

## 2. Basic Patterns and Tools for Lean Startup and Lean Innovation

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http://st.inf.tu-dresden.de/
teaching/saab

- 1) The Innovator's Toolbox
- 2) Overview of Lean Startup
- 3) Evaluating a Canvas
- 4) Value Proposition Analysis
- 1) nABC
- 5) Lean Canvas
- 6) Other Canvases
- 7) Innovation Processes

#### Literature

- [Osterwalder-PhD] http://www.hec.unil.ch/aosterwa/PhD/Osterwalder\_PhD\_BM\_Ontology.pdf
- [Carlson-Wilmot] Curtis R. Carlson, William W. Wilmot. Innovation. The Five Disciplines for Creating what Customers Want SRI International. Crown Business, US, 2006
- [Oddoy] Manuel Oddoy. Softwareentwicklung mit natürlicher Sprache ("Lean Modelling"), Belegarbeit, TU Dresden, Jan. 2014. Supervised by Christian Wende, www.devboost.de
- [Korger] Christina Korger. Organisierte Software-Startups mit kollaborativen Canvases. Großer Beleg. TU Dresden, 2014.
  - http://nbn-resolving.de/urn:nbn:de:bsz:14-qucosa-160539



## Startup of the Day

- Boreal builds water cleaning mini-factories
- https://www.n-tv.de/wissen/Zwei-Berliner-entsalzen-Wasser-fuer-die-Welt-article22 102812.html
- https://winture.de/
- KFW Innovation Award https://www.kfw.de/KfW-Konzern/%C3%9Cber-die-KfW/KfW-Awards/KfW-Award-Gr%C3%BCnden/2019/

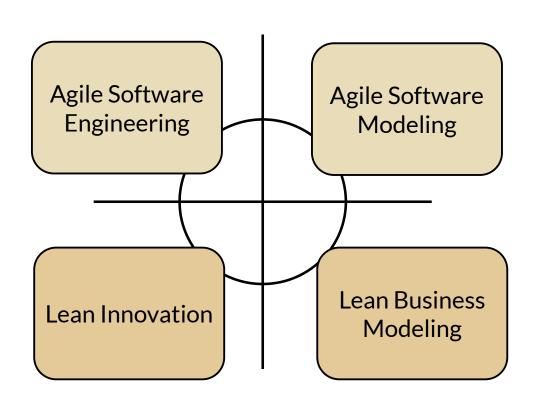




### 2.1 The Lean Innovator's Toolbox

Lean = Agile - what does this mean?

## Lean or Agile Innovation or What?







### The Lean Innovator's Toolbox

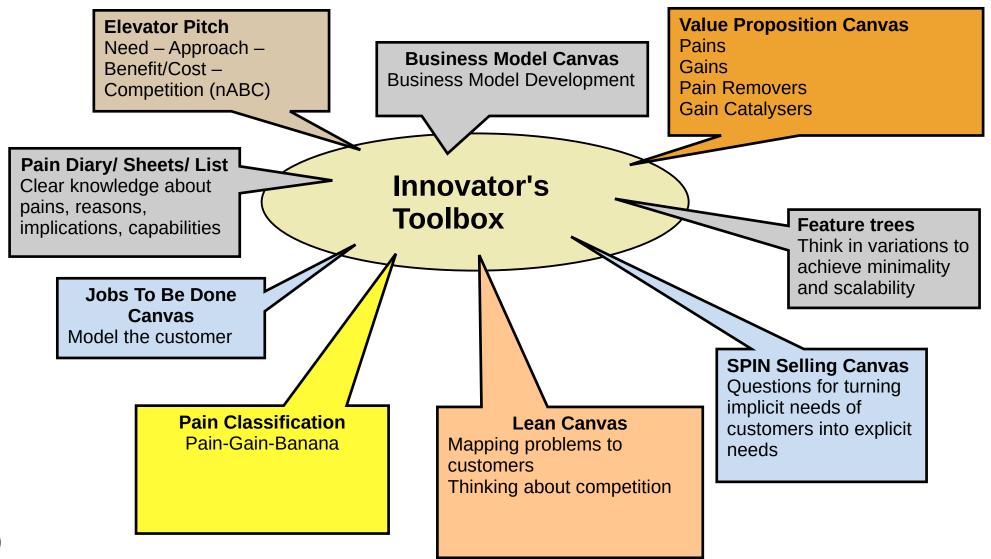
- Every lean innovator needs a toolbox for his products or services he develops
  - Several important artefacts (lean models) are assembled. He/she should know them by heart.
- In the course, we will discuss these artefacts and how to mature them.
- The innovator's toolbox of this course:
  - NABC Elevator Pitch template (use this for pitches)
  - Working with Canvases (use them for business development)
    - The Business Model Canvas
    - The Value Proposition Canvas
    - The Lean Canvas
    - The Personal BMYou Canvas
    - The Customer Interview Canvas
  - Problem Analysis
    - from Pain Diary to systematic Pain Analysis
  - Selling with good questions



## Q1: The Lean Innovator's Toolbox

#### 7 Software as a Business

Every innovator should have the following artefacts present and mature them over time







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## 2.2 Overview on Lean Startup and Lean Innovation

## 3 Process Steps to Lean Innovation and Startup

- Find a relevant problem
- Find a relevent product or service
- Find a scaling business model
- Measure the maturity of an innovation or startup (how far has it come in the innovation process
  - By metrics
  - By hypothesis testing with customers ("get out of the building")





### Lean Innovation Process in this Course

#### 11 Software as a Business

- The lean innovation process prototypes early to get early feedback (feedback-oriented process)
- Insight: Business can be modeled and metamodeled

Lean Startup

Lean Innovation

Lean Modeling with Canvases, e.g., with Business Model Canvas

Selling Techniques

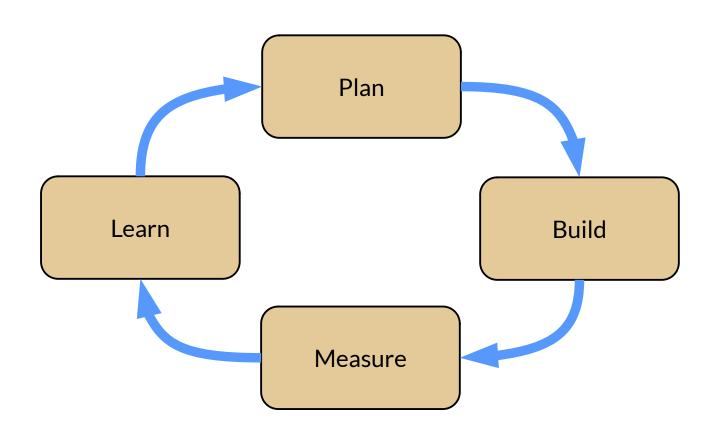
**Business Models** 

Lean (Agile) Development



## The Lean Innovation (Startup) Spiral Model

- Instance of "Scientific Method" of Bacon and PDCA (Plan-Do-Check-Act)
- Plan Build Measure Learn cycle [Maurya, Ries]
- Developing "Business Model Canvases" containing "Customer Hypotheses"
- ► The "Learn" "Plan" "Build" "Measure" Cycle is a variant of the Scientific Method and the PDCA.

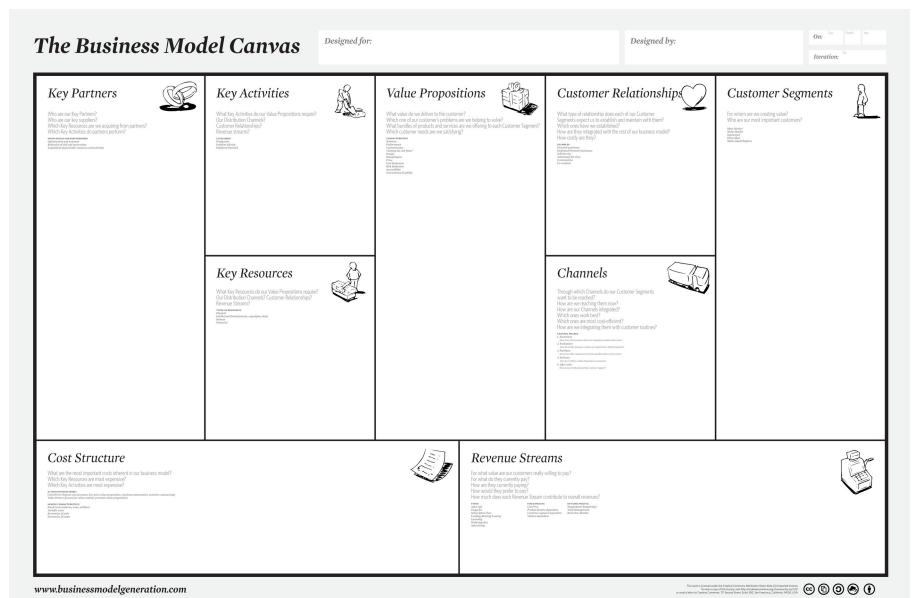




# Business Model Generation with BMC Osterwalder/Pigneur

- 13 Software as a Business
- CC-BY-SA:

http://www.businessmodelgeneration.com/downloads/business\_model\_canvas\_poster.pdf





