

Strategies and recommendations for developing an attractive bio-based business model

Manfred Kircher

“Towards Green Transition Facility” Expert

30. Juni 2021

ECCP Workshop

A business model answers three main questions:

1. *What benefits does the company provide?*

👉👉 This part of a business model is called a **value proposition**.

2. *How is the service created in which configuration?*

👉👉 How is the **Business structured**.

3. *How is money earned?*

👉👉 Future **revenues** determine the value of the business model and thus its sustainability.

Which benefits do you provide to whom?

1. Value Proposition

Customers

Products

USP

2. Business Structure

Production

Sales & Communication

Core Capabilities

Key Partners

3. Revenue Model

Cost Structure

Revenue Sources

Sensitivities

Growth Options

4. Company Spirit

Team

Corporate Values

5. Raising EIC-funds

- **Target group and Customers**

- B2B - Business to business
- B2C - Business to consumer

- **Product**

- Materials: Sell volume and/or functionalities
- Consultancy: Sell your competencies
- Analytics: Sell your lab capacity
- Production: Sell your production capacity



Be focused and take advantage

of the revenue potential as much as possible.

What is your unique selling point?

1. Value Proposition

Customers

Products

USP

2. Business Structure

Production

Sales & Communication

Core Capabilities

Key Partners

3. Revenue Model

Cost Structure

Revenue Sources

Sensitivities

Growth Options

4. Company Spirit

Team

Corporate Values

5. Raising EIC-funds

- **USP (unique selling point)**

- **Services**

- Requires unique competence

- **Product**

- Price: Requires robust cost leadership
- Functionality: Requires special proven features
- Footprint: Requires proven LCA



Define your USP

and exploit it as your competitive advantage.

How is your business structured?

1. Value Proposition

Customers
Products
USP

2. Business Structure

Production
Sales & Communication
Core Capabilities
Key Partners

3. Revenue Model

Cost Structure
Revenue Sources
Sensitivities
Growth Options

4. Company Spirit

Team
Corporate Values

5. Raising EIC-funds

- **Production**
 - Production quality
 - Production capacity
- **Sales & Communication**
 - How to reach the customers
 - Market entry strategy
- **Core Capabilities**
 - Capabilities to reach competitiveness
 - Track record
- **Key Partners**
 - Partners along supply and value chain
 - Partners along innovation chain
 - Partners for production and market entry

👉👉 Focus business structure on USP
and rely on partners

What costs are incurred and how is revenue generated?

1. Value Proposition

Customers
Products
USP

2. Business Structure

Production
Sales & Communication
Core Capabilities
Key Partners

3. Revenue Model

Cost Structure
Revenue Sources
Sensitivities
Growth Options

4. Company Spirit

Team
Corporate Values

5. Raising EIC-Funds

• **Financial demand**

- Keep investment and running cost low
- Focus on USP

👉👉 Strengthen resilience through financial buffer

• **Revenues**

- Generate early revenues
- Gain market share

👉👉 Avoid misdirecting capacities.

