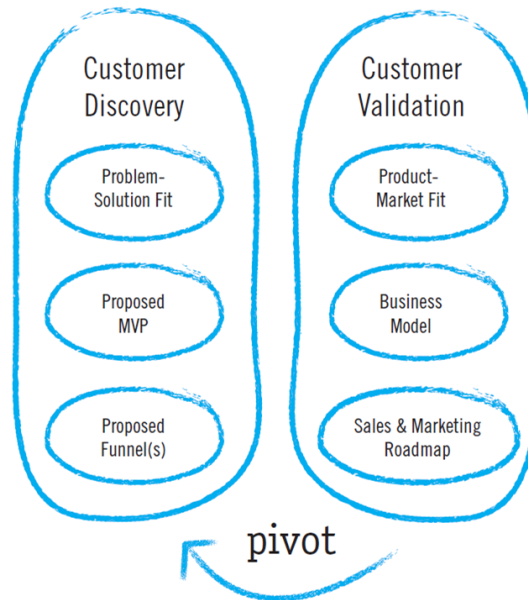
SEARCH

EXECUTE

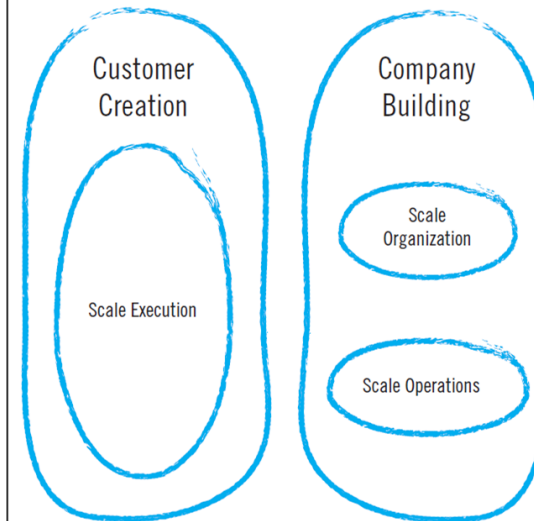


Customer Development Process

SEARCH



EXECUTE

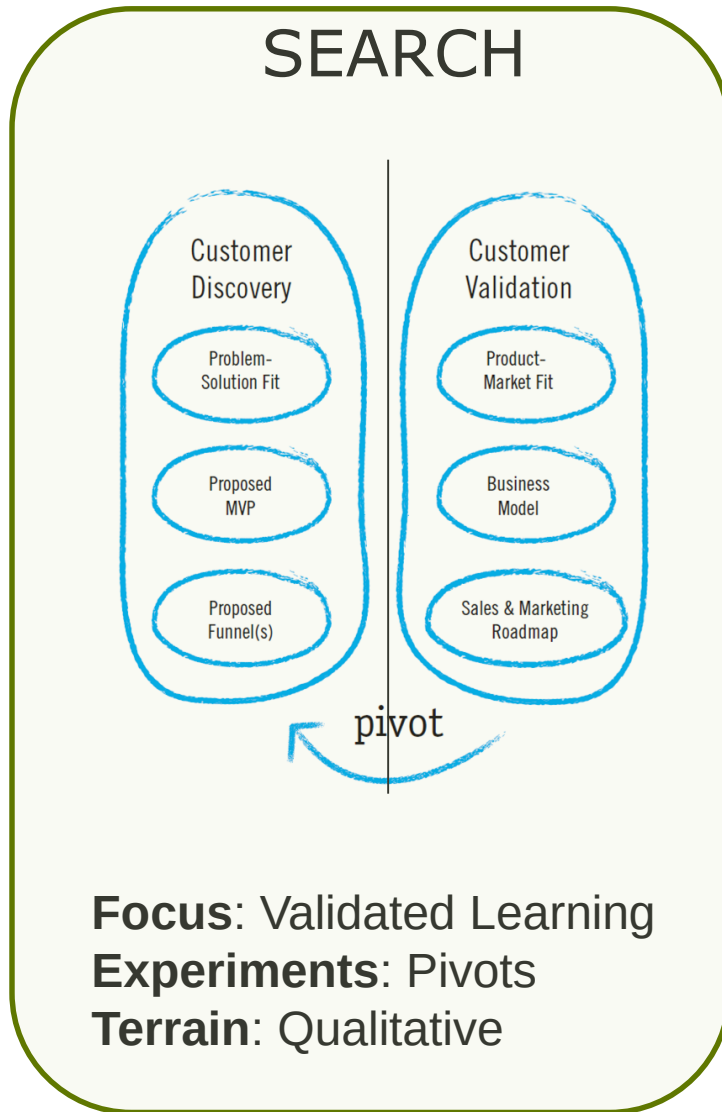


Steve Blank's Customer Development by Brant Cooper; custdev.com

Focus: Validated Learning
Experiments: Pivots
Terrain: Qualitative

Focus: Growth
Experiments: Optimizations
Terrain: Quantitative

Customer Development Process



Customer Discovery

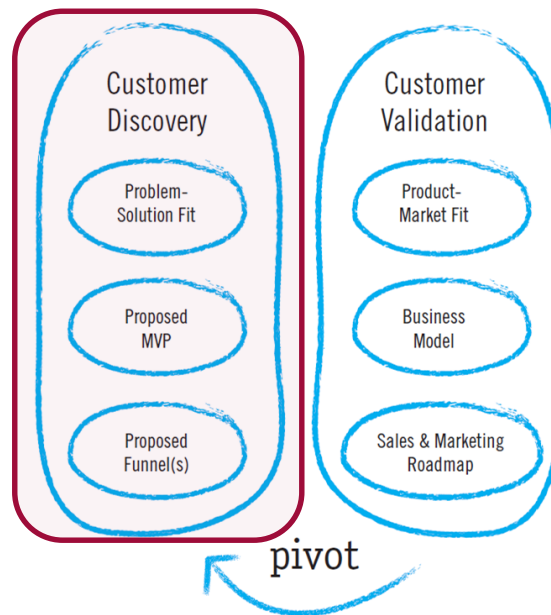
Captures the founders' vision and turns it into a series of business model hypothesis. Then develops a plan to test customer reactions to those hypothesis and turns them into facts.

Customer Validation

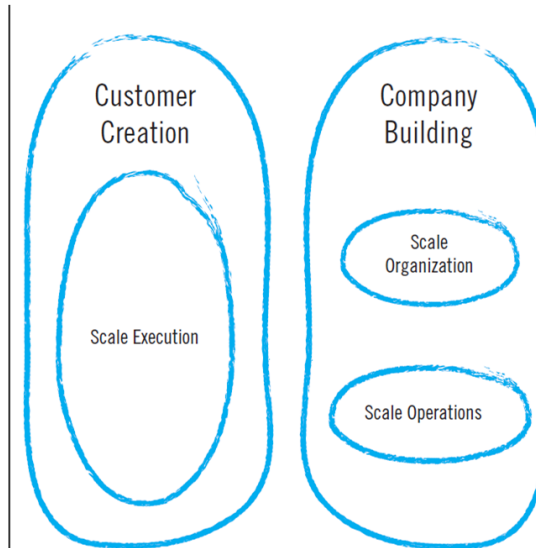
Tests whether the resulting business model is repeatable and scalable. If not, you return to customer discovery.

Customer Development Process

SEARCH



EXECUTE



Steve Blank's Customer Development by Brant Cooper; custdev.com

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Experiments: Optimizations
Terrain: Quantitative

2. BUILD YOUR MINIMUM VIABLE PRODUCT

An Experiment is a Product

In the Lean Startup model, **an experiment is also a first product.**

It allows the manager to get started with his or her campaign:

- enlisting early adopters,
- adding employees to each further experiment or iteration,
- and eventually starting to build a product.

By the time that product is ready to be distributed widely, it will already have established customers.

It will have solved real problems and offer detailed specifications for what needs to be built.

Get feedback on what is working today rather than in anticipation of what might work tomorrow.

PRETOTYPE 1

PRETOTYPE 2

PRETOTYPE 3

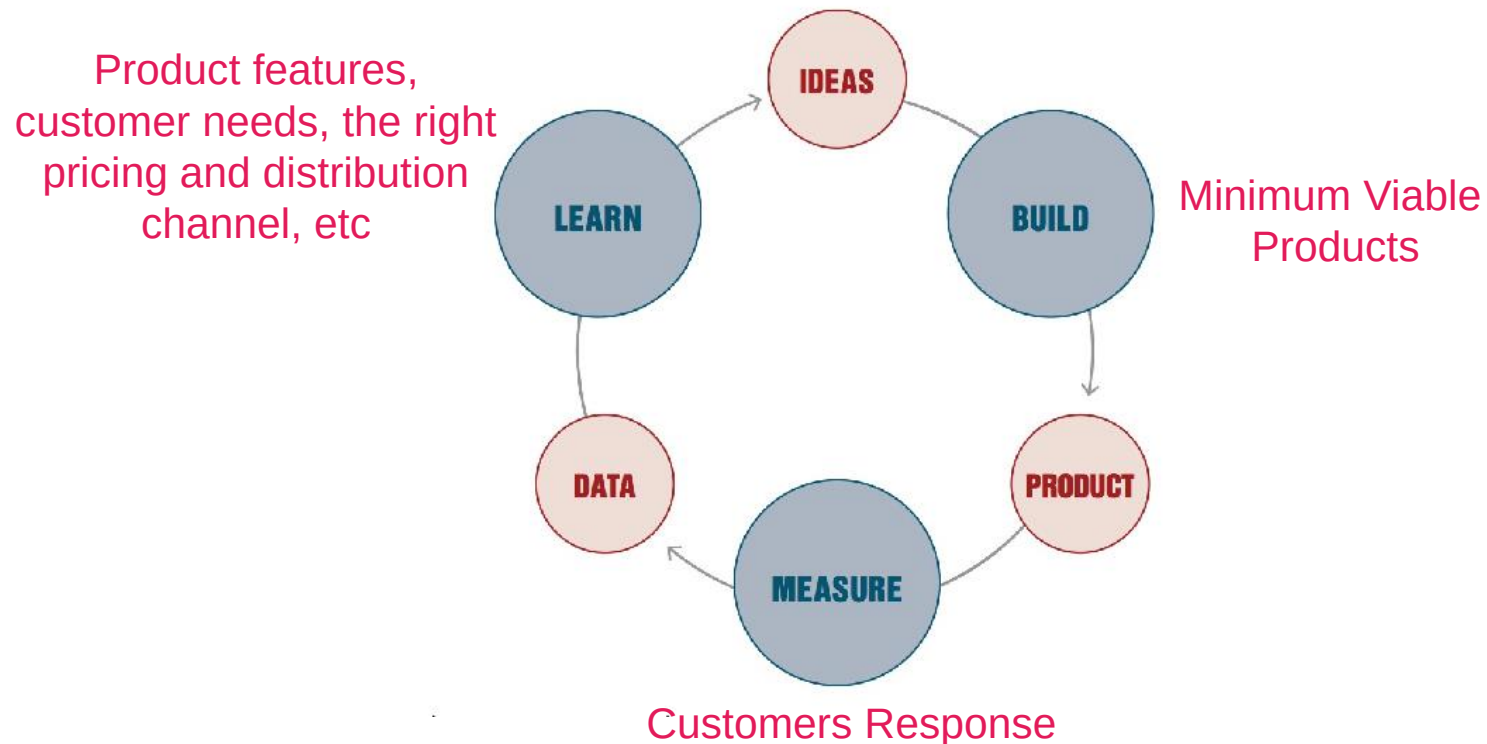
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-> MINIMUM VIABLE PRODUCT

Build-Measure-Learn Loop

Maximize learning through incremental and iterative engineering

Minimize the total time through the loop



Minimum Viable Product

The minimum amount of functions needed to provide speedy feedback to determine the viability of a product (Rob Kelly)

Minimum

There is usually just one or two core problems that excellent products are trying to solve.

iPod: store a bunch of your music and play it on the go;
Facebook: find friends and share information with them;
eBay: sell used stuff or buy used stuff;
Google: find information on the Web.



Viable

Will people use it?
Will someone pay for it?

Product

A commercial product
A service
An entire business
Any organism that generates value

Source: Rob Kelly <http://robdkelly.com/blog/entrepreneurship/minimum-viable-product-mvp/>

Minimum Viable Product

LEARN

Maximize information and learning about customers as soon as possible

ELIMINATE RISK

Avoid developing products that customers do not want

Minimum Viable Product

HOW **NOT** TO BUILD A MINIMUM VIABLE PRODUCT



1



2



3



4

ALSO HOW **NOT** TO BUILD A MINIMUM VIABLE PRODUCT



1



2



3



4

HOW **TO** BUILD A MINIMUM VIABLE PRODUCT



1



2



3



4

FRED VOORHORST

WWW.EXPRESSIVEPRODUCTDESIGN.COM

MVP Case Study - Pebble (1)

Pebble (first version - 2012)

Video to demonstrate the prototype, explain how the product works and ask for contributions from customers



MVP Case Study - Pebble (2)

Results

- **1st Kickstarter campaign (2012)** reached the goal (100k\$) in 2 hours and collected more than 10M\$ at the end
- Almost **69000 people** supported the project
- Over **1 Million Pebbles sold in 3 years**
- **2nd Kickstarter campaign (2015)** collected more than 20M\$

MVP Case Study - AirBnB (1)

Aspiring entrepreneurs Brian Chesky and Joe Gebbia created **a simple website to advertise their loft** as a cheaper accommodation for people going to San Francisco.



