

GNG 2101 Deliverable F

Deliverable F: Business Model

Submitted by

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Introduction

Depending on the type of organisation, it is always useful to have a business model. Having this model allows the organisation to have a 'big picture' of the organisation's intentions, who they are, and where they get their profits/what they will need to spend money on. With this, the organisations can make necessary changes to ideally direct their organisation.

There are various types of business models, some which are known to be the most popular are, Creator, Brokerage, Landlord, and Distributor [1]. The creator business model is used for businesses who create products and make profit by selling those products. A brokerage business model is used by businesses who act as 3rd party sellers. These businesses make profit by selling already created products, although, this business isn't a retailer, it is simply a middle man between retailing and the customer. The landlord business model is for businesses who are selling or renting property to make profit. Finally, the distributor business model is for businesses who distribute products from creators directly and bring up the prices so they make profit.

The business model is mainly divided into four major parts, the "how", the "what", the "who", and the "how much". The "how" sections contain information that will describe how the product functions. More specifically, the suppliers and partners needed, the activities required so it can function, and the resources needed so it can function. The "what" section goes in detail about what the product does to solve a "problem" or what does the product do that makes customers like it over other products. The "who" section explains the relations between the product and the customer, how the product will be delivered, and who exactly is the product for. The last part of the business model is the "how much" section which talks about the costs and revenue.

Discussion

As a group, we decided to use the 'Creator' model since we are a small group simply trying to create something from scratch (with references from previous build products). We will use the "Brick-and-mortar" approach, as ideally we would like our clients to be able to try our products. However, we foresee that many of our clients have accessibility issues, and so we will

also have the option to view and purchase products online. We plan that all profits will come from selling our product.

Business Model for Team D5

<p>Key Resources</p> <ul style="list-style-type: none"> - Materials (such as aluminium, wheels, bolts, nuts, padding/foam, brass sleeves, etc.) to create the product. - Equipment (such as saws, lathes, paper, pencils, measuring devices, etc) to work/form the material. - Access to Hardware stores, or manufacturers. - Expertise from team members. 	<p>Key Activities</p> <ul style="list-style-type: none"> - Development of lighter, and compact structure that can withstand heavy loads. - Testing optimal designs for foldability/collapsing methods. - Determining perfect comfort and stability with different designs of the structure. - Finding cheaper solutions than current options provided to customers out there. 	<p>Type of Intervention</p> <ul style="list-style-type: none"> - This is a product, not a service. The user may buy (or rent) the product for everyday use. - The product being sold is the posterior walker being created
<p>Partners + Key Stakeholders</p> <ul style="list-style-type: none"> - Access to work environments such as the Brunfield center/the Makerspace. - The client directly will be our partner and will give main instructions for the product. (< Permissions) - Simple transportation methods (Uber, Bus) will be used to deliver the product. 		<p>Channels</p> <ul style="list-style-type: none"> - Since this product is only for one particular customer, no advertisements/deliveries will be made publically. - During design day, the product will be shown to many people as a concept.
<p>Segments Beneficiary:</p> <ul style="list-style-type: none"> - Designed for anyone who needs a posterior walker that is cheaper, more reliable, and a lot lighter. - Anyone who has trouble walking independently would benefit from this product. As well if they need to store the product themselves in a small space. 	<p>Value Proposition Social Value Proposition:</p> <ul style="list-style-type: none"> - The community will favor this product since it's complying with many peoples needs. Many people want something easy to use. <p>Impact Measures:</p> <ul style="list-style-type: none"> - The product will impact others by saving time storing the product in desirable locations without issue as well as sparing frustrations/difficulties. 	<p>Surplus</p> <ul style="list-style-type: none"> - Any extra profits made will be invested in developing/designing better and more refined models of the posterior walker, as well as testing more expensive alternatives to get the best options for future designs.
<p>Customer:</p> <ul style="list-style-type: none"> - This product is mainly designed for one particular client, although it can be suitable for anyone with the same difficulties. (Client being Erica) 	<p>Customer Value Proposition:</p> <ul style="list-style-type: none"> - The consumers would like to get a product that they can rely on and make their life easier, a "hassle free experience". 	<p>Revenue</p> <ul style="list-style-type: none"> - \$100 reimbursement from the University of Ottawa. - Free/donated components (revenue can be paid in more ways than just money), or donations of money/supplies. - Sponsors or interested investors. - Revenue generated through selling the product.
<p>Cost Structure</p> <ul style="list-style-type: none"> - The product cannot be resold for a price (at this time, we doubt that we would resell on a third-party website). Therefore the cost structure is to be assumed fixed. This product will (presumably) only be constructed once for one customer. - Costs may be spent on materials (for the product itself, for testing, and for prototypes), and time spent building the product. 		

