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Business Opportunity Support System upgrade for strengthening European innovation ecosystem

Business Opportunity Development Planning Tool and User Guide

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Abstract	As a minimally designed tool for all stakeholders to validate business opportunity value with market, technical and business validators and identify commercialization potential, the Tool is appropriate for one user as well as for groups of students, researchers or teachers to jointly sketch and discuss business opportunity elements. It is a hands-on tool that will foster understanding, discussion, creativity, and analysis of business opportunities.

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CONTENTS

Introduction and Background

The Business Opportunity (BO) Development planning tool has been developed within the BOSS project by the University of Belgrade, the University of Liege and META Group. Despite the variety of existing instruments and solutions, we believe there is a missing link between research and industry and our tool aims to strengthening the ties between the two worlds.

This tool is aimed at encouraging entrepreneurial thinking and supporting students, researchers and teachers in framing and enhancing their business opportunities.

In order to do so, the consortium has taken into consideration seven tools which were perceived as the most suitable for the needs of selected target groups. Taking inspiration, but also reviewing pros and cons of each tool, BOSS project partners developed the Business Opportunity (BO) Development planning tool.

In addition to our expertise, we consulted trusted partners coming from the business, investment and research world making sure that the tool provide guidance and answers to the relevant questions that users need to answer in order to develop their business opportunity.

Business Opportunity (BO) Development planning tool

The Business Opportunity (BO) Development planning tool offers users the possibility to validate business opportunity value with market, technical and business validators and identify commercialization potential.

It is based on the thesis "A business model describes the rationale of how an organization creates, delivers and captures value"[1] and aimed at encouraging entrepreneurial thinking and supporting students, researchers and teachers in framing and enhancing their business opportunities.

The Tool is appropriate for one user as well as for groups of students, researchers or teachers to jointly sketch and discuss business opportunity elements.

It is an uncomplicated, time saving, hands-on tool that will foster understanding, discussion, creativity, and analysis of business opportunities.

The tool has the following characteristics:

- It ensures continuity. The planning tool can be used by itself or can be considered as a second step for the user who starts with a self-assessment tool and wants later on to work on further development of a business opportunity.
- The virtual output of the tool should be a one-pager, connected with an appendix where the user can elaborate in more detail than a few bullet points each field.
- It gives an emphasis to all dimensions relevant for the self-assessment of the business opportunity (Technology, Market, IP, Team, UVP, Financials). Some of these dimensions seemed neglected in the revised tools.
- Once filled in, it enables the user to deliver his/her message about his/her business opportunity to different stakeholders.
- Should be used by teams for brainstorming and collaboration on BO development.

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[1] Alexander Osterwalder, Business Model Generation, 2009

The Business Opportunity Development Planning Tool

Title:

Date:

Problem	Alternative Solution	Unique Selling Point USP - Unique Value Proposition UVP

The novel solution

Market		Go To Market	
Target market	Size & Trends	Time to market	Channels
Early Adopters	Competitors	IPR & resources	Key metrics

Partners	Team	Impact (social, environmental, security)	Revenue	Costs

User Guide

The Business Opportunity Development Planning Tool has been designed in the form of canvas by following the lean approach, which is made up with three steps:

1. Problem/Solution fit[2]
2. Solution/Market fit[3]
3. Scale/Growth fit[4]

It comprises 11 elements sorted into three blocks which provide comprehensive overview of a business opportunity.

The first block comprises elements Problem, Alternative solution, USP-UVP, and the novel solution.

The second block comprises elements Market and Go to Market which are further segmented on Size & Trends, Competitors, Early adopters, and Target Market and time to market, Channels, Key metrics, IPR & resources.

The third block comprises elements Partners, Team, Impact, Revenues and Costs.

In order to utilize the tool in the best possible way, the user should first focus on the top block of the canvas and to address the elements Problem, Alternative solution, USP-UVP, and the novel solution. This block has a purpose to clarify the problem which the user is addressing, and the existing and novel solutions. It answers to the main question: what is the problem/need worth solving I want to address and what is the solution I intend to provide to a sizable population?

In other words, the first step is to figure out the problem that needs to be solved and then to define a minimum viable product (MVP) and a unique value proposition (UVP) which allow you to define a solution to the addressed problem.

