



GROWING IN AMERICAS TOGETHER

DIGITAL TRANSFORMATION CHALLENGE FOR
INTERNATIONALIZATION



Agenda

1. Important announcements
2. Disruption in the business world
3. The two sides of the business model
4. Tool: The Disruptive Business Model Map
5. Q&A



Important Announcements



The **group challenge** 'Operational Model' is due next week 19th May



Take advantage of the **Q&A session** to ask questions that benefit everyone.



Our next **masterclass** is also on the 19th of May, so don't miss it



The **chat** is only for comments you want to share - remember we're reading you!



If you have any problems, please contact us at:

creciendojuntas@connectamericas.com



Remember that in the **ConnectAmericas Academy** in the section Topic 3, class 4 this material is available in English, Spanish and Portuguese.



This is a learning environment, we come to learn, to make mistakes, to reflect, to change our minds, and **it's all good!**

Individual Challenge

 Business Model




Deadline for submission: **26/may/22**



Download at ConnectAmericas Academy



Promotion criteria:

Elements	Weight
Class attendance (live)	15%
Participation in the Forum	25%
Course feedback form	10%
 Individual Challenge Grading	30%
Group Challenge Grading	20%
Extra points	*

*Each additional tool submitted will be graded out of 20 points.



Digital world and data



User experience



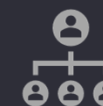
Leadership and purpose



Business Model



Finance



Agile and new ways of working

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We started this topic working on the value proposition...



Understanding where we are now and where we want to go



We defined our **business model** and discovered new ways of creating value for our customer networks in the digital era



And finally we took a look inwards by assessing our **operating model** - the way we do business

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Even if your business absorbs **the best strategic thinking of the digital age**... It is still possible that you will wind up faced with a truly disruptive threat.

First we must understand what is disruption in business

Business disruption happens when an existing industry faces a challenger that **offers far greater value** to the customer in a way that existing firms cannot compete with directly.

New service



Intermediation

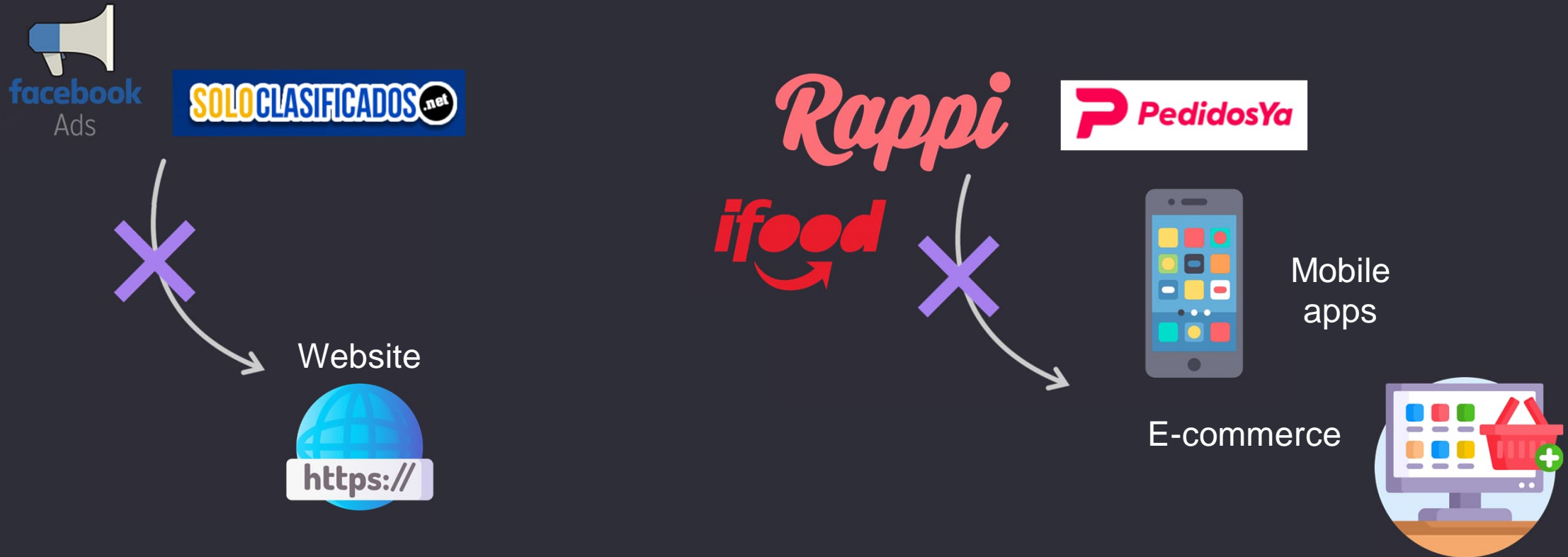


Substitution



Many of today's biggest disrupters are not introducing a new technology to the market...