[Travel](#) [Host](#) [Sign Up](#) [Log In](#)



Stay with locals when traveling cheap.
Sign up!

★ Find a place

San Francisco, CA

Check in



Nights:



[Search »](#)

★ New Room

[Add room »](#)



"cozy" in New York, NY

\$99



"welcoming" in San Marcos, TX

\$0



"central" in Nürnberg, Germany

\$20

MVP Case Study - AirBnB (2)

Results

- 3 paying customers going to San Francisco for a conference
- People willing to pay to stay in someone else's home rather than a hotel
- The idea would be interesting for different kinds of people regardless the age
- 80 millions nights booked in 2015

MVP Case Study – VIPER (Now Zerynth) (1)

A multiplatform suite to design IoT solutions with all the 32 bit microcontrollers

March 2015: Kickstarter campaign
Linux based MVP working on Arduino board only



0:03 / 2:28



MVP Case Study – VIPER (Now Zerynth) (1)

A multiplatform suite to design IoT solutions with all the 32 bit microcontrollers

- March 2015: Kickstarter campaign
 - Linux based MVP working on Arduino board only
 - 324 adopters; 30 countries; 20k raised
- June 2015: Beta Version
 - 3 boards supported;
 - Multi-platform
- January 2016: Official Version
 - Many boards supported
 - Android Mobile app
 - 4000+ beta users already in the community

MVP Case Study – Google Glass (1)

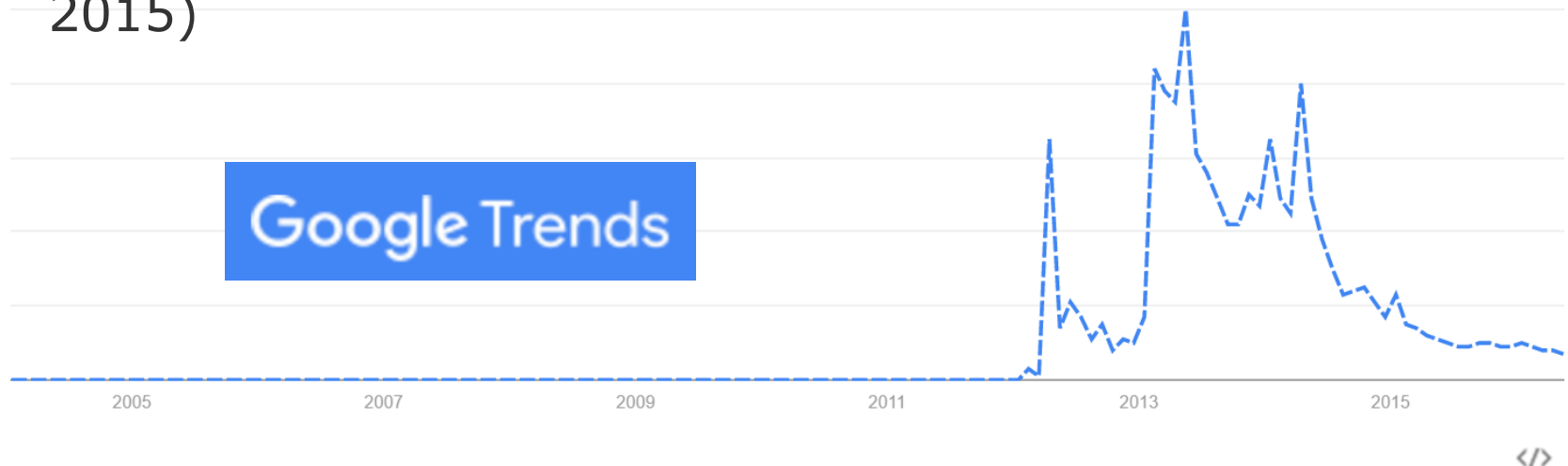
In 2012 Google announced development of Google Glass opening the field to smart eyewear



MVP Case Study – Google Glass (2)

Results

- 2013: Google selected a group of “**qualified glass experts**” to test the prototype and sold them the first Google Glasses
- April 2014: Google opened the sales to the US general public for one day on April 2014
- Customers identified software bugs and privacy concerns
- Google stopped the development of Google Glass (Jan, 2015)

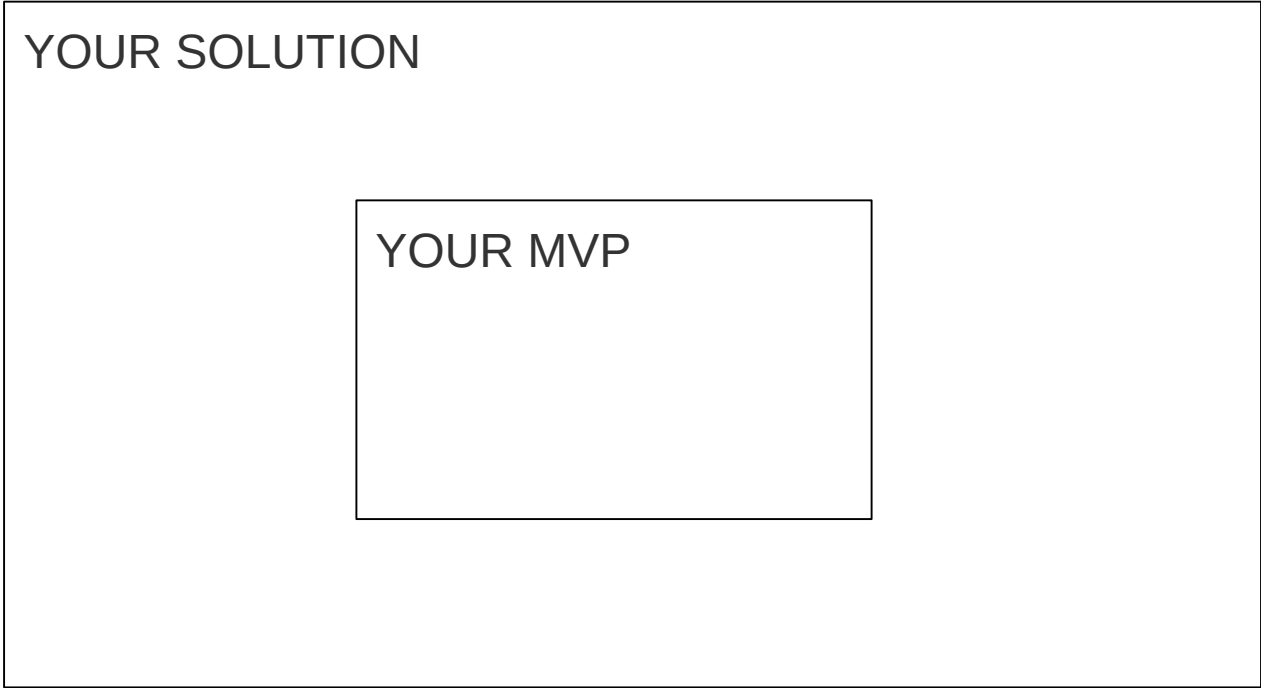


Exercise 1: Build Your MVP

List the main features of your product and concentrate on the MVP's features

Will people use it?

Will someone pay for it?



YOUR SOLUTION

YOUR MVP

Exercise 1: Build Your MVP

Will people use it?

Will someone pay for it?



SOLUTION

3G Support

Multitasking

3rd-party apps

copy/paste text

Emails attachments

Customizable
Home screen

Accessibility to developers

MVP

Phone calls
Camera
Music on the go
Web access (wifi)
Touch screen

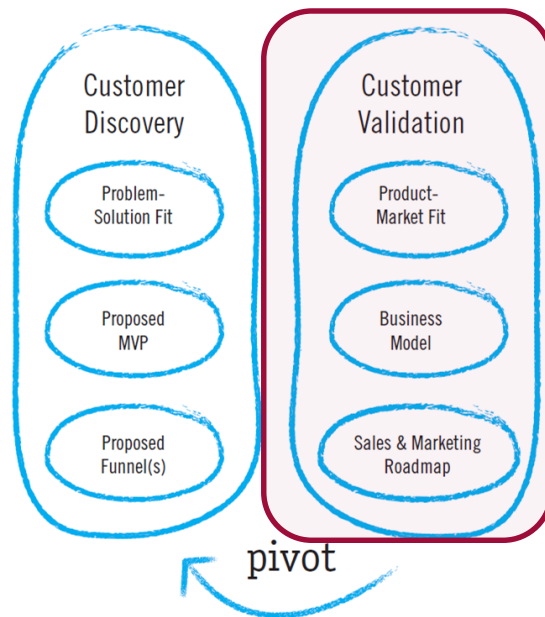
MMS

Voice dialing

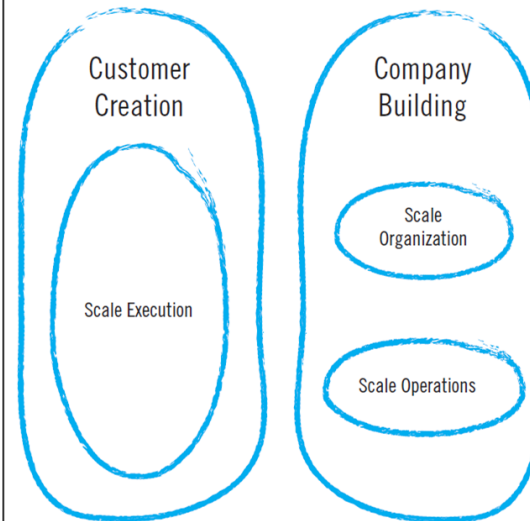
3. SET-UP THE BUSINESS MODEL TO TEST

Customer Development Process

SEARCH



EXECUTE



Steve Blank's Customer Development by Brant Cooper; custdev.com

Focus: Validated Learning
Experiments: Pivots
Terrain: Qualitative

Focus: Growth
Experiments: Optimizations
Terrain: Quantitative

Lean Canvas

Based on the first customers – focus on early stage

Begins with the customer and the problem

Is built up of hypotheses: "I think that"

The hypotheses need to be tested and "proved" – validated
(market, channel and pricing)

New hypotheses and insights lead to new business models

Prioritize - which are the most critical ones to your business?

PROBLEM List your top 1–3 problems 2	SOLUTION Outline a possible solution for each problem 4	UNIQUE VALUE PROPOSITION Single, clear, compelling message that turns an unaware visitor into an interested prospect 3	UNFAIR ADVANTAGE Something that can't be easily copied or bought 9	CUSTOMER SEGMENTS List your target customers and users 1
EXISTING ALTERNATIVES List how these problems are solved today	KEY METRICS List the key numbers that tell you how your business is doing 8	HIGH-LEVEL CONCEPT List your X for Y analogy (e.g. YouTube = Flickr for videos)	CHANNELS List your path to customers 5	EARLY ADOPTERS List the characteristics of your ideal customers
COST STRUCTURE List your fixed and variable costs 7			REVENUE STREAMS List your sources of revenue 6	

Lean Canvas is adapted from The Business Model Canvas (BusinessModelGeneration.com) and is licensed under the Creative Commons Attribution-Share Alike 3.0 Un-ported License.

Lean Canvas

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Lean Canvas

PROBLEM	SOLUTION	UNIQUE VALUE PROPOSITION	UNFAIR ADVANTAGE	CUSTOMER SEGMENTS
Too many devices to carry around	Phone, Music, Web, Pictures all together in one device	Integrated mobile experience 	Brand	mobile + mp3 player + netbook owners
Internet not «portable» everywhere	«big» screen, no keyboard		Design	
Ease access to technology & web	KEY METRICS # units sold # itunes store mobile accesses Hours of music downloaded from mobile		iTunes integration	
			CHANNELS Apple Stores Apple.com	style-conscious cell phone consumers
COST STRUCTURE People Manufacturing Marketing & Sales			REVENUE STREAMS Large Hardware Revenues Some Music Revenues	

