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Canvas model analysis: The idea of FunIT!

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S'autoritza la Universitat a incloure aquest treball en el Repositori Institucional per a la seva consulta en accés obert i difusió en línia, amb finalitats exclusivament acadèmiques i d'investigació	Autor		Tutor	
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Application, app, entrepreneur, tourism, services, club summarizer, touristic services, mobile phone, canvas

Certificate of research

By my signature below, I certify that my final grade thesis in bachelor of Tourism by the University of the Balearic Islands, entitled Canvas model analysis: The idea of FunIT!, is the entire result of my own research and work, and with absolute knowledge that no similar dissertation has been published before. All the sources I have cited in the bibliography, I have used them faithfully as a tool of research and development of this document.

Date: Thursday 12 May 2016

Signed:

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1. Introduction

1.1 The aim of the dissertation

The research embodied in this document, starts with the idea of a small enterprise, based on an App¹ for smartphones in the near future.

The aim of the paper is to, by using some economical models such as Canvas, determine the interest of the site for possible future users and analyse all the decisive aspects that would surround this business plan in order to make the market entry as more successful as possible.

With this research, and by analysing possible threats and competitors, the author and the lecturer will be able to fathom the degree of interest the people would have on the site.

Arriving to the conclusion from the data received, the author and the developing team can ensure themselves that the project is feasible and the market entry is successful, or they will have to delay the start and introduce some changes to make the project more attractive and viable.

1.2 The topic and organisation of the dissertation

The main idea of this final bachelor thesis is about developing an App, which is providing help for people who want to go out. The entertaining industry of Mallorca would be globalized and summarized by this App.

The reader is going to be introduced to the main idea, and how the development of it is shown. The author thought about a new touristic product that could be attractive for tourists and residents and that would not have a massive competition. When the author had a clear idea in her mind, she was able to set up a business plan by analysing some clue factors in order to know if it is feasible or not. First of all, the author took into term a brainstorming where many concepts came into her mind. Once she set up a clearer one, she resorted to many professionals of the informatics and design field in order to get more detailed information. At second, the main actors involved in this business plan had to be analysed. For that, the author used the canvas model, a model which does not show in an extremely detailed way all the aspects that take part on it, but still can provide a clear idea about how it could be performed.

¹ Abbreviated form of the word "application." An application is a software program that's designed to perform a specific function directly for the user or, in some cases, for another application program.

2. Development of the idea

2.1 Introduction of the Company

2.1.1 Primary research

The primary research is mainly based on browsing and seeking for information about the entertaining industry and the presence of the industry on the internet. The author searched for more information for being able to generate a whole business plan.

2.1.2 The company's mission and vision statements

One of the main aims and aspects to clarify when a company is created is the mission of it. In this case, the mission of FunIT! is to become the leader application for smartphone devices in club summarizing in the area of Mallorca island.

“The company's vision is to create the Mallorca's largest club summarizing app and provide the easiest access to the information. We are going to be the best in handling the personalization and knowing more about our user's wants than our competitors so making our service more attractive. We are going to make the FunIT! legendary.” – author's source.

2.2 Interviews with professionals

The literature review and the sources used for complementing this paper are crucial for giving arguments to it. However, the particular opinion and advices of a professional of each of the fields involved in the improvement of this project are, in the author's point of view, crucial not only for the correct development of the company but also for filling the possible missing gaps of it's design. Those interviews will give a realistic point of view to the dissertation, rather than base it only on data and written reports.

2.2.1 Interview with an Informatics Engineer student

The author had a distended talk with an old friend of her, who is currently in his last year of Informatics Engineer bachelor degree and working for a programing company situated in the Bit Park. It came very clear to her that it was going to be much more complex than the author firstly thought.

The author presented the idea to the web developer. He liked it. The author was concerned about a few aspects of how the project could start to run up. Firstly, she asked him about how an App can be created. The informatics engineer answered that the best would be to hire a web programmer to build up the application. He said, that depending on the company, this one could offer a package of creation and maintenance price for the app in a yearly basis. If not, the usual tariff of maintenance is by hours. The author asked him about the price of hiring those services and the informatics answered that the normal price of the programing creation service can be up to 3000 euros. The up keeping of it is an extra service that should be dealt with the programing Company by

setting a total budget. With the web programmer, the author should present a map of the app (all the sections and parts of the app) and the main design of it (characters, colour palette, etc.).

Another important question that the author had was about how a free app can have earnings. First of all, the author should specify to the lecturer that she chose to make a free app. The informatician said that the way to get money from this kind of apps is by the publicity. The main point to create free applications and insert publicity in them is that it will arrive to a larger number number of users. The informatician pointed many ways to earn money by posting banners. Some apps are offered as free but with an option of getting a better service by paying a fee (for example, like Spotify Premium). This is also called in-app².

