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# Digital Business Canvas

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Within the Erasmus+ KA2 Capacity Building Project (CBHE)

WORK4CE – Cross-domain competences for healthy and safe work in the 21st century

619034-EPP-1-2020-1-UA-EPPKA2-CBHE-JP

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Version 0.1, 05.09.2024



Co-funded by the  
Erasmus+ Programme  
of the European Union



## 1 Summary

This document provides a guide for using the Digital Business Canvas (DBC). The DBC is a practical visual framework designed to help organizations understand and refine their business models. It focuses on creating, delivering, and capturing value in digital transformation projects (DTPs). The canvas assists in developing new products or services, improving processes, establishing innovative business models, or enhancing organizational maturity. By integrating the DBC, organizations can effectively align their digital strategies with their business goals, fostering growth, innovation, and market competitiveness.

### Learning Objectives

Using the Digital Business Canvas (DBC), users will:

- Understand the core components of a digital business model and how they interrelate.
- Learn to identify and define customer segments, value propositions, and revenue streams.
- Enhance decision-making skills by analyzing digital business strategies and market positioning.
- Develop competencies in creating sustainable and innovative business models.

### Competences and Skills

Users will develop:

- **Business Analysis Skills:** Ability to analyze market needs, customer behaviors, and business opportunities.
- **Strategic Planning:** Skills in aligning digital initiatives with business goals and competitive strategies.
- **Communication and Collaboration:** Effective communication of business strategies and collaboration across interdisciplinary teams.
- **Problem-Solving Abilities:** Skills to identify challenges in digital business models and develop strategic solutions..

### Materials

To effectively use the Digital Business Canvas, several key materials are essential:

- **DBC Template:** A structured tool with key placeholders for business analysis.
- **Case Study:** A real-world example to apply the Digital Business Canvas.
- **Guideline:** Step-by-step instructions for completing the Digital Business Canvas based on the case study.

### DBC Template

The Digital Business Canvas (DBC) consists of 9 placeholders, each representing a critical aspect of the digital business model. The DBC provides a structured approach to analyze and enhance business strategies. By completing each section with detailed information, organizations can identify areas for growth, improve market positioning, and ensure alignment with their digital goals.

**Placeholders in the DBC include:**

1. **Customer Segments (CS):** Identifies specific customer groups targeted by the business.
2. **Value Proposition (VP):** Defines the unique value offered to customers.
3. **Channels (CH):** Describes the means through which the business reaches and delivers value to customers.
4. **Customer Relationships (CR):** Outlines how the business engages and maintains relationships with customers.
5. **Revenue Streams (RE):** Explains how the business generates income.
6. **Key Resources (KR):** Highlights essential resources needed to execute the business model.
7. **Key Activities (KA):** Lists core activities required to deliver the value proposition.
8. **Key Partnerships (KP):** Identifies partners that support the business model.
9. **Cost Structure (CO):** Details the financial aspects, including costs and investments.

**Guideline for Completing the Digital Business Canvas**

To complete the Digital Business Canvas, follow these steps:

**Step 1: Screen the Case Study**

- Begin by carefully reading the provided case study on the Digital Transformation Project (DTP).
- Identify relevant information for each placeholder in the DBC, using the questions provided in the guideline.
- Ensure that entries are clear, concise, and specific to the business context.

**Step 2: Describe the Current Business Situation**

- Establish a comprehensive baseline by describing the current state of the digital business.
- Include information about customer segments, value propositions, revenue streams, key resources, and partnerships.
- Provide a detailed picture of the existing business model, setting the stage for further analysis.

**Step 3: Analyze Business Elements For each placeholder, describe how the business operates:**

- **Customer Segments (CS):** Identify who the primary customers are and what their needs are.
- **Value Proposition (VP):** Define the unique value offered and how it differentiates from competitors.
- **Channels (CH):** Explain how the business reaches and delivers value to its customers.

- Customer Relationships (CR): Outline how relationships are built and maintained with different customer segments.
- Revenue Streams (RE): Identify how the business earns money and the pricing strategy used.

