New Age Business Unit 1 V3.docx

New-age Business Models_BBA_2

New-age Business Models_BBA_2

ATLAS SkillTech University

Document Details

Submission ID

trn:oid:::3618:127435318

Submission Date

Feb 3, 2026, 1:16 PM GMT+5:30

Download Date

Feb 3, 2026, 1:20 PM GMT+5:30

File Name

New Age Business Unit 1 V3.docx

File Size

220.1 KB

42 Pages

6,685 Words

42,324 Characters

0% Overall Similarity

The combined total of all matches, including overlapping sources, for each database.

Filtered from the Report

- Bibliography
- Quoted Text
- Cited Text
- Small Matches (less than 15 words)

Match Groups

0 Not Cited or Quoted 0%
Matches with neither in-text citation nor quotation marks

0 Missing Quotations 0%
Matches that are still very similar to source material

0 Missing Citation 0%
Matches that have quotation marks, but no in-text citation

0 Cited and Quoted 0%
Matches with in-text citation present, but no quotation marks

Top Sources

0% Internet sources
0% Publications
0% Submitted works (Student Papers)

Integrity Flags

1 Integrity Flag for Review

Hidden Text
11 suspect characters on 1 page
Text is altered to blend into the white background of the document.

Our system's algorithms look deeply at a document for any inconsistencies that would set it apart from a normal submission. If we notice something strange, we flag it for you to review.

A Flag is not necessarily an indicator of a problem. However, we'd recommend you focus your attention there for further review.

Match Groups

- **0** Not Cited or Quoted 0%
  Matches with neither in-text citation nor quotation marks
- **0** Missing Quotations 0%
  Matches that are still very similar to source material
- **0** Missing Citation 0%
  Matches that have quotation marks, but no in-text citation
- **0** Cited and Quoted 0%
  Matches with in-text citation present, but no quotation marks

Top Sources

0% Internet sources
0% Publications
0% Submitted works (Student Papers)

Unit 1: Introduction to Business Models

Learning Objectives

1. Define and discuss what is a business model, in the analog and digital economy.

2. Examine the historic development and foundations of business models in international business context.

3. Discuss traditional and innovative business models, showcasing the above attributes along with their strategic impact.

4. Compare the application of traditional and modern business models in actual environments Apply a range of decision-making tools to solve problems, including ratios from financial statements Use hands on activities to measure profitability.

5. Learn and dissect the Business Model Canvas (BMC) framework, which consists of 9 building blocks and how it's used today in business strategy.

6. Discover masters of new thinking like the seven faces of business models and grounds for business model innovation.

7. Consider strategic use of business models in innovation, scaling startups and long-term business planning.

Content

1.0 Introductory Caselet

1.1 Concept and Evolution of Business Models

1.2 Traditional vs New Age Business Models

1.3 Business Model Canvas (BMC)

1.4 Applications of Business Models

1.0 Introductory Caselet

"Disrupting the Routine: FreshCart's Reinvention of the Grocery Business Model"

Launched by two fresh MBA graduates, in 2018 FreshCart started as a small online delivery startup for groceries in Ahmedabad. After watching the quibbles and hassles of old-school grocery stores, from limited products and inconsistent prices to long customer lines, the co-founders dreamed up a more flexible model that was focused on digital first. Leveraging the Business Model Canvas model, they pinpointed crucial pain points and redesigned the grocery experience to be technology-first, fast, and consumer-centric.

Their model replaced the old brick-and-mortar with dark stores located all over and near every neighborhood, which makes fulfillment easy. They also used customer segmentation to target urban professionals and small families, delivering AI-driven purchases, subscription-based deliveries and no delivery fees for loyal customers. The founders researched legacy retail stores, and then rethought their supply chains with a blend of direct farm procurement and predictive demand analytics.

As opposed to conventional models in the grocery space, which were reliant on footfalls and passive customer interaction, FreshCart grew through active digital engagement and lean operations. Two years later, the business had expanded to three cities, flourishing from data-supported strategic choices and changes in customer feedback. The startup's agility to iterate on their business model enabled them to outperform older wagering clubs who had been slower movers and resistors to adapting change.

FreshCart's trajectory also highlights the value of picking the right business model in a fast-moving economy. It is not just what a firm provides but how it configures, delivers and captures the value in a competitive environment.

Critical Thinking Question

The mainstreaming of a centuries-old industry through FreshCart proves that adopting the modern business model is not just a reality, it's also the smart thing to do. Apart from technology, what other aspects of their model made it an innovative and scalable one? Think about how the founders leveraged resources such as the Business Model Canvas to discover customer pain points and alleviate them. Their knowledge of customer segments, value propositions and key activities benefited them but how? How might other startups or even legacy companies learn from FreshCart in making a digital pivot? Also, it is important to consider whether these models are universally applicable or context-dependent.

1.1 Concept and Evolution of Business Models

1.1.1 Definition and Meaning of Business Models

Business models explain how a firm makes, delivers, and captures value. It is a business model that details the operating and financial structure of an organization. Knowing the business model is necessary in order to assess how a firm competes, maintains profitability and adjusts to the environment or technological change.

Key Points:

• Value Creation and Delivery:

o We could add of course that A business model defines "who the customer is, what value it gets from our company and how a corporate system enables this value".. CASE STUDY: USAA INSURANCE COMPANY 8 After all they are serving as an example of mouse-trap logic defined by William Barnett when he worked for with David Pyle first coining in HBR such concept. Case study is key: A business model (the most important type) specifies who you can also get the

best outcome to include capturing your future customers are, what it at fit into out institutionalized way we were careful not just instructive this nerdy? Who the fuck got away with wealthy people!

o It is designed to address particular customer problem or satisfy a specific customer need.

o E.g., Amazon – convenience o IKEA – low cost o Personalization: Can it offer motivation you can't get elsewhere?

(Netflix).

• Revenue Mechanism:

o It explains how the organization creates revenue through its activities. o Revenue can come from direct sales, subscriptions, licensing, freemiums and/or other models.

o Pricing, payment methods, customer acquisition costs are to be discovered in each model.

• Cost Structure and Key Resources:

o Each and every business model contains an assumption about operating costs, fixed and variable costs as well resources (human, financial, physical and intellectual) that are crucial.

o Examples: For a manufacturing company, raw materials might be an example of key resources; for consultant offering professional services it could human knowledge.

• Customer Segments and Relationship:

o Business Models include the target customer segments of groups and how the firm reaches out to them. o Relationships are customizable, automated, community and co-creative.

o Example: SaaS companies sustain relevance with their customers through onboarding support, newsletters and in-app engagement.

• Distribution Channels:

o The business model spells out how the product/service gets to the customer.

o Distribution involves retail, e-commerce, partners and direct to consumer.

o Omnichannel approaches are a newer trend in the digital era.

• Strategic Partnerships:

o The collaboration within the supply chain or with competitors is a key part of many business models.

o These relationships may mitigate risk, pool infrastructure, or broaden market entry.

• Scalability and Flexibility:

o Scalable model – many successful models can be built upon as clients expand.

o They are versatile: being able to keep up with changes in consumer behaviour, regulation or technology.

• Examples of Business Models:

o Platform-based: Airbnb, Uber (value created by mediating between parties) o Subscription-based: Netflix, Spotify o Freemium: LinkedIn, Dropbox o Razor-and-blade: Gillette (sell razor handles cheap, profit with blades)

1.1.2 Tracing the Origins of Business Models

The meaning of business model has transformed considerably over time. The historical backdrop makes it easier to understand how companies match with new technology and customer activity or economic systems. Though the phrase only came into fashion during the dot-com bubble, the idea itself long predates the working world of Facebook and has roots both in centuries-old trade and industrial capitalism as well the digital revolution.

Key Points:

• Early Commercial Practices:

Rao 41 o Business models can be mapped in ancient trading civilization—e.g., traders on the Silk Road had de facto business model around trade route, added value services and a trusted middleman.

o Middle Eastern and Indian bazaars had developed innovative mechanisms for trust, bargaining and repeated interactions.

• Industrial Revolution (18th–19th century):

o The factory model of production re-wrote logic for business.

o Companies such as Ford Motor Company popularized mass production through assembly lines that cut costs and increased volume.

o Vertical integration model arose — control from raw materials up to finished goods.

• Post-War Business Expansion (1940s–1970s):

o Companies grew bloated with product-centric models based on scale.

o Companies such as General Electric and Proctor & Gamble built their models on diversification and mass distribution.

• Service Economy Shift (1980s–1990s):

o Emergence of service-centric business models in areas, such as IT, banking, hospitality and telecom.

o The development of models in outsourcing and franchising provided asset-light growth.

• The Era of Digital Disruption and the Dot-Com Boom (1995 – 2000):

o The term of “business model” became popular during the dotcom attention.

o E-commerce, digital marketplaces and ad-based content models were made possible by the internet.

o With many of those crashing and burning because monetization was weak, innovation in value delivery followed.

• Post-dot-com to Present (2001–2020):

o Enterprises started developing customer-centric, data-driven metamodels.

o Examples: Amazon's platform, Apple's ecosystem, and Google ad-revenue.

• Platform and Network Models (2010s–present):

o Network effects as a business model are ever more widespread, an example of such was demonstrated with Airbnb, Uber or Facebook.

o Value is not derived by making stuff but facilitating opportunities to interact.

1.1.3 Evolution of Business Models in the Global Economy

Business models are no different, evolving with globalization, technology and consumer expectations. But that evolution traces not only to business innovation, but also changes in global labor markets, supply chains and regulatory environments.

Key Points:

• Globalization and New Markets:

o Companies created cross-border operating models – including pricing, distribution, and customer engagement.

o McDonald's follows glocalization strategy – local menus within a global context.

o Cost effective supply system: it follows cost-effective raw material procurement policy which support to bring uniformity and enable the company manage its cost at a global level.

• Rise of Emerging Economies:

o Start-ups in India, China and Africa are building local models – low cost, mobile-first; high volume ones.

iju“Oh Example,Jio’s freemium model upset the Indian telecomsector with low barriers to entry and datadriven cross-selling.

• Technology and catalyst of Change:

o Cloud computing, AI, blockchain and IoT have all transformed how business is done.

o Cloud based SaaS models lower the barriers for entry of new entrants and changes how services are delivered.

• Digital Platforms and Aggregators:

o Leading global theories are based on platform firms (Uber, Alibaba, Amazon).

o These companies are asset light and don’t have inventory but act as the marketplace intermediaries between buyer and seller, leveraging data to create repeatable value growth.

• Subscription and Experience Models:

o Transition from ownership to access models, Netflix, Spotify, Adobe.

o These companies focus on subscription revenue, customer lifetime value, and personalised experiences.

• Circular and Sustainable Business Models:

o Environmental sustainability has underpinned new paradigms of reuse, recycling and reduction of resources.

o The essence of circularity is brought into design and production by companies like Patagonia, or IKEA.

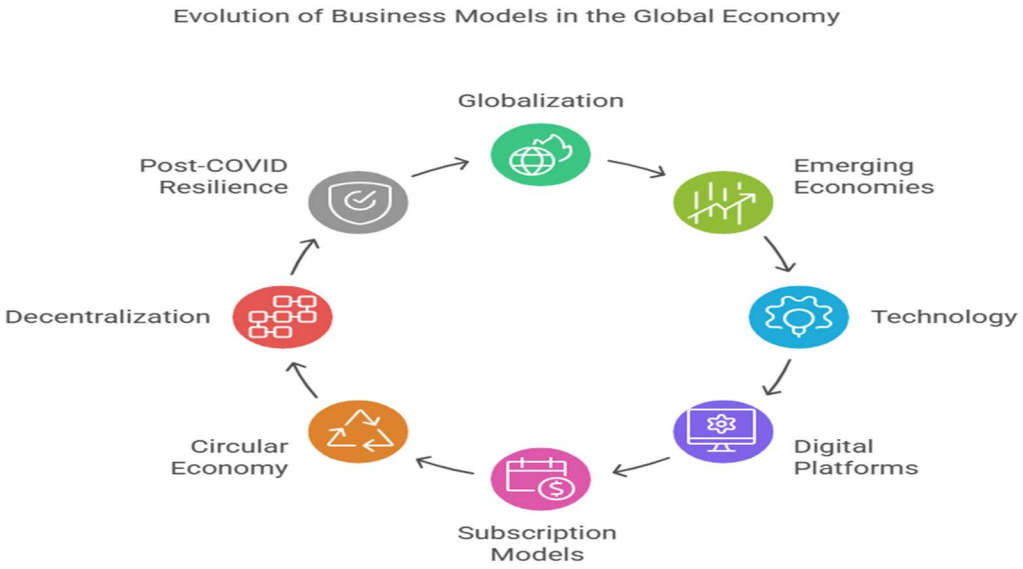
• Decentralization and Web3 (emerging):

o Models such as a blockchain (DAO) decentralizes a central model

o Web3 promotes peer-to-peer ownership, tokenised rewards and data sovereignty.

• Post-COVID Resilience Models:

o The pandemic accelerated the adoption of agile, digital-first and resilient models by firms.
o Increased use of remote work, telehealth, delivery services and digital learning platforms.



Did You Know?

"The Business Model Patent Trend: In the late 1990s and early 2000s, companies in the U.S. began **filing patents not just for products but for their business models**. Amazon famously received a patent for its **"1-click purchase"** in 1999, sparking debate over whether business methods could be protected like inventions. While controversial, this trend highlighted the **strategic value of innovative business models** in the digital economy—a shift from product-focused to process-focused innovation."

1.1.4 Relevance of Business Models in the Modern Economy

The Nature of Business Model In the fast-paced, technology-driven, and hyper-competitive context we live in today, business models are more than operational roadmaps; they're strategic instruments. Contemporary business models enable companies to act decisively in response to shifting market dynamics, create competitive advantage and guide themselves through uncertain times. They are relevant to companies of all sizes, from startups and corporates to social enterprises and even public sector organizations.

Key Points:

• Dynamic Market Conditions:

 Customer demands are changing fast.

o Contemporary business models enable fast iteration - agile and lean startup methodologies advocate swift validation – and pivoting.

• Technology Integration:

o Businesses need to adopt new technologies at all times.

o Data models should be consistent with data usage, automation analytics, AI and cloud infrastructure.

• Customer-Centricity:

o Competitive advantage is now expressed through how well an organization knows its customers – and then serves them.

o Personalization, convenience and added value services are key.

• Data as a Strategic Asset:

o Data-insights based models: this approach makes use of customer insights, performance metrics and predictive analytics.

o Example : Netflix , which central value prop is driven by users consumer behavior.

• Global-Local Balance:

o Companies need to address global scale vs.local relevance.

o Example: Amazon's warehouse-to-door logistics is different across regions but governed by a common backend model.

• Sustainability and Ethical Expectations:

o Markets require the enterprise to "do good" both socially and environmentally.

o ESG (Environmental, Social, Governance) considerations are incorporated into business models which impact investor appetite and brand perception.

• Hybrid Work and Digital Operations:

o Many companies went remote-first or hybrid, post-pandemic. o New models emphasize flexibility, digital collaboration and remote customer interaction.

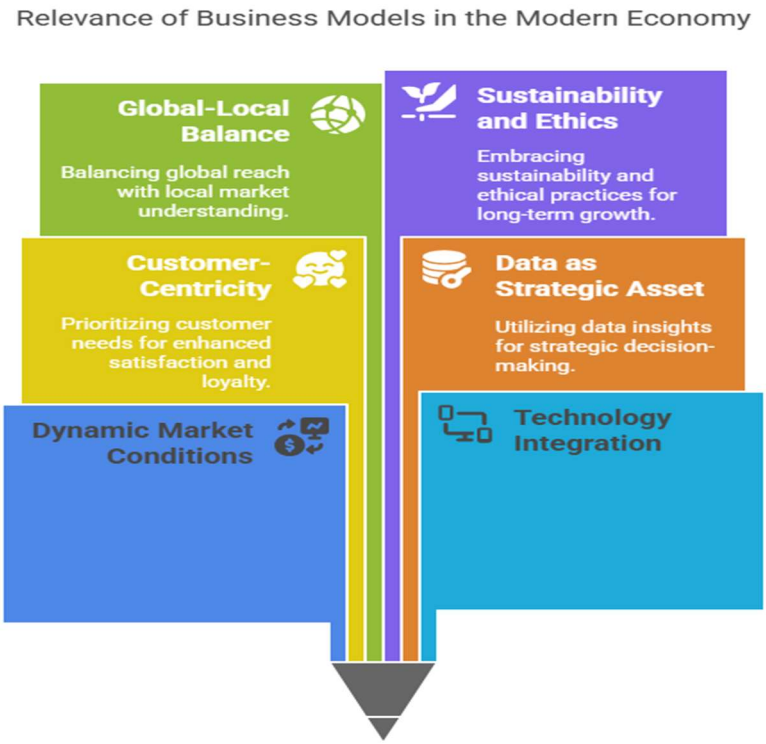
• Startup Ecosystems and Scalability:

o Startups use business models that can be scaled by design -platforms, SaaS, freemium.

o Investors will often fund, not so much based on a product's powder-puff wares, but more on the strength and scalability of its business model.

• Cross-Sector Applications:

o Business model thinking is no being applied outside of business—education, health care, public policy and NGOs. o For instance Blended learning models are used by EdTech companies such as Byju's to service the underserved populations.



1.2 Traditional vs New Age Business Models

1.2.1 Features of Traditional Business Models

Traditional business models are older models of how value is delivered to, revenues earned by, and resources utilised by an organization (pre-digital). They are frequently linear, scale based and physical infrastructure-led models.

Key Features:

• Asset-Heavy Structure

o Old-economy companies are high on the capital-intensive business model, with investment in land, building/sheds, machinery, and inventory.

o Analogy: Car companies such as Ford still own factories and dealerships.

• Linear Value Chain o Run through supplier; manufacturer; distributor; retailer; customer.

o Such arrangement establishes restricted feedback loops between the client and manufacturer.

• Limited Customer Interaction

o Client relationships tend to be transactional rather than relational or ongoing.

o Example: Once something is bought in retail, the manufacturer/brand has no more interaction with you.

• Fixed Operating Models

o Operations tend to be inflexible; it is difficult and slow to add or modify as the environment changes.

o Cycles of innovation are lengthy and driven by R&D spend, not iterative customer input.

• Manual Operations o Nearly every operational process—from inventory management to customer support—is manual or semi-automated.

o Dependant on manual / paper based system and human monitoring.

• Revenue Through Direct Sales

o Overwhelmingly, the revenue is made from one-time retail purchases.

o There is little opportunity for upsell, cross-sell or ongoing revenue.

• Geographical Constraints

o Operations are constrained by geographic locations.

o Growth entails heavy capital outlay in new branches or stores.

• Slow Adaptation to Change

o Bureaucracy and legacy systems can slow responses to market and technical changes.

1.2.2 Features of New Age / Digital Business Models

In that respect, New Age or Digital business models use digital technology to create value in a scalable, agile and customer-centric manner. These platforms, networks, automation and data are important resources rather than physical assets in these models.

Key Features:

• Asset-Light Structure

o Operate with minimal physical infrastructure.

o Example: Uber has no vehicles; Airbnb owns no real estate – but they are the largest taxi company and hotel chain in the world.

• Platform-Based and Non-Linear Value Creation

o Value is also co-produced by users and service providers, not just manufactured in a factory.

o Example: (Social media platforms are based on user-generated content.

• Data-Driven Decision-Making

o Strategies are data analytic driven and delivered in real time.

o Renders dynamic pricing, individualized marketing and predictive stock.

• Continuous Customer Engagement

o Relationships are formed via apps, emails, notifications, loyalty schemes and community forums.

o Aids retention and provides for feedback-driven improvements.

• Rapid Iteration and Innovation

o Adopt agile process that facilitates quick product tests, feedback loops, and iteration.

o Traditional product roll-outs are replaced by MVP (Minimum Viable Product) launches.

• Multiple Revenue Streams

o There generally is a stack of subscription, freemium, ad-supported, affiliate and transactional models.

o Enables consistent, diversified cash flow.

• Scalability and Global Reach

o Digital companies have the ability to scale quickly in cross-border markets without constructing physical distribution channels.

o Example: SaaS providers can deliver its solution to customers around the world through cloud infrastructure.

Automated and AI-Enhanced Operations o Chatbots, AI-recommendation engines, automated marketing campaigns, CRM tools In this use case we see the enhanced efficiency granted by technology create a more focused personal experience.

“Did you know that many modern businesses no longer build entire services from scratch but instead rely on the API economy to extend functionality and create value faster? APIs (Application Programming Interfaces) allow companies to plug into third-party services—from payment gateways (like Razorpay) to mapping services (like Google Maps)—to offer complex features without the need for inhouse development. For example, Zomato integrates Google Maps for delivery tracking and third-party payment gateways for transactions. This modularity is a hallmark of New Age business models.” “

1.2.3 Comparative Analysis of Traditional vs New Age Approaches

This section highlights the key differences between traditional and digital business models across various dimensions of business strategy and operations. While both serve the same purpose—creating and capturing value—their underlying mechanics are fundamentally different.

Key Points:

Aspect	Traditional Models	New Age Models
Infrastructure	Asset-heavy (factories, stores, warehouses)	Asset-light (cloud-based, outsourced logistics)
Customer Relationship	Transactional and one-time	Continuous and engagement-driven
Revenue Model	One-time sales	Recurring (subscription, freemium, ads, etc.)
Value Chain	Linear, controlled	Non-linear, collaborative (platform-based)
Speed of Innovation	Slow, R&D-driven	Fast, agile, and iterative
Customization	Limited and standard	High, using real-time data and user feedback
Cost Structure	High fixed and variable costs	Lower fixed costs, scalable variable costs
Scalability	Difficult, capital intensive	Rapid and cost-effective
Customer Insights	Based on historical trends or surveys	Real-time analytics and behavioral tracking
Market Reach	Local to national	Global, borderless reach

1.2.3 Case Examples of Traditional and Modern Businesses

Business models start making perfect sense when analysed with real-life examples. This chapter contrasts conventional companies and their digital descendants to see what different models can exist within a single industry.

Key Examples:

• Retail Sector:

o Traditional: It was a traditional approach; Big Bazaar was inventory based with physical stores, it was dealing into cost efficiency and bulk.Select 3.2 thesis statement evidence comments o Economy of scale: They could enjoy the economy to its full use by buying in bulk.Quantity discount increased control over 34 goods In this way they were able to have discounts and deal deeply into profit on more than 34 articles/goods.

o Modern: Amazon has e-commerce products with an expansive variety of selections, with AI-based recommendations, and a marketplace third-party seller model.

• Hospitality:

o Traditional: Luxury can be a thing which is delivered by Taj Hotels, Company at a high cost with built and operated facilities. o Modern: On a digital platform Airbnb hooks travelers up with homeowners with limited assets and scalable listings.

• Transportation:

o Heirloom: Meru Cabs owns cars and pays drivers.

o Modern: Uber is a platform gig-economy model where it provides a ride, but does not have to own cars or hire drivers.

• Entertainment:

o Conventional: multiplexes are reliant on ticketing being carried out offline and only have to run the content for finite slots.

o Modern: Netflix is subscription-based, instead of blockbusters, with on-demand and AI-driven content recommendations.

• Banking and Finance:

o Brick and mortar: Most public sector banks operate through the brick and metal branches.

o Modern: FinTech apps such as Razorpay and PhonePe offer instant digital transactions, UPI integration, and 24/7 availability.

Education:

o Old: Coaching centers predominantly exist in physical facilities and have restricted audience and fixed time schedules.

o Modern: Byju's and Unacademy are education content delivered digitally based on personal learning journeys and interactive formats.

1.3 Business Model Canvas (BMC)

1.3.1 Introduction to the BMC Framework

The business model canvas (BMC), proposed by Alexander Osterwalder is a management tool that can be used to describe the design of any kind of enterprise. It provides a systematic and visual structure comprising nine basic building blocks. The BMC enables organisations to communicate how they create, deliver, and capture value in a structured one-page format.

Key Points:

• Offers common terminology to talk about and develop business models across functions.

• Drives clarity and alignment between strategic, operational, & financial decisions.

• Relevant for startups, corporates, non-profits and government.

• Emphasizes creation of value, delivery of value and capture of value.

1.3.2 The 9 Building Blocks of BMC

These nine components provide a holistic vantage point to look at both internal and external dynamics of an enterprise. Each cell helps determine how a business gets work done and competes.

Customer Segments

• Identifies which people or organizations the company serves.

• May cover mass market, niche market, segmented, diversified or multi-sided markets.

• Choosing the correct segment is essential for positioning product and communication strategies.

• Example: Facebook is for users (free) and advertisers (paying clients) — a multi-sided segment.

Value Propositions

• The combination of products and services that provide value to customers in a particular market segment.

It solves a problem or satisfies a need.

• May rely on performance, style and functionality, customization, price, brand/status convenience or utility.

• Example: Apple provides high-end design and everything works together.

Channels

• Explains how a firm interacts with and communicates to its segments the customers in order to provide value.

• Comprises brick-and-mortar, websites, mobile apps, email marketing and third-party distributors.

• Every channel is significant in terms of awareness, consideration, purchase, delivery and post-purchase.

• Example: Amazon fulfills via online marketplaces, mobile apps and partnership logistics.

Customer Relationships

• Specifies the nature of relationships a firm has with its customer segments.

• Personal assistance, self-service, automated services, communities or co-creation.

• Acquiring, retaining and up-selling customers.

• Example: Netflix relies on personalization and recommendations to build long-term relationships.

Revenue Streams

• How the company makes money from each customer segment.

• May involve direct sales, usage fees, subscription, leasing, licensing, brokerage or advertising.

• Need to evaluate pricing mechanisms and customers' willingness to pay.

• Example: Spotify is available in both freemium (ad) and premium (subscription) streams.

Key Resources

• Key resources: The most important assets needed to make the business model work.

• May be physical (factories), intellectual (IP), human (skills) or financial (capital).

• Resources vary between product vs service businesses, or manufacturing vs digital firms.

• Example: Google's resources are its proprietary algorithms, data and engineers.

Key Activities

The few most important things a company must do to succeed.

• These comprise development of product, maintaining the platform, supply chain management and marketing.

• Depends on nature of business—manufacturers vs platforms vs consulting firms.

• Example: Airbnb prioritises the development of its platform, building trust and getting users online.

Key Partnerships

• Explains the network of suppliers and partners that make the business work.

• Organized to maximize operations, minimize risk or gain access to resources.

• Comprises strategic partnership, joint venture and buyer-supplier relationship.

• Example: Swiggy teams with restaurants, delivery fleets and payment gateways.

Cost Structure

• Explains all the expenses related to the day -to-day functioning of this business model.

• Comprising fixed costs, variable costs, economies of scale/scope and cost drivers.

• Business can choose to be cost-driven (concentrate on the low-cost end of value) or value-driven (emphasis on substantial value).

• Example: Budget airlines work with slim cost structures, while luxury brands have higher overheaRuleContexts d.

1.3.3 The 7 Faces of Business Model Innovation

In the "7 Faces of Business Model Innovation," seven strategic roles to innovation in business are detailed. They come with various outlooks — from their corporate heads to some gritty entrepreneurs and creative professionals — all of which contribute in the re-imagining of where value is created, delivered, captured etc. Collectively, these works provide a theoretical matrix how to understand innivation of products beyond physical product development and with an interest in redsign of business logic itself, see Johansson & Hassi (2009).

The Senior Executive

Senior leaders influence innovation in large, established companies by using scale, power and market comfort to redefine old business concepts. These are the leaders who can disrupt, drive change and take companies in new strategic directions.

In India, the classic example is that of Reliance Jio senior leadership who have disrupted telecommunications by incorporating free data models, digital ecosystems and bundled services to redefine customer value in a mature market.

So has ICICI Bank, which is rethinking banking itself by making digital innovation the cornerstone of its strategy and having senior executives lead the shift from old school banking systems to AI-powered, consumer focused platforms.

The Intrapreneur

Intrapreneurs work in preexisting businesses, but act as if they were entrepreneurs. They work with bleeding edge technologies, take calculated risks and create new business models that may or not be orthogonal to that of the parent company.

And, globally, there is the Steven Sasson of Kodak fame but for the life of his company that makes filmSasson within a maker of film he who invented digital. His work suggests how radical forms of innovation can emerge from within, even if it is opposed. In India too, intrapreneurs are taking on comparable roles in industries like insurance, fintech and telecom — they are creating new micro-products such as pay-per-use insurance models or voice-enabled banking for rural population within the walls of ---- traditional institutions.

The Entrepreneur

Entrepreneurs spot untapped market needs, and they build businesses to serve them, frequently by building new categories that didn't exist before or disrupting existing ones. What they're doing is fast, iterative and high-risk. Indian entrepreneurs like Ritesh Agarwal (OYO Rooms), consolidated the cottage/budget hospitality market and brought it under one standardized, tech-based accommodation marketplace. Peyush Bansal (Lenskart) found a whitespace in the eyewear industry and grew an omnichannel business with virtual trials and home service. Aman Gupta (boAt) On the audio electronics front, the game has been transformed by combining trend-led design with affordability on D2C models that can rapidly gain traction.

The Investor

Investors accelerate business model innovation by backing companies that deliver scalable, defensible and disruptive methodologies. They don't only measure financial metrics but want to understand the strength of the business model itself.

Info Edge founder Sanjeev Bikhchandani backed ventures including Naukri. com and Zomato by concentrating on markets with robust network effects. Kunal Bahl backs ambitious startups through Titan Capital, and bets on business models like D2C brands, digital marketplaces or subscription services that are taking on the status quo and reimagining how we consume.

The Consultant

Consultants are the agents of change, providing structured approaches, external viewpoints and industry benchmarks to help companies reinvent their business models. They are keyplayers when it comes to empowering2transformation in risk-averse industries.

Not all of them are in the public eye but Indian consulting companies, and digital transformation advisors are playing a prominent role to support traditional organizations—retail chains and educational institutions—to shift gears towards hybrid models – be it offline retail blended with online marketplaces or physical schools moving into blended learning eco systems.

The Designer

Designers bring creativity and a user-centered approach to innovation, yet need to develop outputs that are viable with business model(s) in order for them succeed in the market. Their work signals an aesthetic and functional merging of the tactical. In India, brands such as Chumbak and Neeman's embody this face of innovation. Chumbak has been the company to bring quirky Indian-inspired design into lifestyle products and create a physical retail model around it. Neeman's sustainable footwear A case for direct-to-consumer distribution Neeman's, a sustainable footwear brand that blended material innovation with D2C distribution, catering to the eco-responsible buyer while running lean on inventory and having strong brand storytelling.

The Conscientious Entrepreneur

This social or environmental impact entrepreneur also seeks financial returns. They create viable businesses models to serve underserved communities or tackle systemic challenges.

While Iqbal Quadir is globally known for Grameen Phone, India surely has many social entrepreneurs working on that blend of business and impact. Solar microgrid operators, low-cost ed-tech platforms in rural areas and health access startups are pioneering models that combine affordability with empowerment, driving value not just economically but also socially. For instance, companies which plant solar-powered charging stations in rural India don't just fill an energy gap; they generate local employment and bring microfranchising within reach.

“The Business Model Canvas has led to other, trade specific canvases—one of the more obscure is the Lean Canvas: it’s for startups,” Reinherz adds. It substitutes components like key partners with “problem” and “solution” segments, underscoring the principles of product-market fit, customer pain points, and early adopters. Developed by Ash Maurya, it’s best for early stage startups grappling with uncertainty and that must pivot quickly. Unlike the traditional BMC,

Lean Canvas is meant to change quickly as founders validate hypotheses and iterate on customer feedback.”

1.3.4 Epicentres of the BMC

Cores refer to the beginning or the mid-axis where a business model is developed or designed. It is also important to understand the center point, as this enables us to interpret whether innovation is resource-based, value-based and driven by customers' needs or financial goals. 1. Resource-Driven

• Innovation starts with the company’s resources -- patents, technology, abilities or infrastructure.

• Companies try to figure out how to use these resources.

• Example: Amazon leveraged its logistics network for the launch of Amazon Web Services (AWS).

• More common in tech-heavy or capital-intensive companies.

Offer-Driven

• Innovation comes from where new value proposition is created.

• Concentrates on solving new problems or providing better solutions.

• May include work to build new products, bundles or experiences.

• Instance: Apple invented the iPhone and product category redefinition with improved user experience.

Customer-Driven

• There is a deep understanding of how customers need, want or expect to work.

• Based on user research, feedback-loops and data insights.

• Example: Netflix moved from DVD rental to streaming as customer consumption behavior shifted.

• Common in B2C businesses and in service-oriented sectors.

Finance-Driven

• Innovation is focussed on revenue streams, pricing models or cost cutting.

• This can involve moving away from one-time sales to subscriptions, or using asset-light structures.

• Example: Adobe moved from perpetual licenses to cloud services via subsription (Creative Cloud).

• Typical of SaaS and digital-first businesses that would like recurring revenue.

1.4 Applications of Business Models

1.4.1 Using Business Models for Strategic Planning

Strategic planning is the process of determining where a company is going and how it's going to get there. Business models are the building blocks of integrating organizational aspirations, customer demands and operational competences. They represent a guideline for immediate measures and long-term planning.

Key Points:

• Clarity of Direction:

o A clear business model clarifies the ways that a company generates, delivers, and captures value to help develop decision making.

o It assists in the ranking of which opportunities are best matched to the company's strengths and available market. • Resource Allocation:

o Makes resources (financial, human and technology) allocation more effective according to the identified key activities and value drivers.

o Reduces waste by concentrating on what adds value for the customer or what has financial significance.

• Strategic Fit and Alignment:

o Match between the firmâ€™s internal competences with external market needs. o Aids in detection of potential voids in customer segment, delivery channel, or revenue structure.

• Risk Identification and Contingency Planning:

o A good business case results in detection of assumptions and weak spots within the value chain.

o Facilitates risk mitigation planning in the early stages.

• Scenario Planning:

o Business models can be shifted to test strategic alternatives Entering new markets Introducing a new product Changing the cost structure

o Visual aids, such as the Business Model Canvas help teams to test the consequences of alternative strategic choices.

• Stakeholder Communication:

o Serves as a universal guide for internal teams, investors and partners to communicate with one another.

o Provides a framework to convey the economic sustainability and expansion strategy of business.

1.4.2 Business Models and Innovation

Innovation is no longer solely about the product or tech—it's becoming increasingly a game of business model innovation. Companies that reimagine how they create and capture value consistently outperform those that concentrate only on technological innovation. Business model innovation is a way for businesses to differentiate themselves and open up uncontested market positions.

Key Points:

• Beyond Product Innovation:

o Product enhancements are easy to imitate, but a distinctive business model is more difficult to duplicate.

o For example, Apple's migration from a PC-centric focus to one targeted at consumer electronics has had an impact on its competitors in those areas. o Netflix transitioned from DVD rentals to online streaming subscription services and profoundly influenced the entertainment industry.

• New Revenue Streams:

o Revenue model innovation -- like transitioning from one-time fee to subscription service -- can enable recurring revenue.

o Freemium and pay per use models further provide alternative ways to monetize.

• Targeting New Segments:

o New models can open up new markets to serve underserved customers or other underserved market segments.

o Example: microfinance institutions created markets by approaching poor rural borrowers with small-ticket loans.

• Leveraging Technology:

o Blockchain, AI and the IoT are woven into business models to improve personalization, automation and trust.

o Example: The side-step to the traditional dealership using Tesla's direct to consumer sales model and their distribution of software via over-the-air updates.

• Cost Structure Innovation:

o "Entrepreneurial innovation" can mean someone finds a way to cut costs by leveraging the gig economy, digital-only operations, or outsourced services.

o This supports pricing agility and the opportunity to access price sensitive markets.

• Open and Co-Creation Models:

o Open innovation, where value is generated by users or developers does occur in platforms such as GitHub and Wikipedia.

o These models build capacity for innovation without a commensurate increase in internal R&D costs.

• Sustainability and Circularity:

o Business model innovation is critically important for meeting environmental and social objectives, e.g. end-of-life programs or reusable packaging.

o Example: Rent the Runway is promoting the circular economy by renting, not owning.

1.4.3 Role of Business Models in Scaling Startups

Scaling is the moment when start-ups transition from barely making it to growing and becoming profitable. Business models are essential in this transformation as they ensure operational integrity while extending reach and revenue capture.

Key Points:

• Scalable Model Design:

o A scalable business model is one that can expand while costs do not rise proportionately.

o SaaS businesses frequently experience rapid scale as the marginal cost to deliver their core product approaches zero.

• Customer Acquisition and Retention:

o The way business is done compels startups to acquire, activate and retain customers.

o With well-defined customer segments, channels, and value propositions, it's easier to develop marketing strategies.

• Investor Readiness:

o A business model that is scalable and has demonstrated compelling results increases investor confidence.

o VCs and angel investors look at startups for the viability not only of their products but of their business model.

• Revenue Optimization:

o While you scale, startups frequently tweak their mo built for trial and expertisedetization strategy – adding multiple (tiered) pricing; offer a bundled feature solution or even upsell.

o Facilitates ARPU and CLV growth.

• Operational Efficiency:

o Activities and partnerships listed in the business model help expedite operations, reduce friction as the company expands.

o Outsourcing, automation and partnership can mitigate lean scaling.

• Geographical and Segment Expansion:

o Model should expand into new locations, user bases and product lines.

o It is an extensible model, so that the local adaptation doesn't require the reconstruction of a framework completely.

• Feedback and Iteration:

o Customer feedback shapes the model as startups develop and expand.

o Ongoing testing of the business model allows to remain relevant and competitive throughout various growth stages.

1.5 Summary

❖ Business models are the architecture of how organisations generate, distribute, and capture value in differing

customer segments.

❖ Business models have evolved in step with wider economic, technological and market change— from more traditional asset heavy business models to more flexible, agile digitally first business models.

❖ Conventional business models driven by linear value chains,physical assets,independent transactions with customers.

❖ Next-generation business models utilise digital technologies, sense-and-response decision-making and platform-mediated ecosystems to address global dynamic markets.

❖ Business Model Canvas (BMC) is a strategic tool with nine building blocks to analyze and design the business models efficiently.

❖ Businesses may fit in multiple model archetypes, including Long Tail, Multi-Sided Platforms and Freemium depending on the industry and strategy.

❖ Centres of innovation around the business model can be driven by Substantial, Offer, Customer or Financial imperatives shaping strategic innovation.

❖ Business models are important not just for start-up businesses, but also as an approach to strategy, innovation and competitive advantage in fast changing situations.

1.6 Key Terms

Business Model – An integrated plan describing how an organization creates, delivers and captures value.

BMC (Business Model Canvas) – A visual chart comprised of nine blocks which enables a company to describe, design, challenge, invent and pivot its business model(s).

Value Proposition – The value that only you can provide to your customers.

Customer Segments – The core audience a business wishes to target.

Freemium Model – A business model that provides certain basic services at no cost but charges for premium features.

Platform Model – A model that allows interactions across two or more interdependent user groups.

Sources of Revenue – The different means by which a business generates cash flow from each customer segment.

Unbundled Business Model – A framework which disaggregates infrastructure, consumer relationship and product innovation as separate entities.

Circular Business Model A business model designed to be sustainable through re-purposing, recycling, and minimizing waste.

Customer-driven Innovation – Designing a business model or adapting one in line with changes in customer needs and behaviours.

1.7 Descriptive Questions

Discuss a Business Model? What Is The Role Of A Business Model In Modern Business Strategy With Appropriate Example?

Describe the historical development of business models and how technology has influenced their evolution.

Explain the differences between traditional and new economy businesses by discussing central characteristics and types of operations.

Outline how the Business Model Canvas is constructed and why it is important by providing a short description of each of the 9 building blocks.

Write about any three facets of business models and give industry examples for each.

How can business model be a strategic planning and decision making tool?

How do startups leverage business models to scale and yet remain effective and engaged with customers?

Distinguish resource-driven and customer-driven business model innovation with the help of examples.

Consider how digital enterprises like Amazon, Uber, or Netflix upended traditional industries with new business models.

Evaluate the significance of revenue costs and structure on financial viability of a business model.

1.8 Case Study

“Making the Digital Pivot: The Transformation Journey of EcoMart”

Introduction:

This is a case about how an incumbent, the traditional retail chain EcoMart, prototyped new digital versions of its formats and quickly scaled them in barely over a year. It emphasizes the importance of playing intelligently with the business model through photography in Business Model Canvass (BMC), customer-focused innovation, and remodel the business model due to changing consumer behavior and disruption market.

Background:

Founded in 1998, EcoMart is a medium-sized retail outlet chain that sells sustainable goods like organic groceries, biodegradable cleaning solutions and reusable household items. The business, which has 40 physical stores spread across Tier-1 and Tier-2 cities in India, relied heavily on walk-in store visits for sales though it would bolster numbers with seasonal marketing campaigns.

But by 2019, competition from ecoms with the same eco products and home-delivery was beginning to stifle the business. EcoMart's management were aware that the old model of business, reliant on in-store retail and inflexible product lines, was long past its prime. In early 2020, leadership decided that they wanted to transform the way that they worked and operated in order to remain viable in a digital economy.

Leveraging instruments, such as the Business Model Canvas, EcoMart engaged in a transformation journey around digitalization, customer-centric engagement and platform thinking.

Problem Statement 1:

No scale and Little Market Penetration

The size of EcoMart can only grow the old way with its physical stores, as they are economically constrained by capital and time. The old model was predicated on local footfall and physical location.

Solution:

EcoMart transformed from a location-store mode of trading to a mixed one which combined the traditional retailer with the e-commerce model. They built a mobile app and website to distribute products directly to customers throughout India. Digital channels (social media, email, app notifications) were introduced to replace local advertising and reduce constraints of physical location. This shift brought their channel strategy into line with a digital infrastructure that could scale.

Problem Statement 2:

Declining Customer Engagement and Loyalty

Customers were migrating in droves to competitors providing personal recommendations, loyalty rewards and speedier delivery. EcoMart did not have an interactive system to involve and gather feedback from users.

Solution:

With the Value Propositions, Customer Relationships, and Customer Segments blocks of the BMC, EcoMart reconfigured its business model. They added a subscription plan for repeat deliveries, as well as a loyalty program. A CRM system was also set up to record preferences and recommend tailor-made products and discounts. Better digital touchpoints and enhanced engagement further raised customer satisfaction.

Problem Statement 3:

High costs of operation and poor stock control

EcoMart's traditional physical inventory management system oversupplied or undersupplied, driving up holding costs and customer disillusionment.

Solution:

ECOMART, through reconfiguration of its Key Activities and Key Resources adopted centralized warehousing with predictive analytics. A data-based stock management to predict demand and minimize purchasing was introduced. EcoMart also partnered with last-mile delivery startups in an effort to cut logistics costs. In a year this resulted of 25% reduction in holding cost of inventories.

Case-Related Questions:

Using the Business Model Canvas, list at least five essential building blocks that EcoMart altered during its transformation.

Which face(s) of the business model does EcoMart's new approach have—Unbundled, Platform, or Subscription? Justify your answer.

Which business model innovation epicentre did EcoMart employ—resource, offer, customer or finance?

Explain the pros and cons of moving from a bricks and mortar to a click and mortar model.

What were the characteristic elements of a new-age b model exhibited by EcoMart in customer engagement?

Conclusion:

EcoMart illustrates the need to adapt business models to emerging conditions. With the use of Business Model Canvas approach, digital tools, combined with a culture of customer centric innovation allowed EcoMart to evolve into a scalable, digital-enabled business. In many ways, the case illustrates how traditional business can take up new-age methods without giving up their own source of branding.