On the other hand, some of these banners appear in the pages of the app without asking for it, in a corner for example. Others appear in intervals of time stopping the activity of the user (for example, publicity videos with a timing). It is the task of the author to deal with the publicity company the amount of money she will receive (sometimes you can get money from just posting it in a corner, and sometimes the users have to click on it to make you earn). However, this topic will be discussed deeply in point 3.2.9.

2.2.2 Interview with Graphic Designers

The author was interested to learn more about the graphic design world and how high can be the relation between the design and the success of a business. She had the opportunity to discuss with many students, graphic design amateurs and other professionals of the field.

Knowing that one of the main characteristics of an app is its icon, she presented a few samples and designs to them in order to know which one could work the best. Firstly, they told her that the icon had to be recognizable, easy to remember, easy to draw and with a determinate chromatic palette.



Figure 1: Colour and their

Source: Peshkatari

² In-app purchases are purchases made from within a mobile application. Users typically make an in-app purchase in order to access special content or features in an app such as power-ups, restricted levels, virtual money, special characters, boosts, etc. The purchasing process is completed directly from within the app.

When we think about an app we think about the icon, not the image. Text should be avoided. One graphic designer told the author to make a little trick that graphic designers have been using since a long time in order to test the efficiency of it. Transform a vibrant colour or shape app icon into a monochromatic range serves to test that efficiency even works this way and still transmits what the author want.

The author presented them two icons she though they might work with the project:

Figure 2 (Source: Author)

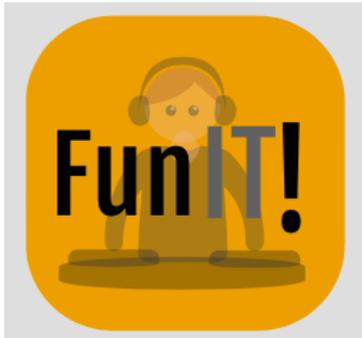


Figure 3 (Source: Author)



For the figure 2, one of the students of graphic designing thought it might be too excessive, with too much words on it. The figure 3 on the opposite presents a much more depurated image, with a minimalistic and naïf representation of a DJ playing some music. The orange colour as shown in the Figure 1, represents the motivation, youth, optimism and impulse, which mixed, create the willingness to go out and have fun. The shape of the icon is not less important. As the author is thinking of publishing this free app in Android and iOS mobile phones supports, square shapes are rarely changed from one device to another due that both of the operational systems use this shape as predetermined, which means that the design of it will not change, an important fact if we are talking about being recognizable.

Regarding to the name, FunIT!, the designers found it interesting due that it is short, includes the word “fun” which does not leave space to imagination, and an exclamation mark, which suggests action, motivation and attention.

3. Analysis of the company

Once the idea is settled, the author had to start the analysis of the project by defining whether it is feasible or not. For that, the author had to choose the main tool to proceed with the analysis. There are many economic models that can help to achieve this goal.

3.1 Economic models

For starting up a business project, we need to choose among all the options to design a business map. After an exhaustive research of the offer of methods, the author concluded, taking as well into consideration the main advice of her head teacher, to implement the denominated Canvas model. Created by Alex Osterwalder and Yves Pigneur, writers of the book "Business Model Generation", this model offers nine components to analyse, in any running business project, which are; the partners you will work with, the resources you have access to, the value propositions, the relations that you have to create with your customers, the channels you will use to support your project, the segments of customers you will work with, the costs you will have to afford and the revenue you might get by performing the main activity.

This model brings the concept of your idea an easy, simple, relevant and understandable approach.

However, this model just gives a preliminary approach of the total complexity of a project. After that, there are many other aspects that need to be studied in a singular way such as the marketing plan or the human resources organisation, using other more suitable models.

3.1.1 Traditional model vs Website oriented model

As mentioned before, the Canvas model is a basic way to study a business idea by deconstructing the main aspects that conforms it. Nevertheless, this company is based on the Internet, which is a different frame comparing to other ones. The question is, does the Canvas model analyses enough aspects for an Internet based company? Or as well, are there any other components that should be taken into consideration?

After the author's research, she found a pretty interesting article which referred to the need of the implementation of three more aspects to study, a part of the nine basic ones. Those aspects are; the benchmarking which helps to find the best practices in other websites, the weaknesses of the competition and SOLOMO aspect (Social, Local and Mobile) which provides a better vision in the social media and its markets.

The author's opinion is that, from these three factors, the one that could result interesting for the project to evaluate would be the weaknesses of the competitors.

3.2 Canvas model

3.2.1 Customer Segments

The Customer Segments Building Block defines the different groups of people or organizations an enterprise aims to reach and serve” (Osterwalder Alexander, Pigneur Yves, Business Model Generation, 2009, p.20).

