

DESIGN THINKING MINDSET / DESIGN PHASE

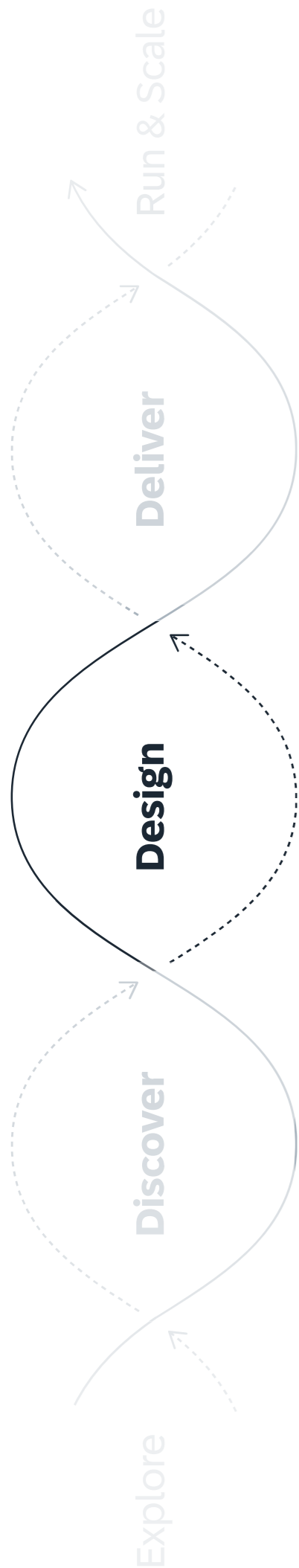
# Validate Your Business Model

Verify the viability of your solution from a business perspective.

## Why To Validate Your Business Model

To achieve extensive usage, a new solution idea needs to be not only attractive for target users, but also viable from a business perspective.

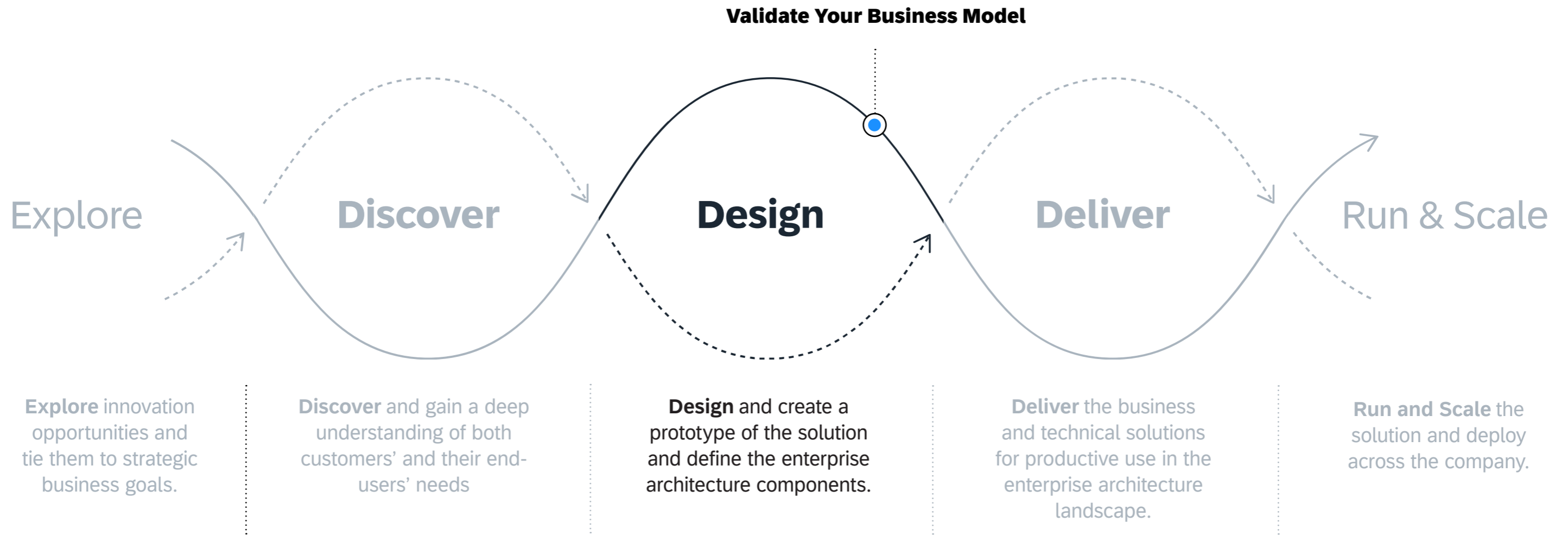
This method will use business modelling for representing, improving, and validating the resources that will be required for successfully deploying the solution at scale.



