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BUSINESS MODEL CANVAS: THE BEST OPTION FOR STARTUP

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ABSTRACT

The Business Environment is increasingly dynamic and competitive, to highlight these characteristics Alexandre Osterwalder and Yves Pigneur developed the Business Model Canvas, a visual tool composed of nine blocks that assist in the complete view of the business, and in structuring ideas for model development of business in an interactive and simple way, being widely used in technology-based companies such as Startups, this type of organization has a scalable growth and needs tools to direct it, since they work with elements of innovation and in conditions of uncertainty making the method dynamic and adaptable for forming strategies within Startups.

KEYWORDS: Business Model Canvas. Startup, Business Model. Canvas.

1. INTRODUCTION

The digital revolution, the customer era, globalization and the speed of change in several areas, mainly technology, directly influence the progress of business, the science of business administration that stood out after the 20th century, has the need to create new concepts and definitions for acting in this new era.

Faced with these new challenges and concepts, the most recent one accepted by the entrepreneurs of large companies that stand out in the market, it is the new business models, that is, innovative companies leave aside old concepts and work on new strategies. to meet the market and current demand. What powers new business models are the factors that determine how a company creates, captures and delivers value to its customers.

So in this article we ask what is the best way to use Business Model Canvas (BMC) for the development of the startup business model, for better guidance it will be necessary to discuss practices of using BMC for technological business. The Business

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Model Canvas is currently enjoying increasing prestige due to its relative simplicity, which allows to relate information in a systemic, integrated and fast way, facilitating the understanding about what is being discussed, while not eliminating the particularities and complexities that such an event requires. In light of the above, this article will demonstrate the blocks of the Canvas method and how it presents the best option for choosing the business model for Startups.

The methodological aspects used were the bibliographic search that uses secondary sources with Documents, Journals, Articles, Monograph, Trusted sites and Books. In this article, four chapters will be presented, in the first one it is the introduction where he was aware of the problems presented and objectives and justification and second he talks about the basic concepts of what are the business model and canvas its division into blocks the third one is about Canvas concept and last chapter presents a better way of using the business model canvas for the Startups model and strategies.

2 BUSINESS MODEL

A Business model seeks to help companies to create, capture and make values available to their customers. According to Alexandre (2011), the model should be a way of simplifying and describing the logic behind an enterprise, seeking to understand, clarify and define factors that will involve its creation, operation, delivery and obtaining value.

According to Osterwalder and Pigneur (2011 p. 14) "A business model describes the logic of creation, delivery and capture of value by an organization", so these models must be clear, understandable and simple. However, its simplicity should not hide complexity when superficially covering details that will effectively integrate the life of the business.

Scott (2011) states that the Business Model is the fundamental architecture of a business, describing how a series of key elements of the business system fit together. The model should be seen as part of a global business, but it is also a unique category in the management discipline - related to, but different from, competitive strategies, product innovation and processes, operations and organization.

At the most basic level, a business model consists of four linked and interdependent components: 1 The customer value proposition that defines the service (s) and / or product (s) that an enterprise offers its customers for a given price. 2 the company's profit system or value proposition that an enterprise employs to provide economic value to its shareholders. 3 the fundamental resources that a company uses to create value. 4 the critical processes that guide and model operations; how the company organizes its activities to create and provide the value proposition to the client and itself.

Regina Scherer points out in her article that business modeling has been proving to be increasingly effective if we see the growing evolution of the form of business modeling and strategic planning, with examples of the most recent business models that have emerged.

2.1 BUSINESS MODEL CANVAS

The Canvas according to Soares (2015), "it is a model of strategic planning, which can be used in a new company or to restructure an existing one".

The Business Model Canvas (BMC) is the tool that makes it easier to create and test successively what you want with the business. In it you can have an overview and not as detailed as the business plan suggests.

BMC is indicated for those dedicated to the creation of “Startup” companies because this tool provides greater ease in creating and adapting to rapid changes in the market.

