



Towards successful AAL projects

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Arto Wallin, VTT



- ***Understand WHY you need to focus beyond excellent project proposal?***
- ***HOW end-user organizations can help your project to excel***
- ***HOW you should do iterative business development*** in parallel to product development – already from the project proposal phase
- Some **practical tips WHAT** you should include in project proposal to ***craft winning project***

FAILURE

SUCCESS



WHY YOU NEED TO FOCUS BEYOND EXCELLENT PROJECT PROPOSAL?



FOR

**WHAT IS A
SUCCESSFUL
AAL PROJECT?**

Successful project?

- Funding approved
- Project in schedule
- Project in scope
- Project in budget
- All resources used
- All deliverables delivered
- Successful pilot
- Succeeded through final review
- Good customer feedback
- Potential customers
- IPR
- New partners you can trust

DISCUSS (3min):

How do you recognize successful project?

Have you participated to the successful project?

**Without
commercialization
via viable business model(s)
your project results
will end up here!**



**WHAT IS RECIPE FOR
COMMERCIALY
SUCCESSFUL
AAL PROJECT?**

#1 BUILD PROJECT ON INSPIRING VISION



If you are working on something exciting that you really care about, you don't have to be pushed.

The vision pulls you!

-Steve Jobs

#2 MOBILIZE THE BEST TEAM TO IMPLEMENT YOUR VISION

RIGHT TEAM

- **Complementary roles** – what **valuable** does each partner bring into the project
- **Clear roles** - each partner and team member is clear on what is expected from them and when

PASSION

=a strong feeling of enthusiasm or excitement for something or about doing something

– Merriam-webster.com

- Passion is contagious, so is negative attitude
- Passion attracts talents

TALENT

- make sure that skill-sets align with required roles.
- If you assign the wrong person to a task, you are reducing your chances of success before the project even begins

CULTURE & MINDSET

- **Trust** is key ingredient of the working team
- Accept that **failure is only a way of learning** OR you will become failure
 - Continuous learning
 - Entrepreneurial mindset

#3 BUILD SOMETHING THAT IS REALLY VALUED BY THE CUSTOMERS

*“Most products fail. Not because we fail to build what we set out to build, but because **we waste time, money, and effort building the wrong product.**”*

– Ash Maurya author of Running Lean

- **Nice-to-have vs. must-have**
- **When building a new market**
 - **Value creates market demand**
 - **Build something that is valuable for:**
 - Users → they continue to use it
 - Paying customers → they pay for it
 - management → management invests in it (Buy-in)
 - Secondary/tertiary users?
 - Public sector?



#4 MEASURE THE VALUE AND YOUR PROGRESS

What you measure is what you get!

You need to measure that:

1. You are building something valuable
2. You are moving to right direction (successful market entry!)
 - Establish measurable and reportable criteria for success
 - Traditional project management metrics don't work!
 - Validated learning



#4 MEASUREMENT OF THE PROGRESS

Innovation accounting

“if we’re building something that nobody wants, it doesn’t much matter if we’re doing it on time and on budget”

FINANCIAL ACCOUNTING

- Measures progress in relation to **financial performance and resource usage** etc.
- Based on **business plans** and **product milestones**
- Accounting method for **executing the business model / project / etc.**
- (Vanity) metrics:
 - Cash flow metrics (e.g. ROI, break-even, IRR,...)
 - Financial statement metrics
 - Project metrics (e.g. completion rate, resource spending)

INNOVATION ACCOUNTING

- Measures progress in terms of **learning**
- Based on **learning milestones**
- Accounting method for **searching for a viable business model**
- Actionable metrics:
 - Attention
 - Acquisition,
 - Activation,
 - Retention,
 - Revenue & Referral

#5 FLEXIBLE PLAN HOW TO REACH VISION

**The power of the plan is NOT that it will get you there.
The power of the plan is that it will get you STARTED!**

- 1) WHY - Inspiring **vision**
- 2) WHO - **Team**: Passion & Talent
- 3) WHAT - **Value** creates market demand
- 4) HOW - **Measure** the value and your progress
- 5) HOW - **Flexible plan** to pursue vision

→ **If you have these ingredients, the funding will not be an issue for you**

DISCUSS:

What inspiring vision you have?

Timeframe: 3-5 years after the project has ended

How can you design a successful project?

FAILURE

SUCCESS

PLANNING **CONTINUOUS BUSINESS DEVELOPMENT** IN AAL PROJECTS

STARTING FROM THE PROPOSAL PREPARATION PHASE



”Business plan” Development

Guide for applicants - Chapter 13

Chapter 13. "Business plan development"

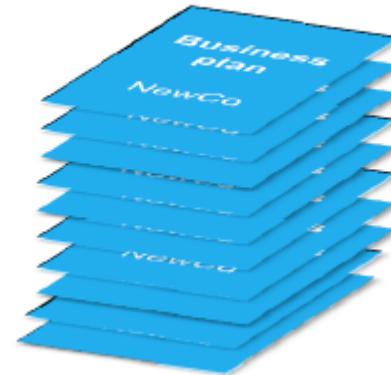
Proposing suitable business plans for the developed solutions must be an essential part of the projects

- In the AAL Programme, the business plan is assessed by evaluating and reviewing (already in project proposal phase):
 - **Product/Solution**
 - the specific **problem** the product/solution will solve;
 - the product/**solution** and its feasibility;
 - the **unique selling proposition**
 - **Target Group & Market/ Business model**
 - the definition of **the target group** and its value network;
 - the **market potential** for this product/solution;
 - the active **competition**;
 - the **business model** – how to assure the sustainability of the product/solution in the market;
 - the **strategy for market entry**.
 - **Resources**
 - the **resources** (including material, human and financial resources) required to put this strategy into practice as:
 - **parallel non funded activity** or
 - after the project funded part is completed.
 - the **potential team** which brings the product/solution to the market.