#### **Step 4: Evaluate Strategic Resources and Activities**

- Key Resources (KR): Determine the critical resources required to deliver the value proposition.
- Key Activities (KA): Describe the essential actions necessary for the business model to function effectively.
- Key Partnerships (KP): Identify key partners and suppliers who play a role in supporting the business model.

#### **Step 5: Assess Cost Structure and Financial Performance**

- Cost Structure (CO): Detail all costs associated with running the business, including fixed and variable costs.
- Analyze the financial sustainability of the business model, ensuring that the cost structure aligns with the revenue streams.

#### **Case Study: ERA's Digital Transformation Project**

This case study focuses on ERA Marketing Centre's digital transformation efforts, aimed at enhancing customer engagement and service delivery through digital tools. By analyzing this case using the Digital Business Canvas, users will learn how to build a robust digital business model that balances innovation with financial sustainability.

#### **Key Elements Highlighted in the Case Study:**

- Customer Segments: Tech-savvy companies, digital natives, traditional clients.
- Value Proposition: Real-time analytics, predictive modeling, enhanced data services.
- Channels: Digital platforms, direct interactions, and innovative delivery methods.
- Customer Relationships: Tailored services, workshops, feedback loops.
- Revenue Streams: Subscriptions, premium services, sustainability premiums.
- Key Resources: Digital infrastructure, skilled personnel, partnerships.
- Key Activities: Platform development, customer engagement, sustainability initiatives.
- Key Partnerships: Technology vendors, local suppliers, research institutions.
- Cost Structure: Software, cloud services, cybersecurity, sustainability investments.

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## 2 Digital Business Canvas

Digital transformation projects (DTPs) aim to develop new products or services, enhance process efficiency, establish innovative business models, or increase organizational maturity. The outcomes of these projects are critical for strategic planning and can significantly impact various aspects of a business. Such projects often lead to unexpected results or side effects that need careful evaluation. Assessing and determining the impact of DTPs, particularly in terms of value creation, customer engagement, revenue generation, and cost management, is a core aspect of successful business strategy development. The Digital Business Canvas (DBC) is a visual framework for analyzing these business impacts of DTPs.

The DBC helps manage DTPs with a focus on achieving business goals. It enables communication and visualization between project stakeholders through a graphical canvas model. This approach provides a clear and structured method for evaluating and refining business models, promoting a more strategic digital transformation by integrating business considerations into project planning and execution. The DBC supports organizations in identifying opportunities for growth, optimizing resources, and ensuring alignment with business objectives.

By using this structured canvas, organizations can systematically assess their digital transformation projects, identify key business opportunities and challenges, and develop strategies to maximize value creation while minimizing risks. This ensures that digital transformation efforts contribute meaningfully to organizational growth, market expansion, and competitive positioning.

This document includes the DBC template, a step-by-step guideline, and a real case study, all aimed at optimizing business impacts. The practical case studies and detailed questions in the guideline help to effectively fill the DBC. This tool enables integration of business strategy into digital transformation efforts, promoting innovation, financial sustainability, and market responsiveness.

For students, the DBC helps sharpen their analysis skills in business strategy and value creation. By assessing the business performance of a DTP, students can maximize their learning experience. A real case study fosters a comprehensive understanding of digital business strategy, enhancing analytical skills by linking theoretical knowledge with real-world business practices. This approach helps students gain a critical perspective on the challenges and opportunities in digital business. This practical tool can also be used by companies across various sectors, helping them address their business model innovation and strategic growth challenges more effectively.

## 3. Learning Objectives

Users will be better equipped to visualize and assess the business impacts of their Digital Transformation Projects (DTPs), ensuring they contribute positively to business growth, customer engagement, and market competitiveness. These objectives focus on using the DBC and developing essential analytical skills for effective business strategy management.

- Learn how DTPs impact key business areas such as value creation, customer

relationships, revenue streams, and cost structures.

- Understand the importance of adopting strategic business principles to foster resilience, profitability, and innovative value creation within DTPs.
- Enhance analytical skills by studying business practices through practical case studies, linking theoretical knowledge with real-world corporate business strategies to gain an industry perspective.
- Perform comprehensive assessments of business performance, fostering a holistic understanding of digital business models and improving strategic decision-making abilities.