The second step is to define the reference market both from the point of view of its structure (Size & Trends, Competitors, Early adopters and Target Market) and of the strategy which should be adopted (time to market, channels, key metrics, IPR & resources) in order to reach target customers, deliver your unique value proposition and achieve competitive advantage. It answers to the main question: have I built something people want?

Finally, once the novel solution has been validated, the third step is about developing a business opportunity and making it profitable, by considering both the team and the external partners, different

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[2] Maurya, Ash, 20102, Running lean: iterate from plan A to a plan that works. The lean series (2nd ed.). O'Reilly, Sebastopol, CA
[3] Ibid.
[4] Ibid.

impacts (social, environmental, economic) generated by your solution, your revenues and costs projections.

The canvas can be printed in large format (A3) and then can be filled in or, alternatively, sticky notes can be used and put on different elements.

By completing the tool, the user will eventually have a simplified version of a business model of his/her product/service, that will enable him/her to identify strengths and criticalities of his/her business opportunity.

As the variables which affect the development of a business opportunity change, in order to secure success, the user needs to periodically refine and adjust the tool.

Questions sorted in the table below are created for the purpose of additional support to the user. They are guidelines which should be taken into consideration during the utilization of the tool.

Field	Questions that need to be answered
Problem	*Describe the problem you are addressing (the problem of your prospective customer/consumer, in other words those who are supposed to be the target group of your model).*
Alternative solution	*Describe how your customer/consumer has solved the problem so far*
Unique Selling Point USP - Unique Value Proposition UVP	*Describe the competitive advantages, innovative aspects. What does your solution do well, what are the benefits, what does the user/customer want, how does your solution solve his/her problem, what distinguishes it from the competition / current solutions?*
The novel solution	*Describe in a few lines your solution (i.e. product, service, process, standard, course, policy recommendation, publication, etc.). Refer also to the Technology Readiness Level (TRL)[5].*
Target market	*Describe the market in which your product/service is supposed to be used/can "compete", answering the following questions:* *- What is the target market?* *- What are the customer segments?*
Competitors	*Who are your "competitors" (note: they are the ones offering "alternative solutions)?*

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[5] [5] https://ec.europa.eu/research/participants/data/ref/h2020/other/wp/2016-2017/annexes/h2020-wp1617-annex-ga_en.pdf

	What are their strengths and weaknesses comparing to you?
Size and Trends	What is the market size for your solution (for the segments you identified above)? What is the percentage of that market you will be targeting? What are the market trends related to your solution?
Early Adopters	- Who might be the early adopter (those you might address first)?
Time to market	- What is the time to market?
Channels	How will you reach out the Early Adopters? Please describe your sales strategy and distribution channels.
Key metrics	Milestones and SMART KPIs to measure performance. Explain how you will be monitoring the next steps and penetration with early adopters
IPR and resources	Explain how you protected (will protect) your intellectual property/assets, if you own patents or other means of IP protection and the resources you have in hand.
Partners	Key actors/stakeholders in your ecosystem / external partners you need to integrate
The Team	Describe the core people working with you, and who are committed to implement the steps needed to get to the next stage. Present the skills of your team, highlighting if they have the adequate skills for providing your solution to the users (to implement the next steps you envisage to put the BO into use) Please provide names and qualifications of the team members Please provide a short description of the partner organisation in an annex
Impact	What is the public acceptance? What is the social impact? What is the environmental impact? What is the economic impact (employment, growth etc.)? If you are dealing with training, provide information on the number of potential beneficiaries. If you deal with policy recommendations provide an estimation of how many policy makers are you targeting and how many people/SMEs will be affected.

	Feel free to propose other ways for an estimation of the size of the impact.
Revenues	*What is your business model (B2B, B2C, licencing, patenting, after sales etc.)?*
	What will be the eventual price of the solution?
	Estimation of price / unit and number of units sold to reach breakeven point (cover costs). This includes licensing
Costs	*Depending on your business model what are the affiliated costs you have? (production, legal, sales etc). Do not forget marketing costs.*

Glossary

Channels: channels describe the ways to communicate with and reach your customers in order to deliver your value proposition.

Costs: expenses incurred by the business in running normal operations.

Customer segmentation: the practice of dividing a customer base into groups that are similar in specific ways. For B2B business models segmentation could be based on characteristics such as Industry, number of employees, products previously purchased from the company, etc. For B2C business models, segmentation could be based on characteristics such as age, gender, marital status, location, etc.