New Age Business Unit 2 V3.docx

New-age Business Models_BBA_2

New-age Business Models_BBA_2

ATLAS SkillTech University

Document Details

Submission ID

trn:oid:::3618:127435306

Submission Date

Feb 3, 2026, 1:16 PM GMT+5:30

Download Date

Feb 3, 2026, 1:20 PM GMT+5:30

File Name

New Age Business Unit 2 V3.docx

File Size

432.7 KB

51 Pages

7,390 Words

45,816 Characters

0% Overall Similarity

The combined total of all matches, including overlapping sources, for each database.

Filtered from the Report

- Bibliography
- Quoted Text
- Cited Text
- Small Matches (less than 15 words)

Match Groups

1 Not Cited or Quoted 0%
Matches with neither in-text citation nor quotation marks

0 Missing Quotations 0%
Matches that are still very similar to source material

0 Missing Citation 0%
Matches that have quotation marks, but no in-text citation

0 Cited and Quoted 0%
Matches with in-text citation present, but no quotation marks

Top Sources

0% Internet sources
0% Publications
0% Submitted works (Student Papers)

Integrity Flags

0 Integrity Flags for Review

No suspicious text manipulations found.

Our system's algorithms look deeply at a document for any inconsistencies that would set it apart from a normal submission. If we notice something strange, we flag it for you to review.

A Flag is not necessarily an indicator of a problem. However, we'd recommend you focus your attention there for further review.

Match Groups

- **1** Not Cited or Quoted 0%
  Matches with neither in-text citation nor quotation marks
- **0** Missing Quotations 0%
  Matches that are still very similar to source material
- **0** Missing Citation 0%
  Matches that have quotation marks, but no in-text citation
- **0** Cited and Quoted 0%
  Matches with in-text citation present, but no quotation marks

Top Sources

0% Internet sources
0% Publications
0% Submitted works (Student Papers)

Top Sources

The sources with the highest number of matches within the submission. Overlapping sources will not be displayed.

1 Internet

www.coursehero.com **<1%**

Unit 2: Classical and Foundational Business Models

Learning Objectives

1. Learn about foundational business models and how they have shaped contemporary commerce.

2. Study classical business models, such as the Direct Sales Model, Franchising, Razor-and-Blades and Bricks-and- Clicks in terms of their anatomy and mechanisms.

3. Consider traditional business models against new trends such as digital transformation and changing consumer behavior.

4. Compare how the old model stands up to new age learning and use it to determine how each one fits in hybrid tech enabled milieu.

5. Master the phenomenon of DTC (Direct-to-Consumer) models and how it changes branding, distribution, and consumer interaction.

6. Analyze the pros and cons of using traditional models in today's startup ecosystems.

7. Learnings from Indian and global companies on founding for the future, Food-Tech 2.0 – School of hard knocks and navigating business model transition – From an offline to online first approach.

8. Learn the secrets of successful entrepreneurship by mapping processes, toolkit and concepts against business trends in today's marketplace.

Content

2.0 Introductory Caselet

Reinventing the Wheel — How HeritageMart Rebooted Its Legacy Model

HeritageMart, a family-owned retail chain set up in 1985, was famous for its high-touch service and premium home products. With physical stores as the only store format in Tier-1 market, it developed with an ancient direct sales form. Sales staff were trained to maintain strong relationships with customers, which often led to repeat purchases through one-to-one in-store consultations and loyalty cards. But by 2017, the business was on the decline. Online marketplaces were more popular among younger customers, and overhead costs began eating into margins. The brand's former system — which was sound in its day — had become inefficient and outdated in an industry dictated by digital convenience, influencer branding and instantaneous gratification.

With the sense that there was a need to change, B & A second generation management charted their business operations using the Business Model.

Canvas and pinpointed which areas to change. Rather than fare-cutting their heritage, they pursued the Bricks-and-Clicks model maintaining all of these physical premises, and at the same time setting up an e-commerce operation and a content-rich social media strategy. They also started playing around with D2C micro brands targeting niche product lines. The legacy

of customer service from the classical model was then turned to as a differentiator during their digital journey.

HeritageMart's trip shows the old rules of business can still provide strategic benefits — but only if properly adapted for a digital-first world.

Critical Thinking Question

The evolution of HeritageMart is indicative of the value in staying true to some old school business ideals while leveraging the power of new age mediums and tools. What were your observations about the classical direct sales model that helped in building such a strong foundation for the company, and which elements turned obsolete in the new digital world according to you? How did embracing Bricksand-Clicks and D2C models help HeritageMart be sustainable? Think about how legacy organizations can mix tradition and innovation to forge hybrid models that satisfy both the old guard as well as new-age digital customers.

2.1 Introduction to Foundational Business Models

2.1.1 Importance of Studying Traditional Business Models

Traditional business models are particularly important to entrepreneurs, strategists, and business students -- the purpose of this article is therefore to provide an understanding of a few traditional models to enable them to use that base (to build something new). They provide principles, frameworks and practices that continue to inform contemporary approaches, particularly in 'low tech' sectors such as retail, manufacturing and services.

Key Points:

• Foundation for Business Thinking

o The classical model for example is adding more "layers" (like customer relationships, value chain, cost structure, and profit margins).

o They enable students to grasp what businesses do and function before we complicate matters with digital transformation.

• Timeless Strategic Lessons o Formats like Franchising, Direct Sales and Razor-and-Blade allowed to make profits for decades.

o They convey key lessons about customers' confidence, brand loyalty, unit economics and managing distribution.

• Contextual Relevance

o Rural or semi-urban markets where digital infrastructure is weak are still not completely ruled by the classic models.

o In other industries, such as food service, personal care, or retail the traditional model has continued to work.

• Comparative Framework

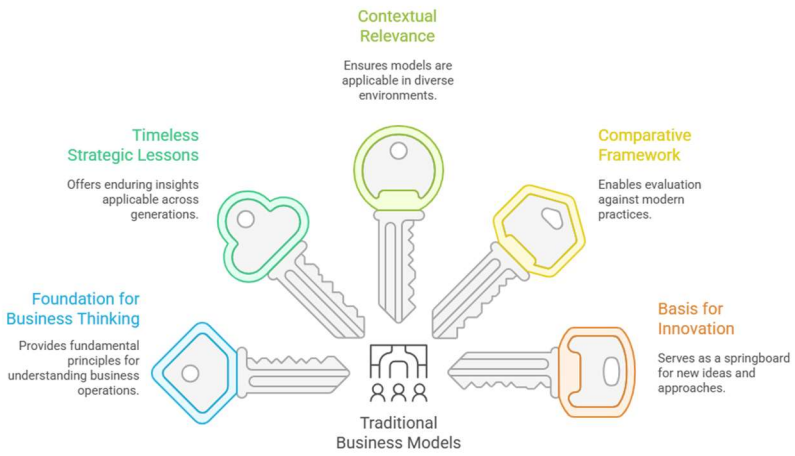
o The comparison of classical models allows the comparison with new age ones (e.g., D2C vs Direct Sales).

o It lets students know what aspects of prior models are transferable or dormant.

• Basis for Innovation

o A lot of the new models are developed through some slight changes or a merging of traditional models.

o By understanding the source, entrepreneurs see places for disruption or innovation).



2.1.2 Relevance of Classical Models in the Modern Economy

Although many of today's industries have been digitized, traditional business models still bear strategic relevance in the todays market. What makes them durable is operational simplicity, already proven scalability and built-in customer relationships. Traditional practices are also being moved into digital format in modern companies.

Key Points:

• Operational Reliability

o Conventions ensure that models are consistent and predictable in the runtime.

o Franchising, on its part, provides a turnkey model for brand expansion under manageable risk.

• Localized Business Strength

o Classical solutions are still effective in countries with strong personal trust and face-to-face transactions.

o Physical stores & direct sales remain strong in other industries such as insurance, real estate and

FMCG.

• Brand Trust and Human Connection

o Historically, customers are developed through face-to-face transactions.

oIn BAU categories like health, education and finance, this human interaction is still desired.

• Complementary Role in Hybrid Models

o Traditional infrastructure serves to some extent in an omnichannel strategy for many profitable businesses.

o For instance, Reliance Retail leverages its brick-and-mortar stores to complement online delivery via channels such as JioMart.

• Investor Confidence

o Proven, scalable models such as franchising or licensing is what most investors are searching for; it's particularly common in industries like QSR (Quick Service Restaurants).

• Adjusting to the digital erao Traditional models are being digitized. Appointment-based salons hop on app bookings, direct sellers rely on WhatsApp and social media for product demos.

2.1.3 Limitations of Classical Models in the Digital Age

Foundational value in traditional business models – but ultimately the curse of such structure when faced with no room for growth in a digital, fast moving world. Without the use of modern tools and processes, these restrictions can impact scale, customer engagement and operational agility.

Key Points:

• Limited Scalability

o Growth in typical models depends on physical resources such as locations, inventory space or personnel is more costly to operate.

o That puts a cap on the rate at which growth is possible, especially if compared to digital businesses that scale without similar limits on infrastructure.

• Customer Expectations Have Evolved

o Todays consumer: Instants access, personalisation, seemless digital experience.

o Legacy models may lack in online engagement, convenience or data-driven personalization.

• High overhead costs o Brick and mortar outlets require rent, inventory management and salaried staff making it difficult to control costs.

o Those costs erode margins - particularly when you're trying to compete with svelte, digital first outfits.

• Slow Feedback and Innovation Loops

o Many classical models do not include customer feedback in real-time which makes it hard to iterate quickly. o Cycles of innovation are extended by -- (either iterations with physical prototypes or delayed market feedback).

• Limited Reach

o Geographic limitations of conventional approaches.

o Very difficult to reach global or pan-India markets without a digital channel, especially for niche offerings.

• Less Agile During Disruptions

o Models that are highly dependent on physical presence (e.g., brick and mortar retail) suffer the most during times of crisis – pandemics, lockdowns.

o Digital-native companies are more agile, able to pivot the business by altering how a product is delivered or lines of product.

Activity "Being Human: Place and Time"

Choose one of the old business models—Direct Sales, Franchising, or Razor-and-Blade. Find an example of a company that has done well with this model in the past (e.g., Tupperware, McDonald's, Gillette). Next, research or ideate how a modern startup or digital-first brand could re-implement that same model through today's tools and channels (think social media, influencer marketing, D2C platforms, mobile apps). Create a 1-page mapping table of the old and new approach by customer engagement, delivery, revenue, cost structure and scalability. This will help students get hands on experience working with basic models and how they can be applies to modern startup thinking.

2.2 Direct Sales Model

2.2.1 Concept and Features

The business model of direct sales means that the sale of products or services occurs directly to a consumer without any third-party involvement this can include either direct retail or party plan selling. It is often a customized sale through one-on-one, presentation or group events. It is commonly used in industries such as health, beauty, cosmetics, and cookware.

Key Features:

• Disintermediation o Cut out intermediaries in the value chain.

o The manufacturer or a brand sells directly to buyers, permitting it to manage prices and margins more efficiently.

• Personal Selling Approach

o Involves one-to-one or one-to-few interactions.

o Sales reps will frequently make product demos, do home visits, and rely on personal persuasion tactics to gain new customers.

• Relationship-Driven Model

o Key to success is building trust and relationships.

o Most reps do sell to friends, relatives and network.

• Commission-Based Earnings

o Sales people or reps are typically independent and make a percent of each sale.

o This results in a high-leverage distribution model for businesses with flexible payment.

• Inventory Holding

o Frequently, sales representatives purchase products in advance and resell them at profit.

o Some companies do offer drop shipping or consignment stock management.

• MLMo The multi-level marketing (MLM) in some direct selling companies, the company is organized that representatives recruit others and earn commissions on their sales.

o In addition to benefiting the quick spread of a network, MLM has also attracted regulatory attention.

• Limited Retail Infrastructure

o There's no need for storefronts or warehouses in most case.

o Reduces overheads and allows for micro-entrepreneurship.

2.2.2 Advantages and Challenges

The direct sale is little risk, low cost and easy to use. But it has also a scalability disadvantage and reputation issues according to the execution model (particularly in case of MLM).

Advantages:

• Low Capital Requirement

o People can join it as sales agents with very little investment. o Companies benefit from low overhead costs, as they do not have to incur traditional retail expenditures.

• High Customer Engagement

o Face-to-face engagement enables trust, feedback and specific suggestions.

o Promotes a higher likelihood of repeat sales and brand advocacy.

• Flexible and Scalable Workforce

Allows for the establishment of a large, disperse sales team.

o Highly relevant or powerful in Semi Urban and rural markets where digital reach is relatively low.

• Faster Market Penetration

 Companies can easily penetrate niche markets with a network of agents.

o Appropriate for new or category-creating products.

Challenges:

• Dependency on Individual Sales Performance

o Results in business will differ greatly due to the individual's motivation, ability, and experience.

o Spotty sales attempts can have an impact on brand progress.

• Limited Digital Integration

o Historic direct selling has a challenge at hand when it comes to scaling frameworks and organizations in online-first consumer worlds.

o There's still so much paper to digitize even in companies which are moving from analogue systems to digital technologies.

• Negative Perception from MLM Practices

o Unethical Recruitment, Hype Income Claims and Low Product Quality of MLM businesses can damage brand trust.

o Regulatory agencies Frequently investigate it schemes masquerading as direct selling programs.

• Training and Support Requirements

o Training of agents on product published information and customer service needs to be ongoing.

o Complexity of operation scales with workforce.

•Urban Digital Markets o Urban customers show a growing preference for e-commerce platform and influencerbased discovery.

o Door to door or demonstration based sales is not as efficient.

Some models of direct selling businesses are as follows.

Cosmetics, wellness, kitchenware and nutrition markets have registered a remarkable growth with the direct selling. Although some companies are still doing well with it, other companies have struggled to stay relevant in the digital world.

Key Examples:

• Tupperware

o Well known for kitchen storage solutions especially.

o Created the idea of the "Tupperware Party" as a personal social selling format in which members sold products to each other at house parties.

o The model relies on emoting selling, peer-pressure and exclusivity.

• Amway

o World's largest direct-selling company, specialising in the cosmetic, nutritional and household sectors.

o Runs a multilevel marketing model with 100,000+ independent business owners.

• Oriflame o Swedish beauty and wellness brand that operates through direct sales people to target customers, particularly in emerging markets.

o Has pivoted to introduce digital catalogs and online ordering to also be available for hybrid sales.

• Avon

o First company to introduce direct sales in cosmetics.

o Saw growing competition from e-commerce and opted for a digital revamp to stay on the cutting edge.

• Herbalife ◦ Specializes in nutrition and weight loss.

o Runs internationally through MLM constructions, frequently depending on health coaches and small regional influencers.

Why Tupperware Lost Relevance:

•The main reason Tupperware's business is down so much is that it has not modernized.

o E-Commerce players like Amazon and Flipkart which gained prominence, offered consumers with more choices and also quicker access.

o The younger generation no longer appreciated home parties.

o Tupperware did not quickly adapt to digital and influencer channels and D2C models, leading to its declining presence in urban markets.

Activity

“Some direct sales companies have begun integrating WhatsApp-based sales systems and AI-powered personal CRM apps for their sales agents. These tools allow agents to track customer preferences, send product updates, and close orders without ever meeting the customer in person. In markets like India, this hybrid approach—combining the trust of traditional direct selling with the speed of digital platforms—is becoming a new trend. Companies adopting such tech-enabled direct selling have seen better retention, especially in Tier-2 and Tier-3 cities where personal touch still matters.”

2.3 Franchising Model

2.3.1 Concept and Features

A franchise model is one where a franchisee (the business owner) is given the right to use the name of the franchisor (owner of established brand and business system) for selling its goods/services, while paying some amount in return. This format allows for quick expansion to the business due to lesser investment of money by the franchiser.

Key Features:

• License-Based Expansion

o The Franchisor gives the license to use his brand, systems and knowledge.

o The franchisee adheres to brand standards, while the outlet is his or her own.

• Standardized Business Model

o Consistency is essential: in operations, quality, brand and customer experience.

o Franchisees must only adhere manuals and SOPs.

• Royalty and Franchise Fees

o Franchisees pay a franchise fee as well as royalties that factor in revenue.

o These are sources of revenue for the franchisor.

• Training and Support o Franchisors provide extensive training on operations, marketing and product knowledge.

o Brand and execution support receives on-going attention to keep brand standards and operational excellence.

• Territorial Rights

o Typically, franchise agreements give the franchisee an exclusive area to work in.

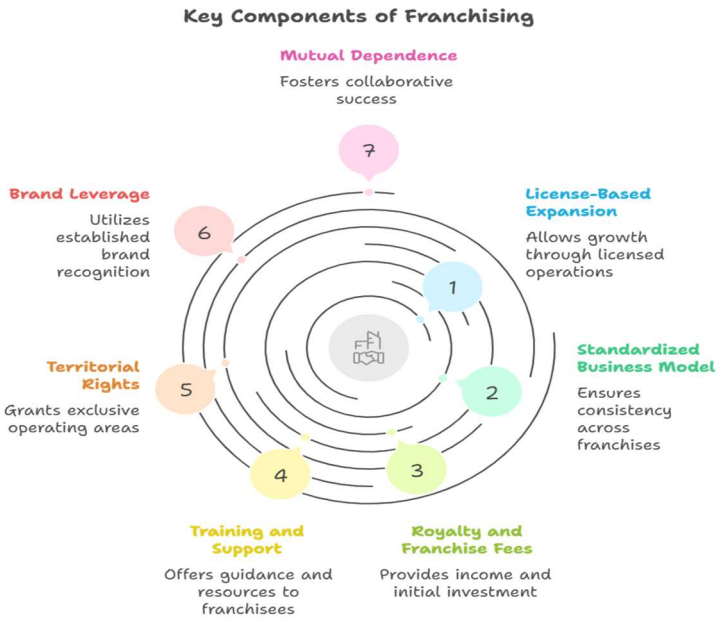
o Internal competition is avoided and local market interests are safeguarded.

• Brand Leverage o Franchisees enjoy trading under a popular and established brand name, thus minimising the work and period it will take to gain customers.

• Mutual Dependence

o Franchisor depends on franchisees for the market presence, whereas franchisees depend on the reputation of brand and its systems.

o Both sides are interested in performance and brand value.



2.3.2 Benefits to franchisors and franchisees

Franchising is driven by mutual strategic and operational benefits. Franchisors enjoy fast growth with low capital, and franchisees reap the rewards of a proven brand and systems.

Benefits for Franchisors:

• Rapid Market Expansion

o Facilitates brand expansion in regions without undertaking costly outlet investments.

o Minimizes financial risk of moving geography.

• Revenue Streams

o Makes money with up-front franchise/royalty fees and sometimes a piece of the action on product sales.

o Training programs, supply chain services and proprietary technology can also be monetized.

• Operational Leverage

o Franchisees manage the day-to-day operations allowing franchisors time to concentrate on strategy, invention, and brand awareness.

o Reduces the responsibility of managing local staff, compliance and operations to site level issues.

• Brand Visibility and Market Presence

o Add more outlets to increase brand remembrance and reach of the customers.

o Plays as a natural leader in fierce markets.

Benefits for Franchisees:

• Reduced Business Risk

o Run a company with established customers, proven business model and brand value.

o Minimizes the experimentation gap from new business.

• Training and Operational Support

o Get marketing, customer service, inventory and accommodations training starting on day one.

o Centralized marketing campaigns and procurement advantages.

• Faster Return on Investment (ROI)

o Franchisees can break even faster than new business ventures since there is already a demand and an operational templates in place.

o Lower cost per customer acquisition by name recognition.

• Patented Systems and Technology only found here!

o Use POS systems, inventory management and customer files that are part of the franchisor franchise system.

o Streamlines the provision of services.

• Network Effects

o Belonging to a multi-site franchise group offers learning opportunities, bulk buying power and mutual support.

2.3.3 Famous Franchise Examples

Worldwide and in India some of the biggest brands have been built by the franchising formula to spread its reach around the globe with same services and branding. These are just some of the benefits of a successful franchise system.

McDonald's:

• A member of one of the world's biggest and most successful franchised food service systems.

• Owns and runs more than 90% of its branches through franchisees around the world.

• Provides consistent menus, branding and customer experience around the world.

• Franchisors offer rigorous training, including "Hamburger University" and detailed operations manuals.

• Local interpretations are permitted (such as India's McAloo Tikki), but strictly within brand parameters.

Domino's:

• Worldwide Pizza Delivery Market leader with proven and profitable franchising system in close to 85 countries.

• In India, operated by Jubilant FoodWorks under a master franchise agreement.

• Has strong backend support, tech-enabled delivery systems and solid supply chains.

• Noted for operational efficiencies and centralized marketing support to franchisees.

Subway:

• Runs thousands of stores in more than 100 countries.

•Low capitol expenditure, simple operational model attract new business owners.

• Franchisees get the advantages of centralized supply chain control and brand advertising.

Anytime Fitness:

• A fitness franchise that's grown into urban and semi-urban markets.

• Provides 24/7 access gym with standard layout, tech systems.

• Franchisors supply franchisees with marketing material, design and fitness software.

In Indian Context:

• DTDC Courier –It works on a proven franchise model in logistics and parcel delivery.

NIIT and Aptech – Expanded IT training centers all over India by using franchising.

• Lenskart (early stage) – You followed the hybrid company-owned and franchise store model to scale your business quickly.

These case studies highlight the diversity of the franchise model not just in food and fitness, but also in education and logistics.

2.4 Razor-and-Blades Model

2.4.1 Concept and Features

1 The Razor-and-Blades model is a business model in which one item is sold at a low price (or given away for free), while a complementary product is sold at a higher price; the complementary product is often consumable or disposable. This provides great customer stickiness and long term recurring revenue.

Key Features:

• Low Entry Price on Core Product

o The platform is subsidized to enable the user to buy a lower priced product (for example, razor handle or printer or game console).

o Sold at or near cost with a reduction to take a price obstacle away for new purchasers.

• High-Margin Consumables or Add-Ons

o The real profit is in the followup sales - razor blades, ink cartrages, game subscriptions.

o These are high-margin and needed in a recurring basis for steady income.

• Customer Lock-In

o If a client has committed to the base product, then they are more likely to buy complementary consumables. o Proprietary products (e.g., blade fits or ink cartridges) preclude transition to third-party product.

• Recurring Revenue Model

o This is the model that provides ongoing revenue throughout the customer relationship (as opposed to selling them something once).

o Promotes business around longer term relationships versus one-time transactions.

• Market Penetration Strategy

o Firms use this model to penetrate competitive core offerings and grow customers quickly.

o After the base, most of profitability is derived from ongoing sales of consumables or services.

• Frequent in Hardware-Based and Subscription Ecosystems

o Widely used in technology, health and beauty products, game accessories and kitchen appliances. o Growing accustom to digital formats such as app purchases and software add-ons.

“The name of the Razor-and-Blades model was originated by King C. Gillette, although he was not its first to successfully apply it commercially. In truth, ever since Gillette started to give away the razor handle for free during World War I to military personnel — men who formed a habit during war and continued postwar — the model gained momentum then. That early form of “product seeding” is now a common tactic in software trials and consumer goods samples.”

2.4.2 Examples Across Industries

The Razor-and-Blades model has been embraced by businesses throughout all industries, and each of them have modified the concept to align with their specific industry requirements. The core is still the same—cheap to get in, expensive to maintain—but the packages are entirely dependent on your behaviour and usage.

Gillette (Razor + Blades):

• Model Origin: The above scenario is often cited, where Gillette sold the razor handles at cost and made their money on blade refills.

• Not Interchangeable with Any Other Razors or Handles: These blades were specifically designed to fit only Gillette handles and do not interchange with other razors.

• Brand Loyalty: Emphasis on quality, comfort and ongoing innovation (e.g., multi-blade systems), in order to keep customers.

Upselling: Constant innovation of product (Fusion, Mach 3) pushed up blade prices and maintained high margins.

Printers + Ink Cartridges:

• Printer price: lots of inkjet printers are sold at a cost less than the combined price of all the cartidges.

• Cartridge Lock-In: Proprietary cartridge use to guarantee that customers return for repeat purchases of the same brand.

• Ink Out the Wazoo: Cartridges tend to be more expensive than the printer over time.

• Refill Challenges: Businesses have imposed limitations or locked down third-party refills with chip-based authentication.

Gaming Consoles + Games:

Console as Loss Leader: Console sold at nominal margins or even loss to sell gamer (example Xbox, Playstation).

• Games and Subscriptions: Money coming in from game purchases, DLC (downloadable content) and subscriptions such as PlayStation Plus or Xbox Game Pass.

• Ecosystem Lock-In: Players buy into digital libraries, which makes it difficult to shift platforms.

• Continuous Monetization: Comprising in game purchases and micro transactions that expand the life of revenue.

Nespresso:

• Coffee Machines: Priced competitively and available via retails shops and online.

• Nespresso Pods: The single-use, proprietary pods come at a hefty premium and are only available through select channels.

• Customer Experience: The experience of brand pods appeals to customers because of convenience and perceived quality.

• Club Membership: Prototype of brand loyalty with exclusive offers, content and community features.

Other Examples:

• (Whitening toothpaste) and (electric toothbrush + brush heads [Oral-B])

• E-cigarettes + cartridges (JUUL, Vuse)

• Mobile devices + app subscriptions or accessories

• SaaS tools + premium integrations / analytics modules

2.4.3 Strategic Implications and Risks and Applicability in the Modern Business World

The Razor-and-Blades model has transcended products to cover software, mobile apps, and services. Effective for driving customer lock-in and recurrent revenue, it raises some strategic risks as well, and is coming under criticism on ethical and environmental grounds.

Strategic Implications:

• CLV Focus o The model focuses on customer lifetime value rather than single sells.

o Success relies on retention and repeat purchase activity, not just acquisition.

• Low Customer Acquisition Barrier

o By offering a competitive price for the core product, now businesses can grab market share readily.

o Fits within price sensitive markets as well as early adopters.

• Data and Predictive Analytics Companies can predict consumption demand based on purchase patterns of consumables.

o Facilitates targeted selling, upselling and inventory optimization.

• Brand Ecosystem Development

o Promotes the development of ecosystems in which many products and services merge into a single system.

o apple would be one example of a company that has created this kind of hardware-software-accessories loop.

Risks and Limitations:

• Consumer Backlash

 Trust can be eroded when punters feel exploited over the price of consumables. o Open pricing and value added are critical to the goodwill.

• Third-Party Disruption

o High margin consumables can be undercut by generic or imitations. o Companies need to enforce IP rights and innovate in order to outpace competition.

Environmental Concerns

o High utilization of sing-use products (i.e., pods, cartidges) create sustainability concerns.

o Increasnig consumer pressure for reusable or refillable solutions.

• Digital Choice +2 o Digital transformation has led to more recent revenue models such as freemium or subscription which can sometimes transcend the need for hardware.

o SaaS typically follows, based access and premium features i.e. Razor-and-Blades logic.

• Over-Reliance on Add-Ons

o If add-on use diminishes (e.g., wireless printing), the model breaks down.

o Consumable relevance can only be kept if you continuously reinvent your company.

Modern Applicability:

• Remains relevant in consumer electronics, gaming, personal care and coffee machines.

• Modified for digital products by the way of free base and chargeable added features (e.g., mobile games with in-app purchases).

• Startups and D2C brands leverage similar strategies to engender loyalty and long-term value.

2.5 Bricks-and-Clicks Model

2.5.1 Concept of Integrating Offline and Online Business

The Bricks-and-Clicks model is a term used to describe retail businesses that operate in both physical and online outlets. This method provides a customer with the opportunity of

browsing, purchasing or returning items on line or off-line to add convenience and brand experience.

Key Points:

• Seamless Channel Integration

o Provides a seamless customer experience from store to web and mobile.

Allows consumers to purchase online, pickup in-store (BOPIS), return online orders in store or visit a showroom and order online.

• Diversified Revenue Streams

o Merges store and e-commerce sales, opens up revenue channels.

o Dependence on only one sales channel is lessened.

• Improved Customer Convenience

o The sensor meets a variety of shopping needs, from touch-and-feel purchasers, to tech enthusiasts.

o Builds confidence in customers, particularly when a customer can physically engage with a brand before purchasing.

• Inventory and Supply Chain Efficiency

o Combines warehouse, store and web inventory to best fulfill orders and minimize out-of-stocks.

o It enables decentralized warehousing and shortens delivery period as well.

• Data Synergy

o Brush:on the one hand, brick-and-mortar gathers more qualitative observations; on the other hand digital has access to real time behaviour.

o This amalgamated data is being utilized to customize the offerings and maintain loyalty programs.

• Enhanced Brand Presence

o Physical stores are brand touchpoints and online is scalability.

o This dichotomy strengthens credibility and presence.

• Technology as Enabler o Needs to be integrated – POS, inventory sync in real time, CRM tools and omnichannel logistics. o QR codes, AR enabled fitting rooms and in-app store navigation make the model stronger.

2.5.2 Benefits of Hybrid Approach

There are several strategic advantages of the Bricks-and-Clicks model in adapting to the changing retail landscape. The solution provides the best of both worlds, combining the strengths of physical and digital formats for enhanced value and operational flexibility.

Key Points:

• Increased Reach and Accessibility

o Brick and mortar stores cater to local/foot traffic, whereas online provides national/global market.

o Provides 24/7 access as well as prolonged brand exposure.

• Higher Conversion Rates

o Customers can find products online and turn in-store or turn the other way around.

o More touchpoints help to mitigate drop-offs and get better sales funnel performance.

• Greater Customer Trust

o Physical locations give internet operations credibility.

o Clients aremore confident when there is an office they can contactwith questions or complaints.

• Market Resilience o In the case of either channel slumping due to (e.g.) localised lock down or website issues, The other will back it up.

o Enhances continuity and flexibility of business.

• Improved Customer Service

o Stores provide customized service and support after the sale, online tools include live chat, FAQs, user reviews.

o Blending both provides well-rounded support.

• Cross-Promotion and Engagement

In-store events lead to online follow-ups, and online initiatives drive customers to stores.

o Loyalty points programs that cross over both channels for deeper engagement.

• Operational Cost Balance

o While stores are expensive, digital can reduce customer acquisition and overheads.

o Hybrid approach also reduces the cost factor with smarter resource usagC 4.

2.5.3 Case Examples

This chapter discusses the journey of both Legacy and Digital-native brands that have adopted this new business model successfully in Indian as well as in Global markets. The examples depict various ways to combine the online and offline channels.

Walmart

• Made the shift from pure brick-and-mortar to omnichannel retail.

• Bought an e-commerce platform, Flipkart, in India to gain more of a digital foothold.

• Provides BOPIS and same-day delivery in U.S. markets.

• Treats stores as fulfillment centers, which help to lower last-mile charges.

Reliance Retail

• Mixes retail chains (Reliance Fresh, Trends, Digital) and the JioMart online platform.

• Realizes phygital strategy by digitizing Kirana stores, which is next to consumer and convenient.

• Connects offline POS systems to customer data from online apps.

• Localizes promotions by both online and offline behavior.

Tata Cliq

• E-commerce platform with offline brand support.

• Adopts luxury retail experience, in which customers can try products in store and order online.

• Collaborates with Tata group companies to provide a unified customer experience.

Lenskart

• Began as online retailers, then opened offline stores to offer try-before-you-buy experiences.

• Shoppers can have their eye power scanned in the store and place orders online.

• Complements online AR tools with in-person consultations for wider reach.

• Provides 3D trials, at-home eye tests and doorstep delivery.

Pepperfry

• Online-first furniture marketplace that showed products in physical studios.

• Enables our customers to see material quality and all details before they purchase.

• Combines inventory, shipping and customer data among platforms.

Mamaearth

•Started as a D2C personal care brand with a strong online presence with social media and marketplaces.

• Now venturing into offline retail with presence in pharmacies, supermarkets and standalone stores.

• Fuses influencer-led digital discovery with in-store convenience of purchase.

PharmEasy & 1mg

• Online-first health care systems that diagnose, prescribe and deliver.

• Work with offline labs, clinics and pharmacies to complete diagnostic tests or urgent prescriptions.

• Drives compliance and confidence of customer through the digital journey by scaling with physical services.

2.6 Emergence of D2C Economy

2.6.1 What is D2C?

(Direct-to-Consumer)"D2C" is a marketing model where brands sell their products directly to the end customer, instead of going through retailers and other traditional sales channels like wholesalers and distributors. This approach uses digital channels - websites, apps, and marketplaces primarily - to establish customer connections, collect feedback, and maximize margins.

Key Points:

• Disintermediation of Traditional Channels

The brand owns the end-to-end customer journey — from product discovery and purchase to post-purchase service.

o Removes retail markups, allowing startups to dictate pricing, packaging and experience.

• Customer Ownership o *D2C brands control customer data *enabling them to personalize communication, retarget users and improve products.

o This compares with sell out through marketplaces or off line retailers where the relationship with customers is indirect.

• Digital-First Infrastructure o Most D2C brands are launching through an e-commerce website or app that's complemented by digital marketing and logistics partnerships.

o This is structure creates a much smaller barrier to entry than traditional brick and mortar retail.

• Agile and Feedback-Driven

o D2C brands can test out products via pilot launches, collect customer feedback in real-time and iterate rapidly.

o Reinforces lean startup and product-market fit.

• Brand Story and Identity o Anecdotally, Founders tend to be interested in mission-based branding, sustainability or community engagement.

o Owned brand voice and aesthetics with D2C.

2.6.2 DAPPs in the D2C Economy

The rise of the D2C model can be attributed to a combination of macroeconomic and behavioral changes. These drivers have paved the way for an ecosystem where digitally native brands can challenge incumbents without being at the mercy of traditional retail infrastructure.

Digital Penetration:

The rise in Smartphone usage, availability of cheap internet (especially after Jio revolution in India) and e-wallet growth have made online shopping quicker.

• Customers from Tier 2s and Tier 3 cities are now using e-com portals giving equal footing to the disruptive new D2C brands.

• Both the payment gateways and order tracking, integrated with the courier partners has been a game changer making D2C logistics smooth and also scalable.

Consumer Preferences:

• Today's consumers want personalized, value-driven, and transparent brands.

• The tide is turning toward niche products that embody personal values — sustainability, cruelty-free, locally sourced and all the rest.

• Younger customers want real brands, not just generic mass market versions.

• There is inherent value in brand interaction, particularly for post-purchase servicing and feedback.

Social Media & Influencer Marketing:

• Instagram, YouTube and Pinterest are critical discovery and conversion surfaces for D2C brands.

• Content from trusted influencers and user reviews serve as trust signals, which makes up for missing out on in-store experience.

• Brands launch viral campaigns, team up with micro-influencers and cultivate communities through story-telling and product how-to's.

Did You Know?

“A large number of Indian D2C brands are adopting the “content-to-commerce” approach. This means they first build an engaged audience through blogs, videos, or social media channels—and only then launch products tailored to that audience’s interests. Brands like The Good Glamm Group (which owns MyGlamm) began as content platforms (POPxo, ScoopWhoop) and later expanded into D2C beauty. This reverse funnel—audience first, product later—is a significant departure from traditional models.”

2.6.3 The D2C Opportunity and Challenge for Startups

D2C certainly has its advantages—particularly in terms of control and margins—but it also poses challenges that must be met with well-funded strategy and constant innovation. These are the trade-offs startups will have to consider when entering D2C.

Advantages:

• Higher Profit Margins

o Cutting out the middle-man allows startup businesses to keep a larger pie of revenue. o Allows Price competitiveness and enables plough back for Marketing and R&D.

• Customer Data Access

o Granularity of browsing behavior, preferences and purchase history including entire search process from discovery to making decision is collected by start ups. o Enables targeted marketing, tailored recommendations and loyalty campaigns.

• Faster Product Iteration

o With immediate feedback and less reliance on retail partners, startups can iterate quickly on our products.

o Allows testing of niche (or) limited edition products with minimal inventory commitments.

• Full Control Over Brand Experience

o Startups hold every interaction on brand, from the packaging to the site experience.

o Enables brand to stand out in a full marketplace.

Challenges:

• High Customer Acquisition Costs (CAC)

o To get noticed on the internet you need to spend big bucks over time for ad space, influencers and/or SEO.

o With weak differentiation, D2C startups will burn cash too quickly.

• Operational Complexity

o Logistics, returns, customer service and compliance needs to be handled in house or with partner 10 William Bao Bean Movile TMT/Ventures China Brasil 500Mobile Core Team: CEO/Board Customer Svc M&A Logistics etc. o First time entrepreneurs may have a hard time planning their inventory and forecasting the demand.

Low Brand Trust Early o The digital-first brands don't get the benefit of doubt that legacy brands do.

o Needs some intense pre-selling, reviews and social proof.

• Over Dependence on Digital Ecosystem o Performance is Google algorithm dependent (Instagram ads) o Instagram or platforms fee - Thedecrease in Users Engagement_RATE at Instagram which can happen because of any change/demand could let the business perilized.

o You need to diversify on platforms and start building your own audiences.

2.6.4 Indian D2C Examples

Digital accessibility, altered consumer behaviour and startup funding have led to one of the fastest growing D2C ecosystems in India, among other places in the world. Several homegrown D2C brands in the country have been able to create strong identities, and scalable operations with a loyal community.

Mamaearth:

• Founded in 2016, a toxin-free personal care brand that markets to young parents.

• Relies on content-driven marketing, influencer partnerships and a powerful brand purpose.

• Works online through its website and marketplaces, with an increasing offline presence.

• Unicorn through and through; most successful D2C brands in India.

boAt:

• Audio products with value priced consumer electronics brand.

• Taps into Bollywood, cricket and influencer tie-ups to reach Gen Z and millennial audiences.

• Sells most through its own website, Amazon, and Flipkart.

• Low retail footprint, heavy online community engagement.

Lenskart:

• Began as an online eyewear retailer; has since switched to a Bricks-and-Clicks model.

• Tries home eye-test services, virtual trials and tech-enabled stores.

D2C strength is in autonomy and supply chain authority DTC has an advantage for personalized items or asset sections.

• Taking on the "old guard" of optical chains with superior convenience and pricing.

Other Notable Mentions:

• Wakefit (mattresses and sleep products)Strong content + product education model.

• The Souled Store (merchandise and apparel): Specialty goods, millennial branding.

• SUGAR Cosmetics: Influencer-heavy campaigns for metro and Tier-2's women.

2.7 Entrepreneurial Lessons

2.7.1 What Startups Can Learn from Classical Models

Timeless business models provide fundamental lessons for founders building scalable and defensible companies. In an era of new economy upstarts — who tend to focus on fast growth and digital innovation — re-embracing the basics can in fact add strategic depth and operational discipline.

Key Points:

• Operational Discipline

o Models Borne out of Norm – Businesses such as franchising and direct sales focus on systemisation, repeatability and the quality of execution.

o For Startups: Application to be made by building SOPs in the early stage, Streamlining – Customer Service, Not too much reliance on improvising.

• Customer Relationship Focus

o Direct to consumer and heritage retail systems relied on trust and personal relationships.

o Businesses like D2C brands and tech startups will win out by focusing on customer service, feedback loops, and true engagement.

• Unit Economics Awareness

o Classical techniques tended to emphasize break-even, contribution margin, and profitability analyses.

o Early startups who live and die by the grace of an investor, surely can keep burn down through careful tracking of unit economics from a very young age.

Franchising for Rapid Growth o Food tech, Education or healthcare startups can use a franchise business model to quickly scale while keeping centers decentralized.

o A local market can adjust the design and copy, but keep the brand intact.

• Retention Over Acquisition

o Traditional logic: To keep customer, sell better quality, better service and better consistent.

o Startups should concentrate on LTV (Lifetime Value) rather than spending above and beyond CAC(Customer Acquisition Cost). 24.

• Supply Chain Thinking

o Traditional models included large focus on inventory management, vendors and logistics.

o Modern tools (ERP, AI) can achieve comparable efficiencies for startups as they scale.

2.7.2 The Relational Relevance of Old Models to Continuously Emerging New Markets

This modern market offers new hurdles—digital overload, short attention spans, and changing customer expectations. But the underlying framework of classic models are still current now and then when executed with new technology, distribution or customer insights.

Key Points:

• Hybridization of Models

o Classical models such as Bricks-and-Clicks or Razor-and-Blades can be digitalized or redesigned for novel segments. o Example: Lenskart transformed traditional eyewear retail into a D2C and tech-enabled Bricks-and-Clicks hybrid.

• Cultural and Regional Fit

o In developing countries faith and trust in individuals still matters highly when it comes to sales.

o Direct selling or franchise is more suitable via mobile apps, Vernacular content and hyperlocal delivery.

Traditional models will become platforms o Now, traditional service businesses (eg coaching, hair and nail salons, logistics) can go tech-enabled platform.

o Example: Urban Company disrupted the home services category, which was dominated by word of mouth networks and offline referrals.

• Offline Discovery, Online Fulfilment o Many of the Tier-2 and Tier-3 consumers discover brands at stores but choose to fulfill their orders online for sheer convenience.

o Startups can leverage traditional retail presence as a lead generation mechanism for digital conversion.

• Data-Driven Reinvention o The older models were unable to adapt with real time consumer data.

o With deep customer insights, A/B testing and CRM tools Startups can reconstruct these business models to serve customers in more relevant ways.

• Sustainability Integration

o Environmental impact is seldom considered in traditional models.

o There are startups that can get old models to work (recycled packaging and reusable packaging) with the eco-buying consumer.

“Activity: Classical-to-Digital Business Model Transformation”

Pick one of the traditional business models (e.g., Direct Sales, Franchising, Razor-and-Blades or BricksandClicks) and specify a product or service you would like to introduce with it. Then update it to appeal to today’s market, such as during digital boom trends like mobile apps, influencer marketing or subscription services. Deliver a 1-pager that outlines how you would update that initial model, and call out some of the changes you’d make in distribution, customer experience and monetization. Share with your class or in a small group discussion, its redone business plan.

2.8 Summary

❖ Traditional business models such as Direct Sales, Franchising, and Razor-and-Blades have established the pathway of how businesses scale, grow customer relationships, and enforce operational discipline.

❖ These models value organized operations, presence and proximity, and direct personal sales, which continue to be valid in many markets.

❖ The Bricks-and-Clicks concept provides a model of physical and electronic combinations by traditional firms in order to cope with new customer demands.

❖ The ascendancy of the Direct-to-Consumer (D2C) economy: illustrating how digital-first CPG brands are leapfrogging intermediaries to cultivate direct customer relationships.

❖ Consumer behaviour, digital inclusivity and influencer culture have been some of the key catalysts in the D2C revolution especially in India's thriving online marketplace.

Traditional models provide sound operational principles but have to adjust in order to address the digital, data-driven economy.

❖ Classic model teachs startups the lesson of customer retention, cost control and unit economics.

❖ Contemporary startup founders are blending traditional models with tech to tap into untapped markets (e.g. Uber for plumbing), unlock supply constraints, and optimize user experience.

2.9 Key Terms

Direct Sales Model – Selling products directly to the consumer without intermediaries (typically through face-to-face selling).

Franchising - a type of business in which an independent operator (the franchisee) operates and trades the franchisor's business under its name through a licensing agreement, generally referred to as a "franchise" or chain.

Razor Blades Model – A business model that involves selling a durable product at a low price point to get consumers on the hook for buying ongoing high-margin refills.

Bricks-and-Clicks A retail model that utilises/blends bricks or physical outlets, and virtual stores.

D2C (Direct-to-Consumer) – A model in which brands sell products directly to consumers online, without going through retail distribution.

Customer Lifetime Value (CLV) – The entire revenues that a business can expect from a single customer throughout their lifetime.

Unit Economics - Particular economic measures to assess the profitability of product or service per unit.

CAC (Customer Acquisition Cost) – The cost to a company for generating a new customer.

Platformization – The process of turning a non-tech business into tech-enabled platform that connects people, providers/vendors or services.

Omnichannel strategy – It's the one that brings online and offline channels together to give customers a consistent shopping experience regardless of channel.

2.10 Descriptive Questions

Define the Direct Sales model. How has its role evolved in the era of digital media?

Describe the format and reciprocal advantages of franchising for the franchisor as well as the franchisee.

