COMP1100 — Week 2 Notes

Table of contents

Business Model Canvas **1**
- Outline . . . 1
- The business model canvas . . . 2
- The value proposition canvas . . . 2
- Interviewing . . . 2
- Exercise: the front stage of a successful product . . . 2
- Key takeaways . . . 3
- Homework . . . 3
- Next week . . . 3

Reference material **4**
- The Business Model Canvas . . . 4
- Customer Discovery . . . 6
- The Value Proposition Canvas . . . 9

Business Model Canvas

Week 2 seminar. See comp1100[1] for course logistics.

Outline

1. The business model canvas — the nine blocks
2. Front stage vs back stage
3. The canvas as a record of customer discovery
4. The value proposition canvas
5. Ground rules for interviewing

[1] courses/comp1100/comp1100.pdf

The business model canvas

See business-model-canvas[2] for all nine blocks and the question each one answers, the front/back stage split, and — the part that makes it more than a template — how each cell starts as a *hypothesis* and becomes a *fact* as the customer-discovery[3] loop turns.

COMP1100 focuses on the front stage: customer segments, value propositions, channels, customer relationships, revenue streams.

The value proposition canvas

See value-proposition-canvas[4] — the value map and customer profile, the intersection of what your customer wants / what you do well / what your competitors do well, and the six ways to innovate from a customer profile.

Interviewing

See value-proposition-canvas[5] for the seven ground rules (section 4.5 of the course notes). The two that change an interview most:

- **Get facts, not opinions** — don't ask "Would you…?", ask "When was the last time you…?"
- **Always open doors at the end** — "Who else should I talk to?" Always.

Exercise: the front stage of a successful product

As a team, select a successful software product (**not** designed by Apple) and write down the front stage of its business model canvas:

[2] courses/comp1100/business-model-canvas.pdf
[3] courses/comp1100/customer-discovery.pdf
[4] courses/comp1100/value-proposition-canvas.pdf
[5] courses/comp1100/value-proposition-canvas.pdf

Customer segments (pick one)	Value propositions	Channels	Customer relationships	Revenue streams
Who is it for? What are their characteristics? What problems do they have?	What are the features that solve the customers' problems?	How is it delivered to you? Web? Mobile app? Post? Physical stores? Via partners or direct?	How do they build relationships? Support? Updates? Community engagement? Training?	How do they generate revenue? Subscriptions? One-off transactions? Advertising? Selling support?

Key takeaways

- Business model canvas = a way to understand and visualise business models.
- Value proposition canvas = a way to understand and visualise the value proposition and market fit.
- These guide our thinking **and** represent our learnings/lessons.
- When we interview customers to construct profiles, we need to **listen**.

Homework

Team: meet your team in the studio this week (your legend allocates you); hold a meeting outside class to get to know each other; set up a weekly team meeting separate from studio time; select one or two challenges to work on for the semester.

Individually: set up a one-on-one meeting with your supervisor when they contact you.

Next week

Seminar: 2025-08-11-experimentation-and-customer-relationships[6]. Studio: none — public holiday.

[6] courses/comp1100/2025-08-11-experimentation-and-customer-relationships.pdf

Reference material

The Business Model Canvas

Strategyzer's **Business Model Canvas** (Alexander Osterwalder) is a one-page way to understand and visualise a business model, split into nine blocks. In COMP1100 it doubles as the artefact the team submits — it holds both the current thinking *and* the record of what has been learned.

The nine blocks

Block	The question it answers
Customer segments	Which customers and users are we serving? Which are their problems/pains?
Value propositions	What are we offering them? What is getting done for them — do they care?
Channels	How does each customer segment want to be reached? Through which interaction points, and how do we deliver this?
Customer relationships	What relationships are we establishing with each segment? Personal? Automated?
Revenue streams	What are customers really willing to pay for? Are we generating transactional or recurring revenues?
Key resources	Which resources do we need to deliver our business model? Which assets are essential?
Key activities	Which activities do we need to perform to deliver our business model? Which are crucial?
Key partners	Which other organisations do we rely on to deliver our business model?
Cost structure	What are the expenses we incur delivering our business model? Salaries, rent, services, technology subscriptions?