Business model

Business plan

- Document written for the investors or funders
- Predictions for the future

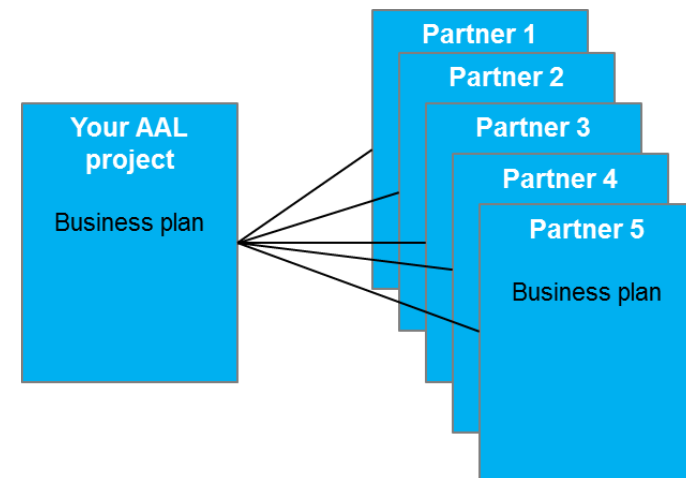


Business model

Business plan

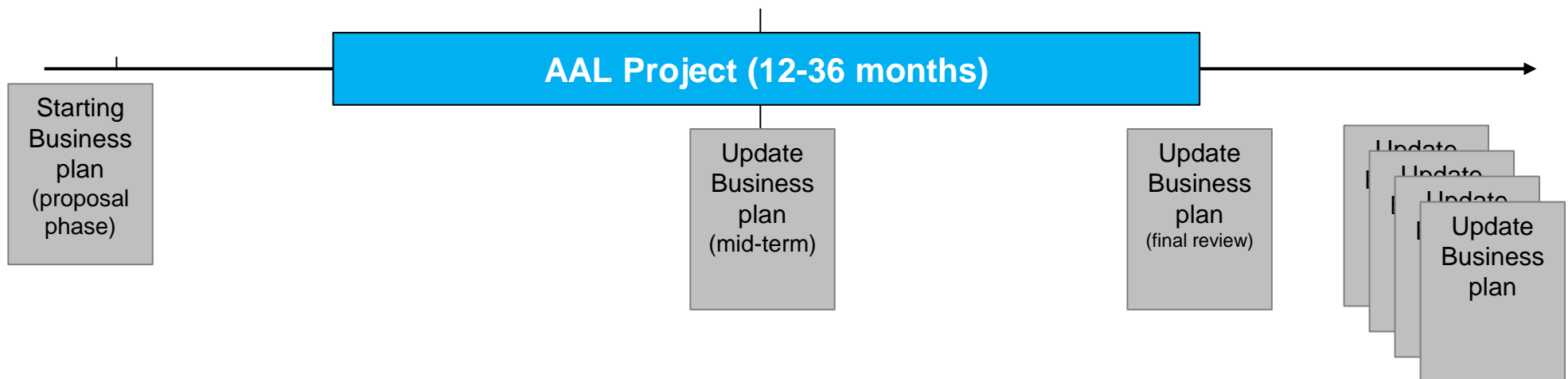
- Document written for the investors or funders
 - Predictions for the future
- *“...in the AAL Programme, activities of **non-profit and public sector organizations** also must include business plan development aspects.”*

–Guide for application 2016



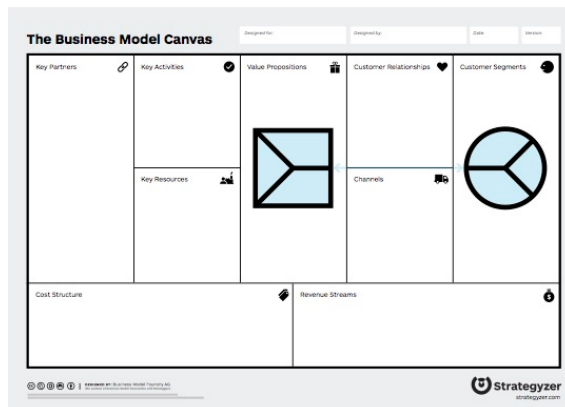
From **business plans** to business model development

- **Business plan development** should be approached in a systematic manner, utilizing a suitable conceptualization framework and involving different actors of the value network (end-users, payers, delivery partners, service providers, integrators).
- it is advised to use tools which have proven to be effective and adaptable to different needs, for example the Business Model Canvas or the Lean Startup approach



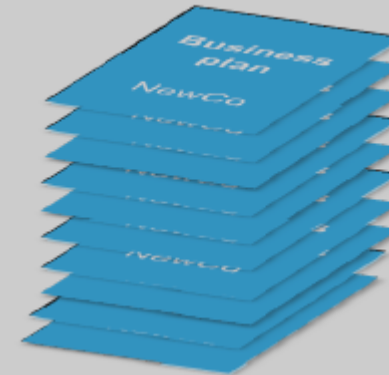
Business model

- **Development tool**
- **Communication tool within team**
 - Helps to create common language for business development
- A single **visual diagram** of your business
- Summarizing **current hypothesis**