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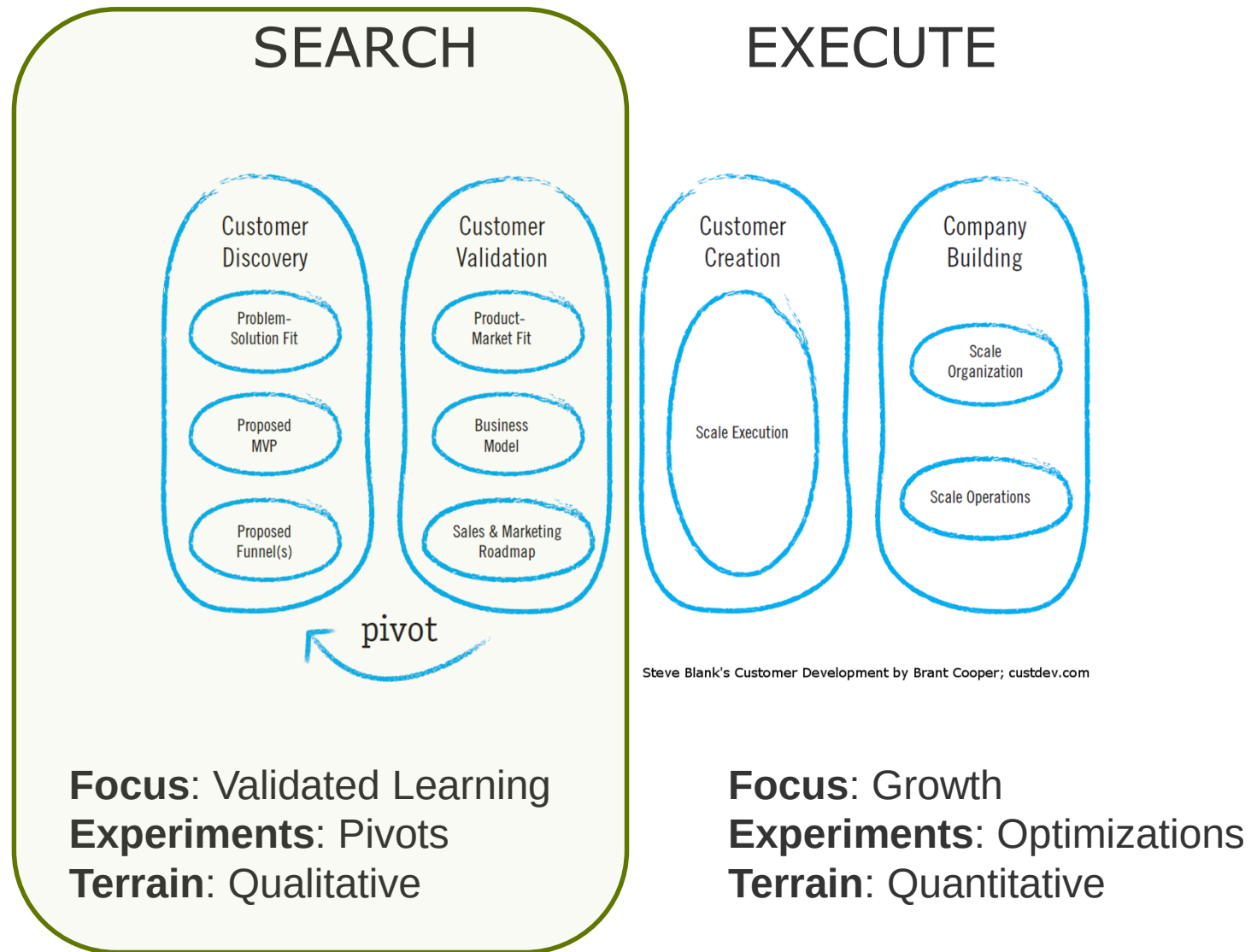
Exercise 2: create your Lean Canvas

- Start from the Business Model canvas you have done
- Be CONCISE and SPECIFIC
- Start from the 3 key elements, fill the rest if you have time
- Each element has to be a demonstrated FACT or an ASSUMPTION to be tested

PROBLEM List your top 1–3 problems 2 EXISTING ALTERNATIVES List how these problems are solved today	SOLUTION Outline a possible solution for each problem 4	UNIQUE VALUE PROPOSITION Single, clear, compelling message that turns an unaware visitor into an interested prospect 3 HIGH-LEVEL CONCEPT List your X for Y analogy (e.g. YouTube = Flickr for videos)	UNFAIR ADVANTAGE Something that can't be easily copied or bought 9	CUSTOMER SEGMENTS List your target customers and users 1 EARLY ADOPTERS List the characteristics of your ideal customers
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COST STRUCTURE List your fixed and variable costs 7		REVENUE STREAMS List your sources of revenue 6		

4. LET'S TEST!

Customer Development Process



Remember the Lean Startup Manifesto?

“There are no facts inside your building”

“Iterations/pivots are driven by insights from continuous pass/fail tests”

“No business plan survives first contact with customers”

Customer Development Process



Customer Development Process

HOW MANY CUSTOMERS HAVE YOU TALKED WITH
SO FAR?

Customer Development Process

HOW MANY CUSTOMERS HAVE YOU TALKED WITH SO FAR?

PROBLEM List your top 1–3 problems 2 EXISTING ALTERNATIVES List how these problems are solved today	SOLUTION Outline a possible solution for each problem 4 KEY METRICS List the key numbers that tell you how your business is doing 8	UNIQUE VALUE PROPOSITION Single, clear, compelling message that turns an unaware visitor into an interested prospect 3 HIGH-LEVEL CONCEPT List your X for Y analogy (e.g. YouTube = Flickr for videos)	UNFAIR ADVANTAGE Something that can't be easily copied or bought 9 CHANNELS List your path to customers 5	CUSTOMER SEGMENTS List your target customers and users 1 EARLY ADOPTERS List the characteristics of your ideal customers
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ASSUMPTION 1

ASSUMPTION 2

ASSUMPTION 3

...

ASSUMPTION n

Let's set up the test



ASSUMPTION 1

ASSUMPTION 2

ASSUMPTION 3

...

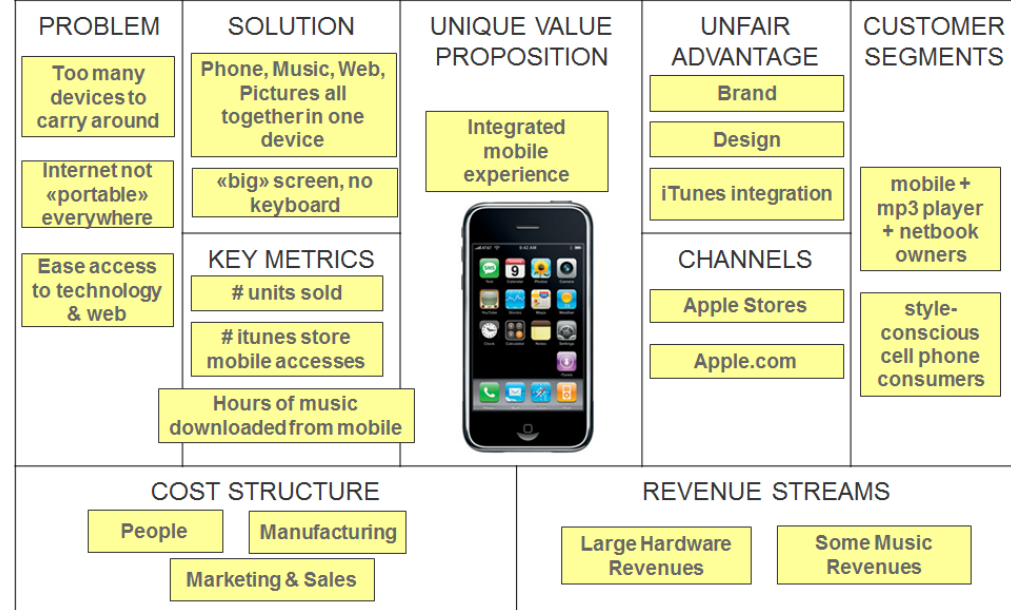
ASSUMPTION n

KEY ASSUMPTIONS	LEAN CANVAS ELEMENTS	PRIORITY (1 - 2- 3)	HYPOTHESIS	TESTING METHOD AND GOAL	OUTCOMES

Validation Dashboard

KEY ASSUMPTIONS	LEAN CANVAS ELEMENTS	PRIORITY (1 - 2- 3)	HYPOTHESIS	TESTING METHOD	VALIDATION
Assumption belonging to one or more elements of your business model	List numbers of elements of the lean canvas	3 High priority ... 1 Low priority	Precise hypothesis provable with a precise test with a YES/NO result	Methodology(e s) and plan to test the related hypotheses	Outcome from the test

Validation Dashboard



KEY ASSUMPTIONS	LEAN CANVAS ELEMENT	PRIORITY (1 - 2- 3)	HYPOTHESIS	TESTING METHOD	VALIDATION
1) People don't want to carry around too many devices	PROBLEM	1	90% of netbook owners had at least one experience of not bringing the PC with them for space/battery reasons	50 Interviews asking personal stories on use on netbook use on the go	
			75% of Mac and iPod owners would like to use just one portable device when commuting	100 interviews in the store with specific customers sample	
2) Integrated mobile experience	VALUE PROPOSITION SOLUTION	1	50% potential users have positive reaction on ergonomics and usage on the go of a 3,5" device for music and reading	Pretotype it! Case Study (A. Savoia) "If I had a Pilot, would I actually carry it with me and use it?" 	

6 Techniques to gain customer insights

The **data detective**

Does research with secondary data eg customer data; analytics; industry reports

1. Google Trends
2. Google Keyword Planner
3. Google Analytics
4. Patent Databases
5. Third party research reports
6. Social Media Analytics
7. CRM system



Dr. Karlheinz Steinmüller

Occupation

Since 2001	Sci. Director of <u>Z_punkt</u>
1997	Co-Founder of <u>Z_punkt</u>
1991 - 2001	Researcher / project manager at SFZ – Sekretariat f. <u>Zukunftsforschung Gelsenkirchen</u>
1982 – 1991	free-lance writer
1977 – 1982	Scientist at ZKI – <u>Zentralinst. f. Kybernetik und Informationsprozesse Berlin</u>



Source: Value Proposition Design: How to Create Products and Services Customers Want Di Alexander Osterwalder, Yves Pigneur, Gregory Bernarda, Alan Smith

6 Techniques to gain customer insights

The **impersonator**

- Step in the shoes of your customer;



Bike Lanes by Casey Neistat

Source: Value Proposition Design: How to Create Products and Services Customers Want Di Alexander Osterwalder, Yves Pigneur, Gregory Bernarda, Alan Smith

6 Techniques to gain customer insights

The **anthropologist**

Observational studies; diary studies

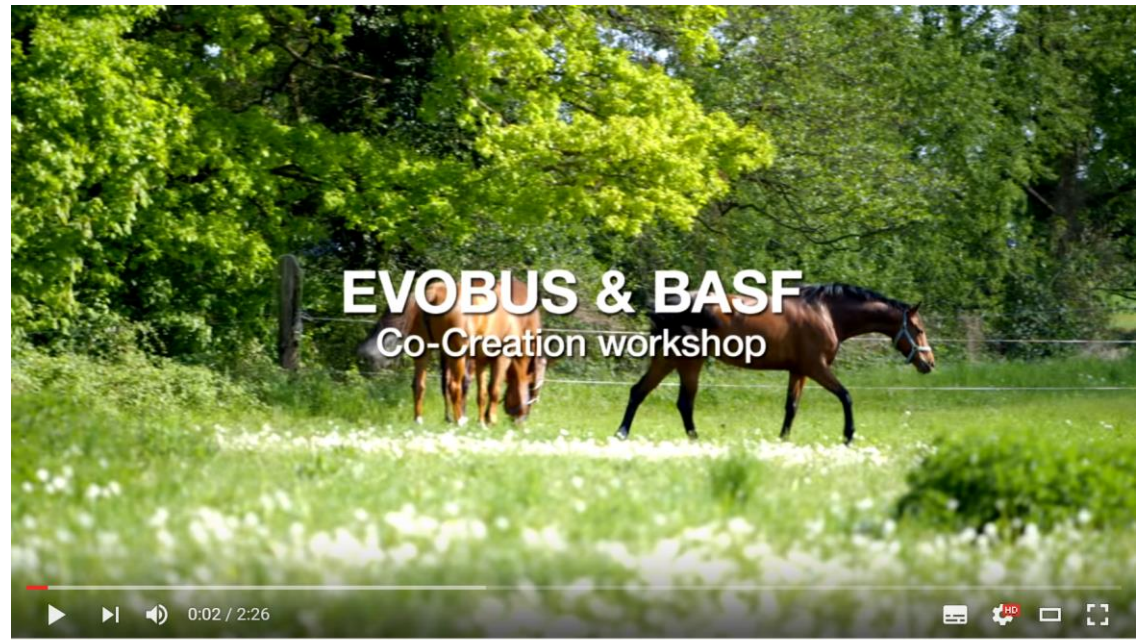
1. (B2C) Stay/live with the family, participate in daily routines, learn about what drives people
2. (B2B) Work alongside, observe, what keeps these people awake at night?
3. (B2C) Observe shopping behaviour
4. (B2C) Shadow customer for one day



Source: Value Proposition Design: How to Create Products and Services Customers Want Di Alexander Osterwalder, Yves Pigneur, Gregory Bernarda, Alan Smith

6 Techniques to gain customer insights

The **cocreator**



New formats create new ideas — Customer Co-Creation with Daimler Buses

Source: Value Proposition Design: How to Create Products and Services Customers Want Di Alexander Osterwalder, Yves Pigneur, Gregory Bernarda, Alan Smith

6 Techniques to gain customer insights

The **scientist**

The Lab is everywhere



The World's Deepest Trash Bin (Fun Theory)

Source: Value Proposition Design: How to Create Products and Services Customers Want Di Alexander Osterwalder, Yves Pigneur, Gregory Bernarda, Alan Smith

