

TETRA

BUSINESS MODELS FOR THE NEXT GENERATION INTERNET

WEBINAR #12: 27 JANUARY 2021 – 10:00 CET

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NEXT GENERATION INTERNET

HUMAN INTERNET FOR A BETTER FUTURE

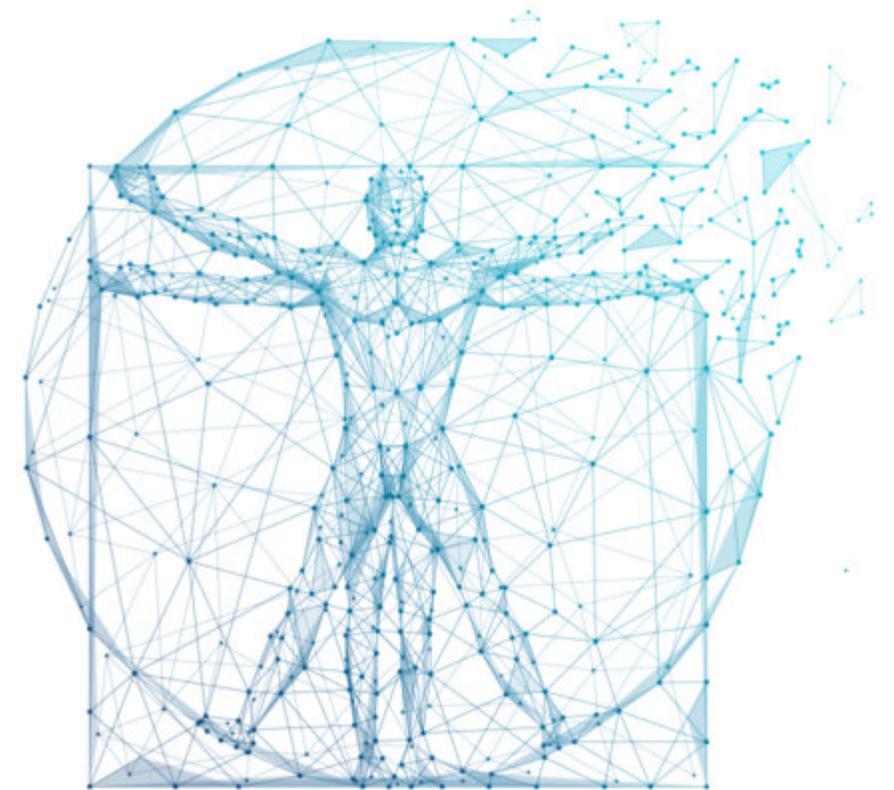
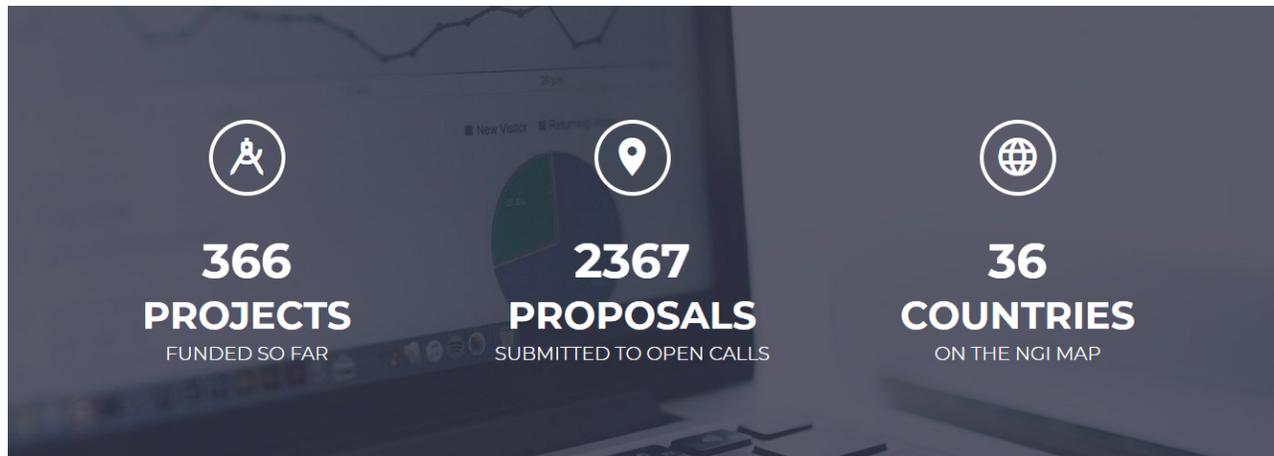
NGI Vision: Develop key human-centric internet technologies and infrastructure based on trust, resilience, decentralisation, inclusion and sustainability



