‘GENERATE’
Investing in Australian music enterprise

STAGE 2

GENERATE INTENSIVE
BUSINESS STRATEGY WORKSHOP

March 2012
Background

- About GENERATE
- About Creative Industries Innovation Centre (CIIC)
- About Enterprise Connect
- About the presenters

The need for innovative thinking in the music and creative industries has never been more important than now.

Tim Levinson (The Herd)
APRA Ambassador
Why business models are important

- Describes the rationale of how a business creates, delivers and captures value
- Describes the complexities of how a business functions
- Shows the logic of how a business intends to make money
- It’s the business model around the product and services that helps create a successful business
Characteristics

- 9 Building Blocks
- Incorporates Business and Design Thinking
- Focuses on customers and delivery of value to customers
- Dynamic tool
- DIY tool
Customer Segments

- Defines the different groups of people or organizations an enterprise aims to reach and serve
- Which customers and users are you serving
- Which jobs do they really want to get done
- What products do they really want
- Who are your listeners
- Examples: Mass Market, Niche Market, Segmented, Diversified.
Value Proposition

- Describes the bundle of products and services that create value for a specific customer segment
- What are you offering your customers
Customer Relationships

- Describes the types of relationships a business establishes with specific customer segments
- Examples: personal assistance, dedicated personal assistance, self-service, automated services, communities and co-creation
Channels

- Describes how a business communicates with and reaches its Customer Segments to deliver a value proposition.
Revenue Streams

- Represents the cash a company generates from its customer segments

- Two types of revenue streams:
  - Transactional revenues resulting from one-time customer payments
  - Recurring revenues resulting from ongoing payments to deliver a value proposition

- Revenue stream in the music industry: record royalties, mechanical royalties, licensing revenue, performance fees, merchandising fees
Key Resources

- Describes the most important assets required to make a business model work

- Types of resources:
  - Physical
  - Intellectual
  - Human
  - Financial
Key Activities

- Describes the most important things a business must do to make its business model work

- Examples:
  - Ebay – Maintain its web platform
  - McDonalds – Supply chain management
  - Coca-Cola - Marketing
Key Partnerships

- Describes the network of suppliers and partners that make a business model work

- Partnership motivations:
  - Optimization and economy of scale
  - Reduction of risk and uncertainty
  - Acquisition of particular resources and activities
Cost Structure

- Describes all costs incurred to operate a business model
- Cost-driven business models (e.g. Jetstar)
- Value-driven business models (e.g. premium products and offers)
- Cost structure characteristics: fixed costs, variable costs, economies of scale, economies of scope
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