## Business Model Analysis with the Business Model Canvas

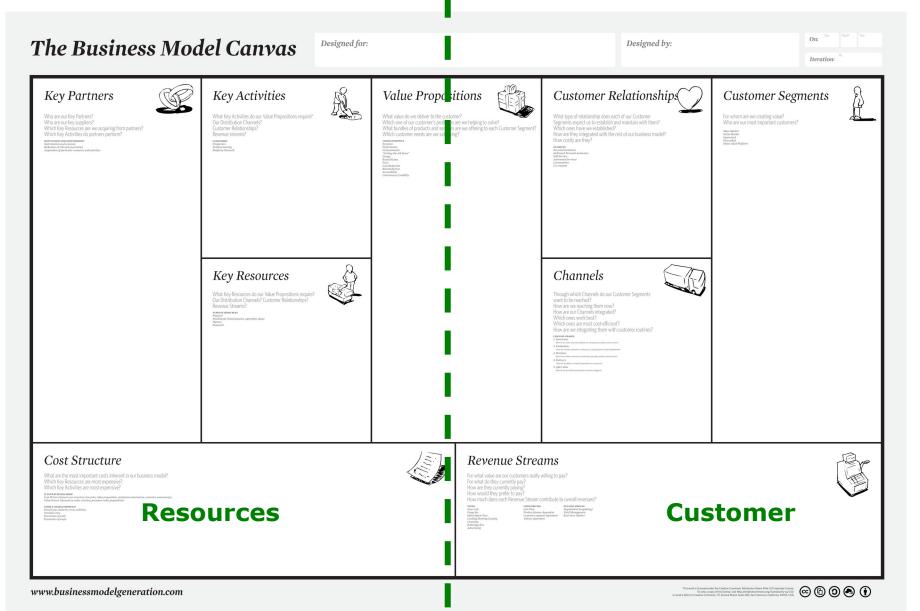
- Business model development creates business models
  - For start up and placement of new products
  - [Osterwalder/Pigneur] suggest to split the business model in 9 parts, divided by input, output, and in between
- Input (Resource) Side
  - Cost vs Profit
    - Estimate costs! Cost leadership?
    - Estimate break-even point!
    - Distinguish cash flow and profit
- Middle: Value Proposition and Pain Killing
- Output Side (Customer Side)
  - Target customer group
    - Companies? End customers? [champagne]
    - Selling directly or via distributor?
  - Channels
    - Market entry strategy
    - Segmentation of the market



## Bridging Two Worlds in BMC

#### 15 Software as a Business

CC-BY-SA: http://www.businessmodelgeneration.com/downloads/business\_model\_canvas\_poster.pdf





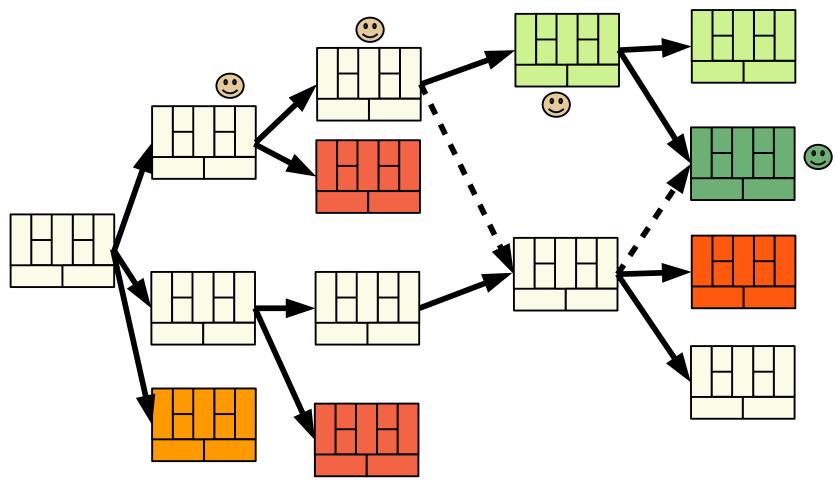
Basically from right to left

Customer Value Customer **Key Activities Key Partners** Relations Proposition 1 Segments (Wertangebote) Channels **Key Resources** Costs Revenues **Customer Profile Resources** 



## The Business Model Canvas Cactus (BMC Cactus)

- Growing a model tree with side edges (dag cactus) out of a first version [Maurya]
- Assess with red-yellow-green; choose a current "champion"
- Follows the Generate-Assess-Test problem-solution process
- Not too many canvases are kept active (small dashboard)





# Lean Hypothesis Testing Cycle in Customer Modeling (Blank/Dorf)

18 Software as a Business

- Customer Analysis (Customer Modeling) is a variant of business model development that creates a trustworthy, realistic model of the customer of the product, his pains, his gains, his desires, her stakeholders, ...
- During customer modeling, customer hypotheses are proposed in form of BMC and validated (Lean Hypothesis Testing cycle, resulting over time in the BMC Cactus).
- The "Ask" "Measure" "Learning" Cycle is a variant of the Scientific Method and the PDCA.

"Ask"
Hypothesis
elicitation

"Design"
Of Experiment
Of Experiment
Under the street of the street of



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## 2.3 Canvases and other Analysis Instruments

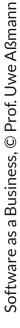
Lists, Trees, Link trees, Dags, Graphs, Canvases (planar)

BMC is based on a simple metamodel of business models (see MOST course)

The Modelling Aspect of Business Model Canvas

Its instances are business models

Customer Value Customer **Key Activities Key Partners** Relations Proposition 1 Segments (Wertangebote) **Key Resources** Channels Costs Revenues **Value for Customer** Cost-Value-Bridge **Cost/Resources** for Company

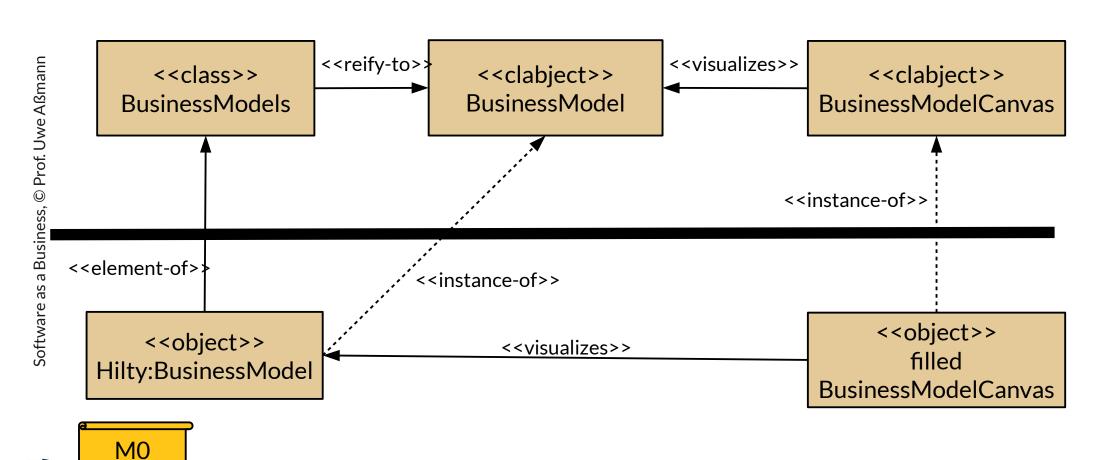


### Metamodels and the BMC

#### 21 Software as a Business

One of the central insights of BMC is that a canvas is a model following a metamodel [Osterwalder PhD], see course "Model-Driven Software Technology (MOST)"





## Instruments for Filling Canvases

#### 22 Software as a Business

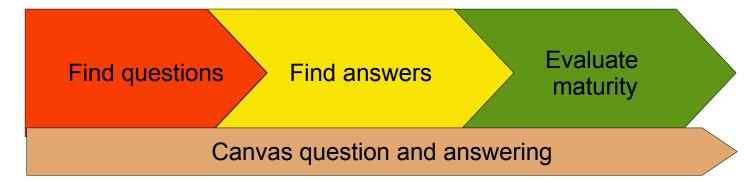
- Paper and Notes
- App
- http://www.businessmodelgeneration.com/canvas
- https://strategyzer.com/app
- Google docs
  - http://scrumology.com/how-to-create-a-business-model-canvas-in-googledocs/
- Fridolean platform (LINC) https://fridolean.saab18.inf.tu-dresden.de/
  - Nested canvases
  - Live editing of canvases
  - Linked with RocketChat do discuss online
  - Linked with codiMD to life-edit documents

A **canvas** is a form to collaboratively brainstorm a model.



