AN EVALUATION OF THE BUSINESS MODEL CANVAS BY TECHNOLOGY-ORIENTED STARTUPS IN BRAZIL:
A qualitative study about the usage of the tool by Brazilian entrepreneurs

DISSERTAÇÃO APRESENTADA À ESCOLA BRASILEIRA DE ADMINISTRAÇÃO PÚBLICA E DE EMPRESAS PARA OBTENÇÃO DO GRAU DE MESTRE

JAN SCHWARZKOPF
Rio de Janeiro - 2016
AN EVALUATION OF THE BUSINESS MODEL CANVAS BY TECHNOLOGY-ORIENTED STARTUPS IN BRAZIL:
A QUALITATIVE STUDY ABOUT THE USAGE OF THE TOOL BY BRAZILIAN ENTREPRENEURS

Master's thesis presented to Corporate International Master's program, Escola Brasileira de Administração Pública, Fundação Getulio Vargas, as a requirement for obtaining the title of Master in Business Management.

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THE EVALUATION OF THE BUSINESS MODEL CANVAS ON TECHNOLOGY-ORIENTED STARTUPS IN BRAZIL: A QUALITATIVE STUDY ABOUT THE USAGE OF THE BMC AND ITS IMPACT ON STARTUPS IN RIO DE JANEIRO.

Dissertação apresentada ao Curso de Mestrado Profissional Executivo em Gestão Empresarial da Escola Brasileira de Administração Pública e de Empresas para obtenção do grau de Mestre em Administração.

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<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>Approx.</td>
<td>Approximately</td>
</tr>
<tr>
<td>B2B</td>
<td>Business-to-Business</td>
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<td>B2C</td>
<td>Business-to-Customer</td>
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<tr>
<td>BMC</td>
<td>Business Model Canvas</td>
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<tr>
<td>BP</td>
<td>Business Plan</td>
</tr>
<tr>
<td>CAQDAS</td>
<td>Computer aided qualitative data analysis software</td>
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<td>FGV EBAPE</td>
<td>Fundação Getulio Vargas Escola Brasileira de Administração Pública e de Empresas</td>
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<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
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<tr>
<td>MVP</td>
<td>Minimum Viable Product</td>
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<td>ROI</td>
<td>Return On Investment</td>
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<td>SME</td>
<td>Small and Mid-sized Enterprises</td>
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ABSTRACT

The following paper was conducted with the support of several entrepreneurs and startups from Brazil. The aim of the research was to find out which impact the Business Model Canvas, further abbreviated as BMC, has on technology-oriented startups in Brazil. The first step of the study was identify some general concepts of entrepreneurship, as well as the conditions and environment of the country. Afterwards, it was focused on defining and comparing different business model tools and concepts to the BMC. After the literature review and meeting with several professionals in the area of entrepreneurship and startups, a questionnaire was formulated in order to conduct the qualitative study and identify the main impact of the tool. The questionnaire was answered by ten startups. In order to check the validity and credibility of the research outcomes, theory and investigator triangulation was used. As a result, the usage of the BMC could be evaluated by obtaining the outcomes and the theory, which showed that Brazilian tech startups are using Osterwalder’s model for the reason of idea creation and testing, validating and pivoting their business model. Interestingly, the research revealed that the entrepreneurs are using the tool often not in the traditional way of printing it, but rather applying it as a thinking approach. Besides, the entrepreneurs are focusing mostly on developing a strong Value Proposition, Customer Segment and sustainable Revenue Streams, while afterwards the remaining building blocks are built. Moreover, the research showed that the startups are using also other concepts, such as the Customer Development Process or Build-Measure-Learn Feedback Loop. These methodologies are often applied together with the BMC and helps to identify the most sustainable components of the business idea.

Keywords: Business Model Canvas, Startup, Technology, Entrepreneurship, Brazil
1. Introduction

In recent years, the profile, strategies and concepts of entrepreneurship in Brazil changed significantly. The country was facing several macroeconomic challenges and social issues, which not only build barriers and difficulties, but also opened new channels and opportunities for entrepreneurs and startups (GEM Report Brazil, 2013). According to B.BICE+ (2015), an International Cooperation (INCO) project funded by the European Commission, it could be identified that the country has around 2693 startups, of which only around 1 % are supported by accelerator programs. Further, the Global Entrepreneurship Monitor (2013) research shows that Brazil has many young entrepreneurs, 50 % of all are between 18 and 34 years old, while 47.8 % are masculine and 52.2 % are feminine of the total number of entrepreneurs.

However, the increase in investments and capital is a major aspect that is propelling the growth of the entrepreneurial industry in Brazil. The country is ranked on number 9 within the G20 collaboration on having access to funding. The willingness of investing and of initiating and developing innovative ideas, creates a synergic environment to enforce Brazil’s economy (EY – The power of three, 2013). On the one hand many past political and economic issues were hitting the financial industry, companies and entrepreneurs, while on the other hand, Brazil was able to manage those issues and opening new opportunities to strengthen the economic performance and boost the entrepreneurship culture.

1.1. Contextualization and Relevance of the Problem

The past decades have shown increasingly rapid advances and influences in the field of entrepreneurship and business models. Due to a continuously changing market, business environment and new studies in the field of business strategies and technology, it is from a high importance for startups to identify the most valuable components of their business model that have an impact on the company’s performance and add the greatest value for the enterprise and customer. Literature research revealed few studies, which were generally explaining the Business Model Canvas, a strategic management tool, and its benefits. Therefore, this qualitative investigation makes a major contribution to the usage of the BMC and impact on technology-oriented startups by demonstrating a
Theoretical inside and evaluating the most valuable and influential components of the model.

The main purpose is to identify its importance and use in the planning process of a technology-oriented startup in Brazil. Due to the changing environment, competitive world and especially the current political and economic situation in Brazil, entrepreneurs and startups need to act and react with high attention at each startup development stage. Therefore, adapting the business idea to a feasible, sophisticated and most important valuable business model can make the difference of failure or success. Secondary research is used to underline, solidify and connect the outcomes of the qualitative study, while the definition, identification and comparison of different models and concepts provide a basic understanding of entrepreneurial strategies.

### 1.2. Justification of the Research Theme

The current economic situation of Brazil is challenging for many international corporations, but also the small- and medium-sized enterprises and startups have difficulties to manage and operate their businesses. Especially Entrepreneurs are facing different barriers and limits due to governmental regulations and laws, therefore, the purpose of this research is to evaluate the Business Model Canvas, which will reflect the impact on the technology-oriented startups in Brazil (The World Bank, 2013).

“We need a business model concept that everybody understands: one that facilitates description and discussion. We need to start from the same point and talk about the same thing. The challenge is that the concept must be simple, relevant, and intuitively understandable, while not oversimplifying the complexities of how enterprises function.” (Osterwalder & Pigneur, 2010, p.15).

According to Osterwalder and Pigneur (2010), the Business Model Canvas is reflecting exactly those attributes of simplicity and relevance. Most startups and entrepreneurs are facing the same difficulties in the early stage of their development and growth, which are the aspects of having no money and no time to spend. Therefore, each single step can be essential for either failing or succeeding with an idea.

The following research should justify the impact of the Business Model Canvas on technology-oriented startups. The evaluation of the model should serve for startups and entrepreneurs as a guideline, which reflect the most important and valuable components
and building blocks. Furthermore, the functioning and application of the model should be analysed to identify various implications on the enterprises.

1.3. Research Structure

The overall structure of the study takes the form of four chapters. Chapter one begins by laying out the theoretical dimensions of the research, the history of entrepreneurship and identification of several business models and concepts that are from relevance for the study. Additionally, the BMC will be defined and analysed in order to have a detailed overview of the different aspects of the model and a connection to technology-oriented startups will be established. The second chapter is concerned with the methodology used for this research. Due to the fact of a time constraints, a qualitative investigation was used, at a later stage of the report a deeper discussion will be given. The third chapter presents the findings of the investigation, focusing on the most influential and valuable components of the BMC. The last chapter analyses the results of the qualitative research and underlines synergies to relevant literature in the field of entrepreneurship and business models.
2. Research Questions and Objectives

The frequent and recent discussion, as well as usage of the Business Model Canvas were the core reason of the author to conduct a research in the area of entrepreneurship. The BMC is a practical management tool, which was developed to facilitate the process of planning a business idea and transform it to a business model that can be executed. Besides, it serves as a dynamic tool, which allows the entrepreneurs to test, validate and pivot their business.

The main objective is to evaluate the BMC and identify the impact on technology-oriented startups in Brazil. By reaching the main goal, several specific goals were set in order to identify the importance, difficulties, barriers and usage of the model in emerging markets and environments; therefore, qualitative interviews with entrepreneurs and startups from the technology industry in Brazil were conducted.

The outcomes of the research are useful to understand which impact and value the BMC add to entrepreneurs to operate in an environment that continuously changes and builds barriers and limits.

Additionally, diverse range of entrepreneurs are trying to enter the Brazilian startup industry. Not only establishing partnerships with companies, associations and the government is a crucial step, but also understanding how entrepreneurs and startups manage and control their business. Therefore, the following research could mitigate the chance of failing either to enter the Brazilian market or to operate in such an uncertain environment by focusing on the most relevant components of one’s business model.

By focusing on a specific and exclusive industry and area, the researcher aims to narrow the results and relevance of the findings. The main research question will be the overall guideline of the study that reflects the topic of the research:
To what extend has the Business Model Canvas an impact on technology-oriented startups in Brazil?

Further, sub-questions will serve to identify the current used business models and concepts, identify the most essential and valuable components, analyse and evaluate the usage of the BMC in order to answer the main research question of the study.

- *In which way does the Business Model Canvas add value to the company’s planning process?*
- *What are the main reasons in applying the BMC?*
- *Which barriers and difficulties are faced by entrepreneurs in Brazil?*
- *What are the most valuable components and aspects for technology-oriented startups when using the BMC?*
- *Are there any other tools and concepts that are used for strategy purposes?*

The above-mentioned questions are sub-questions that should lead to answer the main research question. Further, related topics and components that might be important for the research will be discussed and developed during the investigation through interviews with experts and the interviewed startups.
3. Literature Review

In the following section different online journals and articles, books and internet sources were used in order to get a general understanding of entrepreneurship, different business concepts and models and a deeper inside to the notion of BMC. Besides, the secondary data serves to support and underline the outcomes from the primary data collection, which was collected through a qualitative investigation by conducting semi-structured interviews with a number of startups and entrepreneurs.

3.1. Definition of Entrepreneurship

Even though, entrepreneurship was already used in the middle age and centuries before, Richard Cantillon defined in the 17th century one of the earliest theories, which reflects that craftsmen, merchants, farmers and other sole proprietors “buy at a certain price and sell at an uncertain price, therefore operating a risk” (Hisrich, Peters & Shepherd, 2012, p.7). Cantillon viewed entrepreneurs as risk takers, which was reflecting a very broad theory that is different from the perception of entrepreneurship nowadays.

During the 19th and 20th century the conceptualization of entrepreneurship changed. Hisrich, Peters and Shepherd (2012) quoted in their book that the entrepreneur is more focused on organizing and planning the company for personal gain through the own capital and skills. The definition above is not only more related to the modern interpretation of entrepreneurship, it already represents a great part of it, as many entrepreneurs need to be skilled in order to be able to know how to initiate and execute their ideas.

Kenneth Colin Irving, one of the world’s influential industrialist and most dominant entrepreneurs in the 20th century, connected the usage of new technology to entrepreneurship, which initially viewed entrepreneurship as innovation (Hisrich, Peters & Shepherd, 2012). Although, innovation was linked to entrepreneurship, it does not have the same meaning. Many entrepreneurs have difficulties in developing something new and innovative. The definition of newness is very broad and perceived different by individuals. By newness, individuals can mean a completely new product, while at the same time a different and new process or a concept of operating or developing can be seen as innovative as well. The building of pyramids in Egypt and the development of the
wireless communication are both innovative phenomena from a totally different dimension.

Nowadays, the concept of entrepreneurship is defined by many different authors with a similar perspective. Most of the definition include three aspects: initiative taking, the organization and reorganizing of social and economic mechanisms to turn resources and situations to practical account, and the acceptance of risk or failure (Hisrich, Peters & Shepherd, 2012).

Joseph Schumpeter, the Austrian political scientist and economist, redefined entrepreneurship by connecting it to a theory of economic change. He was arguing that the main aspect of entrepreneurship is to develop new combinations that are different from everything existing and distinguish from the current industries, markets and economies. Further, Schumpeter claimed that influential changes in the economic cycle are starting with specific and forceful individuals that are spreading it all over the economy (Schumpeter, 1943).

As a guiding theme the following definition of entrepreneurship from Hisrich and Peters (2012) will be used: Entrepreneurship is the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence.

‘Today’s knowledge-based economies are dependent by a dynamic technological progress’ – Śledzik 2013

3.2. Entrepreneurship in Brazil

Brazíl, the biggest country in South America, has a population of around 206 million and a GDP of $ 2.346 trillion that is growing with 0.1 % annually. The country experienced several political and economic crisis and fallbacks, while at the same time the last years showed an upward trend towards the international importance due to their economic growth and the enormous market size (The World Bank, 2013).
According to EY G20 Entrepreneurship Report (2013), Brazil is ranked in almost every category within the top ten, except in terms of the entrepreneurship culture on #12 and tax and reputation on #17. The tax system is one of the most confusing and complex tax systems in the world, which makes it very difficult for a company from any size to keep the business legally running.

Another issue, which builds barriers not only to large companies, but also to entrepreneurs, is the education sector (Zacharakis, 2013). Analysing Brazil’s ranking in the education and training section, it needs to be stated that the post-graduation in Brazil is very well elaborated and has a good international reputation, nonetheless, the focus of strengthen and enhance the education should be on the primary and secondary education systems. In Table 2, the level of education of entrepreneurs is shown. Only 1.2% have a finished post-graduation degree, while most, only have a primary or secondary degree. Thus, the Brazilian government should invest in the education sector in order to fortify and develop a more sophisticated systems, which will be beneficial for every party, the people and the Brazilian economy (GEM, 2013).

Table 1 - The EY G20 Entrepreneurship Barometer 2013

Source (The Power of three, 2013)
The Entrepreneurial City Index Brazil report from Endeavor Brazil (2014) analysed 14 capital cities in Brazil and measured different attributes and pillars, such as infrastructure, regulatory environment, market conditions, access to capital, innovation, human capital and culture.

“Starting a new business in Brazil requires a huge amount of effort. Entrepreneurs face daunting obstacles daily, be it finding new customers, managing budgets, or simply building a qualified team. Endeavor developed a unique framework for assessing the business environment in Brazil’s regions.” (Endeavor Brazil, 2015). Brazil is one of the biggest countries in the world, therefore different regions means different environment, advantages and disadvantages. Startups need to be aware that choosing the most suitable region for the business model is essential as it will lead to either success or fail. Overall, Florianopolis was ranked as number one due to their infrastructure, innovation and human capital, see Figure 1 – Final Ranking of all 14 capital cities in Brazil.

Nevertheless, it has to be stated that the best business environment means not the best for every kind of business. Entrepreneurs need to understand the overall picture of the environment and evaluate what are the most important pillars for their own business in order to leverage the strength of the different regions. Sao Paulo represents the financial industry in the country, therefore, entrepreneurs that require bigger capital and investments will be probably more successful there, than in any other capital city in the country (Endeavor Brazil, 2014).

<table>
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<th>Table 2 - Level of Education</th>
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<tr>
<td>Source (GEM – Empreendedorismo no Brasil 2013)</td>
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<table>
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<tr>
<th>Nível de escolaridade</th>
<th>Brasil</th>
<th>Regiões Brasileiras</th>
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<tbody>
<tr>
<td></td>
<td>Norte</td>
<td>Nordeste</td>
</tr>
<tr>
<td></td>
<td>% dos empreendedores iniciais</td>
<td></td>
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<tr>
<td>Nenhuma educação formal</td>
<td>2,2</td>
<td>2,0</td>
</tr>
<tr>
<td>Primeiro grau incompleto</td>
<td>26,0</td>
<td>24,9</td>
</tr>
<tr>
<td>Primeiro grau completo</td>
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<td>12,1</td>
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Several associations, accelerators, endeavour and other projects are helping companies from any size. Especially SME’s and entrepreneurs are supported with financial aid, mentor programs, facilities and other financial and non-financial benefits that facilitate and supports the personal development, growth and daily operations of the startups. Start-Up Rio, Rio Negocios, 21 212, 99Canvas, Start-Up Brasil, SEBRAE and FIRJAN are only some of the mentioned associations and programs.

Alex Nascimento, the founder of 7BrazilConsulting in Santa Monica, stated in an interview with Schmidt (2013) at the Entrepreneur Online Magazine that the next years will be the hottest for Brazil, due to great investments from the government and FDIs. Besides all the difficulties and barriers, which entrepreneurs are facing currently in Brazil,
they should be aware of the potentiality of the market size and the advantages of the
country.

One of the difficulties that many young entrepreneurs are facing, in particular those
with a technical background, is to plan a sound and sustainable business. Many tools have
been developed to help entrepreneurs in this undertaking. In the next section different
concepts and models are introduced, while the focus will be laid on the BMC.

### 3.3. The Usage of Business Models and Concepts

“A business model describes the rationale of how an organization creates, delivers
and captures value” (Osterwalder & Pigneur, 2010, p.14).

Following Osterwalder’s quote, a business model is basically a tool that helps
entrepreneurs to capture, visualize and define their business idea in a way that reflects the
core values of the product or service delivered to the customer and sustained by the
company. Business models should be planned, rather than developing an idea through
trial-and-error learning. Planning will minimize the expenses and the time consumption,
while most important it will help to turn goals into operational activities and tasks
(Delmar and Shane, 2003).

Meira (2013) defines a business model as the interconnection of processes and
methods, which are creating the business itself. The product or service, which is placed
on the market, should address a problem of the customers that a company is targeting.
Besides, a business model should not be confused with a business plan. According to
Meira, creating value is an essential issue that each entrepreneur should target, when
thinking about a solution for a problem.