# When To Validate Your Business Model

The “Business Model Validation” takes place in the Design Phase, usually after a prototype of the solution has been created. At this point, it should be clear what

your solution should be able to do, how it should work, and how it might be perceived by your target users.



Learn more about SAP's Human-Centered Approach to Innovation: <https://apphaus.sap.com/approach>

# How to Validate Your Business Model (1/3)



Duration  
**1 - 2 Hours**



Participation  
**5 - 6 People**



Roles  
**Project team (Business Executives, Consultants, Designers), Business Sponsor, IT Architect**



Use Input From

- **Build a Prototype**
- **Create a Vision Storyboard**

## Steps



Build the **baseline business model** for your prototype by completing the Business Model Canvas. Follow the sequence outlined below:

- 1. Customer segments:** Describe the different customer / user types that will be addressed, with a maximum of 5 segments.
- 2. Value Propositions:** Customize the value proposition for each customer segment by presenting the same products and services in a way that addresses their specific needs.
- 3. Customers Relationships:** Think how to reach your selected customers and keep connected with them.
- 4. Channels:** Describe how the solution will be delivered, contracted, and used.
- 5. Revenue Stream:** Consider the value customers bring when satisfied, beyond money—like data or referrals.
- 6. Key Activities:** describe the essential tasks you must perform successfully to fulfil the promise of the value proposition. Write a maximum of six.
- 7. Key resources:** Describe which capabilities or assets you need inside the organisation to execute the key activities, such as people, technology, buildings, etc.
- 8. Key partners:** Indicate who will provide the capabilities or assets you need outside the organisation to execute the key activities.
- 9. Costs:** Identify the effort required for the operation of the business model.

## Expert Tips

Make sure that each Value Proposition + Customer Segment pair is well thought through. They are the foundation of the business model; if they are solid, the rest will naturally flow.

# How to Validate Your Business Model (2/3)



Duration  
**1 - 2 Hours**



Participation  
**5 - 6 People**



Roles  
**Project team (Business Executives, Consultants, Designers), Business Sponsor, IT Architect**



Use Input From

- **Build a Prototype**
- **Create a Vision Storyboard**

## Steps

2

Perform a **health check** by looking for weak spots in your business model, such as missing resources or missing channels, and find ways to strengthen these areas.

Identify internal and external competitors you will have to face once the solution is available. Then ask each participant to pick one competitor and write down 3 ways in which it could endanger the business model's success.

Place each of these forms of "attack" on the canvas in the areas that would be affected. Review the canvas and adjust it to better resist the competitor's incursions by adding new post-its with the actions you would take and/or adapting the existing entries.

3

**Identify assumptions:** Review one by one all the information in the adjusted business model following the sequence of step 1.

For each entry on the canvas, identify what assumption was made so that the entry becomes true and write the assumption down in a post-it. For example, if you have "subscription fee" as part of your Revenue Stream (box 6), you are assuming that the "customer is willing to pay a subscription fee for the offered service".

## Expert Tips

Make sure that all 9 segments of the Business Model Canvas stay in balance when adjusting it. For example, if you realize that you will need a call center for customer support in the Customer Relationship area (box 3), then this may become a key activity (box 6) that could be executed with internal resources (box 7) or with a partner (box 8), and therefore it should be also reflected on the costs (box 9).

Insist the team to find the assumption for each piece of the business model. This is the moment when reality hits the dreams.

# How to Validate Your Business Model (3/3)



Duration  
**1 - 2 Hours**



Participation  
**5 - 6 People**



Roles  
**Project team (Business Executives, Consultants, Designers), Business Sponsor, IT Architect**



Use Input From

- **Build a Prototype**
- **Create a Vision Storyboard**

## Steps

**4**

**Validate your assumptions** with the template that can be downloaded on the AppHaus website.

### 1. Prioritize Assumptions:

- Evaluate assumptions based on their risk level to the business model if untrue (y-axis).
- Identify “killer” assumptions—those that would cause the entire model to fail if invalid.