Explain the Razor-and-Blades model with appropriate industrial examples. What are its strategic risks?

What is the Bricks-and-Clicks model? Is it good for the client and does it improve business scaling?

How do you see the rise of the D2C economy and its driving factors?

Compare and contrast customer engagement and scale in traditional business models versus Web 2.0 models.

In what ways can startups use the franchising model to expand in modern times?

Describe why social media marketing and influencer collaborations are now survival tools for D2C brands.

What are the benefits, operational and financial, of merging online and offline channels?

What are some Important entrepreneurial lessons that contemporary start-ups can learn from Older Ones : Provide examples.

2.11 References

1. Osterwalder, A., & Pigneur, Y. (2010). Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers. Wiley.

2. Harvard Business Review. (2020). “What DTC Brands Can Teach Traditional Retailers.”

3. CB Insights. (2023). State of Direct-to-Consumer Brands Report.

4. Statista. (2023). “India: Internet penetration and e-commerce usage.”

5. Franchise India. (2022). “Top Franchise Opportunities in India.”

6. Economic Times. (2023). “Rise of D2C Brands in India: A Deep Dive.”

7. Mintel. (2021). “Changing Consumer Preferences in Urban India.”

8. Investopedia. (n.d.). Definitions and examples of Razor-and-Blades, Franchising, and Direct Sales models.

9. YourStory. (2022). “The D2C Boom: How Indian Startups are Changing Consumer Markets.” 10. McKinsey & Company. (2021). “The Omnichannel Imperative.”

2.12 Case study

“From Legacy to Launch — Build Your Hybrid Business Plan”

Objective:

-- To assist students in conceptualizing the ways that traditional business models (Direct Sales, Franchising, Razor-and-Blades, Bricks-and-Clicks) should influence the creation of a solid business idea fit for today’s web-based economy. It's a strategic thinking and customer planning exercise along with actual application based ideation.

Instructions:

Select a Classical Business Model:

Select one base model from Unit 2:

o Direct Sales o Franchising o Razor-and-Blades o Bricks-and-Clicks

Choose a Product or Service:

Name a thing or service that might do well hear the chosen model. Examples:

o Personal care product o Kitchen appliance o Health supplement o Clothing or accessory brand o Tech gadget or software tool

Create A Mini Business Plan (no longer than 2 pages) Which Addresses:

a) Business Model Structure:

o How does your classical model you chose encompass?

o What are the main elements you're going to keep from the original format? b) Modern Adaptation:

o What digital channels will you institute for amplification (i.e., e-commerce, CRM, influencer marketing, mobile apps)?

o How will you weave the offline and online for your customers? c) Revenue Strategy:

o What are your sources of revenue?

o Will you employ subscriptions, upsells or digital add-on?

d) Customer Engagement Plan:

o How will you get (keep) customers?

o Various online and offline tactics (e.g., referral programs, store events, email marketing).

Pitch Presentation (Optional):

Prepare an investor pitch for your hybrid model to be delivered in 3 minutes to the class.

Expected Outcomes:

• Experience with implementing traditional business logic in a modern startup environment.

- Experience planning a customer-focused business strategy.

- Are able to learn how innovative they could become by using digital tools with their traditional models.

- Creation of a combined online-offline brand strategy.

New Age Business Unit 3 V3.docx

New-age Business Models_BBA_2

New-age Business Models_BBA_2

ATLAS SkillTech University

Document Details

Submission ID

trn:oid:::3618:127435641

Submission Date

Feb 3, 2026, 1:21 PM GMT+5:30

Download Date

Feb 3, 2026, 1:26 PM GMT+5:30

File Name

New Age Business Unit 3 V3.docx

File Size

187.5 KB

58 Pages

8,251 Words

52,423 Characters

1% Overall Similarity

The combined total of all matches, including overlapping sources, for each database.

Filtered from the Report

- Bibliography
- Quoted Text
- Cited Text
- Small Matches (less than 15 words)

Match Groups

3 Not Cited or Quoted 1%
Matches with neither in-text citation nor quotation marks

0 Missing Quotations 0%
Matches that are still very similar to source material

0 Missing Citation 0%
Matches that have quotation marks, but no in-text citation

0 Cited and Quoted 0%
Matches with in-text citation present, but no quotation marks

Top Sources

1% Internet sources
0% Publications
1% Submitted works (Student Papers)

Integrity Flags

0 Integrity Flags for Review

No suspicious text manipulations found.

Our system's algorithms look deeply at a document for any inconsistencies that would set it apart from a normal submission. If we notice something strange, we flag it for you to review.

A Flag is not necessarily an indicator of a problem. However, we'd recommend you focus your attention there for further review.

Match Groups

- **3** Not Cited or Quoted 1%
  Matches with neither in-text citation nor quotation marks
- **0** Missing Quotations 0%
  Matches that are still very similar to source material
- **0** Missing Citation 0%
  Matches that have quotation marks, but no in-text citation
- **0** Cited and Quoted 0%
  Matches with in-text citation present, but no quotation marks

Top Sources

1% Internet sources
0% Publications
1% Submitted works (Student Papers)

Top Sources

The sources with the highest number of matches within the submission. Overlapping sources will not be displayed.

1 Internet

aro.telkom.co.id <1%

2 Submitted works

Louisiana State University on 2023-07-15 <1%

3 Internet

fastercapital.com <1%

Unit 3: Digital Business Models

Learning Objectives

1. Identify the key characteristics that distinguish digital business models from classical ones.
2. Understand how technology drives value creation, customer engagement, and scalability in the digital era.
3. Analyze various digital business models including Freemium, Subscription-based, Online Marketplace, and Social Commerce.
4. Evaluate the revenue strategies and scalability mechanisms of content-driven platforms and creator-based monetization.
5. Examine the enabling role of technologies such as cloud computing, mobile, and AI in transforming businesses.
6. Understand the impact of data, network effects, and platform lock-in on user retention and competitive advantage.
7. Explore hybrid models that blend elements of freemium, ads, and subscriptions, using Indian and global examples.
8. Derive strategic insights on how startups can choose, scale, and evolve their digital business models.

Content

3.0 Introductory Caselet

"From Tech Startup to Digital Ecosystem — The path of ZevoApp"

ZevoApp, a mobile-first productivity platform that is geared towards remote teams was by a Bengaluru-based startup in 2018. With few features free of charge first, ZevoApp is using the freemium model for getting users. Within months, it was being adopted by developers, freelancers and startups. The growth remained steady, but the true tipping point happened when Zevo introduced paid collaboration features through a subscription model.

Zevo didn't stop there. It opened a content community for its users to share templates and productivity hacks. The platform soon attracted a large number of creators and micro-influencers to facilitate move towards content based freemium ecosystem. With the growth of user-generated content, the company added on social commerce capability that let top users sell digital templates and plug-ins through the app marketplace.

Zevo similarly took advantage of cloud capabilities, allowing users to sync across devices with no lag time. AI-based recommendations and predictive analytics enhanced the user experience. These technological underpinnings, paired with multiple monetization paths turned Zevo into a holistic digital platform—with recurring profits and an engaged user community as well as emergent creator economy.

The ZevoApp saga even more so illustrates that digital business models aren't penned in versions mono. Instead, what startups are doing is mixing aspects of freemium, content creation, social commerce and SaaS to create durable and scalable ecosystems.

Critical Thinking Question

ZevoApp started as a freemium product, but over time it became more of a content-enabled subscription play that also dabbled in social commerce." What are some of the reasons that could have made Zevo move towards a mix of digital format? How did technology serve as more than an enabler, but as a competitive advantage? Think about how in today's startup world startups can feel free to play with more than one business model and not sacrifice user experience. How crucial is it for a digital business model to change based on data, customer behavior or community participation.

3.1 Introduction to Digital Business Models

3.1.1 Characteristics of Digital Era Business Models

Digital business models are different in that they leverage technology, data, and network effects to scale rapidly, forms of value more deeply engage customers in new ways. These models excel in a fluid context and are of highly experimental, personalizing and platformifying nature.

Key Characteristics:

• Platform-Centric Architecture

o Several digital business models are based on markets that link up users, service providers or advertisers.

o You use a drive-sharing app that connects drivers to riders!) (i e. prostitutes have been sex-swapped by venture capitalist) o "Like Uber but for X." □ Example: Uber, where they connect you with drivers! □ Or Amazon, where they connect buyers and sellers.

• Data-Driven Operations

o Dealing with data as a fundamental part of decision-making – e.g., personalization, predictive analytics and optimization.

o Real-time feedback loops enable companies to iterate faster.

• Scalability Without Proportional Costs

o Apps & Subscriptions are capable of being scaled to millions with near marginal cost.

o Model is decoupled from the limitation of physical size as opposed to traditional models.

• Technology-Enabled Automation

o Customer support, stockpiling the channel and marketing are increasingly automated via AI-based chatbots and API driven CRMs.

o Minimizes the margin of human error and improves work efficiency.

• Network Effects

o The more the merrier: value increases as more users join (e.g., WhatsApp or LinkedIn).

o Drives virality and customer retention.

• Continuous Revenue Models

o From selling a product once to subscribers, ads, in-app purchases, and ongoing services. o Establishes regular income and long-term customer commitment.

• Customer-Centric Personalization

o Experiences, recommendations and offers are individually customized for each user by algorithms.

o Increases user satisfaction and engagement.

• Global Reach and Accessibility

o Day-one borderless is available on most of our digital models.

o Products are available anywhere in the world, anytime of day or night, through web and mobile.

3.1.2 How Technology Transforms Value Creation

In the digital economy, technology not only enables value creation — it becomes value creation. What “value” used to mean—just a product or service being handed over—is being transformed into something more: an ongoing, adaptive and personalized experience.

This transition changes what is delivered, how it is delivered and how customers respond to it.

Key Points:

• Product Becomes a Service

o In the digital era ownership goes access is emerging. o Examples: Netflix (streaming versus DVD), Adobe Creative Cloud (subscription versus boxed software).

o Ongoing Value - Users always have access to the latest versions of eZ Publish, the Cloud services, and community support.

• Mass Personalization at Scale

o AI and machine learning personalize experiences for each individual user on millions of touchpoints.

o Examples: Spotify's Discover Weekly Playlist, Amazon product recommendations.

• Real-Time Customer Feedback Loop

o Apps and platforms are constantly gathering data — clicks, scrolls, purchases, drop-offs.

o Empower businesses for testing, adapting and optimizing features in short cycles: A/B testing, Beta releases.

• Platformization of Offerings

o Businesses are building eco-systems rather than products in isolation.

o Apple ecosystem – Apps, Cloud, Devices, Watches—extended lifetime value.

• Digital Interfaces as Experience Layers

o Apps design, apps speed, personalization and automation are part of the value of the service, not just product.

o Example: Zomato's re-order button is a behaviour driver through its zero-speed bump user experience.

• Decentralization of Creation o Users co-create value: videos on YouTube, designs on Canva, reviews on Amazon.

o Moves value creation from all company to community.

• Dynamic Pricing and Optimization

o Pricing can use algorithms that change in response to time, demand, or user history (e.g., Uber surge pricing, hotel booking sites).

o Maxes out your revenue while increasing customer satisfaction.

3.1.3 Customer Engagement in the Digital Economy

Customer interaction has moved from transactional to relational and perpetual. Digital business models use those touchpoints — as well as personalization, interactivity and ensnaring content to create repeatable cycles of engagement that lead to retention, word-of-mouth and lifetime value.

Key Points:

• Multi-Touchpoint Interaction o Customers interact across multiple touchpoints – social media, email, apps, websites and chatbots.

o Every touchpoint adds up to a consistent and unified brand experience.

• Personalized Communication

o Engagement is no longer generic – Branded communication leverage through data targeting to reach more and more tailored messages, offers, and content.

o For example, Netflix suggests shows based on viewing history; Cred sends reminders linked with the billing cycle.

• Gamification and Incentives

o Many engagement approaches involve something like a game – points, badges, streaks- in order to encourage repeat use.

o Use Case: Duolingo uses XP points and leaderboards to ensure user retention.

• Content as Engagement Tool

o Discovery, education, and loyalty are driven by blogs, videos, tutorials and social content.
o Engagement is not just about product features, but also brand narrative.

• Communities and UGC

o Build user communities around brands (examples: Reddit, Discord) to drive product feedback and co-creation as well as advocacy of the brand. o Organic user-generated content (UGC) such as reviews, testimonials & social shares drive organic engagement.

• Two-Way Communication

o Live chat, interactive polls and feedback forms, as well as social media comments are all utilized to collect input and answer questions.

o Creates trust and personalizes digital communication.

• Customer Journey Mapping

 Best engagement at every stage - awareness, consideration, purchase, retention and advocacy.

o Tools such as CRMs and analytics dashboards provide tracking and optimization capabilities.

• Loyalty That Isn't Just About Coupons o Today's customers prefer convenience, membership privileges or exclusive access to discounts in order to thank them for their loyalty.

o Value through bundle and not via a discount – Amazon Prime type brands * work* ultimately!

"Activity: Digital Model Builder"

Instructions:

In small groups, choose either a classic product or service (e.g. books, exercise, education, food) Now, if you were to reimagine it as a digital business with the attributes we just discussed — platform thinking, personalization, recurring revenue, community and value creation through tech? Structure with a basic framework like: • Target market

• Core product/service

• How do you plan on making money with your app? (freemium model, subscription model, advertising framework, etc..)

• Technology enablers (AI, mobile, cloud)

• Engagement features (personalization, community, gamification)

All teams will present a 2 minute pitch of your digital business idea in class, describing how the technology changes the delivery of value and/or customer engagement.

3.2 Freemium Model

3.2.1 Concept and Features of Freemium

The freemium business model is a combination of free and premium services, by which services are provided for free, yet some functions must be paid bonus [1]. It's a strategy that can be commonly observed within digital products - passing user costs on to someone you don't like using data or regulatory tariffs.

Key Features:

• Two-Tiered Offering

oUsers are not half of free and half paying.

o Free users receive basic capabilities, while premium users have exclusive or enhanced options.

• User Acquisition via Free Access

o Reduces the threshold of entry, but popularizes and tests on a large scale.

o Great way to get initial traction and virality, especially for new product launch.

• Upselling Mechanism Built-In

o The product is built to upsell by demonstrating the worth in some premium features (e.g., additional storage space, enhanced analytics data and ad-free experiences).

o Nudges (feature locks, pop-up prompts, usage limits) are commonly associated with freemium products.

• Digital Delivery Focus

o The model is most effective with low marginal cost for additional users' products.

o Software, media or platform based businesses are good potential fits.

• Self-Service Orientation

o Accounts, training, and support tend to be automated in such a way that it can scale cost effectively for many free users.

o Additional support may be provided to paying users.

• Analytics-Driven Optimization

o Free user data informs upgrade triggers, feature design and behavioral segmentation of users.

o Free-users to paid users conversion is a matter of personalization and timing.

3.2.2 Pros and Cons of Freemium

Freemium introduces new strategic considerations—such as virality and customer acquisition—but it can also create, in particular around monetization and resource allocation. The model needs a balance of enough value from the free version, while pushing people to upgrade to the premium.

Benefits:

• High User Acquisition Potential

o Giving the value away is key in attracting millions of users without them having to commit diversification strategy examples. o Ideal for brand exposure, Word of Mouth & community.

• Low Marketing Spend per User

o Shareability and Intrinsic Virality: When your product is inherently shareable you can massively reduce the cost of customer acquisition (CAC).

o A lot of freemium businesses rely very heavily on organic growth.

• Scalable Revenue Funnel

o As the number of customers expands, howsoever small percentage these are converting there worth is so much every month.

o Promotes being monetized over time vs one-time sales.

• Data-Driven Growth o Companies may want to analyze free version usage patterns to drive feature development, pricing strategy and engagement initiatives.

Benefits o Allows customization of the path of upgrade.

Challenges:

• Low Conversion Rates

o It is common (where users are concerned) to possess a paid-to-freemium conversion rate of 2-5%.

o Need to have a large base of users or some pretty hardcore upselling to be profitable.

• High Infrastructure Costs

o Omerta is expensive – free means that you will have to pay for server time, disk and support of numerous users. o Costs per user can be low, but total costs can stretch small early-stage startups.

• Feature Differentiation Dilemma

o Give away too much and you damp upgrades; give too little and free users walk away.

o The perfect balance is a balance that is always a work in progress.

• Dependency on Continuous Engagement

o Freemium monetization requires prolonged user engagement in order to drive a conversion.

o If engagement drops, monetization suffers.

• Revenue Uncertainty in Early Phases

o Down selling and losing money initially while building the free base. o Requires robust investor support or substantial reserves.

3.2.3 Case Examples (Spotify, LinkedIn and Dropbox)

These three businesses are great examples of strategic use of freemium, adapted to their own industry and user behavior. They show that freemium done right, with a defined road to value and an upgrade path, can drive predictable growth and profitability.

Spotify:

• Free Tier: Users listen to music with restrictions — including ads, playing controls limited to shuffle and limits on skipping songs.

• Premium Tier: Ad-free listening, offline access and high-quality audio is offered in the upper tier.

• Upgrade Triggers: The number of ad interruptions on the free tier and the fact that you can’t pick particular tracks on mobile get users to upgrade.

• Monetization: Diverse pool of revenue streams from ads (free users) and subscriptions (premium users).

•Result: More than 40% of users worldwide are subscribers, a robust conversion rate for freemium.

LinkedIn:

• Free Tier: No cost to make a profile, connect or search jobs.

• Premium Plans: Access to InMail messaging, profile views, insights on who's viewed your profile, and online learning.

• Upgrade Triggers: Lots of job seekers, recruiters and those looking for leads or visibility will upgrade.

• Business Focus: LinkedIn has freemium tiers (Premium Career, Sales Navigator, Recruiter Lite) aimed at different user segments so the model can bend in every direction.

• Result: More than 35% of global users are paying subscribers, but that is a figure inflated with highly inactive or low-usage users and people who have never upgraded.

Dropbox:

• Free Tier: Restricted amount of cloud storage (like 2 GB) for syncing and sharing files.

• Paid Plans: Get more storage and better collaboration features, as well as offline folder access.

• Trigger Upgrade: Out of space, desire for cross-device access, or secure backups.

• Growth Strategy: Early growth was driven by referral incentives in which users could earn more storage by inviting others to join, effectively stimulating organic user acquisition.

All of these companies meld simple usability, transparent value additions and targeted monetization strategies in order to convert free users into paying consumers.

3.3 Subscription-Based Model

3.3.1 Concept and Features

What is Subscription Based Model? Subscription-based model is a type of recurring revenue model in which a useris chargeda certain amount on regular intervals (monthly, quarterly or annually) in exchange for availing the product or service. This model is all about long term customer relationship and moves away from one transnational business, widely adapted in media, software, e-commerce (online services) etc.

Key Features:

• Recurring Revenue Structure

o Customers pay on a recurring basis, meaning that your business will have a steady stream of income.

o Subsription freqencies are dependant from the industry. For entertaining, a monthly type of sub is possible whereas B2B SaaS potentially required an annual one.

• Access Over Ownership

o People subscribe to a service or content, instead of owning a product.

o Example: Streaming media (Netflix) versus owning DVDs or albums.

• Tiered Pricing Plans

o Frequently offers several subscription tiers (Basic, Standard, Premium) with different features.

o Permits the possibility of businesses to categorise the users and upgrade them to other tiers.

• Personalized User Experience

o Several platform operators use their users' data to customize content, recommendations as well as marketing.

o Enhances engagement and reduces churn.

• Customer Lifecycle Focus

o The onboarding, retention and renewal strategies are critical for the model to succeed. o Affiliate systems and customer loyalty programs are often included.

• Trial Periods and Freemium Hooks

o Some applications provide trial versions or free tiers to attract customers.

o Input method allows users to experience value before paying.

• Tech-Enabled Monitoring

o Back-end systems monitor usage, decline locations and payment cycles to improve service and lower churn.

3.3.2 Revenue Predictability and Customer Loyalty

It's one of the main benefits of the subscription model: You are better able to predict your revenue and also create a core-base of loyal users. This stability is beneficial for operations, investor confidence and long-term scalability.

Revenue Predictability:

• Stable Cash Flow

o Billing monthly or annually also allows companies to better forecast expenses, hiring and product development.

o Limits reliance on volatile non-recurring sales.

• Forecast Accuracy o Businesses should leverage metrics such as Monthly Recurring Revenue (MRR) and Annual Recurring Revenue (ARR) to monitor financial health.

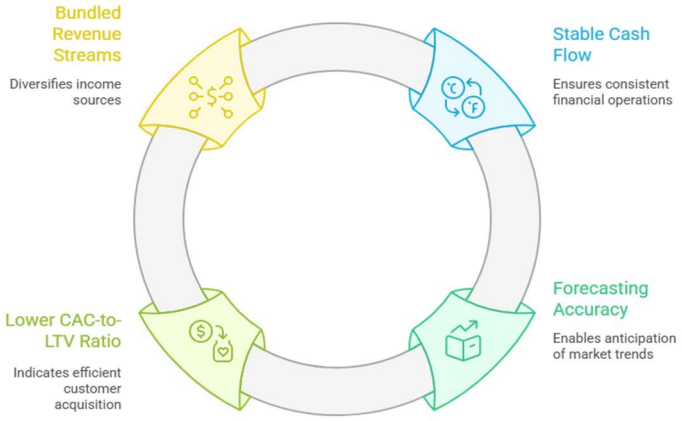
o Revenue forecasts are more data based and accurate.

• Lower CAC-to-LTV Ratio

o The customer acquisition cost is eclipsed by easily forecasted recurring revenue in the long term.

o LTV of a solid retainer is high.

• Layered Revenue Streams o Companies can layer on multiple ways to make money -- premium plans, add-ons or enterprise offerings. o Mitigates the risk of reliance on one vendor.\



Customer Loyalty:

• Ongoing Relationship

Subscription businesses focus on engagement, satisfaction and trust to ensure renewals.

o Feedback, personalization and user success are the important focus area.

• Customer Lock-In Through Ecosystems

o Users may become dependent on a platform's features or content, raising switching costs.

o Example: Files are stored and workflowed across devices in the Creative Cloud for Adobe users.

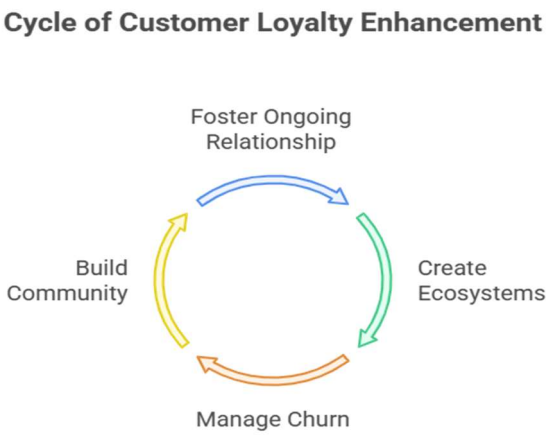
• Churn Management Strategies

o KPI s: churn and retention are frequently measured.

o To prevent growth or reduce churn rates programs, refreshed content or product/service offerings can be made exclusive.

• Community Building

o Loyalty is encouraged by most of the platforms through member-exclusive forums, events or content. o Builds a relationship and attachment to place or brand.



Examples - Netflix. Amazon Prime, Adobe Creative Cloud 3.3.2

So, our industry leaders have refined the subscription to offer amazing value, personalisation and engagement (customised to whatever suits their product; and user bases).

Netflix:

• Product: Streaming movies, series, documentaries.

• Model: Subscription service (no ads) with full access to library.

• Includes: Multi-device access, personalized recommendations, localized content.

• Success Factors: Frequent updates to its selection of content, data-informed suggestions for users, global reach and binge-friendly model.

• Retention technique: Original programming (Netflix Originals) and gamified previews to keep users interested.

Amazon Prime:

• Product: E-commerce perks + streaming (Prime Video), music, reading and more.

• Model: Subscription to bundled services a month or year.

• Features: Free/quick shipping, early Prime Day access, exclusive offers and ad-free material.

• Success Factors: Value bundleWhat makes company successfulUsers come for delivery, stay for content and other benefits.

• Loyalty Strategy: Ecosystem play–integrated rewards across Amazon's offerings and services.

Adobe Creative Cloud:

• Product: Suite of pro tools —-Photoshop, Illustrator, Premiere Pro etc.

• Model: Monthly/annual for individual, team and enterprise.

• Features: Cloud sync, sharing features, updates on the go.

• Keys to Success: Standard tools used across industry, support of design community, education pricing levels.

• Retention Strategy: Large switching costs - new skills, compatibility of files, familiarity with software.

These are just some of the ways that strong subscription businesses have created customer habit loops, secured recurring revenues and developed a defensible position in their market.

3.4 Online Marketplace Model

3.4.1 Definition and Features

An online marketplace is a website where multiple buyers and sellers meet to exchange goods or services without either party necessarily owning the goods that are being exchanged. The marketplace earns money (for example in form of commission, listing fee, advertising or fulfillment services). It plays the role of a middle man, providing infrastructure, visibility and credibility for all parties involved.

Key Features:

• Platform-Based Model

o The company (like Amazon, Flipkart) does not have its own inventory but plays host to third-party vendors. o The marketplace supplies the tech infrastructure, interface, and occasionally fulfillment/logistics.

• Scalability and Low Inventory Risk

o As a stockless business, the platform can scale quickly without costly investments in warehousing or production.

o Minimize risk of inventory not being sold.

• Diverse Product or Service Range

o Buyers have access to a large number of sellers and resources all under one digital roof.

o Promotes comparison shopping, reviews and better informed choices.

• Trust Mechanisms

o Platforms establish trust with reviews, ratings, return & payment policy and security.

o Escrow facilities or buyer's protection plans are commonly provided.

• Revenue Models

o Diverse monetisation channels: % commission, seller advertising, best listings and logistics services.

o There are some platforms that will also have premium (paid) tools for sellers; some examples being branded analytics dashboards or fulfillment.

• Technology-Driven Optimization

o Product discovery, listing recommendations and seller performance are optimized by algorithms.

o Real time inventory and pricing controls are typical.

• Customer and Seller Support

o Provides dashboards for sellers, CRM interface for customers and dispute resolution system.

o You can also have Onboarding processes and training for sellers.

3.4.2 Two-Sided vs Multi-Sided Platforms

Marketplaces can include two-sided or multi-sided systems, depending on the number of groups participating with one another. On the other hand, the design, monetization, and strategy of the platform are also different.

Two-Sided Platforms:

• Definition: Bridges a gap between two user types (generally buyers and sellers).

• Examples:

o Amazon connects customers with merchants.

o Uber connects drivers with riders.

• Endogeneous (Value Creation): The existence of one group increases the value for the other.

• Monetization: Typically in commissions on transactions or service fees.

Features:

• Simple Ecosystem: Less Complexity when it comes to UX and Monetization.

• Equilibrium: We need to find a trade balance between buyers and sellers which makes sense.

• Cross-Side Network Effects: Increase in one side of the network enhances value for other side, so how to acquire is key.

Multi-Sided Platforms:

• Definition: Consists of three or more unique groups that communicate with each other through the platform.

• Examples:

o Connecting users, advertisers and content creators - Google

o Facebook provides a connection between users, companies – and developers.

• Value Variability: Customized value propositions need to be developed for each group.

• Revenue: May rely on advertising, commissions, subscriptions or data monetization.

Features:

• Multi-faceted monetization models: If you have various sources of revenue, ensure a strategic fit.

• Interdependencies: Success requires the interaction of all user groups to be managed successfully.

• Personalized UX: Per user-type different interfaces and tools might be necessary.

3.4.3 Case Instances (Amazon, Flipkart, eBay, Nykaa)

All of these platforms have successfully utilized the marketplace model, but had their own development strategies, tech stack and branding solutions according to their markets demands.

Amazon:

• Type: Multi-sided marketplace (sellers and buyers, logistics and advertisers).

• Features: FBA (Fulfilled by Amazon), Prime memberships, dynamic pricing algorithms.

• Revenue Streams: Commissions, seller services, advertising placements, Prime subscriptions.

• Strengths: Strong logistics network, personalized experience and worldwide presence.

• Innovation: Incorporate predictive analytics and artificial intelligence for inventory and recommendation systems.

Flipkart:

• Type: Two-sided platform, concentrating on Indian e-commerce.

• HighLights: Competitive pricing, help for sellers to board on their platform, local logistics tie-ups.

• Revenue Streams: Transaction fees, logistics and advertising.

• Localization Strategy: Home language support, inclusion of local sellers; mobile-first experience.

• Post-Acquisition: Walmart backed, scale focus and Tier-2/3 focus.

eBay:

• Model: C2C & B2B Marketplace.

• Features: Auction-style listings, buy now choices, global network of sellers.

• Revenue Streams: Listing fees, final value fees, and seller services.

• Differentiator: Resale and collectibles brand that has been around a long time.

• Challenges: Saw slumps in some markets amid growing competition and low platform innovation.

Nykaa:

• Model: Hybrid model (Marketplace + Inventory-led).

• Features: Beauty, wellness and lifestyle products with content-led commerce.

• Revenue Streams: Sales of products and in-house brands, along with advertising.

• Innovations: Omni channel experience, curated content (Nykaa TV) and influencer partnership.

• Differentiator: Solid D2C play with marketplace vendors.

“Because so many modern marketplaces – especially within the tech and SaaS space – are "invisible marketplaces," that is they may not even be aware they’re interacting with dozens of businesses. For example, the Apple App Store and Salesforce AppExchange are marketplaces where a user can find third-party solutions in a single shared environment. “These platforms don’t just link buyers and sellers — they facilitate integrations, subscriptions, and upsell opportunities into the platform interface for a deeply ingrained marketplace experience that is embedded into users’ workflows.”

3.5 Social Commerce

3.5.1 Concept and Growth of Social Commerce

Social commerce means that e-commerce features are built into social platforms such that users can find, review and order products directly in their social feeds or apps. it merges social interaction with transactional capability, turning content into an instant sales channel.

Key Points:

• Commerce Within Social Media o Shop, discover and share products while browsing in-stream content.

o Examples: Instagram Shopping, Facebook Marketplace, Pinterest Buyable Pins.

• Content-Driven Shopping Journey

o Discovery of products organically - posts, stories, reels and live.

o Unlike typical e-commerce, discovery comes before intent—users typically find products through serendipity.

• Shortened Purchase Funnels o Social commerce means less time between awareness and conversion.

o Intuitive add-ons such as “Swipe Up to Buy,” “Shop Now,” and “Add to Bag” make the purchasing path simple.

• Mobile-First Behavior

o The emergence of mobile and app-driven usage is helping to make social commerce much more pervasive and real-time.

o Particularly true in emerging markets where customer behavior is mobile-first.

• Creator and Peer Influence

o Buying decisions are shaped by peer recommendations, influencer promotion and community fads.

o Trust is formed by actual, human conversations not old school brand advertising.

• Growth Factors

o Rising digitalization, shifting shopping behaviors, reliance on peer opinions and creator-led content are driving the increases. o In India, services like Meesho have taken off by letting micro-entrepreneurs sell through WhatsApp and Facebook.

“An emerging trend in social commerce is "live shopping" — a model that enables influencers or sellers to conduct live demonstrations of products through live video, on platforms such as Instagram, YouTube and even Amazon Live. During these live sessions, viewers can ask questions and engage with the host — while purchasing items directly. Now that model, which originated in China and became a multibillion-dollar industry, is being taken up in India on apps like Trell Live and Moj Live. It combines entertainment with impulse buying in a way that the act of shopping is interactive and engaging.”

3.5.2 Role of Influencers and Communities

Influencers and virtual communities naturally are the key in engaging, trusting and converting for social commerce. They are writers, product testers, brand evangelists and conversion warriors all at once.

Key Points:

• Micro and Macro Influencers

o Micro-influencers (1K-100K followers) are perceived to be more authentic and trustworthy.

o Macro and celebrity influencers provide huge reach, whether for new product launches or seasonal campaigns.

• Authenticity and Social Proof

o Influencers develops real content that establishes emotional connections with followers.

o Breaking down products in unboxings, reviews, tutorials and day-in-the-life formats create humanity around shopping.

• Community-Driven Content

o Online communities (Facebook groupsReddit threads, Telegram channels) discuss deals, reviews, and product hacks.

o These networks serve as organic vehicles for brand discovery and commitment.

• Peer to Peer Influence o For consumers, peer power is more compelling than brand influence.

o Product awareness & conversions spread organically on-sale through word- of-mouth in subspecialty groups.

• Affiliate Commerce

o Influencers get rewarded through commission for the affiliate links placed on their posts.

o Platforms such as Instagram and YouTube have built-in monetization features to encourage this model.

• Collaborative Product Creation

o Some influencers collaborate and even co-create, produce or launch limited edition products for brands.

o This personalizes, and makes your offer more urgent.

• Engagement as Currency o Counting likes, comments, shares and saves are rotating credit around product viralness and social acceptance.

o Algorithms promote content with high engagement, maximizing its exposure.

3.5.3 Case Studies (Instagram Shopping, Meesho) Instagram Shopping:

• Integration: Enables brands and creators to tag products directly in posts, stories, reels and live videos.

• User Journey: Users will see pricing, a description and “Buy Now” or “View on Website,” when tapping a product tag.

• Creator Tools: Influencers will be able to set up their own storefronts within Instagram for D2C sales.

• Discovery Features: The “Shop” tab offers personalized product feeds based on user preferences and engagement.

• Impact: Connects commerce with inspiration, bridging the gap between interest and transaction.

Meesho:

• Platform Type: Social commerce platform that informally empowers small sellers and home entrepreneurs to sell through WhatsApp, Facebook, Instagram.

• TG: Mainly Users from Tier-2 and Tier-3 cities, in particular women and homemakers.

• Business Model: Reselling with zero inventory; users choose from a catalog and share product links on social platforms.

• Revenue Strategy: Meesho gives margin to sellers out of every sale, and takes care of fulfillment, payment collection and customer support.

• Differentiator: Makes e-commerce democratized by reducing entry barriers, provides zero-investment entrepreneurship model.

• Recent Traction: Meesho has 100M+ downloads and scales fast through vernacular content and mobile-first user behavior.

3.6 Content-Driven Platforms

3.6.1 Business Models of Content Platforms

Content platforms allow folks to produce, distribute and earn money from digital content across mediums including video, blogs, audio and newsletters. Their business models are built to encourage the creation of content and scale user engagement (and monetization) on top of that.

Key Points:

• Platform-as-a-Service (PaaS) o Platforms such as YouTube, Medium and Substack which offer infrastructure, distribution and discovery tools for all creators.

o Creators are creating value, & the platform takes a cut of revenue or ad inventory.

• User-Generated Content (UGC)

Most of the content platforms using users to produce contents massively cut down on cost producing contents.

o Users see trending or related content due to algorithms promoting active use.

• Funnel Model

o Content is free to access, creating engagement; monetization comes from advertising, subscriptions or creator upsells.

o Platforms want users to stay on the platform longer so there's more monetization opportunities.

• Community and Ecosystem Enablement o Platforms foster a creator ecosystem with productivity tools, insights, collaboration functionality, as well as monetization APIs.

o Community involvement boosts retention across the board for creators and viewers.

• Marketplace Dynamics

o Some platforms allow creators to charge for premium content, merchandise or services (e.g., courses, consults).

o Platforms take a cut of transactions or have commerce features.

3.6.2 Monetization Strategies: Ads, Subscriptions, Creator Economy

Content platforms generally derive revenue in three large buckets: advertising-based, subscription-driven and creator-led commerce. The mix is based on platform goals and creator audience.

Advertising (Ad-Supported Model):

• Ad Revenue Sharing o Platforms such as YouTube share ad revenue with creators (e.g., 55% creator, 45% platform).

o The CPM (Cost per Mille) is different according to the geography, content category and user behaviour.

• Targeted Ads

o Ads fit specific users by using user demographic data; therefore, click through rates increase which result in higher revenues. o Mid-roll, pre-roll, and banner ads abound on video and blog platforms.

Subscriptions:

• Platform Subscriptions o Platforms such as Medium and Substack make premium privileges accessible for exclusive content.

o There is limited compensation for creators on engagement or a set percentage of subscription revenues.

• Creator-Owned Subscriptions

o Creators are also now directly charging audiences themselves for exclusive content, early access, or behind the scenes material through platforms like Patreon or Substack.

o Income is consistent, and sometimes more endearing than ad-based income.

Creator Economy and Productization:

• Brand Collaborations

o Influencers collaborate with brands for branded content, product placement, or other campaign.

o Rates are dependent upon reach, engagement and niche.

• Merchandise & Product Lines

o Well known creators create brands (cosmetics, clothes, supplements). o Revenue is direct-to-creator and offers the ability to move away from an ad-dependency.

Indian vs Global Creators:

• Indian creators such as CarryMinati, Ashish Chanchlani, Prajakta Koli and Ankur Warikoo have amassed millions of subscribers on YouTube and Instagram.

o Monetisation is increasing, however CPMs are generally lower than in the West.

o They pad their resumes with classes, books, speaking or D2C brands.

• Global Creators such as Mr Beast, Logan Paul and KSI make money off everything: YouTube ads, merch, NFTs, game releases and brand ownership.

o Examples would be Mr Beast's Feastables brand and Logan Paul's PRIME drinks o These are ultrahigh-revenue businesses.

o The size and investment in the West supports higher monetization ceilings.

3.6.3 Case Examples (YouTube, Medium, Substack) YouTube:

• Business Model: Ad revenue + channel memberships + YouTube Premium + Super Chats.

• Content Type – Video based – Education, entertainment, tutorials, reviews etc.

• Earnings: Creators earn through ad views, channel subscriptions and brand sponsorship.

• Strengths: Global reach, creator fund, algorithm-based discovery.

• Tools: YouTube Studio, Creator Music, live streaming tools.

Medium:

• Business Model: Subscription-driven. Readers pay monthly/yearly; writers get paid according to engagement.

• Content Type: Long-form writing, essays, opinion pieces, tech analysis.

• Monetization: Writers are paid a portion of subscription revenue, depending on reading time and engagement.

• Audience: Writers, companies and regular people the tech world.

• Strengths: Clear reading interface, simple publishing, curated collections.

Substack:

• Business Model: The company is in the business of publishing newsletters and selling subscriptions.

• Type of content: Long-form direct-to-inbox newsletters on politics, culture, business and niche topics.

• Monetization: Subscribers can pay writers a monthly/annual fee of their choosing, while Substack takes ~10% cut.

• Unique Feature: Creators have total control over mailing list, pricing and format.

• Strengths: No ads, direct creator-audience relationship, migration tools from other platforms.

3.6.4 Brand Launches by Content Creators – Is That the Future of Content Creation?

And as these creators build clout, many are moving from influencers to entrepreneurs. Creators are moving beyond promotion of others' products to creating their own brands and connecting directly with their loyal audience for revenue.

Key Points:

• Direct-to-Consumer (D2C) BrandsCreators release products that fit their personal brand, cosmetics, clothing, vitamins or digital tools.

o Example: Mr Beast's Feastables snacks A Bhuvan Bam, one of India's first wave YouTube stars, took his popularity to the bank as he launched merchandise under the BB Ki Vines banner which sells apparel and collectibles that embody his comic persona.

o Prajakta Koli (MostlySane) launched 'Merch Garage', a clothing apparel and accessories brand that embodies her rambunctious and relatable character. o Mumbiker Nikhil Recently Launched his clothing brand Label MN which is inspired by streetwear and casual aesthetic that incorporates the essence of his lifestyle as a Travel & Moto-vlogger.

o Sejal Kumar, a fashion and lifestyle content creator, launched a line with MerchGarage.

o Madhura Bachal, a food video creator, converted her YouTube channel MadhurasRecipe into a food products brand selling spice mixes and cookbooks all over India.

• Raj Shamani, entrepreneur, and creator of Blanko a lifestyle brand combining storytelling, design, and community participation which he co-founded.

o Actor and influencer Parul Gulati recently forayed into the hair space with Nish Hair, a D2C brand for hair extensions that is set to disrupt the beauty category.

• Built-in Audience and Distribution

o Creators have millions of existing audiences on platforms today, providing free, targeted reach.

o Lowers marketing investment and accelerates product validation periods.

• Authenticity and Brand Fit

o Consumers often believe in creator-led brands more than traditional celebrity-endorsed ones. o Products feel genuine because they correspond with the content creator's niche or ideals.

• Monetization Diversification

o Launching new brands with less reliance on algorithmic ad model or high volatility brand deals.

o Long-term financial upside == owning equity in a successful product.

• Challenges

o Brand operations (supply chain, compliance, logistics) are complicated and require business knowledge. o Brand discrepancy or failure of products can affect a reputation and trust.

This model represents a new standard where creators are no longer only marketers but also business builders, reimagining the way content entrepreneurship is done.

Activity: Creator Business Blueprint"

Choose a content creator (real or hypothetical) and design a basic monetization strategy for them. Define their content niche (e.g., tech, fashion, motivation) and outline how they can use a mix of advertising, subscriptions, and product sales to build a sustainable income stream. Include which platform(s) they should use (YouTube, Substack, Instagram), their

audience type, and one potential brand/product they could launch. Present your strategy in a 1-slide summary or a short 2-minute pitch.

3.7 Technology as an Enabler

3.7.1 Role of Cloud Computing, Mobile, and AI in Digital Business Models

Digital business models are based on technology, which provides the opportunity for scale, personalization, service in real time and automation. The cloud, mobile and AI are all critical in improving customer experience and operational efficiency.

Cloud Computing:

• Infrastructure Flexibility

o Grow business without investing in physical servers.

o Provides inexpensive worldwide scalability oPrice:o Eliminates the need for large up-front investment globally; o Achieves low cost of ownership through pay-as-you-go pricing.

• Reduced Time-to-Market

o Cloud infrastructure (e.g. AWS, Azure, Google Cloud) accelerate digital product development.

o Best for agile development and incremental deployment.

• Efficient Costing o Pay-as-you-go Based models lead to cost optimization, especially for start-ups as well as SMEs.

o Reduces capital expenditure.

Mobile Technology:

• Always-On Offline Access o Smart phones facilitate \around-the-cl ck" interaction of individuals with platforms.

o Companies may sendNotifications, personalize Content, and have access to real-time data.

• Location-Based Services

o Personalised offers, local targeting and dynamic pricing possible based on GPS and sensors.

o Its application is applied to ride-hailing, food delivery, retail and so on.

• App Ecosystem In-app payments, wallets and frictionless sign-ups supporting commerce and engagement.

o User interface/User experience design is a key driver of retention and usage time.

Artificial Intelligence (AI):

Personalization o AI drives recommendations, search results in optimization and products suggested.

o Enhances customer experience and retention.

• Automation and Efficiency

o AI Chatbots, voice assistants and automation workflows minimize human intervention.

o Improves scalability and cost control.

• Predictive Analytics

o AI predicts customer behaviour, inventory, and churn risk.

o Enables proactive decision-making.

3.7.2 Data as Asset Data as an asset or the notion of data as a strategic asset is one way through which the relationship between data and organizational value can be articulated (Westerman et al., 2011).

In business models built around the digitization of everything, data is not just operational — it's strategic. Data is what allows businesses to learn about their customers, streamline processes, personalize services and even get the upper hand from a competitive standpoint. The capability to capture, analyze and act on data is the cornerstone of digital innovation and profitability.

Key Points:

• Customer Insight Generation o Browsing behavior, purchase history and engagement behavior data supports the creation of rich customer personas.

o Allows for customizing the marketing message and product design.

• Real-Time Decision Making

o Platforms maintain dashboards and analytics tools to track metrics that matter most, in real time. o Price changes and inventory adjustments, or campaign updates can be implemented.

• Segmentation and Targeting

o Data allows for fine segmentation by demographics, behavior and preferences. o Enhances ROI of campaigns by targeting the right audience with the right message.