Many entrepreneurs, but also large companies have difficulties to define their business
model. Nowadays, a wide range of tools, models and concepts help entrepreneurs to
describe their business and the delivered and captured value the company, product or
service is adding. ‘Definitions of the term ‘business model’ vary but most of them
encapsulate ‘value creation’ that is value for the customer; ‘value capture’ that is value
for the company, and ‘value delivery’, the internal processes that are needed for the value
creation and capture to succeed’ (Gudiksen, Poulsen & Buur, 2014, p.15).
Cyrino and de Miranda (2008) researched about the usage of 14 different strategic management tools, such as the Business Plan, Balanced Scorecard, SWOT Analysis, Benchmarking or BCG Matrix. The investigation was conducted with large corporations from Brazil. The study showed in impressive number of the used tools, as the number of those tools was around nine and companies planned to expand those to 10. This shows that even large companies are continuously interested in using different tools and concepts, not only to describe and visualize their business, but also to explore new opportunities and benefits, while at the same time mitigate any kind of threats. This approach will be reflected to smaller companies and startups, as the successful corporations are seen as role models.

Nonetheless, entrepreneurs and startups usually do not have the abilities, time or money to utilize several tools and concepts. Thus, the focus need to be narrowed down, when trying to verify the current stages and operations of the business. Additionally, it is necessary to fill out every blank space and test any issue or doubt by register hypothesis and validate those (SEBRAE, 2015).

It is known that entrepreneurs are most of the time facing the above-mentioned issues, especially technology-oriented startups, which usually require large investments under a limited time period to realize their idea, product and service obsolescence is a big problem (Trimi & Berbegal-Mirabent, 2012).

An article of McKinsey Publications (2015) pointed out a very interesting approach that explained how entrepreneurs are getting out of the own comfort zone and think out of the box. This was done by asking oneself what are the long-held core beliefs in the industry about how to create value. Many companies try to follow those core beliefs in order to meet the beliefs and needs, but sometimes entrepreneurs should see their business from different perspectives and change their assumptions. It means that a completely new and radical approach will be used and there is no guarantee that it will work, but not everyone is taking the risk to make this step.

Validating a business model is a complex process that consists of several steps. First, entrepreneurs need to reach out to their potential customer and talk to them to understand their real problem. It is advisable to tell nothing about your idea at this stage, but rather listening and gathering information. It is important to test several hypothesis by getting
close to the future potential customers and receiving feedback (Carvalho, Alberone & Kircove, 2014).

Trimi and Berbegal-Mirabent (2012) argue that technology-oriented startups have usually ideas that are ‘extremely volatile and fluid, with a very short life cycle, requiring constant updating. This means that entrepreneurs should be innate risk takers, as they are expected to allocate resources based on market demands or intuitions, as well as decision makers as they have to fix a price in a market where demand is still unknown.’ Thus, in order to succeed, entrepreneurs need to react rapid and in an effective way and develop their idea, while being aware of the uncertain and extraordinary level of changes in the market and environment. Even after entering successfully the market with the new launched product or service, researches and analysis should be undertaken continuously, as substitution ideas and the fact of obsolescence are issues that can damage or even make an idea fail.

The following chapter will introduce, analyse and evaluated several concepts, tools, and models that are used by entrepreneurs and startups.

3.3.1. Lean Startup

The Lean Startup concept was introduced by Eric Ries, entrepreneur and member of several advisory boards of technology startups. Ries’ book is based on five principles that explains the lean startup concept: Entrepreneurs are everywhere. Entrepreneurship is management. Validated learning. Build-Measure-Learn. Innovation accounting. This method was developed to teach entrepreneurs how to drive their company, instead of preparing forecasts and complex plans in uncertain environments and conditions. The Build-Measure-Learn feedback loop, as shown in Figure 2, is one of the concepts that is supporting entrepreneurs to adjust and pivot their idea. Thus, a minimum viable product can be created and tested on the market to understand and analyse the customer reaction to it (The Lean Startup, 2015).
While the traditional business plan serves as an overview of the problem and solution, the lean start-up techniques cover many other aspects of a business, while differentiating ideas. Besides, those concepts were initially designed for fast-growing tech enterprises, while nowadays not only technology-oriented companies or startups, but also any kind of business can apply those methodologies and concepts to their idea (Blank, 2013).

Nevertheless, it is essential to reach out for potential customers in order to identify and understand their buying behavior and needs. This behavior is changing continuously, but it is still measurable. Thus, information about the market might exist online, but it is advisable to collect them personally, as any conversation might help to understand issues that are only able to gather through personal contact (Ries, 2011).

3.3.2. Customer Development

The customer development model was introduced by Steve Blank, a professor and professional business man, which had a great impact with his theories and concept on the management and especially entrepreneurship world. Blank and Dorf (2012) identified that many startups are lacking a structured process of testing their business model and the hypothesis. Thus, a new approach was developed that covered the knowledge of the market, channels and pricing through customer feedback, the Customer Development Process shown in Figure 3.
The tool is divided into two sections, search and execute. The first part includes the customer discovery and validation. The discovery reflects what the entrepreneur’s vision of the idea and turns it into a number of hypothesis that need to be tested with the customer. Those tests will capture facts about the hypothesis. The validation section will test the scalability of the business model. In case of no repeatability and scalability, the pivot will bring the entrepreneur back to the first stage in order to develop new hypothesis and start with the process again. The second part consists of the customer creation and building, which will be only reached after finishing the first two steps successfully. Customer creation is the first step of the execution, where the end-user’s demand is built. This will be further connected to the channels of the business model in order to scale the business and start with the sales. The last step is the company building. Here, the startup transfers to a company that is following a validated business model (Blank & Dorf, 2012).

Nevertheless, the most important attribute of this model is the iteration and pivot of the customers. It will help to understand the problem and the needs in order to modify the idea to a solution that will create the most value for the final clients.

3.3.3. Other concepts and tools

According to Osterwalder and Hanshaw (2015) the majority of interviewed companies used the SWOT, followed by the Blue Ocean Strategy, Five Forces and Lean Startup methodologies. In addition, some were using the Balanced Scorecard, Value Chain, Customer Development and Strategy Maps tools, besides the canvas, as shown in Figure 4.
The canvas popularity is increasing and entrepreneurs are more aware of the benefits of the BMC. Not only entrepreneurs and startups started using it, but also universities, research institutions and big corporations taking advantage of the Canvas. The Customer Development tool from Steve Blank and the Lean Startup method from Eric Rise are also directly linked to the BMC, due to many similarities of the three models.

### 3.4. The Business Plan

*‘No business plan survives first contact with a customer’* – Steve Blank

A business plan is a road map that supposed to discover expected and unexpected opportunities and threats and at the same time lead through the competitive environment. It is an essential tool for every major project and business in order to clarify aspects of the unique idea and purpose. Besides, it should be used as a preparation before taking actions. It should help founders to focus on the crucial aspects of the idea, while representing it in an objective and honest way, from the competitive advantage and business opportunities up to the key to success and the stakeholders involved. Developing a business plan can be a very intense and time-consuming procedure, as the founder need to understand every single component of the business model (Harvard Business School, 2007).
Looking at Steve Blank’s quote, it seems that the traditional Business Plan is an outdated methodology, which does not serve the customer. The Business Plan is one of the most-known and applied tools that companies used for several reasons. In one of Blank’s article, the Iridium cellphone case is used to explain the above-mentioned quote. The company burned around $5.2 billion, because of their bad planning and forecasting as well as their business plan did not allow iteration or pivots. Therefore, changes were unthinkable and the company continued with their plan for 11-years, even though the market and environment changed dramatically. Iridium was focused so much on their plan that they ignored the customer validation part and adapt to the market, which led to the bankruptcy of the company. Due to the fact of an ongoing changing market, companies need to adapt to those conditions and environment by iterating and pivoting their business model and especially the customer development section (Blank, 2010).

There are several reasons why to develop a business plan. One of the main purposes is that business owners/ founders are seeking outside financing either for a new or for an existing company. Additionally, the business plan is used to increase the success of the business by realizing what the core values of the business model are. Those are sometimes not very clear defined and are only becoming visible after breaking the model down in the business plan. Besides, the aimed goals can be aligned with the strategy the company is pursuing to use, while comparing the own model to competitors by benchmarking them. Developing a business plan does not assure success in the market, but it can mitigate the chances of failure (Hormozi, et al., 2002).

Gately and Cunningham (2014) stated what a business plan provides: ‘...clarity about the idea, market potential, financial projects and capital requirements, thereby providing investors with the necessary information to make judgements about the financial feasibility of a venture’. Another fact is that investors demand business plans to get a clue about the seriousness of the entrepreneur’s purpose and the concern to the investor (Karlsson & Honig, 2009 cited in Gately & Cunningham, 2014, p.203).

The purpose of using a business plan is clear for most of the entrepreneurs, but many people have difficulties to structure themselves and start bringing their idea on the paper. What is the perfect structure for the business plan? Which section is more/ less important? What aspects of the BP should receive more attention? All those questions are not easy
to answer and always depend on the business idea. Nevertheless, a general guideline of which segments to include is presented by Baliga & Dr. Rodrigues (2015):

- The cover page and the table of contents
- Executive summary
- Description of the business
- Competitive analysis
- Analysing the markets
- Marketing plan
- Operational plan
- Financial plan
- Management summary

Even though Baliga & Dr. Rodrigues are stating the same as Hormozi et al. that a business plan is not ensuring success, but can mitigate the chance of failure, they also argue that it is a good option that results in an overall growth of the company.

### 3.5. The Business Model Canvas

The Business Model Canvas is a strategic management and lean entrepreneurship tool that is used in order to describe, design, challenge, invent and pivot the business model of a startup. Initially this model was introduced by the Swiss business theorist Alexander Osterwalder, which wanted to facilitate the process of founding a company by identify the most important values of a product or service. The Business Model Canvas is divided into 9 building blocks: Value Proposition, Customer Segment, Customer Relationship, Channels, Revenue Streams, Key Partners, Key Activities, Key Resources and Cost Structure (Osterwalder & Pigneur, 2010).

Additionally, business owners can not only use the BMC for new ideas, but also for their existing and current companies, which provides them with a more holistic view of their business and helps them to answer questions such as ‘How can we...? What if we...?’ (Leschke, 2013). Besides, scenarios can be build and visualized for different strategic moves, such as investments or entering new markets. At the same time the impact and connections between the building blocks can be identified and analysed more efficiently, while evaluating the processes of each strategic alternative (Entrepreneurial Insights, 2015). Especially the fact that the BMC is providing an integrated visual representation,
entrepreneurs are able to describe and pitch their business model in a very efficient way (Bertels, Koen & Elsum, 2015).

Nowadays, many business people are quitting their jobs in order to start their own companies, but also young professionals and students are entering the world of an entrepreneur. The convincing fact of working for your own lucrative business and being a successful startup is the dream of many people, but the reality is unfortunately different. Nine out of ten startups fail due to different reasons (Patel, 2015). Thus, entrepreneurs need to understand how to create and capture value sustainable. Using the BMC will help startups to do so, as it is seen as one of the most completed and sophisticated tools for developing ones business model with a theoretical method (Bonazzi & Zilber, 2014).

One of the reasons is that entrepreneurs are focusing and prioritizing the wrong issue in the early stage of their idea. Often, all the faith is put in the development and creation of the idea, without defining the business model and the components of it. The loyalty to the initial product or service idea makes the entrepreneurs failing before even starting with the business. Most of the successful entrepreneurs did not make it on the first attempt, but instead going through several iterations and testing it many times before defining their final version. By creating a number of different business models, an entrepreneur can identify which model is the most feasible and valuable for his idea, while at the same time connecting it to the goals that he is pursuing with the product or service (Entrepreneurial Insights, 2015).

According to Trimble (2015) business models are often used to translate the traditional business plan. It is a strong tool that allows iterations and it is malleable and reactive. Additionally, entrepreneurs often use Post-it notes in order to fill the canvas with their ideas, concepts and strategies. The reason behind it is not only the fact of changing it easily, but also to see with different coloured Post-it what kind of changes have to be made when for example approaching a new customer segment. The creation of the BMC has changed the view of looking at one’s business model for entrepreneurs, as it allows to create a framework that puts all the key elements of a business together (Sousa et al., 2011).

### 3.5.1. The Process of the BMC

In the following section, each component of the nine building blocks will be defined and analysed, while minor recommendations that could be beneficial for technology-
oriented startups will be explained and integrated in the canvas. The Business Model Generation book from Osterwalder and Pigneur (2010) will be used as a source.

In order to have an understanding of how a canvas look like, Appendix A represents the blank canvas from Osterwalder’s book, while Appendix B shows an example of how to fill out a BMC. To facilitate the process of what to fill into the building blocks, key questions are suggested to answer.

**Customer Segments**

Companies need to define their customer segment in order to focus on a specific group, either people (B2C) or organization (B2C). Afterwards, the enterprise can continue with further steps to reach those segments and serve the offered product or service. This building block is one of the most crucial one’s and need to be defined very well, as most of the times, without profitable customers a company cannot be financially sustainable. Besides, decisions need to be taken sensible to either add, drop or ignore a segment. Therefore, an organization need to know the current and the future needs of their customers and the different segments, while the strength and weaknesses should not be ignored. A customer that is not important at the moment, might be essential at a later stage of the company.

Many different possibilities of customer segments exist, while Osterwalder considers the following five as the most important:

- Mass Market
- Niche Market
- Segmented
- Diversified
- Multi-sided platforms (or multi-sided markets)

An organization might choose two different segments for one product. Nevertheless, it is crucial to research and understand the market conditions before targeting a specific segment.

Nevertheless, many companies are targeting two completely different segments for one product nowadays. An example would be a mobile phone application that is for young people and students that offers special discounts and vouchers for a number of online
shops. Therefore, the company needs to approach the young people to use the app, while convincing profitable customers, the shops, to use their service.

**Value Proposition**

The value proposition building block explains the combination of the offered products or services that create value for the targeted customer segment. To have a successful idea, a competitive advantage is needed. Therefore, an organization need to identify the uniqueness of an idea and why a customer should come to your company and not the competitor. It can be differentiate between solving a customer’s problem or satisfying their need. The value proposition can be divided into two categories, quantitative and qualitative value creation. Quantitative would be related to the price, service, performance, while qualitative value creation is rather related to design, innovation, experience or lifestyle.

Additionally, a number of attributes can contribute to the value creation of a product, such as newness, performance, customization, “getting the job done”, design, brand/status, price, cost reduction, risk reduction, accessibility and convenience/usability. An entrepreneur needs to understand that maybe several elements are needed in order to launch the idea successfully on the market.

Taking a smartphone as an example. Ten years ago, in order to take a call, photographs, listening to music or organizing a schedule, different technological devices but also the traditional notepads were needed, while nowadays you can have everything in one device. The smartphone might even cover all the above-mentioned elements in terms of value creation.

Finally, it needs to be said that the customer segments and the value proposition building blocks are very strong linked to each other, which means if an organization has two segments, most probably it will have two different propositions. Changes within those blocks need to be managed carefully, as it can have an essential influence on the entire business model of the company.

**Channels**

As the value proposition and the customer segment are connected to each other, an organization needs to focus on specific channels to deliver their created value to the customer.
There are several channel types that a company need to choose from. Thus, the most efficient and feasible channel is the one that requires the lowest investment. Sales force, web sales, own stores, partner stores or wholesaler are the options that the model represents. The touch point to the customer needs to be chosen with high attention. This should evaluate through a tool such as the SWOT analysis, to identify which channel fits to the business idea. There are different types of channels, owned and partner, as well as direct or indirect channel.

![Figure 5 - The Customer Channel Types and Phases](image)

*Source (Osterwalder & Pigneur, 2010)*

Figure 5 represents the five different phases of the channels. Some companies may use two or three, while others will need all the five phases. Besides, an organization can also choose different channel types.

Nowadays, many technology-oriented companies distribute their products through various channels, such as Apple. On the one hand, the company uses their website and owned stores, while on the other hand partner stores are offering their products as well.

**Customer Relationship**

The customer channels are very important in order to deliver the value proposition. Nevertheless, the relationship should not be ignored, as it is at least as important as the channels. Besides, establishing customer relationships by means of using different kind of categorizes will create financial sustainability. There are different motives behind establishing customer relationships, e.g. customer retention, acquisition or to boost the sales.
When choosing a specific category of customer relationships, it needs to be adapted to the specific customer segment, when targeting several. Sometimes within one segment, several categories of relationships are needed. An organization has the opportunity to choose between personal assistance, dedicated personal assistance, self-service, automated services, communities and co-creation.

Using an online-store as an example, it is important to understand that customers, which are loyal and are buying on a regular basis, should be treated different than a one-time buyer. Through loyal and regular customers the revenues will be constantly increase.

**Revenue Streams**

The revenue stream building block is the component that defines how a company generates sales of the product or service. An organization needs to understand for what kind of value the customer is willing to use and especially to pay for. The BMC has two different types of revenue streams. The transaction revenues are generated from a one-time buyer, which means that the customer is only buying the product or service once. While the recurring revenues are obtained from an ongoing and constant customer, which is most of the time related to either post-purchase support or from the whole value proposition that the company’s product/ service is offering. Setting the right price is another essential step when deciding which type of revenue streams to use.

Revenue streams can be created through several ways, such as asset sale, usage fee, subscription fees, lending/ renting/ leasing, licensing, brokerage fee and advertising.

Nowadays, many internet and technology companies are offering ‘*freemium*’ versions for their product or service. It is often related to advertisement or a premium paid version in order to have sustainable revenue stream. Entrepreneurs need to be aware that the pricing can influence the other building blocks and lead to either success or failure of the idea. Osterwalder introduced two types of pricing mechanism. Fixed menu pricing means that the prices are predefined and based on static variables, while dynamic pricing is defined as the price that is changing based on market conditions.