### 2. Plan Validation Activities:

- For each assumption, define a validation activity (e.g., research, surveys, tests, expert consultation, interviews, pilots).
- Use blue post-its for assumptions, orange for validation activities, and place the validation activity next to the corresponding assumption.
- Start with “killer” assumptions (high-risk on the y-axis).

### 3. Assess Validation Effort:

- Evaluate the effort required to validate each assumption and position it on the x-axis (low, medium, or high).
- Focus first on high-risk, low-effort assumptions. Low-risk, high-effort validations can be deprioritized if resources are limited.

### 4. Define Success Metrics:

- For validated assumptions, identify success metrics and next steps.
- Write these on green post-its and place them beside the relevant assumption on the template.

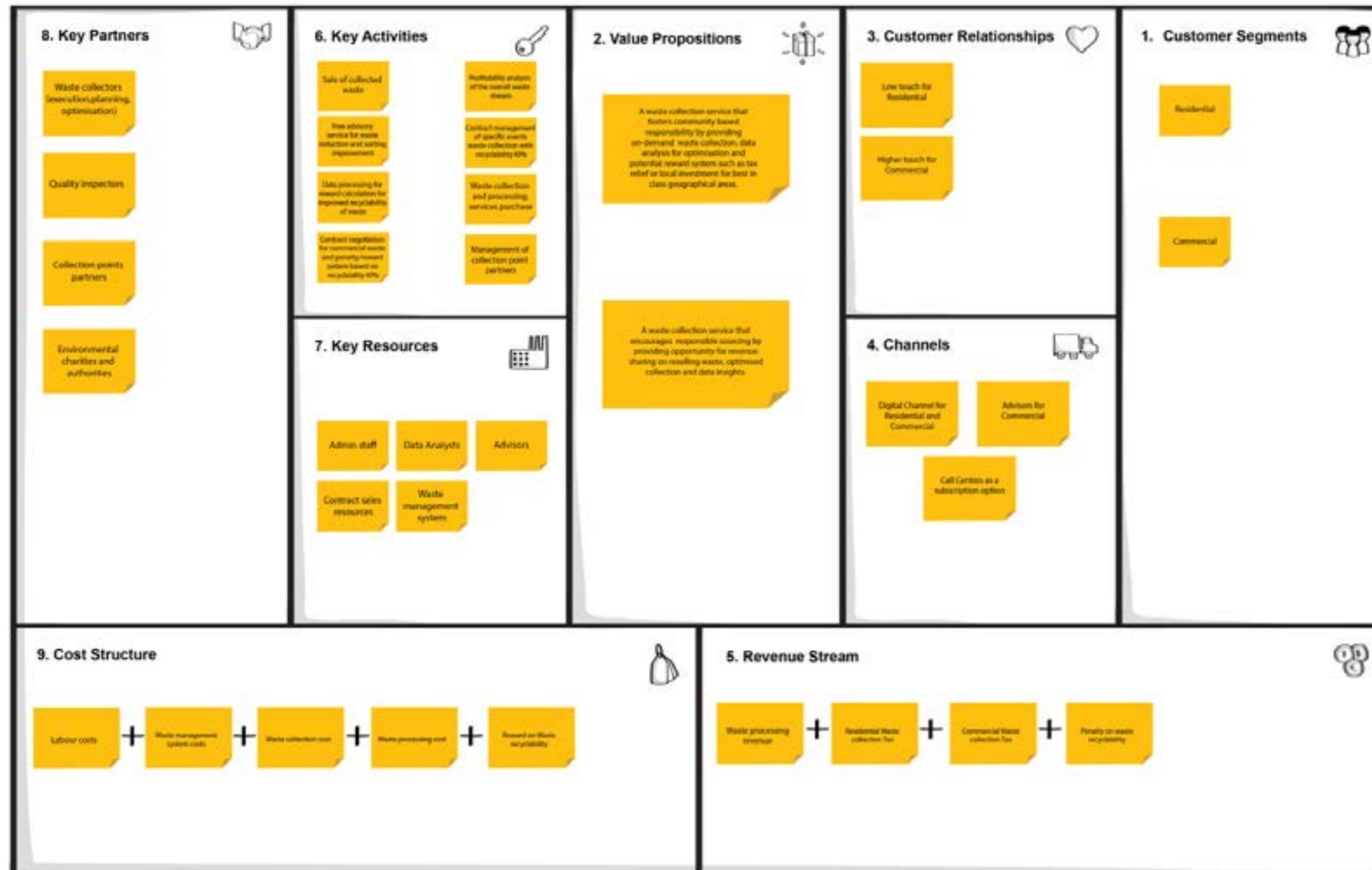
## Expert Tips

If after the workshop the business model needs to be adjusted as consequence of the results of the validation activities (which is very likely), make sure to keep it balanced.