## Canvas question and answering - how to Work with Question-based Canvases

- Finding answers to the fields of a canvas is easier, if you have defined questions before
  - Some canvases, like the BMC, state pre-defined questions.
  - For others, you have to find questions yourself
- You can use for questions many methods:
  - the "Honest Serving Men" of Kipling
  - The SWOT "strategic" analysis (strengthes, weaknesses, opportunities, trends)
  - The CoTIQQ cost analysis (cost, time, quality, quantity)
  - The BeNiSiLo improvement analysis (Better, Nicer, Simpler, Longer-lasting)
- Answers can be quite unrealistic and immature. Evaluate maturity of canvas fields by
  - Asking experts
  - Check cross-constraints
  - Evaluation of metrics





A canvas has different purposes. It is a model with a metamodel, so it inherits the benefits of the language of its metamodel

## Bridging two (left and right) Worlds

Different Purposes of Canvases

- Partner Customer (BMC)
- Problem Customer (LC)
- Pain Pain killer (VPC)

#### Brainstorm (Q&A) Canvas

- Structured process for excellent elicitation
- Finding answers to the questions
- Brainwalking with many persons

### Question-based Canvas

 To generate questions for interviews with customers and stakeholders

#### Structured Process

- Use the experiences of metamodels others have collected for you
- Evaluate canvas maturity by asking evaluation questions





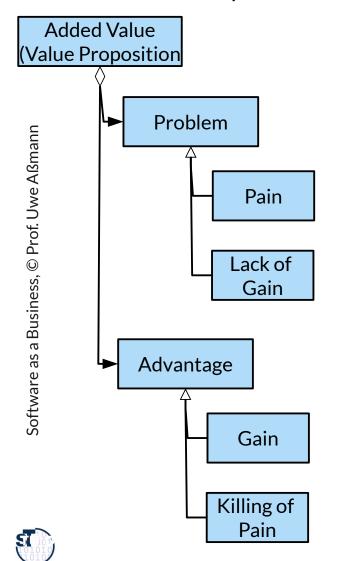
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## 2.4 Value Proposition Analysis

## Value Proposition (Pain-Gain Analysis) for the Customer

26 Software as a Business

Value proposition analysis finds a real problem (pain) of the customer, or a real win (gain).
It is a subprocess of Business model development.



Make sure your innovation is a *pain killer* and not just a *vitamin*.

David Ladd, venture partner at Mayfield Fund [Carlson/Wilmot]

**Pain killers** are too dangerous, you only get them on prescription – but we have a large set of *vitamins*.

[Swedish pharamacist, when Aßmann asked for Korodin Kreislauftropfen]

[Ein Unternehmer] hat einen Spürsinn für das, was die Leute brauchen oder zu brauchen glauben. Urs Wälterlin. Weit weg im Outback.]

## "Pain-Gain" Value Proposition Canvas [Osterwalder]

#### 27 Software as a Business

- Gains
- Pains
- Customer Jobs

- Gain Creators
- Pain Relievers
- Products and services

Download for personal use

http://www.businessmodelgeneration.com/downloads/value\_proposition\_canvas.pdf

#### Background:

http://businessmodelalchemist.com/2012/09/test-your-value-proposition-supercharge-lean-startup-and-custdev-principles.html



#### The Value Proposition Canvas

Designed for:

Designed by:

Which savings would make your customer happy?

n: Day Month

Iteration:



Make your customers feel better?

Fix underperforming solutions?

customers encounter or fear?
(e.g. loss of face, power, trust, or status, ...)

Put an end to difficulties and challenges your

(e.g. make things easier, helping them get done, eliminate resistance, ...)

Help your customers better sleep at night?

from adopting solutions?

for your customer. Is it very intense or very light?

e.g. lower or no upfront in esistance to change, ...)

Limit or eradicate common mistakes customers make?

Get rid of barriers that are keeping your customer

What outcomes does your customer expect and what would go beyond his/her expectations? What positive social consequences does your customer desire? (e.g. makes them look good, increase in power, status, ...) What are customers looking for? What do customers dream about? Gains How does your customer measure success and failure? Customer Job(s)What would increase the likelihood of adopting a solution? What functional jobs are you helping your customer get done? What social jobs are you helping your customer get done? What emotional jobs are you helping your customer get done? (e.g. esthetics, feel good, security, ...) What basic needs are you helping your customer satisfy? Besides trying to get a core job done, your customer performs ancill ent roles. Describe the jobs your customer is trying to get done as: What does your customer find too costly? Buyer (e.g. trying to look good, gain power or status, ...) Co-creator (e.g. esthetics, feel good, security, ...) What makes your customer feel bad? customer experiences or could experience before, during, and after getting the job done. How are current solutions underperforming for your customer? (e.g. lack offeatures, performance, malfunctioning, ...) What are the main difficulties and challenges Outline in which specific context a jo is done, because that may impose (e.g. understanding how things work, difficulties getting things done, resistance, ...) constraints or limitations. What negative social consequences does your customer encounter or fear? (e.g. loss of face, power, trust, or status, ...) What risks does your customer fear? What's keeping your customer awake at night? What common mistakes does your customer make? What barriers are keeping your customer from adopting solutions?

Value Proposition

Create one for each Customer Segment in your Business Model

www.businessmodelgeneration.com

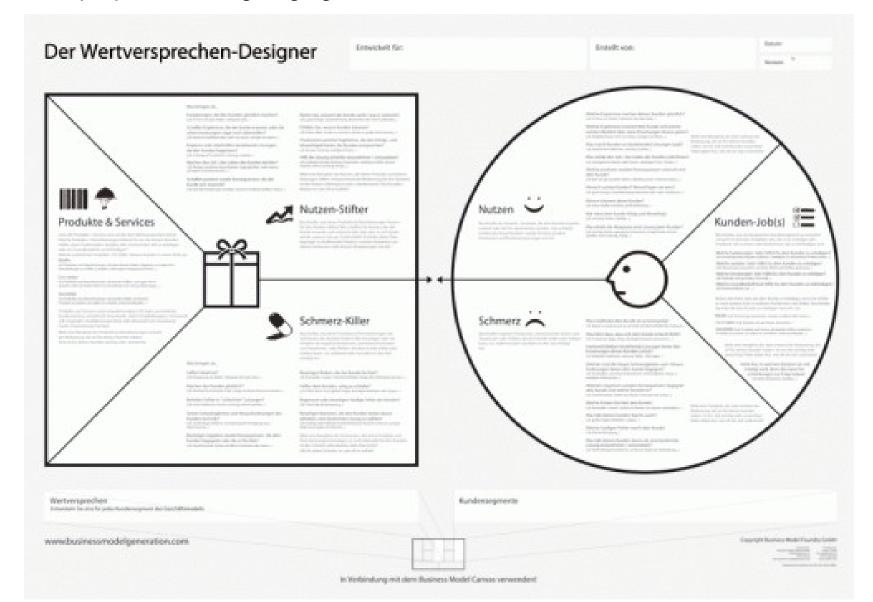
Customer Segment

Use in Conjunction with the Business Model Canvas

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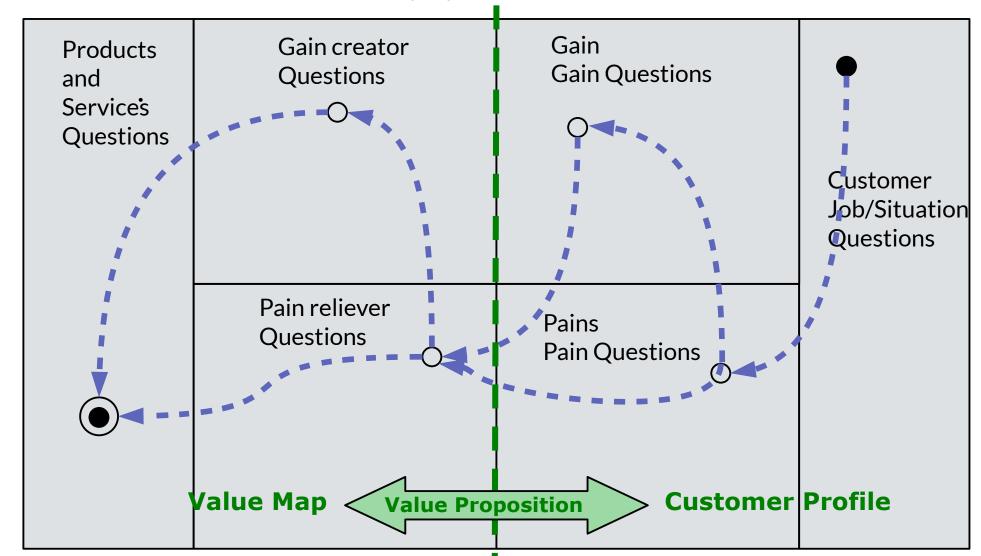
http://geschaeftsmodellcoach.de/assets/Bilder/\_resampled/resizedimage501353-valuepropositiondesignergif.gif