**Key Resources**

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1 The word freemium is a combination of the words free and premium. It describes a business model in which you give a core product away for free to a large group of users and sell premium products to a smaller fraction of this user base. [http://www.freemium.org/what-is-freemium-2/](http://www.freemium.org/what-is-freemium-2/)
The key resources building block is the most important asset for the organization to create and deliver value to their customers and to make the BMC work. Additionally, it allows the company to maintain their relationship and generate revenues, while reaching the targeted segment. Depending on the business idea, an entrepreneur needs to list and prioritize the resources that are needed for the final product or service. Ranking will allow to understand which are the most essential and important resources in order to invest or considering to drop or substitute those. The key resources can be categorized as physical, intellectual, human and financial.

While for example an Internet company’s key resources are most of the time the developers and IT professionals, therefore human capital, a bakery store’s resources are physical, such as location and facilities.

**Key Activities**

The key activities describes what the company needs to do and how they use their resources to produce the value proposition. Key activities and resources have a direct relationship and need to be listed next to each other in order to understand the most essential processes that makes the business model effective. Even though direct competitors might use all the same activities in order to operate in the market, entrepreneurs need to think out of the box to reach their goals and value proposition in a more efficient way. Additionally, it is crucial to measure the impact of each activity in order to invest in the most important and to eliminate the most expensive and inefficient activities.

The key activities are categorized into three areas: production, problem solving and platform/ network.

**Key Partnerships**

Building key partnerships can be beneficial for companies for different reasons: entering new markets, targeting new segments, expanding abroad or increasing capacities are just some of the reasons why companies build alliances with partners.

Startups usually need to reduce the risk of their business model, but also to operate in an efficient way, by exchanging knowledge and resources, is one of the key arguments why alliances need to be build. A strong network with suppliers, partners and the government can strengthen a business model in every single building block, from the cost
structure to the value proposition and up to the supply of key resources. It can be distinguished between a strategic alliance with non-competitors, with competitors, which would be a coopetition partnership, a joint venture and a relationship between buyer and supplier in order to assure a reliable and efficient supply of the resources. Those relationships are usually build for a specific reason. Optimization and economy of scale, reduction of risk and uncertainty and acquisition of particular resources and activities are the main reasons why companies are establishing partnerships.

Entrepreneurs need to be aware that building a partnership can have a positive and negative impact on their own business. Therefore, an evaluation of the alliances and partnerships should be done before in order to identify the outcomes and build scenarios. Startups, which operates worldwide, can profit from partnerships with governmental institutions and associations to reduce their risk, while assuring stable processes and operations.

**Cost Structure**

Startups need to understand how to run a business sustainable and profitable. There is a vast number of different business models, which means that the key costs need to be defined. Most of the building blocks includes costs. Creating Value, consuming resources, maintaining relationships with partners and customers or delivering the value to the segment all incur costs. Therefore, an entrepreneur needs to identify all the costs that are associated with the business idea.

There are two types of cost structures that companies have to choose from, cost-driven and value-driven. Cost-driven companies are focusing on continuously reducing costs and minimizing investments, while value-driven enterprise are less concerned with costs, as their aim is to deliver the most value to their customers. Cost structures can be categorized into four areas: fixed costs, variable costs, economies of scale and economies of scope.

After understanding, identifying and relating each single building block to their own idea, startups need to test their business model by going to the market. Surveys, interviews and market research are only a few of many possible tools that should be used in order to test and pivot the own idea. It takes often several changes and a lot of time until an entrepreneur is satisfied with the final business model.
3.5.2. The Usage of the BMC

Entrepreneurs use the Business Model Canvas for several reasons. Having a business idea and building a business model around the idea is most of the time very difficult and a time consuming processes, especially as most of the time people do not know how and where to start.

The online magazine Entrepreneurial Insights (2015), suggested five different reasons why the Business Model Canvas should be used. First of all, the tool can be used for visual thinking, which means that entrepreneurs can easily represent their business model in a visual way in order to identify major attributes and relations.

Second, it supports a faster decision-making process by breaking processes and components down and narrow their focus.

The third important fact is the iteration of the business model. Many entrepreneurs use Post-its for the BMC in order to identify how changes on a single building block will influence the others. Additionally, it helps to build different scenarios when deciding to make major changes, such as targeting another segment or adding a new channel. The tool allows to identify the interrelations between the nine building blocks from the initial up to the final dimension of the business model. It is essential that entrepreneurs understand that changes can increase the effectiveness and efficiency of their model.

Fourth, the traditional business plan is known for a long report that provides a lot of information, but also uncertain forecasts, while adaptations to changes in the model are very difficult and time consuming. The benefit of the BMC is the fact of being short and succinct, which allows to make fast changes, while keeping ideas short and simple.

The last reason why the canvas should be used is the fact of an easy circulation of the ideas, which means that entrepreneurs can share, send, edit and present their business model in a very portable and convenient way. Thus, anyone can use, add, drop and change the model in a simple way and harvest value from their innovative idea (Euchner & Ganguly, 2014).

According to Osterwalder and Hanshaw (2015) the reason for using the BMC is mostly due to the development of an entirely new business, new product/ service development within existing business model, strategic reorientation and to renovate the old business model. Figure 6 shows the outcome of the research.
Moreover, some companies use it to understand the competitors or customers, as a strategy diffusion, for future investment opportunities or for merger and acquisition purposes (Garner, 2015).

Some researchers argue that the BMC is one of the most complete tools to present the own business model, while others claim that it is a tool that just reflects the company from a strategic perspective, while ignoring the operational side. Additionally, it includes only the key partners and customers, whereas other stakeholders are ignored, which makes the overall value network uncompleted (Caetano et al., 2015).

In order to have visual and practical overview, an example of the Business Model Canvas of a technology-oriented startup can be found in Appendix B. In this case, the Canvas was used for strategic planning and development purposes.

3.5.3. Technology-oriented Startups

Technology-oriented startups and entrepreneurs develop innovative and lean technologies, services and products, which contributes to the economy by creating new sectors and industries, while at the same time delivering value to existing industries and
customers (Gately and Cunningham, 2014). In 2000, the dot-com boom changed and influenced the whole business world. Many internet companies had difficulties in the beginning, as everyone saw potential in their business idea. Even though the investment of venture capital almost doubled from 1999 to 2000, many entrepreneurs failed as investors were impatient and put pressure on the startups, while hoping for fast and high returns (Hormozi et al., 2002).

Building a new venture is often a demanding process for any kind of idea, especially tech startups are facing additional constraints and are in an even more complex situation. The reason is the fact of not only large investments or a short life-cycle, but also copycat competitors, which are sometimes faster and with more capacities and capabilities to develop your idea (Trimi & Berbegal-Mirabent, 2012). Many companies have to operate under a very uncertain environment and need to adapt and react fast to changes in the market in order to stay competitive (Osterwalder, 2004).

‘In this dynamic setting, innovation speed, product development, customers’ behaviours, competition threat, governmental regulations, suppliers, investors, as well as many other environmental factors, have a considerable impact on the organization’ (Goktan and Miles, 2011; Mulders and van den Broek, 2012 citied in Trimi & Berbegal-Mirabent, 2012, p. 450). All these facts need to be considered by every entrepreneur, when founding a new venture, thus the chance of failing can be reduced.

According to Gately and Cunningham (2014, p.200) ‘Building relationships and networks with other firms – large and small – to complement existing skills and resources and to mitigate any deficits are important activities for the technology entrepreneur during this start-up period’. Additionally, those companies have more difficulties to access all the resources that are needed to start their business idea. Therefore, for some startups it is essential to build in the initial stage a strong network and partnerships, while others need to focus on their targeted customer segment or channel.

Daniel Pereira (2014), Entrepreneur, Professor, Mentor and professional Businessman, wrote in one of his eBooks about several business models. Deciding for one special model means to focus on the most valuable components and aspects of it.
4. Methodology

In order to have a clear in-depth view of the methodology that was used for this study, the research onion (page 138) from the book *Research Methods for Business Students, 5th Edition* by Mark Saunders, Philip Lewis and Adrian Thornhill is used. The research onion includes six layers: philosophy, approach, strategy, choice, time horizon and techniques & procedure and data collection & data analysis.

![Research Onion Diagram](image)

*Figure 7 - The research ‘onion’*

(Saunders et al., 2009)

4.1. Description of the used Method

Generating a research idea can be very difficult. There are different ways of how to find a topic that you would like to research, while at the same time it should be recent and relevant. Therefore, two approaches were used to select the topic, the rational and the creative thinking. Different attributes of those approaches are helping to initiate the study, shown in Table 3.
Table 3 - More frequently used techniques for generating and refining research ideas

(Saunders et al., 2009)

Over the last couple of months, the researcher wrote down some ideas that might be used as the research topic. Thus, at a certain point a brainstorming was initiated in order to have a better overview and to link certain ideas. Afterwards, the first preliminary round of literature review was induced to identify if past research was conducted on the topic in order to build a specific research theme.

4.2. Research Philosophy

The first layer of the research onion is concerned with the research philosophy, which explains the way of making assumption and the personal view of the world. Even though past research of the BMC was already conducted, this study is narrowed to a specific area, which are technology-oriented startups in Brazil. The layer includes four different dimensions: Positivism, Realism, Interpretivism and Pragmatism.

Two major ways of thinking about the research philosophy are used: ontology and epistemology. As the focus of the research is laid on interpretivism due to the small sample size and in-depth investigation of qualitative interviews, the researcher’s view of the nature of reality or being, ontology, and regarding what constitutes acceptable knowledge, epistemology, will additionally explain the philosophy of this study. Thus, the researcher will be able to analyse and evaluate his results and giving a detailed recommendation.

4.3. Research Approach

The first and second layer of the research onion are related and need to be adjusted to each other. Therefore, to support the research philosophy, an approach has to be chosen. Inductive and deductive approaches can be used both in a research project. The inductive
The inductive approach is defined as observing a special field, building a pattern, developing a tentative hypothesis and finally building a theory, as it is shown in figure 8, which is based on the findings of the investigation.

The inductive approach is used most of the time with the interpretivism research philosophy, while the deductive with the positivism. For the following study the inductive approach will be also used, as the researcher will build a theory based on the analysis and findings of the interviews. The researcher is using an existing theory, developing and testing hypothesis, observing and confirming the outcomes.

Even though an existing concept, the Business Model Canvas, will be questioned, tested and evaluated by means of qualitative interviews, the researcher aims to develop a new theory through the interview finding conducted with a number of startups. Secondary data collection will serve to underline the importance and key findings of the primary data collection. Interviews with entrepreneurship experts and professionals will help to have an understanding of the application and most relevant components of the Business Model Canvas and to further develop the questionnaire for the research.
4.4. Research Purpose

The research purpose should make the researcher think about the questions and objectives of the study. To develop and state those, it is important to think about what the outcome and findings could be. ‘The classification of research purpose most often used in the research methods’ literature is the threefold one of exploratory, descriptive and explanatory’ (Saunders et al., 2009, p. 139). The researcher decided to use the exploratory study for this investigation, as it is concerned with questions such as ‘what is happening; and to seek new insights of the topic’. There are three different ways of how exploratory research should be conducted: literature review, conducting interviews with experts, conducting focus group interviews. This study will have a mix of those principals, as literature review and interviews with experts will support to build research questions, objectives and the strategy in order to achieve a successful result.

4.5. Research Strategy

One of the most important components of the research onion is the strategy. Choosing the right research strategy will enable to meet the research objectives and find the answers to the research questions. There are seven different strategies that can be used either individually or mixed within a research: experiment, survey, case study, action research, grounded theory, ethnography and archival research. Some of those strategies can be assigned to either the deductive or inductive approach, but allocating those to one of them is unduly simplistic. Therefore, the researcher needs to have a holistic understanding of the research to select the most suitable strategy.

In the initial process of the research design, one of the two strategies, grounded theory and ethnography, were considered. Nevertheless, the ethnography strategy was used to describe the research subject in a way which they would describe and explain the topic. This strategy is a time consuming process, as it is essential that the researcher immerge her- or himself into the topic to be aware of possible changes and identify those patterns, while observing and understanding the outcomes.

4.6. Research Choices

The research choices layer is concerned with the method that is used to both, the data collection techniques and the data analysis procedures. There are two main methods that
are concerned with numeric and non-numeric data. The quantitative method is usually used with a big sample through conducting surveys and analysing the outcomes with statistical tools and graphs, while the qualitative methodology seeks to gain information through interviews and analyse those by categorizing the data or using the triangulation procedure. This research will reflect a qualitative method, which means that illustrations, figures and tables will be used to present and analyse the findings of the investigation. Each method has his own strength and weaknesses, while the method that is chosen also influence the result of the research.

This particular research is a multi-method qualitative study, which was chosen to collect qualitative data by conducting semi-structured interviews with a number of startups and entrepreneurs and corroborate the research findings within the investigation. This process of corroborating is called triangulation.

4.7. Time Horizons

One of the main aspects that is important when thinking about a study is the time period of the research. The time horizon layer consists of two parts, cross-sectional and longitudinal. Most of the academic research that are undertaken are under time constrains and therefore cross-sectional.

Due to the fact of time limitation, the cross-sectional approach is used within this study, as this research is related to a ‘particular phenomenon at a particular time’ (Saunders et al., 2009, p. 155).

4.8. Credibility and Validity of the Research

In the prior layers it was already mentioned that there is no right or wrong when choosing a research approach or strategy, but it is important that the findings are reliable. Therefore, the researcher need to understand and identify what the questions are and try to reduce the possibility of the wrong answer. A good research design will allow not to deceive oneself on the investigation. Reliability and validity are the two main aspects that should be deliberate in a way that the study will reflect credibility.

When talking about reliability it refers to the data collection techniques and analysis procedures that are used to generate the outcome and to effect the analysis. There are three questions that should be considered to ensure reliability: Will the measures yield
the same results on other occasions? - Will similar observations be reached by other observers? - Is there transparency in how sense was made from the raw data?

Validity explains if the research findings are reflecting what they are really about and what they reveal to be about. Thus, it is essential to put high attention on this section and the included threats: testing, instrumentation, mortality, maturation and ambiguity about causal direction. Especially mortality and maturation are threats for this particular investigation. Mortality is concerned with the fact that research participants are dropping out and therefore interviewees are missing to collect and analyse data, while maturation means that any event may happen during the investigation that can have an effect on the results, from dropping co-founders up to getting acquired. Any internal or external business, as well as environmental change can have positive or negative impact on the whole study.

4.9. Data Collection and Analysis

The five previous layers are essential to understand and to define in order to be able to identify the core of the research onion, which consists of different data collection tools and analysis procedures. The research onion will not only help to analyse the findings, but also answer the main research question and the sub questions of this project, while following a structured guideline.

First of all, secondary data was collected. Key words like Business Model, Canvas, Entrepreneurship, Technology, Startups were used in order to enhance the research process for the necessary information. Books related to business models and tools, such as Business Model Generation and Lean Startup, were bought and borrowed from the Online and University Libraries. Moreover, different online databases, such as EBSCO, JSTOR or RefWorks, were used to search for business articles from a vast number of journals and reviews. Thus, a basic understanding of the terms, models, tools and concepts could be defined and developed to build a ground for the research.

After the secondary data collection, qualitative semi-structured interviews were conducted with ten entrepreneurs and startups. Before that, the researcher met two experts from the area of entrepreneurship to get an in-depth understanding of the current entrepreneurship situation in Brazil.
Besides, tips and information during this interviews were used to develop the questions for the semi-structured interviews. Those interviews have usually certain questions that are supposed to cover the information the researcher is searching for, while each interview may vary due to W-questions. During the interview the researcher need to react to the flow of the conversation, therefore the order of the questions might change or even questions need to be omitted. This kind of interviews allows not to limit the interviewees in answering, discussing the questions, while having a fluent and semi-structured process.

The interviewees were from different technology-oriented startups which were mostly based in Rio de Janeiro. General information about the research was given to the interviewees in advance in order to introduce them to the topic. Most of the interviews were conducted through Skype, while some could be conducted in person. To avoid interviewer bias it was paid attention on tone of voice, gesture, facial expression and hesitation. The recorded interviews were uploaded on Dropbox (https://www.dropbox.com/sh/bvc3ws0ku71ti4/AAACW0y7XxJESvbd36ZtzYB0a?dl=0) and a summarization was compiled, see appendix D.

Analysing qualitative data can be a complex and time consuming process, which can lead to a number of difficulties for the whole research. Therefore, it is essential to filter and identify the necessary information from the semi-structured interviews and secondary data to understand the most essential information that should be used for triangulation. Triangulation is a method that ensure more credibility and reliability of the data collection outcomes. Besides, to corroborate the results of the investigation, secondary data will be used to intensify the result.
5. Analysis of the Research Results

To achieve an accurate analysis for the research paper, two informal interviews with professional experts, Luis Vabo Jr. and Rafael Duton, were conducted before preparing the list of questions for the semi-structured interviews. By doing this, the researcher could narrow his topic and concentrate on the most relevant aspects of the investigation. In the primary data collection phase, the researcher was able to conduct interviews with a sample of ten startups and entrepreneurs. For the interview a semi-structured approach was used, which has allowed access to information without limiting the interviewees in their answers. Thus, it had an effect on enriching the outcomes and gather accurate and rigor information about the research, see appendix D, the research outcomes.

5.1. Questionnaire Outcomes

The semi-structured interview includes 11 different questions, four closed questions to gather general information and seven open questions that allowed the interviewer and the interviewee to deepen the conversation and get reliable information. For the following analysis the outcomes from the interviews were used, while secondary data is linked and corroborate the findings of the primary data.

Most of the companies were founded in Rio de Janeiro, while some are from Sao Paulo and Niteroi. Table 6 shows the names of the companies and the years they were founded. Moreover, it exhibits their startup development stage, as well as the technology industry in which the companies operate.