Data-Driven Innovation o A/B testing & feedback loops drive development of features, UI/UX modals, launches.

o Minimize guessing and maximize customer satisfaction.

• Competitive Differentiation

o Proprietary data (customer reviews, usage behavior, click patterns) serves as a valuable moat.

o Difficult to copy and an important asset in valuation and negotiations with investors.

• Privacy and Compliance

o Data protection regulations (GDPR, India DPDP Bill, etc) must be adhered to by organisations.

o The need for transparency, consent, and secure practices has never been more important—essential if trust is to be nurtured.

3.7 3 Network Externalities and Vendor Lock-In

2 Network effects are a concept in which the more people who use a product or service, the more valuable it is.

Network effects are the rocket fuel of growth, market leadership and user retention in a digital business model.

Together with devices that raise the cost of switching for consumers, they induce lock-in.

Network Effects:

• Direct Network Effects

o every time a user joins the value increases for all others.

o Example: WhatsApp, where more users increases utility for all.

• Indirect Network Effects

o More participation on one side (e.g., sellers who sell at Amazon) enhances value of the other side (e.g., buyers), and vice versa.

o Common in marketplaces and platforms.

• Virality and Growth Loops

o Users refer others to participate; which lowers user acquisition cost. o And you know what the fuel is for this loop? -"Referral programs and user-generated data.

Winner-Takes-All Dynamics o Because of network effects, very often it is the first successful platform that ends up taking over a category (e.g., Facebook, Google, Uber).

Customer Lock-In:

• High Switching Costs

o “The more these companies suck people in, the less likely they are to leave if they’ve already invested time and data and money.”

o Examples include: playlists on Spotify, design files on Canva, email lists on Substack.

• Ecosystem Dependency

o Service platforms provide packages that lock the user into an integrated collection of tools.

o Highly integrated--for example apple ecosystem-devices, iCloud, App Store and services.

• User Data Ownership

o Platforms which dominate user data enabling lock-in.

o There is still a data portability problem between services.

• Loyalty Programs and Gamification

o Points, badges, unique content or subscriptions add a sense of emotional connect with the customers.

o Examples: Amazon Prime, LinkedIn Premium.

3.8 Entrepreneurial Lessons

3.8 Selecting the Ideal Digital Model for a Startup

Choosing the right digital business model is a crucial choice at the early stage and has an impact on growth, scale and viability. Before any model is locked and loaded, startups have to figure out if there really is a market for their product, how much users like using it, how they're going to compete with others offering the same thing and finally what makes them money.

Key Considerations:

• Market Fit and Industry Norms

o Get an understanding of the common normals in your domain. Edtech could work well with subscriptions; content platforms might lean toward freemium.

o Learn how like-minded startups acquire and keep customers.

• Desired Customer Behavior o Freemium makes sense when people expect to try before buying.

o Subscriptions works for products that are used frequently and regularly (for example, wellness apps or content streaming).

• Revenue Goals and Burn Rate o Ads are slow to monetize and require massive user bases.

o Subscriptions mean in a predictable income but need high value delivery.

o Make the selection for your short and long term cash flow needs.

• User Onboarding StrategyFreemium opens wide the door to new customers but can also bleed you dry if not executed properly. o Subscription or pay-per-use could limit early serious users, with lower churn.

• Resource Capabilities

o Reflection on your team ' s capacity to manage tech, scale infrastructure, deal with analytics or grow creator ecosystems.

o Some models require deeper tech stacks (e.g., marketplaces), others content or community strength.

3.8.2 Hybrid schemes (Freemium + Subscription + Ads)

hybrid revenue models rely on multiple monetization techniques in order to optimize revenue streams and target various user groups. Indian startups have been using models like this to keep growth, engagement and profitability in check. Platforms maximise for scale and sustainability by combing freemium access, ad-based monetisation and premium subscriptions.

• Diversification of Revenue

Platforms create freemium subscription schemes and sell ads or subscriptions in order to monetize both paying and nonpaying users. Freemium draws a lot of users in, ads monetize attention, and subscriptions create stable (and recurring) income.

• User Segmentation Strategy

Various users have varying degrees of WTP and engagement. Hybrids help platforms to target all and sundry, without the need for exclusivity.

• For instance, Lenskart employs a mixed strategy: free home eye checkups and trials (freemium), D2C online sales via app and website, subscription plans for periodic lens replacement. More importantly, it also runs many offline retail stores, so has quite a powerful Bricks-and-Clicks business model. Consumers are able to shop online, buy offline and shop offline, buy online — connecting the digital and physical retail world.

• Examples from India

• Lenskart: Online marketplace + offline retail (bricks-and-clicks) + free home trials (freemium) + D2C eyewear sales)+ subscription for lens replacements.

• JioSaavn: Free music streaming with ads + premium, ad-free plans.

• DailyHunt: Free regional content (with ads) + in-app premium subscriptions for exclusive journalism.

• Unacademy: Free recorded video lessons (freemium) + live classes and test series on paid subscription only + brand advertising.

• Cross-Monetization Opportunities

Hybrids enable platforms to continually upsell and update users. Lastly the free user can be converted, especially over time as their needs grow. Platforms also bring in advanced features, products, exclusives or early access as part of their monetization funnel.

• Platform Strategy

ecosystem-led platforms such as Amazon, Lenskart gains the strategic game by stacking multiple monetization layers: D2C commerce, subscriptions and marketplace dynamics. This model is particularly robust and provides revenue predictability even in the face of external disruptions or changes in user behavior.

3.8.3 Digital Scaling of Models Foisted by Gigantism

"Though International Finance Digital models can be more scalable, entrepreneurs struggle with scaling in between other concerns such as growth execution, retaining users and keeping the business operations efficient. Scaling is not only about scaling users, but also scaling the experience and performance and the business.

Key Challenges:

• User Retention and Churn

o High acquisition doesn’t guarantee retention. o Users demand fast speed, customization, and constant value provision.

o Churn singles out margins in subscriptionizzled models in particular.

• Infrastructure and Tech Bottlenecks

o Growth too fast can outstrip backend capabilities—resulting in crashes, sluggish performance or bugs.

o Requires scaling up of cloud, security and analytics systems.

• Content and Product Fatigue

o Refresh content / features often to prevent engagement drop-offs.

o Esp for content & streaming& social apps.

• Customer Support and Community Management o As number of users increase, problem-solving queries, reviews, disputes and moderation continues to grow in complexity.

o Slow or poor service here will damage brand trust.

• Monetization vs User Experience Trade-off

o Ads and aggressive upselling will turn off users.

o Striking balance is essential.

• Platform Abuse and Fraud

o The larger the userbase, the more it attracts fake reviews and bot/fraud/policy violations.

o Needs moderation and reporting that can scale.

• Data privacy and compliance o With size comes regulatory attention.

o We need to manage GDPR, India's DPDP Bill and sectoral regulations well

3.9 Summary

❖ Digital Businesses: Business models play out their respective business logic by harnessing the potentials of digital technology to build scalable customer platforms with multi-faceted monetization strategies.

❖ SaaS/content/entertainment sectors are overwhelmingly freemium/subsciption-based, delivering tiered value via access.

❖ Online marketplaces match buyers and sellers with low-inventory, high-commission business models characterized by powerful network effects.

❖ Social commerce is the direct embedding of purchasing within social platforms through peer influence, creator endorsements and community engagement.

❖ Content-led platform allows content creators to sell advertising, subscriptions and D2C product sales leading to the creator economy.

❖ Cloud computing, mobile, AI and other technologies allow real-time personalization, automation and predictive analytics across digital embodiments.

❖ Data is a strategic asset powering customer insight, innovation and differentiation in an increasingly competitive market.

❖ Once at scale, platforms are “sustainable and defensible” due to network effects and customer lock-in.

❖ Startups should smartly select and tailor digital business models on the basis of user behaviour, resource endowments, revenues.

❖ Mixed freemium-subscription-advertising models are gaining traction, especially in the Indian digital space.

3.10 Key Terms

3 Freemium Model – A business model which provides its customers a basic version of a product or service for free and charges them for premium features.

Subscription Model – This business model consists of users paying periodic (usually monthly or annual) fees to access a product/service on an ongoing basis.

Online Marketplace – A website that brings together multiple buyers and sellers, but without hosting the inventory being sold.

Social Commerce – The feature to purchase a product within the social environments, such as the social media platforms (where the products are available) itself.

Creator Economy – A system in which self-owned creators monetize content, audience, influence etc. trough (or) in digital platforms.

1 Cloud Computing – The practice of using a network of remote servers hosted on the Internet to store, manage and process data, opposed to local server and personal computer infrastructure for enabling significant scalability of network based digital services.

AI (Artificial Intelligence) A field of computer science in which machines are made to behave like humans, including algorithms etc. that performing sensory and judgment functions such as those a human does to interpret the environment into understandable information.

Network effects – The phenomenon where a product or service increases in utility with increasing users, leading to the exponential growth.

Customer Lock-in – Tactics and technologies that raise exit or switching costs, preventing users from abandoning a platform or service.

Hybrid Business Model – A digital business model that combines various revenue techniques (freemium, subscriptions, advertising) to diversify income.

3.11 Descriptive Questions

Describe the main features of digital-age business models compared to non-digital-age ones.

Explain the idea and characteristics of freemium. What are the pros and cons of it?

What are the strategies that subscription platforms use to achieve revenue predictability and improve customer stickiness?

Contrast two-sided and multi-sided online marketplaces. Provide relevant examples.

Assess the significance of influencers and digital communities when it comes to social commerce.

How does YouTube and Substack allow creators to profit in the digital economy?

What role does cloud computing, mobile and AI play in digital business innovation?

How data can be “another source of strategic asset besides money” in a digital business model?

Describe the meaning of network effects and how it promote customer lock-in.

Discuss the difficulties of the startups in scaling digital business models and recommend how to overcome these challenges.

3.12 References

1. Osterwalder, A., & Pigneur, Y. (2010). *Business Model Generation*. Wiley.
2. Choudary, S. P. (2015). *Platform Scale*. Platform Thinking Labs.
3. McKinsey & Company. (2021). “The Digital Business Model Playbook.” 4. Harvard Business Review. (2020). “Choosing the Right Platform Strategy.”
5. CB Insights. (2023). *State of Subscription Economy*.
6. Statista. (2023). “Digital User Penetration in India and Global Markets.”
7. TechCrunch. (2022). “The Rise of Creator-Driven Brands.”
8. Bain & Co. (2021). *India’s Social Commerce Landscape*.
9. YourStory. (2023). “How Indian Startups are Monetizing Hybrid Models.”
10. Deloitte. (2022). *AI and Cloud as Strategic Enablers for Digital Businesses*.

3.13 The Work-based Activity: Digital Business at Scale

"Create digital startup - how to choose and test business model!

Objective:

Allowing them apply fundamental digital business models (freemium, subscription, social commerce, marketplaces and content-driven platforms), through designing a digital product/service and elaborating a monetization strategy for growth.

Scenario:

You’re on a scrappy startup team that has found a digital product to build — say, a language-learning app or fitness platform or niche content newsletter or peer-to-peer rental service. Your objective is to create the business model, choose monetization methods and plan how you are going to grow using those tools learned in this unit.

Instructions:

Step 1: Pick a Product Category

Choose one of the following (or come up with your own):

Learning app (language, coding, finance)

• Niche e-commerce (sustainable fashion, regional crafts etc)

Content platform (e.g., productivity blog, video tutorials)

• Tool (e.g., video editor, design template marketplace) that creators use to produce their content

• Community platform (e.g., mental health, parenting)

2: Selection and Rationale for Model Choice

According to your product, select most appropriate digital model (or hybrid mode):

• Freemium

• Subscription-based

• Ads + Creator Economy

• Online Marketplace

• Social Commerce

• Mixed (e.g., Freemium + Subscription + Ads)

Explain:

• Why is this the right model for your product and customers

• In what areas you think scaling this model will be hard

• How you will convert free users to paying customers (if applicable)

Step 3: Technology Enablers

Describe the stack and technology used in building your product:

• Cloud services

• Mobile-first access

• AI or ML features

• Personalization engines

• Social integration

Step 4: Overview of your growth strategy and monetization plan:

• Definition of first user acquisition : organic, influencer, partnerships…

• Retention plan (loyalty, content, UX)

• Monetization roadmap (from MVP to scale)

• Using data to improve

Step 5: Sharing (For Activity in class – Optional)

Prepare a brief 3-slide presentation, or 3-minute spoken pitch communicating your idea, preferred model and how you intend to scale it in a sustainable manner.

Expected Outcomes:

• Knowledge of how to chose and deploy a digital business model for an actual idea in the marketplace.

• Strategic insight into monetization, technology and customer retention.

• Knowledge of scale challenges in digital business and platform design.

• The ability to blend other models (freemium + content or freemium + subscription) when appropriate.

New Age Business Unit 4 V3.docx

New-age Business Models_BBA_2

New-age Business Models_BBA_2

ATLAS SkillTech University

Document Details

Submission ID

trn:oid:::3618:127442719

Submission Date

Feb 3, 2026, 2:55 PM GMT+5:30

Download Date

Feb 3, 2026, 3:04 PM GMT+5:30

File Name

New Age Business Unit 4 V3.docx

File Size

332.7 KB

52 Pages

7,568 Words

47,693 Characters

0% Overall Similarity

The combined total of all matches, including overlapping sources, for each database.

Filtered from the Report

- Bibliography
- Quoted Text
- Cited Text
- Small Matches (less than 15 words)

Match Groups

0 Not Cited or Quoted 0%
Matches with neither in-text citation nor quotation marks

0 Missing Quotations 0%
Matches that are still very similar to source material

0 Missing Citation 0%
Matches that have quotation marks, but no in-text citation

0 Cited and Quoted 0%
Matches with in-text citation present, but no quotation marks

Top Sources

0% Internet sources
0% Publications
0% Submitted works (Student Papers)

Integrity Flags

1 Integrity Flag for Review

Hidden Text
33 suspect characters on 3 pages
Text is altered to blend into the white background of the document.

Our system's algorithms look deeply at a document for any inconsistencies that would set it apart from a normal submission. If we notice something strange, we flag it for you to review.

A Flag is not necessarily an indicator of a problem. However, we'd recommend you focus your attention there for further review.

Match Groups

- **0** Not Cited or Quoted 0%
  Matches with neither in-text citation nor quotation marks
- **0** Missing Quotations 0%
  Matches that are still very similar to source material
- **0** Missing Citation 0%
  Matches that have quotation marks, but no in-text citation
- **0** Cited and Quoted 0%
  Matches with in-text citation present, but no quotation marks

Top Sources

0% Internet sources
0% Publications
0% Submitted works (Student Papers)

Unit 4: The Sharing Economy

Learning Objectives

1. Define and explain the concept of the sharing economy and trace its evolution.
2. Analyze the key drivers contributing to the rise of asset-light and peer-to-peer business models.
3. Evaluate the strategic implications of asset-light approaches through real-world case examples.
4. Examine trust and reputation mechanisms in peer-to-peer and on-demand platforms.
5. Understand the workings of dropshipping and its role in e-commerce entrepreneurship.
6. Explore the role of collaborative platforms in reshaping work, space, and service delivery models.
7. Assess the environmental, regulatory, and structural implications of access-based consumption.
8. Identify entrepreneurial opportunities and challenges in launching or scaling a sharing economy venture.

Content

4.0 Introductory Caselet

"From Ownership to Access - The Sharing Mindset Revolution!"

Ownership is old school. When you bought cars, homes and built inventories to sell in physical stores for decades, that was it letting you own things as means of financial participation. But the last 15 years have brought a dramatic change to automobile markets, as consumers have increasingly embraced access over ownership. "Actually, what led to that was the emergence of the sharing economy at the turn of the millennium, which is this concept that technology can allow us to exchange resources — assets and skills especially — more efficiently.

Think about all the ways that Ola and Uber changed our ideas about ownership of cars, by making privately owned vehicles an earning asset. Airbnb did similarly with spare rooms and empty homes. For people, websites like OLX, Meesho and Upwork can be resources for earning money from stuff that they don't use anymore or the freelance work that they do without keeping up inventory. At the heart of all these innovations is a shared architecture: digital platforms, peer-to-peer participation and asset-light operations.

Access is faster, cheaper, and frictionless in today's era of smartphones, digital payments and cloud computing. With the rise of consumer preferences for convenience, flexibility and reductionism, the sharing economy is growing in sectors ranging from transport and housing to workspaces, education and fashion.

This course will examine the models, mechanisms, and dynamics of this transformation and how to make it more achievable for you to build or analyze a business in this dynamic space.

Critical Thinking Question

The sharing economy problematizes traditional concepts of value, ownership and competition. The sharing economy: democratizing access to resources, sustainability--but what about worker rights, the law and profitability? When you think about platforms like Uber, Airbnb and Meesho: do you believe that the sharing economy actually empowers people, or is it just transferring the risks and responsibilities that used to be held by companies to independent workers and service providers? When replying, bear in mind issues like job security, volatile earnings and control over your data in an uncertain regulatory environment. Is a sharing economy possible that is both inclusive and fair, or will investing require more plundering of stakeholders over the long-term?

4.1 Introduction to the Sharing Economy

4.1.1 Concept and Definition of the Sharing Economy

The “sharing economy” – it is about a social system, driven economically by the sharing of unused services, and frequently made possible through communication technologies. And it’s all about accessibility over possession, and also enables collective sharing by bringing suppliers (be they people or businesses) together with customers.

Key Points:

• Access-Based Consumption

o Goods/services are delivered face-to-face to the consumer without requiring ownership—such as renting a car through Uber or housing via Airbnb.

o Saves on CapEx, is convenient.

• Platform Mediation o Purchases are enacted via digital marketplaces which offer discovery, booking, payment and in many cases also trust facilitation.

o Reputation and review systems, user verifications.

• Decentralized Participation

o Providers could range from anyone who has something to {services} provide (car, room, skill).

o Social, economic & technological demise: Transition from centralized companies to distributed micro-entrepreneurs.

• Asset-Light Operation

o The companies enabling sharing don't even have to own the assets in question (i.e., Uber doesn't own any cars).

o This translates to quick scale up and lower operating expenses.

• Peer-to-Peer and B2C Models

o Sharing can happen peer to peer (P2P) or business to consumer (B2C).

o There are also hybrid models where platforms serve as both mediators and providers.

• Trust and Transparency

The sharing economy depends a lot on reviews, ratings and platform-led policies to develop user trust.

o Human bodies (user data, digital identities and community guidelines) are a fundamental part of the system.

4.1.2 Evolution and Growth of Sharing Providers

The sharing economy has transformed from a series of casual, community-based exchanges to a bustling, multi-billion dollar industry. Advancement of technology and evolution in the life style has a major contribution to it's acceptance.

Key Points:

• Emerging Models o Also known as collaborative consumption; directly related to the sharing economy [1].Traditional examples: bartering, borrowing[2], public libraries--shared consumption with no commercial purpose.

o In the early years of the millennium, similar ideas were given a digital makeover through websites such as couchsurfing and carpooling.

• Web 2.0 and Mobile Apps o Smartphones and app ecosystems allowed platform businesses such as Uber, Airbnb, BlaBlaCar to grow fast.

o On-the-go access permitted instant communication, tracking of location and payments.

• Post-2008 Financial Crisis Overture o The sense of economic instability prompted people to commodify idle assets — spare rooms, cars, tools — creating the possibility of peer-to-peer commercial sharing.

o There has also been a shift in mind-set for consumers; move towards being more cost savvy and purchasing preference moved from ownership to access.

• Platformization of Services

o Transport, hospitality, logistics and freelance work were platformized.

o Traditional intermediaries are replaced by platforms and incumbent business models are disrupted.

• Global Expansion and Local Adaptation

o Online platforms of the sharing and freelance economy adapted services to local regulation, culture, and market requirements.

Examples: Ola in India, Didi in China and Grab in Southeast Asia.

Interweaving with Other Trends o The sharing economy has now woven itself into trends such as sustainability, gig work, minimalism, and digital nomad lifestyles.

o It is also being combined with blockchain and AI tech in new use cases.

4.1.3 Drivers behind the Sharing Economy

There are several interlocking drivers behind the rise of the sharing economy that extend from technology, to consumer behavior, to economic logic. Supply-side entry and demand-side adoption of sharing-based services are explained by these drivers.

Digital Platforms

• Accessibility and Scalability

o Platforms that facilitate efficient, secure and easy access to services through apps and websites.

APIs, cloud computing, mobile payments and GPS have enabled the sharing in real-time.

Data and Algorithms o User generated data are used for personalization, dynamic pricing.erts to the Duopoly – June 2017 The effectiveness of current policy remedies re.gaynor on 6/8/17 (noting.)th).38 In contrast with a pay-fordata algorithm usepricing, fraud prevention.

o Similar supply and demand are efficiently matched by algorithms.

• Trust Mechanisms

o Reputation mechanisms (ratings, reviews, verified profiles) foster digital trust among strangers.

o Payments and refunds are escrowed, reducing risk.

• Low Barriers of Entry o Virtually anyone with a mobile phone, and an asset (e.g. car, camera or house), can qualify to be a microentrepreneur.

o Platforms do the back-end logistics lifting, making things more friction-free.

Changing Consumer Preferences

• From Ownership to Access

o Youth have a different mindset – it is not about long-term asset ownership but rather access, flexibility and convenience.

o Minimalism, urban living and remote work are accelerating this change.

• Experience Over Possession

o There is a consumer shift towards experiences (travel, services) rather than products.

o The shared economy allows low cost, tailored and on-demand experiences.

• Social and ethical aspects o Sharing is considered by numerous users as a more sustainable and community approach.

o Environmental and anti-waste motives have an impact on platform preferences.

Resource Optimization

• Underutilized Assets Monetized

o Now you can make money from homes, car or machinery that would have been idle.

Asset owners can maximize their ROI without having to create full-time business operations.

o Sharing = less upfront investment for users.

o Asset-light businesses do not take capital intensive routes.

• Urban Crowding and Spatial Limitations

o Service rental, sharing and pooling also reduce pressures on infrastructure in crowded cities.

o Shared transport, shared workspaces and storage sharing platforms are prevalent in these regions.

• Environmental Impact Reduction - Smaller amount of owned goods lessens production, lowers emissions, and levels resource allocation better.

o The sharing logic is more and more integrated into the loops of the circular economy.

4.2 Asset-Light Business Models

4.2.1 Concept of Asset-Light Strategy

An asset-light business strategy involves companies leveraging resources they don't own, thus reducing capital expenditure and fixed operating costs. "Instead of owning assets, companies rely on digital platforms and partnerships to deliver goods and services to customers. This same model is found in the sharing economy and technology-based startups.

Key Points:

• Minimal Fixed Assets

o No heavy investments the infrastructure, equipment's or property from the companies.

o Prioritizing on software, branding and customer experience over holding a piece of physical products.

• Scalability Through Flexibility

o Asset-light companies grow quickly in new geographies without having to build a physical presence.

o Lower barriers to enter into the market with greater speed.

• Partner Dependency

Delivery in operations is commonly based upon third-party deliverer or solo operation.

o Example: Drivers in ride hailing services, hosts on rental platforms.

• Digital Infrastructure as Fundamental Asset

o Capital would be used for the following: App development, cloud systems, AI algorithms and user interface design.

o Platform performance is the new competitive advantage.

• Income-Through Commission Vs Subscription Models

o Asset-light businesses commonly derive a cut from transactions or charge listing/subscription fees.

o They help with the exchange process between supply and demand.

• Risk Mitigation

o Asset-light models eliminate depreciation, maintenance cost and asset liability risk. o Assist in keeping lean during market turbulence or downsizing.

Did You Know?

"The "asset-light" had its origins in the manufacturing sector, were companies got increasingly to outsourced production to concentrate on R&D and marketing. Yet nowhere has it evolved more aggressively than in digital platform businesses, where companies like Airbnb (worth billions) actually own no property, and Uber- despite being one of the world's largest mobility companies—owns none of its cars or trucks. This reversal of the traditional "asset-heavy = value" logic has got to be one of the most radical changes in business strategy this century."

4.2.2 Advantages and Risks of Asset-Light Models

Although asset-light models present the advantages of speed, scale and capital efficiency, challenges arise in relation to control, brand consistency and legal liability. Entrepreneurs need to balance the competing values of flexibility and depth.

Advantages:

• Low Capital Requirements

Startups can get off the ground and run without spending billions on infrastructure.

o Marketing, Tech and Customer acquisition are on top of the use of capital.

• Rapid Market Expansion

o Companies can expand into multiple city or country with minimal physical presence.

▪ op operational input comes from local partners or users (e.g., delivery agents, vehicle owners).

• Operational Flexibility o Ability to more easily pivot or re propose resources do to low fixed commitments. o Good for exploring business models, and/or trying out new markets.

• High ROI Potential o Less overhead costs equals higher return on investment if user engagement can scale.

o Value of business is network scale and data, not assets.

Risks:

9 Limited Authority in Service Provision

o 3rd party dependency could mean inconsistent customer experience.

o Maintaining quality can be hard because of lack of control.

• Regulatory Risk o Governments can introduce regulatory mandates on worker's rights, taxes, or zoning.

o Uber and Airbnb have been stymied in court in many countries.

• Brand Reputation Risk

o Service is delivered by partners (hosts or drivers) so any misbehaviour reflects on the brand.

 Platforms for services must invest in quality control, reviews and user safety.

• Revenue Stability o Earnings are dependent on the participation of partners and frequency of platform use.

Lower barriers to entry could lead to more competition and lower margins.

Relying on Technology Infrastructure o If the platform goes down or data is lost, buisness can not continue as usual.

o Constant tech updates and cybersecurity are a must.

4.2.3 Case Illustrations (Airbnb, Ola, Uber)

All three of these companies demonstrate how asset-light models can disrupt industries and achieve exponential growth through platform logic.

Airbnb:

• Business/Services: Asset-light hospitality platform connecting property owners and travelers.

• Assets Owned: Virtually none. Airbnb does not own rooms, buildings or hotels.

• Revenue: Charges a commission on bookings for both hosts and guests.

• Strengths:

o Global reach with minimal infrastructure. o Community driven reputation and review mechanism for products.

o Very scalable and some degree of season /city adaptation.

• Challenges:

o The regulatory environment in cities with housing needs. o Safety and trust worries with lesser known listings.

Ola:

• Business Model: Indian ride-hailing service that connects drivers with passengers through an app.

• Owned Assets: The vast majority of vehicles are driver-partner owned.

• Revenue: Collects commission on every ride; subscription and corporate plans available.

• Strengths:

Rapid market entry with driver networks.

o Balancing pricing and routing autonomy driven by technology.

• Challenges:

o Threat of Uber and local parties.

o Driver protests and regulatory attention in various Indian states.

Uber:

• Business model: Global ride-hailing and logistics platform.

• Assets Owned: No ownership in cars; independent drivers and fleet partners.

• Revenue: Ride commissions, surge prices and premium services.

• Strengths:

o Presence in Markets across 60+ countries.

o Provides other services such as Uber Eats and Uber Freight.

• Challenges:

o Legal battles over employee classification.

o Saturated markets and low margin realities in established cities.

4.3 Peer-to-Peer (P2P) Models

4.3.1 Features of Peer-to-Peer Exchange

Peer-to-peer (P2P) business operates without intermediaries and connects participants directly friends and acquaintances between individuals. Such models are often facilitated by a platform connecting users who wish to provide a product or service with those in need of it.

Key Features:

• Decentralized Transactions

o Exchange of value is peer to peer that is users to users not involving the company which owns inventory or provides service itself.

Platforms are enablers, not suppliers.

Asset Utilization o Users will monetize their underutilized assets like cars, homes, tools and money by providing them to peers.

o Lowers entry barriers for providers.

• Platform as marketplace o The platform offers listings, filters, communication and payment features or dispute resolution.

o Examples include OLX (goods), Couchsurfing (accommodation), or LendingClub (loans).

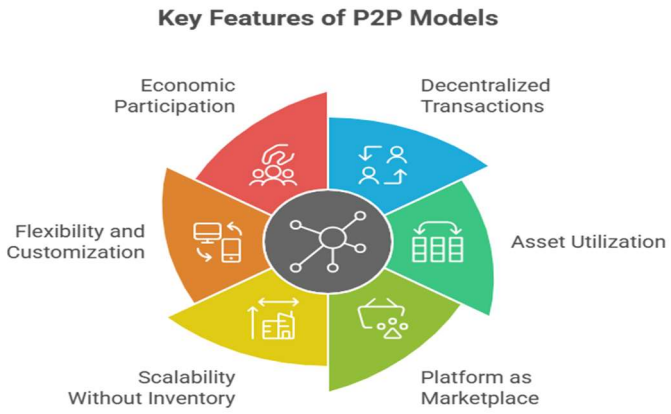
• Scalability Without Inventory o Because users provide the supply, platforms can scale rapidly without having to own products or outsource service providers.

o Success hinges on acquiring and retaining users.

• Flexibility and Customization

o P2P frameworks facilitate users' bargaining, price setting and customization of experiences. o Products are not as easily standardized as corporate services; companies may offer high- or low-quality products, so there are more quality dimensions to assess.

• Economic o Participation Enables micro-entrepreneurship such that everyone can be a seller or provider. o Increases availability of income opportunities.



4.3.2 Trust and Reputation Mechanisms

P2P Trust is the foundation of P2P platforms where users work with strangers in decentralized transactions.

Digital platforms will thus need to put in place solid systems that are safe, reliable and accountable.

Trust and Reputation Mechanisms:

• User Reviews and Ratings

o Following each transaction, users can rate one another with new insights on experience, communication, and timeliness to help others? And are you building trust throughout the process.

o Top-rated users are profiled and biased.

• Verified Profiles o Verification of email and phone number, ID cards and check on social media are some standard practices used by platforms to ensure user's identity.

o Some apps also request for profile photos and bios to establish some level of familiarity.

• Moderation and Flagging

o People can report fraud or things that are not the right conduct, and it is moderated by moderators who appear online.

o Repeat offenders will be blocked, and ad/items might be deleted.

• Transaction Histories

o Public profiles of all a persons past transactions and feedback are shown on most platforms.

Establishes social proof and educates new users.

Escrow and Secure Payments o Services such as OLX or LendingClub can hold payments in escrow until both parties meet the terms of their agreement.

o Reduces white collar crime and creates Fairplay.

• Community Guidelines and Penalties

o Vibrant code of conducts and usage policies to ensure the health of ecosystem.

o Offenders will have their accounts suspended or even be banned.

• AI and Fraud Detection Tools

o Cutting-edge platforms apply machine learning to identify potentially harmful trends, fake reviews and robot behaviour.

o Helps prevent abuse at scale.

4.3.3 Case Examples (OLX, LendingClub, Couchsurfing, Zepto) 21.

APAC user acquisition platforms Source: APAC Switchword Despite the scrapping of hundreds from my list, I still found obvious regional trends to draw from.IBUTES AND PITFALLS They all depend on user engagement, platform-sponsored trust mechanisms, and digital interfaces that get out of the way. A further evolution of the on-demand model is quick commerce, which uses hyperlocal logistics and real-time demand to have items — particularly groceries and essentials — arrive in minutes.

OLX – P2P of used stuff

• Function: C2C market for direct transactions of second-hand goods from person to person.

• Model: users list items (televisions, furniture) and buyers contact them to haggle over sales.

• Revenue: Free basic listings; paid promotions for featured placement.

• Features: Location-based filters, online chat options, user reviews and fraud alerts.

• Challenges: Risk of fraud, counterfeit merchandise and disputes over offline transactions.

LendingClub – P2P Lending Platform

• Function: Connects individual lenders with borrowers in search of personal loans.

• Model: Lenders put small amounts into loans; borrowers pay back with interest.

• Revenue: The platform charges origination and servicing fees for loans.

• Features: Credit checks, risk assessment, interest calculations, investor dashboards.

• Benefits: Better returns for lenders and lower interest rates for borrowers than at traditional banks.

• Challenges: Defaults on loans, exposure to risk, compliance with regulations.

Couchsurfing – P2P Hospitality Platform

• Function: Puts travelers in contact with hosts who provide them a place to stay free of charge in their homes.

• Model: No money changes hands; depends on goodwill and cultural exchange.

• Financials: Freemium with optional verification and premium features.

• Key features: Host reviews, verified identities, city-based search.

• Value: Provides cheap travel and cross-cultural networking.

• Challenges: Issues of trust and safety, varying user experiences.

Zepto – On-Demand Quick Commerce

• Function: Brings groceries and everyday essentials to users within 10-20 minutes.

• Model: Inventory is held in dark stores situated in urban micro-markets. Orders are placed via a mobile app and coursed through a hyperlocal logistics network.

• Revenue: Product margins, delivery fees (in some cases), and, if they want to slap their name on it as a private label brand.

• What you get: Real-time inventory, live order tracking, delivery time assurances, cashless payments.

• Value: Immediate ease, particularly for customers in cities with high service demands and little time.

• Challenges: Expensive delivery, unit economics, driver retention and inventory pressures.

4.4 On-Demand Services

4.4.1 Concept of On-Demand Platforms

On-demand apps allow users to access goods or services immediately through a digital interface, often a mobile app, in response to their real-time demand. These intermediaries between customer and service provider offer speed, convenience and customisation.

Key Features:

• Real-Time Fulfillment

o Users call up services on demand and platforms respond by immediately connecting supply.

Minimizes the wait time and reliance on manual pre-booking processes.

Mobile and Location-Based o Most of them are mobile app based with GPS integrated where pinpointing exact service location will be possible with dynamic pricing as well.

o Customers can see nearby service providers and monitor their deliveries in real time.

• Convenience and Customization

o Users are empowered to book services, choose a service provider, rate the experience and pay digitally –all from just one interface.

o Several services and price levels for all requirements.

• Independent Service Providers

o Platforms leverage gig workers, freelancers or small business partners to fulfill roles instead of fulltime employees.

o This will streamline and punt it.

• Algorithmic Matching and Dynamic Pricing

o Computerised systems manage supply and demand to minimise the amount of time your plant is sitting idle while also maximising plant efficiency. o Surge pricing changes fares in response to increased traffic, weather or the hour of the day.

Did You Know?

“One of the first on-demand service models was pager-based taxi dispatching, before mobile apps. But the true game changer was 2009’s Uber, which brought GPS, cloud computing and mobile payments together for a frictionless ride-hailing experience. One thing most people don’t realize about this system is that Uber’s frontend doesn’t just compute the nearest driver — it computes the most likely driver to accept your ride, aiming to simultaneously minimize both acceptance rate and wait time. This is one reason for the global scalability of this model.”

4.4.2 Industry Usecases: Ride-Hailing, Food Delivery, Home Services

Disruption: Many industries such as transportation, hospitality or retail are challenged by the model powering on-demand services. fetedotocom11 \u201cThe marketplace for instant (on demand)\u201d Source It's a new way of doing business that moves from owning and planning to on-demand access and flexibility. The obvious ones are mobility, food and home services.

Ride-Hailing (e.g., Uber, Ola):

• How It Works: After ordering a ride through an app, the nearest available driver accepts and completes the request.

• Earnings Model: Cut on fare, cancellation charges, subscription (or Ola Select).

• Benefits: Decreases reliance on car ownership; includes variety of vehicle types, tracking in real time.

• Challenges: Driver trustworthiness, clarity in pricing, regulation.

Food Delivery (e.g., Zomato, Swiggy):

• How it Works: Users can scroll through a listing of menus from partner restaurants, place an order and track deliveries.

• Revenue Model: Commission per order, delivery fee; surge-pricing; advertising.

• Pros: Speedy service, lots of options, deals, real-time delivery tracking.

• Challenges: Shipping logistics, food quality in transit and partner-restaurant dependability.

Home Services (for instance Urban Company, Housejoy):

• How It Works: Users book cleaning, plumbing, grooming or repair services through an app.

• Revenue Model: Funds raised by Commission, service fees and subscription plans for the regular members.

• Benefits: Convenience, vetted professionals, time-saving.

• Challenges: Consistency of skill, background checks, pricing disputes.

Common Enablers Across Sectors:

• Applications Ecosystems, Digital Wallet Interfacing, Rating Systems, and Geo-Mapping technologies.

• Gig Economy Workforce models, that scale without asset intense infrastructure.

4.4.3 Broader Scaling Challenges of On-demand Businesses

Turning On-Demand Sourcing Into Hypergrowth: Because Scaling On-Demand platforms is More Than Just Getting*More, and It is a Mix of Supply + Tech + Ops. Here are some of the top challenges entrepreneurs and platforms face.

Supply-Demand Imbalance:

• Scaling users while not scaling up the provider base means wait times and shoddy service.

• On the other hand, an oversupply of providers and not enough demand results in lower earnings and higher churn.

Quality Assurance at Scale:

• It grows more difficult to achieve quality of service, lateness and user satisfaction as transactions increase.

• Investment in training, standardized protocols and customer support infrastructure is necessary.

Worker Retention and Compliance:

• On-demand models are dependent on gig workers, who may have inconsistent earnings and no job security.

• Labor regulations, organizing within unions and worker distress can affect platform reputation and legal position.

High Burn Rates and Unit Economics:

• Aggressive discounting and user acquisition will almost inevitably result in negative unit economics.

• Operations overhead is the enemy of scales of platform that get large but still struggle to be profitable.

Technology and Infrastructure:

• Backend systems are also under more pressure as requests need to be processed in real-time, route planning needs to be optimized and fraud detection must be performed.

•.Infrastructure glitches or downtime can undermine brand trust rapidly.

Regulatory and Legal Hurdles:

• Governments might set licensing, insurance and worker classification rules.

• Companies that operate ride-hailing and food delivery apps are being sued in courts across the world, over employment status and safety compliance.

4.5 Dropshipping Models

4.5.1 Concept and Process of Dropshipping

Dropshipping is a retail fulfillment system that does not require the seller to stock inventory. Instead, when a customer orders something, it is ordered from a third-party supplier such as

a wholesaler or manufacturer and sent to the customer. The seller is a marketing and customer service interface and the supplier does logistics.

Key Points:

• Inventory-Free Retailing

o Sellers sell products through online shops (e.g., Shopify, Meesho) without any inventory or warehouse.

o Product descriptions and images are often provided by suppliers.

Order Flow Process A customer places an order – The seller submits the order and payment (after a markup for profit) to the supplier – The supplier ships directly to thte cuctomer

o The surplus goes to the seller as profit.

• Technology-Driven Automation

o Oberlo and GlowRoad are tools to connection your store with product catalogs and automatic syncing of orders.

o Shopify plugins can also automatically update stock and pricing in real time.

• Customer Interaction Handled by Seller

o While not doing physical product handling sellers are running the brand, marketing, returns and customer service.

o They can only succeed by creating a credible brand experience.

• Global Marketplace Reach

o Sellers and suppliers may not necessarily be in the same country, for instance sellers can approach international customers through advertising promotion and SEO, and suppliers could come from a variety of countries such as China, India or the U.S.

Did You Know?

“While dropshipping is commonly associated with low-budget e-commerce startups, major retailers like **Wayfair** and **Zappos** originally used dropshipping models to test new product categories before committing to bulk purchases. Today, over **33% of online stores** use dropshipping as their primary order fulfillment method—making it one of the most widely used business models in digital commerce. This behind-thescenes model powers many stores you may believe are fully stocked operations.”

4.5.2 Benefits for Entrepreneurs

Our first note went after the hottest topic we could think of : dropshipping Dropshipping offers an appealing, low-risk way for entrepreneurs new to commerce to break in. The model enables entrepreneurs to prove products, target niches and even operate with very little investment.

Key Benefits:

• Low Startup Costs

o You don't have to purchase inventory up front and you certainly don't need to stock products in your garage or spare bedroom.

o Business owners can get started with a simple website, supplier connection and low tech investment.

• Reduced Operational Complexity

o No packing, shipping or inventory following required.

o Speakers are predominantly digital marketing, customer engagement, and scaling.

• Wide Product Range

o Sellers are able to list hundreds of items in categories with no limits of physical inventory.

o Great to test new niches or seasonal trends.

• Scalability

o As volume increases, sellers can accept more without scaling storage or staffing.

o Backend logistics are managed by supplier networks and automation tools.

• Location independence o Business can be operated at any where from online.

o For digital nomads and remote-first entrepreneurs.

• Rapid Market Entry

o Entrepreneurs can start their store within a few days using platforms like Shopify & Meesho.

o Shortens time-to-market as opposed to traditional retail environment.

4.5.3 Risks and Limitations

Despite being easy-breezy, dropshipping has major operational and strategical risks. With no visibility into inventory or fulfillment, We can be small merchants with a hard time maintaining the quality, consistency and even profitability of service.

Key Limitations:

• Lack of Inventory Control

o Sellers may not be aware of stock availability based on orders.

o If an item goes out of stock; this increases inventory risk or increases lead time; reputational harm.

• Low Profit Margins

o Price Wars: High competition in dropshipping results in price wars.

o Unless they are focusing on a niche market (premium product) or establishing a premium brand, most sellers work with very low margins.

• Shipping Delays and Inconsistencies

o Lead-times can be greatly different, particularly with overseas suppliers. O/Customer's order to be blamed if there are delays due to the supplier.

• Limited Branding Opportunities

o Items are frequently delivered in generic packaging.

o Sellers cannot create custom unboxing experiences, or place any marketing in the box.

• Customer Service Burden

o Quality of Goods, Shipping and Delivery -complaints concerning- While not having control over the process.

o Reversing logistics could be expensive and complicated.

• Intellectual Property Risks

o Also, there are counterfeit and substandard wares that some dealers may put up.

o Legal risk can damage the company and result in platform bans.

4.5.4 Instances in E-Commerce (Shopify-based Sellers, Meesho)

Shopify-Based Sellers:

• Platform Role: Shopify is a great platform that lets you explore independent e-commerce stores along with the use of apps with dropshipping.

• Popular Integrations: Oberlo, DSers & Spocket allows sellers to find and add products from suppliers.

• Target Markets: A lot of sellers target specific niche segments (such as fitness enthusiasts, pet lovers or gadget buyers) through Facebook or Instagram ads.

• Success Strategy: Niche down, branding, video ads and funnel optimization are crucial if you want to thrive in a saturated niche.

• Challenges: With high ad costs and increasing customer demand for faster delivery, sustained success is now more difficult without robust branding.

Meesho (India-Based Social Commerce Platform):

• Platform Enabled Role: Meesho helps anyone to become a reseller (re-sell products brought from suppliers) without stock.

• Cool Quotient: Mobile first, local language support and WhatsApp integration for social selling.

• Business Model: Sellers enjoy a markup on supplier cost and advertise products in their network.

• Success Strategy : Community selling, Trust building and COD enables tier 2-3 of India as a market.

• Challenges: Lack of control over the quality of suppliers, narrow profit margins and delays in delivery to rural areas.

4.6 Collaborative Platforms

4.6.1 Dimensions of Technology in Collaborative Consumption

Conversely, sharing economy is defined as the use of assets not necessarily owned by users through digital platforms (like goods or services). Technology is the foundation facilitator, creating trust, availability, matching and instant in-the-moment transactions.

Key Points:

• Platform Infrastructure

o Cloud-based services enable centralized access to shared resources such as workspaces, repositories or talent.

o Web, and Mobile apps serve as front-end interfaces whereas data and storage reside at the cloud.

• User Matching and Discovery

o Algorithms automatically match like-minded users, or local resources for collaboration based on preferences, geography, and project type.

o Example: Upwork uses an AI algorithm to match freelancers with client needs based on skills tags and previous performance.

• Task and Workflow Management

o Shared tools (e.g., GitHub, Trello, Slack) help remote teams to co-create and review projects.

o Real-time edits, version control, and project visibility expedite giving.

• Trust and Reputation Systems o Peer ratings, verifications and milestone tracking allowing platforms to hedge against risks in sharing ecosystems.

o These approaches bring visibility to blind electronic communities.

• Access Control and Permission Settings

o Granular controls over who can view or edit shared resources are available on cloud-based platforms.

o Useful in technical, creative, and consulting projects with IP rights.

