

Understanding Value Exchange Models

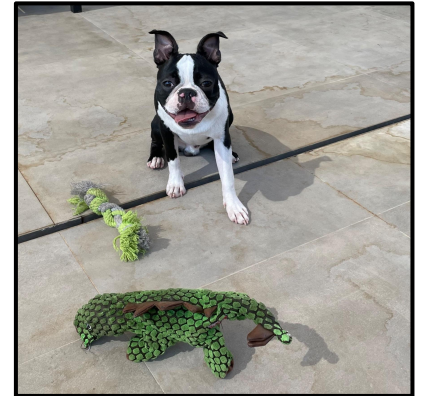
Nov 8, 2022

Welcome



Carlton Nettleton

- SVP of Product and Certified Scrum Trainer[®] (CST)
- Twenty years of Scrum & Agile practice
- Live and work in Portugal since 2017





Capital One

new

VISA



Our Agenda

- Introductions
- What is our definition of value?
- What is value exchange?
- How is value exchanged in these solutions?

The background is a solid blue color with a complex, repeating geometric pattern of interconnected lines forming various polygons, creating a textured, crystalline effect. The text is centered horizontally and vertically in a bold, white, sans-serif font.

What is our definition of value?



What is value?





value (n): *benefits a customer receives, less the price the firm extracts.*

Most Value is Hidden

The challenge is to make visible what lies beneath.





Dimension & Magnitude Framework

Who <i>What segment is receiving the value?</i>			
Summary <i>What value does the solution provide the customer?</i>			
Magnitude <i>What is the economic impact of the value? How can this potential value be measured?</i> <i>How can the economic impact be expressed as a formula?</i>			
Implementation <i>What changes does the customer need to make in order to realize the value?</i>	<input type="checkbox"/> Easy	<input type="checkbox"/> Medium	<input type="checkbox"/> Hard
Revenue, Cost or Risk	<input type="checkbox"/> Increase Revenue	<input type="checkbox"/> Decrease Cost	<input type="checkbox"/> Avoid Risk



What more do you want to know?

What is value exchange?

The Seven Value Exchange Models



Product vs. Service

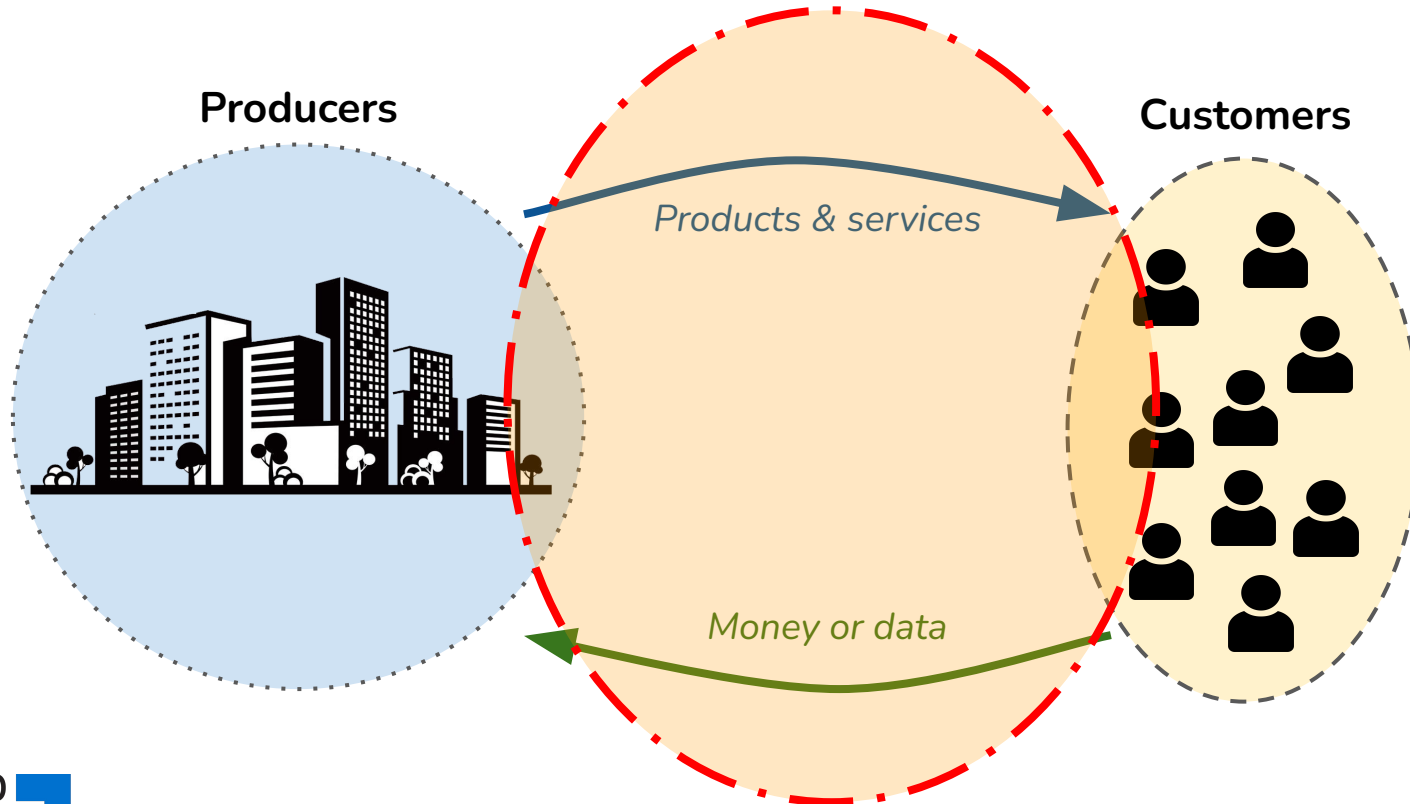
product (n): anything that is sold, tangible or intangible, that repeatedly delivers value to customers without intervention by the enterprise.