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Foundation Year</th>
<th>Startup Development Stage</th>
<th>Technology Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price Ninja</td>
<td>2013</td>
<td>Commitment</td>
<td>Internet &amp; Marketing</td>
</tr>
<tr>
<td>LUZ</td>
<td>2013</td>
<td>Scaling</td>
<td>Administration &amp; Consulting</td>
</tr>
<tr>
<td>Edools</td>
<td>2013</td>
<td>Scaling</td>
<td>Internet &amp; Education</td>
</tr>
<tr>
<td>Baobba</td>
<td>2013</td>
<td>Commitment</td>
<td>Nutrition and Food</td>
</tr>
<tr>
<td>Razoom</td>
<td>2013</td>
<td>Validation</td>
<td>Marketplace</td>
</tr>
<tr>
<td>Vizubox</td>
<td>2014</td>
<td>Validation</td>
<td>Marketing</td>
</tr>
<tr>
<td>Local Wander</td>
<td>2014</td>
<td>Concepting</td>
<td>Tourism</td>
</tr>
<tr>
<td>Streets</td>
<td>2015</td>
<td>Commitment</td>
<td>Administration</td>
</tr>
<tr>
<td>GoodPeople App</td>
<td>2015</td>
<td>Validation</td>
<td>Social Platform</td>
</tr>
<tr>
<td>Shopgram</td>
<td>2015</td>
<td>Validation</td>
<td>Marketplace</td>
</tr>
</tbody>
</table>

Table 4 - Interview: General Information
(Source: Author of the Report)
All of the interviewed startups were founded within the last three years and are situated in different startup development stages. Figure 10 states the six different phases and their definitions. None of the interviewed startups were positioned in the ideation or establishing phase.

Figure 10 - Startup Development Phases
(Source: www.startupcommons.org, 2015)

Only one startup is in the concepting phase, while three interviewed companies are arranged in the commitment phase and four startups in the validation phase. Two companies have previously reached the scaling stage. Comparing the phases of the startups with their foundation years, a variation is given, some companies from 2013 and 2014 are behind the companies that were founded in 2015. The most possible reason for this is that the companies had to pivot their business model and go back in the development stage. Others explained this issue due to the fact of being in two or more phases at the same time. Therefore, they decided to choose the lowest stage as the most completed one.

All companies are technology-oriented and are working in several industries, such as Marketing, Social Platform, Marketplace, Administration, Tourism or Education. While
analysing the Brazilian environment and linking those findings to the outcomes of the interviews, it can be said that some conditions do have an impact on the industries. Industries such as digital marketing, education and tourism are often the ones that get influenced the most by a financial crisis. The startups realized new issues and barriers, as well as challenges that needed to be overcome. Later in this section, a profound discussion will reflect the key aspects of the challenges faced by the startups related to the Brazilian environment and their conditions.

5.1.1. The Usage of the BMC

Prior to this study, the researcher had the opportunity to work with several startups, which gave him the impression that most of the tech startups are using the Business Model Canvas. The following part will indicate the purpose of startups in Brazil using the BMC and concentrate especially on the impact and value it has for their business and development.

Founding a company can be a complex process, which makes it difficult to entrepreneurs to decide on where to start. Thus, startups need to understand how the single components of their business looks like and execute their plan of launching the idea in a strategic way (Gudiksen, Poulsen & Buur, 2014). The BMC is a strategic management tool that facilitates the process of designing, describing and challenging a business model by identifying and pivoting the nine key building blocks that a company should focus on (Osterwalder & Pigneur, 2010).

Most of the entrepreneurs were familiar with the BMC way before starting their business. The founder and CEO of LUZ was following Osterwalder from 2004 and was fascinated by the concepts he has developed over the years, while the founder of Edools, an online education platform, uses the BMC even in some of his courses and presentations.
Eight out of ten startups were applying the BMC to create their idea, as well as test and improve their product or service, as it is shown in Figure 11. Four of the interviewed startups were applying the model to present their business idea, while two were using it as dynamic tool, and three as a mind-set and thinking approach (Others:).

Besides, two companies stated that they developed a BMC for their own business, as well as their competitors in order to analyse the differences and compare the business models. Following this approach, it helped the entrepreneurs to develop a competitive advantage and modify their business model to create greater value than the rivalry.

Some entrepreneurs realized that they were not using the canvas in the traditional way of printing, putting on the wall and filling it out with Post-its, but rather having it in mind and communicating it in the team. Thus, it has created misunderstandings and a lack of clarity in the team, as the CEO of Price Ninja stated: ‘...the team sometimes forget to change minor aspects of the business model, which has maybe an impact on the whole idea... ’ (Appendix D – Summary of the semi-structured interviews).

After identifying the purpose of why startups use the BMC, the focus was laid on the facts of how it has helped the business and what value it has added. All the startups stated that in the beginning, the biggest problem was to structure their thoughts about the idea.
Many people have good business ideas, but the most difficult part is to structure the individual aspects of it, plan and develop a sustainable business model and finally execute it successfully. Thus, the BMC helped the entrepreneurs to understand what the individual components are, how they are connected to each other, and what will happen when changing something. Iterations are inevitable and necessary to frequently test and improve the own business model, while realizing the gaps and weaknesses that need to be improved, as the CEO’s of Vizubox, Local Wander, Streets, Razoom, Shopgram and GoodPeople App were emphasizing. Local Wander stressed out: ‘...helped to see the gaps and blanks, things that they have not thought about...’, while the CEO of Shopgram emphasized the importance of ‘...reaching out the potential customers and talk to them...’ (Appendix D – Summary of the semi-structured interviews).

Baobba, Shopgram and LUZ did not use the tool in the traditional way of printing and filling it out with Post-its, as they do not see it as helpful and necessary. Nevertheless, the startups adopted the tool into their thinking approach and into their mind-set. ‘By doing so, everyone in the team was able to understand the connection between the nine building blocks and therefore, was aware of the impacts on each block when changing something’ was the CEO of Baobba arguing. While before getting familiar with the BMC, the entrepreneurs were not thinking about the consequences on other areas, when changing for example a channel. Some exceptions were given, as LUZ was preparing the BMC for other companies and competitors to identify and compare the differences from their own business model. Thus, the CEO was able to modify the business idea and develop the most sophisticated service, after combining valuable aspects of several startups.

The next step was to measure how valuable the BMC for the startups is. Measuring something like that can be a very complex and difficult issue, as it is defined and perceived different from individuals. Nevertheless, triangulation will intensify the analysis by comparing the research outcomes within each other and corroborate it with the literature review.

Eight out of ten startups stated that the BMC was a valuable or even the most valuable tool for their own business. Before the canvas, most of the entrepreneurs were using the traditional BP, which can be a very time consuming method of defining the own business model and especially pivot it, as it is not a dynamic tool (Blank, 2010). Startups are dynamic and need to adapt to the fast-changing environment and market needs. Hence,
entrepreneurs have to react immediately when their business model does not work under certain conditions.

![Value of using the BMC](image)

*Figure 12 – Value of using the BMC*  
(Source: Author of the Report)

Iterations and pivots help to refine and develop a more sophisticated and sustainable business model. The CEOs of Razoom, LUZ, Price Ninja, Vizubox, Streets and Edools could agree on the fact that they were able to attack issues and modify their business in order to create and capture value in a more efficient way. One company was able to change from the B2B to the B2C segment, while another could turn their focus from selling a digital product to a software business. Streets, Shopgram and Razoom emphasized that every startup should use the BMC and that it is important to have a routine in reviewing it. This will help to filter the weaknesses and to find the gaps of the own startup, while building the best and most sophisticated business model.

After gathering the information of how valuable the BMC to startups was, the focus was laid on identifying the most important building blocks for technology-oriented startups in Brazil.

All the interviewees, except for one that did not use the canvas for the current business, stated and especially highlighted the Value Proposition building block as the most important one. The entrepreneurs see it as the core of all the operations, which need to be
defined and underpinned in the early stage of the startup as the purpose of the business should be creating and capturing the value. This perception is similar defined in theory by Osterwalder and Pigneur (2010). By doing that, the companies can further concentrate on the remaining eight blocks that are directly connected to the Value Proposition. It is crucial for every business to understand this issue, while developing at the same time a competitive advantage through their value. Even though it is the most difficult one to define, entrepreneurs should be aware that they have to build their business model and define the other blocks through the Value Proposition. The CEO of Vizubox commented that startups should use Osterwalder’s second tool, the Value Proposition Canvas², before the BMC in order to define it clearly and detailed.

Half of the interviewed startups stated that the Customer Segment block is, either as important as the Value Proposition or followed directly after it. Edools mentioned that there is a synergy between those two. Therefore, it is necessary to focus on both components at the same time. By defining a clear target group, the startup can concentrate on the aspects that are necessary for building a sustainable business, while ensuring growth and development in the market. Some companies, such as Streets, LUZ and Edools indicated the Channels due to the close connection to the segments. After identifying the most suitable and sustainable target group for the own idea, startups need to create, deliver and capture their value through an adequate channel. Entrepreneurs are often neglecting that part of the business, which can lead to very fast failure of the company. A great number of marketplaces, sales people, and websites are well-established in the market, thus, it is necessary to decide which channel will connect the company’s value with the customer.

The CEO of Vizubox and Edools had the opportunity to spend some time in Silicon Valley and argued that most of the startups are not worried much or even thinking about their revenue streams in the early stage. In Brazil, this issue is different. Especially the fact of the low number of FDI’s, due to restrictions and complex regulations, Brazilian entrepreneurs need to think about their revenues from the very first day. In the past years, venture capital companies and business angels are increasing their investments, while at

² The Value Proposition Canvas, which can be seen as a plug-in of the BMC, is a tool that will help entrepreneurs to design, test, build and manage value proposition. The focus is on the Value Proposition and Customer Segment building blocks to identify the fit between those two.
http://www.businessmodelgeneration.com/canvas/vpc
the same time expecting that tech startups will generate revenues, realize profit and deliver a return of investment very fast after their foundation (PwC Brazil, 2013). Financial sustainable business models are crucial in the country, as additionally to the expectations of the investors, the economy, the market conditions and the environment aggravate the situation for entrepreneurs. Based on the Value Proposition and Customer Segment, the company will need to find a matching revenue stream that will keep the business alive and ensure yields. Figure 13 shows the result of the study, which reflects clearly the most important building block, Value Proposition, followed by the Customer Segment and Revenues Streams block.

All the other blocks are sometimes more or less important for the business, depending on the product or service and the industries. Especially Cost Structure and Key Resources were never mentioned in the interviews. Key Partners can facilitate operations and accelerate processes by building close relationships with big corporations or governmental institutions.

![Importance of the Building Blocks](image)

*Figure 13 – Importance of the Building Blocks*

(Source: Author of the Report)

Overall, the BMC should be kept as it is and not get more complex or bigger. The CEO of GoodPeople App stated that there is a minor aspect that should be considered: ‘*Only one thing could be added to the model to understand what the company’s real core business is. An example would be L’Oreal; their core business activity is not to sell make-*
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up, but rather their marketing activities that are contributing to sell the products. Therefore, it is important that every company knows what their core activity is.’ (Appendix D – Summary of the semi-structured interviews).

5.1.2. Other Tools, Methods and Concepts

Almost all of the interviewees were talking about the traditional business plan and comparing it with the Business Model Canvas. Terms such as waste of time or undynamic tool were used when commenting on the BP. Startups are operating in fast-changing environments and market needs, thus they have to be proactive and adapt fast. Doing iterations and pivots with a business plan can be very complex and inefficient. Therefore, entrepreneurs need to react faster and in an easier way, as startups are always operating in uncertain environments. Baobba’s CEO emphasized that by using the business plan as a tool to define the own business model will lead to get stuck in the early stage of the startup. Streets and Price Ninja noted that a BP should be prepared at a later stage, when the business model is well-defined and the idea established in the market, as only minor pivots will be necessary. Before Osterwalder introduced the concept of the BMC, many of the startups were used to work with the business plan to develop their business model, while nowadays it is barely applied by entrepreneurs.

Some participants, such as Streets’ CEO, expressed the belief that preparing a minimum viable product (MVP) is a must for every startup. After reaching out to the potential customers and receiving feedback, it is crucial to develop a MVP that can be further validated on the market (Ries, 2011). If changes or modification are needed, entrepreneurs have to pivot and to adapt their business model to the needs that they gained from the knowledge and feedback of the customer segment (Blank & Dorf, 2012).

Half of the interviewed startups were using either the Lean Startup concept or Steve Blank’s Customer Development Process model. Those two tools are often combined with the BMC to develop a business model and identify the connection between the individual processes and components. The startups were able to test their business frequently and to adapt continuously to the customer and market needs by pivoting the business model. Almost all of the interviewed entrepreneurs mentioned that it is vital to reach out the customers and talk to them in order to understand what they are really searching for, before delivering them an undesired solution.
Other tools, such as the SWOT or competitor analysis, were used half of the interviewed companies. Nevertheless, those tools were often applied as a thinking approach, but not as theoretical methodology that made major impact on the own business. Price Ninja’s CEO mentioned that those strategic tools are often not used as they are introduced and presented. Business people and especially entrepreneurs are always under time pressure and do not realize great value behind those tools. However, almost all the interviewees were double-minded about concepts and methodologies such as the Business Model Canvas or the SWOT analysis. Even though they were saying that those concepts were used only as a thinking approach, at the same time it was emphasized that it should be used more practical and on a regular basis as they have an impact on the own business.

5.1.3. Challenges in Brazil

Interestingly, eight of the interviewees were referring to the economic and financial situation of the country. The entrepreneurs have often stated that it is not possible to compare Brazil’s market with countries from America and Europa, due to the current situation in the country. Entrepreneurs need to understand that they are operating and managing their business in a different environment with uncertain and unstable market conditions (The World Bank, 2013). Thus, financial sustainability should be ensured from the beginning of the idea, otherwise it will be almost impossible to get funded and to find investors. Vizubox CEO emphasized on the low presence of social startups in the country, as the investors are only focusing on financial results. Whilst a minority mentioned that key partners, such as governmental institutions, are crucial, almost all the interviewees agreed that the major focus should be laid on building a financial sustainable business model. Acquiring clients and selling their product or service from the early stage is important to validate the idea and generate revenues.

Additionally, entrepreneurs are facing challenges with the bureaucracy and organization skills, tax system, as well as other regulations and laws, which build barriers that can lead to failure of the startups. Therefore, the focus should be laid on lean processes that are easy to understand, to access and to execute. Any knowledge and skill of the industry in which the company is operating in, can be very important and valuable for the startup. Moreover, a good network to institutions, accelerators or even big corporations can be beneficial in many ways. It can facilitate activities and processes or
speed up the access to resources and investments (Endeavor Brazil, 2014). This will also support the development of the startup in general. Some interviewees argued that Brazilians do not use tools, methodologies and concepts in the right way; and that, they use them just because the startups in Silicon Valley utilize them. However, it is not necessary to apply them in a practical way, but rather to understand the reason behind those concepts when applying them for the own business. Besides, most of those theories were developed in American or European countries, where the economy, market and environment is more stable and efficient than in a South American country such as Brazil. Therefore, Brazilians should consider developing new or adapting the existing theories to the local environment and conditions. Building simple and clever solutions by testing MVPs can help the startup to understand the environment and their needs. Making mistakes and failing is part of the startup life, but it should be seen as a lesson learned in order to leverage this knowledge.

Only a few startups stated that skilled team members and employees are difficult to find, while people with a diverse background are necessary for startups to leverage any knowledge, skill and network. The theory revealed that there is a huge lack in the education sector in Brazil, but the problem is rather in the lower education, than in the higher levels (Zacharakis, 2013).

Furthermore, entrepreneurs need to have a value in their idea that cannot be copied or substituted easily. Whether a team with unique and outstanding knowledge and skills or for example partnerships that will facilitate the access to resources. One of the startups mentioned that Brazilians are copying many ideas from the US, while successful business models from Brazil are also copied by the local startups.

Therefore, it seems that there is potential for both sides, Brazilian companies outside the country and foreign companies in Brazil. As the CEO of Price Ninja put it in a nutshell: ‘Having knowledge of the industry is very important and can be seen as Jiu-Jitsu; you do not need a lot of energy or resources, but rather know the right point to hit that will make the greatest impact’.
5.2. Research Limitations

Looking at the main limitations, the fact of a restricted research period led the researcher to conduct a qualitative investigation. Therefore, it is suggested that further research through a quantitative approach should be initiated and executed in order to ensure validity and credibility of the results.

Furthermore, the technology industry is very broad and include many companies with different operation approaches, as well as business strategies and concepts. Therefore, the findings can have a different impact when applying those to same or similar businesses. Besides, changes in the country’s economy, political situation and environment can have an impact on the business world. Thus, further investments and improvements in infrastructure, quality education, technology and research centres, laws and regulation could mitigate the chance of deviation when applying the results of the study.

Researcher should consider that updated versions of the BMC and also new strategic management tools can obsolesce the findings of this research. Considering that the outcomes of this study are from only two states of Brazil, further research with companies from other areas can show different results and effects of the model.

5.3. Overview of the Main Results

Summarizing the outcomes of the investigation, the researcher could identify five major aspects and issues that are important for the research questions of this study.

- The BMC was used to create and organize the business model and further test and validate it.
- Osterwalder’s model is often used as a thinking approach, rather than a practical tool.
- The Value Proposition and Customer Segment building blocks are the most important and valuable one.
- The Customer Development Process, Startup Manual and SWOT analysis are often combined with the BMC and applied by the entrepreneurs.
- Brazilian startups need to focus on the revenue streams from the beginning of their idea.
6. Discussion of the Results

The analysis and literature review above is used to answer the main research question, as well as the six sub-questions.

In which way does the Business Model Canvas add value to the company’s planning process?

Nowadays, many startups have difficulties to find the most sustainable and sophisticated business model for their idea. The BMC helps entrepreneurs to map and structure their thoughts and organize them in a way that will visualize their idea in a canvas. Osterwalder’s model is valuable to do so, especially due to the fact of having the opportunity to iterate and pivot the business model, which is crucial for startups, as they are always operating in uncertain environments.