NGI.EU

NGI initiative is supported by:

- 9 Research and Innovation Actions (**Ledger, Dapsi, NGIAtlantic.eu, NGI Trust, NGI Pointer, eSSIF-Lab, NGI ZERO, Fed4FIRE+** and **ONTOCHAIN**)
- 5 Coordination and Support Actions (**NGI4ALL, Think Nexus, NGI Explorers, NGI Forward** and **TETRA**)
- 7 multilingual NGI (**BERGAMOT, COMPRISE, ELITR, EMBEDDIA, GOURMET, PRÊT-A-LLOD, European Language Grid**)



NGI TETRA

WHAT WE DO?

- Coaching during TETRA bootcamps
- 20 hours of mentoring after TETRA bootcamps for the most promising businesses
- Individual master plans

More information:

<https://business.ngi.eu/>

TRAINING

Join our bootcamps and webinars on different topics such as intellectual property, sales and new markets, leadership skills, investments and much more.

MENTORING

Reiceive individual mentoring from experts, startup founders and investors.

BUILDING NETWORKS

Get access to Digital Innovation Hubs, connect with investors and corporations for collaboration.



TETRA NGI: OUR FOCUS



IPR ADVISORY



**TRANSVERSAL
COMPETENCES AND
SOFT SKILLS**



**NEW MARKETS,
SALES AND BUSINESS
MODELS**



**INVESTMENT
READINESS**



**ACCESS TO EQUITY
FUNDING**



**ACCESS TO
(INTERNATIONAL)
PUBLIC CONTRACTS**



**FACILITATING
PARTICIPATION IN A
WELL-ESTABLISHED
PITCHING
COMPETITION**



**TECH-TRANSFER
SERVICES TO DIGITAL
INNOVATION HUBS**



**QUALIFIED
INTRODUCTIONS AND
MATCH-MAKING
SERVICES**



**INDIVIDUAL
MENTORING ON
INNOVATION,
BUSINESS
DEVELOPMENT AND
COMMERCIALISATION**

business.ngi.eu



WHAT'S NEXT: ONLINE SCALE-UP BOOTCAMP



The image is a promotional graphic for the NGI TETRA Scale-up Bootcamp. It features a dark background with a stylized illustration of four business professionals in business attire climbing a series of dark blue, jagged rock formations. The person at the top is holding a flag. The text 'NGI TETRA' is in the top left, 'Scale-up' is in a purple box in the top right, and 'Bootcamp' is in large, light blue letters in the center. Below that, it says '16 - 18 March 2021' and 'ONLINE'. At the bottom left, there is a small European Union flag and the website 'business.ngi.eu'.

- To accelerate their already established product or service

WHAT WILL YOU GET:

- 3 online pre-sessions
- 3-day intense online bootcamp
- Personal advice and guidance

Link: <https://business.ngi.eu/join-now/events/online-scale-up-bootcamp-1/>



HI, MY NAME IS SLAVO!



kiuub



**SO, WHAT IS A BUSINESS
MODEL?**

WHAT IS A BUSINESS MODEL?

A business model is an outline of how a company plans to make money with its product and customer base in a specific market.

WHAT IS BUSINESS MODEL?

At its core, a business model explains four things:

- What product or service a company will sell
- How it intends to market that product or service
- What kind of expenses it will face
- How it expects to turn a profit

WHAT IS BUSINESS MODEL?