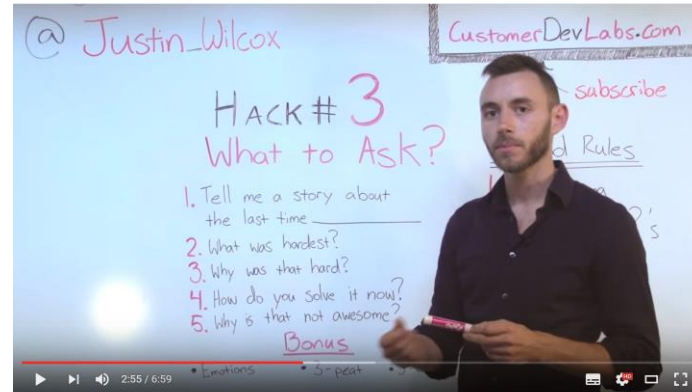
6 Techniques to gain customer insights

The **journalist**

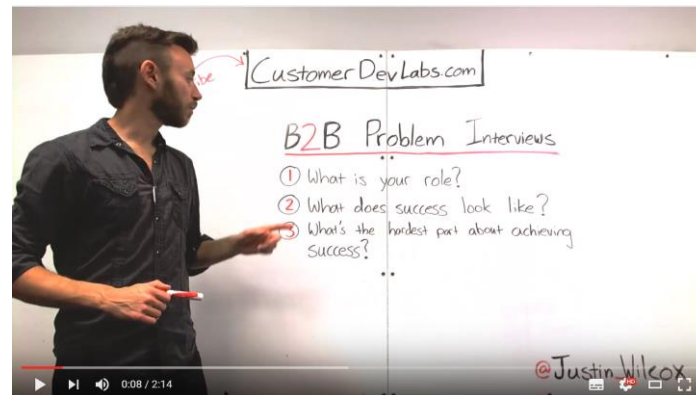
Conversations/Interviews with customers 1:1 or even in focus groups



And in B2B



NEXT Customer Discovery Program - What Do You Ask with Justin Wilcox



Source: Value Proposition Design: How to Create Products and Services Customers Want Di Alexander Osterwalder, Yves Pigneur, Gregory Bernarda, Alan Smith

Exercise 3: test your assumptions

- 1) Define 2 Key assumptions (at least 1 related to problem)
- 2) Define at least 2 hypotheses + test + goal per assumption

KEY ASSUMPTIONS	LEAN CANVAS ELEMENTS	PRIORITY (1 - 2- 3)	HYPOTHESIS	TESTING METHOD AND GOAL	OUTCOMES
1					
2					

Exercise 3: test your assumptions

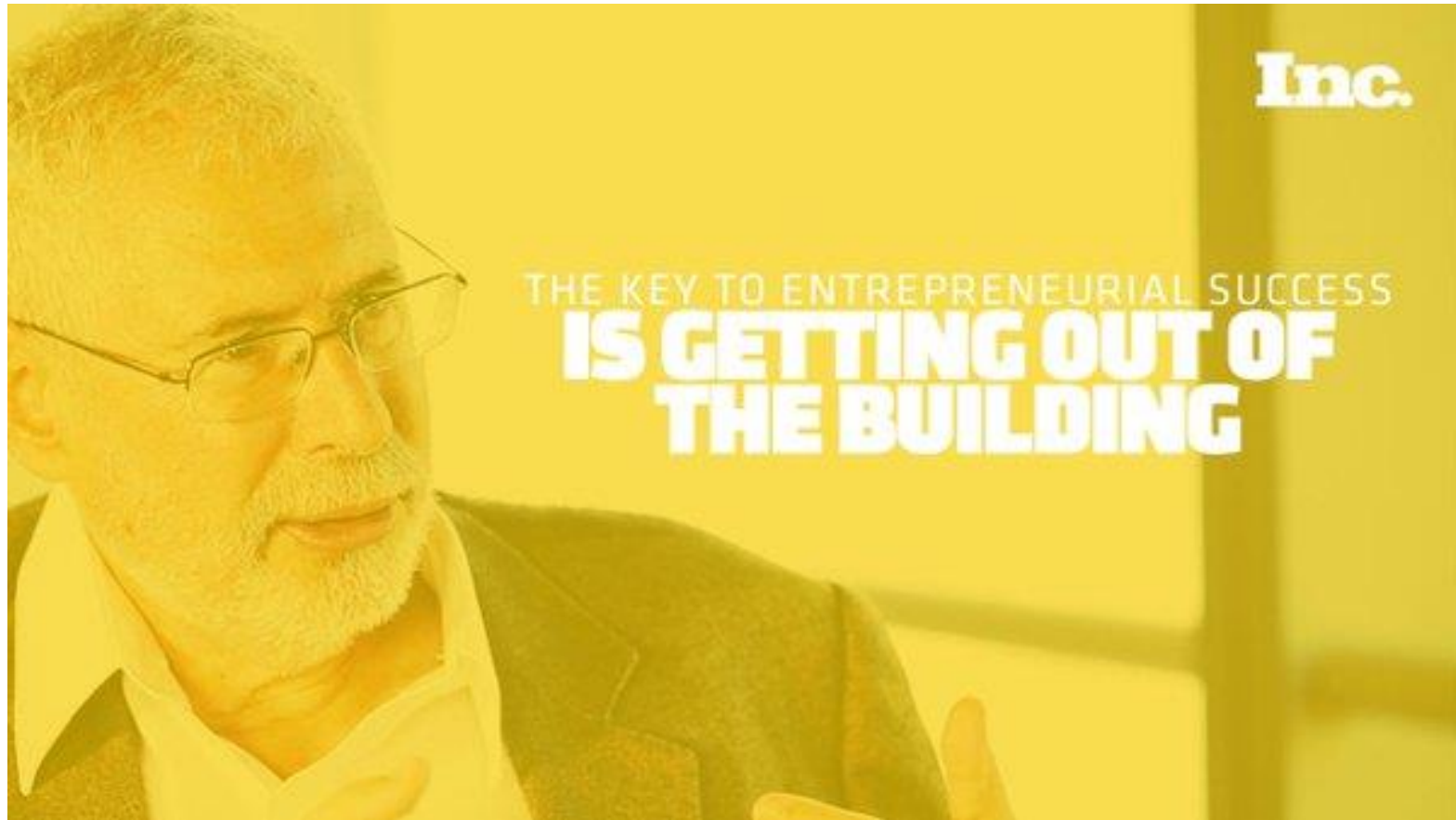
- 3) Pick one hypothesis to be tested with an interview
- 4) Write your short interview

1. What's the hardest part about _____ [problem context]?
2. Can you tell me about the last time that happened?
3. Why was that hard?
4. What, if anything, have you done to solve that problem?
5. What don't you love about the solutions you've tried?
6. Are you familiar with ____ [solution context] ____?

Source: <http://customerdevlabs.com/2013/11/05/how-i-interview-customers/>

Exercise 3: test your assumptions

5) Get out of the building!



Exercise 3: test your assumptions

5) Get out of the building!

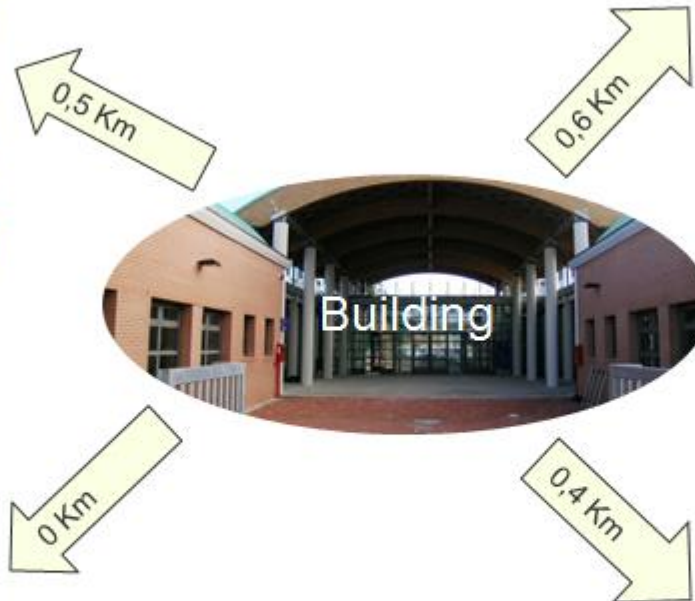
International tourist spot



Hospital



University



Train Station

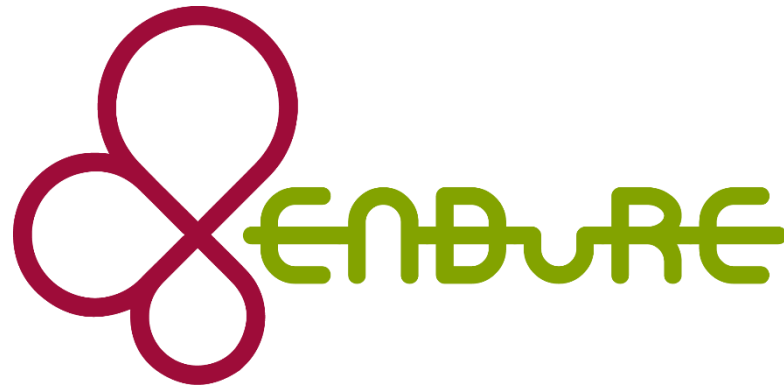


Exercise 3: test your assumptions

6) Get back to the building at 15:30 and share the outcomes

END of PART 1
Thank you for your attention!

gabriele.montelisciani@gmail.com



Customer Development and Business Modeling Part 2

Leonello Trivelli, PhD Student
University of Pisa
Towel Publishing



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Erasmus+ Programme
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Who I am

PhD student in Economics and Management at University of Pisa

- Entrepreneurship & innovation
- Technology transfer
- Business development

Entrepreneur

- Cultural Events
- Sport & Tourism
- Publishing





MAZZUMAJA
IL FESTIVAL NELLE OSTERIE

Mazzumaja 9
8 9 10 luglio 2016

36 days 05 hours 35 minutes 22 seconds



Apertura Apr

Ristoro - Assistenza Tecnica -
Visite Guidate - Escursioni con
Tipicità - Eventi - Promo