Nevertheless, entrepreneurs need to be aware of several issues that can appear. First, it is necessary to understand that the BMC will not help one’s to develop a product/service or execute the business idea. The tool helps startups to plan and organize their own business model, while further steps need to be undertaken to build a well-established business.

Additionally, it is advisable to prioritize some processes and focus on special building blocks more than on others, while observing continuously the market environment and conditions.

Concepts such as the business plan are seen as outdated and complex to modify, which is not very beneficial for startups, as those are operating under uncertain environments and have to change processes or parts of their business quickly. Thus, the BMC is a more common tool that fulfills the company’s needs.

What are the main reasons in applying the BMC?

The results of this study indicates that technology-oriented startups in Brazil are using the Business Model Canvas for two major purposes. First and foremost, entrepreneurs have trouble to map, structure and visualize their business model. Therefore, the BMC facilitate the process of doing that by covering the nine main aspects of the business. Besides, pivoting the own business model is often necessary to follow the right way and strategies in the early stage of the startup. Thus, it is crucial to develop a
MVP, which will help to identify all activities and processes, as well as understand the connection between the nine building blocks and finally test it on the market.

Using theoretical tools is often perceived as unnecessary and a waste of time, but the importance of doing it, should not be neglected. Hence, startups in Brazil are often using Osterwalder’s model as a thinking approach to see the big picture and to identify the relations between the single components. Before the BMC, when iterations were necessary, the companies were mostly focused on how to change parts of the business, without considering the consequences on the remaining components of their business model. However, all the startups emphasized that the BMC was very valuable when applying it as a thinking approach. This helped the team to realize that changes on one part of the business will have an influence on the remaining components. Therefore, it is important to identify an option that will have the least impact on other blocks of the business.

Some entrepreneurs mentioned that they use the BMC for other reasons such as a competitor analysis. It needs to be said that it is not always important to use it only for a specific reason, as long as startups see an impact and creating value by applying the model.

Which barriers and difficulties are faced by entrepreneurs in Brazil?

Startups and entrepreneurs are always facing a number of challenges, but especially in Brazil, opening a company can be a long-lasting and complex process. The Brazilian economy and environment is facing a rough time that builds challenges for everyone in the country. Several issues, such as the poor organization, bureaucracy, complex tax system or low investments are building barriers and difficulties for the businesses. Due to the strict regulations for investors, entrepreneurs need to focus from their first day of business on revenue streams, as ROI is always expected and important (PwC, 2013). Startups that will ignore that fact, will realize a tough time and may exit the market before even entering it. Getting funded and reach investors is seen as one of the greatest challenges, even though the EY report (2013) stated that the country is experiencing an increase in investments. Entrepreneurs need to focus from their first day of business on revenue streams, as a financial sustainable business model is necessary in Brazil. The approach of just creating, delivering and capturing value is not the only aspect that startups should consider. The Brazilian environment and market is different and cannot
be compared to places, such as Silicon Valley. Thus, the approach should be adapted to the conditions the companies are working with.

Additionally, tax and regulations, as well as education and training are issues that entrepreneurs have to face in Brazil (EY G20 Entrepreneurship Barometer, 2013). The CEO of Streets emphasized that a diversified team is necessary for a sustainable development of a company, while at the same time at is difficult to find people to join the team.

*What are the most valuable components and aspects for technology-oriented startups when using the BMC?*

Looking at the BMC, it is clear that the value proposition building block is in the centre of the model and therefore an important one. Through this investigation it could be found out that the customer segment is also the main component for tech startups. It is essential to develop those two block simultaneously and to create synergies to build a ground for the business model. Entrepreneurs need to focus explicitly on those, while also develop a financial sustainable business, by building a direct connection to the revenue streams. Some startups mentioned that Key Partners can be very valuable. The CEO of Local Wander and the CEO of Vizubox mentioned that partnerships with big corporations and governmental institutions will facilitate processes and the access to resources, which can be a competitive advantage for the entrepreneurs and their business.

Nevertheless, it is important to state that these outcomes are not always applicable to every startups or case, as business ideas can vary in the same industry and sometimes need to be approached from the opposite direction. This means that every startup has to identify the most important building blocks for themselves, even though a general road map is given. Besides, Brazil is a huge country with cultural, economic and environmental differences within it. Therefore, these insides might not be relevant for startups from an area that was not observed in this investigation.

*Are there any other tools and concepts that are used for strategy purposes?*

The business plan is seen as an outdated tool that is barely used at startups. Entrepreneurs argued that it might be important to develop a BP at a more developed stage of the company, as in the beginning many changes are undertaken and the business model cannot be defined and kept at the first day of the foundation.
The literature review has shown that Ries (2011), Blank (2012) and Osterwalder (2010) developed their theories and models with the focus on startup’s business model. Besides, the Customer Development Process tool and the Build-Measure-Learn Feedback Loop concept are often used as a bundle, together with the BMC. Those three models help companies to understand how to structure and plan their business model, while continuously pivoting it in order to achieve the most sustainable and sophisticated business model. Some companies, such as GoodPeople App or Price Ninja mentioned that one model is more valuable than the other, while others, such as the CEO of Razoom, stated that those should be used as a package by every startup and are interchangeable. It is difficult to reason which model should be used or not, as for one startup it may create value and for another it will not.

The SWOT analysis is a popular tool at big corporations in Brazil (Cyrino & Miranda, 2008). Through this investigation, it could be revealed that also startups are often applying the tool for their ideas. The main reason is the fact of simple applicability and at the same time great outcome for the company. Identifying the own strengths, weakness, while using the opportunities and fighting the threats should be the general goal of every company from any size.

**Does the Business Model Canvas have an impact on technology-oriented startups in Brazil?**

The Business Model Canvas is a practical tool that helps to map, plan and structure a business idea. Most of the technology-oriented startups in Brazil are familiar with the BMC and have applied it to their business or past projects. Nowadays, the tool is still popular and used in the startups scene, but many companies see the function of the tool in a different way.

Printing the canvas and filling it out with Post-its is not very common anymore. Therefore, startups are applying the model as their thinking approach, which means that they try to see the big picture of their business model, while identifying the single components and the relations between them. Nevertheless, most of the interviewees argued that every startup should use the BMC, as it supports the own company development, while facilitating the process of changing and pivot the business model.
This outcome shows that the startups are using the concept in a different way, but still rely on it due to the impact it has on the development of the company.

All in all, it can be said that the Business Model Canvas has a positive impact on technology-oriented startups in Brazil. The entrepreneurs need to be aware that the environment and market is different than in US or European countries. Therefore, they need to focus on the most important building blocks of the BMC. Additionally, it is from advice to use the canvas, as it helps entrepreneurs to test, validate and pivot their business model. It can help the entrepreneurs to answer questions, such as ‘How can we...? What if we...?’ (Leschke, 2013).
7. Conclusion

The main objective of this research paper was to evaluate the impact of the Business Model Canvas on technology-oriented startups in Brazil. In order to achieve this goal, a literature review was undertaken to understand some general background information about the topic, while further relate the important theory to the findings of the researcher and the qualitative investigation.

After two informal interviews with Brazilian entrepreneurship experts, the conduction of ten semi-structured interviews could be initiated. The study has identified five major aspects that tech startups in Brazil should follow in order to reach their goals and manage the challenges that will be present in all the stages of the business.

The first point is related to the usage of the BMC. The model is useful in the idea creation phase; it helps the entrepreneurs to map, plan, structure and organize the thoughts and ideas in a very efficient way by covering the nine building blocks. Many startups have already difficulties at this stage, as they do not know how to rationally narrow down the most important thoughts and include them into their business model.

A research from Osterwalder and Hanshaw (2015) revealed that most of the startups (36% of the interviewed companies) used the canvas to develop an entirely new business; therefore, as an idea creation tool, followed by developing a new product/service within an existing business model, strategic reorientation and to renovating the old business model.

After the idea creation, it is necessary to test, validate and pivot the own business model. Most of the time, the first business model is not the last and need to be modified and validated many times, before the final will be developed. Startups are operating in uncertain environments and often instable market needs, thus, they need to adapt to those, while at the same time finding the most sustainable business model for their idea.

The second aspect, which could be raised, is the fact that most of the startups applied Osterwalder’s model as a thinking approach, rather than a practical tool. After the introduction of the model, many startups started using a blank canvas and Post-its to follow Osterwalder’s approach to facilitate the planning and structuring phase of a business. This finding is very interesting and not discovered in the literature review.
Therefore, it can have a great impact on the founder of the model and further research, as the concept of the model is often applied different than it is described in the theory.

Nevertheless, the research has shown that this approach was often applied at earlier projects and businesses, while nowadays, it is faster to just have it in mind, when structuring or changing something in the own model. However, at the same time the entrepreneurs emphasized that every startup should use the canvas model in the traditional way, as it might be the issue that important parts of the business are neglected or forgotten, which can have a negative impact on the development of the startup.

The third and fourth aspect is related to the importance of the nine building blocks. The investigation has shown that the Value Proposition and Customer Segments are the two most important building blocks for tech startups in Brazil. Developing and identifying those two blocks simultaneously, will mitigate the risk of failure and create a sustainable business model, as argued by the interviewed startups and stated in past research (Bonazzi & Zilber, 2014).

However, some interviewees emphasized to focus on the Revenue Streams due to the financial crisis in the country and low investment rate. Some articles and professionals have stated that investments are going to increase in the following years (EY, 2013), this might be right on the theory, but it is still a huge challenge for the companies to get funded. A financial sustainable business model is especially necessary in countries that have a fluctuating economy and environment, such as Brazil. Therefore, it is necessary to understand that the focus should be laid different than in places such as Silicon Valley.

Additionally, some entrepreneurs argued that it is important to develop relationships with Key Partners from the early beginning to handle the challenges more efficiently and break the barriers. Hence, it can also add a great value to the company’s network that can be helpful in many ways.

The fifth and final point was the issue of other concepts and tools that are used by the startups in Brazil. It could be identified that startups applied besides the BMC, the Customer Development Process tool and the Build-Measure-Learn Feedback Loop. Those three concepts are often utilized by the entrepreneurs in a combined way to develop the own business model. In addition, the SWOT analysis helps to identify the company’s gaps and manage to fill them through the strengths and opportunities that are discovered.
The theory revealed that the BP is not very common and used in the startup scene, the main aspect is that it is not very dynamic and complex to adapt the business model in uncertain environments (Blank, 2010). The BMC is different, as it is simple to modify parts of the business, while seeing the big picture and the influence on the remaining parts, when changing something. Startups can react faster and adapt to the market needs and the environment, which is crucial for the development of the technology-oriented businesses due to the obsolescence of the idea (Leschke, 2013).

This paper should serve as a base for future study in the field of entrepreneurship and business models, narrowed down to specific countries. As all academic researches, this study also faces certain limitations. One of the most common and obvious limitations in academic research is the consequence of the data collection. Due to the limited research period a qualitative investigation was conducted. Therefore, quantitative investigation can intensify the current findings and help to build an own model that should be applied especially by Brazilian startups. Additionally, it can strengthen the credibility of the research findings (Saunders, Lewis & Thornhill, 2009).

Another limitation is the fact of the small sample. Even though a qualitative data approach was chosen for this research, ten startups might not reflect a proper sample. The reason why not more interviews were conducted, is the limited research period. The startups either have not replied or could not schedule a meeting on time during the research period.

The interviewed startup were located in two out of 27 federal states. Thus, when applying the findings and recommendations to companies from other states, the impact might be different and also the findings, when conducting the research.
8. Recommendation

The major findings of this research can be useful for current entrepreneurs and startups, as well as new entrants in the market. By focusing on the advices, success cannot be guaranteed, but the risk of failure can be mitigated.

Since the introduction of the BMC, several authors and professional published articles about Osterwalder’s model, the practical usage and the impact of it. Although, the statements are very indetermined and general. Therefore, this research should help technology-oriented startups and entrepreneurs, which are starting their business, to accelerate processes and narrow their focus on the key components of the business.

The most important outcome that could be recognized is the fact that a great number of startups were able to understand the individual components and building blocks of their business model, visualize the connections and be able to pivot, by testing and validating the idea with frequent changes and strategies. Osterwalder’s model helped the startups to react to those changes faster and more proactive, as it is necessary in the uncertain environment and market nowadays.

The theory has shown that Brazil is a country, which builds many barriers for startups, such as the general organization of people, the tax system, bureaucracy or the different laws and regulations. Additionally, due to the economic crisis, entrepreneurs are facing the challenge of getting funded and finding investors (PwC, 2013). Thus, it is important to focus besides the Value Proposition and Customer Segment building block, on the Revenue Streams, as startups need to validate a sustainable business model to get investments. Acquiring the first subscribers or customers will be the first progress in validating the own financial sustainable business model. Thus, it is from advice to develop those three building blocks very strong and further concentrate on the remaining ones.

Some interviewees emphasized to build strong partnerships with big companies and governmental associations, to not only create barriers for new entrants and competitors, but also to alleviate the single processes and operations. Many startups are focusing on the wrong attributes of the business, which can lead to very fast failure (Entrepreneurial Insights, 2015).

Therefore, entrepreneurs have to be aware that depending on their business idea, another strategy and thus, other building blocks might be more important than the usual
ones. The BMC is a dynamic tool, which allows iterations and pivoting the business model. Hence, startups can and sometimes should test different strategies to identify their own final model.

Ries’ (2011), Blank’s (2012) and Osterwalder’s (2010) concepts and tools are very common and known in the Brazilian startup scene. Entrepreneurs use different tools and methodologies for strategic or organizational reasons. Applying those three concepts will help to plan and create a business model and further understand the steps to execute it. Besides, consecutive progress will help to build the most sustainable model for the own business. Pivoting the customer segment and also the other building blocks and developing a MVP will help to structure and validate a business model that the startup is searching for.

Finally, it need to be stated that entrepreneurs do not need to apply those concepts and tools in a practical way, the most important aspect is to understand the reason behind using them and adapting to the own thinking approach.
# 9. Appendix

**Appendix A – The Business Model Canvas**

<table>
<thead>
<tr>
<th>Key Partners</th>
<th>Key Activities</th>
<th>Value Propositions</th>
<th>Customer Relationship</th>
<th>Customer Segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Who are our Key Partners?</td>
<td>- What Key Activities do our Value Propositions require?</td>
<td>- What value do we deliver to the customer?</td>
<td>- What type of relationship does each of our Customer</td>
<td>- For whom are we creating value?</td>
</tr>
<tr>
<td>- Who are our Key Suppliers?</td>
<td>- Our Distribution Channels?</td>
<td>- Which one of our customer’s problems are we helping to solve?</td>
<td>- Segments expect us to establish and maintain with them?</td>
<td>- Who are our most important customers?</td>
</tr>
<tr>
<td>- Which Key Resources are we acquiring from partners?</td>
<td>- Customer Relationships?</td>
<td>- What bundles of products and services are we offering to each</td>
<td>- Which ones have we established?</td>
<td></td>
</tr>
<tr>
<td>- Which Key Activities do partners perform?</td>
<td>- Revenue streams?</td>
<td>- Customer Segment?</td>
<td>- How are they integrated with the rest of our business model?</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Which customer needs are we satisfying?</td>
<td>- How costly are they?</td>
<td></td>
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<table>
<thead>
<tr>
<th>Key Resources</th>
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<tbody>
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</table>

<table>
<thead>
<tr>
<th>Channels</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>- Through which Channels do our Customer Segments want to be reached?</td>
<td>- How are we reaching them now?</td>
<td>- How are our Channels integrated?</td>
<td>- Which ones work best?</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Which ones are most cost-efficient?</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- How are we integrating them with customer routines?</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost Structure</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>- What are the most important costs inherent in our business model?</td>
<td>- Which Key Resources are most expensive?</td>
<td>- Which Key Activities are most expensive?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenue Streams</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>- For what value are our customers really willing to pay?</td>
<td>- For what do they currently pay?</td>
<td>- How are they currently paying?</td>
<td>- How would they prefer to pay?</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- How much does each Revenue Stream contribute to overall revenues?</td>
<td></td>
</tr>
</tbody>
</table>
# Appendix B – An example of a technology-oriented BMC startup

<table>
<thead>
<tr>
<th>Key Partners</th>
<th>Key Activities</th>
<th>Value Propositions</th>
<th>Customer Relationship</th>
<th>Customer Segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government RJ SEBRAE</td>
<td>Website &amp; App development</td>
<td>• Customer can benefit from the broad service</td>
<td>Meetings in person &amp; Skype</td>
<td>1. Web</td>
</tr>
<tr>
<td>Porto Maravilha</td>
<td>E-Commerce &amp; Social Media</td>
<td>• Close communication to offer a personalized product from their portfolio</td>
<td>Solution process with customers</td>
<td>2. Applications</td>
</tr>
<tr>
<td>Startup Rio</td>
<td>Maintenance</td>
<td></td>
<td>Maintenance</td>
<td>3. E-Commerce</td>
</tr>
<tr>
<td></td>
<td>Front-office and Back-office developers</td>
<td></td>
<td>Channels</td>
<td>4. Digital Marketing</td>
</tr>
<tr>
<td></td>
<td>Equipment and Software</td>
<td></td>
<td>1. Internet</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2. Direct sales</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3. Network</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4. Word-of-mouth</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>5. SEBRAE</td>
<td></td>
</tr>
</tbody>
</table>

| Key Resources         |                                       |                                                                                   |                                       |                  |
|                       |                                      |                                                                                   | Channel                               |                  |
|                       |                                      |                                                                                   | 1. Internet                           |                  |
|                       |                                      |                                                                                   | 2. Direct sales                        |                  |
|                       |                                      |                                                                                   | 3. Network                             |                  |
|                       |                                      |                                                                                   | 4. Word-of-mouth                       |                  |
|                       |                                      |                                                                                   | 5. SEBRAE                              |                  |

| Cost Structure        | Revenue Streams                      |                                                                                   |                                       |                  |
|-----------------------|--------------------------------------|------------------------------------------------------------------------------------|                                       |                  |
| Taxes                 | Project payments (when milestones are achieved) |                                                                                   | Maintenance fees (monthly)             | Rent             |
| Software and Equipment|                                      |                                                                                   |                                       |                  |
| Human Resources/Salaries|                                     |                                                                                   |                                       |                  |