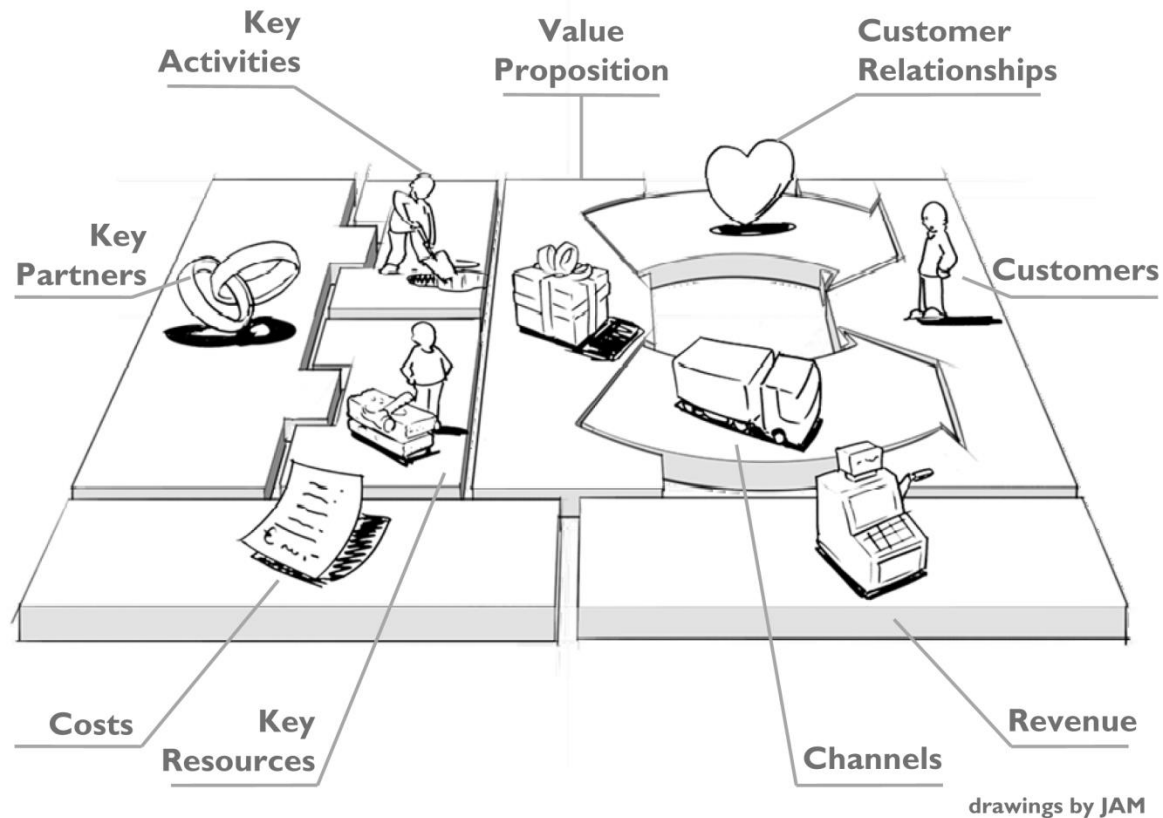
Business plan

- **Document written for the investors or funders**
- **Predictions** for the future



From business plans to **business model development**

Business model canvas is a framework that helps people to describe, analyse, design and develop business models more systematically



Business model canvas explained: (Link: [2 minute Youtube video](#))

**WHO HAS A
BUSINESS
MODEL**





LESSON

**PROJECTS DON'T HAVE
BUSINESS MODELS**

Who has a business model?

Project's don't have business models, but they can help you to find one

Projects' don't have business model ...

..but a project can be a great 'platform' to

1) explore new business opportunities,

2) discover new business models and 3) validate if model works

Who has a business model?

- Each company has one or several business models
- Project is only a temporary form for development → to succeed in the real world BUSINESS MODEL NEEDS AN OWNER
- **It is crucial to find stakeholder who is willing and committed to commercialize AAL solution** via developing their business model

The Business Model Canvas

Designed for:

Company x

Designed by:

On: Day Month Year

Iteration: No.

Key Partners



Who are our Key Partners?
Who are our key suppliers?
Which Key Resources are we acquiring from partners?
Which Key Activities do partners perform?

How to create value in partnerships:
Clear the ground and connect
Reduce the risk and uncertainty
Align incentives for mutual cooperation and exchange

Key Activities



What Key Activities do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue streams?

How to create value in partnerships:
Reduce the risk and uncertainty
Align incentives for mutual cooperation and exchange

Value Propositions



What value do we deliver to the customer?
Which one of our customer's problems are we helping to solve?
What bundles of products and services are we offering to each Customer Segment?
Which customer needs are we satisfying?

How to create value in partnerships:
Reduce the risk and uncertainty
Align incentives for mutual cooperation and exchange

Customer Relationships



What type of relationship does each of our Customer Segments expect us to establish and maintain with them?
Which ones have we established?
How are they integrated with the rest of our business model?
How costly are they?

How to create value in partnerships:
Reduce the risk and uncertainty
Align incentives for mutual cooperation and exchange

Customer Segments



For whom are we creating value?
Who are our most important customers?

How to create value in partnerships:
Reduce the risk and uncertainty
Align incentives for mutual cooperation and exchange

Key Resources



What Key Resources do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue Streams?

How to create value in partnerships:
Reduce the risk and uncertainty
Align incentives for mutual cooperation and exchange

Channels



Through which Channels do our Customer Segments want to be reached?
How are we reaching them now?
How are our Channels integrated?
Which ones work best?
Which ones are most cost-efficient?
How are we integrating them with customer routines?

How to create value in partnerships:
Reduce the risk and uncertainty
Align incentives for mutual cooperation and exchange

Cost Structure

What are the most important costs inherent in our business model?
Which Key Resources are most expensive?
Which Key Activities are most expensive?

How to create value in partnerships:
Reduce the risk and uncertainty
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Revenue Streams

For what value are our customers really willing to pay?
For what do they currently pay?
How are they currently paying?
How would they prefer to pay?
How much does each Revenue Stream contribute to overall revenues?

How to create value in partnerships:
Reduce the risk and uncertainty
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**HOW TO
DESIGN
BUSINESS
MODELS**





1. Prototyping

Source: Osterwalder et al. 2009

Goal

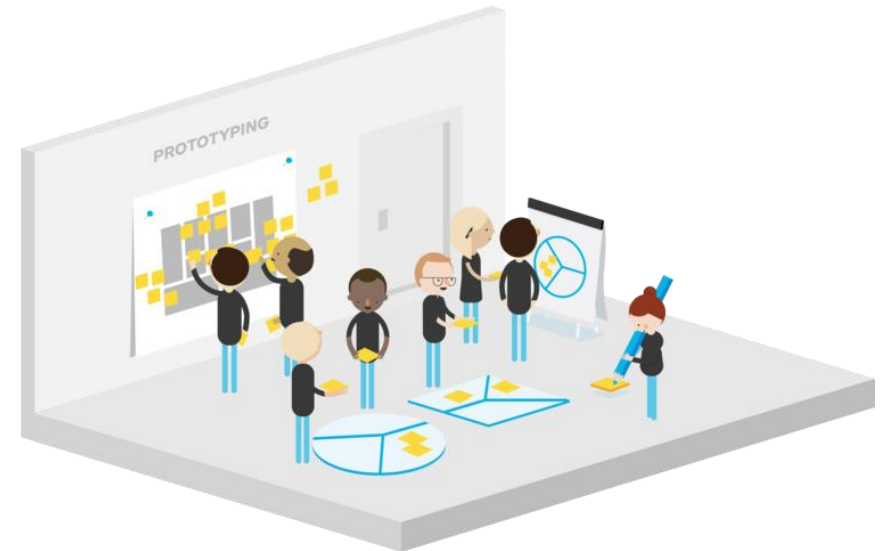
- Creation of new ideas
- Discussion on alternative business models prototypes

Outcome

Concretized **vision** of the business on the paper

How

- Use canvas as a mental framework
- Draw on whatever you find (napkin, canvas,..)



Source: Osterwalder et al. 2014 Value proposition design

How to design business models?