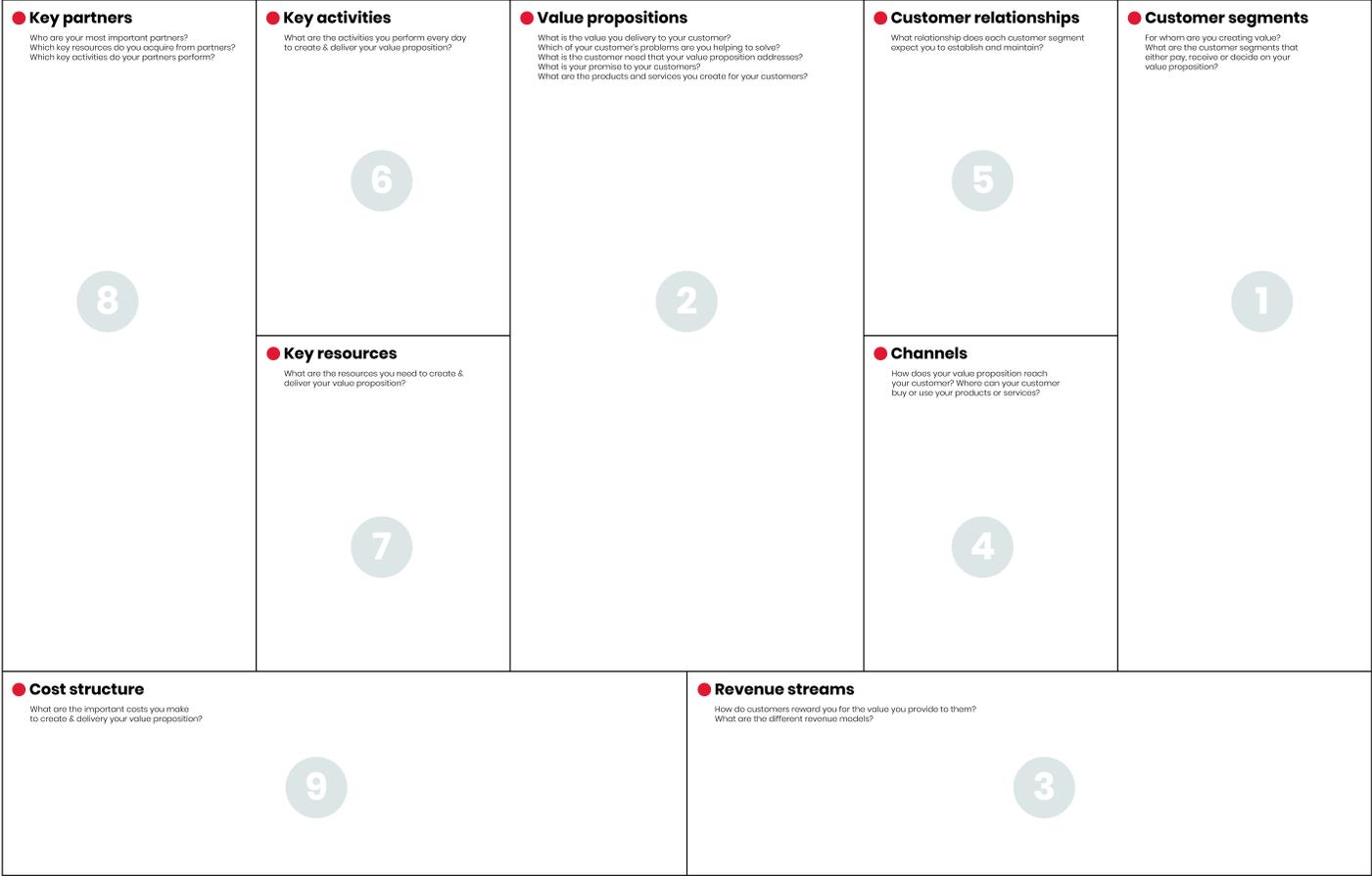
Essential elements of a business model include a unique value proposition, a viable target market, and a competitive advantage. Without them, you don't have a way of generating revenue.

WHAT IS A BUSINESS MODEL?



**WHAT IS THE BEST WAY TO
VISUALIZE A BUSINESS
MODEL?**

BUSINESS MODEL CANVAS



WHAT IS A BUSINESS MODEL CANVAS?

The business model canvas is a shared language for describing, visualizing, assessing and changing business models. It describes the rationale of how an organization creates, delivers and captures value.

HOW DID BUSINESS MODELS EVOLVE OVER TIME?

BUSINESS MODEL EVOLUTION OVER TIME

Business model vs. business plan?