## 4. Competences and Skills

Table 1 outlines the core competences and skills developed by the Digital Business Canvas (DBC) in Digital Transformation Projects (DTPs). The table is divided into four main competences, each with associated skills:

Table 1: Competences and skills

Competence	Skills Developed
<b>Business Analysis</b>	<ul style="list-style-type: none"><li>• Evaluate market needs and customer behaviors.</li><li>• Identify key business metrics and performance indicators.</li></ul>
<b>Strategic Planning</b>	<ul style="list-style-type: none"><li>• Align digital initiatives with business goals.</li><li>• Improve decision-making based on business performance and market data.</li></ul>
<b>Analytical Skills</b>	<ul style="list-style-type: none"><li>• Analyse and interpret business data.</li><li>• Solve business challenges and optimize business models.</li></ul>
<b>Communication and Collaboration</b>	<ul style="list-style-type: none"><li>• Communicate business strategies effectively..</li><li>• Collaborate with cross-functional and interdisciplinary teams.</li></ul>

## 5. Materials

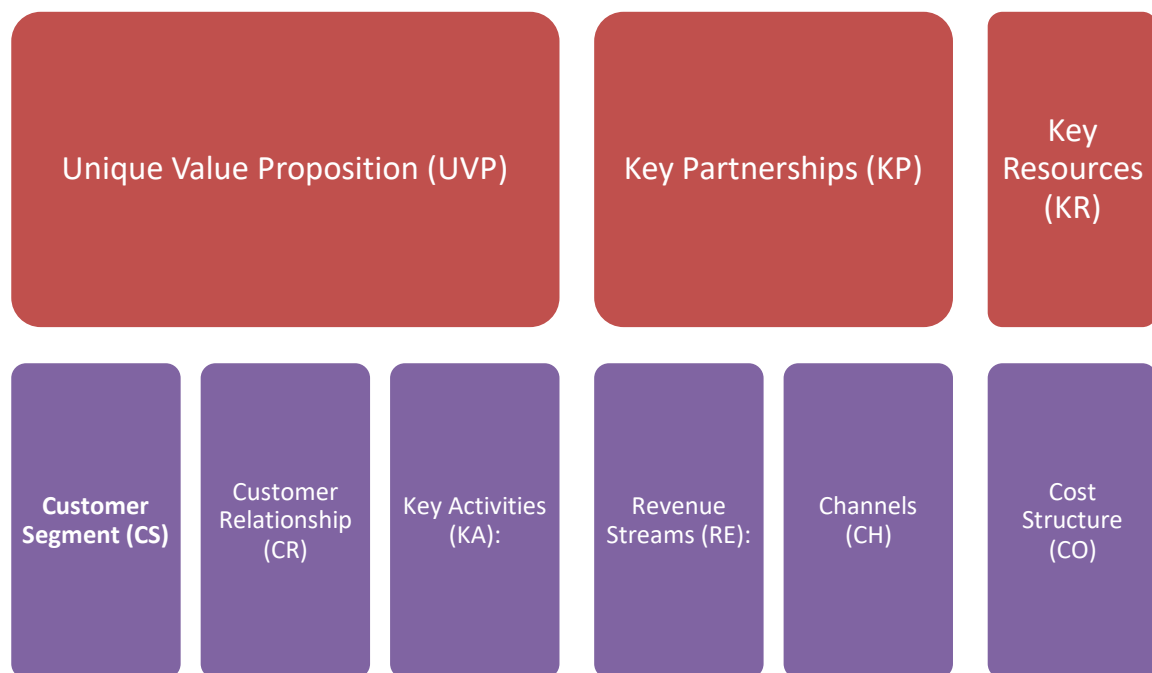
To use the **Digital Business Canvas (DBC)** effectively, it is necessary to have the following essential materials:

- **DBC Template:** This structured tool acts as a roadmap, featuring key criteria categorized by placeholders. Each placeholder represents a critical component of the digital business model to be evaluated and optimized.
- **Case Study:** A real-world example of a Digital Transformation Project (DTP) within a business environment. It serves to apply the DBC in a practical context, demonstrating its relevance and application.