• Payment and Contracting Tools

o Payment, milestone tracking and contract can be built into the platform minimizing the dependency on 3rd party legal/finance systems.

o Enables micro payments and short term transactions with partners world-wide.

4.6.2 Use cases of Coordination Platforms (WeWork, GitHub, Upwork)

A few marketplaces showcase how technology enables shared utilization, co-creation, and collaborative work across industries like real estate, software development and freelance.

WeWork – Shared Workspaces

• Function: Provides coworking spaces where people, startups and businesses share physical office amenities.

• Value Proposition: Flexible membership options, global access to locations and networking made by community.

• Tech Amenities: App-based desk reservations, conference room booking, community forums, and IoT-enabled amenities.

• Collaboration: It promotes member networking, sharing of knowledge and building partnerships.

GitHub – Collaborative Code Development

• Function: Developer platform to host, manage and work together on software codebases.

• Version Control: Has experience with Git as branching, merging, and tracking code changes tool.

• Community: On an open-source repository, everybody can contribute, fix a bug or implement new features.

• Tools: Issue tracking, pull requests, code review and project boards allow for open collaboration.

Upwork – Freelance Talent Marketplace

• Function: Matches freelancers with clients for short- and long-term projects.

• Project Matchmaking: AI matching of skills, rates and timelines.

• Contracting Tools (Fixed-price or Hourly): Post, negotiate and close with fixed-price contracts or hourly contracts, make milestone based payments and use our time-tracker to track time & haystack.

• Collaborative: Web-based music making software for saw online collaboration amongst your team. Include can chatroom, file sharing and performance feedback tool.

4.6.3 The Effect on (Conventional) Business Organizations

Collaborative platforms have changed the game in terms of how work is organised, resourcing is managed and talent is engaged. They are in favor of a decentralized, flexible and result oriented model.

Key Impacts:

• Move From a Pyramid to a Network Model

o Agile, project-based teams are replacing the traditional organization chart.

Teams form and disband based on deliverables rather than their lifetime roles.

• Tension on The Fixed Assets and Real Estate Markets

o Coworking platforms mitigates against long-term office commitments.

o Companies such as startups or even other businesses are willing to contribute to low-cost shared infrastructure (so long as it does not slow down their systems too much), if it is not built up on individual use.

• Decentralized Talent Engagement

o Companies source talent from anywhere in the world, when needed, rather than employ large teams inhouse.

o Freelancers/Consultants: Freelancers and consultants are brought on board for a job or project.

• Greater Flexibility and Speed oCollaborative platforms allow companies to try out new things at a faster pace -- whether by engaging outside contributors or capitalizing on shared resources.

o Saves on the investment in recruitment, training or facility development.

• Platform Dependency and Integration Costs

o Companies are locked in to third party platforms (e.g., Slack, Asana, GitHub) with fear about data portability, integration and vendor lock-in.

o Needs strong digital adoption plans as well as IT governance.

• Cultural and Management Changes o Managers will need to adjust to managing remotely, tracking outcomes and asynchronous collaboration.

o Focus moves from input hours to output deliverables and KPIs.

4.7 The sharing economy and its implications

4.7.1 Effects of Access-Based Consumption on Industries

Access-based consumption: the utilization of a good or service instead of its ownership — is a trend that's changing industries by valuing utility over possession.

Key Points:

• Reduced Need for Ownership

Consumers are today willing to use rides (Uber), homes (Airbnb) or tools without needing to own.

o This change has led industries to move towards rental or on-demand models.

• Business Model Innovation o Access, Subscription and Usage are focal points to design models. o Old guard (hotels, car rental etc) are disrupted by nimble, market-based new entrants.

• Increased Asset Utilization

o Idle resources are put to better use—vehicles, beds, equipment and even expertise.

o Creates new income opportunities for people and less wastage.

• Expectations from Users for Flexibility o Users expect convenience, minimal commitment and on-demand fulfilment.

o Tech infrastructure and mobile-first platforms need heavy investments from businesses.

• Sector Examples o Mobility (Ola, Zipcar), Hospitality (Airbnb), Fashion (Rent the Runway), Software (SaaS subscriptions).

o Product-based business models change to service-based models.

4.7.2 Sustainability and Environmental Benefits

The sharing economy is environmentally sustainable, encouraging resource efficiency and cyclical patterns of usage.

Key Points:

• Less Overproductiono Let's reduce the number of goods that need to be produced by sharing what we have.

 Reduces raw material extraction, energy consumption and waste production.

• Lower Carbon Footprint

Common transport models mean less ownership of personal cars, which in turn means fewer emissions.

o Coworking spaces use less power than private offices.

• Promotion of Circular Economy

o Uses of products and extends lifecycle through rental / secondhand sales.

o OLX, Rentomojo and Meesho allow circular commerce at – scale.

• Energy and Space Efficiency

o Shared facilities (e.g., kitchens, work spaces) lower the environmental impact per individual.

o Have the heating, lighting and cooling functions running efficiently.

• Consumer Behavior Change o Millennials and Gen Z are environmentally aware, driving sustainable consumption.

o Minimalists like to share and live low-impact.

4.7.3 Challenges - Regulation, Trust and Market saturation

The sharing economy is its own worst enemy The sharing economy continues to grow, but remains hampered by barriers such as regulation, lack of user trust and an oversupply of platforms.

Key Points:

• Regulatory Grey Areas o Many platforms are operating as gray enterprises especially around taxes, licensing and classification of work.

o Examples: Uber contractors engaging in global wars over its drivers' statuses.

• Consumer Protection Issues

o Lack of traditional supervision makes people worried about quality, safety and product liability.

o Trust systems must be platform-controlled instead of state-managed.

• Trust and Verification Gaps

Some other similar potential threats include: reputation damage from fake listings, identity fraud and inconsistent service delivery.

o There is a need to scale trust systems.

•"Worker Rights and Gig Economy Criticism o If you are a freelancer or a gig worker, your income could be unstable and you may not receive benefits.

o Governments are demanding reform to protect this workforce.

• Market Saturation and Platform Fatigue o Too many platforms offering similar services divide demand and reduce volume of user engagement. o Racing to the bottom on price only erodes margin and is a short-term game.

Choose the correct option:

1. What is the primary feature of access-based consumption in the sharing economy?

A. Ownership of shared assets

B. Subscription to unlimited services

C. Temporary access without ownership

D. Fixed asset investment by consumers

2. Which of the following is NOT a direct environmental benefit of the sharing economy?

A. Increased product reuse

B. Reduced overproduction

C. Higher consumption of natural resources

D. Lower carbon emissions

3. A major regulatory concern in the sharing economy is:

A. Too much control by governments

B. Employment classification of gig workers

C. High investment in infrastructure

D. Ownership rights of traditional businesses

4. Market saturation in the sharing economy may result in:

A. Decreased platform competition

B. Increased consumer loyalty

C. Dilution of user engagement and lower margins

D. Improved platform profitability

4.8 Entrepreneurial Lessons

4.8.1 Start-up Potential in the sharing economy

Share Economy The sharing economy model; with its low-barrier to entry, and scalable tech stack offers startups in this space an opportunity to build disruptive businesses.

Key Points:

• Minimal Capital Investment

o Asset light operations allow start-ups to operate without expensive infrastructure.

o Tweaking to-app development, UX design and digital marketing now.

• Revenue Diversification

– Monetization possibilities range from commissions, listing fees and subscriptions to premium services.

o Specialist platforms can focus in on neglected portions of the market (tools sharing, local car rentals etc).

• Local and Hyperlocal Niches

o WITH THE INCREMENTAL FEATURE DEVELOPMENT, Startups can customize offerings for relevant geographies/communities.

o Example: College town bike sharing, urban pet care marketplaces.

• Community Building as Differentiator

o High retention and organic growth driven by powerful user communities.

oBusiness in blood?oEstablishment: (N) In bed with girl Yet, platforms such as Couchsurfing or Meesho works on peer referrals and trust networks.

Data-Driven Innovation Real-time data from users enable startups to iterate quickly and provide hyper-personalized experiences.

o Assists with business trends, and micro and macro indicators.

4.8.2 Balancing Trust and Compliance Growth vs. Cooperation

The fantastic growth we've seen in the sharing economy has to be counterbalanced with ethical business operations and regulations compliance.

Key Points:

• Maintaining Platform Integrity

o The quick addition of users cannot be at the cost of quality control or partner screening.

o On-boarding procedures, training and feedback mechanisms are a must.

• Compliance with Local Laws

o Need to stay abreast of evolving labour laws, tax regulations and sector specific policies.

o Legal mistakes can result in platform bans or lawsuits.

• User Data and Privacy Concerns

o Stores sensitive user data (location, payment and identity); brooks no compromise in cyber security.

o Transparency in usage of data creates user trust.

• Avoiding Overdependence on Discounts

o The overuse of price based reductions as a means of growth,… can be at the cost of profit.
o Platforms need to earn loyalty on value, not just cost.

• Long-Term Trust Strategies

o Trust building components such as verified profiles, insurance, safety features, and dispute resolution.

o Training and customer education build long-lasting relationships.

4.9 Summary

❖ The economy of sharing focuses on access-based consumption, allowing users to have the use of products and services rather than ownership.

❖ Having an asset-light business model enables companies to grow quickly by leveraging the resources their users bring in as opposed to expenditure on physical infrastructure.

❖ P2P systems are mediators between peers; for example, in some P2P exchange platforms, peers directly and can rate or comment each other.

❖ On-demand economy platforms harness technology to offer instant rides, meals, or services but are hampered by scale and compliance issues.

❖ Dropshipping enables entrepreneurs to operate e-commerce businesses without storing inventory, but faces challenges in both quality control and branding.

❖ Co-working environment such as WeWork, and open source software platform like GitHub or freelancing site like Upwork enable co-creation and co=purchase based on tools or algorithms in the cloud.

❖ Sustainability -The sharing economy has a direct impact on the environment by minimizing overproduction, reusing goods and resources, and ensuring optimal use of resources.

❖ Sharing economy entrepreneurs need to navigate growth, trust creation, legal compliance (potentially across multiple jurisdictions) and longer term value generation.

4.10 Key Terms

Share Economy – An economic model of renting access to goods, services, or resources through a shared digital platform.

Access-Based Consumption – A type of consumption mode in which users are able to access or rent what they want rather than purchase products/services.

Asset-Light Model – Business model where companies scale operations without owning tangible assets.

Peer-to-Peer (P2P) – Decentralized method in which parties interact directly through an intermediary.

On-Demand Platform - System under which customers request services/products on the spot via real-time digital channels.

Dropshipping – A type of retail fulfillment method in which sellers don't stock inventory but process orders using a third party.

Collaborative Consumption - Sharing products and services rather than owning them individually.

Platform Economy – A universe were platforms mediate between supply and demand in digital markets.

Gig Economy – An economy consisting of short-term jobs, typically with a goal-centered nature and facilitated by digital platforms.

Grey area regulations - Instances when companies function without a clear definition of ruling law.

4.11 Descriptive Questions

Explain the concept of the sharing economy and what role it plays in today's digital age.

Explain me the asset-light strategy and how it will give them the tremendous scalability. Illustrate with examples.

Explain the main characteristics of peer-to-peer (P2P) business models, and how trust is established in such models.

What are the top industries that on-demand platforms impact and what logistical obstacles do they encounter?

Discuss the dropshipping model and assess its advantages and disadvantages for business owners.

Explain how technologies like GitHub and Upwork have disrupted archaic models of business and labor.

Discuss the impact of access-based consumption on consumer behavior and industry models.

How will the world benefit from sustainability through sharing economy in saving the environment?

Focus on the regulatory and ethical issues with gig economies sharing platform.

What are three potential entrepreneurial opportunities in the sharing economy and discuss how trust and compliance impact the possibility of scaling these enterprises?\

4.12 References

1. Botsman, R., & Rogers, R. (2010). What's Mine is Yours: The Rise of Collaborative Consumption.

HarperBusiness.

2. Sundararajan, A. (2016). The Sharing Economy: The End of Employment and the Rise of Crowd-Based Capitalism. MIT Press.

3. Hamari, J., Sjöklint, M., & Ukkonen, A. (2016). "The Sharing Economy: Why People Participate in Collaborative Consumption." Journal of the Association for Information Science and Technology.

4. Gansky, L. (2010). The Mesh: Why the Future of Business Is Sharing. Portfolio Hardcover.

5. Zervas, G., Proserpio, D., & Byers, J. W. (2017). "The Rise of the Sharing Economy: Estimating the Impact of Airbnb on the Hotel Industry." Journal of Marketing Research.

6. Meesho Business Model Analysis. (2023). Tracxn & Inc42.

7. Uber and Gig Economy Lawsuits – Bloomberg Tech Report (2022).

8. Shopify Dropshipping Guide. Shopify.com (Accessed 2024).

Answers to Knowledge Check

Knowledge Check 1

1. C. Temporary access without ownership

2. C. Higher consumption of natural resources

3. B. Employment classification of gig workers

4. C. Dilution of user engagement and lower margins

4.13 Case Study

"Access for All Not Ownership for All: Managing Growth and Trust in the Indian Sharing Economy"

Introduction

The sharing economy has been the rapid disruptor in India, changing the way we get around, live, receive services and even work. As software allows us to share, rent or borrow our assets with greater ease than ever before, entrepreneurs are reimagining what it means to scale a business — and without an accompanying physical footprint. But moving from ownership to access is not without its challenges: regulatory gray areas, user confidence, market saturation and operational headaches. This case follows a fictional start up ShareKart as it tries to find its footing amidst the opportunities and challenges of building a scalable, sustainable sharing economy venture in India.

Background

ShareKart ShareKart is a peer-to-peer sharing platform for household tools/appliances (washing machine, drilling machine, microwave oven, projector) launched in the year 2022.This Bengaluru based tech company created the pay-as-you-go model for appliances. It links people looking for temporary access to a neglected appliance with those who have one resting in a garage. Business model for Youwoo is asset-light, charging commission with a mobile app featuring built-in payment, user verification and comment systems.

2024, ShareKart expanded to 10 Tier-1 and Tier-2 cities and had 12,000+ active users. But as the startup grew, it encountered problems including trust among users, regulation compliance and quality control over shared products. Now, the founders are reevaluating their model to find a way to scale while ensuring platform longevity and legitimacy.

Problem Statements and Solutions

Challenge 1: Lack of Trust Between Banks, Lenders and Renters

• A lot of users were reluctant to loan out expensive objects for fear of them getting lost or damaged.

• Tenants griped about poor upkeep on appliances.

Solution:

ShareKart introduced:

• Item value-dependent security deposit mechanism with changeable fee.

• Insurance coverage for high-value items.

• Strengthening the reviews and scale system to limit those with bad feedback from renting high-value things.

• Branded tutorial videos on how to properly use approved appliances\common_endscape_heading

Problem 2: Uncertainty and Risk for Regulatory Compliance

• ShareKart, a P2P platform, was also stuck in between grey areas (should they have paid GST? What is the liability of injury due to defective equipment?

Solution:

The company:

• Consulted with members of the legal community to determine scope of platform obligations vs. user responsibilities.

• Registered as India's new-age platform service provider – the Marketplace Service Provider (MSP).

• Inserted legal disclosures and terms of use that must be accepted before any transaction.

• Initiated proactive filling for tax and compliance issue.

Challenge 3: Disappointing user retention and platform fatigue

• In the beginning of 2024, user growth stopped growing, and it was taking a nose dive in repeat usage- especially in Tier-2 cities.

Solution:

To reignite interest:

• Added subscription plans with bundled pricing for frequent renters.

• Worked with the repair techs to provide maintenance after rental.

• Introduced a referral scheme offering rewards to users for signing up new clients.

• Pioneered and promoted hyperlocal marketing in housing societies and gated communities.

Case-Related Questions

What aspects of the sharing economy can we see within the business model for ShareKart? What do they suggest about access-centred consumption?

List two sustainability advantages of what ShareKart is doing. And how does it compare to ownership-based consumption as we know it?

How did technology help fix the issue of trust? Can these trust frameworks scale effectively?

What is the impact of regulatory uncertainty on sharing economy innovations, particularly in India's dynamically changing legal environment?

If you were a strategy consultant for ShareKart, what else would be your additional feature or business model to ensure long-term growth?

Conclusion

The ShareKart case study demonstrates the opportunity and challenges of developing a sharing economy platform in India. The asset-light model may enable rapid growth, but it also requires strong systems around trust, compliance and engagement. We don't just need to design scalable digital infrastructure, but also communities of shared responsibility. Finding a happy medium between profit and platform integrity continues to be a fundamental challenge — and opportunity — for businesses working within this pioneering industry.

New Age Business Unit 5 V3.docx

New-age Business Models_BBA_2

New-age Business Models_BBA_2

ATLAS SkillTech University

Document Details

Submission ID

trn:oid:::3618:127445951

Submission Date

Feb 3, 2026, 3:48 PM GMT+5:30

Download Date

Feb 3, 2026, 3:52 PM GMT+5:30

File Name

New Age Business Unit 5 V3.docx

File Size

249.5 KB

43 Pages

5,947 Words

37,979 Characters

1% Overall Similarity

The combined total of all matches, including overlapping sources, for each database.

Filtered from the Report

- Bibliography
- Quoted Text
- Cited Text
- Small Matches (less than 15 words)

Match Groups

2 Not Cited or Quoted 1%
Matches with neither in-text citation nor quotation marks

0 Missing Quotations 0%
Matches that are still very similar to source material

0 Missing Citation 0%
Matches that have quotation marks, but no in-text citation

0 Cited and Quoted 0%
Matches with in-text citation present, but no quotation marks

Top Sources

0% Internet sources
0% Publications
1% Submitted works (Student Papers)

Integrity Flags

1 Integrity Flag for Review

Hidden Text
11 suspect characters on 1 page
Text is altered to blend into the white background of the document.

Our system's algorithms look deeply at a document for any inconsistencies that would set it apart from a normal submission. If we notice something strange, we flag it for you to review.

A Flag is not necessarily an indicator of a problem. However, we'd recommend you focus your attention there for further review.

Match Groups

- **2** Not Cited or Quoted 1%
  Matches with neither in-text citation nor quotation marks
- **0** Missing Quotations 0%
  Matches that are still very similar to source material
- **0** Missing Citation 0%
  Matches that have quotation marks, but no in-text citation
- **0** Cited and Quoted 0%
  Matches with in-text citation present, but no quotation marks

Top Sources

0% Internet sources
0% Publications
1% Submitted works (Student Papers)

Top Sources

The sources with the highest number of matches within the submission. Overlapping sources will not be displayed.

1 Submitted works

University of the West Indies - ROYTEC on 2025-07-24 <1%

2 Submitted works

University of Essex on 2025-08-11 <1%

Unit 5: Business Models in Action — Sectoral Insights I (EdTech, FoodTech and Fintech)

Learning Objectives

1. Recap and reinforce understanding of the Business Model Canvas (BMC) framework.
2. Analyze how business models vary across industry sectors such as EdTech, FoodTech, and FinTech.
3. Apply the BMC framework to real-world startups and emerging platforms.
4. Identify sector-specific challenges related to customer acquisition, monetization, compliance, and operations.
5. Compare and contrast how BMC components behave differently across industries.
6. Design mini-BMCs and evaluate value propositions for hypothetical startups.
7. Extract entrepreneurial insights and model innovation strategies from top digital startups in India and globally.

Content

5.0 Introductory Caselet

“One Canvas, Many Pictures: Why Sector Context Matters in Designing Business Models”

Aarav, Divya and Sameer are young, successful with “mills & boons” love stories of their own alongside the death-grip that weed has on them. Aarav made a foray into EdTech by building up the skills of college graduates. Divya picked FoodTech with an offering of hyperlocal and healthy tiffin delivery services . Sameer transitioned into the FinTech world by building a UPI-based app for micro-savings.

All three relied on the Business Model Canvas (BMC) as their basic planning tool. A few weeks after constructing their prototypes, yet they found that the canvas was a constant shape but the environmental variables turned it around. Aarav was having trouble retaining students and monetizing them, Divya struggled with delivering logistics and small margins, Sameer faced regulatory approval lags and data security walls.

Their business models were supported by the feedback from their customer validation but they each had uniqueÂ hurdles in cost to deliver, partnerships and customer acquisition. For Aarav, his biggest cost was to create content and onboard educators. Divya ended up investing in kitchen partners and delivery agents, while Sameer spent on tech and legal compliance.

Unconsciously at first, they tailored their canvases by adding industry- specific twists — bespoke acquisition funnels, revenue tests and partner ecosystems. The three realized that there is not a one-size-fits-all form for business models, and that industry context matters in forming sustainable, scalable business models.

Critical Thinking Question

Although the BMC is an accepted instrument for definition and analysis of business model, it works or not in industries with totally different operational realities? Would the nine construction blocks be able to describe value creation in EdTech, FoodTech and FinTech startups equally well? Consider how elements such as “Key Partners” and “Revenue Streams” change definition from industry to industry. In EdTech they are institutions and teachers, in

FoodTech kitchen vendors and delivery services. Are there limitations on adaption of such a single canvas structure and how can entrepreneurs tailor it to sectorial needs?

5.1 Applying the Business Model Canvas (BMC) to Industries

5.1.1 Recap of BMC Framework

2

The Business Model Canvas (BMC) is a strategic tool to visually develop, describe, challenge, invent and pivot your business model. It's composed of nine building blocks, which are all interconnected and aim to provide a holistic view of any organization.

Key Points:

• Customer Segments

o Segments the various types of people or organizations to whomever a business wishes to deliver its services.

o Helps cater to special needs with specific offering.

• Value Propositions

o Describes what features make the product/service appealing to each customer segment.

o Could be built around a strength such as innovation, performance, price, convenience.

• Channels

o How the company interacts with its customers and delivers value to them.

o Comprises on line, off 12 page the web, direct and crossing-oriented forms of encounter.

• Customer Relationships

o Indicates the kind of relationship that a firm has relative to any segment. o Varies between personal assistance, self-service and community-based services.

• Stream of revenue o Describes the cash received from each customer segment.

o Direct sales; Subscriptions; Licensing; Advertising, etc.

• Key Resources

o Catalogues the critical resources required to make your business model work. o Could be intangibles such as intellectual property as well as human resources or financial capital o 32!

• Key Activities

o The essential behavior an organization needs to execute in order to succeed. ? The definition of a core capability is that it: o Represents the fundamental forms of capabilities required by clients in an industry.

• Key Partnerships

o Indicates outside companies or suppliers that the business works with.

• Cost Structure

o Includes all the expenses of running an business.

5.1.2 Sectoral Application: Why Industry Context Matters

So while the BMC is a general tool, how it's interpreted varies widely depending on industry.

This environment determines how a business model is formulated, implemented and iterated.

Key Points:

• Value Propositions Vary by Sector

Value in EdTech could be affordability, certification or gamified.

o In FoodTech, value is speed, hygiene or variety.

• Customer Segments Are Industry-Specific

o FinTech is both for retail and institutional users, necessitating a tiered offering.

o EdTech could segment its audience by K–12, college, and professionals.

• There are no one-size-fits-all revenue models o By and large, subscription-based models reign in SaaS and content platforms.

o FoodTech is dependent on hyperlocal delivery fees or commission-based models.

• Key Resources and Activities are a Function of Sector Complexity

o In FinTech, one of the core functions is cybersecurity and compliance.

o In FoodTech, last mile delivery and vendor management are very important.

• Customers' Relation Is Expectation Driven

o Food-delivery companies require customer support which is on-demand and highly responsive. o EdTech adopters might need the onboarding/mentorship/community tools.

• Partnership Models Are Sector-Driven

o EdTech collaborates with universities and professors.

o FinTech works with banks, regulators and payment gateways.

5.1.3 Top-Down Industry Approach to Business Models

A top down approach seeks to first understand the high level industry dynamics and then dives into specific drivers of a business model. This approach puts the BMC right in line with industry trends, regulation and competitive pressures.

Key Points:

• Dynamics of Industry Before Business Model

o Assess the influence of industry changes, such as AI in EdTech or RBI guidelines in FinTech, on model design.

o Enables startups predict bottlenecks or exploit new opportunities.

• Unravel Dominant Models in the Sector o FoodTech is dominated by Aggregator Platforms and Cloud Kitchens.

o EdTech is inclined toward hybrid or freemium models.

• Aligning the BMC with Industry Constraints

o For FinTech, compliance should be integrated into the value proposition and cost-structure.

o Logistics have to be integrated in FoodTech.

• Benchmark with Industry Leaders o Use the existing players (Zomato, Razorpay. Coursera) as a base to map trends across space.

o Assists in knowing what is established and what may be innovated.

• Competitive Positioning and Differentiation

o Biz model canvas: How startup will be positioned different then incumbents

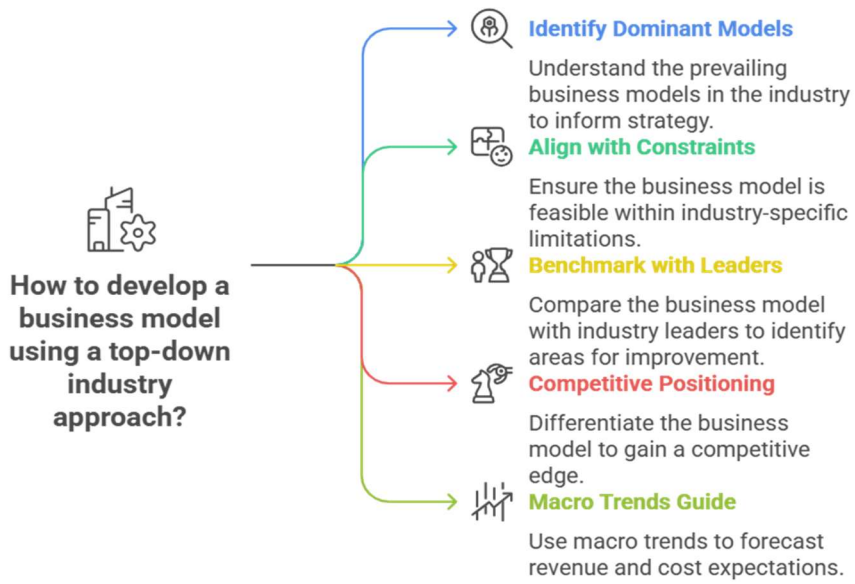
o This information can influence allocation of resources and choice of partners.

• Revenue and Cost Expectations Shaped by Macro Trends

o For instance, in FoodTech, the cost structures are impacted by inflation. o Government policies on education contribute to changing and moving EdTech customer segments.

Did You Know?

"Although the BMC was originally introduced as a startup tool, **several Fortune 500 companies now use modified, sector-specific canvases** to manage their innovation pipelines. For instance, **SAP uses an "Extended BMC"** that includes compliance and data security layers when designing FinTech solutions. Similarly, **Unilever's internal BMC version includes sustainability metrics** in its Cost and Key Activities blocks—reflecting how large companies customize the tool based on industry and internal priorities."



5.2 EdTech Business Models

5.2.1 Overview of the EdTech Sector

The EdTech (Educational Technology) subsector comprises platforms enabling the provision of digital learning experience, online voices recognition/certification, Internet tools for online learning and courses of general interest.

Key Points:

• Multiple learning models instead of one o From live classes, to pre-recorded content, gamified learning (eg. gamified video instruction), adaptive assessments and mentorship-driven models.

o Areas it covers: K–12 education, test prep, professional upskilling and corporate L&D.

• Growth Drivers

o Proliferation of internet, smartphones and flexible learning requirement; digital literacy is being stressed on.

o National Education Policy (NEP) in India promoting integration of digital education.

• Market Landscape o There are both B2C and B2B EdTech players in India—direct-to-student platforms as well as institutional SaaS tools.

o Global players such as Coursera and Khan Academy operate alongside Indian companies like Byju's, Vedantu and Unacademy.

• Business Models

o Freemium (free videos), subscription, pay-per-course and enterprise sales are leading the space.

• Key Trends

o AI driven learning paths, hybrid model (offline + online) and emphasis on vernacular content for regional penetration.

5.2.2 Application of BMC to EdTech Startups

The Business Model Canvas: A structured approach to analyze and design of EdTech business strategies for the education lifecycle.

BMC Blocks for EdTech:

• Customer Segments

o Students (K-12, college, professionals), parents (buyers) institutions, tutors and corporate customers.

• Value Propositions

o Adaptive learning, studying for tests, account for how you learn best, career prospects and financing, access to experts.

• Channels

o Mobile apps, web platforms,, YouTube, S chool or corporate networking and influencer led marketing.

• Customer Relationships

o Chatbots, live tutors, communities, email nurturing, doubt-clearing support and gamification for engagement.

• Revenue Streams

o Subscription models, course purchases, certification fees, freemium upgrades, ads, B2B licenses.

• Key Resources

o Content libraries, LMS platforms, educator networks, tech infrastructure (video + AI engines), CRM tools.

• Key Activities o Creation of new content, recruitment of tutors, user training and support, updates to platform against bugs and small improvements, marketing automation.

• Key Partnerships

o Universities, EdTech thought leaders, curriculum developers, exam boards, cloud providers.

• Cost Structure

o Tech and Curation (building all the tech that it running behind-the-scenes), Content creation & performance, Tutor compensation, Customer acquisition (ie: ads), Backend support for tutors to create more content, Licensing.

5.2.3 Sector-Specific Challenges

EdTech startups have specific challenges since there's no tangible product that customers receive, user fatique and the absence of switching costs.

Key Challenges:

• Expensive Customer Acquisition Costs (CAC)

o Over-reliance on signed performance contracts, inefficient influencer campaigns and store competition increase CAC.

o Exacerbated by weak word-of-mouth of mouth early and long conversion cycles, respectively.

• Retention and Engagement

o User drop-off is high because of short attention spans and irregular self-reading behavior.

Need gamification, live tutoring, and habit-forming nudges (e.g., daily streaks, leaderboard rewards).

• Monetization Models

o Free content and paid content balancing in freemium models is a challenge.

o Indian users are sensitive to prices: There must be a tiered fare structure with local relevance.

• Content Saturation and Differentiation

o most institutions share the same syllabus making it a challenge to differentiate themselves.

o Platforms have to differentiate through pedagogy, UI/UX, or credential partnerships.

 Regulatory and Trust Issues o EdTech platforms are being questioned for overstating their claims and aggressive marketi tments.

o Parents look for platforms with actual educators and proven placement.

5.2.4 Case of Studies (Byju's, Coursera, Unacademy)

Byju's (India)

• Customer Segments: K–12 and test prep (JEE, NEET, IAS).

• Model: app-based hybrid learning (video + live. classes).

• Revenue: Annual subscriptions, in-app purchases.

• Challenges: High CAC, retention, increasing debt going into post-2022.

Coursera (Global)

• Customer Segments: Professionals, students, universities and governments.

• Model: MOOC (Massive Open Online Courses).

• Revenue: Certificate fees, institutional licensing (Coursera for Business), degrees.

• What Makes It Different: Collaboration with universities (such as Stanford, Duke).

• Scalability: Brown's reach + low marginal cost/learner.

Unacademy (India)

• Customer Segments: Competitive exam aspirants (UPSC, SSC, Bank PO etc.)

• Model: live classes + recorded content + educator marketplace.

• Revenue: Subscription plans, Super App features.

• Strengths: Strong educator partnerships, wide audience on YouTube.

• Challenges: Burn rate and competition in saturated market.

5.2.5 Classroom Activity: Create a Mini-BMC for an EdTech Idea Learning Objective:

Students will then apply the BMC model to a hypothetical EdTech idea — be that of regional language teaching for migrant workers or career mentorship app for college-goers in Tier-2 cities.

Steps:

Divide students into small groups.

The teams each choose a theme for their EdTech creation (think: soft skills, vernacular test prep, and coding for kids).

They take you through all 9 blocks of The Business Model Canvas:

1 o Customer Segments o Value Proposition o Channels o Customer Relationships o Revenue Streams o Key Resources o Key Activities o Key Partnerships Cost Structure

Encourage creative thinking about:

How will you retain learners? o What kind of collaboration are you going to want?

o Free, freemium, or paid?

\

5.3 FoodTech Business Models

5.3.1 Overview of the FoodTech Sector

This is known as the FoodTech sector – where technology fights and innovates against food. This spans every thing from meal deliveries, cloud kitchens, to meals subscriptions to AI primarily based nutrition platforms.

Key Points:

• Types of FoodTech Players Aggregators: They are platforms connecting restaurants with consumers like Zomato and Swiggy. o Cloud Kitchens: Rebel Foods and players like the same operates delivery only verticals with no dine in. o Meal Subscription Services: Provide scheduled, pre-paid meal deliveries (e.g., FreshMenu, HelloFresh). o Nutritional/Health Platforms: Tailored meal plans for health objectives.

o Grocery + Food Delivery Hybrids: The Dunzos and Zeptos of the world moving into hot food.

• Growth Drivers o Increasing Urban Demand for Convenience. o Greater penetration of smartphone and internet. o Change of life-style and dietary pattern.

o Covid-19 accelerated online ordering — contactless dining.

• Customer Segments -Office goers, College students, working professional, health conscious consumer,Tier-1 urban households.

Institutions (canteens, hostels) where it can supply B2B model.

• TECHNOLOGY ADOPTION o Real-time order tracking, AI driven purchase recommendation system, cloud POS systems, delivery routing algorithms, dynamic pricing.

o Intergration with Google Maps,WhatsApp and payment gateways.

• Revenue Models

o Delivery charges, commissions from restaurants, ad revenues from restaurant partners, subscription services like Zomato Pro and kitchen-as-a-service rentals.

• Trends

o Rise of hyperlocal delivery. o Vertical integration (platforms that launch their own brands).

o Sustainability focus: biodegradable packaging, zero-food-waste kitchens.

o Rise of robot kitchens and drone delivery pilots.

5.3.2 BMC as Applied to FoodTech Platforms

By using the Business Model Canvas (BMC) for FoodTech, we were able to dissect how these are companies create, deliver and capture value in this high-speed business of operations.

BMC Breakdown for FoodTech:

• Customer Segments

o Urban consumers (B2C), institutional customers (B2B), restaurant partners, delivery boys (as a gig workforce partner set).

o Segmentation by taste, budget, neighborhood or time of day.

• Value Propositions

o Fast, clean, low cost and broad menu food choices served at the door.

Discoverability of local restaurants.

Discounts for subscriptions, loyalty programs, ease of scheduling.

For restaurants: more visibility, logistical support and marketing.

• Channels o Mobile Apps (Zomato, Swiggy), Websites, Third party integrations (Whatsapp ordering), Voice assistant Skills (Alexa Skills).

o Push notifications, email blast campaigns, social media for acquisition and re-engagement.

• Customer Engagement o Tracking the delivery in real-time, feedback systems, loyalty rewards, chat-based customer support.

o Recommendation of meals according to previous behavior using AI.

o Fun (e.g., masks after x orders).

• Income Sources o Delivery charges from the client. o Restaurant commission (15–30% per order). o Subscription (Zomato Pro, Swiggy One). o Sponsored content widget and banner ads within the app.

o Virtual brand franchising or licensing (Rebel Foods model).

• Key Resources

o Delivery fleet or gig workforce. o Network and exclusive kitchen relationships with restaurants. o Technology backend (order processing system, customer database, payment gateway).

o Brand equity and customer data.

• Key Activities

Managing delivery logistics and routing.

Acquiring and onboarding restaurants.

o User stickiness through marketing and discount. o Minimize the downtime of the apps, make sure seamless UI/UX.

• Key Partnerships

o Restaurants, delivery partners (fleet aggregators), cloud kitchens. o Payment gateway (Razorpay, Paytm), cloud infrastructure(AWS).

o Packaging vendors, logistics service providers.

• Cost Structure

o Rewards to delivery boys partner payouts. o Digital ad acquisition. o Tech maintenance and R&D.

o Refund, food waste management, packaging guide and promotion.

5.3.3 Sector-Specific Challenges

Fast-growing but operationally intensive, the FoodTech sector is margin-sensitive and confronted with a host of ecosystem-wide challenges.

Key Challenges:

• Logistics and Last-Mile Delivery

o Timely, cold-chain, no spills delivery is essential. o Challenges: Traffic, delating times when busy, the unreliability of gig workforce.

o For ice creams, beverages or premium meal cold-chain transportation.

• Unit Economics o Low margins, high operational expenses.

CAC to LTV Early-stage CAC (Customer Acquisition Cost) and LTV (Lifetime Value) can be misaligned.

Markets full of discounts result in reliance on cash burn for growth.

Finding the right mix between pricing transparency and dynamic charges for customers.

• Quality & Safety Assurance

o Issues around food hygiene can grievously affect brand trust. o Relying on third-party kitchens complicates quality control. o FSSAI compliance and local inspections depending on area.

o Upon thousands of restaurant partners or kitchens, standard SOPs are required.

• Returns and Refunds

o Customer dissatisfaction, wrong order, delivery problem.

o High rates of refunds affect how much profitability you have.

• Delivery Workforce Issues

o Attrition among gig workers, no benefits and protest exposure.

o It is an unmet demand for many regions, the safety and insurance of delivery riders.

5.3.4 Example Cases (Zomato, Swiggy, Rebel Foods)

Zomato

• Founded: 2008 as a restaurant discovery app.

• Form factor : Aggregator platform with food-delivery and dine in benefits (Zomato Gold/Pro) + Cloud kitchen tie ups

• BMC Insights:

o Revenues from Commissions, Pro subscriptions, ads placements. o Deep restaurant and courier partnerships. o Challenges: Improving unit economics (profitability), decreasing CAC (marketing costs) and international expansion challenges.

o Imported new things with Grocery Delivery (Zomato Market) during COVID.

Swiggy

• Founded: 2014 as a delivery first platform.

• Model: Hyperlocal delivery platform with verticals such as Instamart, Swiggy Genie.

• BMC Insights:

o Income from logistics charges, commissions and Genie services.

o You have a strong background in tech and route optimization algorithms.

o Differentiator: Good service network even in non-metros.

o Challenges: balancing expansion vs profitability.

Rebel Foods

• Founded: 2011 (Faasos → Rebel).

• Model: World's largest cloud kitchen network, multiple brands from same kitchen (eg Faasos, Behrouz, Oven Story).

• BMC Insights:

o Key activities: centralized kitchen facility operations, menu R&D and virtual brand licensing. o Brand franchise fees, direct sales and delivery platform commission income. o Asset-light kitchen expansion through partner kitchens.

o Pain points: High backend opex, inventory mgmt.

5.3.5 Classroom Activity: Developing a Value Proposition for Foodtech Startup Objective:

Individuals will develop a strong Value Proposition Canvas for an imaginary FoodTech company. That will enable them to decipher customer jobs, pains and gains, and how to customize the offerings.

Steps:

Assign students a type (healthy meals for working women, late-night college food, meal kits for the elderly).

Ask them to define:

Customer Profile (jobs, pains, gains).

Value Proposition (products/services that ease pains and create gains).

Encourage inclusion of:

o Pricing strategy o Delivery model (planned, on-demand, subscription) o Differentiator AI-based meal customization for instance

Student will pitch their value propositions with the Value Proposition Canvas template.

5.4 FinTech Business Models

5.4.1 Overview of the FinTech Sector

The FinTech (Financial Technology) domain aims at fusing finance and technology to provide consumers with new intuitive financial services in a more timely, user friendly and efficient product/service offering e.g., payments, lending, insurance, investment and banking.

Key Points:

• Categories of FinTech Services offered o Digital Payments: Wallets (Paytm), UPI (PhonePe, Google Pay), QR code etc. o Future of lending: Peer to peer lending, BNPL (Buy Now Pay Later), microfinance.

o InsurTech: Ease of buying insurance, claims processing, usage-based pricing.

o WealthTech: Stock trading apps (Zerodha), mutual fund apps (Groww).

o Banking-as-a-Service (BaaS): Embedded finance via APIs for startups and developers.

• Market Drivers o Smartphone and internet penetration. o Government interventions: UPI, IndiaStack, Jan Dhan Yojana. o Growing digital financial literacy and a craving for convenience. o Covid-19 drove acceleration in contactless, digital payments.

• Customer Segments

Retail consumers (urban, semi-urban).

SMEs and MSMEs (credit, payments, accounting).

o Businesses (B2B APIs for payments or payroll).

o FinTechs for white label use by financial institutions.

• Revenue Models

o Transaction-based fees, interest spreads, commissions, B2B involvement price in SaaS.

o Freemium offerings with value-added services.

• Trends

o Full-stack neo banks leading with product becoming mainstream. o Rise of embedded finance and API marketplaces.

o AI-powered credit scoring, robo-advice and fraud detection.

o Growth of decentralized finance (DeFi) protocols.

5.4.2 Application of BMC to FinTech Products

The Business Model Canvas provides a way to frame product features, regulation considerations and monetization approaches that enables FinTech founders to think about them coherently.

BMC Breakdown for FinTech:

• Customer Segments

o Private users: savers, borrowers, traders, 1st time investors. o Businesses: e-commerce merchants, SMEs, gig platforms. □ Institutions: NBFCs, banks, financial advisors.

o Targeting underbanked people with mobile-first banking.

• Value Propositions

Frictionless access to financial services — faster, cheaper, more transparent.

Unsecure credit access with no collateral or hard copy requirement.

Low-cost investment vehicles to create wealth.

o Enhanced financial knowledge via in app learning modules.

• Channels

o Mobile apps (UPI, investments), web dashboards for corporates.

o APIs linked to e-commerce or payrolls.

o Alliances physical retail agents or correspondent banking.

• Customer Relationship o Chatbots, push notifications and video KYC support.

o Gamification to engage investors (badges, leaderboards).

o Dashboard & Financial goal tracking (Personalized) 3.

• Revenue Streams

o Distributor For Platform Owner Merchant fee, Traffic/Platform Usage Fee. o Interests margins (lending and borrowing rates). o Account features or services which suit premium accounts.

o API access/licensing to businesses.

• Key Resources o CORE banking API's, Payment Gateway Licenses. o Solid backend development team, data science work for risk scoring. o Security Protocols and Compliance Certifications (eg PCI-DSS).

• Key Activities o Ensuring security of financial transactions (guaranteed uptime) p. o KYC/AML checks on customer to onboard.

Integration with "banks, regulators, or third-party services."

Fraud detection and dispute resolution.

• Key Partners o Banks, and NBFCs, insurance companies Regulators. o Credit bureaus (CIBIL, Experian), KYC providers, payment processors.

o Legal department and compliance counsels.

• Cost Structure

o Tech infrastructure (cloud hosting, cybersecurity tools). o Licensing, Audit and Compliance fees. o Marketing and referral commissions.

o Customer support and dispute handling.

5.4.3 Sector-Specific Challenges

FinTech startups work in a world that is heavily regulated, trust reliant, and fast changing. Technology and compliance have to coexist the same for this world too.

Key Challenges:

• Regulation & Compliance o RBI (Reserve Bank of India), SEBI (Securities and Exchange Board of India) and IRDAI are responsible for regulating various functions of FinTech companies. o Startups need to be able to comply with KYC / AML, data retention and transaction caps. o Continuous regulatory changes can be catastrophic to business models (e.g., UPI zero MDR policy).

o Sandbox approvals can slow down your GTM (Go To Market) timelines.

• Cybersecurity & Trust

o Financial information is extremely sensitive – needs to be bank-grade encrypted, tokenized, and periodically audited.

Phishing, scamming and identity theft are reputational and legal risks.

Its hard to win the trust of non-digital users and first time investors.

• Customer Education

o Numerous users are not accustomed to financial digital technology. o App being left out because of bad user experience or misunderstood financial terms.

o Needs induction modules and tutorials, literature in vernacular language, gamified modules.

• High Burn and Monetization Lag o UPI-based models (eg Google Pay) are often run on zero direct revenue hoping for long term data monetization.

o User monetization, especially post-acquisition, continues to be difficult in a freemium-first world.