BUSINESS MODEL EVOLUTION OVER TIME



BUSINESS MODEL EVOLUTION OVER TIME

Production Era



Marketing Era



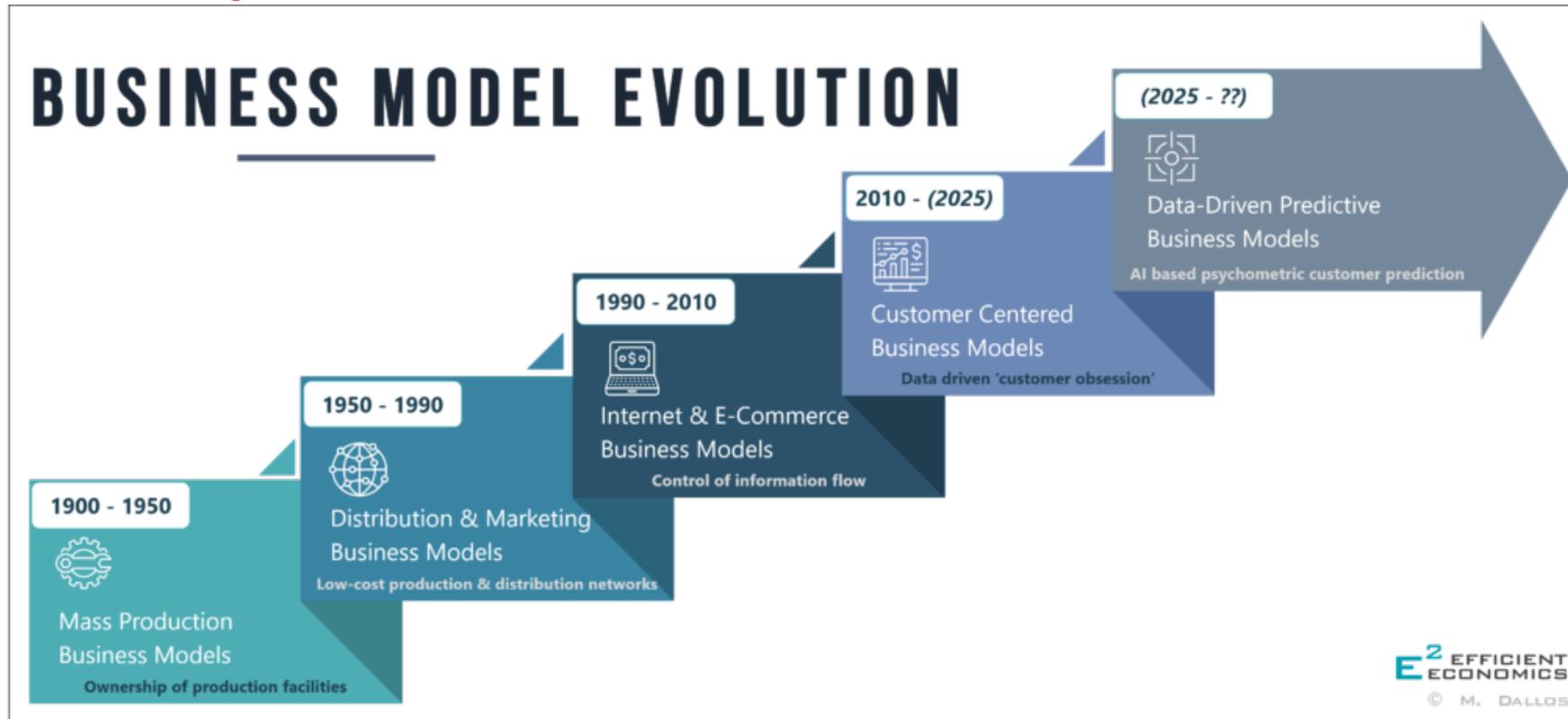
Relationship Era



Next Year's Model



BUSINESS MODEL EVOLUTION OVER TIME



BUSINESS MODEL EVOLUTION OVER TIME

“The move from desktop computing to the web. We saw massive disruption as we went from a licensed software business model to an advertising-supported business model, which has evolved into an advertising/subscription freemium business model.”

Fred Wilson, VC

**LET'S LOOK AT SOME
EXAMPLES OVER THE
TIME:**

BUSINESS MODEL MARATHON

1/10

Direct sales business model

- In this model, products are directly sold to the end customers either in a one-on-one conversation or small gathering.
- The salesperson gets a share of every sale.



Tupperware[®]

AVON



BUSINESS MODEL MARATHON

2/10

Franchise model

- Franchising allows the franchisor to license its resources, brand name. Intellectual property and rights for a franchise to sell its products and services in exchange for a royalty.



Subscription business model

- This model allows the customer to get services by paying a fixed amount every month or year. In this case, the company has to provide enough value to its customer, so they visit the website over and over again.

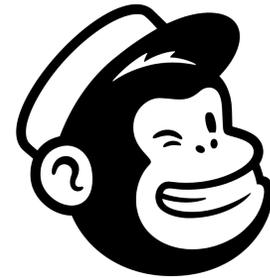
NETFLIX

BUSINESS MODEL MARATHON

4/10

Freemium business model

- A mix of free and paid services, the freemium model is mostly used by tech companies in the Software as a Service (SaaS) or apps business model. To grow business and acquire customers, companies offer free (lite) versions to customers but for a limited time or with limited features. To unlock the upgraded features, the customer has to opt for paid services.



mailchimp



BUSINESS MODEL MARATHON

5/10

Peer-to-peer business model

- As per this model, a company acts as a middleman between two individual parties and create value for both demand and supply side.