The Business Model Canvas (BMC), was developed by a co-creation process with hundreds of people headed by Osterwalder and Pigneur (2011) in which it divides the organization into nine key components that demonstrate how the organization generates or intends to generate value, as shown in Figure 1. These key components are inserted in four main areas of the company: customers, offer, infrastructure and financial viability.

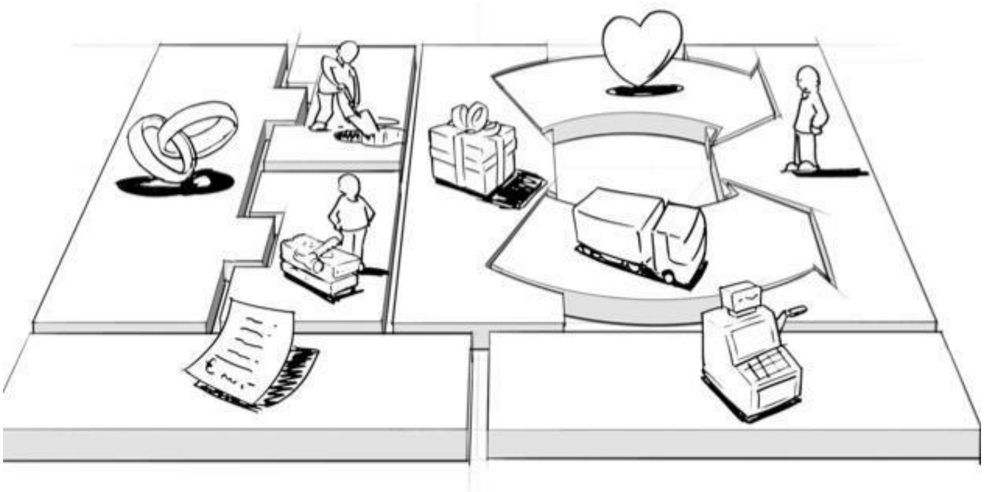

Figure 1 Key components of the Business Model
Source: Ostewalder and Pigneur (2011)

Below we will specify the components:

- Customer Segments (SC)

The Customer Segment component defines the different groups of people or organizations that a company seeks to reach and serve. Osterwalder and Pigneur (2011).

Customers are essential to companies, because without companies they will not survive for a long time; to better meet your needs and I need to group them into different segments in each with common needs.

This component seeks to fill the gaps for those who are creating value and who are our most important consumers.

The business model defines one or several small or large segments, so the organization must become aware of which segments to serve and which to ignore, in order to define the best strategies.

There are different types of customer segments:

a) Mass Market: business models concentrated in mass markets do not distinguish between different customer segments. This type of business is most found in the consumer electronics sector.
b) Niche Market: Business model that serves specific and specialized customer segments. They are suited to the specific requirements of a niche market. These business models are found in the relationships between suppliers and buyers.
c) Segmented: some Business Models distinguish between market segments with subtly different needs and problems.
d) Diversified: an organization with a diversified business model serves a segment of customers with very different needs and problems.
e) Multilateral Platform (or Mutilareis Market): some organizations serve two or more interdependent customer segments.

- Value Proposition (PV)

“The proposed value component describes the package of products and services that create value for a specific customer segment”. Osterwalder and Pigneur (2011).

It seeks to satisfy the customer's need, through a brand, product performance, designer, price, accessibility, convenience, usability. The value proposition is an aggregation or set of benefits that a company offers to customers.

According to Osterwalder and Pigneur (2011), “this is the reason why customers choose one company over the other, in this case customers choose companies that solve their problems or satisfy a consumer need.

A Value Proposition creates value for a Customer Segment with a combination of elements specifically targeted to the needs of that segment. Values can be quantitative or qualitative.

The elements that contribute to the creation of new values in new products for customers such as: News search creates the need for a new product, Performance always looking to improve the product and service, Customization of the product or service to the specific needs of the individual customer or in customer segmentation, Brand / Status and Design are important elements, but difficult to measure because the customer can choose their use.