- **Guideline:** This document provides step-by-step instructions for completing the DBC, using insights derived from the case study information.

## 6. Digital Business Canvas template

The **Digital Business Canvas (DBC)** consists of **9 placeholders**, each focusing on a different aspect of a Digital Transformation Project (DTP). Each placeholder represents a key component where specific information is filled in and analyzed. The DBC provides a structured approach to assess and enhance the business model of the projects. By filling in each section with detailed information, organizations can identify areas for improvement, ensure alignment with business goals, and develop strategies to maximize business value, growth, and profitability.



*Fig. 1: Digital Business Canvas template*

- 1 Unique Value Proposition (UVP):** Defines the unique value the project offers to its customers, highlighting what sets the project apart from others and how it addresses customer needs effectively. Starting with the UVP is essential as it provides a clear understanding of the project's core value and purpose.
- 2 Customer Segment (CS):** Identifies the specific groups of customers targeted by the project. Understanding the target audience helps tailor the project to meet their unique needs and preferences, ensuring alignment between the value proposition and customer relationship strategies.
- 3 Customer Relationship (CR):** Outlines how the project will engage with customers, build relationships, and maintain customer satisfaction. This section considers the methods and strategies used to interact with and retain customers, ensuring that the



project's value proposition is effectively communicated and maintained.

- 4 Channels (CH):** Describes the means through which the project will reach and deliver value to customers, including distribution channels and communication methods. Establishing channels after identifying customer segments ensures that the delivery methods are appropriate and effective.
- 5 Key Resources (KR):** Highlights the critical resources required for the project, including hardware, software, human resources, and other vital assets. Identifying these resources ensures that the necessary tools and technologies are in place to support key activities.
- 6 Key Activities (KA):** Lists the core activities required to implement the DTP, such as processes, operations, and tasks essential for achieving the project's objectives. This section ensures that the activities align with the overall business strategy and stakeholder needs.
- 7 Key Partnerships (KP):** Identifies the partners and suppliers who are crucial for supporting the business model. Understanding these partnerships is essential for leveraging external expertise, resources, and opportunities for collaboration.
- 8 Cost Structure (CO):** Details the financial aspects of the project, including initial investments, ongoing expenses, and potential cost savings. This section helps to understand the economic viability of the project, ensuring that all prior elements have been defined and providing a clear picture of the financial requirements.
- 9 Revenue Streams (RE):** Outlines the income generated by the project, including sales, subscriptions, and other revenue streams. This component helps assess the project's financial sustainability and profitability by ensuring that all elements of the business model are considered.

## 7. Digital Business Canvas guideline

This guideline is designed to facilitate the completion of the DBC by providing a clear and systematic approach. It helps users navigate through the different components of the canvas, ensuring that all critical aspects of the digital business model are thoroughly evaluated. By following this guideline, project teams can effectively communicate and visualize the business impacts of their projects, fostering better decision-making and strategic planning.

To fill out the Digital Business Canvas (DBC), follow these steps:

### **Step 1: Screen the Case Study**

Begin by carefully reading the provided case study on the Digital Transformation Project (DTP). Identify the relevant information for each placeholder in the DBC, using the questions provided in the guidelines. Analyze the case study details to understand how each part of the project relates to the different placeholders in the DBC template.

Ensure your entries are clear, concise, and specific to the business context.

**Step 2: Describe the Current Business Situation**

Using the questions provided for each placeholder, describe the current state of the Digital Transformation Project (DTP) being analyzed. This step establishes a comprehensive baseline for understanding the project. Include detailed information about the project's objectives, scope, key activities, technologies used, and current outcomes. Clearly outline the current processes, resources, and customer engagement strategies involved. This detailed description will provide a clear picture of the existing business setup, setting the stage for further analysis of its business impacts and identifying potential areas for improvement.