D I L S H A D C O R L E O N E

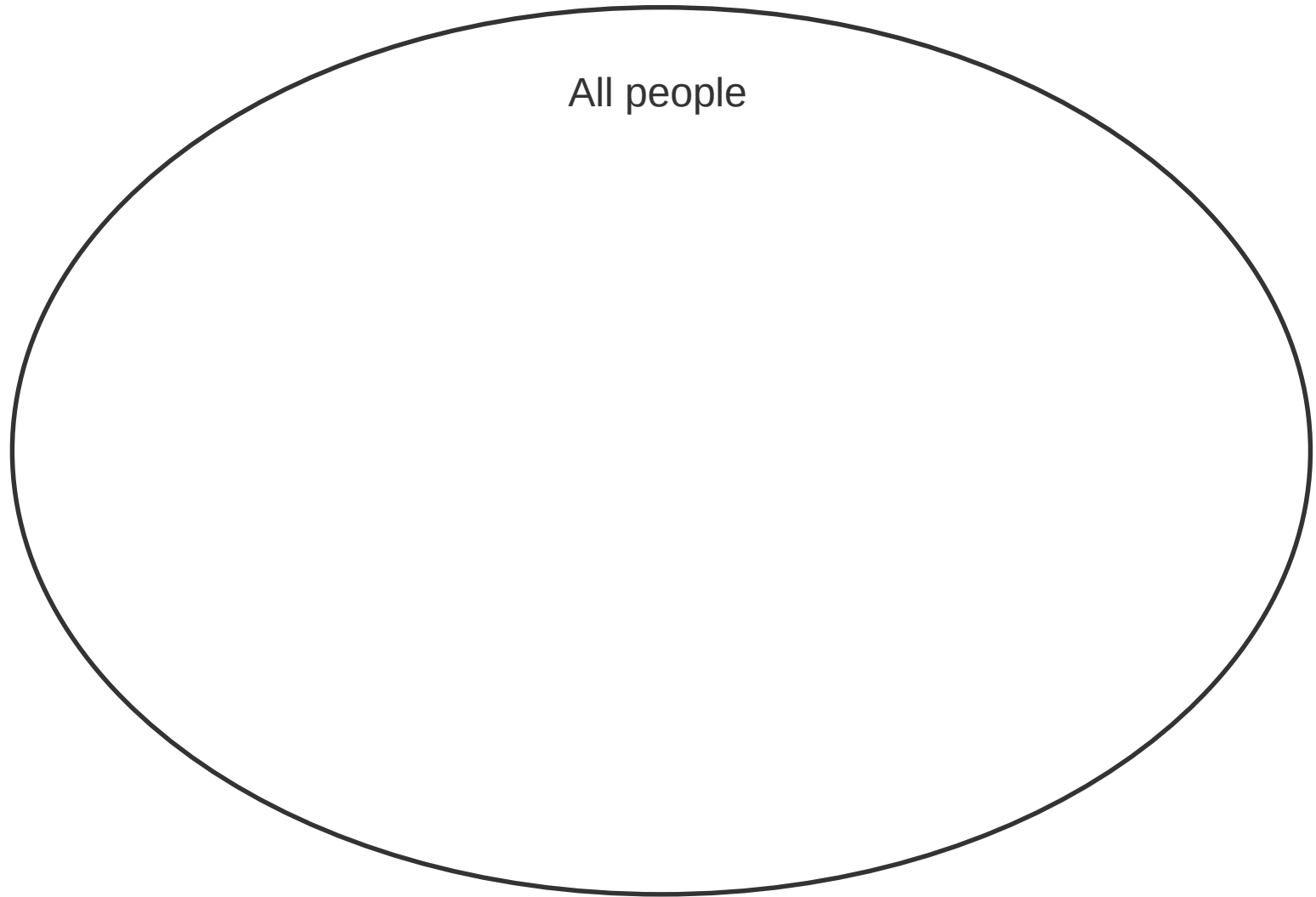
INK MIRRORS

TOWEL
MULTI-TOUCH FACTORY

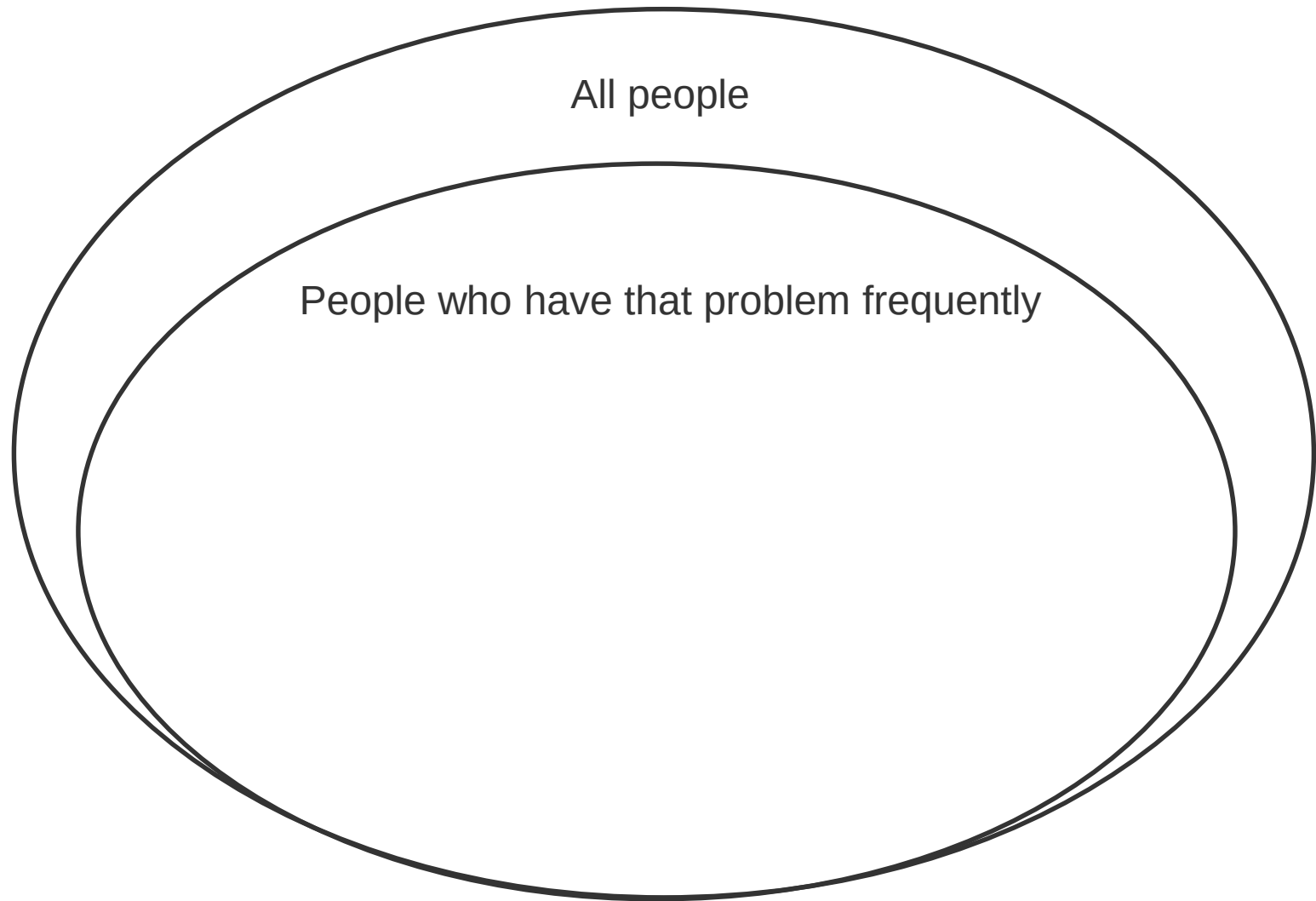
4. WHO IS YOUR FIRST CUSTOMER?



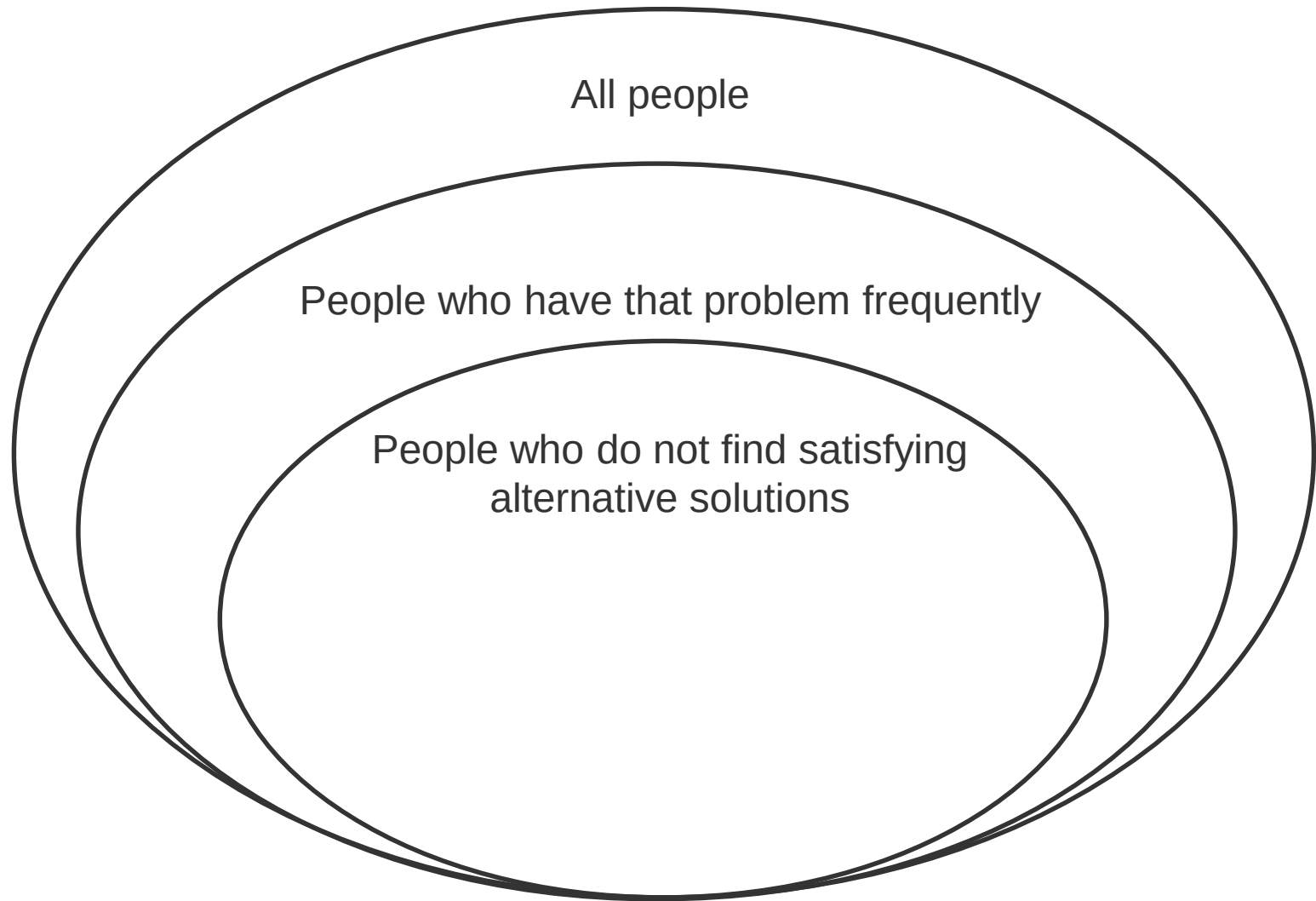
Identifying your beach head customers



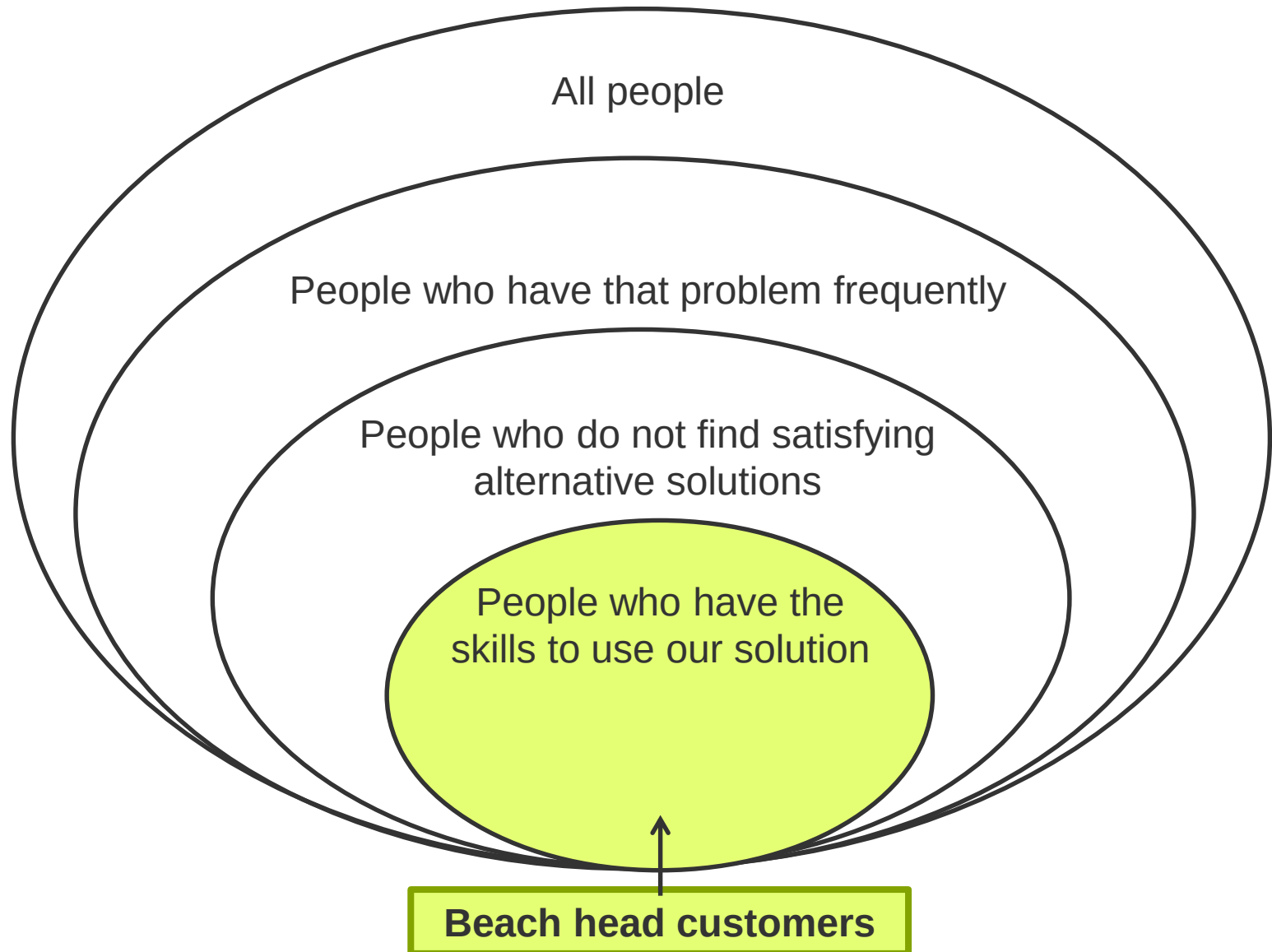
Identifying your beach head customers



Identifying your beach head customers



Identifying your beach head customers



Exercise 4: Identify beach head customers

Problem	People who have that problem frequently	People who do not find satisfying alternative solutions	People who have the skills to use our solution
<u>Description of problem from the customer point of view:</u>	<u>Customer Profile</u>	<u>Customer Profile</u>	<u>Customer Profile</u>
	<u>Reasons</u>	<u>Reasons</u>	<u>Reasons</u>
<u>Description of problem from the customer point of view:</u>	<u>Customer Profile</u>	<u>Customer Profile</u>	<u>Customer Profile</u>
	<u>Reasons</u>	<u>Reasons</u>	<u>Reasons</u>