Early adopters: the minority group (comprising about 14%) of population which, after innovators, is first to try new ideas, processes, goods and services. For any new product to be successful, it must attract innovators and early adopters, so that its acceptance or 'diffusion' moves on to early majority, late majority, and then on to laggards.

Environmental impact: environmental consequences (positive and negative) of a novel solution (product, service, plan, policy, project, etc.)

Key Metrics: also known as a key performance indicator, or KPI, key metrics define a set of values which gives a measure of a business performance. The five most important key metrics for start-ups are the so called AARRR[6]: 1) **Acquisition — "**How do the users find you?**"; 2) Activation — "How good is the user's/ customer's first experience?"; 3) Retention — "**Do your customers continue to use your product**?"; 4) Referral – "How can you turn your customers into your advocates?"; 5) Revenue: "**How do you make money?"

Public acceptance: public attitude and opinion towards the novel solution.

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[6] https://medium.com/@ms.mbalke/aarrr-framework-metrics-that-let-your-startup-sound-like-a-pirate-ship-e91d4082994b

Revenues: revenue is the total amount of money generated by selling goods or providing services during a certain amount of time.

Social impact: the effect of an activity on the social fabric of the community and well-being of the individuals and families.[7]

Target market: a particular group of consumers which a product or service is aimed at.

Time to Market: length of time taken from the definition of the product idea to its availability in the market

Unique Selling Point[8]: a unique selling proposition (USP, also seen as unique selling point) is a factor that differentiates a product from its competitors, such as the lowest cost, the highest quality or the first-ever product of its kind. A USP could be thought of as "what you have that competitors don't."

Unique Value Proposition[9]**:** a clear statement that describes the benefit of your offer, how you solve your customer's needs and what distinguishes you from the competitors. Your unique value proposition should appear prominently on your landing page and in every marketing campaign

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[7] http://www.businessdictionary.com/definition/social-impact.html
[8] https://whatis.techtarget.com/definition/unique-selling-point-USP
[9] https://unbounce.com/conversion-glossary/definition/unique-value-proposition/

Research methods applied

University of Belgrade, the University of Liege and META Group team members selected, analysed and reviewed seven tools which were perceived as the best practices. Some of them are being used by the BOSS partners within their daily activities.

The research and selection of the seven tools has been undertaken on the basis of the knowledge and experience of the partner organisations, which have been playing for many years a leading role in the definition and implementation of capacity building and support actions on R&I, Entrepreneurship and Finance.

The seven tools, that have been selected by the partners, are:

1. Accelerating Commercialisation EOI Canvas[10], whose aim is to improve quality and speed for grant applications;
2. Commercialisation Canvas[11], in order to assess progress, maturity and focus of firms;
3. Lean Plan[12], aimed at quickly figuring out if an idea has a potential, and what needs to be changed in order to build a viable business;
4. Business model canvas[13], aimed at establishing a business model for a start-up creation;
5. Lean canvas[14], in order to map the business model in an easy way with a demand based approach;
6. Value proposition canvas[15], whose aim is to collect customers' information and needs in order to build more efficient business models;
7. Social business model canvas[16], aimed at establishing a business model for a social enterprise.

Based on the performed review based on utilisation of the primary and secondary data, and by applying comparative analysis and critical analysis, partners focused on development of a new tool, which will be combination of already existing elements combined with new elements, which were recognised as relevant for adequate business opportunity development.

Business planning tools such as Business Model Canvas, Lean canvas, Lean Plan, etc. are widely used by different stakeholders for the purpose of analysis and development of business concepts. Taking into

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[10] https://medium.com/@HunterApplied/the-forgotten-art-of-outlining-tips-for-writing-a-better-accelerating-commercialisation-grant-71580f9c74e7

[11] http://cartezia.com/page/canvas

[12] https://www.liveplan.com/blog/an-easier-business-model-canvas-template-the-lean-plan-template/?__hstc=246577179.05ed00af739d5af2dec49e32c2d9cad8.1557517464684.1557771389644.1557774259270.5&__hssc=246577179.3.1557774259270&__hsfp=700819388&_ga=2.21681535.575732076.1557771388-839231887.1557517463

[13] https://www.strategyzer.com/

[14] https://leanstack.com/leancanvas

[15] https://www.strategyzer.com/canvas/value-proposition-canvas

[16] http://www.socialbusinessmodelcanvas.com/

consideration the benefits that the tools with this type of structure and utilisation possibilities offer, the same logic was followed during development of Business Opportunity (BO) Development planning tool.