Uber



Razor and blade business model

- In this model, one item (Razor) is sold at a low price while another associated item (blade) is sold at a premium price. It is also known as a printer and cartridge business model.



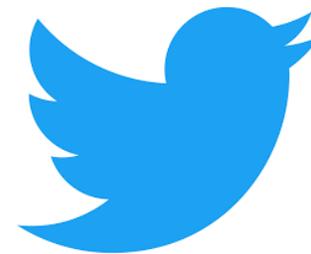
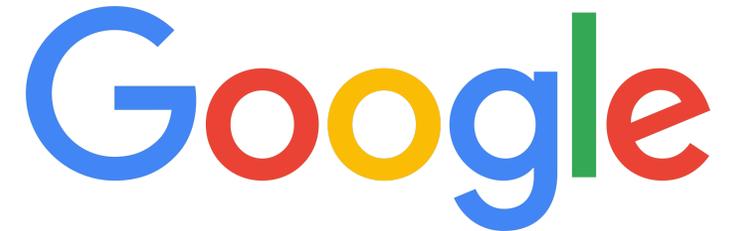
Reverse Razor and Blade business model

- The business model is contrary to the razor blade model. It implies offering low priced products to encourage customers to buy high priced items as well.
- Apple employs this business model perfectly. Apple's App Store and iTunes sell apps, movies, songs, etc. at reasonable rates but charges premium prices on its devices like iPhone, iPad, and Mac.



Hidden revenue business model

- This model refers to a revenue generation system in which users don't have to pay for the services offered, but the company still earns revenue streams from other sources.



User-generated content business model

- The one-for-one business model can be referred to as a social entrepreneurship business model. It's a hybrid solution, a combination of both profit and not-for-profit services.



BUSINESS MODEL MARATHON

10/10

Consulting business model

The logo for kiuub, featuring the word "kiuub" in a bold, lowercase, sans-serif font. The letter 'i' has a small diamond shape above it.

- Companies that provide consulting services by hiring experienced and qualified people and having them assigned on client's projects follow the consulting business model.

The logo for McKinsey & Company, featuring the words "McKinsey" and "& Company" in a serif font, stacked vertically.The logo for Deloitte, featuring the word "Deloitte" in a bold, sans-serif font, followed by a green dot.

**OKAY, BUT WHAT ABOUT
BREAKTHROUGH OPEN
SOURCE INNOVATION?**

BUSINESS MODEL OPEN SOURCE MARATHON

1/4

Open-Core

- The open-core model primarily involves offering a "core" or feature-limited version of a software product as free and open-source software, while offering "commercial" versions or add-ons as proprietary software.
 - **Ease-of-use pattern:** SaaS, UX, Collaboration tools
 - **Enterprise pattern:** Scalability, Security, Management and Integrations
 - **Solutions pattern:** Use-case specific functionality

BUSINESS MODEL OPEN SOURCE MARATHON

2/4

Professional Services (Proserv)

- Early open-source models often built on professional services, with companies paying for support and consultancy. While a number of companies have got to scale with this model, it has not been without significant challenges.
- Services revenue is often highly-unpredictable and requires significant scaling of head-count which can leaves companies exposed when revenues shift.

BUSINESS MODEL OPEN SOURCE MARATHON

3/4

Hosting

- In the last decade hosting has become a common offering from open source companies, especially in the data space, enabling end-users to use infrastructure components in a similar way to SaaS offerings without having to be concerned with the operational overhead of managing the infrastructure.
- The economics of hosting are driven on the upside by willingness to pay, if the price is significantly higher than the cost of the underlying infrastructure then companies will choose to host for themselves, this is especially true for larger customers who already have sophisticated in-house devops teams.

BUSINESS MODEL OPEN SOURCE MARATHON

4/4

Marketplaces

- While often overlooked, the largest commercial success story in open source is Android. While Google doesn't breakout revenue and margin from the Play store in their annual financial reports, they're likely to be higher than those of Red Hat which previously held the title.
- While it's still a relatively rare model, being an intermediary between different parties that interact with your product is a model that open source startups are increasingly exploring, and we're likely to see a number of additional open source companies built on this model over the next decade.

SO HOW SHOULD WE COMPARE THEM?