Exercise 4: iPhone Example

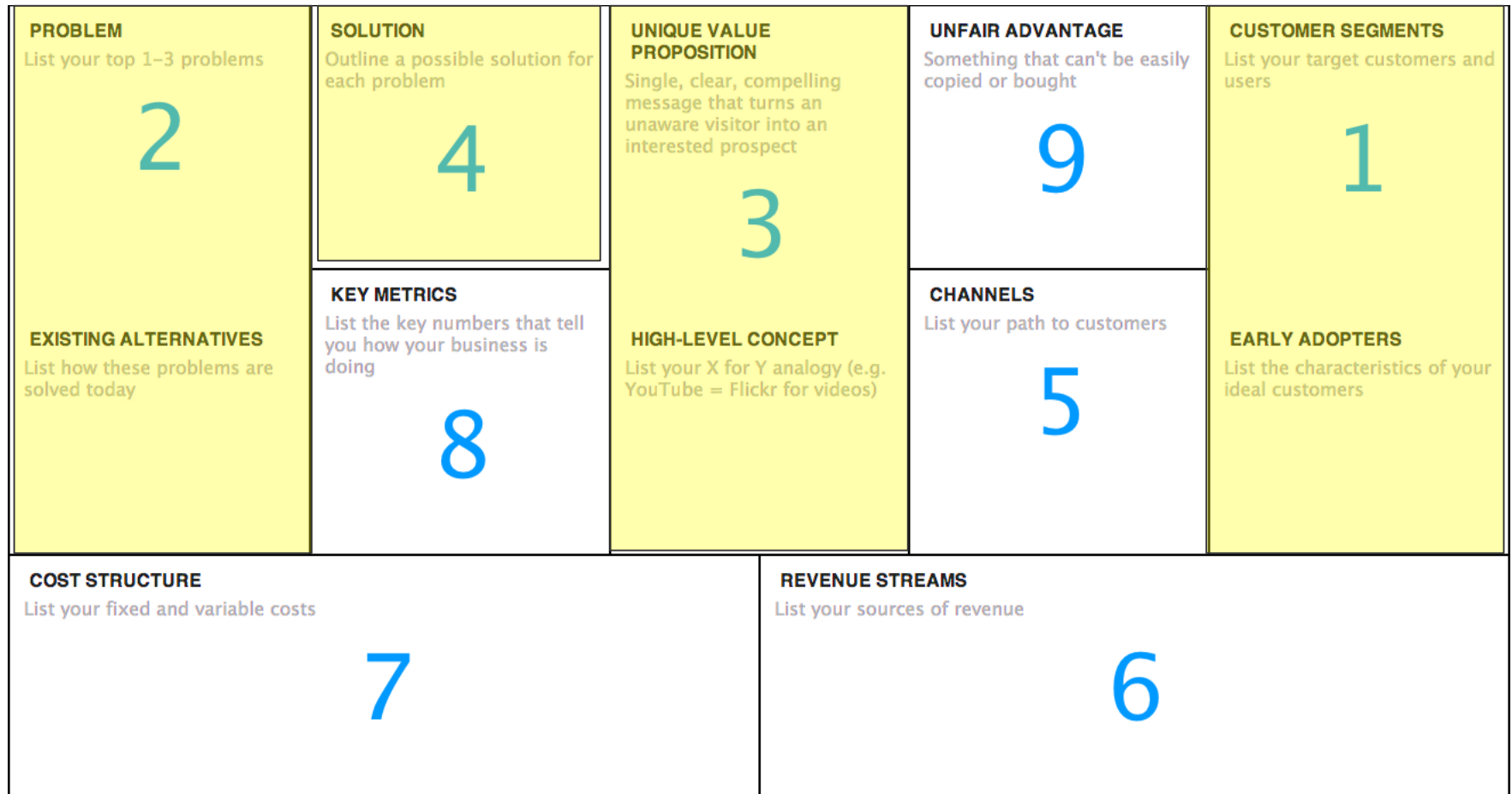
Problem	People who have that problem frequently	People who do not find satisfying alternative solutions	People who have the skills to use our solution
<u>Description of problem from the customer point of view:</u> <u>Too many devices to carry around</u>	<u>Customer Profile</u> <u>mobile + mp3 player + netbook owners</u>	<u>Customer Profile</u> <u>mobile + mp3 player + netbook owners that need to work on the go/outside</u>	<u>Customer Profile</u> <u>iPod and MAC owners</u>
	<u>Reasons</u> <u>Difficult to bring and manage many devices at the same time</u>	<u>Reasons</u> <u>Competitors' solutions are difficult to use</u>	<u>Reasons</u> <u>iPhone use the same OS and ecosystem</u>
<u>Description of problem from the customer point of view:</u>	<u>Customer Profile</u>	<u>Customer Profile</u>	<u>Customer Profile</u>
	<u>Reasons</u>	<u>Reasons</u>	<u>Reasons</u>

Product-Market fit



Product-Market fit

- Product and Market fit when Customer Segments, Value Prop, Problem and Solution are sync and consistent



iPhone Product-Market fit

PROBLEM Too many devices to carry around Internet not «portable» everywhere Ease access to technology & web	SOLUTION Phone, Music, Web, Pictures all together in one device «big» screen, no keyboard KEY METRICS	UNIQUE VALUE PROPOSITION Integrated mobile experience 	UNFAIR ADVANTAGE CHANNELS	CUSTOMER SEGMENTS mobile + mp3 player + netbook owners style-conscious cell phone consumers
COST STRUCTURE		REVENUE STREAMS		

Lean Canvas is adapted from The Business Model Canvas (BusinessModelGeneration.com) and is licensed under the Creative Commons Attribution-Share Alike 3.0 Un-ported License.

5. READY TO FIGHT?

I have no competitors



Competition

Any alternative solution that would hinder the possibility to sell your product to our potential customers

- Continue as usual
- Using internal solutions
- Using budget for other purposes
- Buying from somebody else

Competition

Any alternative solution that would hinder the possibility to sell your product to our potential customers

- Continue as usual
- Using internal solutions
- Using budget for other purposes
- Buying from somebody else

NOT BUYING CUSTOMERS

Problem not so
relevant

Internal solutions
good enough

Competition

Any alternative solution that would hinder the possibility to sell your product to our potential customers

- Continue as usual
- Using internal solutions
- Using budget for other purposes
- Buying from somebody else

NOT BUYING CUSTOMERS

Problem not so relevant

Internal solutions good enough

BUYING CUSTOMERS

Competitors' solutions are more appreciated

Competition

Any alternative solution that would hinder the possibility to sell your product to our potential customers

- Continue as usual
- Using internal solutions
- Using budget for other purposes
- Buying from somebody else

LIMITED CUSTOMER UNDERSTANDING

NOT BUYING CUSTOMERS

Problem not so relevant

Internal solutions good enough

BUYING CUSTOMERS

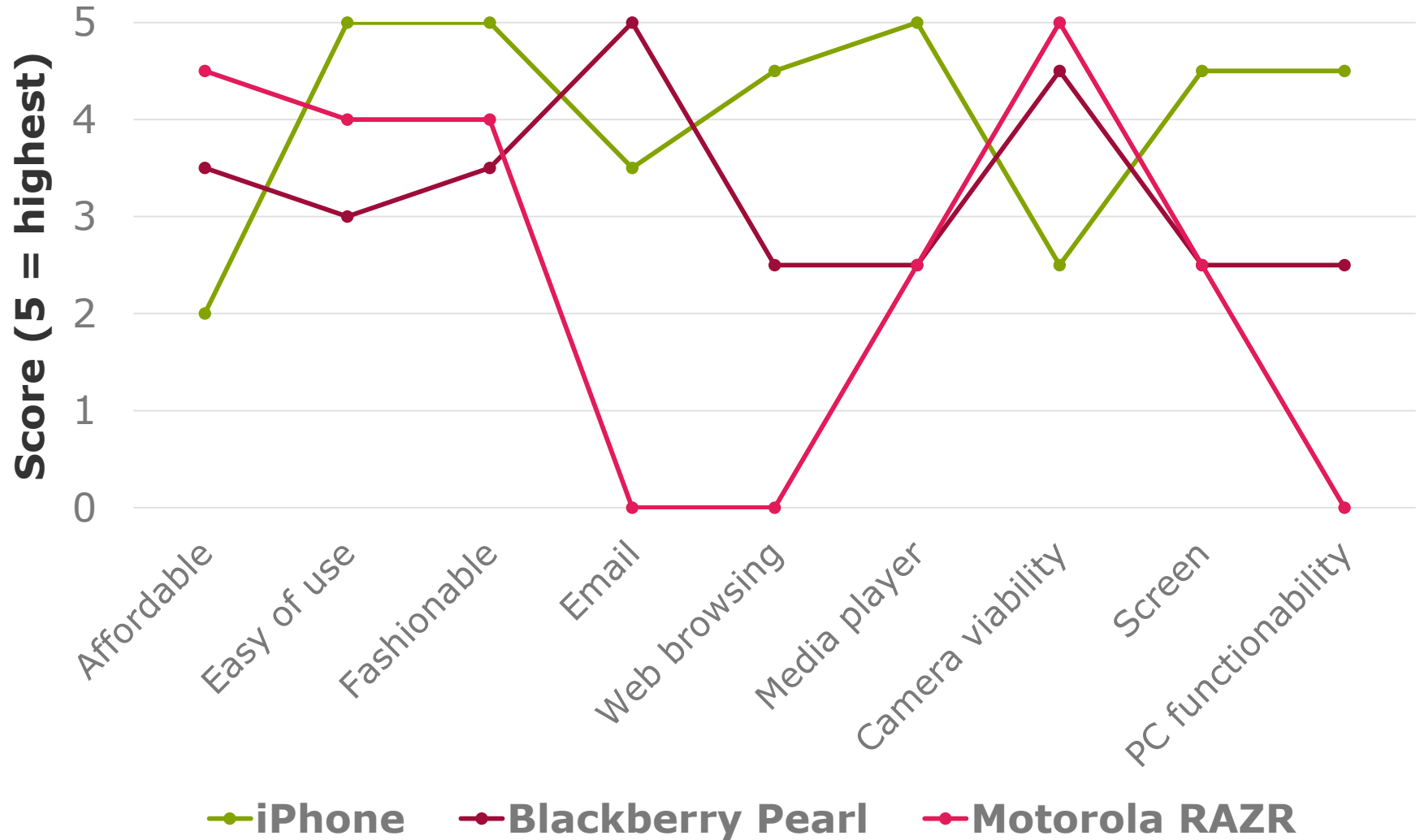
Competitors' solutions are more appreciated

Exercise 5 - Competitor Analysis

5 points										
4 points										
3 points										
2 points										
1 point										
	Attribute 1	Attribute 2	Attribute 3	Attribute 4	Attribute 5	Attribute 6	Attribute 7	Attribute 8	Attribute 9	Attribute 10

