

Project Deliverable F : Business Model

GNG 2101

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10/24/2019

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Introduction:

This document will outline a few different possible business models geared towards the product and its hypothetical marketing strategy. Each business model's strengths and weaknesses will be analysed and compared, so that the best candidate may be chosen and further analysed. A business model canvas will be filled out for this candidate. Likewise, the riskiest business model will also be discussed. Each business model has its strengths and weaknesses, throughout this model we will discover our best approach which will lead to a successful business.

- 1) Identify and describe a type of business model that would be well suited to commercializing your team's product. Discuss the reasons for your choice.**

Type of Business models:

Low-touch: Low-touch sales models involves having lower prices by decreasing service. This could mean having the customer assemble the product themselves, or have little to no salesman on board to interact with the customer. This ideally decreases costs of assembly and human resource, as the user-seller experience has been greatly diminished. Although profits on the device are lessened, other expenses will also be decreased to compensate for this. In this business model we would mark up the original price and have a smooth funnel where automated sign up and is more dependent on user set-up and no support would be needed therefore decreasing our revenue stream.

High-touch: A high-touch business is one in which a customer places trust and partnership with a company, and in many cases, a specific individual or team at the company. This type of business model is more person-to-person model in which the relationship between a salesperson or other individuals have a major impact on the sale and retention of the customer. This type of model would allow us to list the product price but allow us to charge for set-up and consultation.

Direct-sale: Direct sale model involves the company selling the product directly to consumers away from any fixed retail location. Along with person to person sales, this model can also involves internet sales. It involves very few parties, which means that it is easy for the team to manage the business. Likewise, the model can be cost-effective if customer database is well managed. However, if the campaigns of our team is not effective, it could become costly. This would be beneficial if we wanted to work on our own time, in direct sale type of business you get the luxury of choosing your hours.

Freemium mode: The freemium model is more commonly found in companies whose service is provided online. This service provided is usually given away for free but comes with a way to pay for additional services (i.e. add-ons or ad. Free services). The advantage of using this is that there's no up front cost for the customer. However, for the product we're offering (a foot mouse), this model is inefficient as the money generated won't sustain production costs. This type of model would work for our business but wouldn't be profitable thus it would not be suitable.

Subscription mode: The subscription business model is a business model where a customer must pay a subscription price to have access to a product or service. This is usually done on a monthly or yearly basis. The main advantage to the subscription model is that it provides a steady and predictable income for the business. In general, it also lowers cost barriers for customers. The main disadvantage is that it usually only works well when your business is providing a service that the customer is likely to use on a repeated basis. This type of model would work well for us, with our password reset project we would need to update the password monthly on the code, so each month the customer would be getting services from us so it would feel like their money is going to good use.

Retail sale model: The retail sale model involves selling the product at well-established retail stores. The big advantage to this model is that retail stores already have all the business infrastructure in place. This includes physical store locations, online stores, customer service, distribution networks, and so on. The main disadvantage to this model is that there are fees associated with selling your product in retail stores. As a small firm, our business might not have the initial funds to go through with such actions. Our product does not have to be in a store to get sold, the product itself is pretty easy to understand and it has it's specific customers, our target audience isn't your typical shopper and this product wouldn't appeal to the general public.