Customer segmentation is a key factor to determine nowadays if a business can be successful. As being customers, the heart of any business project, defining with what kind of segments we are going to work with is crucial.

Depending on the business model, there can be defined smaller or larger segments. This will help to meet as close as possible all the customer's needs.

The main question is, who are our most important customers?

In order to define the group or groups we are going to work with, there are many types of customer segments, from the Mass market one, which does not really pay attention in a particular one, to a niche market one, which gets specialized in a very particular customer segment in order to accomplish all the requirement and needs of the clients included in this one.

In the case of FunIT!, the author believes that, as being a start-up project and, as the name relates, having a lot of risks associated to it, the best option would be to focus on a niche of customers but at the same time, being diversified in order to get to the maximum number of them possible.

Let's develop this idea a little bit more.

FunIT! is a club summarizer established at first in the area of Mallorca. As being associated with clubs and event locals, the customer niche the author decides to focus the project to is people between 18 and 35 and residents or non-residents in Mallorca (due that the app could have different language options). An important fact is that, one of the characteristics of the application is that, there would have a large tool of filters in order to minimize the research to the most suitable one. This means that users by themselves and by the app, are going to find their own segment. Those filters would be based on the price, type of music, location, type of drinks, and so.

This means that, even if the author focuses the project on a niche of customer that could be represented by over age people with a high willingness of going out and have fun, among this group there are infinite visions of amusement.

That is why the segments FunIT! would work with, are diverse but at the same time delimited by the users themselves.

3.2.2 Value Propositions

“The Value Propositions Building Block describes the bundle of products and services that create value for a specific Customer Segment” (Osterwalder Alexander, Pigneur Yves, Business Model Generation, 2009, p.22).

All the blocks we are analysing in this Canvas are clue for the correct development of the project, but determining the value propositions is, in the author's opinion, one of the most important one. In fact, it should answer the question, why this project should interest customers?

When the author would present her project to a business angel or the informatician who is going to take care of creating the support, this question should be clearly answered and supported by convincing and strong arguments. The value proposition should be distinctive to others, measurable in order to deliver quantifiable outcomes and benefits, defensible with evidences of support in order to reduce buyer's risk and sustainable, which can stand a test of time and can be delivered consistently. A value proposition should provide differential aspects to the project in order to make it attractive. Those aspects can be focusing on the newness of the idea, the performance, customization, the price and design, the brand, the fact of "getting the job done", accessibility, cost and risk reduction and usability. Value can be quantitative (price, speed of service) or qualitative (design, customer experience).

In the case of FunIT!, the main aspect that would make a potential user choose it as the first option among the other ones, would be the convenience and usability.

FunIT! offers a new approach to the club summarization that makes the task of looking for parties and events much easier, rather than forcing the user to navigate among the net. Everything is encapsulated in an intuitive and easy-to-use application available for any kind of Android or iOS system smartphone. In contrast with other similar web sites that can provide entertainment information in the area of Mallorca, an aspect that the lecturer can find more detail explained in the section "3.2.10 Competitors", for FunIT! there is no need for the customer to care about the price, because it is a free application, or about the risk due that any purchase is related to this project, and not even about the performance, because here is where the company puts its emphasis, in improving the performance of this kind of services by introducing the convenience and usability.

3.2.3 Channels

"The Channels Building Block describes how a company communicates with and reaches its Customer Segment to deliver a Value Proposition" (Osterwalder Alexander, Pigneur Yves, Business Model Generation, 2009, p.26).

The order of the analyse of Canvas is not aleatory. As written in the main description of Channels, all the aspects are co-related between each other. The point analysed here helps the project to determine what kind of channel mix is the most suitable one in order to reach its customer segment. It has to find the customer touch points that will play a clue aspect in the customer experience.

In order to determine the channel mix that FunIT! should implement as a channel of distribution, the author had to choose among an owned or shared one, direct or indirect and define the phases of it.

Figure 5

Channel Types		Channel Phases				
Own	Direct					
	Sales force					
	Web sales	1. Awareness How do we raise awareness about our company's products and services?	2. Evaluation How do we help customers evaluate our organization's Value Proposition?	3. Purchase How do we allow customers to purchase specific products and services?	4. Delivery How do we deliver a Value Proposition to customers?	5. After sales How do we provide post-purchase customer support?
Partner	Indirect					
	Partner stores					
	Wholesaler					

As explained since the beginning of this dissertation, the main channel the company is using is Internet. In order to dig deeply on this term, we can say that FunIT! is using a smartphone application support based on the two main mobile devices software's, such as Android and iOS, and backed by the net.