Business model design is a simplification of real life model, a good canvas does not mean your model will "fly"

Scale model



"Simplification"

**Method to test
management
hypothesis on the field**

Narrative

Real life model



**Too complex...
Too costly to build...**

**Realized strategic
choices**

**Processes and
practices**

Chapter 13. "Business plan development"

Proposing suitable business plans for the developed solutions must be an essential part of the projects

- In the AAL Programme, the business plan is assessed by evaluating and reviewing (already in project proposal phase)

Suggested contents of business plan

- **Product/Solution**

- the **specific problem** the product/solution will solve;
- the **product/solution** and its feasibility;
- the **unique selling proposition**

Components in Business model canvas and/or value proposition canvas

- **Target Group & Market/ Business model**

- **the definition of the target group** and its value network;
- the market potential for this product/solution;
- the active competition;
- the **business model** – how to assure the sustainability of the product/solution in the market;
- the strategy for market entry.

- **Resources**

- **the resources** (including material, human and financial resources) required to put this strategy into practice as:
 - parallel non funded activity or
 - after the project funded part is completed.
- the potential team which brings the product/solution to the market.

Task 1.

Draft a starting Business Model on BM Canvas

Instructions:

- Define the 'owner' of the BM canvas and write it to the canvas
- Fill in the quickly first version of the business model canvas (approx. 5 min)
- (Present your findings)

The Business Model Canvas Designed for: _____ Designed by: _____

<p>Key Partners</p> <p>Who are the partners of the business? Who are the suppliers? Who are the distributors? Who are the partners of the business?</p>	<p>Key Activities</p> <p>What key activities must the business perform to make its business model work? What are the key activities? What are the key activities?</p>	<p>Value Propositions</p> <p>What value does the business offer? What are the customer problems it is solving? What are the customer problems it is solving?</p>	<p>Customer Relationships</p> <p>What type of relationship does the business offer? How does the business interact with its customers? How does the business interact with its customers?</p>	<p>Customer Segments</p> <p>Who are the target customers? Who are the target customers? Who are the target customers?</p>
<p>Key Resources</p> <p>What key resources does the business need to make its business model work? What are the key resources? What are the key resources?</p>		<p>Channels</p> <p>Through which channels does the business reach its target customer segments? How does the business reach its target customer segments? How does the business reach its target customer segments?</p>		
<p>Cost Structure</p> <p>What are the most important costs incurred by the business? What are the most important costs incurred by the business? What are the most important costs incurred by the business?</p>		<p>Revenue Streams</p> <p>How does the business generate revenue? How does the business generate revenue? How does the business generate revenue?</p>		

www.businessmodelgeneration.com

VALUE NETWORK

PERSPECTIVE ON
BUSINESS MODELS



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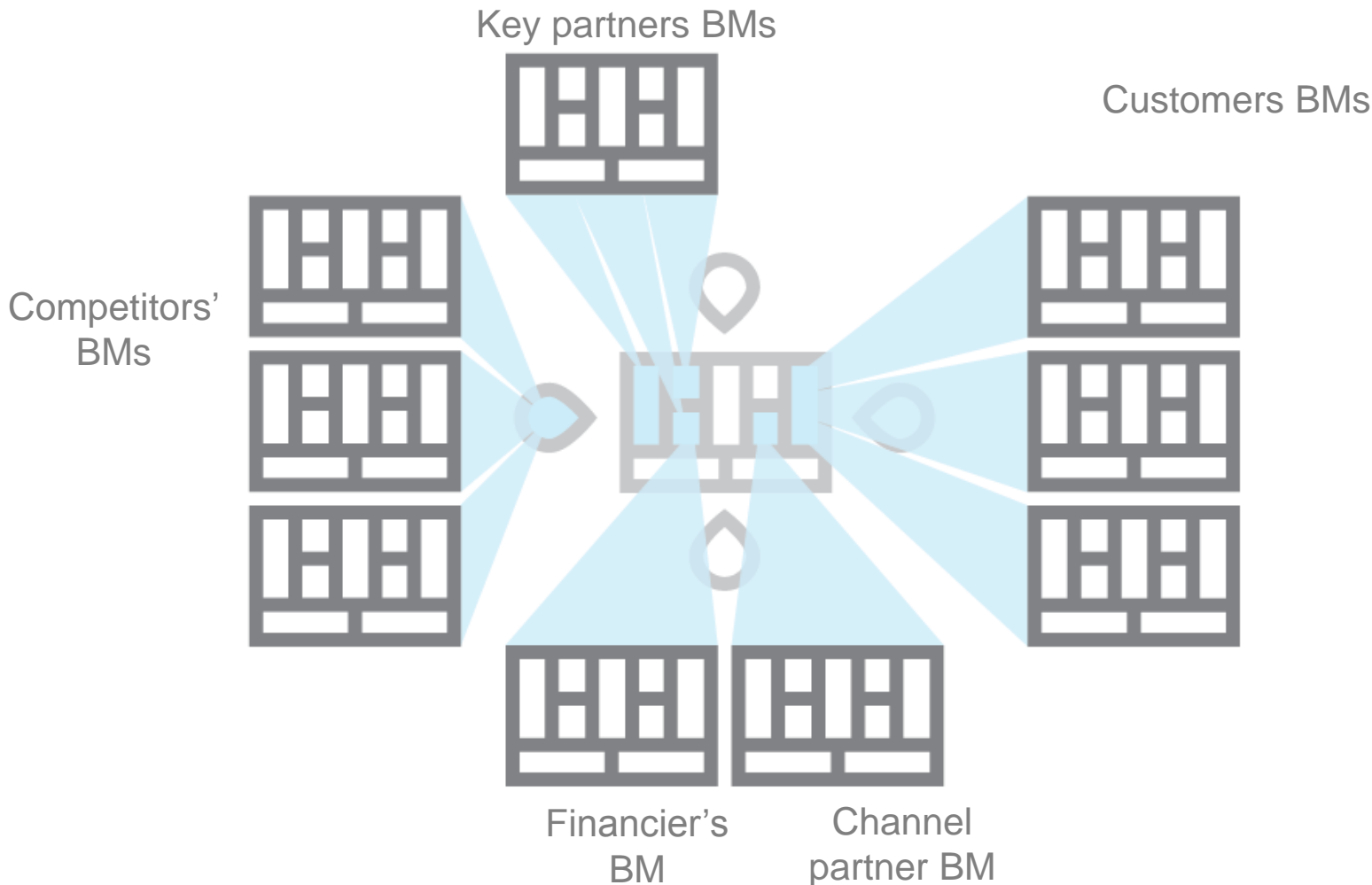
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Value network perspective on business models

Businesses are not built, and do not operate in vacuum. Business models are linked to other BMs