• Interoperability and Integration o Platforms need to be integrated with legacy banking systems and modern API stacks.

o API calls that contain bugs, or the delay in synchs can all affect how we experience using the app.

5.4.4 Examples (Paytm, Razorpay, Zerodha)

Paytm

• Founded: 2010, as a mobile recharge platform.

• Model: Super app for payments, banking, lending, insurance, ticketing.

• Revenue Streams: Merchant fees, Paytm Gold, BNPL lending, ticketing commissions.

• Key Insight: Early lead in mobile payments and wallet services.

• Challenges: Regulatory scrutiny, cutthroat competition by UPI players, poor margins.

Razorpay

• Founded: 2014 as a payment gateway for Indian businesses.

• Model: B2B-focused FinTech with payments APIs, payroll, lending and banking services.

• Revenue Streams: SaaS based API fees, commission on payments, credit interest spread (RazorpayX).

• Key Insight: Ecosystem-focus - startups and SMEs to manage their entire financial backend.

• Challenges: Regulatory complexity, integration scaling.

Zerodha

• Founded: 2010 as an online discount brokerage.

• Model: DIY investment platform with flat-fee trading and Kite web app.

• Revenue Streams: Brokerage revenues (₹20 per trade), interest on margin funding, Subscriptions (Coin, Varsity).

• Key Insight: Grown without the help of outside funds, user education lens.

• Challenges: Ensuring service is available during peak trading hours, complying to SEBI regulations.

5.4.5 Activity: Mapping the Revenue Streams of a FinTech Startup Objective:

Students will name a few income streams for an imaginary FinTech business—like a digital investment platform, UPI payments app or neo-bank.

Steps:

Split students up in groups and give them each a FinTech area:

o Pay o Invest o Borrow o InsurTechexpense tracking apps

Students brainstorm ideas and map sources of revenue:

o Direct user fees (subscription, tx fee) o Merchant fees o Publisher or cross-sell income (insurance, m.f., etc.) o API access for partners

Premium features

The following revenue model matrix is presented for each set of players:

o Short versus Long term profit o Free plans vs Paid planso RPU and RPT metrics

5.5 Comparative Insights

5.5.1 Cross-Sector Similarities and Differences

In contrasting how the Business Model Canvas (BMC) applies to EdTech, FoodTech and FinTech we can observe both strong similarities of form and salient differences in content. Having a grasp of these helps founders and strategists customize their models to market conditions.

Similarities Across Sectors:

• Customer-Centric Design o From all industries using BMC to become focused on customer—framing user needs, mapping journeys, and matching offerings.

O Segmentation makes a significant difference to define the niche market, such as K–12 for EdTech, Tier-1 children & head-around-JJBhood in FoodTech and new investors in FinTech.

• Tech-Driven Value Propositions

o The contribution of value in those sectors relates to convenience, personalization and real time access through mobile apps/cloud platforms. o Examples:

▪ EdTech: Adaptive learning via AI.

▪ FoodTech: Live order tracking.

▪ FinTech: Budget: Budget where money is transferred immediately and robo-advisory.

• Freemium or Hybrid Monetization

Many startups start with a freemium concept to attract users and grow through premium offerings.

o Upsell to paying users are common in EdTech (certification), Food Tech(subscribed-based, FinTech(premium advice/tools).

• Part nership-driven growth o All BMC sectors rely to a high degree on external partnerships:

▪ EdTech with institutions/instructors.

▪ FoodTech with restaurants/logistics.

▪ FinTech with banks/compliance bodies.

• Heavy Digital Focus o Mobile-first interfaces, push marketing and influencer partnerships take the lead in acquisition.

o Gamification, rewards and email/WhatsApp chat are engaging.

Differences Across Sectors:

• Regulatory Environment

o Strictly regulated is FinTech because of financial risks; must adhere to RBI, SEBI, IRDAI. o FoodTech has hygiene, FSSAI and labor-specific standards.

o EdTech is lightly regulated but more active assessment of outcomes and claims o outcomes are assessed.

• Cost Structures

o FoodTech is very cost-heavy (last-mile delivery, inventory, spoilage). o EdTech is content driven but the scalability is more as it's digital only.

o FinTech has high compliance & tech infrastructure costs (servers need to remain on, you need to be audited, licences needed).

• Customer Lifecycle and Retention

EdTech: Long loops of learning but high drop out.

o FoodTech: Shorts transaction cycles but high frequency.

o FinTech: Medium- to long-term relationship; trust is essential for retention.

• Revenue Streams

o EdTech makes money from subscriptions, course sales. o FoodTech earned its revenue through commissions and delivery charges.

o FinTech is dependent on transaction margins, SaaS charges, or sale of financial products.

• Key Resources o EdTech: Teachers, content, LMS. o FoodTech: Kitchens, delivery boys, cloud kitchens..

o FinTech: Developers, security systems and payment divices.

• Customer Education Levels

o FinTech takes more to get onboarded because of finance lingo and trust. o EdTech is segment dependent, but tends to gain from visual based learning tools.

o FoodTech requires the least user training—transactional and utility based.

• Market Timing Sensitivity

o FoodTech and FinTech can be real-time (delivery, payment).

o EdTech can be more adaptive, including self-paced learning.

5.5.2 Implications for Entrepreneurs in All Sectors

Learning from the BMC when examining these sectors, provides important insights for entrepreneurs – no matter the sector they venture into. These insights assist founders in designing, implementing and scaling a business model.

Key Lessons:

• One Framework, Many Readings o The BMC is not a cookie cutter blueprint! Between these two building blocks, entrepreneurs will need to tailor their choices according to industry trends, consumer behavior and complexity of the value chain.

• Begin With a Deep Understanding of the Sector o Before filling out a canvas, founders should research the regulatory environment, customer pain points and competition within their sector.

o For instance, FinTech needs to comprehend the RBI guidelines before finalizing revenue models.

• MVP Must Capture Sector-Specific Needs o In EdTech, MVP could be a small course library. o In FoodTech, a simple ordering system and kitchen partner. o In FinTech you cannot make a MVP without data security and KYC.

• Launch Light and Iterative is the Mantra

o Instead of building out all blocks, just focus on some hypotheses (e.g., value proposition, customer segment and revenue stream), test them and then iterate.

• Trust is a Core Currency

o Trust is important across the board—but how it's conveyed isn't.

▪ FinTech: Regulatory trust, data security.

▪ FoodTech: Quality and delivery reliability.

▪ EdTech: The effectiveness of learning outcomes and mentor credibility.

• Customer Retention Trumps Acquisition o CAC is elevated in all digital-first sectors. You can only increase LTV through habit, community or upsell paths.

• Understand Unit Economics Early 51.

Founders should demonstrate gross margins, pay back periods and break even points in line with reality of their sector.

▪ Example: FoodTech has a larger variable costs base which needs scale to smooth out.

• BMC Is a Living Document o The canvas should be revisited every 3-6 months based on user feedback, changed strategy, or changing partners.

o It should change with the growth stage of a startup – from MVP to scaling to fundraising.

• Balance Vision and Regulation o I see startups fail by discounting compliance in the first stage. Vision should also be legal and ethical plans for execution.

• Hiring Should Reflect BMC Priorities

o In EdTech: creators of content and educators. o In FoodTech: ops managers and delivery coordinators.

o For FinTech: IT engineers and specialists in compliance.

5.6 Summary

❖ The Business Model Canvas (BMC) was used as an adaptable framework aiding multiple startups in various industries to systematize their business.

❖ Context in an industry is important in the use of BMC. EdTech, FoodTech, and FinTch have different customer requirements, regulations and business models.

❖ EdTechs focus on content, learning outcomes and user engagement while addressing the following challenges high cost of acquisition and retention.

❖ Logistics, last mile delivery and partner networks are vital for FoodTech companies in delivering super-fast service without compromising on quality —or get crushed by operational and margin weaknesses.

❖ Fintech solutions need to reconcile innovation with trust, cyber security and compliance delivering inclusive financial services and products while dealing with regulatory systems.

❖ While the specifics vary by sector, BMC components including value proposition, key partners and revenue stream are core to strategy and execution.

❖ Comparison indicates that although there is an overlap of BMC building blocks, strategic attention varies in light of industry-specific problems and possibilities.

perial can draw cross-sector insights (eg the role of trust, customer retention, unit economics and iterative business model evolution) entrepreneuship.

5.7 Key Terms

Business Model Canvas (BMC) – A nine-block strategic tool to develop a snapshot of how a company creates, delivers, and captures value.

Customer Segments - The particular set of people or organizations an organization is focusing on to reach its customer needs.

Value Proposition - What makes this product different and solves a problem or meets a customer need?

Revenue Streams – The customer segments from which a company earns money.

Critical Activities" - The most important things a company must do in order to deliver its Key Value Propositions.

FINTECH – Technology businesses in the financial sector that provide digital solutions for payments, banking, lending or investment.

FoodTech – This includes companies that are technology driven and offer products for food delivery, kitchen operations, or meal subscriptions.

EdTech – Digital Learning, Training and Skill Development Services of Educational Technology companies.

Unit Economics: The profitability formula per item for gauging whether the model works at scale.

Freemium Model — Services are free for the most basic features and users have to pay for more or premium features.

5.8 Descriptive Questions

On sector-specific startups and the Business Model Canvas would apply.stopPropagation()" Explain how you can use Business Model Canvas to start your company, with specific focus on different sectors This post is 31 of 30 posts in 30 days at OzInnovate. Illustrate with an example.

What's the difference between the business model of EdTech and FoodTech?

Describe the problems that EdTech startups encounter with customer acquisition and retention.

How does last mile delivery affect the cost structure of FoodTech companies?

Discuss the impact of regulation and compliance on FinTech's in India.

Compare the revenue buckets of Zomato, Paytm and Unacademy through BMC structure.

Explain the role of strategic partners in scaling FoodTech / FinTech platforms.

Explain how the Value Proposition changes if you use BMC in EdTech and not as a FinTech.

Does customer confidence serve as a determinant of FinTech startups business model?

Transferability across sectors How the learning from applying BMC in one sector can be used to inform another sector?

5.9 References

1. Osterwalder, A., & Pigneur, Y. (2010). *Business Model Generation*. Wiley.

2. Teece, D. J. (2010). Business Models, Business Strategy and Innovation. *Long Range Planning*, 43(2–3), 172– 194.

3. CB Insights. (2023). *FinTech 250: The Top FinTech Startups of 2023*.

4. BCG & NASSCOM. (2022). *India's EdTech Sector Report*.

5. Inc42. (2023). *State of Indian FoodTech Ecosystem*.

6. EY. (2022). *Reimagining Financial Services in the Digital Age*.

7. KPMG. (2021). *Emerging Trends in Indian FinTech*.

8. Strategyzer. (2024). *Business Model Canvas Templates and Resources*.

9. Zomato, Swiggy, Paytm, Unacademy – Company Annual Reports & Investor Presentations (2022–2023).

5.10 Case Study

"Canvas Clash: One Canvas, Three Industries"

Introduction

A company builder churned out 3 start-ups EduRise (EdTech), QuickDish (FoodTech) and FinLoop(FinTech) which was launched by alumnus of the same business incubator. Both teams adopted the Business Model Canvas (BMC) as their primary sensemaking tool when starting out on their journey. Although the framework provided an initial configuration for each group, thereupon they realized that many sector-specific factors demanded a personalized adaptation of each block. This case study will track their progress, the obstacles that lay in their path, and how they modified BMC for it to succeed.

Background

• EduRise introduced an affordable online learning platform for students in Tier-2 cities to prepare for competitive exams. They wanted to offer bilingual videos, test series and career mentorship.

• QuickDish created a cloud kitchen network offering subscription-based, daily meal boxes for working professionals in Bengaluru. The app provided meal customization options and tracked calorie intake.

• FinLoop created a mobile-first micro-investment app geared to gig workers. The product was rounding off all digital transactions and investing the spare change in mutual funds and gold ETFs.

Every startup used a similar BMC template as a starting point, but external limiting factors pushed them to iterate their canvas in unique ways. Their narratives underline how sectorial characteristics inform business models, even when sharing the same structural instrument.

Problem Statements & Solutions

Issue #1: Misaligned Revenue Streams in EdTech

• Issue: EduRise provided premium mentorship and mock tests at a low cost, in the expectation of converting freemium users into paying customers. But the users still consumed only free resources.

• Solution:

o Pioneer milestone-unlock model (free users had partial access but tests and solutions were paid)

Partnership with coaching institute for B2B licensing of their test bank.

o Incentivised “refer and unlock” mechanics to drive natural growth and viral referral.

Issue 2: Delivery Logistics and Burn in FoodTech

• Issue: QuickDish had difficulty making on-time deliveries across zones as costs of fuel and packaging were increasing. Margins were tightening, and customers were churning out.

• Solution:

o 3 main zones for centralized kitchens, to minimize delivery coverage and distance.

o Moved to meal plan model (weekly/ monthly) to achieve forecastable demand, minimize waste.

o Opted to work with hyperlocal delivery players as opposed to an in-house fleet.

Issue 3: Regul atory Uncertainty in FinTech 3.1 Regulatory dilemma However, this is not the case.

• The regulatory challenge: FinLoop was not sure if the burden of NBFC licensing on full SEBI registration as an investment platform with a ‘round-up and invest’ model would apply to them, or if they’d be exempt from this too.UNKNOWN. Investors didn't have confidence in the financial products.

• Solution:

 Partnered with an AMC registered mutual fund distributor to provide products through APIs, using their license.

o Introduced RBI / SEBI declarations; collaborated with credit bureau as KYC entities.

o Launched saving goals and educational nudges in a gamified way to create more awareness among users and established trust.

Case Questions

How did each startup modify the “Revenue Streams” and “Customer Relationships” blocks of BMC to fit their industry?

How did partnerships contribute to scale across the three business models?

Compare EduRise and QuickDish Costing. Why is there so much variance in unit economics from sector to sector?

What is the difference in compliance for FinTech vs other sectors such as EdTech or FoodTech when it comes to bmc?

If you started an EdTech–FinTech Marketplace (hybrid of Education and Finance), What would be the value proposition and revenue stream(s) of the platform?

Conclusion

Lesson Learnt Figure 2.Case study summary The presented case shows that although the BMC proposes a common format, its application must be adapted to every industry. Entrepreneurs need to not only comprehend their sector, but also be able to sense just how much they can dynamically shift each canvas block over time as customer needs and regulations and operational constraints change. The main lesson: The BMC is a pliable blueprint — not a rigid formula.

New Age Business Unit 7 V3.docx

New-age Business Models_BBA_2

New-age Business Models_BBA_2

ATLAS SkillTech University

Document Details

Submission ID

trn:oid:::3618:127450503

Submission Date

Feb 3, 2026, 4:55 PM GMT+5:30

Download Date

Feb 3, 2026, 4:58 PM GMT+5:30

File Name

New Age Business Unit 7 V3.docx

File Size

290.4 KB

44 Pages

6,088 Words

39,639 Characters

0% Overall Similarity

The combined total of all matches, including overlapping sources, for each database.

Filtered from the Report

- Bibliography
- Quoted Text
- Cited Text
- Small Matches (less than 15 words)

Match Groups

0 Not Cited or Quoted 0%
Matches with neither in-text citation nor quotation marks

0 Missing Quotations 0%
Matches that are still very similar to source material

0 Missing Citation 0%
Matches that have quotation marks, but no in-text citation

0 Cited and Quoted 0%
Matches with in-text citation present, but no quotation marks

Top Sources

0% Internet sources
0% Publications
0% Submitted works (Student Papers)

Integrity Flags

1 Integrity Flag for Review

Hidden Text
33 suspect characters on 3 pages
Text is altered to blend into the white background of the document.

Our system's algorithms look deeply at a document for any inconsistencies that would set it apart from a normal submission. If we notice something strange, we flag it for you to review.

A Flag is not necessarily an indicator of a problem. However, we'd recommend you focus your attention there for further review.

Match Groups

- **0** Not Cited or Quoted 0%
  Matches with neither in-text citation nor quotation marks
- **0** Missing Quotations 0%
  Matches that are still very similar to source material
- **0** Missing Citation 0%
  Matches that have quotation marks, but no in-text citation
- **0** Cited and Quoted 0%
  Matches with in-text citation present, but no quotation marks

Top Sources

0% Internet sources
0% Publications
0% Submitted works (Student Papers)

Unit 7: Business Models in Action — Sectoral Insights III (LegalTech, Healthtech & Wearable Tech)

Learning Objectives

1. Learn the special place that business models hold in professional services and health care related innovations.
2. Critically Evaluate the use of Business Model Canvas (BMC) for LegalTech, HealthTech and Wearable Tech.
3. Assess industry-specific challenges such as complex regulations, data privacy, and hardware limitations.
4. Participate in discovering ways startups can go to market through partnerships and platform.
5. Take real world examples of cases like LegalZoom, LawRato, Practo, GOQii etc to understand it more practically.
6. Analyze parallels and divergences in the BMC schema between service- and health-tech domains.
7. Develop value propositions, business models, and partner strategies specific to technology-enabled service vertical markets.

Content

7.0 Introductory Caselet

"Disrupting the Status Quo: Innovation in Law, Health and Wellness"

In a world that's become increasingly digital, old industries (like legal services, healthcare and working out) are being reimagined by startups that look to improve longstanding inefficiencies. Take three start-ups: LawBridge, a LegalTech company which is streamlining contract workflows for SMEs; MediConnect, a HealthTech app that enables teleconsultations and digital prescriptions; and PulseWear, a wearable tech brand that is catering to the tier-2 city consumer with low-cost health-tracking bands. Every single one of these companies is in a heavily-regulated, traditionally offline industry. But in the era of mobile, cloud and analytics based on AI, they are rewriting the way customer service is delivered to customers. But their growth is not constrained by technology—but by the challenge of creating trust, partnerships and scalable revenue models. These companies need to create solid BMCs that cover stakeholder interests, data governance, service reliability and monetization. This unit gives us the opportunity to investigate how BMC frameworks are applied by emerging service sectors to real world problems and deliver innovation as well compliance.

Critical Thinking Question

Trusted based services like Google and Yahoo are trusted because of entrenched mindshare, relationships, and regulation. Tech startups, on the other hand, focus instead on speed, automation and scale. This leaves entrepreneurs navigating a unique friction: how to maintain the trust and human touch of legacy industries, while bringing digital innovation that is more efficient. Consider how startups in industries such as LegalTech or HealthTech may account for these forces when developing their business models. What sacrifices would have to be made with regard to pricing, partnerships, and the user experience? But can technology ever truly replace the human touch in such high-trust businesses?

7.1 Applying BMC to Emerging Service & Health Sectors

7.1.1 Role of Business Models in Professional Services and Health Innovation

Such legacy systems were structured around time-based billing, on-site consultations and rigid service infrastructures; in well-established industries such as law and healthcare. These sectors need to move towards value-based, tech-centric and customer-focused model in the digital age.

Key Points:

• Service Standardization:

o Business models make gneric what was previously bespoke or ad hoc.

o E.g., document automation for law or virtual health check-ups turn human service into scalable services.

• Customer-Centric Transformation:

o In healthcare and law firm services, customers have begun to expect the convenience, transparency and access of digital.

o Business models should emphasize user onboarding, mobile-first interfaces, and dynamic access to professionals.

• Compliance and Risk Handling:

o Unlike e-commerce or content, these industries need to develop models that comply with the legal frame work such as HIPAA (health), Advocates Act (Legal).

o Risk reduction is embedded in the naïm pricing and value discovery mechanism.

• Innovation with Empathy:

o Automation and Empathy need to go together in HealthTech & LegalTech. Patients and clients demand empathy, with added efficiency.

o This is the equilibrium that customers balance in the BMC.

• Revenue Complexity:

o HealthTech can monetize via doctors, hospitals, patients or insurance companies. o LegalTech can get paid through subscriptions, success fees or leads.

BMC compels entrepreneurs to seek out obvious revenue streams, involving many parties.

7.1.2 Top-Down Analysis of LegalTech, HealthTech & Wearable Tech

A “top-down” approach to sector analysis starts with macro-level drivers, then reference points business model adaptations within those sectors. This tailors the design of the BMC to real-world limitations and possibilities.

Key Points:

• LegalTech Sector:

o Macro Driver: Legal complexity + digitization push through in courts.

o Business Impact: Startups are emerging in case management, legal drafting and lawyer discovery.

o BMC Application: TrustBox – high trust requirement by lawyers, support agreements with lawyers and onboarding of client.

• HealthTech Sector:

o Macro Driver: Health access gaps + the surge in chronic diseases + COVID-19 digital push.

o Business Impact: Telemedicine, EMRs, AI diagnostics and e-pharmacies.

o BMC Implies: Regulatory constraints, data privacy and constructing B2B2C distribution model.

• Wearable Tech Sector:

o Macro Driver: Wellness trends + fitness awareness + health tracking.

o Business Impact: Smart bands - IOT, Continuous monitoring tools – Health scores linked to insurance predominating.

o BMC Implication: Large hardware cost structure, rely on partnerships with retailers and subscription business model for value-added services.

• Cross-Sector Similarities:

o They all have a heavy use of mobile, data security and personalization. o Ecosystem partnerships with labs, hospitals, law firms or insurance companies.

Did You Know?

“Among other developing countries, you’ll have 40 million cases pending in the Indian courts, and less than 2% of lawyers are using digital case management tools. For example, only 30% of private Indian hospitals utilize EMRs. The wearable tech industry is also changing — insurers are now even offering discounts based on your step count and sleep patterns using that same data worn on your wrist. These are important facts that show how rapidly growing

service sectors still have a mountain to climb in terms of digital adoption, and present both opportunity and challenge for startups working on scalable business models.

7.1.3 Building New Business Ecosystems Around Innovation

New service sectors can't scale in a vacuum — they need networked business ecosystems composed of incumbents, entrepreneurs, customers, regulators and technology players. Developing these ecosystems are vital for adoption, acceptance, and growth.

Key Points:

• Multi-Stakeholder Value Chains:

o LegalTech startups build applications that need to be used by lawyers, bar counsel, clients, and paralegals. o HealthTech start-ups are dependent on partnerships with diagnostic labs, pharmacies/hospitals & insurers.

• Platform Thinking:

o New models are platform-based enabling third parties (e.g. doctors, law firms) to participate and co-creating services.

o Ecosystem based valuation enables network effects and scalability.

• APIs and Integration Layers:

o Interoperability is becoming integral to business models— e.g., wearables connected to hospital records or fitness apps.

o BMC elements like “Key Partnerships” and “Key Resources” must take into consideration these interdependencies.

• Trust Infrastructure:

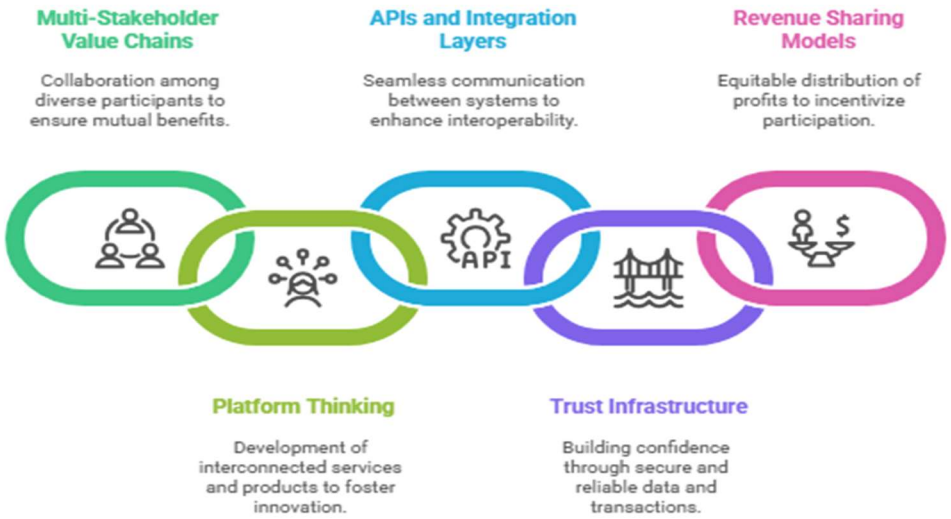
Ecosystem models require trust across partners — vetted lawyers, licensed doctors, safe data sharing.

o Reputation, certification and encrypted communication are included in the value proposition.

• Revenue Sharing Models:

o Distributed ecosystems facilitates multi-stakeholder revenue share, e.g., commission to doctors on teleconsult platforms.

o (A1,BAA)Entrepreneurs need to disentangle income streams in the BMC, balancing partner’s incentives.



7.2 LegalTech Business Models

7.2.1 Overview of LegalTech Industry

LegalTech is a term which encompasses the use of technology to facilitate legal services, improve access to justice and provide efficiency in legal processes. This includes things like legal research tools, contract automation, online dispute resolution (ODR), document management and even lawyer discovery platforms.

Key Points:

• Types of LegalTech Solutions:

o With document automation (e.g., contracts, NDA's, wills). o Internet - usc online help for legal advice and lawyer matching. o E-Discovery tools for litigation support. o AI solutions for legal analytics, predicting case outcomes.

o Online Dispute Resolution (ODR) platforms.

• Target Audiences:

o Individual clients seeking legal help. o SMBs with regular compliance requirements. o Law firms who want to get digital.

• Courts and other regulators mandating one or the other technology e-filing or ODR.

• Market Drivers:

o Case backlogs in conventional courts. o Additional administrative requirements placed on businesses. o Increasing digital fluency and a move away from traditional solutions. o Entrance of non traditional players (e.g. SaaS start-ups, fintechs).

• India-Specific Trends:

o ODR is getting more traction because of delays in the courts. o Online legal services for startups and gig economy workers on a budget.

ii.e-Government's interest in digitising the delivery of justice (eCourts mission mode project).

Did You Know?

“India has 1.4 million lawyers and only about 5% are listed on digital platforms. Far fewer still use client relationship software or legal analytics tools. The Indian justice system -- one of the oldest in the world -- embraced virtual court hearings only after a global pandemic made digitisation imperative. But platforms like Sama have settled more than 1.5 million disputes online now — often in less than 30 minutes.

This is an indication to a silent but disruptive change happening in the way legal services are being consumed and rendered in India.

7.2.2 Application of BMC to LegalTech Startups

So, LegalTech vendors need a business model grounded in trust, compliance, multi-party participation and data security. The BMC provides a means for dissecting said complexity in terms of proximate targets.

BMC Breakdown:

• Customer Segments:

o B2C: Consumer, single workers, tenants, honeymooners (will, rent agreement etc.). o B2B: Startups, SMEs, HR teams,(compliance, contracts). o B2L: Lawyers and law firms need tools, they need traffic.

• Value Proposition:

o Aguix Legaltech AGWe offer easy, quick and non-bureaucratic access to the law. o Online lawyer search, credentials verification and fixed fees. o Templates and do-it-yourself kits for common legal tasks. o Copy legal docs and agreements in safe place.

• Channels:

o Website, mobile app. o Partner channels such as startup accelerators, HR portals. o Integration with commercial CRMs or payment gateways.

• Customer Relationships:

o Live chat, call consultations and AI-chatbots for simple issues. o Ratings and reviews help maintain long-term trust. o Revision of documentation or helpdesk by subscription.

• Revenue Streams:

o Fee to the lawyers on every transaction.

o Membership for on-going legal support (SMEs/startups).

o Pay-per-use templates and document downloads.

o Freemium model with pay features (e.g. reviewing contracts).

• Key Resources:

o Creators of content, lawyers and specialists in compliance. o Technology platform, and encoding mechanisms. o Attorney verification and registration mechanisms.

• Key Activities:

o Legal libraries, lawyer database, content generation management.

o SEO/SEM to attract legal traffic.

o Quality of service and privacy o Making sure all health services are provided with respect for people's privacy.

• Key Partnerships:

o Bar associations (for lawyer listings). o Government/legal authorities for compliance.

o Startups, HR tech platforms, fintechs (integration and lead gen).

• Cost Structure:

o Platform development and maintenance.

Lawyer onboarding and verification.

o Legal expert team, content creation.

o Customer care, advertising and storage in the cloud.

7.2.3 Sector-Specific Challenges

LegalTech startups have special challenges, given the conservative nature of the legal system and its regulatory wall as well as it's resistance to high tech solutions.

Key Challenges:

• Regulatory Complexity:

o In some after being licensed by what yourself have heard of, only a lawyers may give advice.

o Un-accredited platforms should ensure they do not contravene with the Advocates Act.

o Sophisticated Compliance knit rules in contracts, IP or employment law.

• Trust & Confidentiality:

o Legal is very personal—speaks to clients' need for confidentiality. o Platforms should ensure secure communication, document security, and non-disclosure agreements.

o There is a need for reliable and non-deniable reputation systems.

• Adoption by Traditional Law Firms:

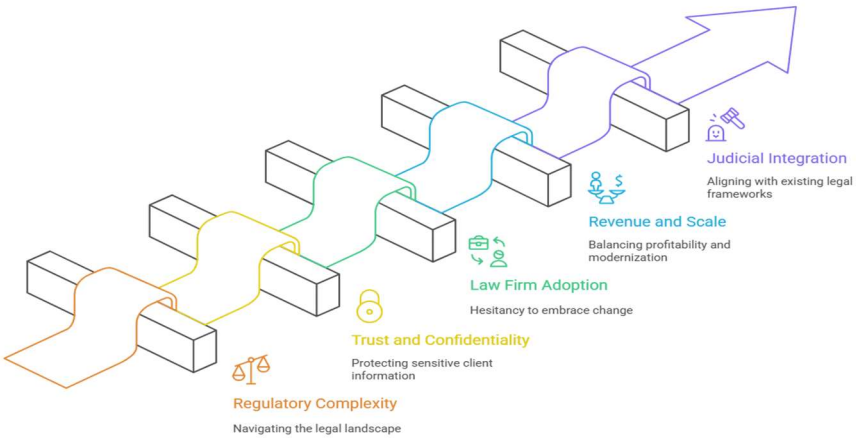
o The majority of lawyers see LegalTech as a threat to billable time. o Automation tools such as contract-drafting face resistance. o Training and digital onboarding are still huge bottleneck.

• Revenue and Scale Issues:

o Low repeat usage; customers typically desire an occasional clean. o Free legal templates cut down on possible monetization. oScaling: needs trust to build between regions and legal languages.

• Judicial Integration:

o Courts are decidedly low tech—fertile ground for synergy with tech tools. o eFiling and remote courts are not uniform from state to state.



7.2.4 Case Studies

LegalZoom (USA)

- Provides online legal documents and attorney help.
- Monetizes through subscriptions, bespoke legal forms and live consultations.
- Recognized for making legal help available to all, particularly small businesses.

LawRato (India)

- Lawyer discovery + booking platform.
- Relies on rated lawyer listings and fixed-fee consultations.
- Robust SEO play; a good presence in Tier-2 cities.

VakilSearch (India)

- Startups, GST filings, company registration-related.

- Provides Legal + Accounting + Compliance as bundled services.

- Payments for packages and annual subscriptions.

Sama (India)

- Online Dispute Resolution platform.

- These are being used by banks, NBFCs and companies for speedy resolution of cases.

- Relies on neutral third parties and is a part of India's ODR ecosystem.

7.2.5 Classroom Activity: Create a Value Proposition for a LegalTech Startup Objective:

Lecture: Finding Your LegalTech Startup Opportunity (Concept) – Students will complete a value proposition block for a fictitious consumer or SME focused legal tech startup.

Instructions:

- Put students in pairs or small groups.

- Each team will select a niche — such as, rental agreements, startup compliance, consumer dispute resolution.

• They must identify:

o Target customer segments. o The exact pain point in the law.

o Distinctive, unique value of their platform.

• Invite the teams to write a one-sentence value proposition in this manner:

“For [customer] that need to [problem] our solution is [value] through [channel, characteristic].

• Teams make presentations to the class and receive limited feedback from peers.

This activity helps to understand problem-solution fit (particular in the design of BMCs in high-trust service industries).

7.3 HealthTech Business Models

7.3.1 Overview of HealthTech Industry

HealthTech seamlessly blends healthcare delivery with technology to improve access, affordability, diagnosis and treatment as well as patient experience. It includes telemedicine, e-pharmacies, AI diagnostics, wearable tech for monitoring, EMR platforms as well as hospital workflow tools.

Key Points:

• Sub-Sectors in HealthTech:

o Telemedicine: Doctors’ visits through apps or video. o E-Pharmacy: Medicine will be delivered at home after placing an order on line. o Health Records (EMR/EHR): Storing and

accessing patient details digitally. o Diagnostics & AI: Lab appointments, AI-based imaging products. o Health Analytics: What number to call for predictive analytics, chronic care steering.

o Remote Monitoring Devices: Intelligent glucometers, ECG trackers, etc.

• Target Users:

o Urban and rural with limited hospital accessibility patients. o Physicians, clinics and hospitals gathering patient management in digital form.

o Insurance carriers using health data to create risk-based plans.

• Industry Drivers:

o Urbanization and increase of chronic diseases. o Penetration of smartphones, even in the tier-2 and tier-3 areas. o Government assistance (such as Ayushman Bharat Digital Mission). o COVID-19 boosting telehealth and e-Rx.

• Global vs. Indian Trends:

o India's emphasis on low-cost and multilingual platforms.

o Western markets gets more regulation-light innovation (e.g. FDA approved apps, HIPAA compliance).

Did You Know?

"India's digital health sector is projected to reach **$37 billion by 2030**, yet only **15% of hospitals** currently use **Electronic Medical Records (EMRs)**. Meanwhile, the Ayushman Bharat

Digital Mission (ABDM) aims to assign every citizen a **unique Health ID**, enabling centralized, lifelong health data access. Few students realize that companies like **HealthPlix** are already digitizing over **2 crore patient**

7.3.2 Applying the BMC to HealthTech Startups

BMC Model for HealthTech startups must demonstrate the complexity of rules and regulations, multi-versions of stakeholder involvement and a solid backend system. Their models, unlike all things ecommerce, balance profit with compliance/ user education/ long-term data trust.

BMC Breakdown:

• Customer Segments:

o Patients (urban, rural, chronic care).

o Doctors, hospitals, and clinics. o Pharma retailers, and diagnostic labs.

o Insurance companies (in B2B2C models).

• Value Proposition:

o More affordable and faster access to doctors & medicines from remote areas. o Integrated health data and patient tracking. o Customized diagnostics and prescription administration. o Lowered burden of operation for hospitals and doctors.

• Channels:

o Mobile apps (e.g., Practo, 1mg). o Hospital system integrations (B2B EMR). o WhatsApp/chatbots for low-digital-literacy users. o B2B sales-alliances with pharma/insurance companies.

• Customer Relationships:

o AI-Based follow-ups (medicine reminders, digital prescriptions). o Doctor rating and feedback channels.

o Loyalty programs or subscription packages.

• Revenue Streams:

o Charges for consultations (commis sion or market model). o SaaS subscriptions to clinics or hospitals (HealthPlix model). o Medicine sales margin(so net profit here will be less) (e.g., Pharmeasy). o Diagnostic test commissions (1mg, Medibuddy).

o Freemium with analytics (paid) for hcp or insurances.

• Key Resources:

o Doctor onboarding and verification database. o Medical adherence specialists and collaboration.

o Safe information storage under HIPAA or NDHM-certified secure cloud based infrastructure.

o Customer support and multilingual capability.

• Key Activities:

o Managing consultation and pharmacy logistics. o Links to labs, hospitals, and pharmacies. o Prescription and adherence flows.

• Key Partnerships:

o Licensed doctors, clinics, hospitals. o Diagnostic labs and pharma suppliers. o Insurers and TPA system.

o AI in digital health, government (for example: Ayushman Bharat).

• Cost Structure:

o Platform development and API integrations. o Doctor onboarding KYC Verification.

o Customer acquisition, awareness, and support.

o Compliance audits and legal overheads.

7.3.3 Sector-Specific Challenges

HealthTech is a sensitive area where data reliability, compliance and user trust are just as important as functionality and speed.

Key Challenges:

• Data Privacy:

o Health is one of the most sensitive data. Start ups are also required to have encryption, consent-based sharing and safe storage.

o Mandatory to adhere with India's Digital Personal Data Protection (DPDP) act and NDHM norms.

o Sharing with non-designated parties (such as insurance companies or advertisers) without permission can undermine trust.

• Regulatory Compliance:

o Doctors, and platforms complying with Telemedicine Practice Guidelines (2020) in India. o Platforms can need approvals of medical boards or pharmacy licenses. o Malpractice can results from misinformation, misdiagnosis, or mistakes.

• Patient Adoption:

Many patients — especially in rural or older populations — push back against virtual appointments. o Limited acceptance as a result of preference for "touch and feel" diagnosis.

o Digital literacy, language and trust in online prescriptions are primary friction points.

• Doctor Engagement:

o High-value doctors are busy and reluctant to move onto digital product.

o Precisely...building EMR workflows that don't disrupt their consulting style is quite important.

• Unit Economics:

o CAC is high; LTV relies on multiple consultations, subscriptions, or cross-sells.

o Low margin do in medicine sales as the business is competitive.

7.3.4 Case Studies

Practo

• India's biggest doctor search and tele-consultation platform.

• Provides clinic SaaS and integration with health records and insurance.

• B2C + B2B model; revenues come from consultation fees and software licenses.

1mg (Tata 1mg)

• Online medicine delivery + lab test booking.

• Runs on high volume, low margin pharmacy model.

• Pharmacy — Makes lab, doctor and wellness ecosystem into one.

Teladoc (USA)

• Worldwide telemedicine company using A.I. for diagnosis.

• Created a big bet on the chronic disease space with acquisition of Livongo.

- Receives income through employer health plans and insurers.

HealthPlix

• India-focused EMR for doctors.

- Clinic digitization, Practice Management.

• Serving 10,000+ physicians; monetizing via SaaS + pharma partnerships.

PurpleDocs

• An organization that digitizes hospital records and provides access to them over the cloud for health care professionals.

• Targeting Tier-2/3 hospitals with low tech infra Restricts use for Blockchain.

Logy.AI

• Medical diagnostic automation with AI and deep learning.

• Works with pathology labs and hospitals on visual detection.

Pharmeasy

• E-pharmacy having lab booking and doctor discovery.

• Focused on B2C, recently pushed into diagnostics and D2C wellness.

7.3.5 Classroom Activity: Mapping Key Partnerships for a HealthTech Start-Up Aim

Students will learn about the Key Partnerships block of BMC by building a partner network for a hypothetical HealthTech startup.

Instructions:

• Give students a brief: A startup called MediServe would like to be able to supply virtual consultations + medicine delivery + diagnostic booking.

• Students will identify:

o Consultants' partners (physicians, medical association). o Partners for diagnostics (lab chains, phlebotomists). o Partners for e-pharmacy or licensed vendors, cold-chain logistics). o Integration partners (payment gateways, NDHM health stack).

• Teams will draw a partner map and consider:

o Value provided by each partner. o Incentive alignment (revenue, branding, access).

o Each risk or the dependent of each.

This interactive learning brings home to students just how interconnected the HealthTech ecosystem is, and that partnerships are the source of both trust and operational scale.

7.4 Wearable Tech Business Models

7.4.1 Overview of Wearable Tech Industry

The wearable tech market includes products that are smart and sensor-rich, tracking their wearers' health, fitness and lifestyle in real time. These range from smartwatches and fitness bands to ECG patches, sleep monitors and medical-grade sensors in a wearable format. Market expansion trends include surging healthcare awareness, mobile ecosystem integration and personalized health and wellness demand.

Key Points:

• Types of Wearable Devices:

o Consumer Devices: Fitness bands, smart watches (for example GOQii, Fitbit, Apple Watch).
o Medical Devices CGMs Smart ECG patches.

o Hybrid Devices: Devices that capture lifestyle data, connectivity with hospitals and insurance.

• Key Features:

o Monitor steps, calories burned, heart rate, blood oxygen levels, sleep quality and stress. o Provide users with live alerts, data visualization and health status reports on mobile apps.

o Some give a glimpse into insights- either through AI or have an integration with 3rd party services

• Industry Growth Drivers:

o Post-COVID health awareness. o Fitness tracking in exchange for insurance discounts.

Digital wellness programs by corporates.

Compatible with Apple Health, Google Fit and NDHM platforms in India.

• Key Trends:

o Attention moving from step-counting to overall health (sleep, stress, women's health).

o Transition from consumer wearables to medical grade certifications.

o Relationships with hospitals, insurers and personal trainers.

7.4.2 The Application of BMC to Wearable Device Startups

Wearable startups need to operate hardware production, data analytics and long-term engagement modes.

The BMC contributes to explaining how each taks links to the creation of value for the business.

BMC Breakdown:

• Customer Segments:

o Health-conscious consumers. o Chronic patients (diabetes, hypertension). o Insurers selling wellness-linked policies. o Corprates wants to deploy Employee Wellness programs.

o Hospitals integrating continuous monitoring tools.

• Value Proposition:

o Real-time personalized health tracking. o Better health and lifestyle caution. o Early detection and remote-care medical grade. o “Monetizing health” by earning points(go qii’s karma) _ _ o Incentivized health through rewards (goqii karma points model)

o Complete ecosystem (app + device + partner services).

• Channels:

D2C through website and e-commerce (Amazon, Flipkart).

Off-line retail in electronics or pharmacy chains.

o B2B through wellness providers, insurers, hospitals.

o Mobile app (care, alerts, upsell of services).

• Customer Relationships:

o App-based engagement, reminders, gamification. o Health coach chat (live or AI). o Regulathlth reviews or digital scores.

o Rewards and community challenges for retaining users.

• Revenue Streams:

o One-time device sale (hardware margin). o Repeat it subscribing businesses (health report, coaching). o B2B licensing (e.g. for insure-linked wellness).

o Affiliate income (eg, selling health products, in-lab testing). o Data insights (aggregated, anonymized) for partners.

• Key Resources:

o Hardware R&D and manufacturing partners. Characters: o App developers and cloud infrastructure. o Health professionals, a trained coach or an artificial intelligence (AI) group working in analytical team. o Regulatory professionals (if asserting health conformity).

• Key Activities:

o Device design, testing, and iteration. o App upgrade and feature development.

Partner onboarding (labs, doctors, insurers).

Customer support and tech troubleshooting.

• Key Partnerships:

o Manufacturers and IoT suppliers. o Fitness coaches, dieticians, doctors. o Insurance companies for health-related plans.

o Hospitals, Telemedicine Apps for Data Sharing.

• Cost Structure:

o Significant up-front R&D and prototyping cost. o Stock, shipping, warranty and returns. o App maintenance, cloud hosting and analytics.

o Partnerships and customer acquisition costs.

7.4.3 Sector-Specific Challenges

The wearable tech industry straddles both hardware and software, along with healthcare — meaning that there are uniquely both operational and strategic challenges.

Key Challenges:

• Hardware Development Costs:

o Wearables need to be designed, prototyped, tested and produced at a significant cost. o High failure rates – Physical product return, Quality control and Battery life are large concerns.

o Newer startups are sometimes challenged by MOQ's from manufacturers.

• Integration with Health Platforms:

o Medical-grade wearable should sync up with EMR systems, hospital software and health platform and_。

NDHM.

Lack of interoperability can limit the usability of a product.

Standards differ by geography — India doesn't yet have strong standards for wearable health data.

• Continuous Innovation:

o Consumer expectations change fast and what you considered to be cutting edge 5 years ago, is now one of those watches that's quite frankly showing it's age – ECG reading, SpO2 monitoring or AI health scoring (disclaimer: these are purely hypothetical examples!).

o Product life-cycles are short, failure to innovate results in churn.

o Startup should have continuous spend on firmware and software improvements in order to remain competitive.

• Data Security & Privacy:

o Wearables carry personal-health data, with potential lawsuits and brand damage if hacked.

o Requirements around explicit consent and storage, such as GDPR, HIPAA, and India's DPDP ActILLISECONDS.