<p>| Channels              |                                       |                                                                                   |                                       |                  |
|                       |                                      |                                                                                   |                                       |                  |
|                       |                                      |                                                                                   |                                       |                  |
|                       |                                      |                                                                                   |                                       |                  |
|                       |                                      |                                                                                   |                                       |                  |</p>
<table>
<thead>
<tr>
<th>Week 1-3</th>
<th>Planning</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Week 1-3</strong></td>
<td>• Gathering general information about the industry and topic</td>
<td>• Gathering information about the industry and topic</td>
</tr>
<tr>
<td><strong>(12/10/2015 – 01/11/2015)</strong></td>
<td>• Secondary data collection/literature review</td>
<td>• Conduction of the interview with one professional, due to sickness of another one</td>
</tr>
<tr>
<td></td>
<td>• Developing a structure and table of contents</td>
<td>• Working on the literature review</td>
</tr>
<tr>
<td></td>
<td>• Conducting interviews with entrepreneurs, professionals and experts</td>
<td>• Creating a draft of the structure and table of contents</td>
</tr>
<tr>
<td></td>
<td>• Development of the Thesis Project Proposal</td>
<td>• Development of the Thesis Project Proposal</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Week 4-6</th>
<th>Planning</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Week 4-6</strong></td>
<td>• Conduction, analysis and transcription of interviews</td>
<td>• Conduction of interviews with a professional</td>
</tr>
<tr>
<td><strong>(02/11/2015 – 22/11/2015)</strong></td>
<td>• Secondary data collection/literature review</td>
<td>• Conduction of semi-structured interviews</td>
</tr>
<tr>
<td></td>
<td>• Regular meetings with FGV Professor</td>
<td>• Working on the literature review</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Beginning with summarization of the interviews</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Regular meetings with Professor Alvaro Cyrino</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Week 7-9</th>
<th>Planning</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Week 7-9</strong></td>
<td>• Conduction of semi-structured interviews (in case of rescheduling - &gt;buffer time)</td>
<td>• Conduction of interviews</td>
</tr>
<tr>
<td><strong>(23/11/2015 – 13/12/2015)</strong></td>
<td>• Analysis and transcription of interviews</td>
<td>• Working on the literature review</td>
</tr>
<tr>
<td></td>
<td>• Secondary data collection/literature review</td>
<td>• Finalizing the translation and summarization of the interviews</td>
</tr>
<tr>
<td></td>
<td>• Analysis of the outcomes</td>
<td>• Creating a structure of the report and the table of contents</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Regular meetings with Professor Alvaro Cyrino</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Week 10-12</th>
<th>Planning</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Week 10-12</strong></td>
<td>• Analysis of the outcomes</td>
<td>• Analysing the primary data collection</td>
</tr>
<tr>
<td><strong>(14/12/2015 – 03/01/2015)</strong></td>
<td>• Writing the report</td>
<td>• Finalizing conclusion and recommendation</td>
</tr>
<tr>
<td></td>
<td>• Conclusion and recommendation</td>
<td>• Regular e-mail contact with the Supervisor</td>
</tr>
<tr>
<td></td>
<td>• Proofreading</td>
<td>• Creation of the layout and formatting</td>
</tr>
<tr>
<td></td>
<td>• Layout and Formation</td>
<td>• Proofreading by several people</td>
</tr>
<tr>
<td></td>
<td>• Proofreading by several people, including English native speaker</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Week 13</th>
<th>Planning</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Week 13</strong></td>
<td>• Handing in the research project</td>
<td>• Finalizing the report</td>
</tr>
<tr>
<td><strong>(05/01/2015)</strong></td>
<td></td>
<td>• Finishing minor adjustments and layout</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Sending the Research to FGV and Catolica</td>
</tr>
</tbody>
</table>
Appendix D – Summary of the semi-structured interviews

This study attempts to collect information about the usage and the impact of the Business Model Canvas (further abbreviated as BMC) on technology-oriented startups in Brazil.

There are no direct benefits for participants. However, through your participation, the researcher's aim is to evaluate the usage and impact of the Business Model Canvas. It should help technology-oriented startups in Brazil to lay there focus on the most valuable components of the model.

**INTERVIEW VIZUBOX**

1. **WHAT IS THE NAME OF YOUR COMPANY?**

   Vizubox

2. **WHAT IS THE STAGE OF YOUR COMPANY?**

   - Ideation
   - Concepting
   - Commitment
   - Validation
   - Scaling
   - Establishing
3. **When was your company founded?**

2014

4. **In which industry are you active?**

- Automotive
- **Internet & Communication**
- Marketing
- Hospitality & Tourism
- Administration & Consulting
- Others:

5. **Have you used the Business Model Canvas at your company? Why?**

- Yes
- No (If no, continue with question 11)

It was used for the initial business model, because one of the early partners worked with the BMC and presented some tools and methods.

6. **For which purpose did you use the BMC?**

- Idea Creation
- **Testing and improving product or service**
- Presenting business idea
- Dynamic tool
- Competitor Analysis (Comparing own to competitors business model)
- Other:

7. **How did it help your business?**

It helped to test and improve Vizubox’s service frequently. It helped to define their final business model, as they were able to develop a number of models. Besides, it helped for further interactions with investors after a pitch. Vizubox’s business model could be explained in a visual way that helped to underline the value creation of the service.
8. **How valuable was the Business Canvas Model? Why?**

- Not valuable at all
- Not very valuable
- Neutral
- Valuable
- **Very valuable**

It was very valuable. The entrepreneur was used to work with business plans, but they take a lot of time and are very difficult to change. Startups are dynamic, therefore the BMC helped to pivot the idea and do iterations.

9. **Looking at BMC, how would you rank the building blocks regarding their importance? Why?**

- **Key Partners**
- Key Activities
- Key resources
- Cost Structure
- **Value Proposition**
- Customer Relationship
- Customer Segments
- Channels
- Revenue Streams

The Value Proposition is the most important, while at the same very difficult to define. If an entrepreneur is not able to create and capture value, the other building blocks are irrelevant. Especially the Value Proposition Canvas is a nice tool that should be used before the actual BMC.

Furthermore, the Key Partners are essential for any kind of business. Especially startups have usually limited resources and can only fulfill a certain number of activities. Therefore, strategic alliances should be built in order to search for easier and faster solutions for the problem that they want to solve with their idea. Any governmental institution can be supportive in any stage of the company development. Any kind of partnership can construct barriers for new entrants in the market, thus it is crucial to build those.
10. **Have you used any other tools, models or concepts (e.g. Business Plan, SWOT Analysis, etc.)? If yes, why? Which impact did it have on your company?**

BP, SWOT, Competitors Matrix, Operation plans the five W-Questions, To-do and planning tools, Operational and Organizational Flow Charts. Many tools are very useful, but some are just done in the head without bringing it on the paper. Nevertheless, it is crucial to do it, analyse and take actions. Sometimes you know this information already, but they need to be connected in order to have a context. It can bring some valuable information, as you discover issues that you what not realize before. The SWOT is a really good and important methodology and should be updated once in a while!

Only using the tools because you think it is necessary is not enough. It is essential to analyse it carefully and take actions. Some are more valuable and some are less, it always depends on several aspects.

11. **In your opinion, what are the most critical factors/strategies that cause the success of a technology-oriented startups in Brazil? Note: Please relate your answer to the BMC or any other tool that you have used.**

Here in Brazil specifically startups tend to have success when exploring the financial site of the business. When looking at social value businesses, they don’t have success if they don’t look outside the country for venture capital firms abroad. The most important is to generate financial results and revenues here in Brazil.

The Value Proposition Canvas should be used before the actual Canvas in order to identify the most crucial aspect for a startup, which is how to create value. Besides, it is advisable to look for more scalable business such as a software service. Currently, their operations are very complex and need a lot of time, therefore, this should be modified and made more easier and lean. Acquiring new clients takes a lot of effort, which makes the business not very scalable.

One of the most important aspects of starting a service business is either to cut costs of your clients or raise their revenues. The direct sales channel was maybe a mistake as it is very expensive and time consuming, while the commercial strategy should pursue to keep
the customer acquisition costs very low. Those were the biggest mistakes that were made and should not be made.

Every startup should have the BMC very close to the daily operations to move forward faster and to try different business models according to the MVP that was validated on the field before.

INTERVIEW STREETS

1. **WHAT IS THE NAME OF YOUR COMPANY?**

Streets

2. **WHAT IS THE STAGE OF YOUR COMPANY?**

- Ideation
- Concepting
- Commitment
- Validation
- Scaling
- Establishing

3. **WHEN WAS YOUR COMPANY FOUNDED?**

2015

4. **IN WHICH INDUSTRY ARE YOU ACTIVE?**

- Automotive
- Internet & Communication
- Marketing
- Hospitality & Tourism
- Administration & Consulting
- Others:

5. **HAVE YOU USED THE BUSINESS MODEL CANVAS AT YOUR COMPANY? WHY?**

- Yes
- No (If no, continue with question 11)
It is great to get a MVP through the BMC and to understand all the activities and tasks included to identify the own model.

6. **FOR WHICH PURPOSE DID YOU USE THE BMC?**

- Idea Creation
- **Testing and improving product or service**
- Presenting business idea
- Dynamic tool
- **Competitor Analysis**
- Other:

7. **HOW DID IT HELP YOUR BUSINESS?**

It helps to think about and reveal the own business model. Further, it supports to execute the aimed strategy. Reviewing the business model weekly helps to pivot and improve the own model.

8. **HOW VALUABLE WAS THE BUSINESS CANVAS MODEL? WHY?**

- Not valuable at all
- Not very valuable
- Neutral
- **Valuable**
- Very valuable

It is valuable as it helps to think strategically. In the beginning, there are many roads that you could follow, but to decide which one is the right or rather which one not to take is very difficult. A routine in reviewing is important to identify and understand the most important key aspects of the own business. It helps to mitigate the risk of failure and adopt to the current situation and environment of the own business.

9. **LOOKING AT BMC, HOW WOULD YOU RANK THE BUILDING BLOCKS REGARDING THEIR IMPORTANCE? WHY?**

- Key Partners
- Key Activities
- Key resources
- Cost Structure
- **Value Proposition**
- Customer Relationship
- Customer Segments
• Channels
• Revenue Streams

The most important is the Value Proposition, as it is the core of all the operations. The next one is the customer relationship, as it is crucial to be near to the customer to understand their real problem and to test your solution. It is important to reach the critical mass in order to build a financial sustainable business. Additionally, you need to reach your customers fast and direct to test your idea and pivot if necessary. Therefore, it is necessary to choose your segments very carefully in order to focus all your sales activities on one specific group in order to grow faster.

10. HAVE YOU USED ANY OTHER TOOLS, MODELS OR CONCEPTS (E.G. BUSINESS PLAN, SWOT ANALYSIS, ETC.)? IF YES, WHY? WHICH IMPACT DID IT HAVE ON YOUR COMPANY?

The SWOT analysis and the Business Plan was or will be used. Currently the BP is not important as it is necessary to pivot and test the idea before developing or finishing the final product. After identifying the most suitable model, a BP can be developed. Understanding the problem and testing the solution are the two activities that each startup should be focusing on in the initial stage.

The SWOT analysis is very useful for a vast number of facts, most important to whom and how can I resolve the problem with my future product or service. Additionally, it helps to understand the weaknesses of the own model, e.g. it was realized that the company was very weak in sales activities, therefore a sales manager was hired to support the team.

11. IN YOUR OPINION, WHAT ARE THE MOST CRITICAL FACTORS/STRATEGIES THAT CAUSE THE SUCCESS OF A TECHNOLOGY-ORIENTED STARTUPS IN BRAZIL? NOTE: PLEASE RELATE YOUR ANSWER TO THE BMC OR ANY OTHER TOOL THAT YOU HAVE USED.

In Brazil, it is very important to reach out to the potential customer and get feedback from potential customers and people. Qualitative and quantitative research need to be conducted in order to get the information of the problem and to develop the solution for that. Besides, it is difficult to find people that will help you to build your idea and join your team.
Thinking about the business model, entrepreneurs need to focus on how to test the product or service solution and at the same time how to get financial revenues. A validity of making money is crucial.

The second point is that you need a great idea and a great team. Having an outstanding developer or sales person is not enough, diversity within the team is necessary. This will have a big influence on the company’s success or fail. The results are very different if this is assured, as each employee can focus on their activities and therefore achieve results faster.

A general problem is the bureaucracy and bad organization in the country. Startups have to face many issues and barriers, but they need to see it as a possibility as well, as there is always a way for improvement. Entrepreneurs need to be calm and patient when facing those challenges.

**INTERVIEW SHOPGRAM**

1. **What is the name of your company?**

Shopgram

2. **What is the stage of your company?**

- Ideation
- Concepting
- Commitment
- **Validation**
- Scaling
- Establishing

3. **When was your company founded?**

2015

4. **In which industry are you active?**

- Automotive
- **Internet & Communication**
- Marketing
5. **Have you used the Business Model Canvas at your company? Why?**

- Yes
- No (If no, continue with question 11)

They have used it in the beginning for creating their idea and also further to test and pivot it. This was crucial to understand if they were focusing on the right aspects.

6. **For which purpose did you use the BMC?**

- Idea Creation
- Testing and improving product or service
- Presenting business idea
- Dynamic tool
- Competitor Analysis (Comparing own to competitors business model)
- Other:

7. **How did it help your business?**

It really helped to get the idea out of the brain, to understand what the users are looking for. In general it did not help very much.

8. **How valuable was the Business Canvas Model? Why?**

- Not valuable at all
- Not very valuable
- Neutral
- **Valuable**
- Very valuable

It is recommended to everyone who is founding a company to use the BMC in order to see the business model. Sometimes you try to attack and solve a problem and you have an idea or solution in your mind of how to do that, but eventually you are not focusing on all the nine building blocks.
9. **LOOKING AT BMC, HOW WOULD YOU RANK THE BUILDING BLOCKS REGARDING THEIR IMPORTANCE? WHY?**

- Key Partners
- Key Activities
- Key resources
- Cost Structure
- **Value Proposition**
- Customer Relationship
- **Customer Segments**
- Channels
- **Revenue Streams**

The most important building block is the Value Proposition. It is crucial to have well defined value, if a company do not know what their value is, they do not know what they are doing. Secondly, the Customer Segments need to be clear in order to aim the right target group and build a sustainable business. The Key Partners can facilitate your key activities and also make your idea less reproducible or substitutable. Strong partnerships can strengthen the business model. Especially in Brazil, it is important to make money. Therefore, entrepreneurs need to think of a financial sustainable business model from the early beginning.

10. **HAVE YOU USED ANY OTHER TOOLS, MODELS OR CONCEPTS (E.G. BUSINESS PLAN, SWOT ANALYSIS, ETC.)? IF YES, WHY? WHICH IMPACT DID IT HAVE ON YOUR COMPANY?**

In the beginning they had to prepare a business plan, because the investors demanded one. The company was not familiar with the BMC. It had used the SWOT analysis and spend a lot of time it. The BMC made things easier.

Developing a business plan was a good experience, as it made them to think and develop their concepts and strategies. Revenue streams are very important for every startup in Brazil; entrepreneurs need to think strategically when choosing the most suitable one for their business model. Sometimes the BMC is used very general and do not explain everything what an entrepreneur and their team should focus on. Therefore, it is suggested that a BP should be used as a secondary tool, to describe the interrelations between the building blocks and everything that is not included in the BMC.
11. In your opinion, what are the most critical factors/strategies that cause the success of a technology-oriented startups in Brazil?

Note: Please relate your answer to the BMC or any other tool that you have used.

The Brazilian environment is really rough. Entrepreneurs need a good network to get through many barriers and handle different challenges that do not exist in many well-developed countries. If you do not define your value proposition and the customer segments, you will not have a successful journey. The main problem is that the people are very persistent, they tend to iterate and pivot their ideas very often and start doing and asking later. Customer Development tool from Steve Blank was used and it was very helpful. If you have identified for whom you are building your company, it facilitates your thinking approach and strategic steps.

80% of their road was built by reaching out to the potential customer and asking people, what their problem is, what they want and how a solution would look like. Many information can be gathered through this, but the most difficult activity is to filter the information that are really helpful and valuable for the business model.

Brazilian entrepreneurs will face many challenges, but they should try not to give up. Listening to people, professional, experienced entrepreneurs and future potential customers is one of the key aspects, when developing a business.

The BMC can be seen as a substitution for the traditional Business Plan, but it takes more than just building the BMC. It is rather a thinking approach and a practical tool that need to be revised daily in the head. Besides, it should be used for deeper discussions as well, as it is not enough just to state the channels or partners, but rather how does this will affect the other blocks and how to get there.

Interview Price Ninja

1. What is the name of your company?

Price Ninja
2. **What is the stage of your company?**

- Ideation
- Concepting
- Commitment
- Validation
- Scaling
- Establishing

3. **When was your company founded?**

2013

4. **In which industry are you active?**

- Automotive
- Internet & Communication
- Marketing
- Hospitality & Tourism
- Administration & Consulting
- Others:

5. **Have you used the Business Model Canvas at your company? Why?**

- Yes
- No (If no, continue with question 11)

It was part of the Startup Rio program that the company was in. Back in February 2014, Price Ninja used it for the first idea, therefore for the idea creation. The company was already aware of their business model, but the question was if and how to achieve it. The BMC was used to organize the idea and discover problems and issues.

6. **For which purpose did you use the BMC?**

- Idea Creation
- Testing and improving product or service
- Presenting business idea
- Dynamic tool
- Competitor Analysis (Comparing own to competitors business model)
- Other:
Sometimes the business model changes so fast, so the company was not using the BMC immediately. Basically it was used for the idea creation and after pivoting it once, from B2B to B2C, the company stayed with their business model. Minor changes were made in the head by using the BMC as thinking tool.