The company's channel type would be an owned and direct one with a web sales base. This means that, we would not need any intermediary partner that would perform the role of channel distributor, and the way we present our value proposition to the potential users is direct, without any other kind of secondary middleman figure. It is necessary to point that partner channel leads to lower margins, as owning one leads to higher ones, but also to higher costs in order to maintain it. In this case, the informatics support is relatively expensive, depending on the complexity of the site and the number of users online monthly.

As shown in the figure 5, channel mix counts with 5 phases. With each phase, a question is drawn up. The word that could answer all those question is, again, Internet. Let's delve into this matter a bit more.

As said before, the Internet is the main channel of FunIT!. This means, that from the advertising of the project till the post-purchase (in this case we could change the word "purchase" for the word "choosing") support a customer can receive, is conceived, created and distributed by Internet.

Nowadays, businesses have the advantage of the new technologies and social media to easily and uncostly advertise their own project. The author thought her project should not be an exception. Starting the idea in the area of Mallorca, a relatively small one, and using the social media would be the ideal way to make aware the clients about the service FunIT! is offering.

In order to evaluate our value proposition and how high the user's acceptance is, there could be the option of little voluntary surveys appearing during the usage of the application by the guest. This would be an easy and non-tedious way for the user to determine his satisfaction. However, all these technical aspects should be discussed with the informatician engineer.

FunIT! application is a free app with no option of purchase in it. It just provides information and contact for the customers. As said before, we can change the word post "purchase" for "choosing" or "selection".

The delivery of the Value proposition is where resides the differential factor of the project. As most of the people has a smartphone with Internet connection 24/7, the easiest and more functional way to distribute the service is by an

application. We do not have to forget that this undertaking refers to find good party's by applying some filters whenever it is and wherever I am. This would not be possible without a mobile support.

The last phase is the After Sales or choosing or selection way to provide the option of giving a feedback and support to the users about how the service helped them to find what they were looking for. As said in the evaluation phase, a spontaneous and aleatory small surveys could be appearing at the end of the usage of the website.

3.2.4 Customer Relationships

"The Customer Relationships Building Block describes the types of relationships a company establishes with specific Customer Segments" (Osterwalder Alexander, Pigneur Yves, Business Model Generation, 2009, p.28).

As explained in the first point of this canvas analysis, the Customer Segment the author will work with, the project focuses on users among 18 to 35 years old, owners of smartphones, resident active people and with middle to high interest for social media and new technologies.

Osterwalder and Pigneur mention a customer relation ship map where different types of categories can co-exist in order to establish this connection.

In particular, they talk about 6 different ways to establish a relation with the customer segment of the company: personal assistance, dedicated personal assistance, self-service, automated service, communities and co-creation. Before digging deeper into this terms the author wanted to include a new concept in this section.

The Customer Relation Management, is a key word in order to stablish this association with users. Keeping the customer trust is as important as for example, the revenues of a company. Actually, one is co-related to the other. Traditional methods such as fidelity programs or client cards offering discounts might be attractive at the beginning but at the end, it seems for the customer that the business man only creates a mercantile relationship with him offering not really substantial benefits at the end. In order to create a differential factor that makes the user feel as unique, a business should try to implement inside their possibilities, an individualized treatment. However, this depends about what kind of company we are running. In the case of FunIT!, the user himself knows in advance what kind of treatment he is going to receive. As being an application for smartphones, it is harder for the author to create this relation between her and the customers. Taking into account this, she thought what alternative she should to create this competitive advantage in terms of customer's relations.

Going back to the 6 ways to establish a connection that Osterwalder and Pigneur propose in their Business Model Generation, automated services might be the option that could fit the better the project detailed in this dissertation.

It mixes the self-service approach, where the company puts at disposition of the user all the necessary tools for him to get the service desired, but at the same time, monitoring the previous results of his researches and offer individualized option referring to his wants. After talking to the Informatician Engineer, this

option might be possible by applying a user log in system, and it is as simple as remembering the records like it works in a regular browser.

In this way, FunIT! user can use the filter at disposition to get the results he is looking for (self-service approach) but then he could get a pleasant surprise by getting a more customized service, which would mean a competitive advantage comparing to other possible competitors already existing.

3.2.5 Revenue Streams

“The Revenue Streams Building Block represents the cash a company generates from each Customer Segment” (Osterwalder Alexander, Pigneur Yves, Business Model Generation, 2009, p.30).

When we analyse a start-up³ or a new business project, it is necessary to detail all the aspects that englobes it, but at the end one of the main questions are, how am I going to earn money with this idea?

The author tried to answer this matter in this section of this dissertation.

The main word that will be discussed here is advertising.