• **Investor relations**

- Agree on ambitious but realistic milestones

👉👉 Establish a relationship of trust with investors

Achieving resilience means recognizing and avoiding sensitivities

1. Value Proposition

Customers
Products
USP

2. Business Structure

Production
Sales & Communication
Core Capabilities
Key Partners

3. Revenue Model

Cost Structure
Revenue Sources
Sensitivities
Growth Options

4. Company Spirit

Team
Corporate Values

5. Raising EIC-Funds

- **Product easy to copy?**

👉👉 Protect by IP, trademark, secrecy

- **Dependencies**

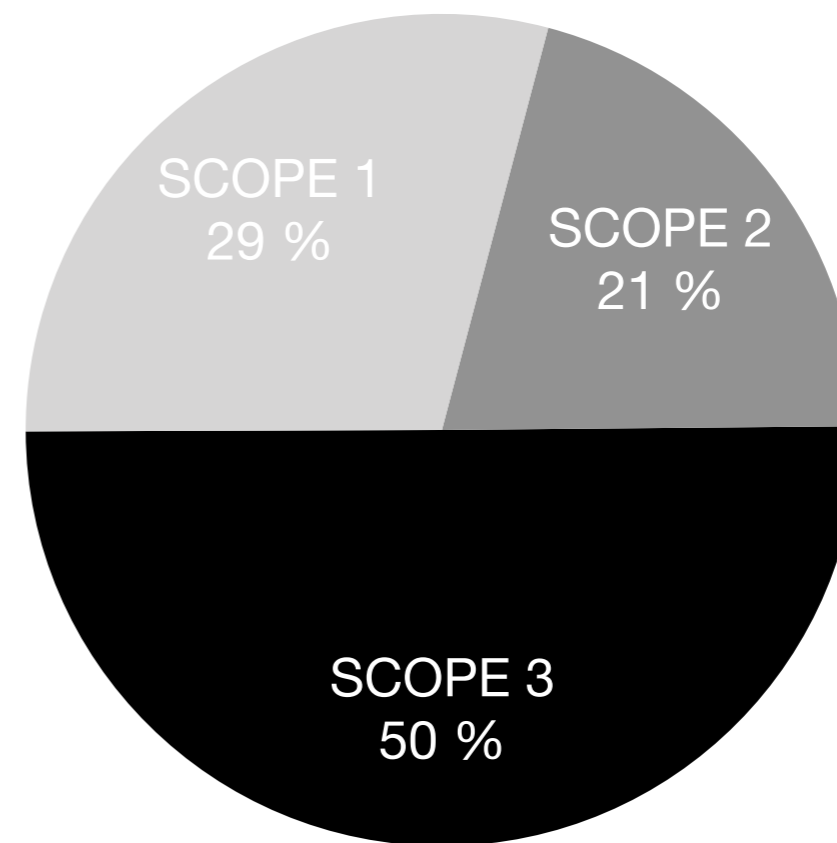
- Limited, volatile supply chain
- Limited, volatile marketing channel
- Easily to replace product
- Crowded market („old bulls“)
- Variable framework conditions
- Know-how with few team members

👉👉 Careful market and competitor analysis
Careful SWOT and risk analysis
Manage dependence on team members
and partners

Framework conditions can have a great impact: EU-ETS does not support green carbon in bulk chemicals.

SCOPE	Emission
SCOPE 1	emissions resulting from own production facilities including generation of energy
SCOPE 2	emissions resulting from the production of purchased energy
SCOPE 3	emissions attributable to purchased materials and services and to further processing, use and disposal

**Chemical Industry Emissions
(DE, 2020)**



Source: Dechema, FutureCamp (2019) Roadmap Chemie 2050

What are the options for growth?