**Step 3: Identify Business Impact**

For each placeholder, describe how the project impacts the key areas of the business model:

- **Value Proposition Impact:** Consider how the project enhances or modifies the unique value offered to customers. Identify if the value proposition meets current market demands and differentiates the business from competitors.
- **Customer Segment Impact:** Evaluate how the project affects the understanding and targeting of different customer groups. Consider aspects like market reach, customer needs, and segmentation strategies.
- **Revenue Impact:** Assess the project's financial performance and economic benefits, including cost savings, revenue generation, pricing strategy, and long-term financial viability. Determine the impact on profitability and market competitiveness.
- **Cost Impact:** Analyze the cost structure of the project, considering factors like initial investments, ongoing operational costs, and potential savings. Identify if costs are optimized and aligned with revenue generation.
- **Resource and Activity Impact:** Examine how key resources and activities are utilized and optimized for efficiency. Assess the adequacy of the resources and activities in supporting the project's value proposition and business model.

**Step 4: Determine Positive or Negative Business Impact**

Evaluate whether the identified impacts are positive or negative for the business model. This involves a critical analysis of the findings from the previous step.

- **Positive impacts** contribute to business goals by enhancing customer satisfaction, increasing revenue, reducing costs, and improving market positioning. These impacts help in driving growth, maintaining competitive advantage, and optimizing resources.

- **Negative impacts**, on the other hand, may hinder business objectives by causing inefficiencies, reducing profitability, damaging customer relationships, or weakening market presence. These impacts could result in financial losses, decreased customer loyalty, or misalignment with the business strategy.

This assessment helps in understanding the current business impacts of the project and identifies areas that need improvement. Use the **RAG (Red, Amber, Green) method** to mark each item:

- **Red** for negative impact
- **Green** for positive impact
- **Yellow** for neutral impact

Also, consider both direct and indirect impacts on the business. This systematic approach will help in recognizing strengths, weaknesses, and opportunities within the business model, guiding strategic adjustments to optimize overall performance.

**Step 5: Performance analysis and results:** Based on the DBC iterations, use the information to aid decision-making. For any negative impacts identified, suggest changes to the relevant placeholders to transform these impacts into positive ones. Develop actionable recommendations and strategies to mitigate negative effects and enhance the project's overall business performance. The goal is to minimize negative impacts and maximize positive impacts on growth, profitability, and market positioning.

**Table 2: Questions for Completing the Digital Business Canvas (DBC)**

The following table contains questions designed to help fill in the Digital Business Canvas (DBC). It is divided into several columns, each serving a specific purpose:

- **No. Column:** This column provides a sequence to follow, ensuring that all aspects of the project are evaluated systematically. Adhering to this order maintains a logical flow, allowing each component to build upon the previous one for a thorough and cohesive assessment.
- **Placeholder Column:** This column lists the **9 placeholders** that need to be evaluated. These placeholders encompass all critical parts of the business model, including key stakeholders, activities, costs, and revenue. By addressing each placeholder, users can ensure a comprehensive evaluation of the DTP's business impacts.
- **Questions Column:** This column contains guiding questions designed to promote critical thinking and ensure a detailed analysis. These questions help users provide relevant and accurate information for each section of the DBC. By addressing these questions, users can uncover important insights and identify potential areas for

improvement, thereby enhancing the business strategy of their digital transformation projects.