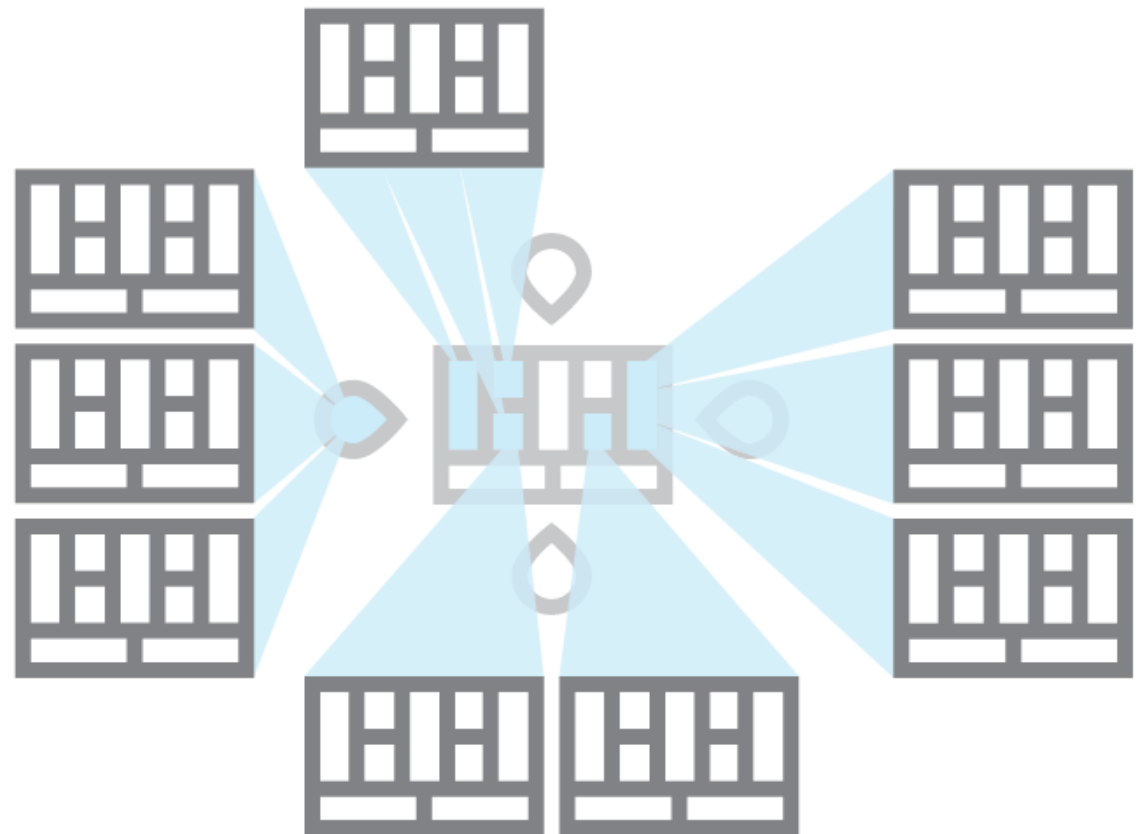


Task 2.

Draft a value network of business models

Instructions:

- Define the 'names' of the key players in the value network
- Take one canvas for each of those
- Fill in the quickly first versions of the business model for key players in value network (approx. 10 min)



**IMPACT OF
BUSINESS
ENVIRONMENT
ON BUSINESS MODELS**



Chapter 13. "Business plan development"

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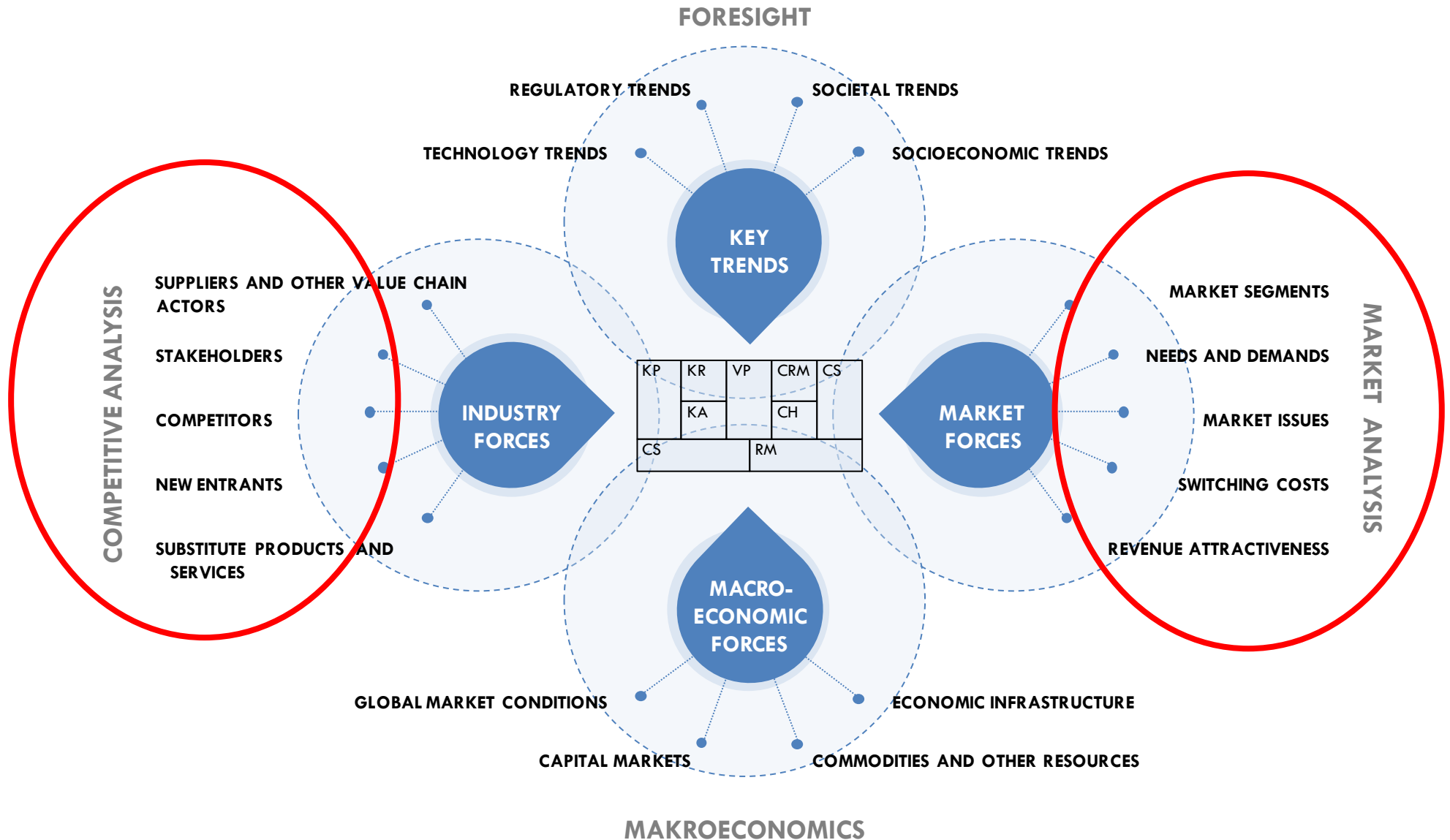
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Business models in the context