Open-Core



Proserv



Hosting



Marketplace

	Open-Core	Proserv	Hosting	Marketplace
Margins	>80%	20% - 40%	40% - 70%	>60%
Defensibility	High	Low	Low	High
Scalability	High	Medium	Medium	High
Examples	 		 	 



**WHAT IF I DON'T HAVE A
MONETIZATION STRATEGY
IN PLACE?**

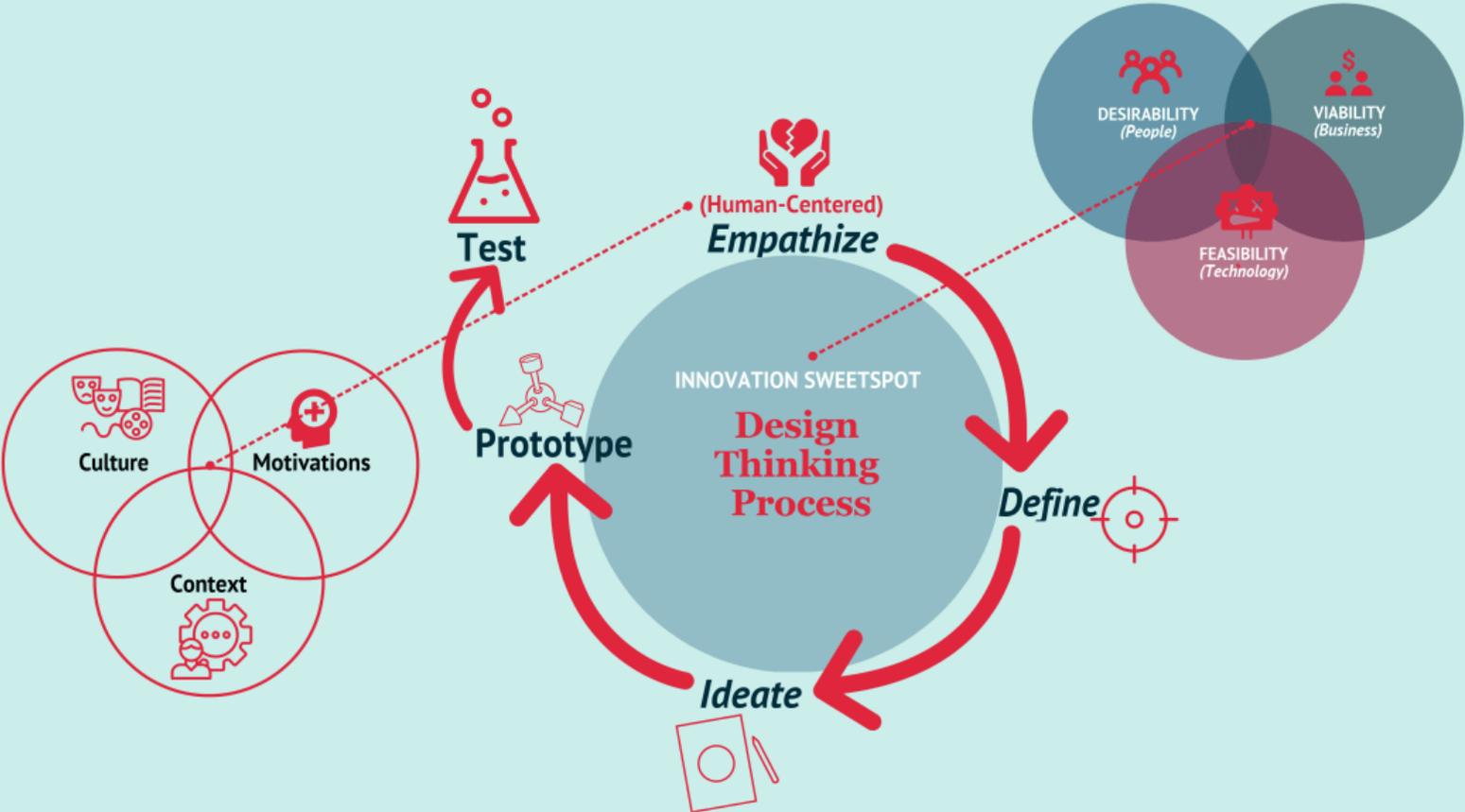
THE MOST COMMONLY USED SOURCES OF FUNDING FOR NON-PROFITS

Top 6 ways to get funding for non-profits

- Crowd Funding
- Institutional donations
- Government grants
- Private endowments
- Selling services / products prior to making them
- Membership fees

**HOW CAN I CHOOSE
RIGHT BUSINESS MODEL
FOR MY BUSINESS?**

YOU ARE PROBABLY SOMEWHERE HERE:



FIND THE BEST BUSINESS MODEL FOR YOUR TARGET GROUP

Ask them!

- Right business model should be an outcome of complex qualitative and quantitative research on your target group.
- In order to complete research correctly, you can not ask any subjective questions.

WHAT HAPPENS WHEN THIS RESEARCH IS NOT DONE RIGHT?