They are **applying established technology to the design of a new business model.**

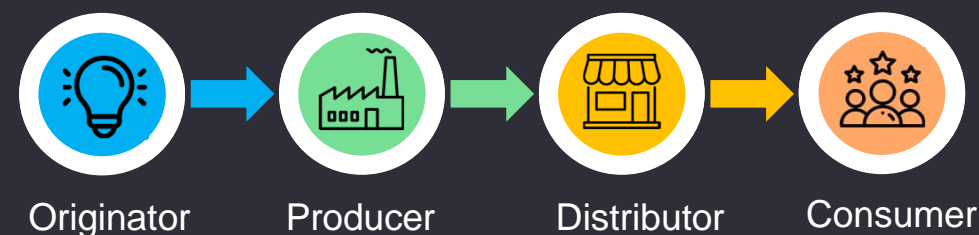


Before talking about ways to disrupt markets, we need to bear in mind a few concepts

The Business Model and the Diamond

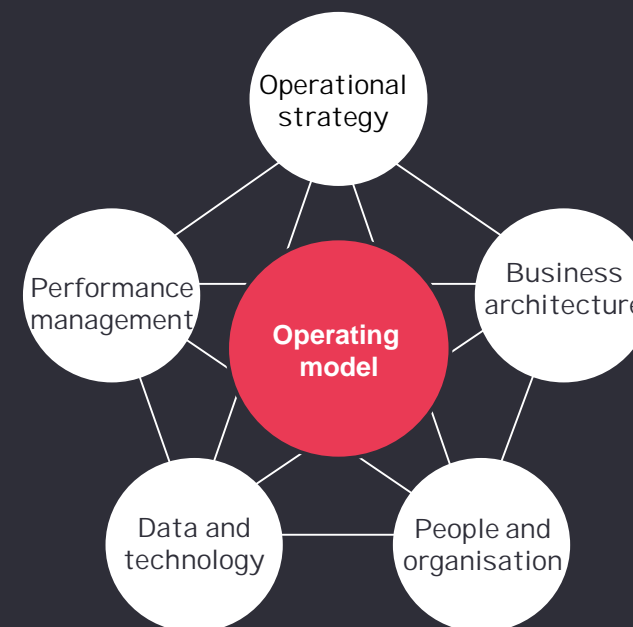


The competitive value train



Incumbent: businesses which are already well established in the market, they hold a large portion of market share or go about business in a traditional way.

Challenger: new companies that seek to disrupt the market through innovation, a unique and different business model and new ways of working



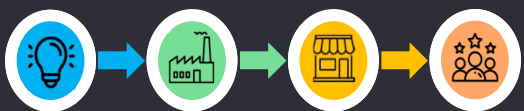
Two sides of a business model

Value proposition: the value that a business offers to the customer.



- Case studies and best practices
- Market expertise
- Peer relationship
- Access to the ConnectAmericas community

Value network: it enables the value proposition. People, partners, assets, processes.



Originador Productor Distribuidor Consumidor

- Online platform
- Programme coordinators
- Network of business women
- Brand name and reputation of ConnectAmericas
- Partners
- Chamber of commerce

In order to disrupt an existing business, a challenger must possess a **significant differential** on each side of the business model

Every disrupter requires a difference in **value proposition** that dramatically displaces value provided by the incumbent



Price

- Delivery price from different places v. monthly fee
- Buying music (CDs, iTunes) v. Spotify subscription
- Monthly subscription to food, clothing, etc.



Free or “freemium” offer

- Basic plan – free
Additional features – premium
- Try a product for free, return it if you don’t like it or buy it



Integration (or rebundling)