• Distribution & Support:

o Logistics, returns warranty and device support needs physical as well as tech backbone.

o It is expensive for new entrants to build a servicing network throughout the nation.

7.4.4 Case Studies

Fitbit (USA)

• Pioneer in consumer fitness tracking.

- Devices sold + premium app features (sleep analysis, coaching) for purchase.

- Purchased by Google in 2021; concerns were sparked about data privacy.

- Business model: device + subscription❖+ data-driven services.

Apple Watch

- Premium wearable, combining health+style.

- Gives you an ECG, blood oxygen levels, workout tracking and fall detection.

- Device-sales monetizer, but also a form of indirect monetization through ecosystem lock-in.

- Syncs with Apple Health, hospitals and insurers.

GOQii (India)

- India-based wearable + health ecosystem startup.

- Mixes fitness bands, coaching, telemedicine and e-pharmacy.

- Non-linear model of “karma points” to incentivize health behavior.

- Income from hardware, subscription, insurance partnerships and brand tie-ins.

7.4.5 Activity: Create Revenue Streams for a Wearable Tech Startup Goal:

Students will develop justifiable, innovative and sustainable revenue models for a fictitious wearable tech startups, whose users are urban Indians.

Instructions:

• Brief: VitaBand A startup called VitaBand wants to release an affordable fitness tracker that provides sleep, heart rate and diet advice.

• 3 separate sources of income should be established by students, e.g.:

o One-time hardware sales. o Monthly health coaching or AI analytics subscription.

o Affiliate sales of protein, supplements or fitness gear.

o B2B licensing to insurance companies or corporates.

• Encourage students to discuss:

o Short-term vs long-term monetization. o Scalability and customer retention: The company's business model is highly scalable and has a large proportion of long-term bookings.

o Advantages and disadvantages of health service integration.

This exercise develops the capacity of students to get beyond product innovation and focus on business sustainability and revenue diversification planning.

7.5 Comparative Insights

7.5.1 Similarities and Differences Across LegalTech, HealthTech, and Wearables

Though LegalTech, HealthTech and Wearable Tech have distinct end goals they all share many common denominators emerging as a result of digitalization, trust and personalization. A comparison of both assists with understanding shared templates and industry nuances when putting business models into practice.

Similarities:

• Trust-Driven Domains:

o All three industries process sensitive personal information (health records, legal files, biometric data).

o Ensure business model has been designed from outset to prioritize data privacy, security and compliance.

• Tech-Mediated Services:

o Based on mobile-first technology, cloud infrastructure and third-party system integrations.

o Use of AI/ML for personalization, prediction or workflow optimization.

• Multi-Stakeholder Engagement:

o Success in services requires partnerships – with doctors/lawyers; and both hospitals or manufacturers in devices.

• Customer Education Required:

o These industries can be high-touch and hands-on, you have to handhold them into the product and do UX design to get them to use the products.

Differences:

• Revenue Models:

o LegalTech, typically single-use or subscription. o HealthTech: Blend of B2C and B2B2C with repeat use potential.

o Wearables: Hardware-led + service subscription bundling.

• Adoption Barriers:

o LegalTech is up against the institutional drag and conservative clientele.

o HealthTech needs to solve regulatory and behavior challenges.

o Wearables combat the device fatigue and perpetual innovation.

• Product Lifecycles:

o LegalTech and Health Tech platforms, develop sluggish with regulation.

 Wearables track rapid hardware cycles (e.g. consumer electronics).

7.5.2 Lessons for Cross-Sectoral Innovation

Cross Industry Innovation – permitting start-ups to mix and match winning plays from one industry into other industries, sometimes as hybrid models, other times with significant differentiation.

Key Takeaways:

• Platformization Works Across Sectors:

o Legal and HealthTech startups found advantages in building ecosystems with more than one service (consultations + document storage or EMR + teleconsultation).

o Wearables can be a platform, too – grant access to labs, coaches, doctors and beyond.

• Data Monetization is Cross-Cutting:

o Once anonymised and backed by consent, data becomes a resource in all 3 domains.

o HealthTech takes a page from Wearables on how to leverage longitudinal health data for AI insights.

• Gamification and Engagement Models:

o GOQii's karma points or Apple's activity rings can inspire similar rewards set in a legal compliance tool or health check-in app.

• Hybrid Revenue Streams:

o Subsc ription + transactio n + affiliate models (from Wearables) could be leveraged in legal and health services for monetisation layering.

• Onboarding Frameworks:

o Seeing how HealthTech and Wearable companies provide the UX/UI references that LegalTech firms, working with complex language and processes.

7.5.3 Emerging Trends in Tech-Driven Business Models

The tech industry continues to grow, providing new opportunities for service-based and device-centric startups. Whether personalization, or regulation-led architecture — from models to form — startups are now aligning models with a wider trend around digital infrastructure (and state-backed digital public goods).

• AI-Powered Personalization

All industries are in the process of moving toward hyper-personalized experiences — be it for legal alerts, health scores or fitness insights. Product strategies are increasingly driven by predictive analytics, NLP and AI assistants." And these capabilities are not being built only into consumer-facing apps, but also enterprise- and professional-grade tools to provide more contextual value.

API Ecosystems: Nowadays, platforms are built to work seamlessly with each other. APIs enable startups to connect directly with government systems, insurance providers, wearable dashboards, legal or compliance databases, and more. For example, the ABHA number is a key example in India and a part of the Ayushman Bharat Digital Mission. The National Health Authority provides easy-to-use open APIs for private HealthTech players such as digital health record apps, diagnostic labs, telemedicine platforms, or hospitals to integrate the ABHA number into their existing systems, allowing for seamless access to patient health records, prescriptions, and lab reports across platforms, effectively reducing data silos and enabling continuity of care. Startups can now easily comply with nation-wide health data frameworks and unlock monetization opportunities thanks to improved customer experiences and longitudinal health tracking. And as private startups integrate with the government-backed digital health ID platform in India at a fast pace, they are able to scale much faster and deliver more interoperable services. * Micro-subscriptions;.

• Impact of Regulation

Digital Personal Data Protection (DPDP) Act in India, HIPAA in the U.S. etc.), as well as others across sector-specific compliance are driving changes to product architecture. Startups will need to build using "privacy by design" principles, re-evaluate how they store and share data, and develop consent-based business models. The ABHA ecosystem itself is framed within stringent consent and data-sharing rules, so startups that hope to handle health data need to be structured for a high level of transparency and control – presenting another compliance challenge while simultaneously offering a clearly distinguishable level of reputational advantage if it's done right.

7.6 Summary

❖ Business Model Canvas (BMC) provides straightforward terms to identify components of a business, all complex Service-base industries can converge down into deliverable elements like key activities, revenue streams etc.

❖ Leveraging the blockchain, LegalTech startups have digitized contract management, lawyer discovery and dispute resolution; yet they struggle to be adopted because of trust and compliance with legality.

❖ HealthTech startups dabble with teleconsultation, EMRs and access to diagnostics but need strong partnerships with doctors, labs and govt health systems.

❖ Wearable Tech: custom hardware + wellness ecosystems = recurring revenues, AI insights & gamification to keep customers.

❖ The same three domains—LegalTech, HealthTech and Wearables—all revolve around trust, privacy of data and multi-stakeholder coordination.

❖ Intersectoral findings illustrate ways in which verticals can draw from platformization, personalization in services and embedded partnerships.

❖ Regulatory alignment, evolving product markets and user education are still primary concerns when it comes to scaling tech-driven business models.

❖ Upcoming trends: API-based integration, micro-subscriptions, AI-driven predictions and fusion between health, legal and lifestyle services.

7.7 Key Terms

LegalTech: Use of technology to provide legal services more efficiently, such as contract automation, ODR and lawyer marketplaces.

HealthTech: These are digital platforms that improve how healthcare is delivered through telemedicine, EMRs, diagnostics and data-driven patient care.

Wearable Technology: Smart technologies that are worn on the body and which monitor biometric or lifestyle data, connected to smartphones aps.

EMR(Electronic Medical Record): The electronic equivalent of a patient's paper chart used by the provider to store their visit information.

Online Dispute Resolution (ODR): Technology for enabling the resolution of disputes, particularly through a court alternative.

Gamification: the use of rewards, challenges, or tracking of progress to engage users in health or wellness aims.

Platform Business Model: A business model that brings different parties (e.g., serviceizers and consumers) through a digital framework.

API Integration: A way that systems /apps use to talk to each other and share data in order to co-operate with each other.

Subscription Based: An ongoing billing system where customers pay for continued access to a product or service.

Data Privacy: Proper handling of sensitive user data (ethical & legal), particularly important in Health and Legal sectors.

7.8 Descriptive Questions

Describe how the Business Model Canvas can be used in service-based sectors such as LegalTech or HealthTech.

What are the big similarities and differences in the business models of HealthTech, LegalTech, and Wearable Tech startups?

What are the major problems with LegalTech Startups In India? To what extent do these affect their BMC architecture?

How do wearable technology companies make money besides selling devices? Explain with suitable examples.

Why is “trust” at the heart of business models in law and health?

Assess the impact partnerships can have on an HealthTech platform at scale. Provide examples to justify your answer.

How does the wearables industry keep users engaged and retained? Comment on gamification being involved.

What are the regulations that startup HealthTech must take into account when designing its BMC?

Explain why inter-industry innovation can be advantageous for startups in professional business service industries.

What are some Emerging Trends that are Disrupting Tech-Based Business Models in the Legal, Health and Wearable Spaces?

7.9 References

1. Osterwalder, A., & Pigneur, Y. (2010). Business Model Generation. Wiley.

2. NITI Aayog (2021). Strategy for National Digital Health Ecosystem. Government of India.

3. LegalZoom Inc. – Annual Reports & Business Model Analysis (2022).

4. GOQii Case Study – Harvard Business Review (2020).

5. Ministry of Health and Family Welfare (India). Ayushman Bharat Digital Mission guidelines.

6. PwC HealthTech India Report (2023).

7. Nasscom (2022). India's Wearable Tech Landscape.

8. Sama – Online Dispute Resolution Platform Reports.

9. HealthPlix, LawRato, and Pharmeasy official websites and startup interviews.

10. Data Privacy Guidelines – Digital Personal Data Protection Act, 2023 (India).

7.10 Case Study

Introduction

With increasing penetration of the digital and rising consumer demands, entire service verticals such as law or healthcare are changing beyond recognition. Meanwhile, wearable tech is becoming an everyday part of preventive wellness. Startups in these spaces are not selling one more digitized service—they are reconstructing customer relationships, pricing models, and value propositions with nifty business models. This case is about three fictional startups — LexNow (LegalTech), MediEase (HealthTech) and FitEdge (Wearable Tech) and how they use the Business Model Canvas (BMC) to overcome sectoral challenges to scale impact.

Background

• LexNow provides users with contract templates, legal chatbots and connects users to verified lawyers across Indian states.

• MediEase is a mix of HealthTech platform which deals in combination with teleconsultations, diagnostics and EMR solutions for semi-urban clinics.

• FitEdge is creating a low-cost, health tracking smart band for Gen Z and senior citizens in Tier 2 cities.

All three have been live for 18-24 months and are struggling with monetization, customer retention and integration with partners. Their founders are returning to their BMCs today, in order to sharpen up on value propositions, open new revenue opportunities and shape robust business ecosystems.

Problem Statements and Solutions

Issue 1: No or Low Customer Retention and Engagement

• LexNow's customers download legal templates, but seldom return for consultations.

• The MediEase faces drop-offs after the initial virtual visit.

• There are not enough interesting features on the FitEdge to keep people engaged beyond counting steps.

Solution:

• Offer subscription models with incremental value — so maybe unlimited legal questions or an health checkups, personal coaching on your fitness.

• Apply gamification methods (badges, leaderboards, rewards) to develop daily/weekly engagement habits.

• Implement AI-based, personalised nudges to send timely legal/health/fitness reminders through apps or WhatsApp.

Issue 2: Varying Partners and Quality of Service Repeated reinvention and a revolving door of partners are notorious for causing unpredictable fulfilment.

• MediEase's patient scheduling software fails to accommodate diagnostic lab integration which creates booking delays.

• There is no virtual lawyer in rural areas to unlock.

• FitEdge's customer service network does not have the capacity to process device returns at a satisfactory rate.

Solution:

• Map strategic gaps and onboarding needs in BMC with the Key Partnerships block.

• Establish multileveled partnerships with labs, law firms and local distributors on SLA (ServiceLevel Agreement) principles.

• Design collaborative dashboards for partner tracking and resolution workflows to ensure consistent service and joint accountability.

Problem 3: Monetization Misalignment

• Free services are what users expect in legal and health, while wearables have low margins.

• Investors demand sustainable revenue streams beyond hardware or one-time purchases.

Solution:

• Mix freemium (such as free legal templates or basic fitness metrics) with paywalled (consultations, health reports, extended warranties).

• Monetize through B2B partnerships: FitEdge licenses its platform to wellness programs; MediEase integrates with insurers for claims.

• Roll out tiered subscriptions: Base (access), Premium (coaching/priority) and Enterprise (bulk B2B).

Case Questions

How can LexNow adopt BMC, to develop trust for rural Customers who are skeptical of online legal services?

Which of the BMC blocking elements will be most important for FitEdge to focus on in order to transition from a hardware-first to a service- first perspective?

What are the risks to MediEase by partnering into diagnostic labs and how can it uses its “Key Activities” and “Key Partnerships” blocks to mitigate these?

Should these startups be more focused on customer acquisition or retention in Year 3? Explain with reference to the case.

Taking the industry challenges identified in Step 7, suggest one distinct value proposition for each of the startups that could differentiate them from competitors.

Conclusion

This is a case that encourages students to use the Business Model Canvas in a dynamic way, and to realize that in rapidly changing service industries, it's not so much a one-shot tool as a “living” framework. LegalTech, HealthTech and Wearable Tech startups don’t win because they’re “good with computers.” They design user-centric, compliant scalable business models that adapt to market requirements and operational feedback.

New Age Business Unit 8 V3.docx

New-age Business Models_BBA_2

New-age Business Models_BBA_2

ATLAS SkillTech University

Document Details

Submission ID

trn:oid:::3618:127454842

Submission Date

Feb 3, 2026, 6:16 PM GMT+5:30

Download Date

Feb 3, 2026, 6:22 PM GMT+5:30

File Name

New Age Business Unit 8 V3.docx

File Size

294.2 KB

37 Pages

5,056 Words

32,716 Characters

0% Overall Similarity

The combined total of all matches, including overlapping sources, for each database.

Filtered from the Report

- Bibliography
- Quoted Text
- Cited Text
- Small Matches (less than 15 words)

Match Groups

1 Not Cited or Quoted 0%
Matches with neither in-text citation nor quotation marks

0 Missing Quotations 0%
Matches that are still very similar to source material

0 Missing Citation 0%
Matches that have quotation marks, but no in-text citation

0 Cited and Quoted 0%
Matches with in-text citation present, but no quotation marks

Top Sources

0% Internet sources
0% Publications
0% Submitted works (Student Papers)

Integrity Flags

1 Integrity Flag for Review

Hidden Text
22 suspect characters on 2 pages
Text is altered to blend into the white background of the document.

Our system's algorithms look deeply at a document for any inconsistencies that would set it apart from a normal submission. If we notice something strange, we flag it for you to review.

A Flag is not necessarily an indicator of a problem. However, we'd recommend you focus your attention there for further review.

Match Groups

- **1** Not Cited or Quoted 0%
  Matches with neither in-text citation nor quotation marks
- **0** Missing Quotations 0%
  Matches that are still very similar to source material
- **0** Missing Citation 0%
  Matches that have quotation marks, but no in-text citation
- **0** Cited and Quoted 0%
  Matches with in-text citation present, but no quotation marks

Top Sources

0% Internet sources
0% Publications
0% Submitted works (Student Papers)

Top Sources

The sources with the highest number of matches within the submission. Overlapping sources will not be displayed.

1 Internet

gender-works.giz.de **<1%**

Unit 8: Social Entrepreneurship and Sustainability based Business Models

Learning Objectives

1. Conceptualize social entrepreneurship and how it is different from traditional for-profit and non-profit models.

2. Examine how social enterprises balance profit and purpose in real-world applications.

3. Learn the structure of Social and sustainable business models with Business Model canvas.

4. Explore avenues of revenue, types of value offer, and scaling issues in social and green businesses.

5. Learn about global influences like AI, regulation, and conscious consumerism affecting current business strategy.

6. Examine successful Indian and Universal cases, such as Grameen Bank; SELCO India; Phool. co, Neeman's, and TOMS Shoes.

7. Use design thinking to create a social business model canvas, in the classroom or with groups.

Content

8.0 Introductory Caselet

8.1 Introduction to Social Entrepreneurship

8.2 Social Entrepreneurship as a Business Model

8.3 Sustainability-Oriented Business Models

8.4 Global Forces Shaping Business Models

8.5 Entrepreneurial Lessons

8.6 Summary

8.0 Introductory Caselet

”Profit with Purpose: The New Corporate Skill”

But when Aditi, a Bengaluru MBA graduate, visited her home in rural Karnataka, she was alarmed by the absence of affordable solar lighting arrangements in her village despite India’s tech leapfrogging. Motivated, she resolved to begin “GramLight”, a social venture that provides solar-powered lighting systems for marginalised communities. But instead of giving away products for free, GramLight employed a pay-per use model and allowed women-led selfhelp groups (SHGs) to handle distribution and service. The model created jobs, ensured local ownership and solved a real-world problem — and it was financially sustainable. (Investors were wary of her “low margin” model, but GramLight was soon working with N.G.O.s and state governments.) Aditi kept investing, and as demand grew, she eventually realized something: She wasn’t just building a company — she was working to create a sustainable business model that lived at the crossroads of profit and impact. This caselet offers a good start point to discuss how social entrepreneurs utilize innovation, empathy and business strategy towards resolving societal problems.

Critical Thinking Question

In social enterprises, profit doesn’t tell us whether or not we are succeeding — impact, sustainability and empowerment are all important metrics to consider. But many social ventures cannot catch the eye of mainstream investors, or scale fast enough because their ambitions are different from those common to high-growth startups. Reflect on how entrepreneurs can construct business models that sustain the social impact without sacrificing operational and financial viability. Do social enterprises seek to maximise profits in order to scale faster or do they reject market forces and concentrate instead of delivering

long-term change amongst communities? What trade-offs might be involved, and how ought they to be handled?

8.1 Introduction to Social Entrepreneurship

8.1.1 Definition and Characteristics of Social Entrepreneurship

Social entrepreneurship is the process of recognizing, creating, and pursuing business solutions to social, cultural, or environmental problems. It fuses the critical thinking and execution tools of entrepreneurship with a mission for measurable social impact.

Key Characteristics:

• Mission-Driven Approach:

o It is first and foremost about solving a social problem (Poverty, Education, Clean Energy).

o Profit is not rejected as evil but as a path to mission sustainability.

• Innovation in Delivery:

o Often solutions are innovative or modified for neglected market.

o Entails re-imagining delivery mechanisms to get to the bottom of the pyramid.

• Scalable Impact:

o Long-term transformative and systemic change. o Has frequently involved other communities in the implementation of such measures.

• Hybrid Revenue Models:

o Earnt income from sales, services or collaborations.

o May also be partially dependent on grants, gifts or government programs.

• Stakeholder Focus:

o Favours all stakeholders, not just shareholders.

o Sees success in financial return and social return on investment (SROI).

• Examples: Grameen Bank (microfinance), SELCO (solar energy) and Rang De (peer to peer lending).

8.1.2 Balancing Profit with Purpose

The challenge for the social entrepreneur is thus to balance commercial sustainability with social mission. The trick is to create an architecture in which the profit model reinforces its social goal, rather than competing with it.

Key Points:

• Revenue as Means of Scale:

o Profit enables social enterprises to grow without perpetually relying on grants.

o It introduces a sense of rigor in operations, marketing and customer service.

• Mission Lock-in:

o Legal structures such as benefit corporations (B-Corps) and Section 8 companies in India are used by many social ventures to keep the mission at the heart of what we do.

o Governance mechanisms could involve community representation or impact assessment panels.

• Pricing and Accessibility:

o Social enterprises frequently use tiered pricing, cross- subsidies and freemium to serve both paying and underserved clients.

o Example: Aravind Eye Care provides free and paid for cataract surgery to rich patients (Saffer et al. 2016).

• Employee and Stakeholder Motivation:

o Workers do tend to care about the cause and thus can be very motivated, even though they may be paid less.

o Customers also appreciate the brand for its social contribution.

• Investor Alignment:

o Needs impact investors or patient capital prepared to invest in a modest financial return for measurable social benefit.

Did You Know?

In India, there is a special kind of legal structure under the Companies Act, 2013 (Section 8 Companies), which enables such (business) enterprises to be carried out for charity purposes while including profit elements. Unlike an NGO, which depends on donations for its funding, a Section 8 company can also earn money — but it must put any profits back into the mission. It's interesting to note that social enterprises such as Pollinate Group and Pollinators International also operate hybrid models in which they maintain both for-profit ventures and not-for-profit organisations to tap into grant funding while providing market capital, creating a dual structure that harmonises purpose with growth."

Aspect	**Social Entrepreneurship**	**Traditional Entrepreneurship**	**Not-for-Profit**
Primary Goal	Social impact + financial sustainability	Profit maximization	Social mission only
Revenue Generation	Through sale of goods/services + partial grants	Entirely through commercial activities	Primarily donations, grants, and sponsorship
Profit Usage	Reinvested into mission; partial return to investors	Distributed to owners/shareholders	Cannot be distributed to members; reinvested in operations
Legal Structures	Section 8, Trusts, B-Corp, hybrid	Private Ltd., LLP, Sole Proprietorship	Society, Trust, Section 8 Company
Investor Type	Impact investors, development funds	Angel investors, VCs, banks	Philanthropic donors, CSR programs
Examples	SELCO India, Rang De, TOMS Shoes	Amazon, Zomato, Infosys	CRY, HelpAge India, Teach for India

8.1.3 Difference Between Social Entrepreneurship and Traditional Entrepreneurship and Not-for-Profit Companies

Understanding the distinctions between these three models is key to appreciating the role of social enterprises in modern economies.

8.2 Social Entrepreneurship as a Business Model

8.2.1 Key Features of Social Business Models

Social business model This concept focuses on a dual mission that's means to find the right balance of generating measurable social benefit while still achieving economic sustainability. These models seek to scale impact through the integration of social goals in operating their businesses.

Core Features:

• Mission-First Approach:

o The business has a general public benefit or the specific purpose of addressing a social or environmental concern.

o Profit is viewed as a tool, not the objective.

• Self-Sustaining Operations:

o Is product or service driven, not just donation based.

o Develops strength locally rather than being dependent on grants or handouts.

• Hybrid Organizational Structures:

o May be run by two entities: for-profit business and a not-for-profit foundation.

o Open to impact investors and philanthropic capital.

• Measurable Social Impact:

o Measures include Social Return on Investment (SROI), Number of Beneficiaries, or Carbon Footprint saved.

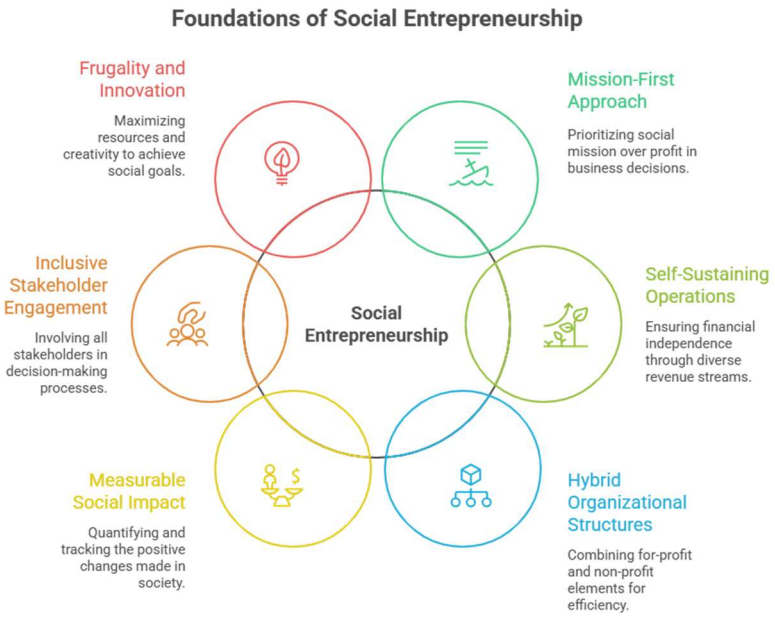
• Inclusive Stakeholder Engagement:

o Inclusion of local community in service provision or decision-making. - Community: this could be community agents, SHGs or farmer cooperatives.

• Frugality and Innovation:

Work frequently in resource-poor settings using frugal innovation (models of low-cost, high-impact).

o Products are designed to be affordable and accessible (e.g., solar lanterns, sanitary pads, micro-loans).



8.2.2 Revenue Streams in Social Enterprises

For social enterprises, they need business models to support their mission while guaranteeing sustainability. Unlike traditional start-ups, they frequently stack multiple sources of revenue.

Common Revenue Strategies:

• Product/Service Sales:

o Sales of mission–aligned products and services (e.g., solar lights, organic produce, rural consulting).

o Low in price compared to market rate to make it affordable.

• Cross-Subsidization:

Wealthier customers pay more, and that amount is used to subsidize poorer users.

o Ex. Aravind Eye Hospital: provide expensive surgeries to well-off patients, low cost or free treatment to poor.

• Tiered Pricing or Freemium Models:

or Basic access is free or cheap, with premium services driving income.

o Example: Some ed-tech or telehealth social startups.

• Impact Funding:

o Grants, CSR grants, donor contributions (especially in nascent/ scaling up stages).

o Examples: Bill & Melinda Gates Foundation, Tata Trusts, Acumen Fund.

• Government Partnerships:

o Public joint ventures (e.g., MNRE – Renewable energy).

o Social enterprises could be awarded grants or contracts to provide an essential service.

• Corporate Partnerships:

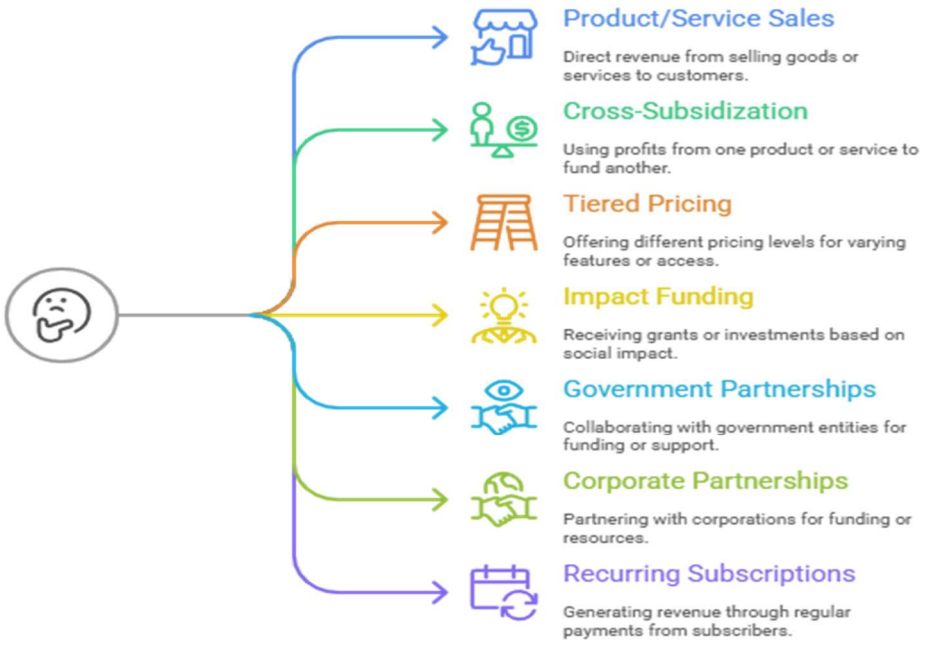
o Co-brand product & services for CSR impact.

o Example: TOMS Shoes collaborates with other NGOs and products to reach a wider public.

• Recurring Subscriptions or Micro-Payments:

o Monthly maintenance, access fee or service charges.

Phool. co sells incense sticks through regular retail partnerships, but with a focus on eco-waste reuse.



8.2.3 Case Studies

Grameen Bank (Bangladesh)

• Founded by Muhammad Yunus, it was a trailblazer in microfinance for rural women.

• Provides small business loans with no collateral.

• Based on group lending and peer pressure.

• Earnings from paltry interest rates.

• Impact: Raised millions out of poverty; became the model for microfinance entrperenuers across the globe.

SELCO India

• Brings solar energy solutions to rural communities that lack access.

• Customers are street vendors, schools and small clinics.

• Fuses applications, sales with micro financing and support business models.

• Collaborates with banks and NGOs to increase affordability.

• Won Ashden Awards and international acclaim.

TOMS Shoes (USA)

• “One for One” model — every purchase results in a pair of donated shoes.

• Mixes retail fashion with a powerful social mission.

• Later expanded into eyewear and clean water.

• Criticized for creating dependency; after Bailey launched another organization, she began focusing on impact grants instead of pure donation.

Phool.co (India)

• Born in Kanpur, turns temple flower waste into eco-friendly incense sticks and biodegradable packaging.

• Provides dignified employment to Dalit women.

• Supported by IAN and Tata Trusts.

• Combines sustainability and social equity.

• Product sales revenue (e-commerce + retail).

Other Indian Examples:

• Goonj: Converts urban waste into rural development products (clothing, sanitary kits).

• Rang De: P2P lending platform for low-income entrepreneurs.

• Aavishkaar Group: A social impact investor and incubator.

8.2.4 Classroom Activity: Designing a Social Business Canvas

Objective:

Students will design a social enterprise based on a chosen social issue (eg, education, energy access, menstrual health) using the Business Model Canvas (BMC).

Instructions:

• Problem Statement:

Find a problem to solve in the real world for Indians along the lines of urban waste, clean drinking water, and rural internet.

• Design the Canvas:

Populate all 9 slots in the BMC including:

o Customer Segments (Who is the main customer?) o Value Proposition (What problem are you fixing?) o Channels (How will I access my target audience?) o Streams of Revenue (How do you plan to fund your operations?) o Key Resources, Activities, Partners etc.

• Mission Lock Mechanism:

“Students have to build in a mechanism for how they are going to maintain the social mission as they scale up.”

• Presentation:

Each collective has the opportunity to present their canvas and is given peer feedback on viability, sustainability and impact.

This work assists learners in putting BMC theory into practice using real-world social innovation and reinforces design thinking and empathy-based business planning.

8.3 Sustainability-Oriented Business Models

8.3.1 Concepts of Green and Circular Economy Green

1

A green economy can be defined as one that aims at improving human well-being and social equity, while reducing environmental risks and ecological scarcities. It focuses on growth that is low-carbon, resource-efficient and socially inclusive. When businesses operate under this model, they reduce their carbon footprint, support renewable energy and waste reduction, and drive sustainable consumption activities.

Circular Economy:

This model is the opposite of the traditional linear economy “take, make, dispose”. Rather, it focuses on the concept of a closed-loop system where products and materials are reused, recycled or regenerated. The objective is to design out waste, and hold products in use for as long as possible.

Fundamentals of Circular Business Models:

• Design for longevity and reparability

• Product-as-a-service (e.g., leasing products instead of selling)

• Material recovery and recycling loops

• Share economy (e.g., sharing services, peer-to-peer platforms)

An example of this are companies that incorporate recycled materials in production, and offering take-back programs or sharing ownership.

8.3.2 Sustainable Value Propositions

A sustainable value proposition not only provides customer satisfaction but also creates positive environmental or social effects. It answers to both consumer needs and the planetary limits.

Components of an Ecosystem-Driven Value Proposition:

• Triple Bottom Line Focus:

o Includes People, Planet and Profit on the business agenda.

o Exemple : Produits équitables et écologiques.

• Material Responsibility:

o Uses sustainable materials: (such as organic cotton, recycled plastic).

o Focuses on supply chain transparency.

• Low Waste/Emission Models:

o They design products/services to create less waste, emissions and use less water.

o Example: Brands with refillable or compostable packaging.

• Inclusive Growth:

Products/services that generate a livelihood for the marginalised (e.g., artisans, farmers, waste workers).

o Example: Phool. co employing Dalit women in production.

• Long-Term Impact Messaging:

o Marketing how much you have saved in carbon o r impact for the users. o Increases brand affinity by focusing on purpose.

Did You Know?

“India’s Ministry of Environment, Forest and Climate Change is working on a **National Circular Economy Framework** which proposes sector-specific interventions in **electronics, batteries, packaging, and textiles**. While many Indian startups are already adopting circular practices, most are unaware of **Extended Producer Responsibility (EPR)** laws that will soon make it mandatory for companies to track and manage the lifecycle of their products. Early adopters like **Neemans** (recycled PET shoes) and **Phool.co** (flower waste products) are positioning themselves ahead of the regulatory curve by aligning with global sustainability protocols.”

8.3.3 Case Studies

Patagonia (USA)

• Outdoor apparel with a serious sustainability commitment.

• Uses recycled and organic materials, encourages repairs, and operates a buy-back program.

• Anti-consumerism campaigns like “Don’t Buy This Jacket.”

• Strengthens a circular and low environmental impact.

• Gives 1 percent of revenue to the environment.

Tesla (USA)

• Makes electric vehicles (EVs), solar panels and battery storage systems.

• Contributes to the elimination of fossil fuel reliance.

• Operates following the ECO-SYSTEM of clean energy.

• Criticized on battery sourcing and disposal, but a leader in expanding E.V. use.

Phool.co (India)

• Turns temple flower waste into incense sticks and bio-leathers.

• Generates employment for marginalized women.

• Embraces the concept of zero-waste manufacturing and biodegradable materials.

• A model of circularity, social justice and sustainability.

Neemans (India)

• A brand of shoes that reuses PET bottles, natural wool and castor bean oil.

• Focus on minimalist, long-lasting products.

• Follows D2C, eco-friendly supply chain system.

• Encourages recycling old shoes by paying customers to return them.

Eco-India Startups:

• Bare Necessities: Zero-waste personal care items.

• ReMaterials: Sustainable roofing for low-cost dwellings made with waste.

• Attero: Recycling e-waste and recovery of precious metals.

• These start-ups are tackling waste, pollution and inclusivity in the developing world.

8.3.4 Challenges in Scaling Sustainable Business Models

Although sustainable models provide impact for the long-run, scaling up comes with inherent obstacles:

Key Challenges:

• High Cost of Sustainable Materials:

o Environmentally friendly or recycled material tend to be more expensive than petroleum-based ones.

o Economies of scales remain a challenge for smaller firms.

• Consumer Price Sensitivity:

Price vs. sustainability: In India and in the emerging world, consumers may put a premium on costs not just product's impact on the environment.

o Talking about long-term value is the new norm.

• Supply Chain Complexity:

o Sustainability-sourced can be the same as broken supply chains.

o Checking and tracing is also expensive to do.

• Limited Investor Appetite:

o Many investors expect fast growth and returns, which is not compatible with the patient capital often required to grow green businesses.

• Regulatory Ambiguity:

o Absence of standardized ESG (Environmental, Social, Governance) metrics or circular economy mandates in India.

o Companies are expected to self-regulate until policies mature.

• Behavior Change & Awareness:

o Consumers may lack awareness about sustainable alternatives and their consequences.

o Demand investment in education, narrative, and community.

8.4 Global Forces Shaping Business Models

8.4.1 Technological Disruption (AI, Blockchain, Automation)

As technology continues to evolve the way business models are developed, grown and maintained is changing. New age technologies such as AI, Blockchain, Automation etc. are not tools - rather they will be strategic enablers of next gen value propositions, operational efficiencies and trust apparatus.

Key Forces and Their Implications:

• Artificial Intelligence (AI):

o Allows for customization, predictive analysis and on-the-fly customer service. o Powers dynamic pricing algorithms, fraud detection and chat bot-based service delivery.

Applied in industries including HealthTech (diagnostic AI), FinTech (credit scoring) and EdTech (adaptive learning).

• Blockchain Technology:

o Facilitates decentralized, tamper-proof record-keeping.

o Behave as link in supply chain traceability, smart contracts and secure identity verification.

o Allows peer-to-peer business models for trustless transactions (e.g., in AgriTech, LegalTech).

• Automation:

o Robotic Process Automation (RPA) automates mundane work, which mitigates human error.

o Back-end operations, supply chain and customer onboarding.

o Decreases cost-to-serve and enables scalability for SaaS, logistics, manufacturing.

Those that do not embrace such technologies risk becoming outdated as markets change. Digital transformation is now essential—not just for some mythical blue-sky future, but for business model resilience.

8.4.2 Regulatory Shifts and Policy Changes

It is known that policies and governments are major factors in business environment development. It is very common that policy reform gives birth to new markets and that at the same time burdened companies with compliance obligations.

Key Trends:

• Data Protection and Privacy Laws:

o Meanwhile, regulations such as India's Digital Personal Data Protection Act (2023) are forcing new paradigms in the way data about users is collected, stored and consent extracted.

o Has major impacts on fields like HealthTech, EdTech, and FinTech.

• Start-ups and Ease of Doing Business:

o Programmes such as Startup India, MUDRA loans and Udyam Registration bring down entry barriers and provide fiscal incentives.

o These incentivize additional entrepreneurs to create structured and legal companies.

• Sector-Specific Regulations:

HealthTech startups need to practice NMC guidelines, CDSCO and telemedicine policies.

o Fintech companies get regulated under RBI, SEBI and AML/KYC guidelines.

• ESG and Sustainability Reporting:

o Big companies are required increasingly to release their Environmental, Social and Governance (ESG) stats.

o This influences supply chain choices as well as supplier relationships in all sectors.

• International Trade and Compliance:

o Exporting startups should also comply with GDPR, WTO standards and country-wise labelling and packaging requirements.

Proactive alignment with regulatory trends allows startups to foster trust, lower legal risk, and unlock new funding sources like ESG-tied capital.

8.4.3 Business Drivers for Sustainability and Climate Action

Sustainability has transitioned from corporate responsibility program to essential strategic differentiator. Global warming, dwindling resources and worldwide activism are all ushering in a new era of environmental accountability for businesses.

Key Impacts:

• Investor Preferences:

o Impact investors, ESG funds and Green bonds favor startups that are clearly focused on sustainability.

o Concessional/catalytic capital and CSR partnerships are drawn to green business models.

• Regulatory Drivers:

o Carbon tax proposals and plastic bans – all are driving the “green imperative” (politically) for innovation.

o CleanTech and AgriTech start-ups need to lead on these requirements.

• Supply Chain Shifts:

Multinationals require eco-certification, and ethical sourcing from partners.

o Circularity and traceability are becoming a requirement across sectors such as fashion, electronics and food. • Reputation and Brand Loyalty:

o Climate action, cruelty-free and carbon-neutral practices are in demand among Gen Z and millennial consumers for brands.

o It’s an advantage to have purpose-driven branding.

• Product Innovation:

o Growth in plant-based meat, bio-degradable packaging and low-carbon logistics.

o New product lines, pricing models and customer segments are being driven by sustainability.

Companies that embed their value proposition in the direction of travel to mitigate climate change are not only future proofing, they are also leading market revolution.

8.4.4 Changing Consumer Trends (Ethical Consumption, Conscious Choices)

Today's consumers are more values-driven than ever before, and that's altering how products are developed, marketed, and delivered. But conscious consumption is more than pricing and quality—it resonates impact, origin, and ethics of goods and services.

Key Trends:

• Ethical Buying Behavior:

o Buyers are looking for cruelty-free, fair-trade, organic and local products.

o Brands that have sustainable certifications (such as FSC for example) are often favored.

• Digital Influence and Transparency:

o Reviews, social media and influencer ecosystems give power to the consumer to ask for responsibility.

o Information about business behaviour is transparent and frequently has a viral effect.

• Minimalism and Slow Consumption:

o A change from “more is better” to “better is better”.

Prioritize durability, reusability and emotional connection with products.

Personalized Experiences:

o Users demand hyper-personalization, in pricing, product design and delivery.

o AI-powered product recommendation engines and user data play in enabling this.

• Brand Purpose Alignment:

o Consumers want to follow brands based on their own personal values.

o Example: TOMS for good, Neemans for sustainability, FabIndia for empowering artisans.

Startups that earn trust and align with ethical consumer values can foster deep, long-term customer loyalty — and frequently outpace purely transactional competitors.

8.5 Entrepreneurial Lessons

8.5.1 Building Impactful Yet Profitable Enterprises

Social and sustainable entrepreneurs need to learn how to build ventures that are not only one or the other: impact over profit, or vice versa. The trick is to develop business models that are driven by purposes that also feed into each other.

Strategic Approaches:

• Mission-Aligned Value Proposition:

o Integrate the social or environmental mission into your product or service.

o Example: Phool. co makes money with incense sticks while spreading the word about waste recycling and employment for women.

• Customer as an Impact Partner:

o Design offers with the customer in the solution (e.g., purchasing benefits lives or planet).

o This creates emotional loyalty and community backing.

• Diversified Revenue Models:

o Pool earned income with grants, CSR partnerships or a crowdfunding effort.

Aids in balancing financial realities with impact priorities.

Cost-Efficient Operations:

o Use Jugaad innovation principles, local procurement and digital backbone to minimize costs while maximizing value.

• Impact Metrics:

o Weigh success not only in ROI, but also SROI (Social Returns on Investment), reach or attitude change.

All of these things, which I termed earlier as impact and profitability needing to be in balance, need you to plan for them rigorously, execute resourcefully and have mission clarity.

8.5.2 Role of Innovation in Social & Sustainable Business Models

Innovation is the "beneficiier" of all successful social and sustainability-based ventures. Unlike conventional businesses, because they are serving the resource-poor and underserved markets, these startups are forced to be creative at every link in the value chain.

Key Innovation Areas:

• Product Innovation:

o Creating products that are affordable, accessible and eco-friendly.

o Example: Neemans makes eco-friendly footwear that is long lasting using recycled PET bottles and wool.

• Process Innovation:

o Reimagining how things are distributed, priced, and delivered.

o Example: SELCO India provides financing and installation in one for solar power in rural areas.

• Business Model Innovation:

o Transitioning from ownership to access (e.g., product-as-a-service), peer-to-peer lending or community based distribution.

o Encourages inclusion and affordability.

• Technology Leverage:

o Mobile first solutions like AI diagnostics or block chain traceability for supply chain transparency.

For example, HealthTech startups connect to patients from Tier 2/3 cities through telemedicine.

Collaborative Innovation:

o Co creation of solutions together with stakeholders such as NGOs/ SHGs/govt agencies.

o Builds trust and long-term alignment.

When it comes to social innovation, we're not just talking high-tech solutions but about a deep understanding of the problem and designing the system with that as its core.

8.5.3 Strategies for Long-Term Viability

For a business to have enduring impact, particularly in the context of impact-oriented sectors, it has to look beyond quick wins. Longterm viability is about creating a resilient, flexible and mission-oriented organization.

Essential Strategies:

• Build Institutional Trust:

o Lend credibility by open governance, ethical conduct and user validation by the third party.

o Provides better visibility to funding and partnerships.

• Invest in Human Capital:

o Train employees and community partners, equity, and long-term engagement.

o Decreases turnover and promotes institutional memory.

• Scalable Infrastructure:

o Use technology-driven systems (CRMs, logistics, cloud tools) for efficiency and scale.

o Growth in modules (town by town or portion by portion) tends to be more likely sustained.

• Strategic Partnerships:

o Partner with NGOs, academic institutes, government and corporates.

o Door opener for grants, CSR money and distribution.

• Continuous Impact Measurement:

o Defined KPIs to measure both business and social results.

Facilitates fundraising, accountability, and brand storytelling.

