

Deliverable F: Business Model
GNG2101 [A03] - Professor Hanan Anis

Submitted by:

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Introduction:

Team 2 created a business model based upon the NiCa Bell, a communication device designed for those who may be elderly and/or disabled. They defined their business as one that creates medical devices for the elderly and/or disabled. In order to ensure that their venture will be as feasible as possible they also filled out a business canvas and listed out their critical assumptions.

Business model:

Team 2's business model is a combination of the "Customer as free labour" as well as the "Razor-blade" business models. Team 2's current product, the NiCa Bell, falls under the "Customer as free labour" business model as the device is unable to perform any functions without either care home staff or a caregiver of some kind operating the secondary unit. The "Razor-blade" model also fits team 2's business as in the future they plan to create an entire ecosystem of products with the primary unit of the NiCa Bell being the main hub. These future products would all aim to assist the elderly and disabled.

Business Canvas:

Key Partners:

- Manufacturers
- Retailers: best buy
- Platforms: social media, online stores
- Advertisement agencies
- Law firm

Key Activities:

- Platform Development
- Research and development
- Manufacturing
- Distribution of Product
- Sale of Product
- Regulatory approval
- License

Key Resources:

The key resources required for this business to succeed would directly relate to the manufacturing, retailing method and research and development of the products. And so, Team 2 has listed the following as key resources:

- Material supplier
- Manufacturing facility

- Research and development facility
- License to sell
- Company Website platform
- Patenting and trademarking for their products
- Law firm

Value proposition:

The NiCa Bell is a device that revolves around the user's safety, extending from that, Team 2 intends to build a business that produces devices which are accessible to the elderly and/or disabled. These devices would either play directly into ensuring the user's safety or simply make day to day life easier for them. As such, the value proposition for this business would be as follows:

- Cost Effective
- Promote safety for elderly and/or disabled
- Promotes accessibility

Customer relationships:

- Retirement homes
- Hospitals
- Long term care homes
- Manufacturers
- Material suppliers
- Retailers
- Website developers/management companies
- Law firms

Channels:

- Retailers
- Shipping companies (online store)

Customer Segments:

Customers include the elderly, disabled, care staff, hospitals and care homes (retirement homes, long term care homes, etc). Depending on the living situation, either the user would purchase this, or the on site staff.

Cost Structure:

- Web domain cost
- Marketing and sales cost
- Product development
- Product research cost
- Manufacturing cost

Revenue Streams:

Other Companies:

For more complex versions of this product, customers are willing to pay upwards of \$25/month for subscription based services. For some of these services as well, there will be a fee for the equipment itself of at least \$90.

This product:

The manufacturing cost of one main NiCa Bell unit and portable unit is around \$100 CAD at the moment. For now, the base cost of a main unit and one portable unit would be 10 easy biweekly payments of \$19.99 CAD or \$174.99 CAD. Additional portable units would cost \$59.99 CAD.

This Business:

- Contract Manufacturing
- Retail sales

Core Assumptions:

- We will be making medical devices
- We will be researching and developing future products
- We will not be purchasing other products for retail usage.
- We don't want a subscription based service.
- We will be an ethical company.

Since, these core assumptions don't directly affect the product or business development, they don't make the business canvas any less feasible. The core assumptions are also very vague in nature and so they provide the team with guidance rather constraining them.

As a majority of components purchased will be done through retailers rather than in bulk, the cost of production as well as the sale price would all be subject to change if the item went into production. As purchasing in bulk directly from manufacturers tends to be cheaper than purchasing from retailers. This would improve Team 2's business as it could improve profit margins and allow the company to operate better. They hope to eventually purchase materials and manufacture devices in bulk.

The market of the NiCa Bell is currently dominated by subscription based products. Even with the higher initial cost, the NiCa Bell beats out all other models within 6 months. Thus, even at the higher price point attracting a market is quite feasible.

Project Plan Update:

The project plan was not updated as it is already up to date for the next 2 weeks.

Conclusion:

Team 2 found that a single business model did not accurately describe their business model and so decided upon a combination of “Customer as free labour” and “Razor-blade”. When defining their business they realized that they wanted to create devices for the elderly and/or disabled. Based on this they filled out the business canvas finding that their business is bound to have an online component in addition to big box stores. Their business is likely to build their devices in bulk and the manufacturing of said devices would likely be outsourced. Their business canvas was based off of 5 core assumptions and they did not directly affect our current product nor will they affect the development of the business meaning they do not affect the feasibility of their business model. The core assumptions were also left vague in order to provide guidance rather than constraining the team.