1. Value Proposition

Customers
Products
USP

2. Business Structure

Production
Sales & Communication
Core Capabilities
Key Partners

3. Revenue Model

Cost Structure
Revenue Sources
Sensitivities
Growth Options

4. Company Spirit

Team
Corporate Values

5. Raising EIC-funds

• **Forward integration**

- Moving up the value chain
- Switching from B2B to B2C

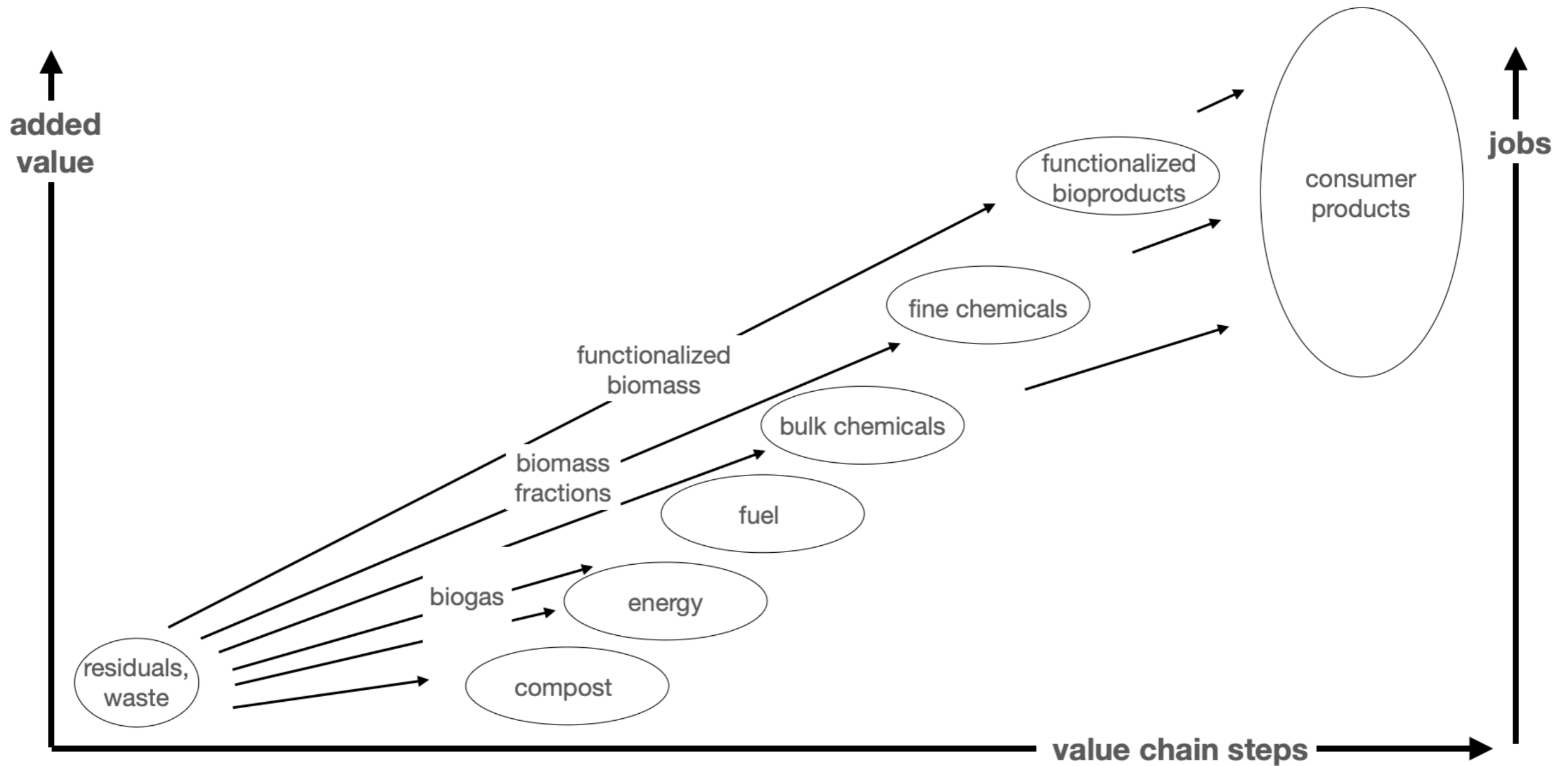
👉👉 Does forward integration justify capacity expansion?

• **Backward integration**

- Moving down the value chain
- Own production of precursors and raw materials

👉👉 Are dependencies reduced without increasing costs?

Added value depends on the position in the value chain.



Source: Kircher M, Bayer, Th (2021) How to realize a urban circular bioeconomy. In Handbook of Waste Biorefinery - Circular Economy of Renewable Energy. (Ed. Eduardo Jacob-Lopes) Springer Nature, Chapter 35 (submitted)

What makes your company unique?