Pay attention to understanding the overall context of the business (PEST model)



PLANNING

ITERATIVE DEVELOPMENT

OF

BUSINESS MODELS





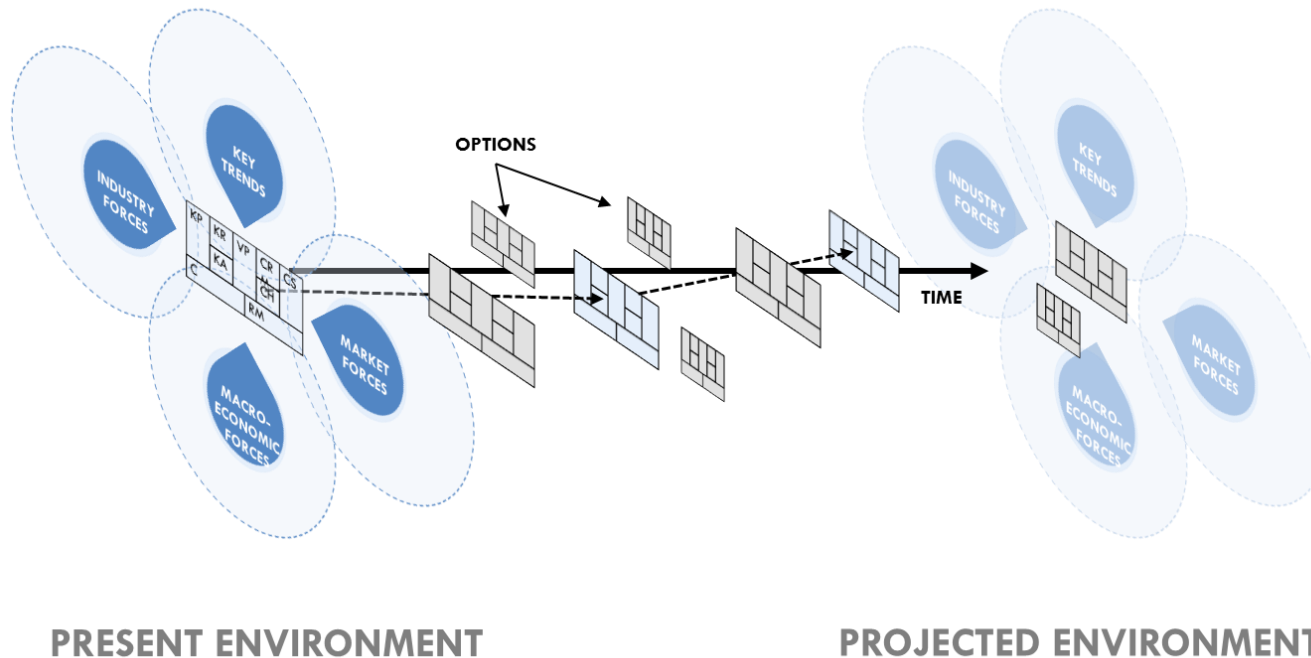
We must learn the truth about which elements of our plan [strategy & business model] are working to realize our vision and which are just **crazy**

- Eric Ries, 'founder' of Lean Startup movement

Business environment is dynamic: Your business model and project should be also

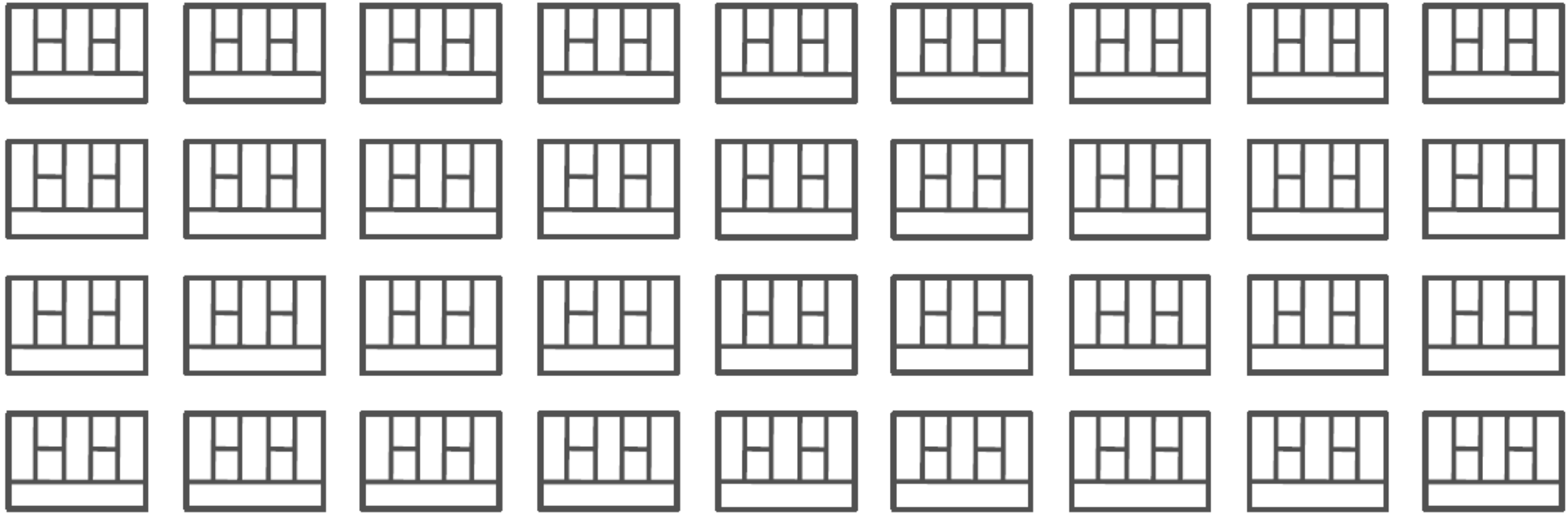
*” In case the consortium considers it necessary, **the business model can be changed during the project’s implementation.** “ AAL Guide for applicants 2016*