7. **How did it help your business?**

For the Co-founders it was good to understand the business model and to present each section of it. Sometimes you do not tell everything very clear; therefore, the model helps to explain it to other collaborators to understand the full idea.

8. **How valuable was the Business Canvas Model? Why?**

- Not valuable at all
- Not very valuable
- Neutral
- **Valuable**
- Very valuable

Brazilian are very resistance to trends. Most of the entrepreneurs are just copying already existing business models. When the mentors from Startup Rio sold the idea of the BMC, he expected something different that will have a greater impact. The traditional BP is often not very useful anymore, as the BMC can replace it and facilitate to understand the own business model. Nevertheless, it is not the final answer for everything, but rather to find answers to questions such as, how a startup should organize its roadmap and how things should be done.

The BMC was not used physically at the wall, which might have an impact on the persuasion of it. Therefore, the team sometimes forget to change minor aspects of the business model, which has maybe an impact on the whole idea of the concept.

9. **Looking at BMC, how would you rank the building blocks regarding their importance? Why?**

- Key Partners
- Key Activities
- Key resources
- Cost Structure
- **Value Proposition**
Creating value is definitely the most important aspect an entrepreneur should think of. All the other building blocks are built through the Value Proposition. It is definitely hard to test it, but without doing so the solution/idea will be just an assumption. Regarding the Revenue Streams building block, startups need to be very careful with the B2B market, as it is very difficult and brings many issues with it.

10. HAVE YOU USED ANY OTHER TOOLS, MODELS OR CONCEPTS (E.G. BUSINESS PLAN, SWOT ANALYSIS, ETC.)? IF YES, WHY? WHICH IMPACT DID IT HAVE ON YOUR COMPANY?

Yes, the Business Plan was used many times before, but never for the current company, as it is seen as a waste of time. For a regular and well-established business it is more useful.

Besides, the SWOT analysis was used, but not in a formal and complete way. The company was focusing on the strengths and weaknesses. The customer development process from Blank helped to pivot the business and finally focus on B2C instead of B2B. It cost Price Ninja a lot of time and money to figure out that they need to pivot their customer segments. In the end, it was an expensive lesson, but it was very important to have it as they have learned a lot out of it. Finally, it can be said that no one read and has time for a BP.

11. IN YOUR OPINION, WHAT ARE THE MOST CRITICAL FACTORS/STRATEGIES THAT CAUSE THE SUCCESS OF A TECHNOLOGY-ORIENTED STARTUPS IN BRAZIL?

He do not think that it is related to any tool or methodology. What is crucial is to have a lot of experience and have executed many different projects. Sometimes it is worth to bet on the worse horse in order to see what it is bringing. You need to try stuff by developing MVPs, before offering a number of solutions. Especially building small solutions are very clever. The personal network and relationships are very important in Brazil. It will support the development phase of the startup in a number of ways.
Having knowledge of the industry is very important and can be seen as Jiu Jitsu; you do not need a lot of energy of resources, rather to hit the right point and have the right impact.

It helps to understand the business model, but it is not enough of course.

**INTERVIEW LUZ**

1. **What is the name of your company?**

LUZ

2. **What is the stage of your company?**

   - Ideation
   - Concepting
   - Commitment
   - Validation
   - **Scaling**
   - Establishing

3. **When was your company founded?**

   2013

4. **In which industry are you active?**

   - Automotive
   - Internet & Communication
   - Marketing
   - Hospitality & Tourism
   - **Administration & Consulting**
   - Others:

5. **Have you used the Business Model Canvas at your company? Why?**

   - Yes
   - No (If no, continue with question 11)

It was used to prototype different business model ideas and tried to validate their strategies through the different areas of the company.
6. **For which purpose did you use the BMC?**

- Idea Creation
- Testing and improving product or service
- Presenting business idea
- Dynamic tool
- **Competitor Analysis** (Comparing own to competitors business model)
- Other:

The CEO was following Osterwalder for many years, even before the introduction of the BMC. Osterwalder just had a blog and PowerPoint presentations in the beginning, therefore LUZ was already very familiar with the concept of the Business Model Canvas.

7. **How did it help your business?**

The BMC helped to get new ideas from other businesses and from industries. It was not a huge help within the own business, rather being able to design different canvases from different industries, pull it up and put it into the own mode and test it out.

8. **How valuable was the Business Canvas Model? Why?**

- Not valuable at all
- Not very valuable
- Neutral
- **Valuable**
- Very valuable

The CEO was able to turn his business to a scalable digital product business and further to pivot it from a service to a product. Besides, it helped him to turn his model from a digital product to the software business.

9. **Looking at BMC, how would you rank the building blocks regarding their importance? Why?**

- Key Partners
- Key Activities
- Key resources
The most important building block is definitely the Customer Segment. You need to understand and identify your segment and target group, this will ensure automatically that it will match and build a synergy with the value proposition. The Value Proposition is directly connected to the segments. The most neglected one are the Channels. Many entrepreneurs do not focus on it, which can lead to very fast failure. You need to identify how you will bring your value to the customer, ignoring that will make success impossible. Nevertheless, this building block can bring many challenges, as a great number of sales people, websites and marketplaces already exist. Thus, startups need to choose their distribution carefully and aligned with their overall business strategy. The company found a good strategy for their distribution channel, which lead to their current revenues.

10. HAVE YOU USED ANY OTHER TOOLS, MODELS OR CONCEPTS (E.G. BUSINESS PLAN, SWOT ANALYSIS, ETC.)? IF YES, WHY? WHICH IMPACT DID IT HAVE ON YOUR COMPANY?

The BP was used, but not for the company as it is seen as a waste of time. The company have not used any tool properly, they are a very hands-on execution company, and they do not analyse a lot. LUZ is using the try and error approach. The lean startup is used rather as a culture than a strategic tool, to understand their business model from the customer’s point of view. All the strategic tools and especially the Lean Startup and BMC is used as a design-thinking approach and mindset.

11. IN YOUR OPINION, WHAT ARE THE MOST CRITICAL FACTORS/STRATEGIES THAT CAUSE THE SUCCESS OF A TECHNOLOGY-ORIENTED STARTUPS IN BRAZIL? NOTE: PLEASE RELATE YOUR ANSWER TO THE BMC OR ANY OTHER TOOL THAT YOU HAVE USED.

It is clear that every startup has to go through some basic elements and phases. The first and most important is to solve a real problem. If at least half of all the startups in Brazil would think more about that, this would ensure more success, but unfortunately they don’t
do it. Entrepreneurs try to solve problems from industries and companies that they do not have knowledge from. It is crucial to have some experience and knowledge when entering a specific market.

Besides, everyone is into using tools and it is cool to say it, but people do not really do it. Every single experience that the CEO makes, is shared with his team and friends, in order to learn from that. LUZ is trying to make those startups to go through those methodologies in a very practical way.

The Canvas should be kept as simple as it is, with the diagram allowing people to understand it the way it is. It should not made more complicated. There is a hype about the freemium business models, but traditional models should be not forgotten and used to develop a business in Brazil.

A financial analysis is really important for every startup. That is the only analysis that should be prepared very detailed and carefully, as it is not really possible to work without profit outside Silicon Valley. Startups and entrepreneurs in Brazil need to focus on their revenue streams and cost structure to build a sustainable business.

**INTERVIEW LOCAL WANDER**

1. **What is the name of your company?**

Local Wander

2. **What is the stage of your company?**

   - Ideation
   - Concepting
   - Commitment
   - Validation
   - Scaling
   - Establishing

3. **When was your company founded?**

2014
4. **IN WHICH INDUSTRY ARE YOU ACTIVE?**

- Automotive
- Internet & Communication
- Marketing
- **Hospitality & Tourism**
- Administration & Consulting
- Others:

5. **HAVE YOU USED THE BUSINESS MODEL CANVAS AT YOUR COMPANY? WHY?**

- Yes
- No (If no, continue with question 11)

It is the fastest way to think about the business as a whole, while at the same time it is very straight to the point.

6. **FOR WHICH PURPOSE DID YOU USE THE BMC?**

- **Idea Creation**
- **Testing and improving product or service**
- **Presenting business idea**
- Dynamic tool
- Competitor Analysis (Comparing own to competitors business model)
- **Other: Mindset**

The BMC was used in the beginning is an idea creation tool. Nevertheless, the tool was not used appropriate. Prior knowledge and usage of the tool let to not printing it, rather just going through it in the mind. The reason therefore is basically the fact of a small team (two members), which lead to just communicate it, without executing or putting it on paper. Besides, it was used at a certain point for presenting the business idea to the mentors inside of Startup Rio. At the point when the business model was pivoted, Local Wander used the BMC to improve and change their idea.

7. **HOW DID IT HELP YOUR BUSINESS?**

It helped to see the gaps and blanks, things that they have not thought about and needed to figure out. Additionally, it helped again when changing the business model. The issue
was the cash flow, therefore the company needed to change their revenue streams, while understanding the impact on the other building blocks. It is important that those changes will have as least influence as possible on the other blocks, as it will complicate the whole change.

8. **HOW VALUABLE WAS THE BUSINESS CANVAS MODEL? WHY?**

- Not valuable at all
- Not very valuable
- Neutral
- Valuable
- **Very valuable**

The BMC was very valuable before even starting the business, as it helped to internalize and build her mindset of her business model through the Canvas.

9. **LOOKING AT BMC, HOW WOULD YOU RANK THE BUILDING BLOCKS REGARDING THEIR IMPORTANCE? WHY?**

- Key Partners
- Key Activities
- **Key resources**
- Cost Structure
- **Value Proposition**
- Customer Relationship
- Customer Segments
- Channels
- **Revenue Streams**

The most important building block is definitely the Value Proposition, where every startup should focus primarily on. For Local Wander the Key Resources (the locals) were the most important aspect of the business. Additionally, the revenue streams was a very complex issue, as the company was facing some financial problems. Therefore, the business model needed to be iterated in order to develop a sustainable business and to mitigate the risk of failure.
10. HAVE YOU USED ANY OTHER TOOLS, MODELS OR CONCEPTS (E.G. BUSINESS PLAN, SWOT ANALYSIS, ETC.)? IF YES, WHY? WHICH IMPACT DID IT HAVE ON YOUR COMPANY?

Lean Canvas, competitor analysis and matrixes, as well as the SWOT analysis were used, not as management tool, but rather in the way of strategically thinking.

11. IN YOUR OPINION, WHAT ARE THE MOST CRITICAL FACTORS/STRATEGIES THAT CAUSE THE SUCCESS OF A TECHNOLOGY-ORIENTED STARTUPS IN BRAZIL?

NOTE: PLEASE RELATE YOUR ANSWER TO THE BMC OR ANY OTHER TOOL THAT YOU HAVE USED.

Startups in Brazil should focus on the revenue streams and the cash flow, as without being financial sustainable, it is very difficult to get investments. Especially in the short-term plan, you need to include the revenue streams. Without selling anything or achieving a special amount of users and clients, the business will not work. After testing the idea with the first customers, a price and at the same time new goals need to be set. If a company is not achieving those goals, pivots and iterations in the business model are necessary to identify the greatest value proposition of the idea. This process will cost every entrepreneur a lot of energy, but it is almost inevitable and part of founding a startup.

The BMC brings great value by means of making people think about their business and not missing out any part of it. It is highly advisable to print the BMC and put it on the wall, to allow visibility and fast adaption when realizing that changes are necessary.

The competitors should not be inside the BMC. Startups should build barriers in order not to be crushed. Big companies that have the capacity and capabilities to copy your idea or even introduce a better version of it should be always seen as a threat. Therefore, it is important that an idea have a competitive advantage that cannot be copied or bought with money. This competitive advantage should be somehow connected to the Canvas.

Another aspect that is important for startups is the team, as it can be seen as the most valuable asset of the company. Especially the first employees should have knowledge of the industry in order to facilitate processes and operations through the experience and network.

Finally, it is crucial to understand the own business model as a core business and category, such as logistics, marketing or customer service. An example would be L’Oréal. Their
core business activities is not to sell make-up, but rather marketing activities that are contributing to sell their products.

**INTERVIEW GOODPEOPLE APP**

1. **What is the name of your company?**

GoodPeople App

2. **What is the stage of your company?**

- Ideation
- Concepting
- Commitment
- **Validation**
- Scaling
- Establishing

3. **When was your company founded?**

2015

4. **In which industry are you active?**

- Automotive
- **Internet & Communication**
- Marketing
- Hospitality & Tourism
- Administration & Consulting
- Others:

5. **Have you used the Business Model Canvas at your company? Why?**

- Yes
- No (If no, continue with question 11)

The BMC was used to structure and plan the own business model. Additionally, it helped to understand and identify the most relevant aspects of the idea.
6. **For which purpose did you use the BMC?**

- **Idea Creation**
- Testing and improving product or service
- Presenting business idea
- Dynamic tool
- Competitor Analysis (Comparing own to competitors business model)
- Other:

7. **How did it help your business?**

The BMC helped to structure the own thoughts about different issues, while defining what the next step is and how to continue.

8. **How valuable was the Business Canvas Model? Why?**

- Not valuable at all
- **Not very valuable**
- Neutral
- Valuable
- Very valuable

The BMC itself as a theoretical tool is not very valuable, but it should be seen as a thinking approach. GoodPeople App CEO had many experience with a number of tools and startups, but most of those concepts were used as a mindset that developed their business model logically. Nevertheless, it might help to simplify the structure in the head about the own business and idea.

9. **Looking at BMC, how would you rank the building blocks regarding their importance? Why?**

- Key Partners
- Key Activities
- **Key resources**
- Cost Structure
- Value Proposition
- Customer Relationship
- Customer Segments
- Channels
- Revenue Streams
The most important building blocks are Value Proposition, Key Resources and Cost Structure. In order to create value, a company need the right resources, while keeping the costs as low as possible. A startup should build their business model around those three facts. After defining them, the other building blocks need to be connected to the business model.

10. **HAVE YOU USED ANY OTHER TOOLS, MODELS OR CONCEPTS (E.G. BUSINESS PLAN, SWOT ANALYSIS, ETC.)? IF YES, WHY? WHICH IMPACT DID IT HAVE ON YOUR COMPANY?**

The Lean startup principle was used to test and improve the business idea of GoodPeople App. Additionally, the Hoshin-Management and KPI’s were used to plan and follow the company’s goals. A traditional Business Plan was never used, as it was seen as unnecessary and very time-consuming.

11. **IN YOUR OPINION, WHAT ARE THE MOST CRITICAL FACTORS/STRATEGIES THAT CAUSE THE SUCCESS OF A TECHNOLOGY-ORIENTED STARTUPS IN BRAZIL?**

*NOTE: PLEASE RELATE YOUR ANSWER TO THE BMC OR ANY OTHER TOOL THAT YOU HAVE USED.*

It is advisable for every startup to keep their hypothesis very simple. Thus, it will help to validate the business model. Trying to get an investment from the beginning, should not be the main purpose of the business. Identifying the riskiest hypothesis, developing a MVP and getting as much feedback as possible are the most important aspects in the first stage of a startup. While developing a business model, it is necessary to think about how to execute this.

**INTERVIEW EDOOLs**

1. **WHAT IS THE NAME OF YOUR COMPANY?**

Edools

2. **WHAT IS THE STAGE OF YOUR COMPANY?**

- Ideation
- Concepting
- Commitment
3. **When was your company founded?**

2013

4. **In which industry are you active?**

- Automotive
- Internet & Communication
- Marketing
- Hospitality & Tourism
- Administration & Consulting
- Others: Education

5. **Have you used the Business Model Canvas at your company? Why?**

- Yes
- No (If no, continue with question 11)

The CEO found out about the BMC two years ago and used it for another company that he founded. It is very natural to use it. It is common and used in the minds, as he you used it before many times. Thus, the BMC is used as a thinking tool, rather than a methodology. Besides, it helps to understand the own business model and think about the different building blocks.

6. **For which purpose did you use the BMC?**

- Idea Creation
- Testing and improving product or service
- Presenting business idea
- Dynamic tool
- Competitor Analysis (Comparing own to competitors business model)
- Other: Thinking Tool

7. **How did it help your business?**

It helps to create the idea and sometimes to test and improve the own idea. The BMC has a big value for the team, because in the past, when the team thought e.g. about a new
channel, but they never thought about the impact on the other building blocks. This is very negative and bad to think only about one block, it is essential to understand the connection between all the components. Therefore, it is good to understand the big view of the business.

8. **How valuable was the Business Canvas Model? Why?**

- Not valuable at all
- Not very valuable
- Neutral
- Valuable
- Very valuable

Because of the fact that were mentioned above. It is a complete model that presents the whole idea, when changing one part of the business.

9. **Looking at BMC, how would you rank the building blocks regarding their importance? Why?**

- Key Partners
- Key Activities
- Key resources
- Cost Structure
- Value Proposition
- Customer Relationship
- Customer Segments
- Channels
- Revenue Streams

Those four components are all very important. There is a synergy between the Customer Segments and the Value Proposition, as you need to deliver value to a potential target group. Besides, a feasible and appropriate channel is necessary to deliver this value and yield financial results from that.

10. **Have you used any other tools, models or concepts (e.g. Business Plan, SWOT Analysis, etc.)? If yes, why? Which impact did it have on your company?**

The Lean Startup concept was used at Edools many times. As the future is uncertain, companies need to decide carefully, which path to take for any kind of decision. Edools
used Google and Facebook as a channel to test both and to identify the one that fits the best to their business model. It is more like a principal of the company, as a data-driven mind inside the company is very important.

The SWOT analysis is used as a planning tool for every year, to understand the current and the future strength, weaknesses, opportunity and threats.

11. IN YOUR OPINION, WHAT ARE THE MOST CRITICAL FACTORS/STRATEGIES THAT CAUSE THE SUCCESS OF A TECHNOLOGY-ORIENTED STARTUPS IN BRAZIL?

NOTE: PLEASE RELATE YOUR ANSWER TO THE BMC OR ANY OTHER TOOL THAT YOU HAVE USED.