The application mobile phone world is a non-stop growing sector with a huge variety of possibilities and ideas that can be applied with no need of a tremendous amount of money invested and in a relatively easy way. It must be taking into account that the users are accustomed to free online content and apps. Their willingness to pay for this information is low due that they know there are many other free substitutive options where they can find it. That is why FunIT! would not be an exception in this term, if not, it would have supposed a step back for the project in terms of competitiveness. As being a free downloadable app, there must be a way the author and her crew to get revenues. This is not a new issue for this sector, they exist many ways to get profits from a non-charge app such as affiliation programs, freemium⁴, partnering with a sponsor, and others.

The one we, as lecturers, should pay attention is the advertising and video advertising. Ad Mob for example is a publisher platform of Google (Play Store) that introduce publicity in your free app in strategically places such as corners or in the down part, in order to be visible but not disturbing the main activity of the app. After introducing the advertisings, there are two ways to get revenues from it. The first and easiest one is to get revenues “click-by-click”, which means that each time a user sees a banner⁵ and click on it, there a automatic revenue created just by performing that action (normally it oscillates between 0,01 and 0,03 euros per click). The problem of this strategy is that if the app is not used but thousands of users, the revenues will not be really high.

The second option is to advertise or video advertise without need of the click from the customers. This option means that the publishers, seeing that your app is interesting, they will compete to put their publicity in your application by

³ A startup company or startup or start-up is an entrepreneurial venture or a new business in the form of a company, a partnership or temporary organization designed to search for a repeatable and scalable business model.

⁴ Pricing strategy by which a product or service (typically a digital offering or application such as software, media, games or web services) is provided free of charge, but money (premium) is charged for proprietary features, functionality, or virtual goods.

⁵ Commercial space inserted in a website.

paying a higher amount of CPM ⁶. Another aspect to take into account is that there is the option to advertise the owned project in other surfaces as other surfaces would do in the project itself. This way, other users of other apps might be interested in FunIT! and access to it, having more opportunities to click on the banners on FunIT! and as a result, the author would get more revenues. Ad Mob⁷, following the advice of the informatics engineer would be the easiest, quickest and better option to create revenues streams at first in FunIT!. As explained in the book “Business Model Generation”, one of the 7 main ways to create revenues is Advertising.

Once defined the way the author would get revenues, she had to determine the pricing mechanisms. This relates to the way the price is settled; it can be fixed or dynamic to the market conditions. The price in would be dynamic, as the project depends on the times the user makes click or watches the advertisements. Inside the dynamic one, we can find many types related to negotiation, yield management, real-time-market or auctions. The price in this case would be the price settled for each click executed by the customers on the banner. This is based on a negotiation approach, where the company negotiates with a publisher company the amount of money. The main point focuses on the bargaining power of each part. In the beginning, FunIT! company would have a lower bargaining power, which would mean that the author would not be in position to demand better “click-by-click” commission than more established and successful competitors. If the project turns out successful, then this bargaining power not only will increase, but the publishers as explained before will compete for buying more space in the application to post their banners.

Figure 6

Pricing Mechanisms

Fixed “Menu” Pricing Predefined prices are based on static variables		Dynamic Pricing Prices change based on market conditions	
<i>List price</i>	Fixed prices for individual products, services, or other Value Propositions	<i>Negotiation (bargaining)</i>	Price negotiated between two or more partners depending on negotiation power and/or negotiation skills
<i>Product feature dependent</i>	Price depends on the number or quality of Value Proposition features	<i>Yield management</i>	Price depends on inventory and time of purchase (normally used for perishable resources such as hotel rooms or airline seats)
<i>Customer segment dependent</i>	Price depends on the type and characteristic of a Customer Segment	<i>Real-time-market</i>	Price is established dynamically based on supply and demand
<i>Volume dependent</i>	Price as a function of the quantity purchased	<i>Auctions</i>	Price determined by outcome of competitive bidding

⁶ It is the abbreviation of “Costo por mil”, a measure commonly used in advertising, which helps to measure the relative cost of an advertising campaign by the viewers (x1000).

⁷ Is a mobile advertising company which offers advertising solutions for all the mobile platforms and all standard mobile web browsers.

3.2.6 Key Resources

“The Key Resources Building Block describes the most important assets required to make a business model work” (Osterwalder Alexander, Pigneur Yves, Business Model Generation, 2009, p.34).

The previous definition of key resources tells us what do we need in order to start and complete a project. Basically, there are four aspects that we should take into account as needed resources: physical, intellectual, human and financial.

As FunIT! is an application, something that could seem more abstract and non-based business comparing to a building that manufactures for example cars owning machinery and labour force, it can lead to a mistake that it does not need all this four key resources in order to base it.