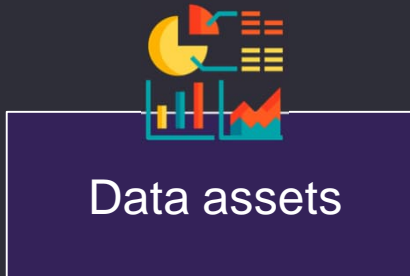
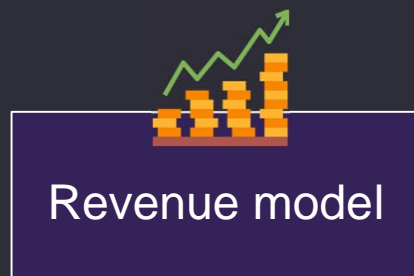
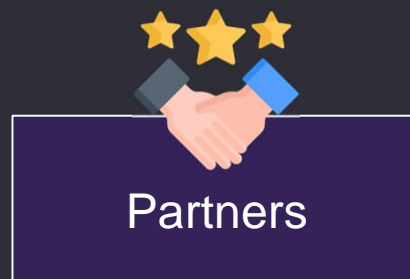
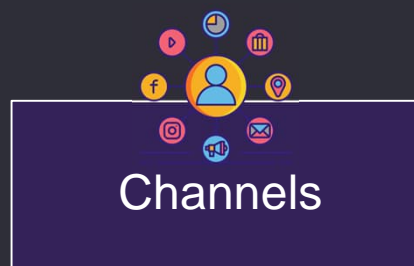
- Address books, camera, maps, calendar, e-mail, phone calls, and texts v. smartphone
- Coffee and mugs
- Vacation packages (flights, transportation, hotels, tourism)



Unbundling

- Splitting apart traditional bundles

Every disrupter also requires a difference in **value network** that creates a barrier to imitation by the incumbent