### **VP Canvas Process**

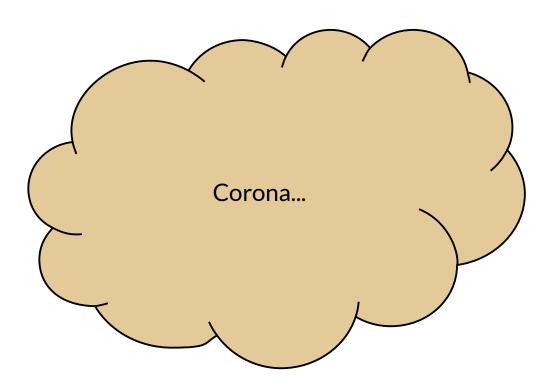
- [Osterwalder-OPC] VPA uses a canvas to map the customer pains and gains to products and services
- The VPC defines the field "value proposition" of the BMC





## Problem / Pain Diary

- Def.: A pain diary is a diary in which all problems, pains, deficiencies of techniques and tools are recorded day by day
- https://md.saab18.inf.tu-dresden.de/ProblemDiary
- Problems are pains if they press the customer a lot







ZDF, 2020-09-15

14.09.2020, 09:45 Uhr

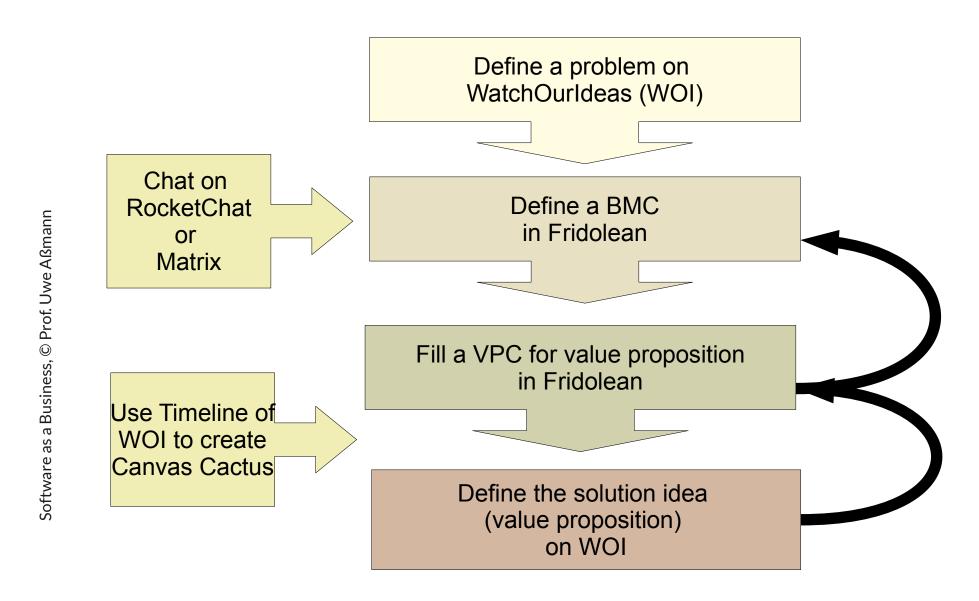
#### Vietnam: Schüler entwickeln Corona-Schutzhelm - "Vihelm"

Drei vietnamesische Schüler haben einen Helm entwickelt, der Beschäftigte im Gesundheitswesen vor Corona schützen und ihnen zugleich ermöglichen soll, etwas zu essen oder sich mal den Schweiß von der Stirn zu wischen, ohne sich dem Virus auszusetzen. Dazu ist der Helm mit einer speziellen Handschuh-Box ausgestattet. Der Name "Vihelm" leitet sich ab aus den beiden Wörtern "Vietnam" und "helmet" (engl. für Helm).





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**BMC-VPC Innovation Workflow on LINC** 



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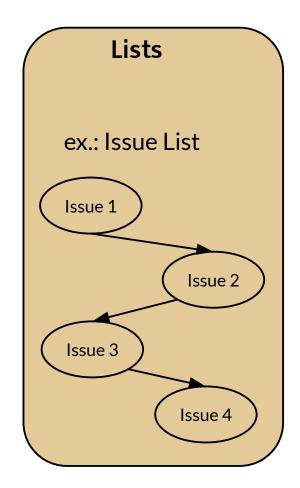
## 2.4.1. Excursion: Canvases are Link-Tree Models

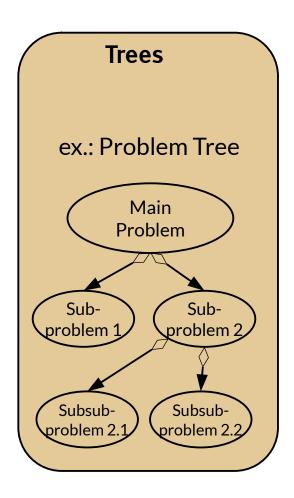
• This is one of the basic topics of course "Softwaretechnologie II"

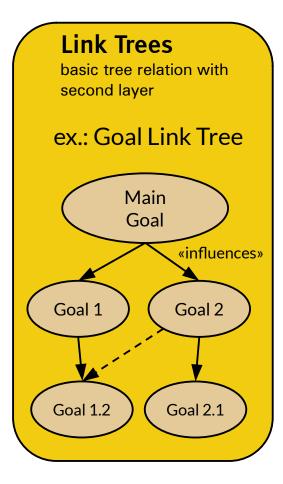
## Other, Hierarchic Models

#### 35 Software as a Business

For values, problems/pains, gains, customers, channels, resources etc. we need not only canvases but all kinds of *hierarchic* (*structured*) models:





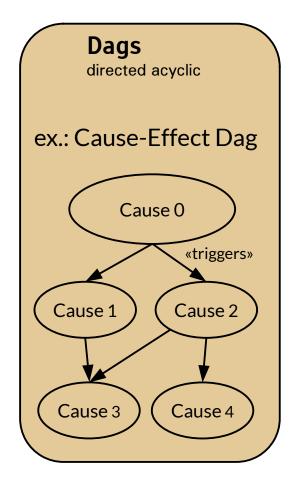


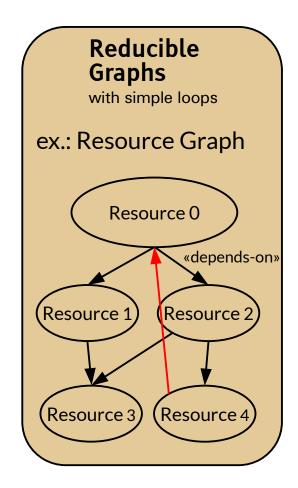


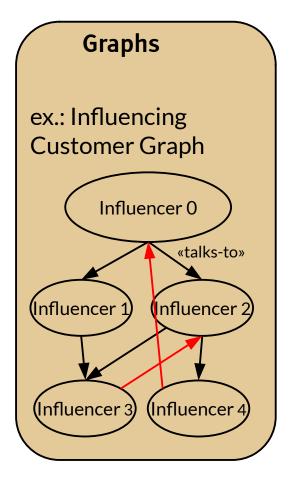
## Graph-Like Models

Software as a Business

► Trees and link trees are *simpler structures* than these here:





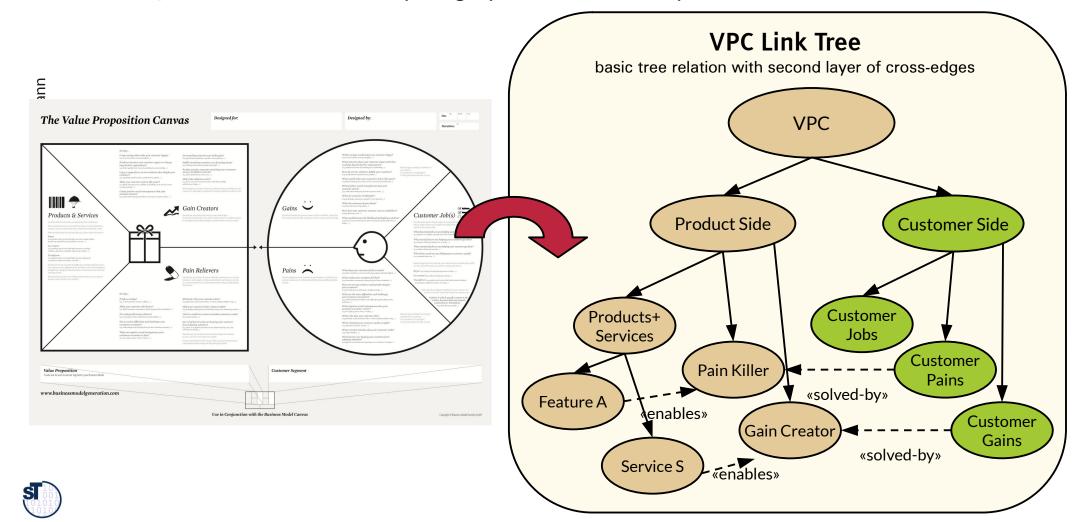




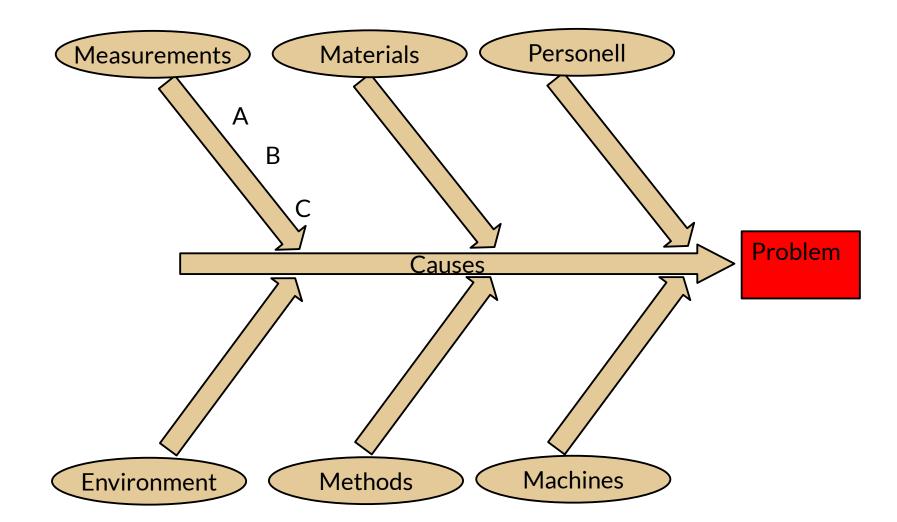
Software as a Business, © Prof. Uwe Aßmann

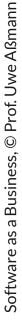
### How to Turn the Canvas into a Link-Tree Model

- Areas of the canvs turn into nodes of the model
- Cross-edges are created from the semantic dependencies of the canvas fields
- Q: can the link tree be a cyclic graph? What does a cycle mean?



- https://en.wikipedia.org/wiki/Ishikawa\_diagram
- Cause-Effect Tree of Reasons and caused problems
- For different domains, Business or Software Engineering, different facets can be used



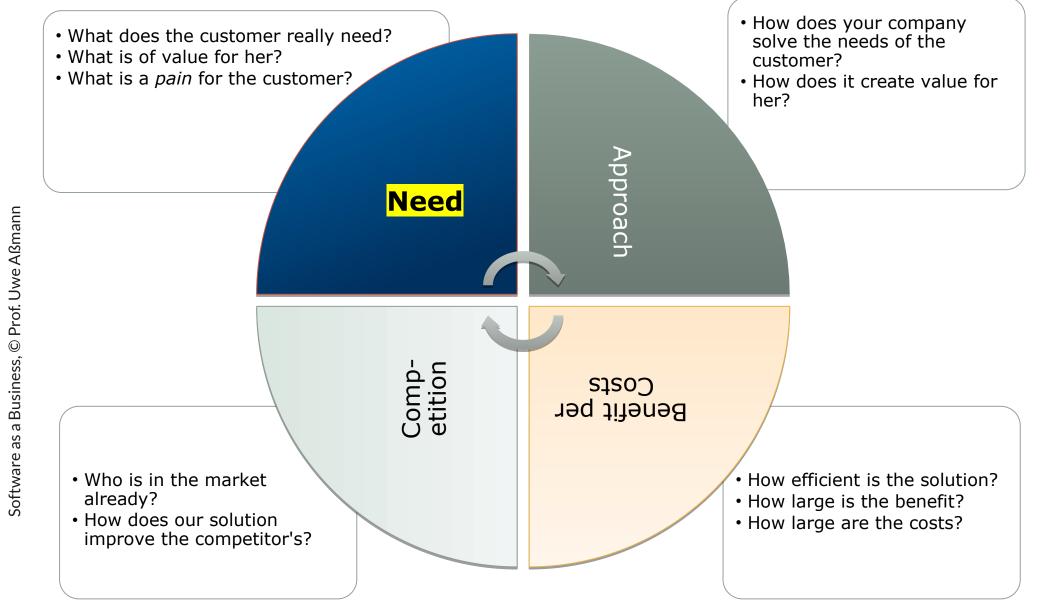


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# 2.4.2 Value Proposition Analysis with nABC

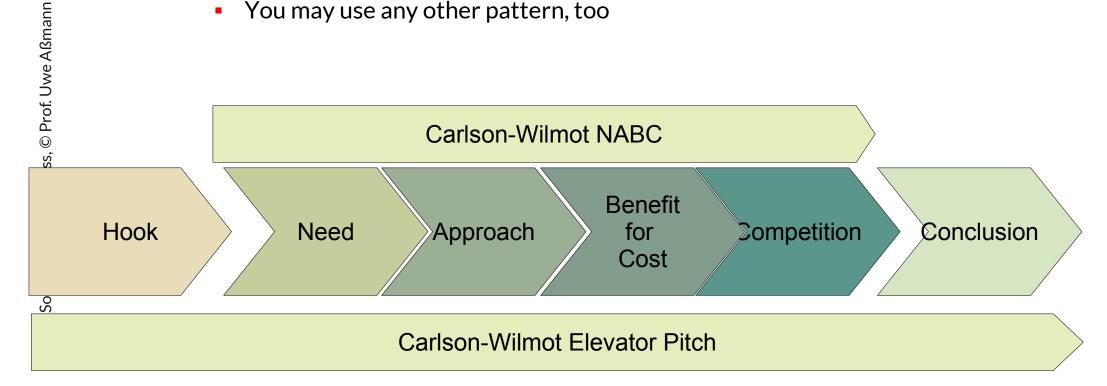
- NABC is a fantastic 4-step scheme for summarizing your idea for a new product or service.
- Learn it by heart, it will change your life.

# NABC Analysis [Carlson-Wilmot]





- An **elevator pitch** is a 2-minute speech about the value proposition (problem-solution analysis) of your PhD thesis project
  - You should be able to tell it an important investor in an elevator (2 min)
- It combines a problem solving pattern such as NABC with a hook, a gripping introductory remark
  - You may use any other pattern, too





## **Exercise: Application**

- For preparing your next application for a job,
- Analyze the future employer with NABC
  - What are his needs?
  - What is your approach?
  - What is his benefits?
  - Who are your competitors?
- Learn the answers for these questions by heart, to be able to present them in the interview!
- Advanced: Turn your NABC pitch into a link-tree model. What is the primary relation, what is the secondary links?





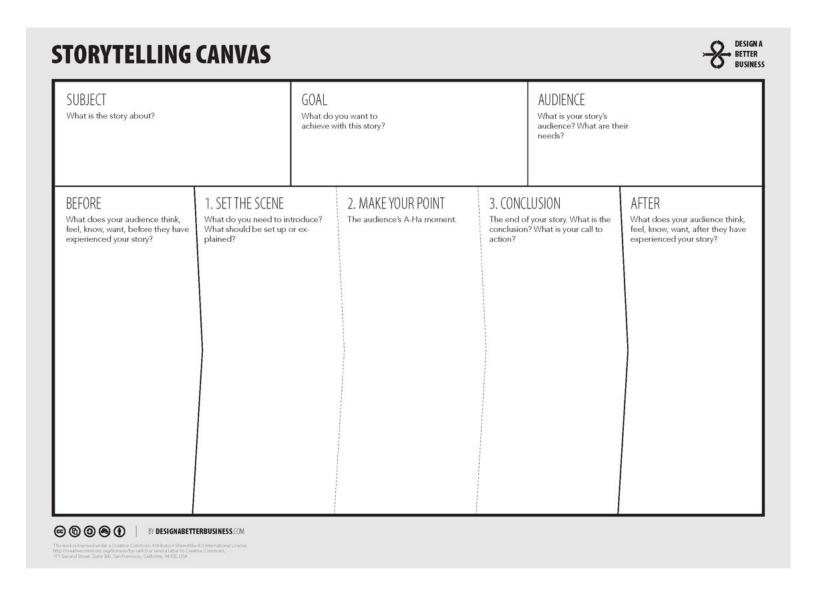




# Story Telling Canvas /(Strategyzer)

#### 44 Software as a Business

You can pack the NABC also tinot a Story, telling N, A, B, and C.

