

## Types of Business Models

- One Time Up Front Charge Plus Maintenance
  - Most common
  - Large upfront cost, ability to purchase maintenance (car)
  - Minimizes ability for reoccurring revenue stream
- Cost Plus
  - Typical government contract
  - Rewards progress, not activity
- Hourly Rates
  - Rewards activity, not progress
- Subscription or Leasing Model
  - Set payment on a selected timeframe
  - Annual or multi-year contract – discounted rate, money up front
  - Month to month – higher rate
- Licensing
  - Royalties
  - High gross margin
  - Incentivizes customers to find alternative solutions
  - Must continuously innovate
- Consumables
  - Printers with high cost printer cartridges
- Upsell with High Margin Products
  - Cheaper initial sell with low margin but update high margin add ons
  - Conferences at hotels!
- Advertising
  - Third party monetization for access to your demographics/community
- Reselling Data or temporary access to it
  - Data mining your community and monetizing the outcomes as value add
- Transaction Fee
  - Commission for referrals
  - Credit cards charge 2-3% to the business
- Usage Based
  - Dropbox
  - Household power meter and water meter
- “Cell Phone” Plan
  - Some type of customer service, low initial use, increases with more use
- Parking Meter or Penalty Charges
  - Credit card companies
  - Blockbuster late fees
- Micro Transactions
  - Gaming strategy where you pay for certain solutions/tools at very low prices
- Shared Savings
  - Hard to implement
  - Need very detailed financials to track and implement
- Franchise
  - Others build the network with your tools
  - Sell your brand name products to franchises for distribution
- Operating and Maintenance
  - Like a consulting agreement with more incentives and control by the customer to cut costs.
- Self-service is NOT a good business model (you have to work to make money)
  - Almost all employees exist in a self-service business model