The CEO passed four months in Silicon Valley this year and could learn many things there. Startups in Brazil should focus on making money from the first day, as there are not many investors in the early stage. Business Angels are also very rare, as they only invest in validated business models. It is crucial to understand how to make money very fast, this is good for the short-term period, while on a medium-term period the whole business model need to be validated.

The second point is about the national competition. The Brazilian companies need to think out of the country and not only thinking about the local competition.

In terms of the BMC, Brazilian companies need to focus on customer segments and key partners to ensure a stable and sustainable business model.

In all the workshops he offers, the people ask what to do after the BMC, as it is only about planning and thinking. Unfortunately, it does not help to execute the business idea. Therefore, his other company developed two other tools and used it with the BMC.

INTERVIEW BAOBBA

1. WHAT IS THE NAME OF YOUR COMPANY?

Baobba LAB
2. **What is the stage of your company?**

- Ideation
- Concepting
- **Commitment**
- Validation
- Scaling
- Establishing

3. **When was your company founded?**

2013

4. **In which industry are you active?**

- Automotive
- Internet & Communication
- Marketing
- Hospitality & Tourism
- Administration & Consulting
- **Others: Nutrition & Food**

5. **Have you used the Business Model Canvas at your company? Why?**

- Yes
- No (If no, continue with question 10)

The BMC was used for another business before, but is not used anymore by the Founder.

6. **For which purpose did you use the BMC?**

- **Idea Creation**
- Testing and improving product or service
- Presenting business idea
- Dynamic tool
- Competitor Analysis (Comparing own to competitors business model)
- Other:

7. **How did it help your business?**
8. **How valuable was the Business Canvas Model? Why?**

- Not valuable at all
- Not very valuable
- Neutral
- Valuable
- Very valuable

9. **Looking at BMC, how would you rank the building blocks regarding their importance? Why?**

- Key Partners
- Key Activities
- Key resources
- Cost Structure
- Value Proposition
- Customer Relationship
- Customer Segments
- Channels
- Revenue Streams

10. **Have you used any other tools, models or concepts (e.g. Business Plan, SWOT Analysis, etc.)? If yes, why? Which impact did it have on your company?**

The Lean Startup and Steve Blank’s Customer Development Process was used. Those tools were seen as very influential on the business model. It helped to understand the own business model and to identify the individual processes that are connected to each other. The BP was never used as it is not a dynamic tool, and it is crucial to be able to adapt the own business model to fast changing environments and conditions. Using the BP will lead to get stuck with those adaptations, therefore Baobba is focusing on a business model with an organic growth.

11. **In your opinion, what are the most critical factors/strategies that cause the success of a technology-oriented startups in Brazil? Note: Please relate your answer to the BMC or any other tool that you have used.**

It is important that startups develop a business model that is as flexible as possible. The reason therefore is that especially in emerging countries such as Brazil the environment, laws and regulations are changing fast. Thus, it is essential to adapt fast and being able to adjust the own business model by building it in a spiritual and natural way.
The BMC is getting obsolete and are maybe not the best tool for the Brazilian market. The Lean Startup tool gets closer to what entrepreneur should follow in Brazil, but it is still not reflecting an open structure.

The sharing economy is growing and the biggest issue that build barriers in this economy is if entrepreneurs are not releasing themselves from the mindset of being the CEO, Head or Founder of the business. The Brazilian market is enormous and many entrepreneurs having great ideas and dreams, but they need to stick to those dreams and build something that they are believing in and that add value. Thinking only about getting an investment and making money or becoming rich is not the right attitude, even though financial results are essential for Brazilian Startups.

Another important fact is that the current models, concepts and methods are developed in the US or Europe. Companies and entrepreneurs are in very different business environments, compared to Brazil or any other emerging country. Thus, it is advisable to define and identify new and other concepts that are more sophisticated and suitable to the environments and conditions in markets like Brazil.

**INTERVIEW RAZOOM**

1. **WHAT IS THE NAME OF YOUR COMPANY?**

Razoom

2. **WHAT IS THE STAGE OF YOUR COMPANY?**

- Ideation
- Concepting
- Commitment
- **Validation**
- Scaling
- Establishing

3. **WHEN WAS YOUR COMPANY FOUNDED?**

2013
4. **In which industry are you active?**

- Automotive
- Internet & Communication
- Marketing
- **Hospitality & Tourism**
- Administration & Consulting
- Others:

5. **Have you used the Business Model Canvas at your company? Why?**

- Yes
- No (If no, continue with question 11)

The BMC was used in several ways. First, it was used to develop the business idea and transfer it to a sustainable business model. Afterwards, it helped to pivot, test and validate the model by conducting interviews with potential customers and trying different strategies and ways of executing the business model. Besides, the company could map the individual components that enabled to create and capture value.

6. **For which purpose did you use the BMC?**

- Idea Creation
- Testing and improving product or service
- Presenting business idea
- Dynamic tool
- Competitor Analysis (Comparing own to competitors business model)
- Other: To map the own business

7. **How did it help your business?**

The BMC helped to understand the own business and identify which are the most important factors to focus on. The first version of the canvas is often very broad, while after a certain amount of time, the business model will get more detailed and deeper. Besides, it facilitates the process of finding the best customer segment for the idea and understand their needs.
8. **How valuable was the Business Canvas Model? Why?**

- Not valuable at all
- Not very valuable
- Neutral
- Valuable
- **Very valuable**

Osterwalder’s model helped the startup to understand how to do, why and what, as well as for whom they are doing it. Razoom could test their business by using different customer segments and evaluate which segment is the most sustainable for the own business model.

Startups and entrepreneurs should use the BMC on a weekly basis to continuously understand their strengths, weaknesses, opportunities and strengths.

9. **Looking at BMC, how would you rank the building blocks regarding their importance? Why?**

- Key Partners
- Key Activities
- Key resources
- Cost Structure
- **Value Proposition**
- Customer Relationship
- **Customer Segments**
- Channels
- Revenue Streams

As most of the startups, the company was focusing the most on the building blocks Value Proposition and Customer Segments. Without identifying in the very beginning, startups will not be able to develop the other components of their business.

It need to be said that Razoom was focusing the least on Key Partners and Cost Structures, as those were not essential for validating their business in the first stage.

10. **Have you used any other tools, models or concepts (e.g. Business Plan, SWOT Analysis, etc.)? If yes, why? Which impact did it have on your company?**

The company was using Steve Blank’s customer development tool, as well as other tool that he created. A business plan was never used, as it is seen as wasting time. The Lean
Startup Manual, Blank’s tool and the BMC were used as combined package of tools and thinking approach. The company understood how to execute their business model, after they were able to plan and develop it. Getting out of the building and talking to potential customers and people will help to make progress and build the most sustainable business model through their own idea.

11. **In your opinion, what are the most critical factors/strategies that cause the success of a technology-oriented startups in Brazil?**

*Note: Please relate your answer to the BMC or any other tool that you have used.*

The current economic situation in Brazil complicate the fact of founding a company. Finding investments is very difficult and startups need to understand that they have to focus on their revenue streams to persuade the investors of the financial sustainability of their idea. Defining the financial site of the idea, while creating value and focusing on the right customer segment will facilitate the fact of executing a business idea.
<table>
<thead>
<tr>
<th>Name</th>
<th>Startup Development Stage</th>
<th>Foundation Year</th>
<th>Industry</th>
<th>Usage of the Business Model: Why?</th>
<th>Purpose of using the BMC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vizubox</td>
<td>Validation</td>
<td>2014</td>
<td>Marketing</td>
<td>Yes: It was used for the initial business model, because one of the early partners worked with the BMC and presented some tools and methods. Purpose of using the BMC: Testing and improving product or service. Presenting business idea, Dynamic tool.</td>
<td>Idea creation, Testing and improving product or service, Presenting business idea, Dynamic tool. Vizubox, a startup in the foundation stage, used the BMC to validate its business idea. The tool was used to present the business idea and discover problems and issues. The BMC was also used as a thinking tool.</td>
</tr>
<tr>
<td>Price Ninja</td>
<td>Commitment</td>
<td>2013</td>
<td>Internet &amp; Marketing</td>
<td>Yes: It was part of the Startup Rio program that the company was in. Back in February 2014, Price Ninja used it for the first idea, therefore for the idea creation. The company was already aware of their business model, but the question was if and how to achieve it. The BMC was used to organize the idea and discover problems and issues. Purpose of using the BMC: Idea creation, Testing and improving product or service, Presenting business idea, Dynamic tool.</td>
<td>Idea creation, Testing and improving product or service, Presenting business idea, Dynamic tool. Price Ninja, a startup in the commitment stage, used the BMC to support idea creation and testing and improving the product or service. The tool was also used to present the business idea and for dynamic tool purposes.</td>
</tr>
<tr>
<td>Local Wander</td>
<td>Concepting</td>
<td>2014</td>
<td>Tourism</td>
<td>Yes: It is the fastest way to think about the business as a whole, while at the same time it is very straight to the point. Purpose of using the BMC: Idea creation, Testing and improving product or service, Presenting business idea, Dynamic tool.</td>
<td>Idea creation, Testing and improving product or service, Presenting business idea, Dynamic tool. Local Wander, a startup in the concepting stage, used the BMC to create ideas and test and improve the product or service. The tool was also used for dynamic tool purposes.</td>
</tr>
<tr>
<td>Streets</td>
<td>Commitment</td>
<td>2015</td>
<td>Admin</td>
<td>Yes: It is great to get a MVP through the BMC and to understand all the activities and tasks included to identify the own model. Purpose of using the BMC: Testing and improving product or service, Competitor analysis.</td>
<td>Testing and improving product or service, Competitor analysis. Streets, a startup in the commitment stage, used the BMC to improve the product and understand the competition.</td>
</tr>
<tr>
<td>LUZ</td>
<td>Scaling</td>
<td>2013</td>
<td>Consulting</td>
<td>Yes: It was used to prototype different business model ideas and tried to validate their strategies through the different areas of the company. Purpose of using the BMC: Idea creation, Testing and improving product or service, Presenting business idea, Dynamic tool, Competitor Analysis. The CEO was following Osterwalder for many years, even before the introduction of the BMC. Osterwalder just had a blog and PowerPoint presentations in the beginning, therefore LUZ was already very familiar with the concept of the Business Model Canvas.</td>
<td>Idea creation, Testing and improving product or service, Presenting business idea, Dynamic tool, Competitor Analysis. LUZ, a startup in the scaling stage, used the BMC to prototype business model ideas and validate strategies. The tool was also used for dynamic tool and competitor analysis purposes.</td>
</tr>
<tr>
<td>Edools</td>
<td>Scaling</td>
<td>2013</td>
<td>Education</td>
<td>Yes: The CEO found out about the BMC two years ago and used it for another company that he founded. It is very natural to use it. It is common and used in the minds, as he used it before many times. Thus, the BMC is used as a thinking tool, rather than a methodology. Besides, it helps to understand the own business model and think about the different building blocks. Purpose of using the BMC: Idea creation, Testing and improving product or service.</td>
<td>Idea creation, Testing and improving product or service. Edools, a startup in the scaling stage, used the BMC as a thinking tool to understand the business model and for dynamic tool purposes.</td>
</tr>
<tr>
<td>Baobba</td>
<td>Commitment</td>
<td>2013</td>
<td>Nutrition and Food</td>
<td>Yes: The BMC was used for another business before, but is not used anymore by the Founder. Purpose of using the BMC: Idea Creation.</td>
<td>Idea Creation. Baobba, a startup in the commitment stage, used the BMC for idea creation.</td>
</tr>
<tr>
<td>GoodPeople App</td>
<td>Validation</td>
<td>2015</td>
<td>Internet</td>
<td>Yes: The BMC was used to structure and plan the own business model. Additionally, it helped to understand and identify the most relevant aspects of the idea. Purpose of using the BMC: Idea creation.</td>
<td>Idea creation. GoodPeople App, a startup in the validation stage, used the BMC to structure and plan the business model.</td>
</tr>
<tr>
<td>Shopgram</td>
<td>Validation</td>
<td>2015</td>
<td>Internet</td>
<td>Yes: They have used it as the beginning for creating their idea and also further to test and pivot it. This was crucial to understand if they were focusing on the right aspects. Purpose of using the BMC: Idea creation, Testing and improving product or service.</td>
<td>Idea creation, Testing and improving product or service. Shopgram, a startup in the validation stage, used the BMC to create and test their business idea.</td>
</tr>
<tr>
<td>Razoom</td>
<td>Validation</td>
<td>2013</td>
<td>Tourism Marketplace</td>
<td>Yes: The BMC was used in several ways. First, it was used to develop the business idea and transfer it to a sustainable business model. Afterwards, it helped to pivot, test and validate the model by conducting interviews with potential customers and trying different strategies and ways of executing the business model. Besides, the company could map the individual components that enabled to create and capture value. Purpose of using the BMC: Idea creation, Testing and improving product or service, Other. To map the own business.</td>
<td>Idea creation, Testing and improving product or service, Other. To map the own business. Razoom, a startup in the validation stage, used the BMC to develop and test the business idea. The tool was also used to map the business model.</td>
</tr>
</tbody>
</table>
It helped them to understand and improve Vizubox’s business model. It helped to deliver their final business model, as they were able to develop a new business model. Hence, it helped for better interaction with customers, after all, Vizubox’s business model could be explained as a visual way, that helped to understand the value creation of the services.

Vizubox

Value Proposition and Revenue Streams: Very valuable. It is very valuable. The entrepreneur focused most on this part, as it is a very difficult to change. Therefore, it helped to give the idea and the customer.

The CEO was able to turn his business to a scalable digital product business and further to pivot it after a pitch. Vizubox’s business model could be underlined the value creation of the service.

For the Co-Founders it was very good to understand the business model and to present such section of it. Sometimes you do not tell everything very clear, therefore, the model helps to explain it in other collaboration to understand the fullvalue.

The Lean Canvas was used, but not for the company as it is seen as a waste of time. The manager was hired to support the team. Realized that the company was very weak in sales activities, therefore a sales team was developed.

Local Winner

Value Proposition, Key Resources and Key Partners: The Value Proposition is the most important building block. It is definitely the basis, but without doing so the whole model will fall apart. Regarding the Revenue Building blocks, startups should be very careful, the BMC model, as it is very difficult and brings many issues to the business.

Another aspect that is important for startups is the team, as it can be seen as the most valuable asset of the company.

For the Co-Founders it was very good to understand the business model and to present such section of it. Sometimes you do not tell everything very clear, therefore, the model helps to explain it in other collaboration to understand the fullvalue.

Lean Startup

Value Proposition, Customer Segments and Channels: Very valuable. It is valuable as it helps to think strategically about the customer in the beginning. There are many tools, they are not quite, but it is very important as it helps to think strategically about the customer.

The SWOT analysis and the Business Plan has or will be used. Currently, the BP was used, but not for the company as it is seen as a waste of time. The manager was hired to support the team. Realized that the company was very weak in sales activities, therefore a sales team was developed.

L11 and L12

Value Proposition, Customer Segments and Channels: If the Lean Startup model is definitely the Customer Segment. You need to understand and identify your segment and target group. This will ensure maximum traction. It will make that you use a company with the same problem as you. The Value Proposition is definitely the Customer Segment.
People, websites and marketplaces already exist. Thus, the business model.

They were brought from the other building blocks. This is very negative.

Razoom was focusing the least on Key Partners and Costs.

The company was using Steve Blank’s Customer Development Process was used.

It need to be said that Razoom did not have much success until the initial development phase. The value of their idea, while creating value and focusing on the right customer segment will facilitate the fact of executing a business model.

In the beginning, they had to propose a business plan, because the investors needed some background to understand their business. The Lean Startup model was used to test and improve the business model.

The Lean Startup concept was used at Razoom many times. As the future is uncertain, entrepreneurs need to decide carefully, which path to take for any kind of decision. Entrepreneurs used Google and Facebook as a channel to test and identify the right path for their business model. It is more than a principle of the company, as data driven minds inside the company is very important.

The Lean Startup principle was used to test and improve the business model. It helped to understand the business model and to identify the individual processes that are connected to the company. The BPM is very important and it is crucial to understand the customer and the financial sustainability of their idea. Defining the financial model is not very valuable, but it should be seen as a thinking tool.

A financial analysis is really important for every startup. That is the only analysis that should be prepared very detailed and it needs to be prepared very early. It is crucial to understand the connection between the components. Therefore, it is good to understand the key components of the business.

Razoom helped the team to think about different issues, while defining the most suitable one for the general idea. It helped to get the idea out of the brainstorming.

No very valuable. The BPM itself as a theoretical tool is not very valuable, but it should be seen as a thinking tool for entrepreneurs. SWOT analysis and spend a lot of time it. The BMC made things easier.

It is advisable to have a business model that keep simplicity very simple. That is, it is advisable to have a business model. Trying to get an investment from the beginning, should not be the main purpose of the business. Identifying the right customer, developing a MVP and getting as much feedback as possible are the most important aspects in the first stages of a startup. Developing a business model, it is necessary to think about core to execute this.

The BMC itself as a theoretical tool is not very valuable, but it should be seen as a thinking tool. Not very valuable:

The BMC helped to structure the stakeholders and building blocks.

It helps to create the idea and sometimes a tool that need to be used daily in the head. Besides, it should be used for deeper discussions as well, as it supports the understanding and strategic steps.

Its main value is that it helps to identify the business model.

The BMC helped to structure the stakeholders and building blocks.

Developing a financial business model is very important, as it is crucial to understand the connection between the components. The most important building block is the Value Proposition. It is crucial to deliver clear value, if you don’t know what value you are delivering, you don’t know what you are doing. Secondly, the Customer Segments need to be clear in order to create a strong business model around those tests.

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It had used the Business Model Canvas as one of the most important building blocks of the Value Proposition. It is crucial to deliver clear value, if you don’t know what value you are delivering, you don’t know what you are doing. Secondly, the Customer Segments need to be clear in order to create a strong business model around those tests.

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