The physical resources would englobe mainly the informatics equipment such as high performance computers and routers in order to develop the application. The informatician commented that the author would have two options. The first one would be to lend the development and maintenance part to an informatics company paying a fixed amount of costs to them. The good point of this is that the author would not need to buy the necessary machinery, however it would imply a considerable high cost for the company. The second option would be for the author to buy the apparatus and perform the development by herself if she does have the knowledge, or hire someone that could do it. This would imply less fixed costs in development, but an additional one in labour force.

Relating to intellectual resources, as being an idea and an intellectual good, it has to be patented in order to protect the name. Technically applications are not patentable in Europe as European Patent Convention explicitly excludes Article 52, paragraph 2, the patentability of computer programs. However, they exist other methods in order to shield the brand.

The option the author should use is to protect the name and the icon of the application. It is essential to know first where could the activities being classified in the Nice Classification ⁸. In the case of mobile applications can be difficult to figure out which class or classes are most appropriate. This is because despite all applications in general as a product are locked in Class 9, the service or services offered by the application may be more relevant to the application itself.

Human resources for FunIT! has also relevance. The data base that the application needs in order to maintain it all the time updated must be kept by someone which has the knowledge to introduce new data in the programming software. This would be in the case that the author would own the physical resources and the necessary labour force to do it.

Finally, regarding to the financial aspect, FunIT! would need an initial investment from the side of the author, who may ask for a credit to a financial entity with a guarantee of return or to a business start-up and entrepreneurs angel who might be interested on the project. A credit for example would be used not only for paying the basic creation of the application from a professional, but also the mantaince of it which closely depends on the number of users who has access to it. In the case the author would take the decision to

⁸ The Nice Classification (NCL), is an international classification of goods and services applied for the registration of marks.

carry it by herself, she would have to invest on computers among other machinery, and the salary of the crew she might have in disposition, plus the possible establishment she might rent in order to develop the project (this last aspect will not be discussed in this dissertation due that the author considers it is not that relevant in a preliminary canvas analysis of such a project, and taking into account that this activity might be directed not necessarily in a extra establishment at the beginning).

3.2.7 Key Activities

“The Key Activities Building Block describes the most important things a company must do to make its business model work” (Osterwalder Alexander, Pigneur Yves, Business Model Generation, 2009, p.36).

The basic key activity of FunIT! is firstly, develop the software of the application. This activity involves the informatician engineer who would create and design the product with the requirements and maps samples that the author would give him. As related with the Canvas model, there is a specific classification called platform and network, where the activity here related could fit perfectly.

However, we should ask ourselves, what is FunIT! actually providing? The answer is information. FunIT! is providing as much information as possible of clubs, events and party’s in the area of Mallorca Island. What the author should solve now is how the company is going to provide this information to their customer segment creating the value proposition. For that, FunIT! will need a data base.

In order to create this data base, the author can adopt two different methods. The first one could be denominated as the manual one. It means than the author or a crew member of the company would have to be updated about the clubbing and party’s’ information everyday, created posts for the application with the information relating to these events. If the author has the technical knowledge to get the information and introduce it in the software of the application, she could do it by herself. If not, someone else would have to do it. Here is basically where resides the main activity and work of the app; being aware of everything, everyday.

The second option would be to acquire an API⁹, which would directly look for the information in other applications and websites after the user applied the filters. Here the author faces two issues. Not all the applications and websites use the program API, so she should identify the ones that does not use and this way she knows what places she will have to look for the information manually. As well, in order to use an API correctly and knowing that one of the main characteristics of FunIT! are the filters, for the application using this method she should inform the informatician to assign key words to these applications in order to arrange the search results according to customer marked preferences.

⁹ It is an abbreviation for Application Programming Interface, which is an “access key” for functions that we can use from a web service provided by a third, faithfully and secure.

3.2.8 Key Partnerships

The Key Partnerships Building Block describes the network of suppliers and partners that make the business model work” (Osterwalder Alexander, Pigneur Yves, Business Model Generation, 2009, p.38).

Partnerships are some clue aspects for forging good relationships that will help the business start. There are many types of relations.

There can be strategic alliances between competitors and non-competitors with a same goal or interests. There can be as well joint ventures to develop your project with other companies in the same situation as yours. However, the most typical one is the supplier-buyer connexion which helps to assure the supplies the author will need.

This last one helps to optimize the supplies in order to not make the CEO himself care about where he/she can get what he/she needs. The partners as well helps to reduce the uncertainty, due that if something goes wrong, the author knows that there are many actors with the same interest on solving the situation for the common benefit. Nevertheless, a company should own by itself a kind of source of supply in order to assure that if one of the suppliers fails, the company will have a second option to resort to.

Focusing in the topic of this dissertation, the idea of FunIT! is a club summarizer for the area of Mallorca. That means that, taking into consideration that the support of the company would be an App or a web-App¹⁰, one of our main partner would have to be a web programmer company that will provide us an informatician in order to mainly, create the application by using the models and maps of it that the author would tell him.