- Channels (CN)

The Channels component describes how a company communicates and reaches its Customer Segments to deliver a Value Proposition. Osterwalder and Pigneur (2011).

The channels can be private, direct or indirect, or in partnership, or they can also be mixed. Direct private channels can be a sales team or a website for selling products or services.

Private channels can cost more than the partnership channels for preparation and operation, whereas the partnership channels can be distributed in wholesalers and

reselling on partner sites. This type of channel usually leads to lower profit margins, but it has the benefit of expanding the company's reach.

The channels have five distinct phases, each channel can cover some or all of the phases. As shown in Figure 2. Finding the right mix of channels to satisfy the way customers want to be contacted is crucial to bringing a Value Proposition to the market.

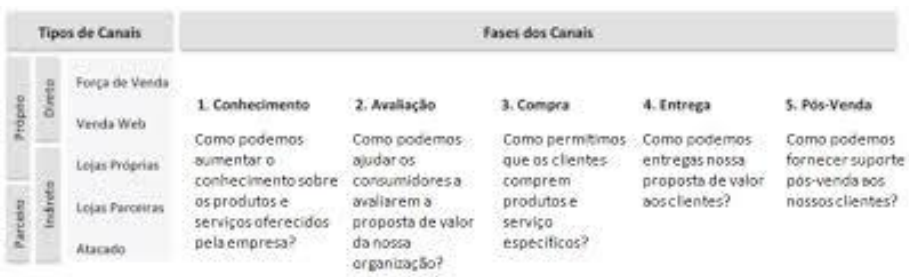

Figure 2 Phases and types of channels

Source: Ostewalder and Pigneur (2011)

- Customer Relationship (RC)

The Customer Relationship component describes the types of relationships that a company establishes with a specific customer segment. Osterwalder and Pigneur (2011).

A company must clarify what type of relationship it wants to establish with the customer, this relationship can vary from personal to automated. This relationship can be guided by motivations with winning, retaining customers and expanding sales.

The various customer relationship categories with them coexist with the company's relationship with a particular customer segment:

a) Personal Assistance: based on human interaction.
b) Dedicated Personal Assistance: this relationship involves dedicating a specific representative to an individual customer.
c) Self-service: the company does not maintain any direct relationship with customers, but provides all the necessary means for them to serve themselves.
d) Automated Service: this type of relationship mixes a more sophisticated form of self-service with automated processes.
e) Communities: Increasingly, companies use user communities to become more involved with prospects and facilitate connections between members of the community.
f) Co-creation: many companies are going beyond the traditional customer-seller relationship to co-create value with customers.

- Revenue Sources (FR)

The Source of Revenue component represents the money that a company generates from each customer segment (costs must be subtracted from income to generate profit), if for many the customer and the heart of the Business Model the source of revenue is the network of arteries. Osterwalder and Pigneur (2011).

There are several ways to generate revenue:

a) Resource sale: this and the most widely known way is the result of selling the right to own a physical product.
b) Usage fee: this is generated by the use of a certain service. The more the service is used, the more the customer pays.
c) Subscription fee: generated by the sale of continuous access to a service.
d) Loans / Rents / Leasing: gives exclusive temporary right to a particular resource, for a fixed period, in exchange for a fee.
e) Licensing: gives customers permission to use protected intellectual property in exchange for a license fee. Licensing allows rights holders to generate

income from their property, without needing a product or selling a service, this practice is very common in the media where the content owner maintains the right to copy.

f) Brokerage fee: this source of revenue comes from brokerage services performed for the benefit of two or more sizes.
g) Ads: results from a fee to advertise certain products, services or brands.

- Main Features (PR)

The Core Resource component describes the most important resources required to make a business model work, creating value offers, reaching markets and customer loyalty and earning revenue. Osterwalder and Pigneur (2011).