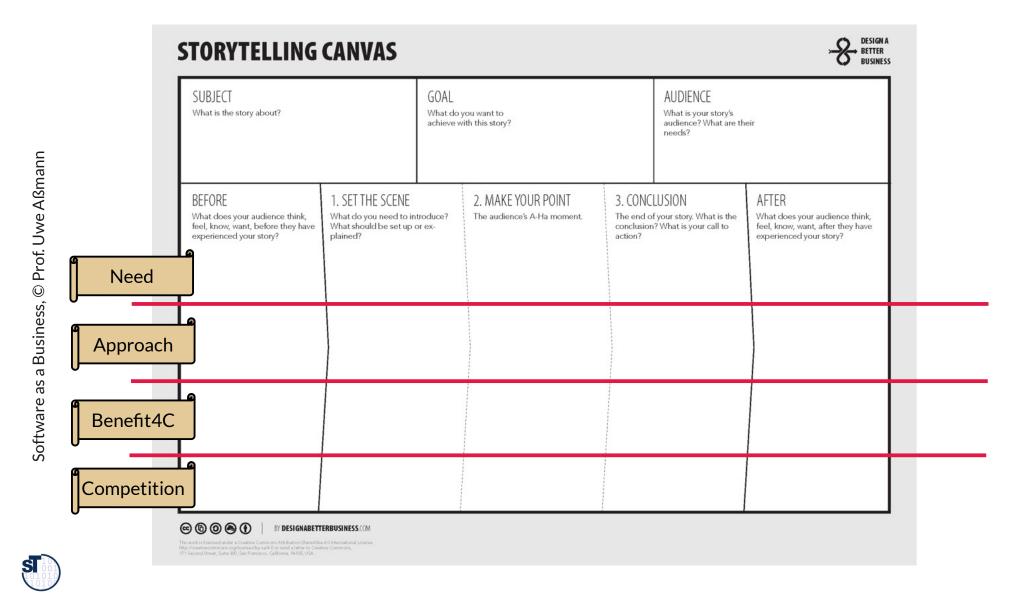




# Story Telling Canvas /(Strategyzer)

#### 45 Software as a Business

You can pack the NABC also tinot a Story, telling N, A, B, and C.





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#### 2.5 Lean Canvas

- Bridging problems, solutions, and customers
- An important variant of the BMC for problem-solution analysis of customers
- Combining BMC and VPC

# Lean Canvas [Maurya]

47 Software as a Business

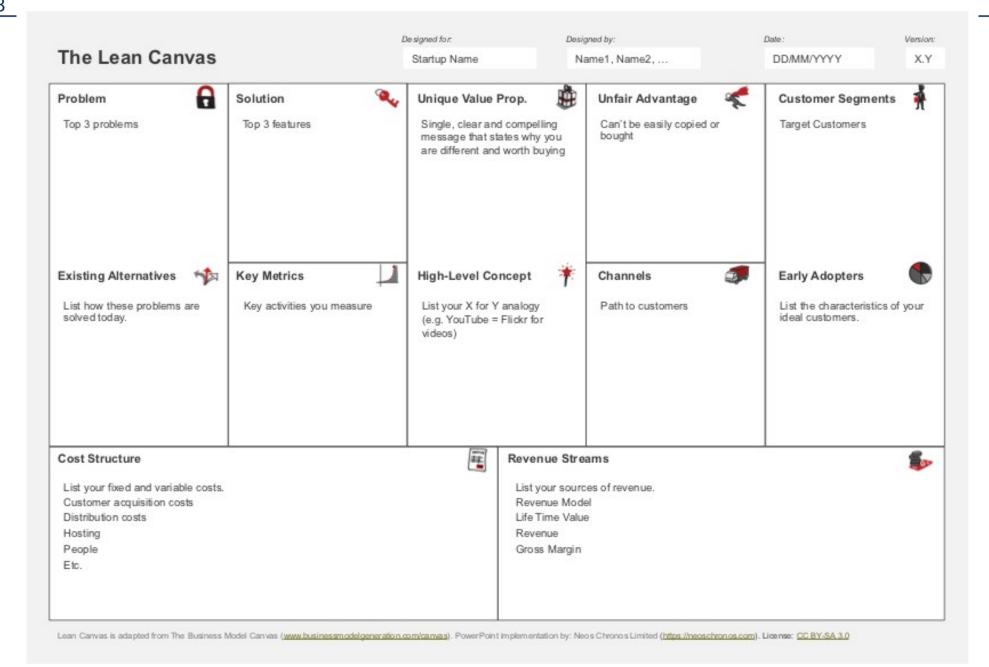
Problem	Solution	Unique Value Proposition		Unfair Advantage	Customer Segments
	Key Metrics			Channels	
Cost Structure			Revenue Streams		

Lean Canvas is adapted from The Business Model Canvas (<a href="http://www.businessmodelgeneration.com">http://www.businessmodelgeneration.com</a>) and is licensed under the Creative Commons Attribution-Share Alike 3.0 Un-ported License.



# Lean Canvas [Neos Chronos Version]

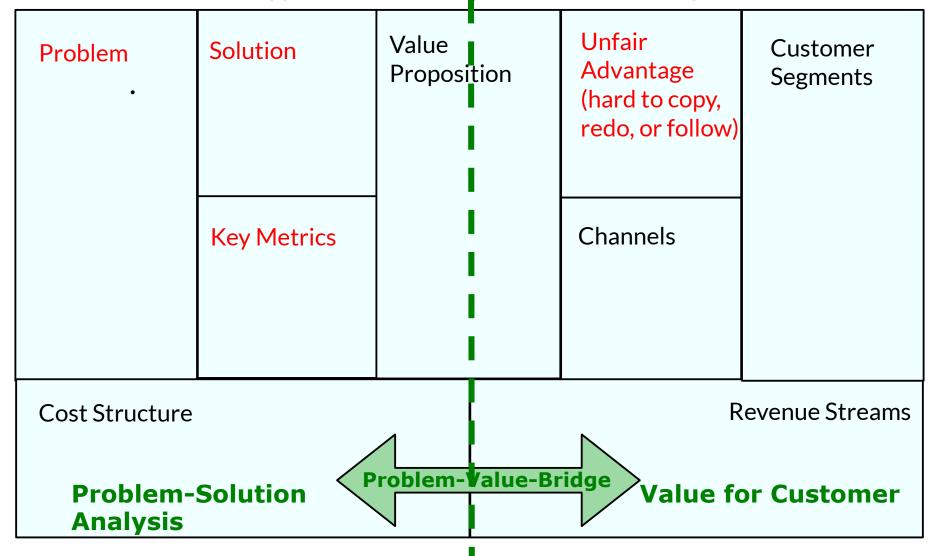
48





# Lean Canvas [Maurya] [http://leancanvas.com/]

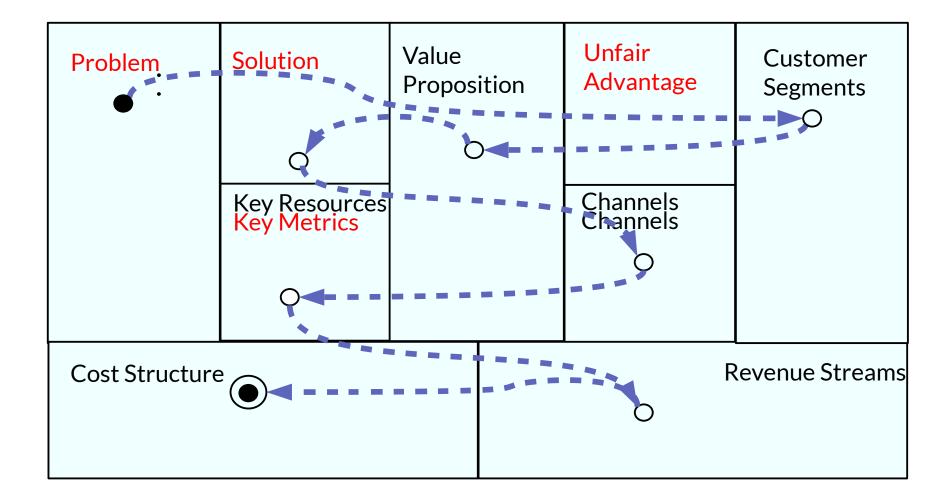
- The Lean Canvas substitutes the Cost Subcanvas by the Problem-Solution-Key-Metrics Subcanvas
- The Lean Canvas supports Problem-Objective-Solution-analysis (POA)