service (n): utilizes human labor as the primary mechanism of delivering value to the customers.

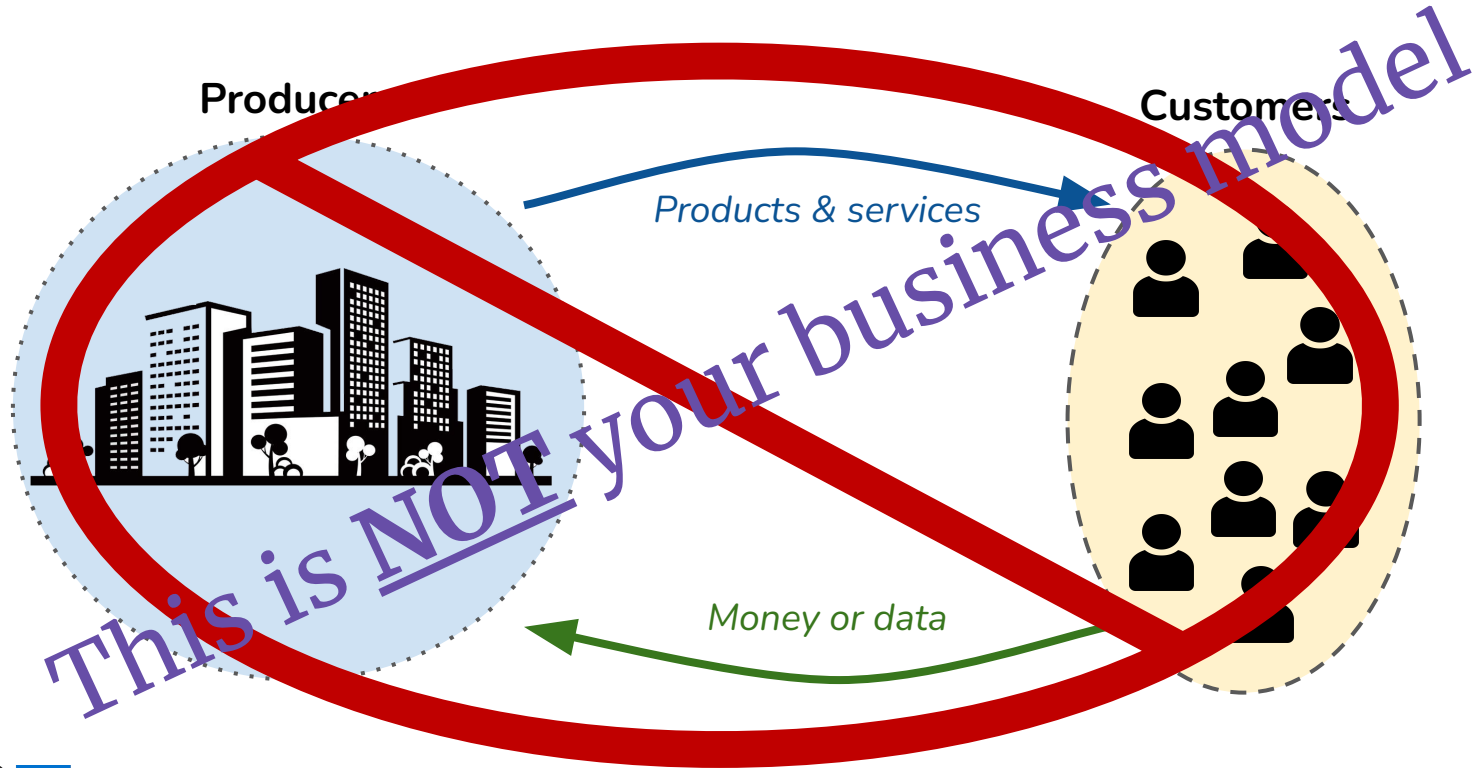


Value exchange system

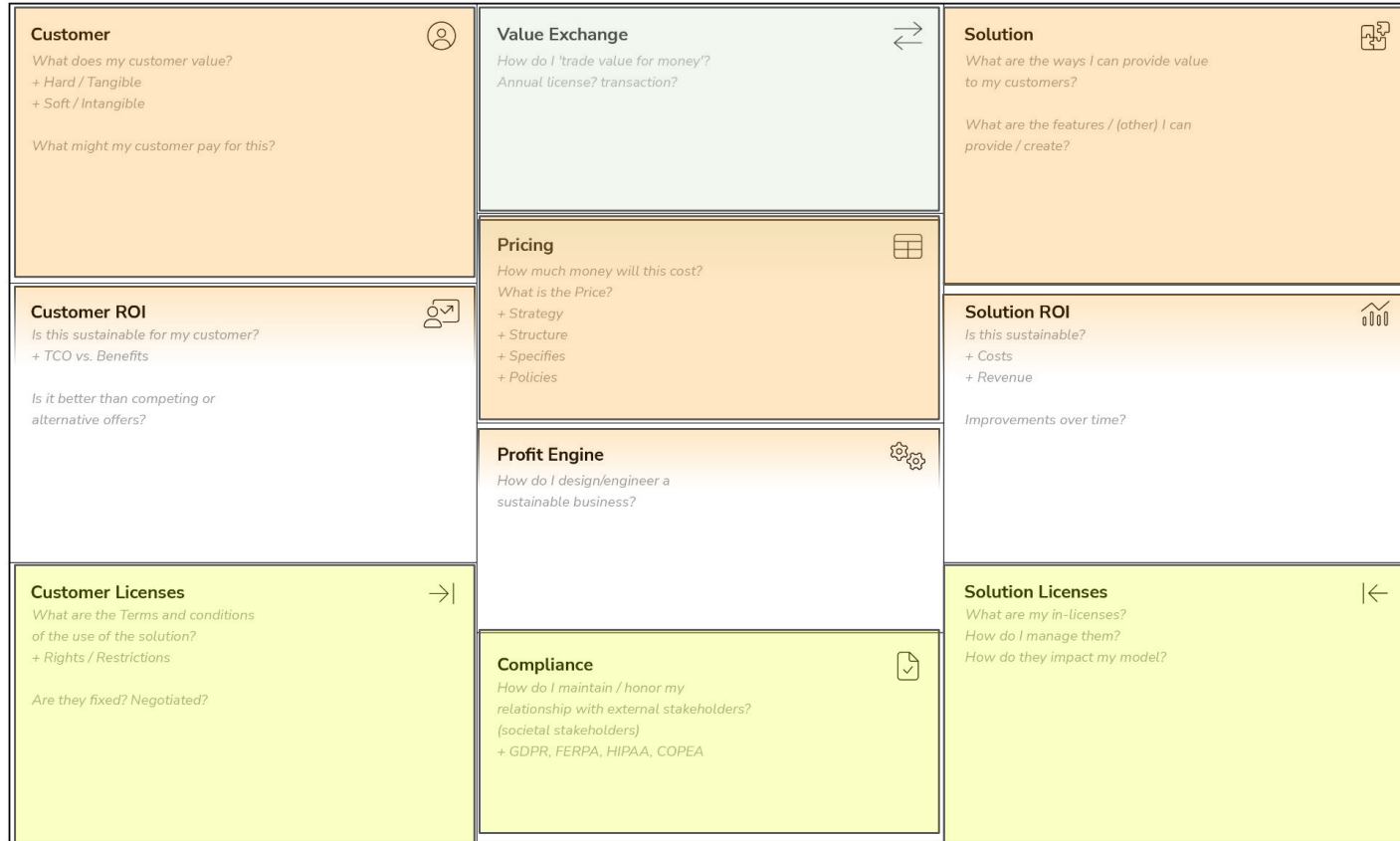




Value exchange system



Applied Framework Profit Streams™ Canvas





The Seven Value Exchange Models

- 1) Time-based access
- 2) Transaction
- 3) Meter
- 4) Hardware
- 5) Service
- 6) Data
- 7) Performance



Time-based access

The producer grants the customer the right to use the solution for a defined period of time.