Front stage and back stage

The canvas divides down the middle:

- **Front stage** — customer segments, value propositions, channels, customer relationships, revenue streams. Everything that faces the customer.
- **Back stage** — key partners, key activities, key resources, cost structure. Everything that makes delivery possible.

COMP1100 focuses on the front stage. The five questions that matter here: who are our customers, what are we offering them, what relationships are we establishing with them, how do we deliver our service to them, and will they pay for this — and how?

The canvas as a record of learning

This is the part that makes the canvas more than a planning template. Every cell starts life as a **hypothesis** and becomes a **fact** only once it has been tested — so the canvas visibly tracks progress through the customer-discovery[7] loop:

Stage	State of the canvas
1. Define hypotheses	Every filled cell says *Hypothesis*
2. Test the problem	Customer-segment and relationship cells start turning into *Fact*
3. Test the solution	Value-proposition cells turn into *Fact*
4. Verify, pivot, or refine	A mix — and the remaining hypotheses are the next round's work

A canvas that is still all hypotheses after several weeks is itself the finding.

A template is available from the course notes: business_model_and_testing_templates.pptx.

Key takeaways

- The business model canvas is a way to understand and visualise business models.
- The value-proposition-canvas[8] is a way to understand and visualise the value proposition and market fit.
- These **guide our thinking AND represent our learnings**.

[7] courses/comp1100/customer-discovery.pdf
[8] courses/comp1100/value-proposition-canvas.pdf

Customer Discovery

> **Customer discovery** is the process of turning an initial idea or vision about a market or customers into a set of *facts*. The process tests whether the business model for a company solves real customer problems, and whether the product features fit those customer problems.

It is the first stage of the customer development process in lean-startup[9], and the stage COMP1100 spends nearly all its time in — all three assessment submissions are iterations of it.

The four-step process

```
        1. Define hypotheses
                  ↓
        2. Test the problem
                  ↓
        3. Test the solution
                  ↓
  4. Verify, pivot, or refine  →  (customer validation)
```

The loop repeats. Each pass turns more of the business-model-canvas[10] from hypothesis into fact.

Step 1 — define our hypotheses

The initial hypotheses *are* our vision. Write answers to:

1. What are our customers' top problems?
2. How does our idea help to solve these problems?
3. What would a day in the life of a customer look like before and after our product?

These are **guesses or assumptions at best** — which is exactly why they get tested rather than built on.

The step also includes sketching a vision. This means a rough sketch, not a polished rendering.

[9] courses/comp1100/lean-startup.pdf
[10] courses/comp1100/business-model-canvas.pdf

Step 2 — test the problem

Gather data to **refute or confirm** our hypotheses about the problem. This is where the distinction that runs through the whole course appears:

	Who they are
User	People who *use* a product
Customer	People who *pay for or approve* a product

They are frequently not the same people, and a hypothesis needs to say which it's about.

Step 3 — test the solution

Gather data to refute or confirm hypotheses about our *solution*. The thing being sought is **product/market fit** — the match between the customer's problems and needs on one side, and the product's features and value proposition on the other.

> "Ideas are like babies because everyone thinks theirs is cute, therefore be objective when judging your own ideas."
>
> — Tina Seelig

Step 4 — verify, pivot, or refine

Refine the product, pivot the strategy, or (rarely) rethink the vision. See lean-startup[11].

A worked example: the medical alert system

The running example is an emergency alarm for older people living alone, with a speaker, microphone, emergency button, well-being check button, status light and a wireless transmitter.

Initial hypotheses:

1. Older people want to be safe.
2. Families of older people want to know, on a daily basis, that their older family member is safe.
3. Older people want to be able to initiate a call for help and cancel any call for help.
4. Older people want to maintain their independence/autonomy.
5. Older people want to be cared for.
6. Older people do not want to have to press the green button each day to let the care company know that they are alive.

[11] courses/comp1100/lean-startup.pdf

7. Older people do not want to wear a visible (and ugly!) emergency alarm around their neck or wrist.

Hypothesis 1 is about both users and customers, while hypothesis 2 is mainly about *customers* — the family, not the user.