# Lean Canvas [Maurya]

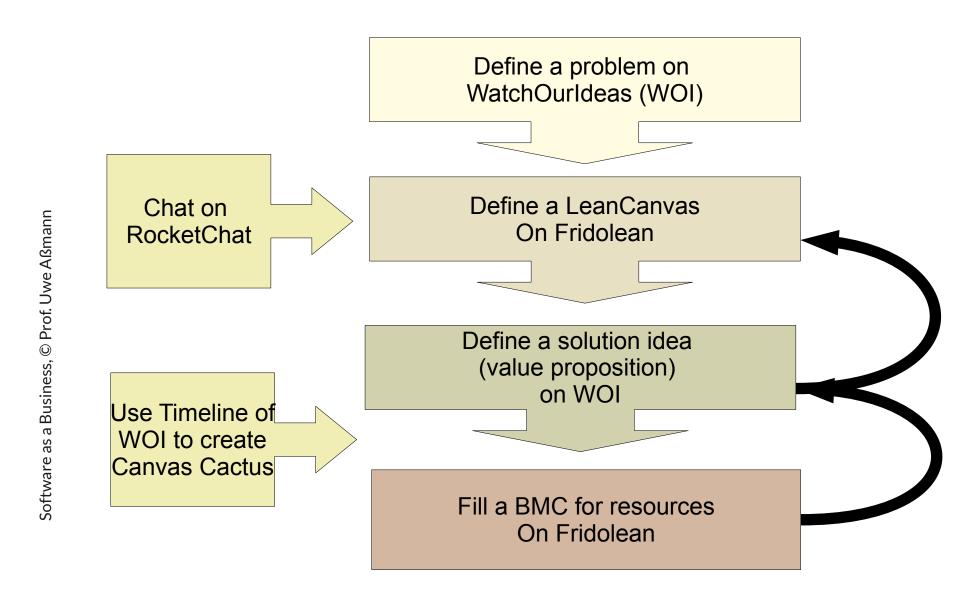
- The Lean Canvas substitutes the Cost Subcanvas by the Problem-Solution-Key-Metrics Subcanvas
- The Lean Canvas supports Problem-Objective-Solution-analysis (POA)
- The fill order is top-down outside-in



# Lean Canvas Combined with BMC (Lean Business Model Canvas, LBMC)

- The Lean Canvas and the BMC can be unified by adding the subcanvases
- ► The LBMC supports Problem-Objective-Solution-analysis (POA), Competition analysis,

. Uwe Aismann	Problem.  Problem-Sol	Solution ution			Ultimate Competitive Advantage		
	Analysis	Key Metrics			Unfair Advantage	Competition	
a Duoi leoso, @ T l Ol.	Key Partners	Key Activities	Value Proposi	ion	Customer Relationships	Customer Segments	
	Resourc	Key Resources <b>es</b>			Channels	Customers	
10	Cost Structure			Revenue Streams			





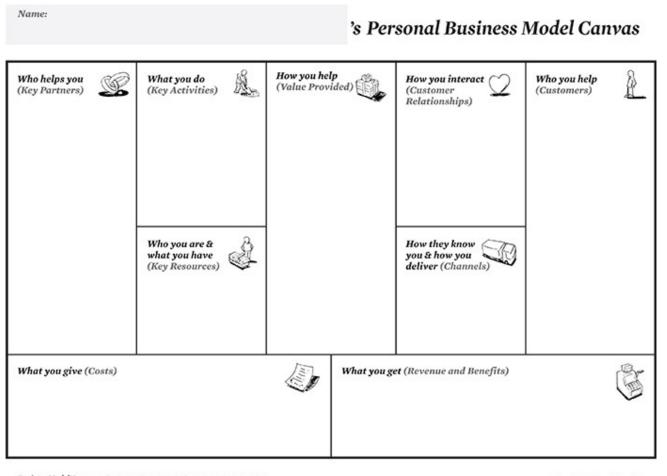


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#### 2.6 Other Canvases

# Business Model You Canvas (BMYC)

- ► The BMYC is a canvas for your personal life and career development, inspired by the BMC. http://businessmodelyou.com/
  - http://www.ideogram.us/BMY\_preview/Business\_Model\_You\_preview.pdf
  - https://leanchange.org/resources/canvases/
- It can also be used for customer analysis







# Software as a Business, © Prof. Uwe Aßmann

# Personal Value Proposition with the Personal BMC (BMYC)

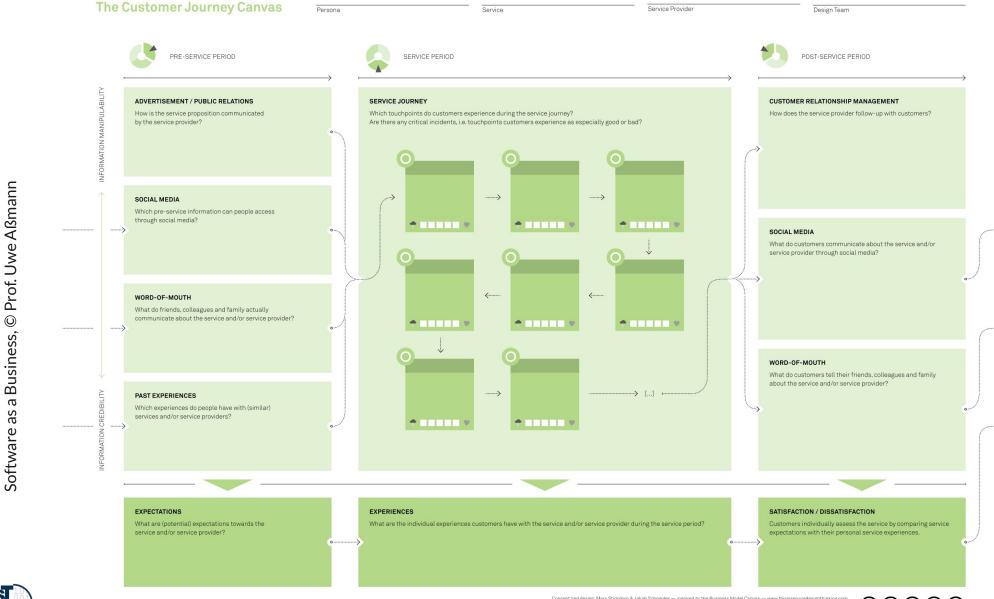
[http://businessmodelyou.com/]

55 Software as a Business

► The BMYC is for the development of your career and yourself, also for customer analysis

Key Partners <b>Who helps</b> <b>You?</b>	Key activities What do you do?	Value Proposition How do you help?		Customer Relationships <b>How do you</b> <b>interact?</b>	Customer Segments Whom do you help?
	Key Resources What you are and have	-		Channels How do they know you? How do you deliver?	
Cost Structure What do you give?			Revenue Streams <b>What do you get?</b>		













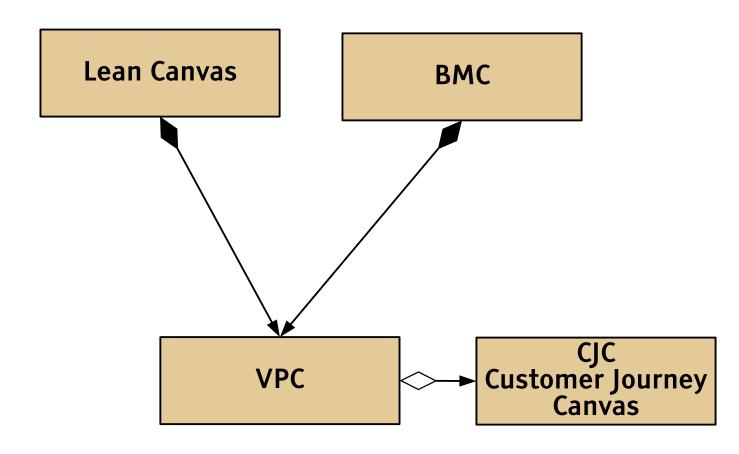
## Customer Journey Canvas for Services (CJC)

- Service design is very important for young companies (→ chapter "Business models")
  - A lightweight way to create business and customer relations
- CJC allows for brainstorming about all customer touchpoints, contact points with the customer during the service
  - http://thisisservicedesignthinking.com/
- http://www.servicedesigntools.org/tools/8
- On this website, you may edit several canvases, also the CJCS
  - https://canvanizer.com/choose-canvas



# The Dependency Structure of Canvases

- Some canvases are subcanvases of others.
- Here is a little metamodel excerpt
- How would you maintain a cactus for all these canvases?