This last one focuses more in the logistic and development part of it, but in the service way, the second most important partner the author would need are the clubs themselves. In this case, it is not only a partner because they take part of the participation and it is for they own interest making easier the announcement of themselves, but we can also consider them as suppliers due that they supply us, despite the redundancy, the necessary information and basically, the bases of our services to make it work. Amusement and entertaining are the main points of this company project. For that, there is a need to create a data base of clubs and amusement locals in order to have results when a user introduces the key words in the searching bar of the application. There is a need of constant communication between the author, her crew and the party establishments in order to be all the time updated with the latest news and events available. Relating to the data base, here we front two options. For creating a complete and functional data base, there is a need of a constant refreshment of the information. This can be done by the author herself once she acquired the necessary technical knowledge about how to do it, or by hiring an extra crew member that will have to be in constant contact with the suppliers. This last option seems the easiest and feasible one, but it is also the costliest.

The last aspect that should be discussed in this section is, why the partnerships should be interested on this project?

¹⁰ Web application is an application program that is stored on a remote server and delivered over the Internet through a browser interface.

The answer is easy. FunIT!, as a club summarizer would show to a large group of users the options for every day of the events going on in the Mallorca. As being a free app and being available to download at the two most important app portals such as Play Store for android and App Store for iOS, everyone can have access to it in an easy way from their smartphones. It is a way to announce themselves without the need of resort to publicity companies and signing contracts filled with many conditions. This is a last factor that, if the project results to be feasible should be discussed, but another extra option would be to make available an extension to make possible the reservation and direct contact with the establishment itself. This way, if the establishment owes a web site where their contact information is detailed, they will have another way to promote the local and make the clients attracted to connect with them.

3.2.9 Cost Structure

“The Cost Structure describes all costs incurred to operate business model” (Osterwalder Alexander, Pigneur Yves, Business Model Generation, 2009, p.40).

Knowing how much the author will have to spend is as much important as knowing how much she would earn. Naturally, keeping costs low and revenues high are the main goal of any company, therefore, not all the companies should follow a very low cost strategy. We should determine first what kind of broad classes of business model cost Structure the author might follow. In X case, a cost-driven model, which means a model that tries to focus on minimizing as much as possible costs, would be the suitable option, taking into account that the service has to be as automatic as possible, and the labour force in this case is not excessive.

After defining the model of cost structure the author will use, she should define what kind of costs are going to be involved in the process of creation, development and running of the business.

Regarding the fixed costs, those are the maintaining costs of the application, which should be consented with an informatics company in yearly or monthly basis. However, even if those costs would be classified and incurred as fixed for the company, they might vary depending on the flow of users the application receives. The internet connection tariff would be incurred as a fixed monthly cost.

In relation with variable costs, the author could include, the computers and necessary machinery without counting the possible breakdowns, the buy of information which is sometimes necessary in order to accede to some data bases. This last one would be a transactional cost.

The creation of the application and the possible design of the logo by a graphic design would not be classified as fixed costs due that they involve the first investment from the author, just one time at the beginning of the project.

3.2.10 Weaknesses of competitors

In the section 3.1.1, where the author makes a differentiation about the traditional canvas model and a more specific web oriented model, she

punctualizes than in the second approach, three more aspects could be integrated to the traditional model.

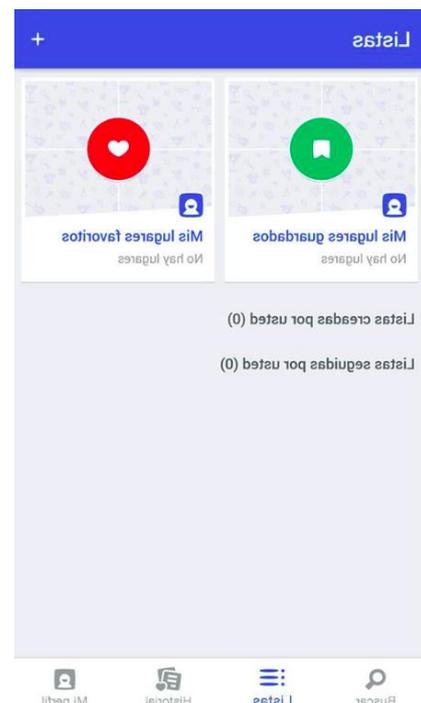
In order to create a competitive advantage and make X the best club summarizer in Mallorca, and in a future, expanded to the whole national territory, the author had to averiguate which are the main competitors and determine their weaknesses in order to no repeat their mistakes in her own business model.

After a research, she concluded that the two main and more direct competitors that FunIT! has are “Foursquare” and “Zumbs”.