# Example

## Business Model Canvas – Baseline (see step 1)



# Example

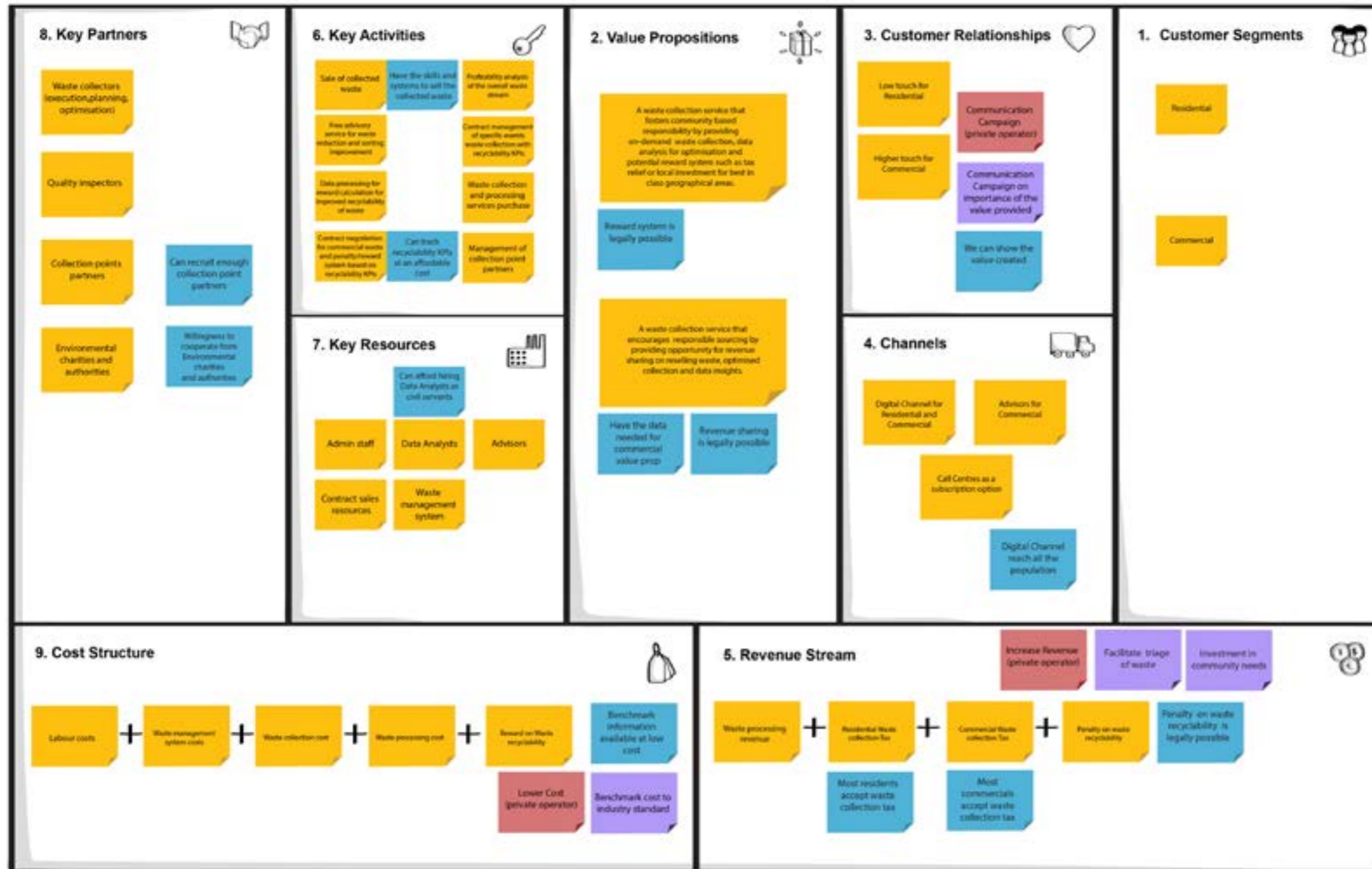
## Business Model Canvas – Health Check (see step 2)





# Example

## Business Model Canvas – Assumptions (see step 3)



# Example

## Business Model Canvas – Validate Assumptions (see step 4)