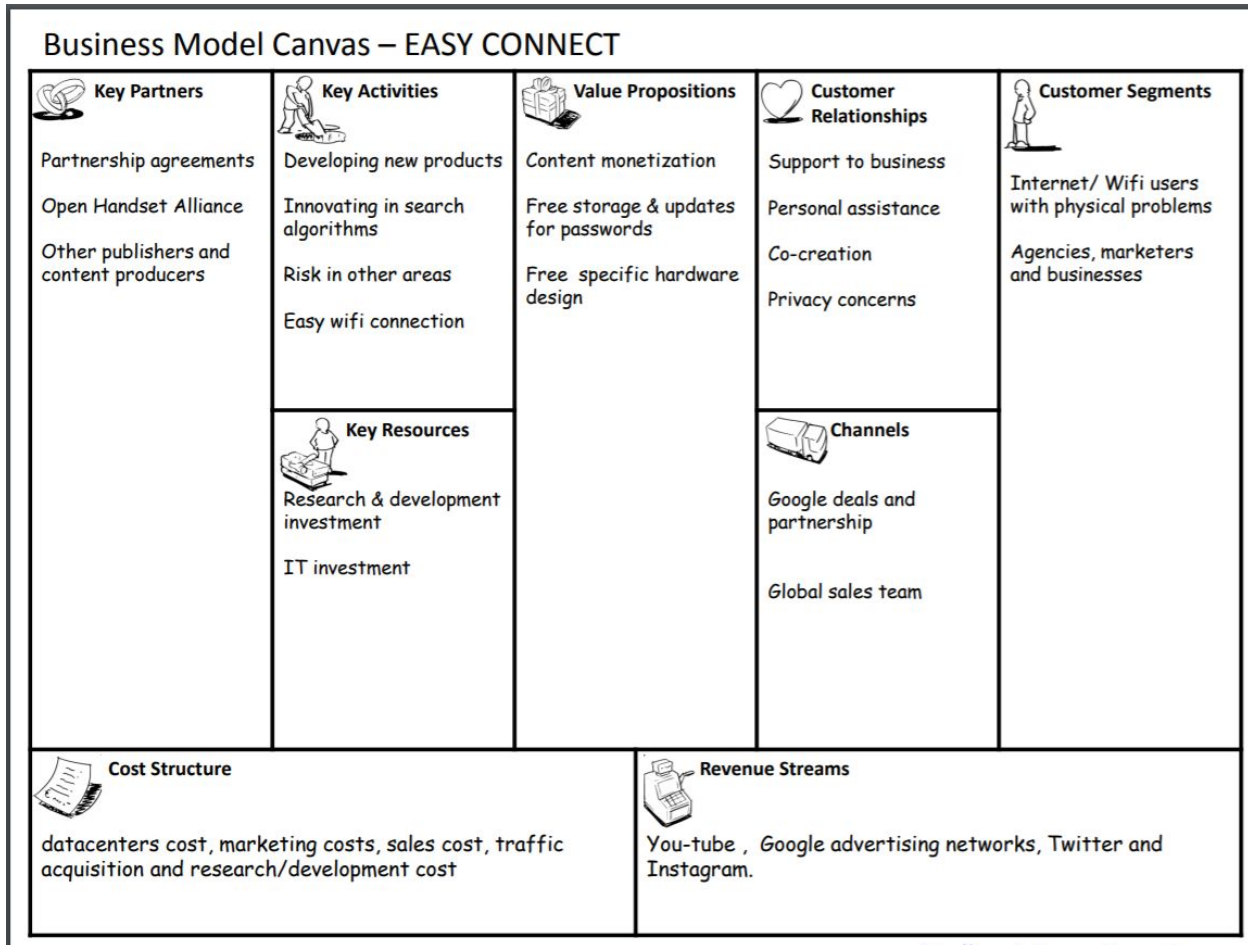
Weakest business model: *Freemium Model*

The least effective business model out of the ones stated is by far the freemium model. As mentioned above, the freemium model has no up front cost. Which means that we'd be providing our password connect for free with the addition of paid extras. Such extras could be updating the password each month on the code. However this would not compensate for the manufacturing cost of the whole device. In addition, the freemium model is simply incompatible with a product or service that's not an online service. This business model is used to direct lots of attention and traffic towards a service that's geared towards a large audience, rather than a small focus group that our project is centered around. For these reasons, the freemium model would simply be incompatible with our product.

Strongest business model: *Low-touch transitioning into High-touch*

At password connect we consider ourselves more as a software company rather than hardware company, the way our project works is using a very simple hardware piece which is a button that has a bluetooth connection to our code, the hardware part is to just run the code. Early users of new software can be enthusiastic first adopters who are risk taking innovators and will try something new. They might sign up and use it with barely a trial or an explanation. The majority of organisations are cautious, they require proof, case studies, metrics, demonstrations to multiple people along with passing security and procurement compliance procedures. The initial contact at the company might champion your product but they need to convince their team and senior management and only after multiple demos will they sign off on an extended trial prior to purchase. The reason we would start with low touch model is because this is where a customer does not require a lot of time from company staff. Low touch is the dream of a software company where they build and market a product and have a smooth funnel where automated sign up, onboarding, payments and invoices do the work and there's minimal or no sales or support required. This would create a great pool of customers for us from the beginning, even though it would create minimal revenue for us it would be a great step forward and it would be great advertising for our company. The reason we would like to do both models is because of the maintenance the code will need, each time a new password is created at St. Vincent hospital we have to update the code with the new password, thus giving the customer an incentive to pay us each month, creating more revenue. In short, high touch models involve talking to and helping customers through the entire pre and post sales process

2) Fill in a business model canvas by answering the how, what, who and how much of your chosen business model.



3) Describe the core assumptions that you have made in developing your business model and comment on its feasibility.

Talking about how we would transition from *low touch model into a high touch model*; A low touch model would be a very suitable because the project itself doesn't include much physical operations to be put in and since the project is based around a hospital it would be a very viable model. Some core assumptions based off of the first prototype would include that the patients or the users are able to connect freely by accepting the terms and conditions. The feasibility is not too great but is very feasible once the patient is able to accept the terms and conditions since the prototype will be based around the software running. As we progress to the high touch model, the feasibility and the core assumptions would change. A high assumption model will revolve around a person-to-person connection in which we would specifically focus on each individual at the hospital. Some specifications can include making sure that we build our prototypes for people with disabilities and special need. The assumptions would decrease as go about testing

our prototype and making sure every patient gets what they are looking for. In the end we are trying to eliminate the core assumptions of every patient by providing them with their desired needs. The shift from a low to high touch model is very strong because we progress as we move from a smaller approach to a bigger approach for this specific project.

Conclusion: In the end we think the best model for our project would be a low to high touch model as it would increase productivity and would reach out to a wider target audience by providing them with a better and more intuitive product for themselves.