- **Plan the project so that there is room for several iterations!**
 - Project is long, business environment changes fast → you may need to change your model/plans due to changes around you
- Don't stick too tightly on initial concept, but have a courage to change it



Vision is the foundation for business model

Same vision can be implemented in numerous different ways



VISION

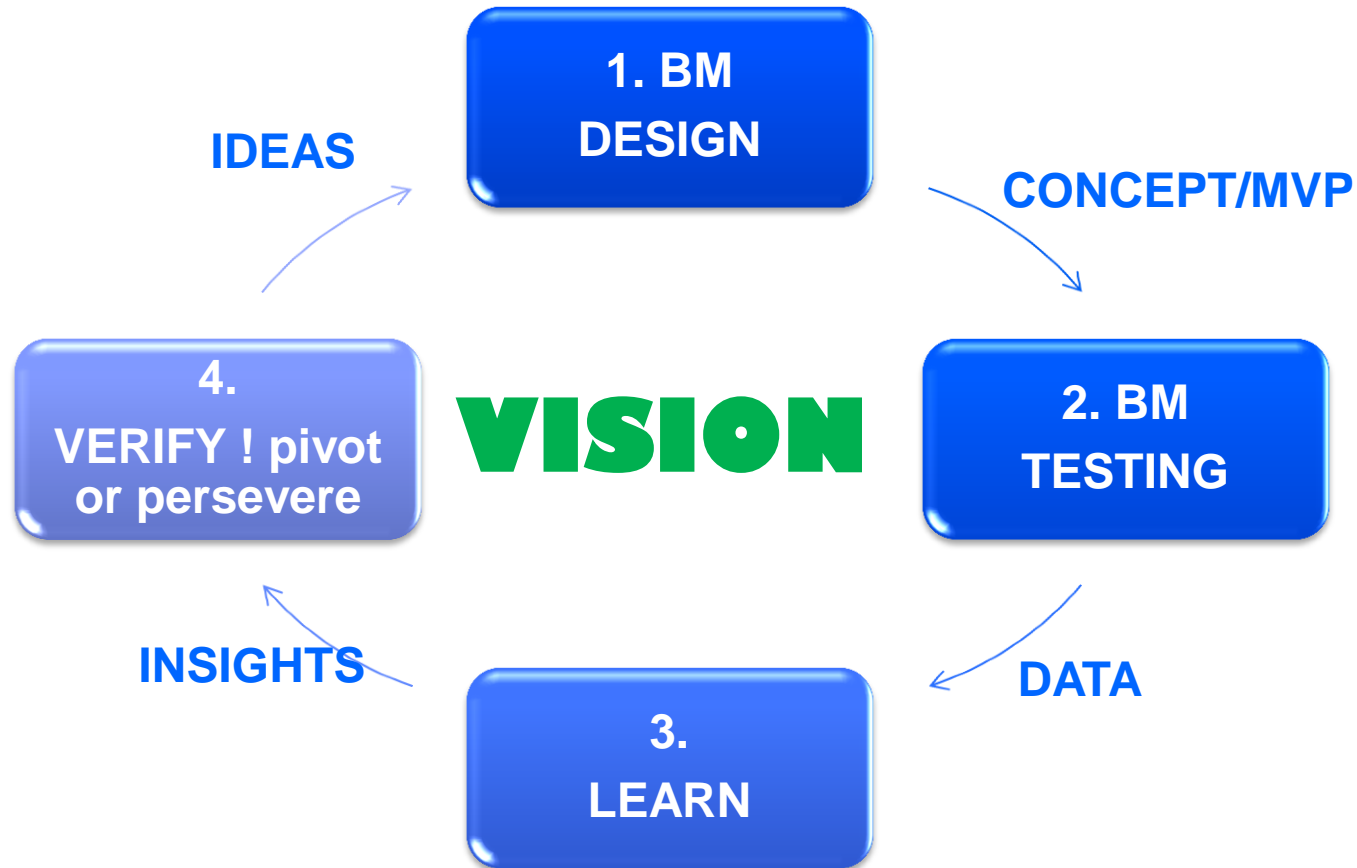


LESSON

**PLAN ITERATIVE BUSINESS MODEL
DEVELOPMENT FROM THE
BEGINNING OF THE PROJECT**

Business model development process

It is continuous process along the product development





LESSON

ITERATE IN FAST CYCLES

LESSON

**THE SEARCH CONTINUES UNTIL
YOU HAVE VALIDATED ALL MAJOR
HYPOTHESIS**

**(SINCE IT IS NOT POSSIBLE TO PREDICT THIS, YOU NEED
TO PLAN IT THROUGHOUT THE PROJECT)**

2. TESTING THE BUSINESS MODEL

**There are no facts, but only guesses, inside
of your building**

- Steve Blank












The Business Model Canvas

Designed for:

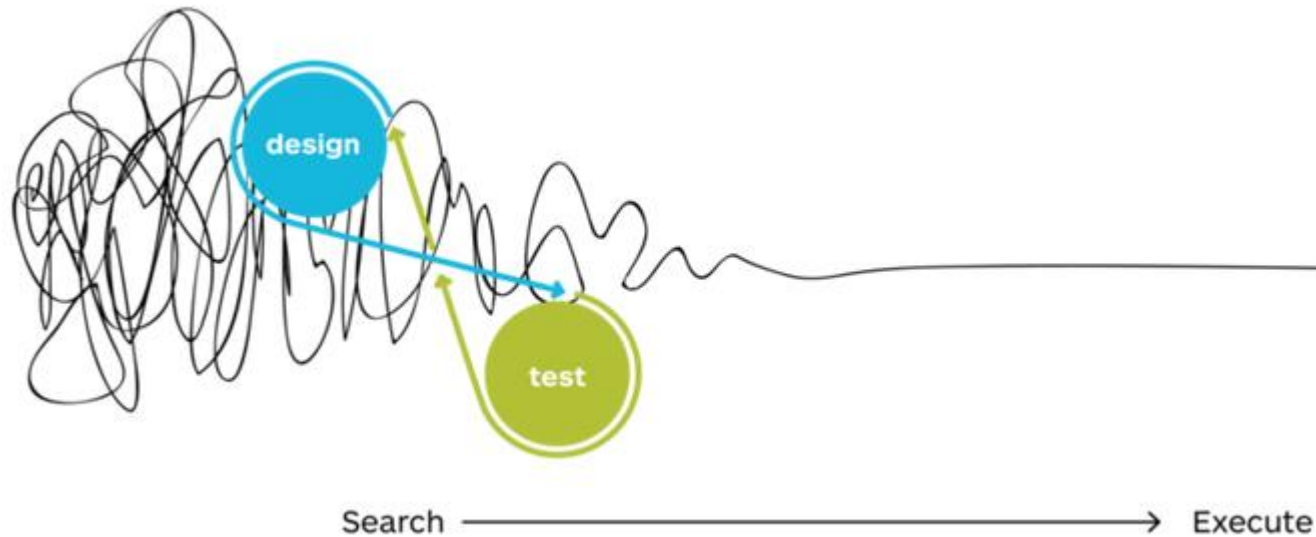
Designed by:

Date:

Duration:

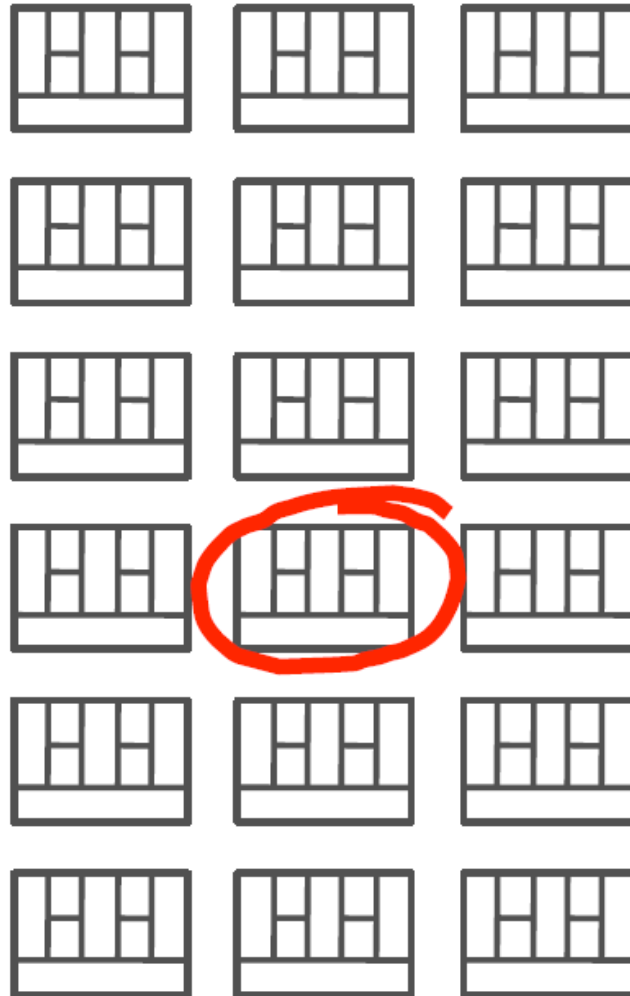
<p>Key Partners</p> <p>Who are our key partners? Who are our key suppliers? Which key resources do we acquire from partners? Which key activities do partners perform? Which key channels do partners use? Which key customer segments do partners serve?</p>  <p>Guess</p>	<p>Key Activities</p> <p>What key activities must our firm perform to deliver its value proposition? Do they involve production? Customer interaction? Problem solving?</p>  <p>Guess</p>	<p>Value Propositions</p> <p>What value do we deliver to the customer? What is our unique value proposition and our target customer? What bundles of products and services are we offering to each customer segment? Which customer needs are we satisfying?</p>  <p>Guess</p>	<p>Customer Relationships</p> <p>What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which one have we established? How are they important with the rest of the business model?</p>  <p>Guess</p>	<p>Customer Segments</p> <p>To whom are we creating value? Who are our most important customers?</p>  <p>Guess</p>
	<p>Key Resources</p> <p>What Key Resources do our firm/organization need? Do they include human resources? Material resources? Financial resources?</p>  <p>Guess</p>	<p>Guess</p>	<p>Channels</p> <p>Through which Channels do our Customer Segments want to be reached? How are we reaching them now? How can we reach them better?</p>  <p>Guess</p>	
<p>Cost Structure</p> <p>What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive? Which Key Channels are most expensive?</p>  <p>Guess</p>		<p>Revenue Streams</p> <p>For what value are our customers really willing to pay? Are there different revenue streams? How are they currently earned? How might they evolve over time? What is our current revenue model? What is our target revenue model?</p>  <p>Guess</p>		

Only way to validate business model is to test it in real life



Testing the business model

Start testing from one of the business model prototypes that seems most promising



You can test core elements of the business model without building full scale solution



Minimum Viable Product



Product Vision



TO TEST BUSINESS MODEL HYPOTHESIS
→ GET OUT OF THE BUILDING

SUMMARY

Recap - How to develop business models

1. Business model development **requires a common language and processes**
2. Business model development is a **continuous process requiring time, resources, management and commitment** (no "silver bullets")
3. **Start early** to avoid costly mistakes and use complementary resources to get the full picture
4. Development tools make the process more systematic: The **BM canvas is a good foundation but it requires other tools to support it**
5. From company guesses to knowledge: The customers (not just end-users) need to be actively involved. Other BM components are designed around customers.
6. **Partners are needed** in today's market space: Complementary resources that reinforce each others business models (everyone has their own business model!)
7. **Technology alone is not enough**: Shift focus from technology offerings to value proposition, and from selling to serving customers
8. **Business model is not revenue model**: Business models create, deliver and capture value – not just capture.

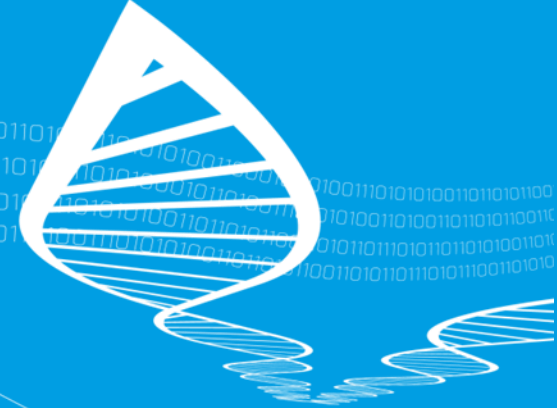
There are no short cuts, it's hard systematic work!

QUESTIONS

?

AAL2Business Project Leader
Arto Wallin
Arto.wallin@vtt.fi





TECHNOLOGY FOR BUSINESS