1. Value Proposition

Customers
Products
USP

2. Business Structure

Production
Sales & Communication
Core Capabilities
Key Partners

3. Revenue Model

Cost Structure
Revenue Sources
Sensitivities
Growth Options

4. Company Spirit

Team
Corporate Values

5. Raising EIC-funds

- **Team**

- Who is involved and why
- Individual track record

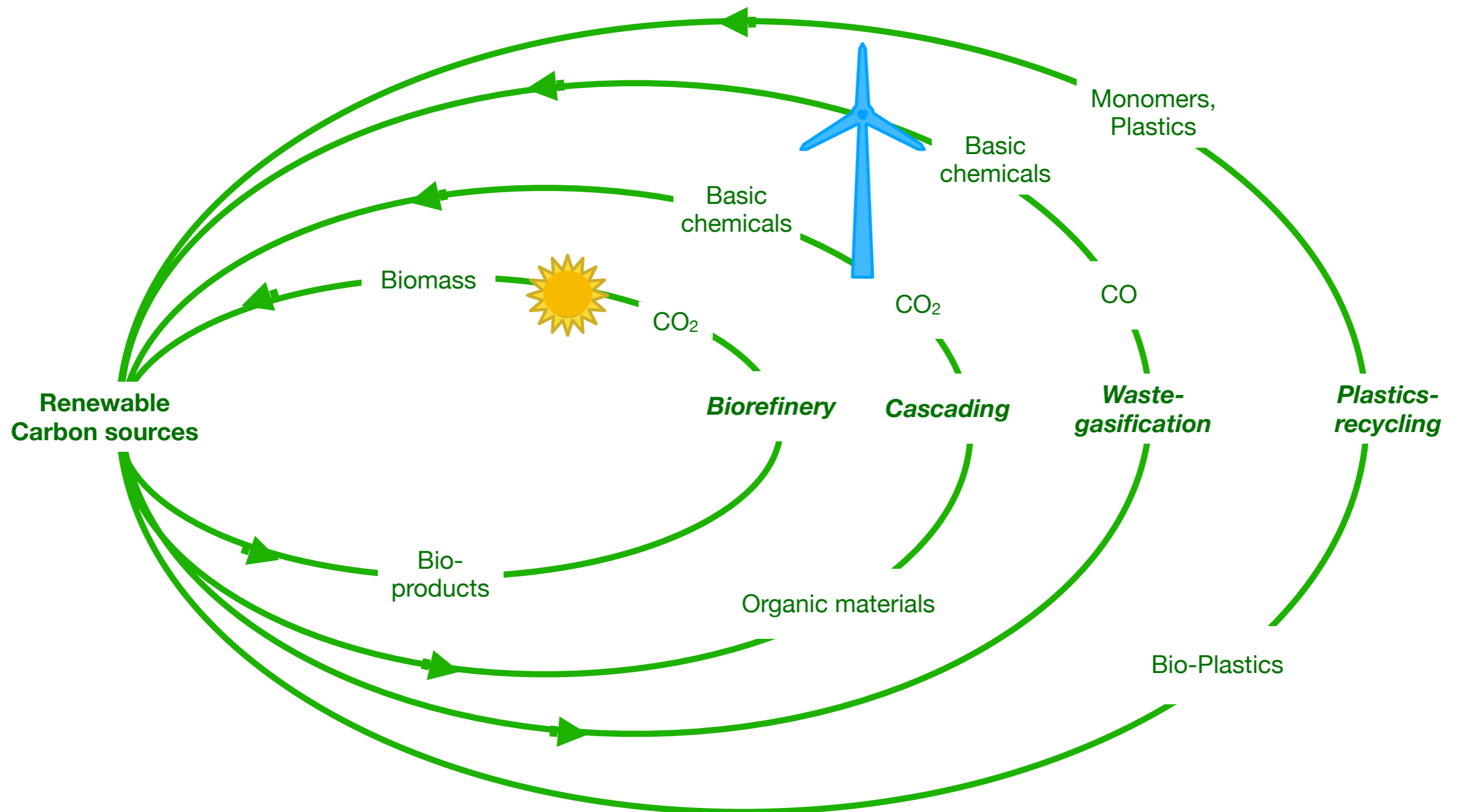
- **Corporate values**

- Sustainability
- Innovation
- Cost, quality
- Customer relations
-

👉👉 Evolve the team along company development

Define and represent corporate values
from the very beginning

How is your company positioned in the circular bioeconomy?



Does your business plan match the EIC Work Plan 2021?

1. Value Proposition

Customers
Products
USP

2. Business Structure

Production
Sales & Communication
Core Capabilities
Key Partners

3. Revenue Model

Cost Structure
Revenue Sources
Sensitivities
Growth Options

4. Company Spirit

Team
Corporate Values

5. Raising EIC-funds

- **Green Deal Goals**
 - Low carbon industries
- **UN-SDGs**
- **Gender policies**
 - 35% of EIC-portfolio led by woman
- **Proposal to build on former EU-funded project**
- **Create new market or disrupt existing one**

👉👉 Adress all (!) requirements of the call completely in the business plan.

Grazie per l'attenzione!



Dr. Manfred Kircher

KADIB

kircher@kadib.de

www.kadib.de