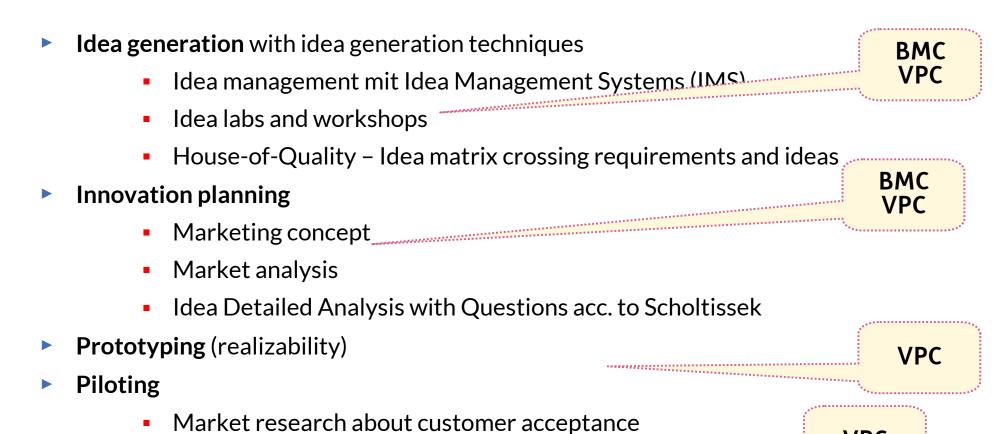


#### 2.7 Other Innovation Processes

- •An *innovation process* is a systematic way to generate innovations in a company or in a startup
- There are other innovation processes than Lean Startup

# Innovation Process acc. to [Scholtissek]

#### 61 Software as a Business



**VPC** 

Scale

Commercialization

Test phase

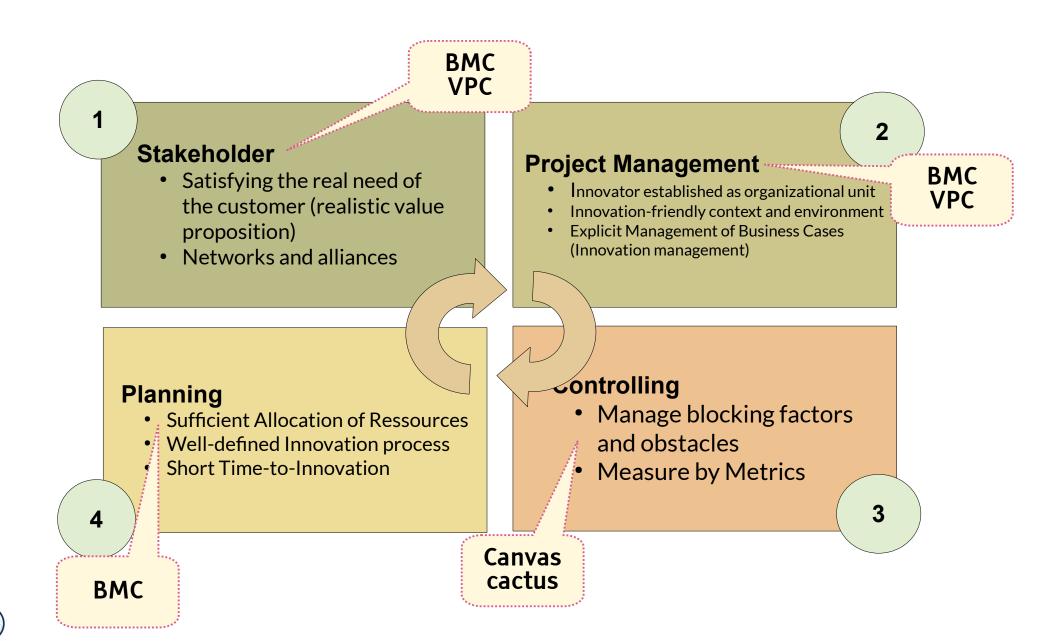
<u>Introduction to market</u>

Idea Innovation Prototyping Piloting Commercial Commerc

Software as a Business, © Prof. Uwe Aßmann

# Success Factors of Innovation Processes acc. to

[Scholtissek]
Software as a Business





# Statistical Innovation Process Metrics (-KPI) acc. To [Scholtissek]

63 Software as a Business

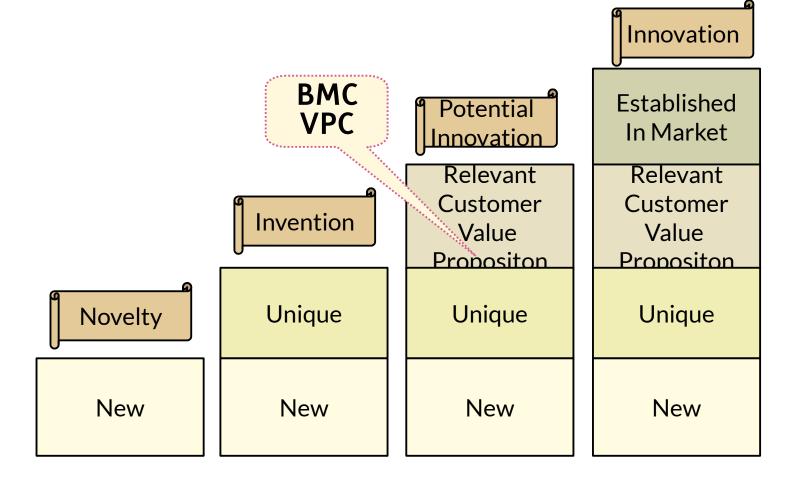
Acc. To Scholtissek, every innovation process needs:

- Metrics for Idea Generation
  - Number of Innovation Ideas of employees
  - Number of filled or matured canvases
  - Number of ideas per process step
- Metrics for efficiency of innovation (utility, investments vs cost per innovation)
  - Turnaround of the new products in the last years
  - Rise in market share due to the new products
  - Cost reduction by process innovation
  - Cost for research and development in relation to turnaround
- Time of Innovation Process (Time-to-Innovation)
- Different innovation types
  - Product, process, business model innovation, etc.
  - Evolutionary, revolutionary, disruptive



# The Steps to Innovations (Innovation Process of Bosch Thermotechnik)

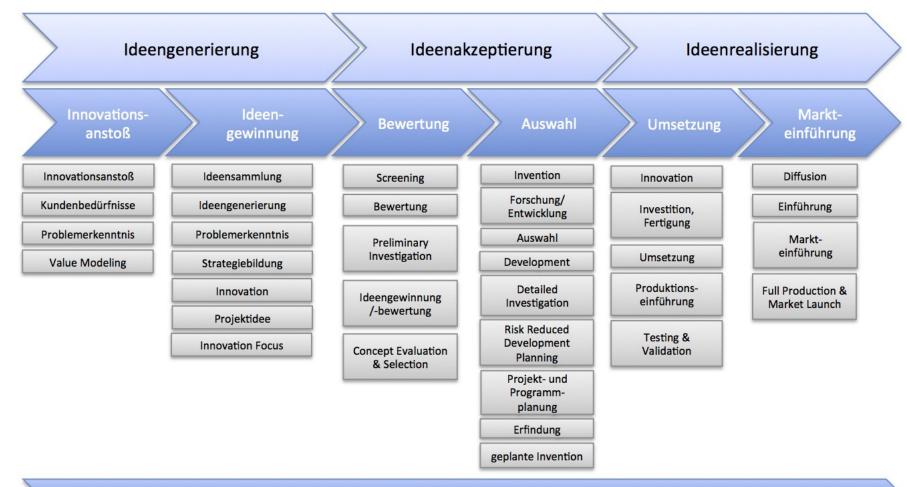
- [Fit für innovation, Arbeitskreis 1. http://www.fitfuerinnovation.de/
- http://www.fitfuerinnovation.de/wp-content/uploads/2011/07/ Fit\_Fuer\_Innovation\_AK1.pdf ]
- Innovations need several conditions:





Sebastian Eichler. Evaluation von webbasierten Innovationsplattformen und Konzeption einer geeigneten Softwarearchitektur für Open Innovation. Diplomarbeit. Fakultät Wirtschaftswissenschaften, TU Dresden, August 2011.

Innovation Process of Project Open4Innovation





#### The End

- How are BMC and VPC related? Describe how to do a BMC-VPC innovation workflow on LINC.
- What is the difference of a canvas and a metamodel?
- Explain the three phases of canvas filling.
- How do you create questions for a canvas? Explain one of the instruments to get ideas.
- Why is pain important in the VPC?
- Why is change important for business?
- Explain the LeanCanvas. What is different to BMC?
- Describe how to do a Lean Canvas innovation workflow on LINC.
- Why is the Lean Startup process a specific innovation process?
- Why are canvases models?
- Which canvas you would recommend for Volkswagen in its 2015 crisis?