Business Model Canvas[17] is a methodology for the description of a business model, which extends well beyond the simple description of the organizational and financial structure of a business operation or the analysis of Strengths, Weaknesses, Opportunities and Threats (SWOT), which are two conventional ways of analysing a business model. This methodology was developed by *Osterwalder* and *Pigneur* (2010), and has been acquired wide recognition and acceptance. According to the Business Model Canvas, a business model can best be described through nine elements (basic building blocks) that show the logic of how a company intends to create and deliver value and make money: Customer segments, value propositions, customer relationships, channels, key activities, key resources, key partners, revenue streams and cost structure.

The nine blocks cover the four main areas of a business:

1. Customers (Customer segments, Customer relationships, Channels)
2. Offer (Value propositions)
3. Infrastructure (Key activities, Key resources, Key partners)
4. Financial viability (Revenue streams, Cost structure)

The business model is a concept of analysis that emphasizes on explaining how firms can effectively create and capture value, moving beyond the conventional financial aspects of a business models to examine comprehensively the business operations.

Business modelling is a valuable tool for the analysis of business operations, especially in industries undergoing fundamental changes, such as the energy. The task of business modelling provides the baseline for the conception and the development of innovative business approaches in energy efficiency.

The Lean Canvas[18] is an adaptation of Business Model Canvas by *Alexander Osterwalder* which *Ash Maurya* created in the Lean Startup spirit (Fast, Concise and Effective startup). Lean focuses on problems, solutions, key metrics and competitive advantages.

The canvas is a good tool to focus on the exploitation model and start collecting information for the exploitation plan. Among the different type of canvas, the lean business model canvas, by *Ash Maurya*, is the most suited for R&D projects. It is a powerful tool to be used by the partners to further develop the characterization of their Key Exploitation Results (KERs), prepare the materials to be discussed at consortium meetings and draft the exploitation/business plan for a KER.

The lean canvas helps to fine-tune and develop the exploitation strategy for a KER having in mind four questions:

1. Who is "my customer"?
2. What is "her/his" problem?

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[17] https://www.strategyzer.com/
[18] https://leanstack.com/leancanvas

3. How does "She/he" solve the problem now?
4. Is our solution more efficient than the current one?

The nine blocks of the lean canvas include: problem, customer segment, unique value proposition, solution, unfair advantage, channels, revenue streams, key metrics and cost structure. Even though both templates look like very similar, there are several differences between them. These changes were made by Ash Maurya[19] in order to adapt it to what startups need.

- **Key Partners –> Problems**: One key aspect for every business, mainly for startups, is to be really sure of the problem to be solved.
- **Key Activities –> Solution** Once the problem is specified, it is convenient to define the main features of the product that will help to solve the problem.
- **Key Resources –> Key Metrics**: It is essential for any startup to define 3-4 indicators that are going to be used to measure the business model. Key elements when pivoting.
- **Value Propositions–> Unique Value Proposition**: This part gathers something that is very difficult to make it tangible, but is the key of any business determining the success over the competitors.
- **Customer Relationship -> Unfair Advantage:** A real unfair advantage is one that cannot easily be copied or bought. In-depth knowledge or skills that are critical to the problem domain. Basically, this means being well positioned to understand a problem, create a solution, and continue to innovate faster than others.

The Lean Plan[20] has 12 elements which provide a comprehensive overview of a business and its strategy. The Lean Plan template focuses up-front on finding product/market fit by helping entrepreneurs identify the key problem they're solving for their customers and how their solution fills their customers' needs.

It delivers three things that entrepreneurs need in their planning process:

- Focus: Instead of developing a lengthy, traditional business plan, the Lean Plan requires entrepreneurs to focus on the key drivers of their business and find a strategy that will truly bring success.
- Simplicity: Anyone can start using the Lean Plan template without any training or business background. And, anyone can easily read it and understand it.
- Flexibility: The Lean Plan template is easy to update

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[19] Maurya, Ash, 20102, *Running lean: iterate from plan A to a plan that works. The lean series (2nd ed.)*. O'Reilly, Sebastopol, CA.

[20] http://liveplan.com

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