Analysis

Key items that we know for sure:

- a. Our product does not classify as a medical device under Canadian legislation and does not require verification from Health Canada in order to sell to the public. [2]
- b. There is at least one customer in Ottawa who would be interested in this product.
- c. There are few options on the market for adult-sized posterior walkers.

We are making the following core assumptions:

1. Potential customers would rather own a walker than rent a walker.
2. Potential customers would prefer to try a walker in person before they buy.
3. Potential customers would be able to come to a location selling walkers.

We are also making the following assumptions for future planning:

4. Our potential client base is growing as the population ages and accessibility issues are becoming more prominent in the population at large.
5. There are few options on the market for lightweight walkers that are highly lightweight and collapsible.

Risk Assessment

Currently, our riskiest assumptions in our plan are assumptions 2 and 3 as they inform our decision to have a brick-and-mortar store as opposed to an online store. Our next riskiest assumption is 1; we predict that there is a potential client base that would be interested in our product for rehabilitation purposes; in this case, it is possible that it would be better to have a second system where we rent walkers on a short- or long-term basis.

Assumptions 4 and 5 are low-risk as they are not currently being used in our planning scheme. We predict that we would review these assumptions after a few months of success with an initial system.

Evaluation Moving Forward

To evaluate our core assumptions, we propose the following series of tests for each associated numbered assumption:

1. Compare rent vs. buy systems for businesses that sell to analogous markets, for instance wheelchair users.
2. Approach patients at the following locations and as a short survey of questions for patients and health care professionals: hospitals and outpatient facilities, seniors centres, accessibility support groups, physiotherapy centres, and community leisure centres.
3. Use data analytics to determine if people with accessibility issues have a high tendency to own/have access to a vehicle, access to public transit, or access to some other means of transportation.
4. Conduct a long-term study on Canadian health and wellness using data from Stats Canada, Health Canada, and surveys of health-care providers (ex: physiotherapists, RMTs, etc.)
5. Conduct a thorough examination of Canadian and American patents.

Conclusion

After analysis of the various types of business models, we decided to go with the 'Creator' business model as we are creating a product from scratch for the use of a specific person. We will use the "Brick-and-mortar" approach so that our customer is able to try out the product before purchasing it. We assumed a fixed cost structure and a \$100 reimbursement from the university as our revenue.

We evaluated several assumptions relating to the customers such as the fact that they would probably like to own their own walker and prefer to try it out before purchasing, therefore visiting the selling location. We assessed the risks resulting in these assumptions in order to prepare with a backup plan. As well, we assessed several assumptions on the future of our walker sales. Overall, the business model will be crucial and beneficial for the sale of our product to interested customers, but for the purpose of this course, our product is designed to suit the needs of one specific customer and would have to be altered to suit the needs of the general public.

List of Work Cited

[1] Forneris, J. (2017, November 21). Different Types of Business Models. Retrieved from <https://smallbusiness.chron.com/different-types-business-models-3995.html>

[2] Schedule 1: Medical Devices Classification, Consolidated Medical Devices Regulations, Food and Drug Act. (1998). SOR/98-282. Retrieved from the Justice Laws Canada website: <https://laws-lois.justice.gc.ca/eng/regulations/SOR-98-282/page-12.html#docCont>