Resources can be categorized as:

a) Physical: this category includes physical resources such as factories, buildings, vehicles, machinery, system, point of sale and distribution network.
b) Intellectual: this resource is the most difficult to develop because it involves the development of brand, private knowledge, patents and registration, partnerships and database.
c) Human: companies only exist because of human resources, which is why it is extremely important in certain types of Business Model.
d) Financial: some business models require financial resources and / or guarantees, such as cash and credit lines or stock options to hire crucial employees.

- Key activities (AC)

The Key Activity component describes the most important actions a company must take to make its business model work. Osterwalder and Pigneur (2011).

The key activities can be production related to the development, manufacture and delivery of products in substantial quantities and / or superior quality, Problem solving relate to new solutions for specific customer problems, Platform / network are designed with a platform as a resource are dominated by the Key Platform or Network Activities.

- Main Partnerships (PP)

The main partnerships component describes the network of suppliers and the partners that put the business model to work. Osterwalder and Pigneur (2011).

Companies usually form partnerships for several reasons, mainly to optimize their model and reduce risks or acquire resources, among other motivations that deserve to be highlighted Optimization and economies of scale and the most basic form the buyer-supplier relationship is designed to optimize resource allocation and activities, risk reduction and uncertainties helps to reduce risks in a competitive environment, characterized by uncertainties, acquisition of resources and particular activities arises from the need to acquire knowledge, licenses or access to customers.

- Cost Structure (C $)

The cost structure describes all costs involved in operating a Business Model. Osterwalder and Pigneur (2011).

All the components involved in Canvas need cost to work, so that you can design and direct all costs. Some models minimize costs whenever possible. This method aims to create a cost structure using a low-cost value proposition, maximum automation and extensive outsourcing, others prefer to focus their efforts on a high level of personification often characterized by its high value.

These so-called structures have very peculiar characteristics, their fixed costs remain the same despite the volume of everything that has been produced, variable costs will change proportionally with the volume produced, scalar economies are profitable as demand increases, economies of scope are the costs that a business takes advantage of due to a larger scope of operation.

Canvas is a tool that the entrepreneur will have an overview of a company in nine blocks, described on a sheet or poster, Figure 4, showing how easy and how everything connects, because with this organization it intends to generate value.

From the blank table presented, the construction and design of the Business Model begins.

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Figure 3 The Business Model framework
Source: Osterwalder and Pigneur (2011)

It is important to note that these blocks cover the four main areas of a business: Customers, Offers, Infrastructure and financial viability.

3 STARTUP

The term Startup was used between 1996 and 2001, what is called the internet bubble. Sebrae (2013). "Star" means to start and "Up" can be translated as up. The literal translation does not make that much sense in the Portuguese language, and for this reason, we will use the original word of the English language as it has been used in the entrepreneurial environment.

In the year 2013, an accelerated growth of new companies in the startup model and in view of that, the Ministry of Science, Technology and Innovation (MCTI) launched the Start-UP Brasil program, which aims to “support nascent technology-based companies and their connection the accelerator. It will aggregate the set of actors and institutions and their respective programs and actions ”(MCTI, 2013).

There is no consensus on the definition of Startup, there are those who claim that any company that is born within the definition, others say that to be a startup the cost of maintaining the business must be low and that the company must have the intention to grow and profit quickly.

According to Nager (2012) “Startup is a company in its early stages. It usually refers to the recent design and foundation phase. It is a particularly common term among technology-based companies ”. For Macedo (2012) "a Startup is a group of people looking for validation of a scalable and repeatable business model under conditions of risk and uncertainty". Among these and other definitions, the most complete and the one given by the Brazilian Startup Association, according to her, Startup is “a technology-based company with a repeatable and scalable business model, which has elements of innovation and works under conditions of extreme uncertainty”.

Startups have this scenario of uncertainty because it is not possible to say whether that idea or company project will really work or at least if it will be sustainable, being repeatable means being able to deliver the same product again on a potentially unlimited scale without many adaptations, being scalable and the key to a Startup means growing more and more, without this influencing the business model where you can generate value by transforming your work into money.