After testing the problem, hypothesis 5 was refuted outright and 7 was partly refuted, producing **new hypotheses**:

- 5. Older people want to be cared **about**. *(the original said "cared for" — a small wording change carrying a completely different product)*
- 8. Some older people wouldn't mind wearing a wireless transmitter if it was not visible to others.
- 9. Older people wanted to be in touch with **their family members**, rather than a service provider.
- 10. Older people would prefer a medical alert that allowed them to be mobile — the existing alarms were attached to a phone line and the transmitters had short range.

This is the whole method in miniature: the product that survives contact with real users is not the one that was sketched.

Early adopters

Not all of the market matters at the start. The adoption curve:

Segment	Share
Innovators	2.5%
Early adopters	13.5%
Early majority	34%
Late majority	34%
Laggards	16%

The first release targets early adopters, not the majority.

Customer development heuristics

1. **There are no facts inside your building, so get outside.**
2. Develop for the few, not the many.
3. Early adopters make your product.
4. And they know more than you.
5. Focus groups are for big companies, not startups.

6. Surveys don't give insight compared to interviews — follow-up questions are difficult.
7. The goal for release 1 is the **minimum feature set for early adopters**.

Heuristic 6 is the reason the course's assessment requires recorded, transcribed interviews rather than a survey: you cannot ask "why?" to a form.

See value-proposition-canvas[12] for the ground rules on actually conducting those interviews, and test-cards-and-learning-cards[13] for the format the hypotheses and results are written in.

The Value Proposition Canvas

Value proposition

> A **value proposition** is a feature or service that makes a product attractive to customers.

It sits at the intersection of three things:

- What your **customer wants**
- What **you do well**
- What your **competitors do well**

Your value proposition is what your customer wants that you do well — and, ideally, that your competitors don't. The competitor axis matters more than teams expect; it reappears in minimum-viable-products[14] when deciding what the minimum actually has to include.

The canvas

> A **value proposition canvas** is a visual description of our customer segments and our value propositions to solve those customers' problems.

It has two halves that are meant to be matched against each other:

- the **value map** — our side, what we offer
- the **customer profile** — their side, the jobs, pains and gains

Full detail in the course notes, chapter 4.

[12] courses/comp1100/value-proposition-canvas.pdf
[13] courses/comp1100/test-cards-and-learning-cards.pdf
[14] courses/comp1100/minimum-viable-products.pdf

Six ways to innovate from a customer profile

Once you have a customer profile, it suggests its own moves:

Strategy	Explanation
Address more jobs?	Can we help customers complete more jobs in their day?
More important jobs?	Can we help customers do something more valuable?
Beyond functional jobs?	Can we help customers create value by fulfilling important social and emotional jobs?
Help more customers?	Can we help more customers by making jobs easier or cheaper?
Do a job better?	Can we help customers achieve a higher quality on existing jobs?

Only five of the six are listed here.

Ground rules for interviewing

Section 4.5 of the course notes, and the most immediately practical page in the course — this is how the customer profile actually gets filled in.

Ground rule	What it means
Adopt a beginner's mindset	Listen with a "fresh pair of ears". Avoid trying to interpret — ask for clarification. Explore things you did not expect.
Listen more than you talk	Listen, don't tell. Do not talk about what you believe. Clarify misunderstandings, but don't try to convince.
Get facts, not opinions	Don't ask "Would you…?" Do ask "When is/was the last time you…?" and "How much did you…?"
Ask "why" questions	Motivation matters and helps uncover new facts. Ask "Why do you need…?", "Why is this a pain?"
Don't sell	We are not interviewing to sell a solution. Don't explain our solution ("Wouldn't you like…?"). Ask "What are the most painful…?"

Ground rule	What it means
Follow up	Ask for contact details, so you can come back with more questions later.
Always open doors at the end	Ask "Who else should I talk to?" **Always.**

The "get facts, not opinions" rule is the one that most changes an interview. "Would you use an app that…?" reliably produces a polite yes that means nothing; "when did you last…?" produces a fact.

Key takeaway

When we interview customers to construct profiles, **we need to listen**. See customer-discovery[15] for what the interviews are feeding, and experimentation[16] for how the answers get turned into evidence.

[15] courses/comp1100/customer-discovery.pdf
[16] courses/comp1100/experimentation.pdf