“Foursquare”’s case is the one that the author should take more into account. It is an application available for all mobile supports (such as Android, iOS, Microsoft phone or Blackberry), without any cost, and offering a service as a summarizer many services. In those services we can find restaurants, nightlife establishments, special entertainment event, and shopping areas.

It counts with a profile option, which would help to find and remember the researches of the users and create a preference profile. It has a complete national data base with user comments and stars rating the establishments. However, after the author navigated in the application and tried all the services, she noticed that there is not information about special parties and events that maybe are not located in entertainments establishments and night clubs. All the data base about night life is related with the name of the club, and the comments are rates given by the users and visitors of it. This is something that FunIT! would have. It is not looking for offering information about other services such as restaurants or hotels, but it looks for providing really complete information about events in the area of Mallorca.

Regarding to “Zumbs”, it is a smaller app (with only 1000 downloads approximately), but it symbolizes a more direct competitor due that it only focuses in Mallorca. This one show the special events and the clubs where they will be. However, there is not a rating system or a filter system where the user can find what he is exactly looking for. The author as well, found the application pretty difficult to use and it took a long time to scroll down the list of clubs due that there is no way to organize somehow else.



The first two pictures represent how “Foursquare” interface looks like. As the lecturer can see, there is a picture of the establishment with the average rate that received from the customers. It is also tagged with key words in order to facilitate the research. On the second picture, we can see the option of remembering the researches and get a more individualized profile. However, as mentioned before, it does not provide any information about the events, just the establishment itself.



This other picture shows the look of Zumbs. Parties are shown day by day in the first of these two pictures. The second one is how is presented the list of establishments, which is a little bit difficult the get to one that might interest the client.

3.3 Summary

Once the Canvas analysis is done, the lecturer can have a clearer idea about how the business project FunIT! could be managed. In the canvas model, and by adding an additional aspect to the basic nine ones, the lecturer could see how the idea is orientated and how it could be developed in order to create a real business.

The author, with a small crew would create an entertainment summary app for a special customer segment adding comparative advantages in order to differentiate herself from the competitors. As being an app, which by definition relates to the flow of users, the revenues and costs of the company would vary, but however they exist fixed ones.

The value proposition that the author offers to the interested people is something new for the area of Mallorca. It exists some similar application and brochures related to this topic such as “Zumbs” or “Youthing” (news paper of events in Mallorca), but none of them would create the value of FunIT! and the functionality of having the possibility to have an updated phone application in the pocket.

4. Conclusion

The author wanted since the beginning, to work on a dissertation about creating a new touristic product. She has been since many years attracted about the idea of creating a web or an application of a touristic metasearcher or information summarizer. An application, she must say, is an unknown domain for her, which meant she had to invest an extra time in the research about the information of it. As being an item relatively new, some information does not seem really clear, but once thing is sure, it is growing extremely fast so sooner or later the legislations and rules regulating the application have to be clearly defined and settled.

4.1 Ideas to improve

The Canvas Model is an economic analysis model, easy to use and to understand, which helps to make an overall vision of the idea of a project. However, in the author's opinion, it just scratches the first layer of how a project should be investigated and analysed in order to reduce the uncertainty and risks. Anyway, the word entrepreneur is all the time related with the word uncertainty or risk.

Mainly all the items related have been touched in this dissertation, however, if the project would start and interest an investor, the marketing policy should be clearly defined in order to promote the project correctly and make it know by the others.

It should be clarified the exact amount of components of a team are necessary in order to set the exact amount of fixed costs related to the company.

It is also necessary to create the correct interface of the application using the model of the icon chosen in order to make intuitive and attractive for the user. This is something that must be clarified with a graphic designer.

Another aspect to discuss is the geographical approach of the project. At first it would start by collecting information of Mallorca, but if the project turns out good, it could globalize to the national Spanish territory, and who know if offering other kind of services as well.

Many aspects must be improved, but with motivation, time and hard work, the three essential ingredients for an entrepreneurship, everything can be achieved.

4.2 Overall vision

In the author's opinion, another secret ingredient in order to make an entrepreneur project successful is the self-confidence. If you do not believe in your own project, it will be difficult to transmit this willingness to make it run to others.

FunIT! project is an attractive idea that mixes the tourism, the entertainment world, and to a pretty wide customer segment. The lecturer does not have to forget that Mallorca is worldwide know as one of the main Mediterranean see destination for foreign people who wants to entertain themselves, party and have fun. This application is a perfect way to promote once they arrive, all the activities they can do. That is why, it could be translated into many languages in order to arrive to as much public as possible.

However, it is of course also orientated to the residents in the island which want as well to have fun the whole year.

In the author's point of view, it is a viable project that might interest the people in general, and it even could be a usefull tool for touristic intermediaries such as travel agencies, hotels, and other service establishments.

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