2022																																																																																																																																																																																									
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Transaction

Both the producer and customer agree to a clear and measurable unit of work that defines the value exchange.



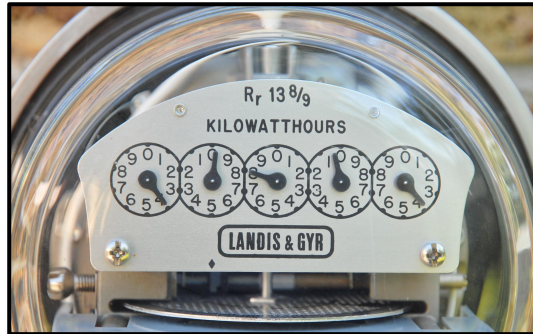
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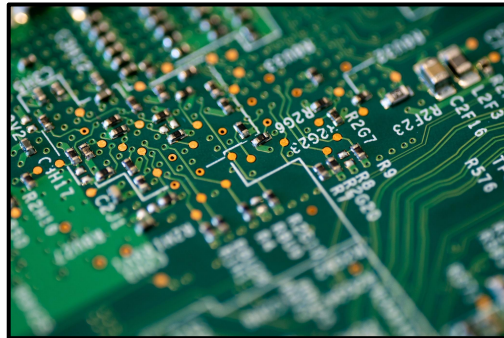
The producer constrains a well-defined, identifiable resource available to the customer or tracks the consumption of a well-defined, identifiable resource by the customer.



SDSC
SAN DIEGO SUPERCOMPUTER CENTER

Hardware

The customer purchases hardware and the hardware comes preinstalled with a software-enabled solution.





Service

The software-enabled solution requires human labor to deliver the value customers associate with the solution.



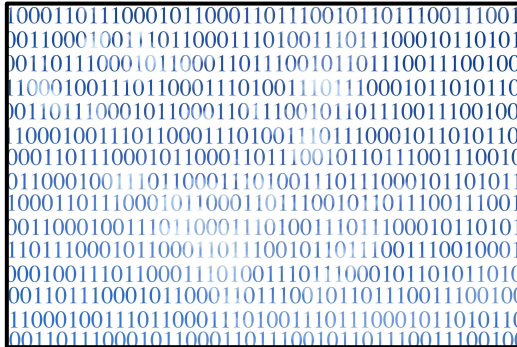
 **instacart**

fiverr.