Failure of non-profit organisation – Trojlístok (Shamrock) - Slovakia

- Former president of Slovak republic decided, that he would start a non-profit organisation for children health care.
- The survey found that 20% of families would be willing to pay for such a service.
- They spent 3 years preparing this project and spent half a million euros

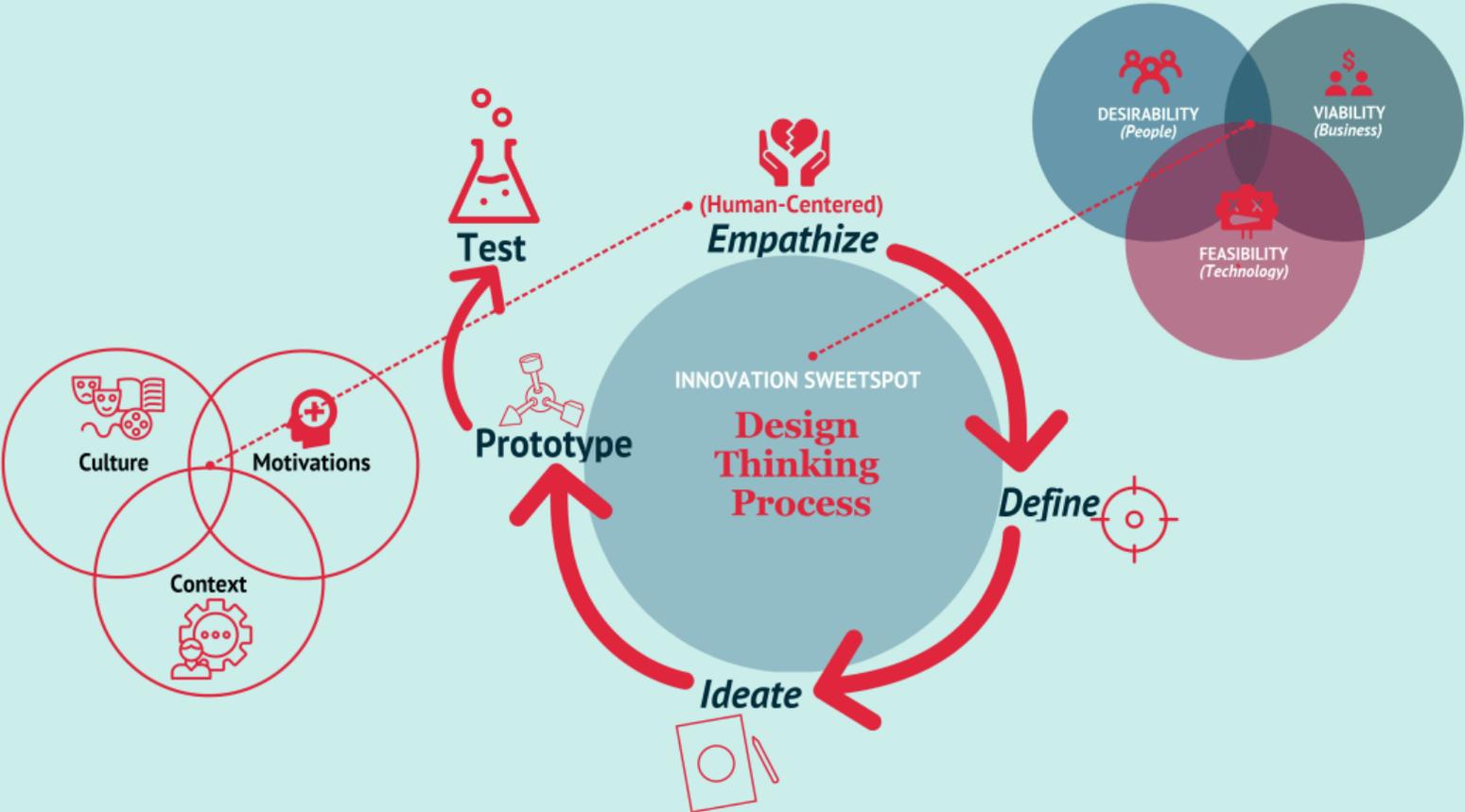
WHAT HAPPENS WHEN THIS RESEARCH IS NOT DONE RIGHT?

Real conversion? Less than 1%.

WHAT HAPPENS WHEN THIS RESEARCH IS NOT DONE RIGHT?

It wasn't until later that they realized that when parents were asked if they would be willing to pay a few euros a month for top-of-the-line child care, most would answer yes. It would be rude to answer no.