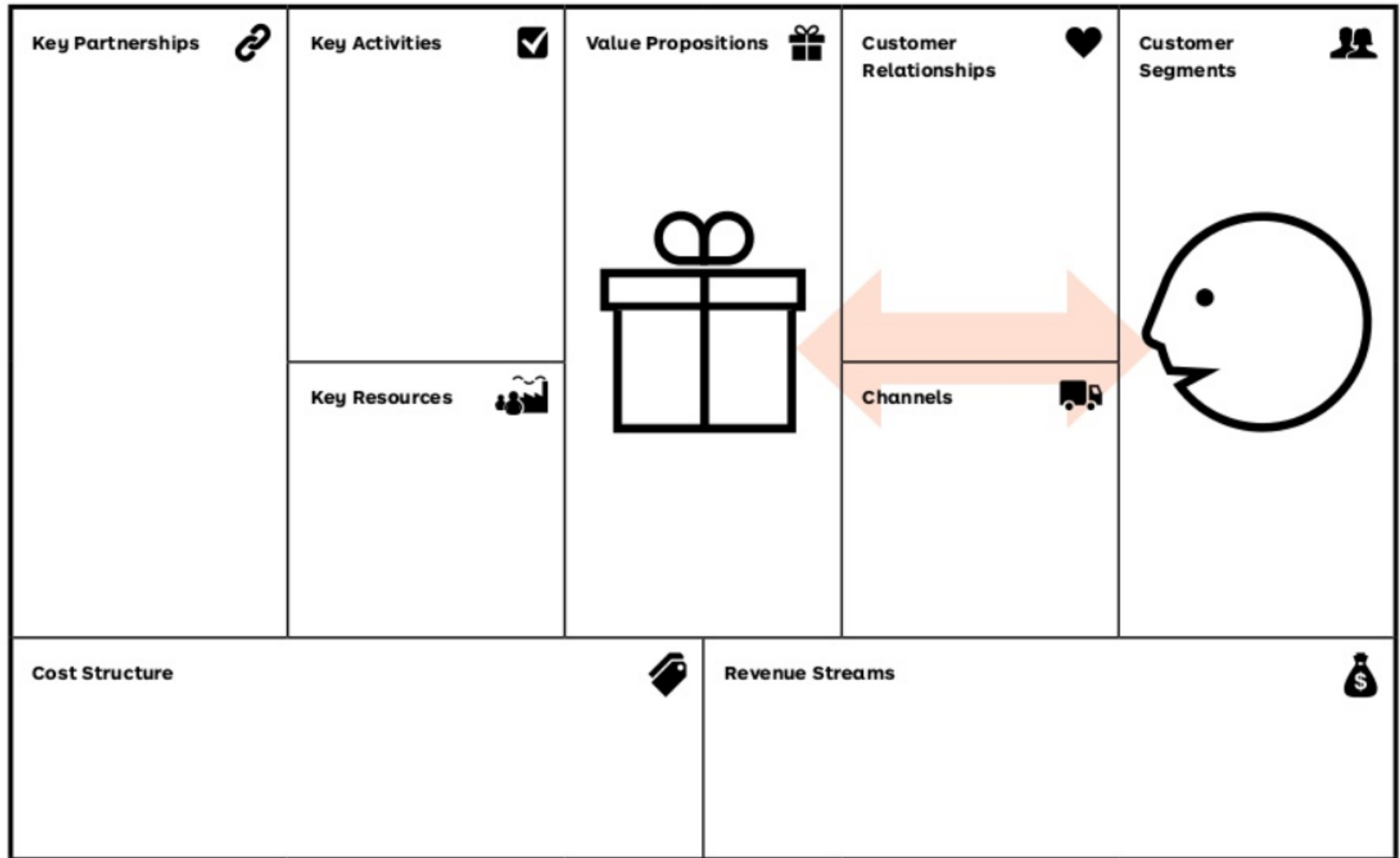
Exercise 5 – iPhone Example

iPhone differentiation



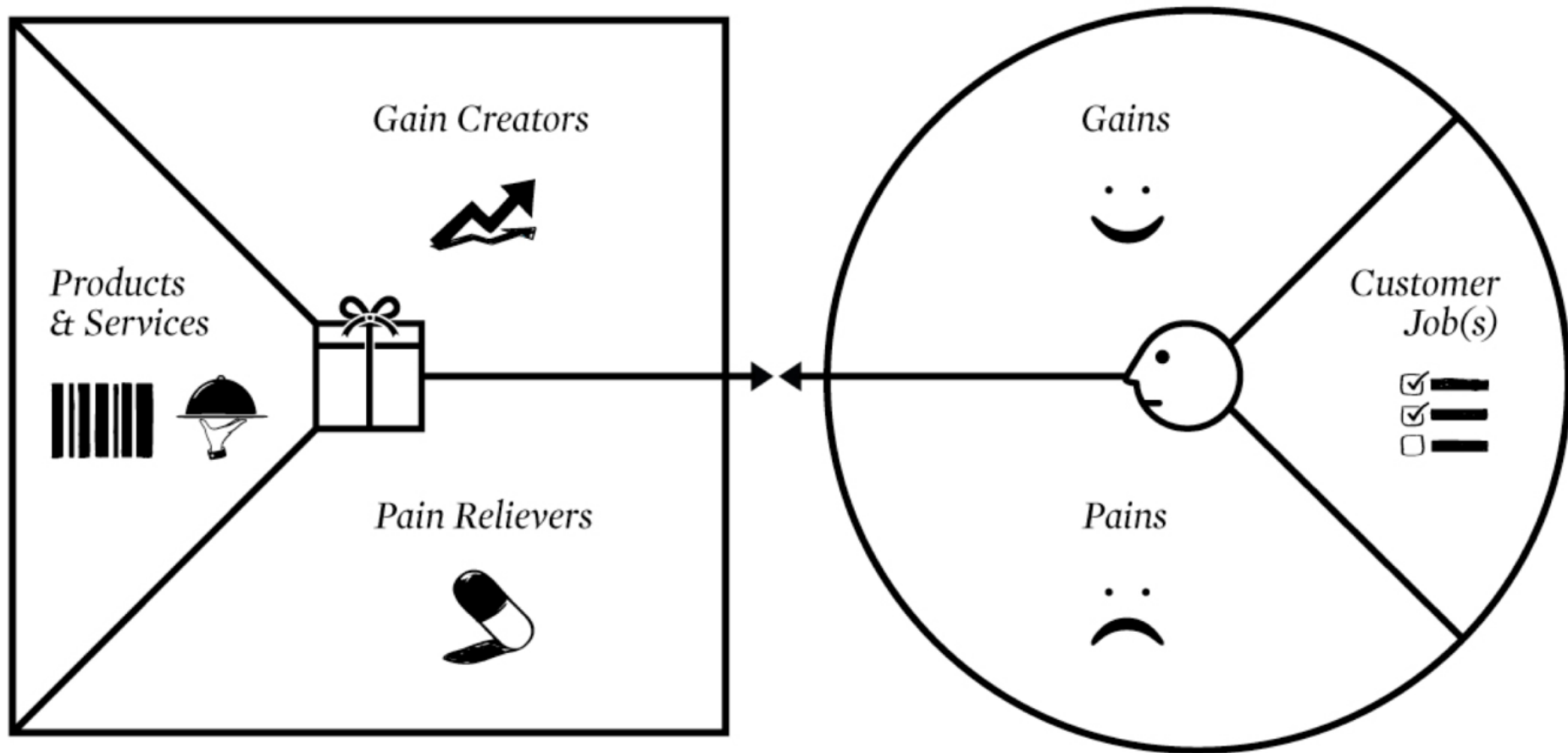
6. CRAFTING YOUR VALUE PROPOSITION

Value Proposition Design



Source: Value Proposition Design: How to Create Products and Services Customers Want. Alexander Osterwalder, Yves Pigneur, Gregory Bernarda, Alan Smith

Value Proposition Canvas

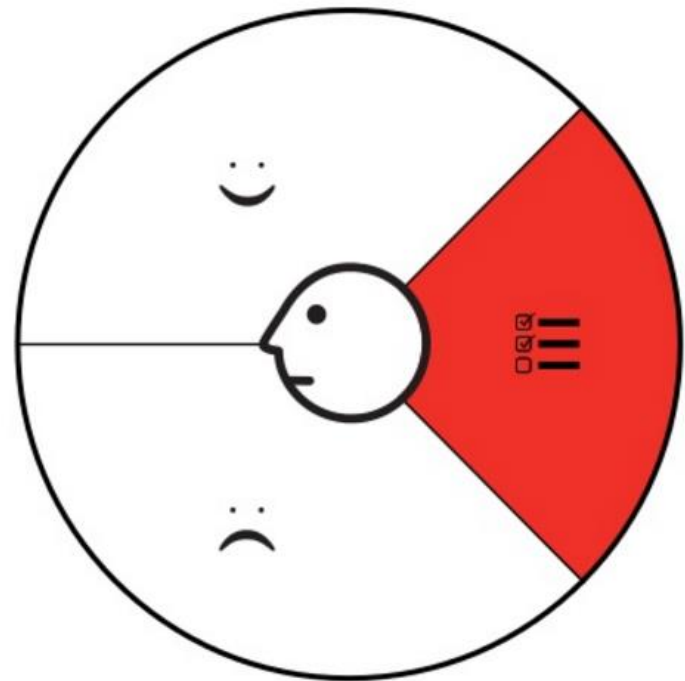


Source: Value Proposition Design: How to Create Products and Services Customers Want. Alexander Osterwalder, Yves Pigneur, Gregory Bernarda, Alan Smith

Value Proposition Design

customer jobs

what customers are
trying to get done
in their work and in
their lives

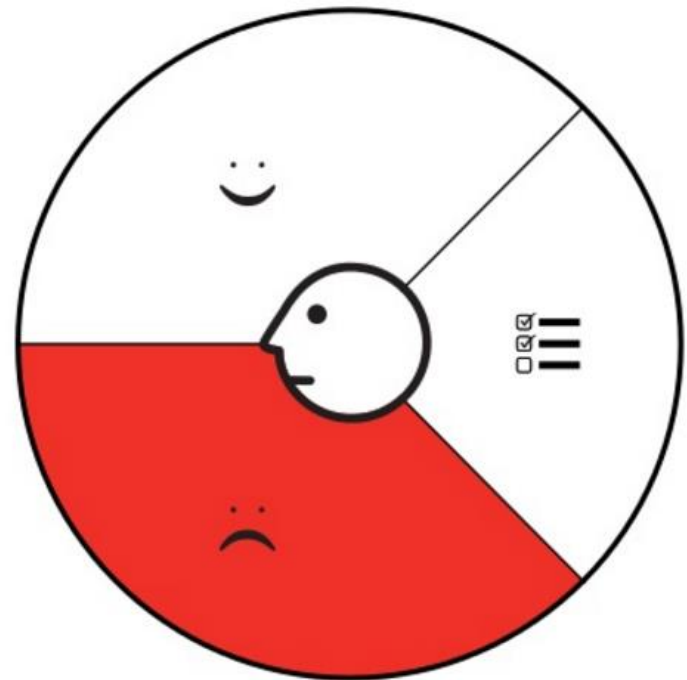


Source: Value Proposition Design: How to Create Products and Services Customers Want. Alexander Osterwalder, Yves Pigneur, Gregory Bernarda, Alan Smith

Value Proposition Design

customer pains

describe bad outcomes, risks, and obstacles related to customer jobs

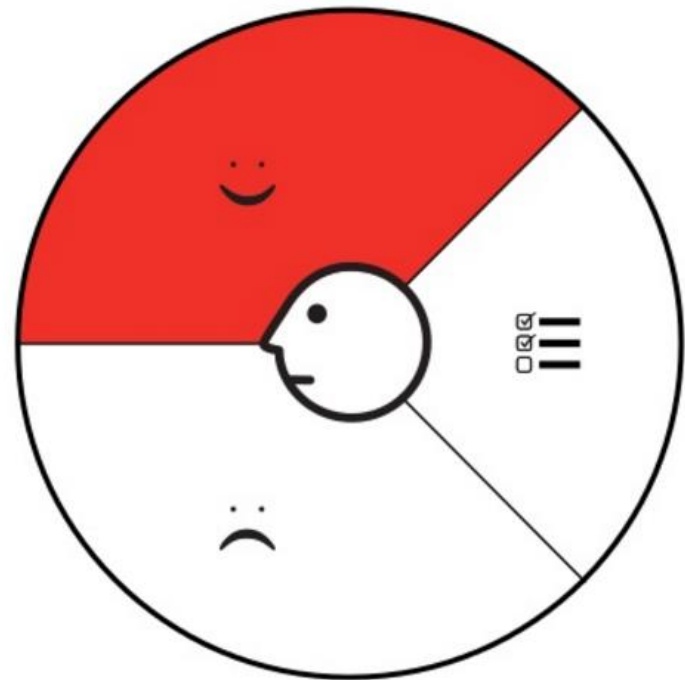


Source: Value Proposition Design: How to Create Products and Services Customers Want. Alexander Osterwalder, Yves Pigneur, Gregory Bernarda, Alan Smith

Value Proposition Design

customer gains

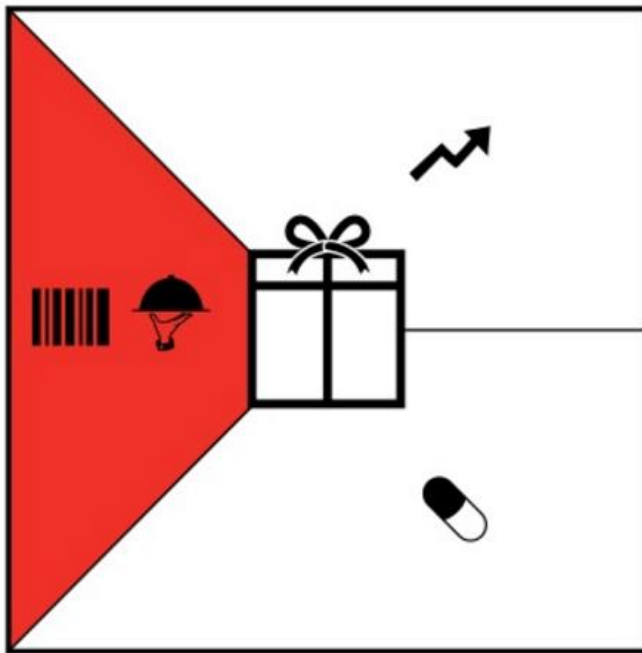
describe the more or less expected benefits the customers are seeking



Source: Value Proposition Design: How to Create Products and Services Customers Want. Alexander Osterwalder, Yves Pigneur, Gregory Bernarda, Alan Smith

Value Proposition Design

products & services



A list of all the products and services a value proposition is built around

Source: Value Proposition Design: How to Create Products and Services Customers Want. Alexander Osterwalder, Yves Pigneur, Gregory Bernarda, Alan Smith

Value Proposition Design

pain relievers



describe how your products
and services kill or alleviate
customer pains

Source: Value Proposition Design: How to Create Products and Services Customers Want. Alexander Osterwalder, Yves Pigneur, Gregory Bernarda, Alan Smith