Scenario Planning:

o There may be changes in funding, regulations or behaviour of the consumer.

o Diversify revenues and de-risk supply chains.

Sustainable entrepreneurship requires resilience, vision and focus on long-term game — not scale fast but scale right.

8.6 Summary

❖ Social entrepreneurship is a form of business innovation that provides financial returns and social or environmental value, providing solutions to underserved communities with the efficiency driven by businesses.

❖ Social business model(s) distinguish themselves from traditional for and non-profit organizations in terms of cutting edge, mission-driven innovation, hybrid revenue structures.

❖ Sustainable value proposition should be based on triple bottom line (People, Planet, Profit) and integrated into core operations, supply chains, and pricing.

❖ Field studies: Cases like Grameen Bank, SELCO India, Phool etc. co, Neemans and Patagonia exemplify how social and green ventures in the real world can successfully scale.

❖ Green and circular economies are causing companies to reap financial benefits by avoiding waste, minimizing resource use, and extending the lives of products.

❖ AI, blockchain, regulatory overhaul, climate change and evolving consumer exigencies are all global trends that are re-shaping how modern business models operate.

❖ Innovation, cost-effectiveness, and impact measurement; cross-sector partnerships will need to be core competencies of social entrepreneurs.

8.7 Key Terms

Social Entrepreneurship – The process of starting an enterprise that provide livelihood and fills a gap in the market with social impact solution to pressing challenges within local community, country or beyond.

Triple Bottom Line -A model that addresses a firm's performance in terms of three top priorities: social, environmental and financial.

Circular Economy – An economic and industrial system in which products are designed to be safely returned for recycling or repurposing; a zero waste system.

SVP (Sustainable Value Proposition) – A value proposition that meets the need of a customer, without being detrimental to the environment or society.

Impact Investing – Investment in companies with the intention to create positive social/environmental impact and financial return.

Section 8 Company (India) – A company under the Companies Act, 2013, for charitable or not-for-profit purposes that can make a profit but cannot be distributed to the owners.

Greenwashing – Misleading consumers by using buzzwords such as environmentally friendly, natural, green, etc.

Conscious Consumption – Consumers make purchasing decisions according to moral, environmental and social standards.

ESG — Standards investors use to assess a company's sustainability and ethical impact.

http://en.wikipedia.org/wiki/Frugal_innovation Frugal Innovation – Simplifying the complexity and cost of a good or service while maintaining value, most often to serve those in underserved markets.

8.8 Descriptive Questions

Define social entrepreneurship. How does it work differently from mainstream models of capitalism and not-for-profit business?

Examine the impact of sustainability on contemporary business models. What can the green and circular economy do for innovation?

Analyze Phool's business model. co or Neemans. What is inherently sustainable and scalable in their value proposition?

How might social enterprises create sustainable income streams while protecting the work they do?

Describe the impact of global forces like AI, blockchain, and climate change on contemporary business strategies.

Discuss the difficulties in growing businesses in the area of sustainability. Suggest strategies to overcome them.

Describe sustainable value proposition with examples.

Discuss how the role of regulation has made impact-based businesses different in Goods India as compared to global markets.

How can startups create sustained viability within lean industries?

What can early-stage entrepreneurs learn from global case studies such as Patagonia, Tesla or TOMS Shoes?

8.9 References

1. Bornstein, D. (2007). *How to Change the World: Social Entrepreneurs and the Power of New Ideas*. Oxford University Press.
2. Yunus, M., Moingeon, B., & Lehmann-Ortega, L. (2010). *Building social business models: Lessons from the Grameen experience*. Long Range Planning.
3. Osterwalder, A., & Pigneur, Y. (2010). *Business Model Generation*. Wiley.
4. United Nations Environment Programme. (2021). *Green Economy and Sustainable Development Report*.
5. Ministry of Corporate Affairs (India). (2023). *Section 8 Companies and CSR Guidelines*.
6. NITI Aayog. (2021). *Mapping India's Social Enterprise Ecosystem*.
7. Stanford Social Innovation Review – Articles on Impact Measurement and Innovation.
8. Circular Economy India Portal: https://www.ceic.in
9. Websites and official reports of: **Grameen Bank**, **SELCO India**, **Phool.co**, **Neemans**, **TOMS Shoes**, **Patagonia**, and **Tesla**.

8.10 Case Study

"Phool. co – From Flower Waste to Social Wealth"

Introduction

In India, temple and religious sites discard about 8 million tons of flower waste into rivers each year. This results to serious water pollution and cause harm on the aquatic life. Phool. co, a social startup out of Kanpur, have made this environmental issue into an entrepreneurial opportunity by developing a circular business model that also supports underprivileged women.

Background

Phool. co was started in 2017 by Ankit Agarwal to address two urgent challenges, river pollution from floral waste and the absence of dignified employment for Dalit women. The startup collects flower waste from temples, and turns it into eco-friendly incense sticks, vermicompost and a biodegradable leather substitute called “Fleather.” By intertwining environmental sustainability with inclusive employment, the business meets social and ecological goals. Armed with seed investments from Tata Trusts and other impact investors, the start-up grew its operations and was recognized by the UN and Forbes.

Problem Statements & Solutions

Issue 1: Omnigad Tech Turning a Contaminated Encumber Such as Waste into a Treasure.

• Challenge: Flower waste tends to be simply dumped, untreated — and that’s an environmental problem. There was no official apparatus for the city to collect or repurpose it.

• Solution: Phool established a supply chain to collect floral waste every day. It vectored its research and development efforts into the development of products such as incense sticks and bio-leather, joining time-honored practices with a zero-waste business model. This development is a great example of the way the principles of the circular economy are being harnessed in response to market demand.

Issue 2: No Formal Jobs for Marginalized Women

• Challenge: Despite advanced education, few Dalit women in Kanpur had access to meaningful work and were subject to informal and exploitative employment.

• Solution: Phool set up training and employment centres where women work in the production, packaging, and quality control. It not only provided for an ethical wage but also offered financial training and social security for the women, who became knowledgeable participants in a real business environment.

Issue 3: How to build a scalable, impact model11 Inove has done an incredible job of empowering the poor with sophisticated new products and responsible service delivery.

• Challenge: Social enterprises frequently find it hard to scale, either losing sight of the mission in that process or feeling financial pressure from mainstream investors.

• Solution: Phool followed a hybrid approach to its revenue that includes the following components:

o Product sales (retail + online + exports), o Institutional partnerships (hotels, corporates) o And Impact funding (grants, seed investment)

This helped the startup stay centred as it progressed to social impact, ambitious innovation and ultimately profitability.

Case Related Questions

How does Phool. co integrate circularity into its core business?

What makes Phool. co's model unique from the historical era of environmental NGOs or traditional for-profit FMCG brands?

How has the start-up tackled issues of social inclusion and gender parity in its organisation?

Give the salient features of Phool. co's Business Model Canvas (BMC).

What strategies should Phool. co adopt to scale in new regions without losing its impact mission?

Conclusion

Phool. co illustrates how an impact-driven business model can address real-life issues profitably. Its strategy to put market-based circular economy solutions at the heart of job creation and environmental conservation is a model for new waves of social entrepreneurs. With environmental and social challenges continuing to grow globally, models such as Phool's are urgently needed. co demonstrate that business can be a primary source of systemic change.

New Age Business Unit 9 V3.docx

New-age Business Models_BBA_2

New-age Business Models_BBA_2

ATLAS SkillTech University

Document Details

Submission ID

trn:oid:::3618:127455766

Submission Date

Feb 3, 2026, 6:37 PM GMT+5:30

Download Date

Feb 3, 2026, 6:39 PM GMT+5:30

File Name

New Age Business Unit 9 V3.docx

File Size

255.2 KB

36 Pages

5,123 Words

33,183 Characters

0% Overall Similarity

The combined total of all matches, including overlapping sources, for each database.

Filtered from the Report

- Bibliography
- Quoted Text
- Cited Text
- Small Matches (less than 15 words)

Match Groups

0 Not Cited or Quoted 0%
Matches with neither in-text citation nor quotation marks

0 Missing Quotations 0%
Matches that are still very similar to source material

0 Missing Citation 0%
Matches that have quotation marks, but no in-text citation

0 Cited and Quoted 0%
Matches with in-text citation present, but no quotation marks

Top Sources

0% Internet sources
0% Publications
0% Submitted works (Student Papers)

Integrity Flags

1 Integrity Flag for Review

Hidden Text
11 suspect characters on 1 page
Text is altered to blend into the white background of the document.

Our system's algorithms look deeply at a document for any inconsistencies that would set it apart from a normal submission. If we notice something strange, we flag it for you to review.

A Flag is not necessarily an indicator of a problem. However, we'd recommend you focus your attention there for further review.

Match Groups

- **0** Not Cited or Quoted 0%
  Matches with neither in-text citation nor quotation marks
- **0** Missing Quotations 0%
  Matches that are still very similar to source material
- **0** Missing Citation 0%
  Matches that have quotation marks, but no in-text citation
- **0** Cited and Quoted 0%
  Matches with in-text citation present, but no quotation marks

Top Sources

0% Internet sources
0% Publications
0% Submitted works (Student Papers)

Unit 9: The Future of Business Models

Learning Objectives

1. Revisit & Streamline the adoption of BMC in traditional, digital and emerging segments.

2. Extract cross-sector learnings from models such as LegalTech, HealthTech, SaaS and Social Enterprises to what really works or not.

3. Discover how upcoming technologies like AI, Web3 and the Metaverse influence business model innovation.

4. Assess is the future of business strategy being forged by sustainability, regulation and conscious consumerism.

5. Adopt ecosystem thinking as the basis for creating platform- and network-based models in all sectors.

6. Create entrepreneurial foresight through frameworks to design a future blind and agile business model.

7. Critically analyze their own business ideas and reposition them for scale, resilience and flexibility.

Content

9.0 Introductory Caselet

9.1 Consolidation of Learning

9.2 Emerging Technologies and Business Models

9.3 Sustainability and Global Shifts

9.4 Integration Across Industries

9.5 Entrepreneurial Reflection and Foresight

9.0 Introductory Caselet

"Beyond the Startup: Building for 2030"

Ishaan and Neha, recent graduates of this business innovation program, were working on a startup idea around combining AI diagnostics with rural healthcare access. After seeing their prototype work well in pilot villages, built on a mobile-first platform. But as they turned to investors, they found themselves being posed questions that they had not thought enough about: How will you manage to stay in compliance with the ever-changing data privacy laws? What if a big AI company open-sources a competing tool? How does your model generalize while maintaining impact? That forced them to think: Having a winning product wasn't enough — they also required a business model built to last. They started brainstorming shifts in climate policies, A.I. regulation and the integration of wearables, as well as changes in consumer behavior focused on data ethics and wellness. They repositioned their solution as part of a multi-partner ecosystem, with ties to telemedicine providers, wearable health trackers and local community leaders. Their narrative encapsulates the core message of Unit 9: that new entrepreneurs today need to bake foresight, adaptability and systemic thinking into how they build for tomorrow.

Critical Thinking Question

In a dynamic space where consumer tastes, technological upheavals and regulations suddenly shift, the old way of doing business is simply too slow. Think about a start-up or product you like. What does their model assume? And which of those assumptions won't be true in five years? In what way can the business integrate prescient, industry-wide cooperation and flexibility to stay relevant and make a difference? Critically examine whether the success

today is for short term or long term, and whether we require long term strategic vision, to sustain tomorrow's world.

9.1 Consolidation of Learning

9.1.1 Revisiting the Business Model Canvas Across Sectors

Returning to the Business Model Canvas (BMC) in different contexts supports knowledge construction and provides opportunity for students to see recurring themes of flexibility and formality.

Key Points:

• Universal Framework, Multiple Applications

o The 9 blocks in the BMC stay as such but need to be customized depending on where the results are tested.

o Whether Traditional, Digital, Sharing, Service, HealthTech or Social Entrepreneurship – the canvas gives sense for how value is produced (created), delivered and monetized.

• Bending the Canvas for Sectoral Intonations

o For AgriTech or Social Enterprises, the Partners block could comprised of NGOs and/or government extension programs.

o In Digital or SaaS, Key Activities typically revolve around iteration, feature building a retention efforts.

• Layering Complexity

o Models such as franchising receive regular stable cashflow (royalty or commission).

o Digital and sharing models are focused on fluidity—dynamic pricing, platform governance, network effects.

• Reflective Practice

o Re-mapping sectors: Revisiting and re-mapping sectors forces students to consider how changes in customer behavior, regulation or technology would necessitate re-doing their canvas.

• Breaking Silos

o Looking across sectors lines helps to cross-pollinate ideas – e.g. using a freemium model of involvement from SaaS in Social Entrepreneurship.

9.1.2 Key Lessons from Classical, Digital, and Sharing Models

Every model provides unique perspective on how successful business models evolve to customer needs, technology and scale.

Key Lessons:

• Traditional Models (Franchising, Direct Sales, Razor-and-Blades)

o Focus on forecastable revenue, cloned metrics and scaling by country.

o Takeaways: operational discipline, brand consistency and unit economics.

• Digital Models (Freemium, Subscription, Marketplace)

o Prioritize getting customers, platform controlled engagement, and repeat business.

o Lessons: network effects, loyalty loops and modular scaling.

• Collaborative Economy Types (Asset-Light, Peer-to-Peer, On-Demand)

o Emphasize the use of elastic resources, trust computes and on-demand consumption.

o Lesson: scaling with little investment, establishing trust and routing supply-demand balance.

• Interoperability of Strategies

o Classical models can be enriched with subscription loyalty strategies, and trust mechanisms from sharing models can enhance digital platforms.

o Cross-learning enriches model robustness.

Cross-Sector Insights: What Works, What Doesn't. Subsection 9.1.3

Thinking through several models over multiple sectors helps us to see the things that are universal — and, perhaps more importantly, avoid making similar mistakes.

Key Insights:

• What Works:

o Customer oriented: the model with greater emphasis on understanding customer's pain point wins!

o Trust Mechanisms: Ratings, assurances or first-line support – contributing to resilience.

From a position of strength in revenue: Diverse sources of income act as insulation and cushion against disruption.

Partner Ecosytems: Scale is driven through partnerships with institutions, tech platforms or communities.

• What Often Fails:

o Hyper-focus on profit at the expense of mission leads to unsustainable practices (relevant to social enterprise).

o Execution fallacy: ignoring regulatory-/infrastructural reality = the execution fail (e.g. HealthTech/FintTech).

o Overbuilding features for which you don't have product-market fit can cause burnout.

• Flexibility vs Rigidity:

o Rigid models, or those that maintain a fixed structure or geography fail; adaptive and modular design wins out.

• Innovation with Integrity:

o Models that innovate, but do no sacrifice trust or credibility are often the most successful over time.

9.2 Emerging Technologies and Business Models

9.2.1 Role of AI and Generative AI in Future Business Models

AI and Generative AI are more than tools: they are catalytic machines, altering the foundational architecture layer that is transforming business models globally irrespective of industry by re-shaping how value is made, customized and delivered.

• Automated Decision-Making:

o AI allows you to automate complex tasks like credit scoring, doctor diagnostics, fraud detection and predictive maintenance.

o This lowers the cost of operations and delivers speed, accuracy, and scalability.

• Hyper-Personalization:

o AI delivers personalized recommendations, personalised pricing, and individualised content based on the user's data and behaviour.

o This leads to greater customer engagement and loyalty, predominantly in e-commerce, media and EdTech.

• Generative AI Use Cases:

Since it's now possible to use something like GPT, DALL·E and Midjourney have appeared that enable businesses to generate content, images or even code — cutting production cycles.

o When it comes to marketing, GenAI can help with automatic copywriting, social media scripting, content calendars and more.

• Business Model Innovation:

o AI-as-a-Service (AIaaS) is generating revenues with a stand-by model or by API calls.

o Startups building niche solutions (eg: legal drafting tools / mental health bots) can also build on top of foundation models like LLMs.

• Risk & Ethics:

o Data privacy, algorithmic bias and model transparency are all issues that need to be tackled.
o Regulatory compliance (AI act in Europe), will affect the evolution of AI-driven models.

9.2.2 Wearable Tech and Personalization of Services

Wearable technology; changing the market from passive consumption to real-time personal data driven services, particularly in HealthTech, Wellness and Fitness sectors.

• Real-Time Data Streams:

o Wearables record physiological and biometric data (heart rate, sleep, activity, glucose levels) for businesses to serve insights or services on the fly.

• Subscription and Service Models:

o Subscriptions: Some wearable companies make money on the hardware (the device itself) and create a second leg in the stool with the service.

o Example: Fitbit Premium provides curated health insights, while Apple Fitness+ brings workouts to Amazon Watch.

• Cross-Industry Integration:

o Insurance companies mine wearable data for discounts or wellness programs.

EdTech companies are testing out focus-tracking wearables to analyze learning behavior.

There are uses in retail, for a foot traffic map in smart stores.

• Behavior Modification Platforms:

o Wearable feedback loops to drive gamification, reward and nudges are used to interact with users.

o Startups such as GOQii add coaching, habit tracking and even diagnostics.

• Challenges:

o Battery longevity, data privacy and sustained interest. o Making it affordable and useful for rural or people who are not tech-savvy.

Did You Know?

“Wearable tech is now moving beyond smartwatches and fitness bands into **implantable devices** and **smart fabrics**. Innovations like continuous blood glucose monitoring without a finger prick, or shirts that track respiratory patterns, are entering clinical trials and consumer markets. These devices are influencing new models where **subscription-based health coaching**, **insurance-linked incentives**, and **preventive diagnostics** are bundled as services. This convergence is blurring the lines between healthcare, lifestyle, and technology companies—making wearables a gateway to continuous, contextual, and predictive care.”

9.2.3 Web3, Blockchain and Decentralized Model of Business

Web3 represents a move from proprietary platforms to open protocols and user-owned communities, all built on properties with blockchain. This changes the game in terms of how value is created, trust is established and monetization can happen.

• Decentralized Platforms:

o Unlike centralised servers, Web3 platforms store data on the blockchain across a distributed network.

o Value flows to users and contributors (UNG) instead of just corporations.

• Tokenization and Ownership:

o Coinage in form of Crypto fungible and non-fungible tokens allow for fractional ownership, incentivization to participate within the ecosystem as well as monetize idea/content or attention.

Example: Content creator platforms utilizing NFTs for fan rewards or DAO-based startups facilitating stakeholder-powered governance.

• Smart Contracts:

o Automating business rules such as payments, licensing, and royalty.

o Marketplaces — Supply chains and Real Estate -Cut down transaction costs and bring more transparency.

• Revenue Models:

o Move from ads/subscriptions to usage based token economics or staking.

o DAOs (Decentralized Autonomous Organizations) enable collective financing, and distribution of revenues.

• Challenges:

o Regulatory challenges, user awareness, energy consumption and scalability..

o Trust issues originating from scams and lack of formal regulation.

Web3 provides a window into community-driven capitalism, in which users co-own and co-govern platforms — but adoption hinges on striking the right balance between innovation and safeguards.

9.2.4 The Metaverse as the Business Ecosystem

The Metaverse is a collective virtual space that exists in physical reality, augmented reality, and virtual reality. It's the next frontier for business model innovation.

• Virtual Goods and Economies:

o Businesses can offer virtual clothing (digital fashion), real estate and NFTs for sale.

o Brands including Nike and Gucci have opened virtual shops within platforms like Roblox and Decentraland.

• Immersive Experiences:

o Empax) in Education, Medical & Events industries for training simulations, telepresence consultations and virtual conferences.

EdTech companies are experimenting with gamified, 3D learning spaces.

• New Monetization Models:

o “Experience-as-a-Service” replaces product sales.

o Paywalls for immersive spaces, VR world ads and metaverse-native creator tools on the rise.

• Digital Twins and Testing Grounds:

o Companies rely on virtual twins of stores and factories for design, testing and logistics planning.

o Cuts down on the time and cost to trial in the real world.

• Barriers to Adoption:

o High AR/VR devices costs, limited acceptance in developing countries and the low level of interoperability. o Worries about user safety, privacy and getting sucked into the digital vortex.

Businesses considering the Metaverse need to ask whether their value proposition translates into something compelling not only to be part of, but also in which to experience.

9.3 Sustainability and Global Shifts

9.3.1 Climate Change and the Push for Sustainable Business

With climate change now an increasingly visible and pressing reality, companies in all sectors are scrambling to shape their models around less harm, higher responsibility and compliance with industry standards.

• From Linear to Low-Carbon Models:

o Businesses are shunning carbon-intensive supply chains and operations.

o Scope 1 (direct), Scope 2 (indirect energy) and Scope 3 (value chain) emissions are being measured, and inputs into production processes continue to improve in cleanliness through greener sourcing, green logistics etc.ex &T15aaтJ^1pcmwvГQ^т$6ы& Statement of Compliance Statement of Conditioning Materials Policy Certification I confirm that the information provided in this application is true to the best of my knowledge.

• Investor Pressure and ESG Compliance:

o Institutional investment now requires ESG (Environmental, Social and Governance) metrics.

o Words in place of action/rhetoric are giving way to results—carbon credits, product lifecycle assessments and sustainability audits.

• Resilience Planning:

o Climate risk is now a component of business continuity plans.

o Real estate companies anticipate sea-level rise, food companies revisit their inputs from agriculture and insurers repricing climate risk.

• Customer Influence:

o Transparent sustainability claims are more and more requested by consumers.

o Those brands not addressing their green promises risk damaging their reputation and losing market share.

• Innovation and Cost Reduction:

o From round packaging to redesigned sustainable products and more energy-efficient production processes, the long-term cost reduction is real.

o Eco Design is a strategic value as well as a duty.

9.3.2 Circular Economy and Regenerative Models

The circular economy and concepts of regenerative business model design look to stop waste, extend product life,and refill natural systems rather than following a simple ‘reduce-reuse-recycle’ mantra.

• Designing for Longevity:

o Modular, reusable, repairable and upcyclable design of products is being conceived.

o Brands including Neemans (India) make use of recycled material (for example, wool and plastic bottles) to create sustainable footwear with a superior life span.

• Product-as-a-Service (PaaS):

o Business models change from sale of ownership to 'renting' or usage, such as lease or pay-as-you-use.

o E.g., clothing- and furniture-as-a-services, or an electronics- as-a-service model can help to minimize end-of-use waste with a different business model.

• Closed-Loop Supply Chains:

o Businesses capture used products to refurbish, remanufacture or resell them.

Waste is turned into a resource input (resource circularity).

• Regenerative Agriculture and Local Sourcing:

o Work on fixing ecosystems, making soil healthier and using synthetic inputs less.

o Puts its focus on shorter, transparent and fair-value chains in food and agri-business.

• Challenges:

o High initial capital to invest in redesign and reverse logistics.

o Consumer education and change in consumer behavior does not happen overnight.

9.3.3 Evolving Consumer Trends: Conscious Consumption and Trust

Consumers are increasingly conscious of what they buy, who they buy it from and also what businesses do, not just the products or services on offer.

• Value-Driven Purchasing:

o Brand is not simply a product it is also the brand's ethics, social responsibility and sustainability.

o Brands that are fully transparent in sourcing, carbon footprint and fair labor practices will be prioritized.

• Rise of Ethical and Local Brands:

o Indigenous, local, or ethical brands are now competing with mass production, especially popular among Gen Z and Millennials.

o Movements such as "Buy Less, Buy Better" are diverting demand from fast fashion and disposable tech.

• Digital Transparency Tools:

o Shoppers leverage QR codes, certification (for example B Corp or Fair Trade) and blockchain based traceability to confirm product claims.

o Platforms which provide environmental and ethical scores are driving purchase".

• Trust as a Differentiator:

Misinformation and greenwashing, as well as unethical practices, have put trust at the heart of brand loyalty.

• Brands which admit mistakes, indicate switching and include consumers in co-creation develop stronger bonds.

• Experience over Ownership:

o Subscriptions, rentals and shared access models are evidence of a shift from hoarding to minimalism.

"Many companies are now experimenting with "product passports", a digital identity for every item sold, especially in fashion and electronics. These passports include data on materials, sourcing, carbon emissions, repair guides, and even second-hand resale value. This enables consumers to make better-informed decisions, helps businesses retain lifecycle data for circular models, and may soon become mandatory in the EU and other regulated markets. It's a big leap toward building trust and traceability into every product journey."

9.3.4 Regulatory Shifts Driving Business Model Innovation

Regulation as enabler Governments and global institutions are seeking to use regulation as a catalyst for sustainability, ethical use of technology and consumer protection – challenging business models to innovate or adjust.

• Climate and Carbon Reporting:

o ESG disclosures are increasingly required in financial filings.

o The introduction of carbon taxes, cap and trade systems and green procurement policies are stimulating low emissions innovation.

• Bans on Single-Use Plastics & Extended Producer Responsibility (EPR):

o Companies are increasingly responsible for taking back, recycling, or properly disposing of their packaging and 'end-of-life' materials.

o This has fueled an increase in biodegradable packaging refillable systems and waste-reducing tech.

• Digital Regulation:

AI governance, data protection (like the GDPR in India and other countries), and requirements for algorithmic transparency are reconfiguring tech firms' modes of operation.

o "Consent-by-design" and privacy as a feature has become the differentiator from a competitive standpoint.

• Circular Economy Directives:

– There are both global and regional (e.g., the EU Circular Economy Action Plan) level programs that are requiring durability, repairability and recyclability of product.

o They directly affect product design and characteristics, manufacturing specifications and after-sale strategies.

• Support for Green Innovation:

o There are tax and financial incentives, grants and innovation sandboxes that governments provide to encourage startups focused on sustainability.

o This permits new players to trial potential business models initially not burdened by significant compliance requirements.

9.4 Integration Across Industries

9.4.1 Linking HealthTech, EdTech, FoodTech, FinTech, and AgriTech Learnings

The second line of investigation is focused on understanding how lessons from five high growth industries (the so-called 'HealthTech, EdTech, AgriTech, Renewable Food & FinTech' sectors) can be combined to derive cross- industry insights with respect to innovation capacity, scalability and value generation.

Shared Learnings Across Sectors:

• User-Centric Design:

o Personalisation and user engagement are core across all of the five sectors, whether this is personalised learning paths (EdTech), diet planning (FoodTech), financial products (FinTech) or saving health records.

o Data analytics and AI are driving startups to better outcomes and retention.

• Infrastructure Challenges:

o CloudTech: AgriTech, HealthTech frequently experience infrastructure bottlenecks in rural/semi urban areas.

o These segments follow the mobile-first and offline-enabled approach to address last mile users.

• Regulation and Trust:

HealthTech and FinTech are heavily regulated. Trust is built through data privacy, security and compliance.

o AgriTech needs less regulation but trust-building with farmers and actors in the supply chain.

• Revenue Diversification:

o EdTech and Fintech utilize subscription, pay-per-use, freemium and D2C models.

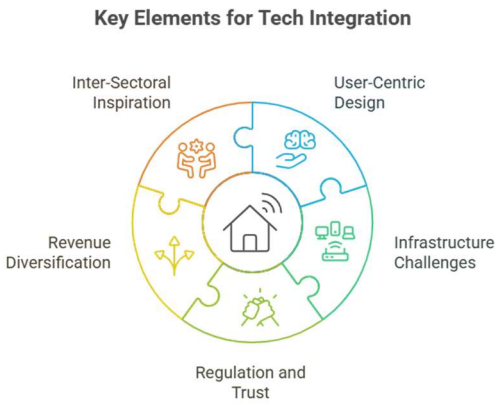
o AgriTech: a mix of B2B & B2C models, while FoodTech rides on platform commission or cloud kitchen.

• Inter-Sectoral Inspiration:

o FinTech tools are used as a component in EdTech (education loans) and AgriTech (credit to farmers).

o HealthTech leverages EdTech-style gamification to engage individuals in their health.

This cross-pollination enables startups to build hybrid models that solve users' multi-facing needs.



9.4.2 Convergence of Technology, Regulation, and Consumer Needs

Convergence is about the fusion of formerly separate domains — technology, policy and consumer behavior — to rewrite business models everywhere.

Key Dimensions of Convergence:

• Technology as a Universal Enabler:

o AI, IoT & mobile connectivity pervade across EdTech (adaptive learning), HealthTech (remote diagnostics) and AgriTech (crop monitoring).

APIs and cloud- computing allow for componentized, scalable, and interoperable solutions.

• The Speed, Transparency and Customization Consumers Expect:

o People today expect Amazon-speed and Netflix-personalization from their on demand ANYTHING whether it be meals delivery or investing platforms.

o This causes firms to redesign UX, how they manage data and how the backend responds.

• Policy and Regulation:

o FinTech and HealthTech are customizing to compliance-first business models, where data is integral to how things get done.

o Data privacy regulation (ex: India's Digital Personal Data Protection Act) impacts EdTech, Wearables and D2C equally.

• Rise of Trust and Accountability:

o Trust is not solely about product quality, but includes trustworthy use of data, algorithmic fairness, and contributions to society.

• Platformization and API Economy:

o Businesses are no longer stand-alone apps but rather nodes in an API-driven, regulation-compliant, user-in-charge network.

o They can create different use cases with shared infrastructure, leading to faster time-to-market.

This convergence requires a multi-lens approach, where startups tackle tech scalability, policy limitations and shifting consumer mindsets in unity.

9.4.3 Ecosystem Thinking: Firms, Platforms, and Networks

Ecosystem thinking turns our attention away from creating standalone products and towards the art of co-creating value in relationships that are ones of mutual dependence – which is exactly what you need for long-term resilience, and scale!

Characteristics of Ecosystem Thinking:

• Beyond the Firm:

o Firms tended to be traditional and more concerned with internal efficiency. Ecosystem players are about external orchestration—connecting customers, developers, suppliers, and even competitors.

• From Platforms to Networks:

o A marketplace (eg. Paytm or Amazon) develop two- sided markets. A network (U.P.I., or O.N.D.C.) is broader, interoperable and non-exclusive.

o Companies are transitioning from 'owning' users to facilitating usage.

• Data as Shared Currency:

o Ecosystem members exchange anonymized user behaviors, usage patterns or logistics information to enhance collective intelligence.

• Interoperability and Open Standards:

o HealthTech ventures in tandem with Ayushman Bharat Digital Mission (ABDM) https://www.pm.gov.in/en/news_updates/pm-launch-ayushman-bharat-digital-mission-and-national-digital-health-ecosystem.

o FinTechs adopt open banking APIs.

o EdTech interconnects with the digital public infrastructure (DPI) such as DIKSHA.

• Revenue Through Collaboration:

o Co-branded items/API monetisation/sharing revenue with end business partners are a given.

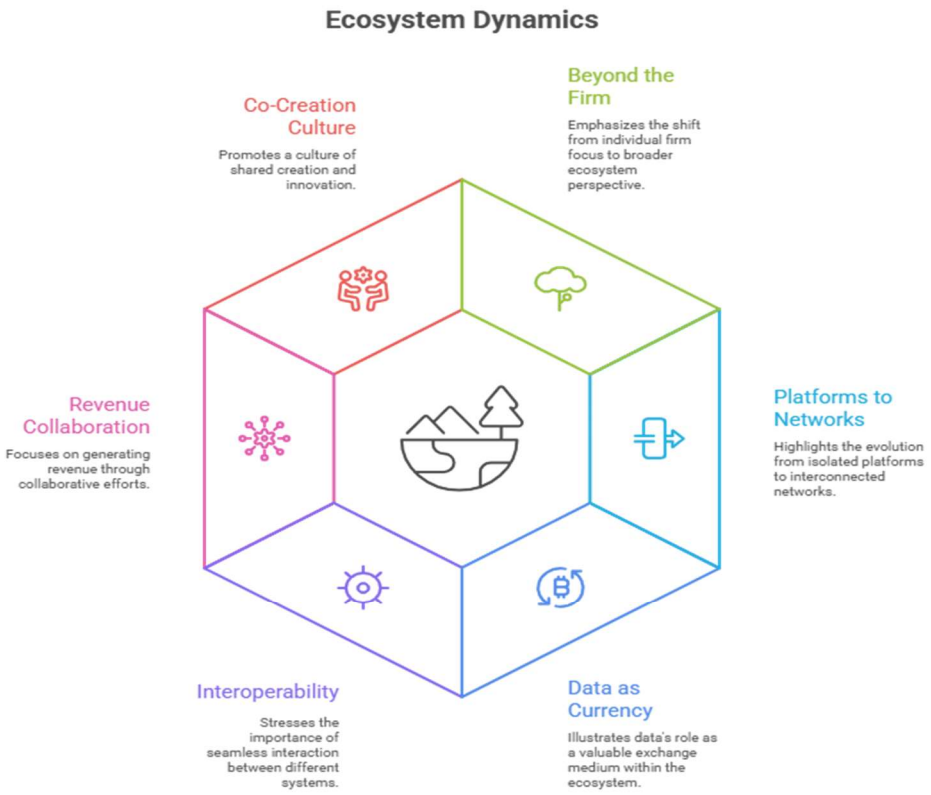
o Risk is shared, adoption is accelerated and market are opened up.

• Culture of Co-Creation:

o Users are more than consumers: they are testers, co-designers and promoters.

o Community-building becomes a strategic moat.

Exclusive: White House officials are considering a plan to cut billions of dollars from the US foreign aid budget, including funding for malaria drugs and international peacekeeping operations.



9.5 Entrepreneurial Reflection and Foresight

9.5.1 Frameworks for Anticipating Future Trends

The ones which foresee trends, instead of reacting to them, are the ones who will succeed in the long-run. There are some structured frameworks for recognizing, evaluating and rehearsing a range of future shifts.

• PESTLE Analysis (Political, Economic, Social, Technological, Legal, Environmental):

o Stimulates scanning in all the macro-environmental areas for potential disruptive or enabling events.

o Example: New regulation in AI (Legal) may affect design of products in HealthTech or EdTech.

Signals and Drivers Mapping:

o Weak signals (early warning signs of change) and strong drivers (steady mega-trends) provide the tools to anticipate dynamics before they are received.

o Enables entrepreneurs to be proactive not reactive.

• Scenario Planning:

o Promotes ‘alternatives” thinking:“What if rules were to change?”, “What do consumers think of AI?” o Startups create resilient pathways by envisioning many futures.

• S-Curve and Adoption Cycle:

o Understanding the position of a technology on its growth curve helps to time product-market introduction and scale-up strategies.

• STEER or FTI (Future Thinking Index) :-

o Devices, which track value, ethics and system pattern change over time.

o Ultra-helpful for social impact or sustainable enterprise building.

It is time for entrepreneurs to bake foresight into strategic planning and not just use it as last ditch pivot fuel.

9.5.2 Developing a Flexible and Responsive Business Architecture

A business model that is resilient and agile will take shocks — economic, technological, environmental or geopolitical — in stride and continue to create value. It's essential in such volatile times.

• Diversification of Revenue Streams:

o Don't rely on just one type of customer or revenue stream.

o Example: SaaS companies providing freemium, enterprise, and service-based plans.

• Agile Operations:

o Procurement, staffing and delivery can be adjusted as appropriate at speed. o Enablers include cloud-native infrastructure, remote teams, modular supply chains.

Feedback Loops:

o Utilise customer insights and usage analytics to evolve offerings on an ongoing basis.

o No wonder startups have to be in a constant state of learning –MVP, beta testing and community reaction.

• Partnership-Driven Scalability:

o Working with platforms, governments or local ecosystems can be a way of scaling without having to build everything in-house.

o Open APIs and partner networks offer flexibility and reach.

• Embedded Impact and Trust:

o Transparency, ethics and sustainability are not merely values — they insulate businesses from backlash and build customer loyalty.

• Pivot Readiness:

o Preserve strategic optionality to be able to transition product-market fit, monetization or delivery method without imploding the business.

Resilience isn't about being invulnerable; it's about being responsive, knowledgeable and strategically flexible.

9.5.3 Student Reflection: Creating an Unbreakable Business Model

Students are encouraged to look back at everything they've learned throughout the course, bring it all together and weave it into a model for a business that can succeed in an ever-evolving future.

• Step 1: Trend Scanning

o Discuss two to three new trends (e.g., Artificial Intelligence Personalization, Eco Friendly Logistical Chain, Trust Based Commerce).

• Step 2: Impact Mapping o Map how tendencies influence the 9 blocks of the Business Model Canvas

• Step 3: Design Principles

o Be flexible on channels, partnerships, revenue and customers. o Establish a trust-barometer, data ethics and regulatory hadol to day0.

Step 4: Ecosystem Role o Place the business in a broader ecosystem (partner APIs, value chains, social goods).

• Step 5: Check and Adapt o Summarise how ongoing feedback and adaptability will be dealt with after launch.

This reinforces forward-thinking, knowing risk and adopting value-driven innovation.

"Activity: Design a Future-Proof Business Model"

Create a business model canvas for a hypothetical startup that could launch in the next 3–5 years. The product or service must address a future consumer need (e.g., AI wellness coach, regenerative food supply, decentralized learning). Begin by scanning 2–3 megatrends or disruptions and identify how your model will remain flexible across technology, regulation, and consumer behavior. You must justify how your startup will remain relevant, ethical, and competitive in a volatile world. Discuss it in small groups or pitch it to peers as a "future-resilient venture."

9.6 Summary

❖ The Business Model Canvas (BMC) is a flexible instrument of modelling, analyzing and innovating both in classical, digital or the emergent industries.

❖ Bringing lessons learnt from HealthTech, EdTech FoodTech FinTech AgriTech reveals that Tech adoption in priority sectors line are driven by evolving policy support and user experience rather than technology standalone.

❖ New technologies—like AI, Generative AI, blockchain, Web3 and wearable tech—are changing the way companies generate, deliver and capture value.

❖ The Metaverse is in an immersive environment for commerce, education and social experience although adoption has hurdles.

❖ Climate change and sustainability plus increasing consumer awareness are driving businesses to now act with regenerative, circular, and impact-based business models.

❖ Regulatory change, including ESG requirements and data protection legislation is both a constraint and an area of innovation

triggers.

❖ Ecosystem mindset leads to the formation of platforms and networks, in which firms co-create value with their customers, partners as well as competitors.

❖ Predictive Entrepreneurship: focusing on scenario planning, trend mapping and agility-critical for building future-ready, anti-fragile businesses.

9.7 Key Terms

Business Model Canvas (BMC): A strategic management tool that outlines nine critical components of a business model ranging from value proposition to cost structure.

Circular Economy: A model where waste is minimized and resources are used in the most efficient way, reusing and recycling them.

Generative AI – AI systems that produce new content, like text, images or code (it's what allows automation and personalization).

Web3: The future version of the internet which is built on decentralized networks, token markets, and blockchain.

Metaverse: Shared digital universe that combines virtual, augmented and real worlds where people can interact with one another and do business.

MINDFUL CONSUMERISM: The desire of consumers to purchase brands and products, that are ethical & sustainable.

Ecosystem Thinking: A paradigm that looks at business not as a silo, but part of a cooperative ecosystem or platform.

Foresight: The systematic, future-oriented analysis of the macro-environment that guides present decision-making about emerging trends.

Regenerative Models: Business models that are restoring ecosystems and ensuring positive environmental and social outcomes.

12 Scenario Planning: Strategic preparation for possible futures by reflecting on conceivable shifts in the environment.

9.8 Descriptive Questions

Describe the significance of incorporating sustainability in current business models. Cite examples of the circular economy.

Explain how AI and wearables are revolutionizing customer engagement and personalization across industries.

Differences between centralised business models and decentralised models within Web3.

What are some of the trade-offs and opportunities that startups face when it comes to building robust, anti-fragile business models?

How does the Business Model Canvas support entrepreneurs in recognizing cross-sectorial possibilities?

Talk about how regulations are enablinG innovation in Fintech, HealthTech and EdTeach.

Depict the changes in the traditional value chain as a result of changing industry trends such as ethical consumerism.

What actually is Ecosystem Thinking and what does it mean in the age of platforms?

How do entrepreneurs Practise on foresight tools such as PESTLE analysis and scenario planning to Keep future-fit?

Build a business model for say an imaginary co functioning in the real world and metaverse.

9.9 References

1. Osterwalder, A., & Pigneur, Y. (2010). Business Model Generation. Wiley.
2. Christensen, C. M. (1997). The Innovator's Dilemma. Harvard Business Review Press.
3. Ries, E. (2011). The Lean Startup. Crown Business.
4. World Economic Forum. (2023). The Future of Business Models Report.
5. Ellen MacArthur Foundation. (2020). Circular Economy Overview.
6. CB Insights, Gartner, and McKinsey Insights on emerging tech sectors and startup ecosystems.
7. NITI Aayog Reports on HealthTech, AgriTech, and FinTech in India.
8. Government of India. (2023). Digital Personal Data Protection Act.

9. UN SDGs Knowledge Platform. (2022). Sustainable Development Goals & Business Alignment.

9.10 Case Study

"Designing the Future – A Innovationswettbewerb"

Introduction

Convening Now that industries are in the process of shifting under the influence of new technologies, climate imperatives, and changing consumers' values it's time for entrepreneurs to break out of their silos. This case challenges students to consider how HealthTech, AgriTech, FinTech and sustainability intersect within a more holistic perspective on the integration of these sectors; articulate a resilient business model that is adaptive, collaborative and future-proof.

Background

Four young entrepreneurs, from healthcare, agribusiness, financial services and sustainable product design respectively, met at a startup bootcamp on regenerative innovation. They recognized that the rural health and income crisis could not be addressed by any one sector.

Their idea: AgriWell, a platform that combines precision farming with digital wallets for farmers, telemedicine services and kits to improve soil sustainably — and is customized for rural India. They intended to leverage AI to create personalised insights, wearable tech for health monitoring and blockchain for transparency in farmer payouts.

As they got ready to pitch investors, challenges started cropping up around regulatory complexity, data ethics, cross-sector coordination and monetizing an ecosystem as vast.

Problem Statements and Solutions

Problem 1: The Complexity of Integrated Systems across Institutions

• The workflow integrates AgriTech, FinTech and HealthTech – each with unique compliance requirements, data standards, and regulatory agencies.

Solution:

• Start by taking a domain driven approach with modular API for each domain and a unified interface.

• Forge tie-ups with domain experts in regulation (such as NBFCs with FinTech, and Ayushman Bharat with HealthTech).

• Take a phased approach: begin with AgriTech-FinTech integration before scaling to health once trust has been established.

Issue 2: How to create a viable but expandable business Insistence of scalability and viability.

• Rural markets often have lower purchasing power, longer customer education cycles and inconsistent digital access.

Solution:

• Use the BMC to uncover other potential revenue streams – government partnerships, CSR funding, subscription bundles, data-driven advisory services.

• Follow a freemium model: free offerings include basic soil testing and crop advice; premium services such as health diagnostics and fintech.

• Collaborate with local entrepreneurs to make last-mile deliveries and engage with communities.

Issue 3: Trust and Data Ethics in the adoption of AI and Blockchain

• Farmers and other rural users might be resistant to automated advice or decentralized finance platforms. Misuse of the data and lack of privacy might undermine credibility.

Solution:

• Foster data transparency through consent-based design and education on rights to control data.

• Earn trust through local ambassadors, vernacular interfaces and offline availability.

• Use blockchain only for back–end validation, not front-end UX, minimizing complexity and enabling trust.

Case-Based Questions

What elements of the Business Model Canvas are extremely important to AgriWell, and why?

How is AgriWell able to stay nimble while being in three highly regulated sectors?

How best to pilot test and validate AgriWell's model before scaling nationally.

What ethical protections should be embedded into their AI and blockchain design?

How can an ecosystem approach enhance the long-term sustainability and competitive advantage of AgriWell?

Conclusion

The AgriWell case embodies the themes of Unit 9—integrated designs, ecosystem partnering, technology-enabled future sensing, and sustainability. Entrepreneurs must not only create products, but also shape complex platforms that address multiple constituencies amid uncertainty. Future-proof business models are unbound by vertical, ethically grounded and agile.