Data



The software-enabled solution creates unique data or content that the customer wishes to access.





Performance

The producer is compensated a percentage of the revenue gained by the customer's use of the solution or a percentage of the savings the customer realizes from the use of the solution.





What additional information can I offer you?

The background is a solid blue color with a complex, repeating geometric pattern of interconnected lines forming various polygons, creating a textured, crystalline effect. The text is centered horizontally and vertically in a bold, white, sans-serif font.

How is value exchanged in these solutions?



Follow the money

What is the value exchange model?



What is the value exchange model?



What is the value exchange model?



slack

What is the value exchange model?



Google Cloud

What is the value exchange model?



STITCH FIX





What final questions can I answer for you?

Maximize Your Software Profits

Remaining 2022 dates

Dec 19 & 20

<p>Customer</p> <p>What does my customer value? + Hard / Tangible + Soft / Intangible</p> <p>What might my customer pay for this?</p>	<p>Value Exchange</p> <p>How do I trade value for money? Annual license? transaction?</p>	<p>Solution</p> <p>What are the ways I can provide value to my customers?</p> <p>What are the features / (other) I can provide / create?</p>
<p>Customer ROI</p> <p>Is this sustainable for my customer? + TCO vs. Benefits</p> <p>Is it better than competing or alternative offers?</p>	<p>Pricing</p> <p>How much money will this cost? What is the Price? + Strategy + Structure + Specifics + Policies</p>	<p>Solution ROI</p> <p>Is this sustainable? + Costs + Revenue</p> <p>Improvements over time?</p>
<p>Customer Licenses</p> <p>What are the Terms and conditions of the use of the solution? + Rights / Restrictions</p> <p>Are they fixed? Negotiated?</p>	<p>Profit Engine</p> <p>How do I design/engineer a sustainable business?</p>	<p>Solution Licenses</p> <p>What are my In-Licenses? How do I manage them? How do they impact my model?</p>

Upcoming Webinars

What is a Profit Stream?

December 8, 2022 @1:00PM ET

How to Read a Software License Agreement

January 5, 2023 @1:00PM ET

Revving the Profit Engine of Your Business Model

February 2, 2023 @1:00PM ET

Common Risks Associated with In-License Agreements

March 2, 2023 @1:00PM ET

Customer <i>What does my customer value?</i> + Hard / Tangible + Soft / Intangible <i>What might my customer pay for this?</i>	Value Exchange <i>How do I trade value for money?</i> <i>Annual license? transaction?</i>	Solution <i>What are the ways I can provide value to my customers?</i> <i>What are the features / (other) I can provide / create?</i>
Customer ROI <i>Is this sustainable for my customer?</i> + TCO vs. Benefits <i>Is it better than competing or alternative offers?</i>	Pricing <i>How much money will this cost?</i> <i>What is the Price?</i> + Strategy + Structure + Specifics + Policies	Solution ROI <i>Is this sustainable?</i> + Costs + Revenue <i>Improvements over time?</i>
Customer Licenses <i>What are the Terms and conditions of the use of the solution?</i> + Rights / Restrictions <i>Are they fixed? Negotiated?</i>	Profit Engine <i>How do I design/engineer a sustainable business?</i>	Solution Licenses <i>What are my IT-licenses?</i> <i>How do I manage them?</i> <i>How do they impact my model?</i>
	Compliance <i>How do I maintain / honor my relationship with external stakeholders? (societal stakeholders)</i> + GDPR, FERPA, HIPAA, COPEA	

Appendix

Dissecting Value - Part I



Tangible

- Established through objective analysis
- #1 consideration for B2B, B2P and some B2C purchases

Example: B2B purchase of electric cars

- Reduce fuel consumption costs
- Government tax credits & rebates



Dissecting Value - Part II



Intangible

- Established through subjective analysis
- #1 consideration for many B2C purchases

Example: B2C purchase of Gucci shoes

- Associate with a luxury brand
- “Cool” factor