Value Proposition Design

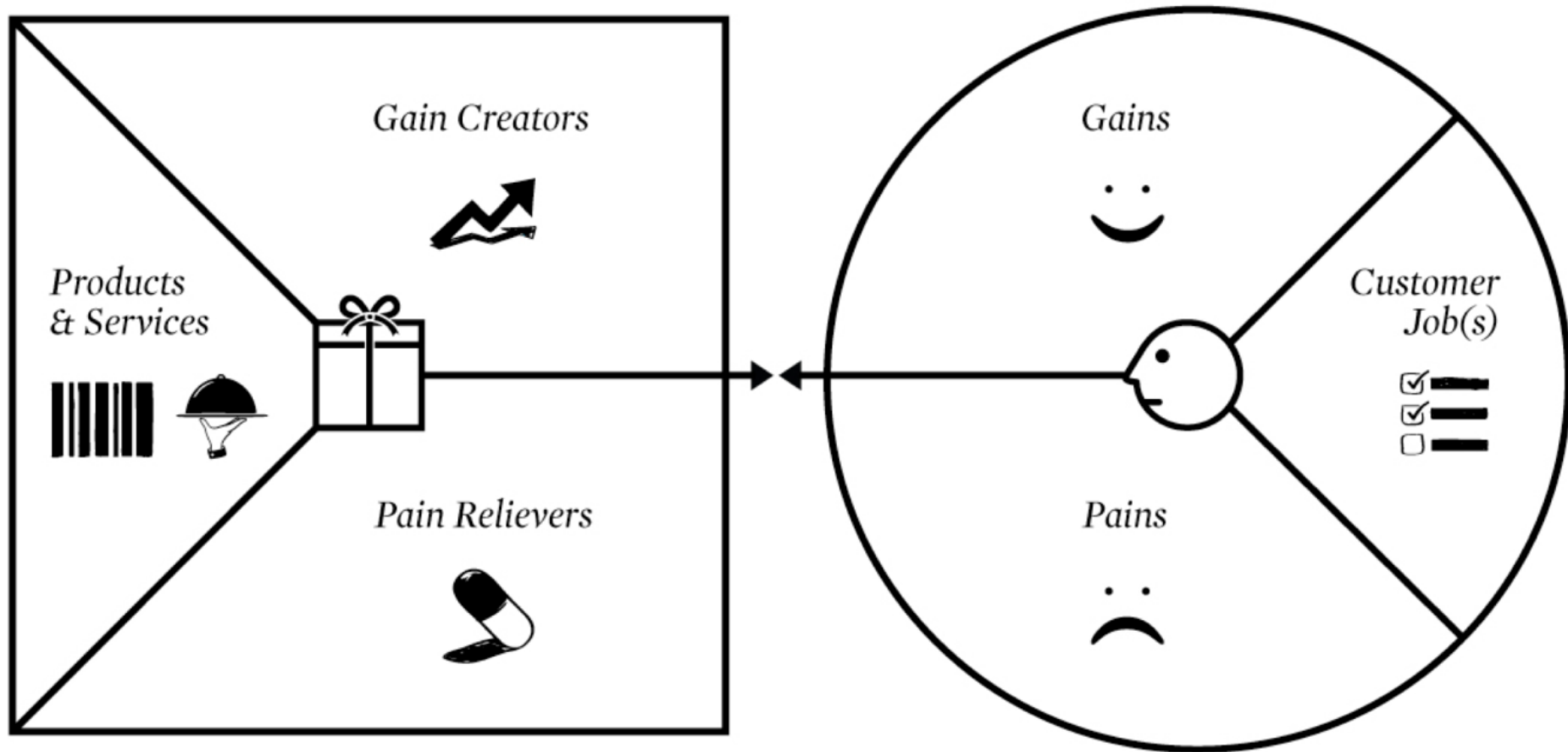
gain creators



describe how your
products and services
create customer gains

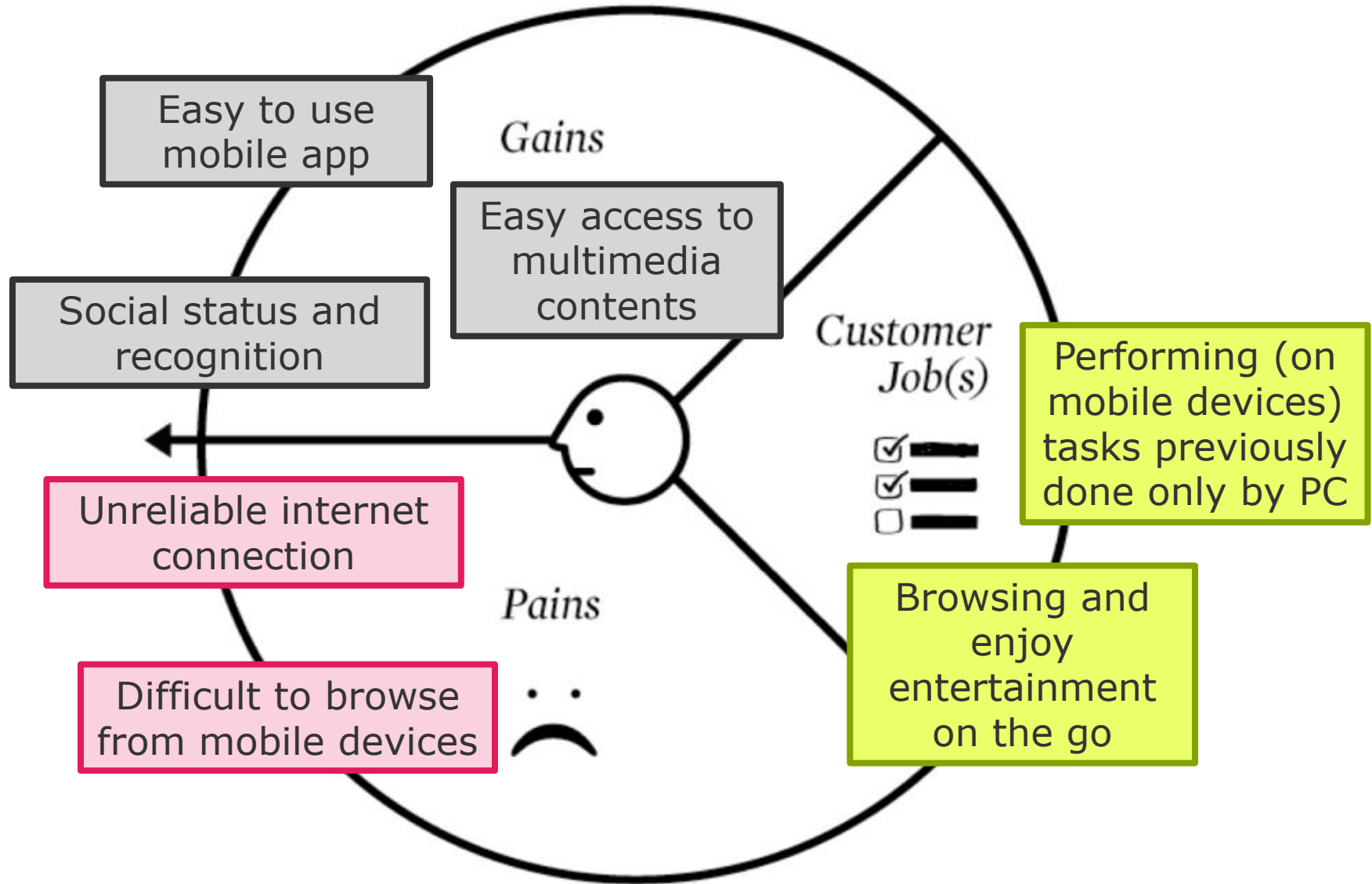
Source: Value Proposition Design: How to Create Products and Services Customers Want. Alexander Osterwalder, Yves Pigneur, Gregory Bernarda, Alan Smith

Exercise 6 - Value Proposition Canvas



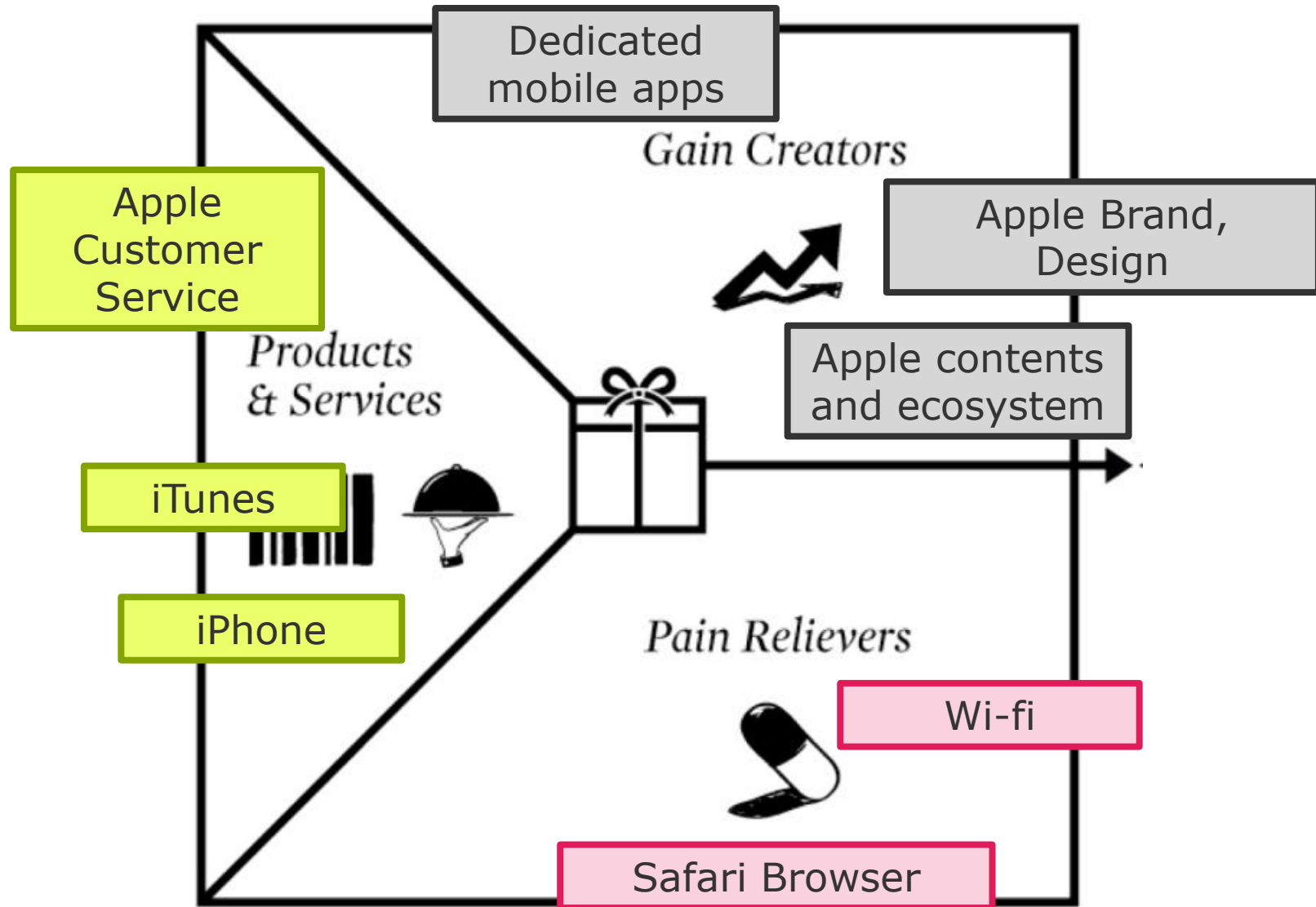
Source: Value Proposition Design: How to Create Products and Services Customers Want. Alexander Osterwalder, Yves Pigneur, Gregory Bernarda, Alan Smith

Value Proposition Canvas – iPhone Example



Source: Value Proposition Design: How to Create Products and Services Customers Want. Alexander Osterwalder, Yves Pigneur, Gregory Bernarda, Alan Smith

Value Proposition Canvas – iPhone Example



Source: Value Proposition Design: How to Create Products and Services Customers Want. Alexander Osterwalder, Yves Pigneur, Gregory Bernarda, Alan Smith

Exercise 6 - Value Proposition Design

Product features	Product Benefits	Product Value
Gain creator (GC)	Customer Gain created	How the item contribute to create the Value Proposition
Pain reliever (PR)	Customer Pain relieved	How the item contribute to create the Value Proposition

Source: The Startup Owner's Manual – The Step-by-step Guide for Building a Great Company. Steve Blanks and Bob Dorf

Exercise 6 – iPhone Example

Product features	Product Benefits	Product Value
Wi-fi	Reliable internet connection	Real mobile internet
Safari Browser	Ease browsing on the internet	PC-like browsing
3,5" touch screen Dedicated apps (eg. Yahoo, Google Maps)	Performing tasks previously done only by PC	All-in-one device
iTunes, iPod	Integrated way to access and manage contents	Unique contents & ecosystem
Apple Brand, Modern design	Social status and recognition	Belonging to a community of "fashionable people"

Crafting your Value Proposition

Results coming from today exercises are the starting point to update your Lean Canvas!!!

PROBLEM	SOLUTION	UNIQUE VALUE PROPOSITION	UNFAIR ADVANTAGE	CUSTOMER SEGMENTS
Too many devices to carry around	Phone, Music, Web, Pictures all together in one device	Integrated mobile experience	Brand	
Internet not «portable» everywhere	«big» screen, no keyboard		Design	
Ease access to technology & web	KEY METRICS		iTunes integration	mobile + mp3 player + netbook owners
	# units sold		CHANNELS	
	# itunes store mobile accesses		Apple Stores	style-conscious cell phone consumers
	Hours of music downloaded from mobile		Apple.com	
COST STRUCTURE			REVENUE STREAMS	
People			Large Hardware Revenues	Some Music Revenues
Manufacturing				
Marketing & Sales				

Exercise 7 - Value Proposition Statement

For _____ (target customer)

who _____ (statement of the need or opportunity)

our (product/service name) is _____
(product category)

that (statement of benefit) _____ .

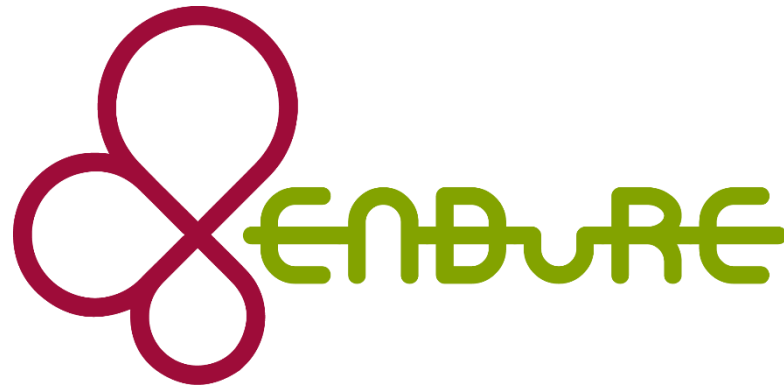
Exercise 7 – iPhone Example

For **style-conscious cell phone consumers**

who **would like to browse the Internet and enjoy entertainment to-go**

our **iPhone** is **a smart phone**

that **combines a web browser, email, iPod and personal computer into a single, fashionable, easy-to-use device.**



Thanks for your attention!!!

Leonello Trivelli
leonello.trivelli@for.unipi.it



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