YOU ARE PROBABLY SOMEWHERE HERE:

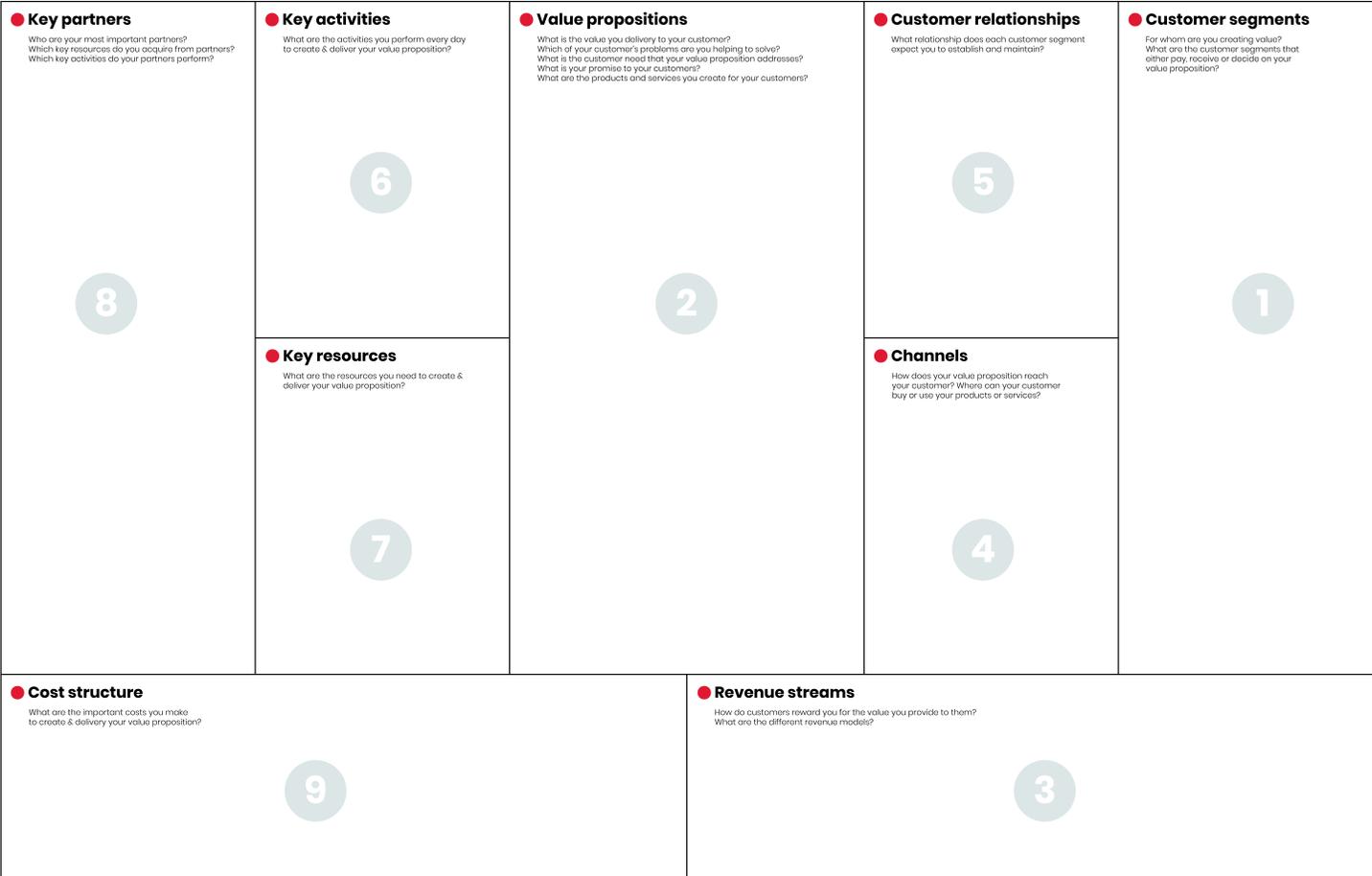


WHAT CAN BE DONE NEXT?

Rank your business model's performance on scale 0 to 10 using these questions:

- How much does switching costs prevent your customers from churning?
- How scalable is your business?
- Does your business model produce recurring revenues?
- Do you earn before you spend?
- How much of the work can be done by other?
- Does your business model provide built-in protection from competition?
- On what cost structure is your business model based?

BUSINESS MODEL CANVAS



BUSINESS MODELS FOR NEXT GENERATION INTERNET



Q & A
Session

**THANK YOU
&
GOOD LUCK WITH YOUR BUSINESS!**



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