Generally, startup companies go through an incubation period, where projects are analyzed and monitored in their first days of life, adapting to the reality within the market, as often the founders of companies are unable to see which would be the most viable way forward . To avoid the premature death of a good idea, incubators provide consulting services with material and logistical support, facilitating the first steps, many claim that startup and any innovative company with very low maintenance cost, but that it can grow quickly and generate profit each bigger and bigger.

Startups present an innovative business model, which is in an initial stage (of validation) and is highly scalable, that is, its accelerated growth has no direct and proportionate influence on the cost of the operation. Macedo (2012); In addition, Startup has always been synonymous with starting a company and putting it into operation. The fact that the startup operates in an uncertain environment, allows the use of CANVAS.

4 CANVAS AN OPTION FOR STARTUP

It is common to associate Startup with the concept that “they are small versions of large companies”. Nager (2012), Once this is concluded, all the other bad things follow, referring to the same repetitive questions: management style of big companies against entrepreneurs wanting to act instinctively, founders against professional managers, engineering against marketing, marketing against sales, deadline problems, sales sector running away from the plan, running out of money, or raising more money. This means that individuals who launch them manage their startup as a miniature model of large companies. However, the difference is really profound: "large companies run well-known business models, Startups are looking for new business models". Nager (2012).

Canvas seeks to help Startup companies to choose the best business models, even if this market is still unknown and contains only hypotheses about customers, resources, channels, prices, which have not been tested, that is, they are looking to adjust their products to the new market.

To outline strategy for Startups and recognize strengths and weaknesses, analyze competitors and the market and choose what to do to compete, Kenneth Corrêa in his Article for the magazine Administração e Gestão, points to Canvas as an effective accelerator when used for Business Strategy. Startups, and points out some strategic characteristics for this to occur, Internal Analysis the organization must be concerned with specific areas such as Marketing, sales and finance and not only with software, Performance Indicator Analysis (KP) seeks to explore all parts of the business model canvas as it will be able to indicate specific performance, Goal Setting to define short-term goals (6 months to 12 months) for Startup, these start goals must be flexible,Definition of role delegation of functions and reorganization of what each one will do, as this division makes it easier to follow established goals, focusing on the growth and productivity of Startup.

With Canvas it is possible to visualize the whole of the company in a way that each process fits, being possible to modify it until reaching the ideal model. One of the great advantages of its use and the complete view of the business, makes management more efficient, clear language to all involved, forms strategies aimed at the client and structures the business ideas.

FINAL CONSIDERATIONS

This research was based on the understanding of the main concepts related to the business model and its materialization through the Business Model Canvas method in the applicability in Startup, Canvas and a graphic tool that allows the creation and management of the Business Model in a systemic way and integrated.

The Business Model Canvas helps to validate a business idea, as companies in this technological format change very quickly. I search for the ideal business model to generate maximum revenue, because in addition to using the canvas to quickly demonstrate the business logic, it is It is necessary to detail what a certain amount of money is needed for, besides being important to indicate the projected return on investment, convincing that you have money to invest in your idea.

Among the various difficulties encountered during the performance of Bibliographic research, the relative scarcity of bibliography about Business Model and Startup can be highlighted, since this is a relatively new subject and there is still no academic consensus on what this construct really is. Several authors have different approaches regarding the themes and with the results, several definitions about the themes have emerged with the objective of adapting the use of the construct to business reality. The scarce academic bibliography on the Business Model Canvas also represented an obstacle to the conclusion of the research. This lack of relevant academic content about the tool can be explained in part by the novelty of the theme, which started to gain popularity in mid-2010.

Even with the adversities found in the course of the research, the proposed objective was achieved, we went further to realize that Canvas is a tool that allows it to be used both in new companies and in century-old organizations, just that managers are willing to think collaboratively in search of new solutions for your adversities, since the main objective of this method is to bring practicality, dynamism and analysis of organizations. The canvas is of great use for Startups not to start in the dark or ignore some part of the process that may be important for the whole. It was noticed that there is a current trend in characterizing a Business Model as the description of how a company creates, delivers and captures market value.

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