



[www.copernicus-masters.com](http://www.copernicus-masters.com)

The leading innovation platform for commercial Earth observation applications

## 8. The Business Model

### What is a Business Model?

A Business Model describes the 'who', 'what', and 'how' of your business.

- › Who are your target customers?
- › What do you offer the customers as a value proposition?
- › How do you make profit from serving those customers?

### How do you want to sell?

Figuring out how you want to sell your services, can be the difference between success and failure. Some examples of common business models in the geospatial industry are:

- › Pay-per-use sales (where the customer pays a one-off fee every time they use your service)
- › Subscription (where the customer pays a flat fee every month/year to access services)

An example of a more innovative business model in the industry is the Freemium model, where all users can access a basic level of service without paying for it. Some customers will opt for Premium Subscriptions or, pay for Add-On Services once they have tried the basic service. If you are offering a valuable service, this is a very effective way to win new customers.

### How are you going to get it to market?

Your route to market is a very important decision: how do you get your product or service into the hands of your customer?

There are a number of options, direct sales (selling direct to the customer), wholesales (selling it to another company who then resell it), OEM sales (where your product or service is sold as part of another product/service), or a combination of these options.

### How do you identify the best business model?

The best business models are those that allow you to gain a lot of traction in the market and user engagement (for example the Freemium model gives free access to your services), whilst also acting as a barrier to competition by creating high switching costs.

If a business model encourages new customers and deters them from leaving, it can be a very effective mechanism to ensure sustainable business success.

upon the initiative of



partners



copernicus masters regional associates