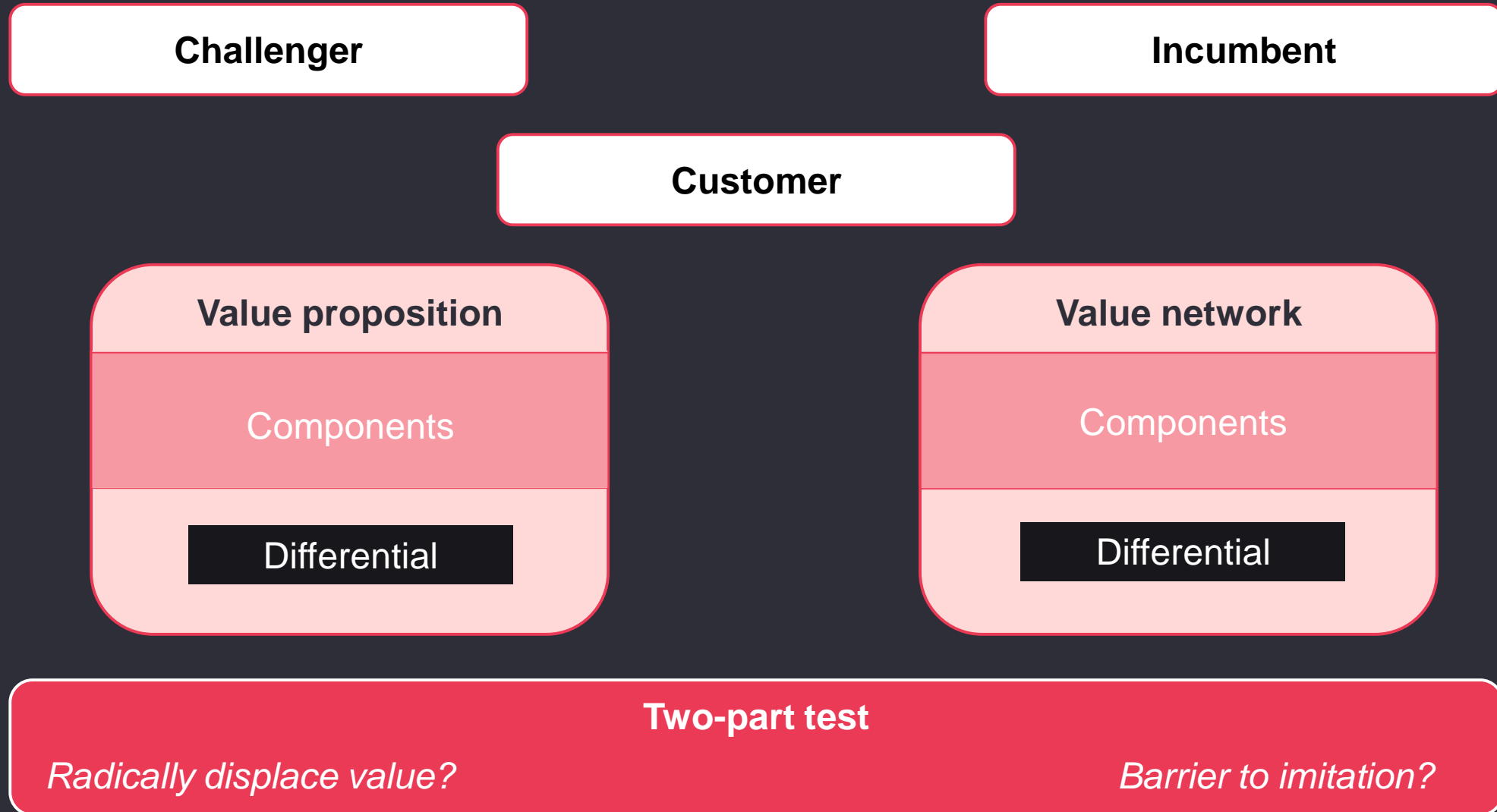


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Tool: The Disruptive Business Model Map



Tool: The Disruptive Business Model Map

Challenger

What is the potentially disruptive business?

The challenger you identify here may be:

- A new competitor to your own established business.
- Your own start-up, attempting to disrupt an existing industry.
- A potential new venture or initiative within your organization whose disruptive potential you are seeking to judge.

Incumbent

Who is the incumbent?

You may choose either:

- A category of related businesses (e.g., video rental retail chains)
- OR a leading example of the category (e.g., Blockbuster)

If you are the challenger, you may identify multiple incumbents who may be threatened by your new business model, but for the purpose of this exercise you should focus on **ONE**.

Tool: The Disruptive Business Model Map

Customer

Who is the target customer?

This is the customer being served by the challenger. In some cases, it may be a direct customer of the incumbent, but it also could be another key business constituency (e.g., a challenger could disrupt an incumbent by stealing away all its employees).

Once again, it is possible that a challenger could aim to usurp the incumbent's relationship with more than one type of customer. Choose ONE for this exercise.

Tool: The Disruptive Business Model Map

Value proposition

What is the value offered by the challenger to the target customer?

- It is very important to answer this question from the point of view of the customer: What benefits do they stand to gain?
- Describe the product or service offered by the challenger, focusing on the benefit to the customer: What value could they gain from the challenger's offer?
- You can refer back to the list of value proposition generatives mentioned in class: *price, premium offer, bundling, unbundling*

Value proposition differential

How does the challenger's value proposition differ from that of the incumbent?

- The point here is to identify those elements of the challenger's value proposition that are **unique and different**
- The value proposition differential may include benefits but also deficits, which you should indicate as such—for example, for e-books as a challenger to print, you might indicate “less
- easy to read in direct sunlight.”

Tool: The Disruptive Business Model Map

Value network

What enables the challenger to create, deliver, and earn value from its offering to the customer?

- Your goal is to identify everything (**people, partners, assets, and processes**) that enables the challenger to offer its value proposition.
- If the challenger is new and unproven, this step should help to identify unanswered questions about its business model and whether it will actually be able to deliver the value proposition it is promising to the market.

Value network differential

How does the challenger's value network differ from that of the incumbent?

- Identify those elements of the challenger's value network that are **unique and different**.
- Does the challenger's offering rely on a **unique data asset** or on **specific skills**? Does it come to market via **different channels** than the incumbent uses? Does the challenger have a different **pricing model** or a **different cost structure** (e.g., less overhead costs for retail space or staff)? Is the challenger launching with a focus on a **different market segment**?

Tool: The Disruptive Business Model Map

Two-part test

Does the challenger pose a disruptive threat to the incumbent?

Part 1: Does the challenger's value proposition dramatically displace the value proposition provided by the incumbent?

If the answer is **no**, the incumbent should be able to respond by matching, or remaining closely competitive with, the challenger's value to the customer.

If the answer is yes go to:

Part 2: Do any of the differences in value networks create a barrier that will prevent the incumbent from imitating the challenger?

If the answer is **no**, the incumbent may have to sacrifice some of its current profit margins in the process, just as it would in a price war with a traditional competitor.

If the answer is yes, then the challenger has passed both tests of business model disruption. The value it offers to the customer will dramatically outstrip or undermine the value delivered by the incumbent, and the incumbent will face intrinsic structural barriers that prevent it from responding directly.

INDIVIDUAL CHALLENGE “The Disruptive Business Model Map”



Date of submission: **Thursday, May 26th**

Check the ConnectAmericas Academy for detailed instructions.

Q & A

THANKS!
See you next Tuesday



Please access the following link and give us your feedback on today's class:

<https://forms.office.com/r/R6hE8JH3q4>

Your opinion is very important to us