

## **GNG 2101 Deliverable F**

### **Business Model**

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Due: October 22, 2020

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## **Introduction**

This stage will cover the business aspects of developing our product. We will first begin by explaining the type of business model we wish to set to commercialize our product. Further, we will develop a business model that reflects as accurately as possible how people interact with our company and product; whom exactly we expect to use the product; what problem it intends to solve, and how the company can profit as a result. Finally, we will state our core assumptions that we made when inventing our business model and how feasible it is likely to be. In addition to this main substance, we will also update our project plan to reflect how far we are along and make sure we are keeping to schedule and working on everything needed.

## **Business Model Type**

We have three potential business models that would fit our product: the subscription model, advertising model and freemium model. A subscription business model is when a user must pay a recurring fee on a regular schedule to continue having access to the product. While a freemium business model would entail users to access the product free of charge initially for a basic version, but if they would like to access more features, then they can upgrade their subscription for a cost. Finally, the third option is the advertising business model, which would give users access to all the features of the app for free and a large part of the revenue solely comes from paid advertisements placements on the app. To get a better understanding of which model to use we created a pros and cons list in Table 1 to further analyze the three possible business models

**Table 1.** Pros and Cons for Subscription vs Freemium vs. Advertising Business Models

<b>Subscription Business Model</b>	<b>Pros</b>	<ul style="list-style-type: none"><li>● Has fixed monthly pricing so users can plan in advance for the expense</li><li>● Provides the business with a constant stream of income from all users</li></ul>
	<b>Cons</b>	<ul style="list-style-type: none"><li>● Software/application is no longer a single purchase (customers may not want to commit to a subscription basis)</li><li>● Customers may not want to pay more if their money isn't going towards developing new features.</li><li>● Decrease in test data</li></ul>
<b>Freemium Business Model</b>	<b>Pros</b>	<ul style="list-style-type: none"><li>● Allows everyone to at least be able to use the basic version of our app (makes it accessible to everybody), which is important to us as an accessibility app</li><li>● Probably will have a larger user base than the subscription model, so we'll have a larger or more diverse user population for product feedback</li><li>● Free basic app functionality gives users an incentive to potentially purchase full software features</li></ul>
	<b>Cons</b>	<ul style="list-style-type: none"><li>● Users may not feel the need to upgrade to a paid subscription</li><li>● Unsure if extra/new features will be developed</li><li>● As new features are developed more research will have to go into subscription changes and whether it will be included in the free or premium version</li></ul>
<b>Advertising Business Model</b>	<b>Pros</b>	<ul style="list-style-type: none"><li>● The app is accessible to all potential users because it's free</li></ul>
	<b>Cons</b>	<ul style="list-style-type: none"><li>● Hinders accessibility/usability of app if it's a pop-up ad OR if the UI isn't well-designed</li><li>● Since the app is targeted towards user with low visibility, there might be less interest from companies that have a visual based ad</li></ul>

After taking a look at all the various advantages and disadvantages for each business model, we decided to move forward with the Freemium model. As an accessibility app, a core need for our business is to make sure that any users that may need this app to help in their day to day lives have access to it. With a freemium model we can make sure that everyone has access to at least the basic features needed for this app to help them. Then we can create customized

features such as different notification systems or preplanned guidance so when users purchase this upgraded version, it will help fund our app and continue to make the basic version accessible to all.

## Business Model

Figure 1. Business Model Canvas

How?		What?	Who?	
<b>Key Partners</b> Apple(IOS) Makerspace Faculty of Engineering <u>Clients:</u> Kim Kilpatrick Nolan Jenikov	<b>Key Activities</b> Software/app maintenance  Feeding image-detection algorithm with more data (images of buttons)	<b>Value Proposition</b>  Creating an app for people with low visibility so that they can locate elevator buttons with minimal need to touch surfaces	<b>Customer Relationships</b>  Self-service  Communities  Co-creation	<b>Customer Segments</b>  Blind/low-vision community  MakerRepo
	<b>Key Resources</b>  Computers  MacOS	Advantage of our product is that the device will be in the users hand so there isn't a need to get approval by outside sources to use it	<b>Channels</b>  Mobile app for iOS	
How much?				
<b>Cost Structure</b>  Product development (variable)  Developer account (fixed)  Marketing and Sales (variable)			<b>Revenue Streams</b>  We can use a freemium based model to create a constant revenue stream from the paid subscription users. Initially they would gain access to the app for free. The free version of the app would only have basic functionality, so if they would like to access more features they can purchase a monthly subscription for the premium version.	

## **Core Assumptions**

Our business model was made under the assumption that extra features will be added and that users will want these extra features. Features other than the button detection and guiding feature are not expected to be developed by the end of the term, thus we must assume that these features will be developed afterwards. However, as the product is being developed by students for a course project, it is uncertain whether we will continue to work on the app once the semester is over.

Nevertheless, the team has ideas for further development so should the team continue to work on the app, adding new features is plausible.

## **Feasibility**

The model is sufficiently feasible to accomplish. Our assumptions do not separate the model too far from reality but are merely a little optimistic about the future and implications of the product. Our model is reasonable as a Freemium because we would prefer it were accessible to as many people as possible and it leaves room in the future to add paid features to improve the experience. The *How* portion is an accurate assessment of who and what we have to work with including the clients and Makerspace for both supplies and money, and the resources and tasks required to build and maintain the product. The *What* accurately describes our problem and our intended solution and its benefits and constraints. The *Who* demonstrates well the people intended to use the product (clients and customers) and the intended communication with them. Finally, our assessment for the cost and revenue shows a reasonable number of avenues for both and the benefits thereof.



## **Conclusion**

This deliverable helped us decide on a business model that would benefit our group and our clients. After discussing different possibilities and weighing our assumptions, we've come to a consensus that the most suitable business model for our product would be a freemium business model. Having this discussion allowed us to view things from a business perspective, which will spark more development ideas for the future. For now, our group can follow the business model created to dive more in depth into the design and planning for our second prototype.