Table 2: Guiding Questions for Completing the Digital Sustainability Canvas

No.	Placeholder	Questions
1	<b>Unique Value Proposition (UVP)</b>	What value is delivered to the customer? Which customer needs are we satisfying?
		How does the organization differentiate its value proposition from competitors?
		Can we create new customer value through digital transformation?
2	<b>Customer Segment (CS)</b>	Who are our most important customers?
		What are the characteristics, needs, and preferences of these customer segments?
		How can we tailor our offerings to meet the specific needs of different customer groups?
3	<b>Customer Relationship (CR)</b>	What type of relationships do our customer segments expect?
		How can we build and maintain these relationships cost-effectively?
		How do these relationships enhance customer loyalty and retention?
4	<b>Channels (CH)</b>	Through which channels do our customers want to be reached?
		Which channels are most cost-efficient and effective for reaching our target audience?
		How can we optimize our channels for better market penetration and customer engagement?
5	<b>Key Activities (KA)</b>	What key activities are essential for delivering our value proposition, distribution channels, and customer relationships?
		How can we optimize these activities to improve efficiency and reduce costs?
		Are there opportunities for innovation within our key activities?
6	<b>Key Resources (KR)</b>	What resources are critical to supporting our value proposition, distribution channels, and customer relationships?
		How do we ensure optimal use of these resources for cost efficiency and value creation?
		Can any resources be replaced or enhanced for better performance and sustainability?
7	<b>Key Partnerships (KP)</b>	Who are the key partners that provide necessary resources or perform critical activities?
		What value do these partnerships bring to our business model?
		How can we strengthen partnerships to enhance overall business success?

8	<b>Cost Structure (CO)</b>	What are the major costs in our business model?
		Which costs are essential, and which can be reduced or optimized?
		How can we ensure our cost structure supports long-term profitability and growth?
9	<b>Revenue Streams (RE)</b>	What are our primary sources of revenue?
		What pricing models and payment options are most attractive to our customers?
		How can we maximize revenue potential through digital transformation efforts?

## 8. Case study

To provide a clear understanding of how to fill in the DSC the content for filling in the placeholders are identified and marked within the text. These are highlighted in the same colour as their corresponding sections in the DSC template, and the abbreviation of each placeholder is included for easy reference.

### **ERA Marketing Centre's Digital Transformation Project: Application to the Digital Business Canvas**

#### **Background:**

Founded in 1996 in Baku, Azerbaijan, ERA Marketing Centre has established itself as a leader in the market research industry throughout Azerbaijan, the CIS countries, and Turkey. Known for its ethical standards and focus on valuable insights, ERA recognized the need to digitize its operations to maintain a competitive edge and adapt to the rapidly evolving industry landscape. From January to December 2023, ERA embarked on a comprehensive digital transformation project, spearheaded by Deputy Director Kanan Hasanov.

#### **1. Unique Value Proposition (UVP):**

The digital transformation project introduced new and enhanced service offerings, including **predictive analytics, real-time market trend analysis, and advanced data processing capabilities**. These offerings differentiated ERA by providing **more accurate, actionable insights** and faster data-driven decision-making tools to clients. Additionally, the transformation strengthened data security measures to protect against evolving cyber threats, further establishing trust with existing and potential clients.

#### **2. Customer Segments (CS):**

The project targeted a diverse range of customers:

- **Primary Segments:** Tech-savvy companies, digital natives, and younger demographics interested in real-time analytics and advanced data insights.
- **Secondary Segments:** Existing clients from sectors like technology, e-commerce, and digital media, as well as multinational corporations needing sophisticated data analytics.
- **Emerging Segments:** Digital-first companies and new customers drawn to ERA's enhanced digital capabilities and user-friendly interfaces.

### 3. Customer Relationships (CR):

To foster and maintain strong customer relationships, ERA focused on:

- **Personalized Communication:** Using digital platforms to provide tailored services and maintain direct communication, ensuring high levels of customer satisfaction and loyalty.
- **Feedback Integration:** Conducting surveys to gather customer feedback and adjust services accordingly. Positive feedback highlighted speed, accuracy, and user-friendly interfaces, while negative feedback revealed some resistance among long-standing customers preferring traditional methods.
- **Support and Training:** Offering comprehensive training and support to help customers adapt to digital tools, mitigating concerns over data overload and impersonal interactions.

### 4. Channels (CH):

ERA employed a multi-channel approach to reach its target audiences:

- **Digital Channels:** Enhanced digital presence through updated websites, mobile apps, and active social media engagement catered to younger, tech-savvy customers who prefer digital interactions.
- **Traditional Channels:** Continued use of direct, face-to-face interactions and established communication methods to serve long-standing clients who are less inclined to adopt digital solutions.
- **Innovative Delivery:** Online dashboards and digital interfaces provided real-time access to market data, improving customer engagement and satisfaction.

### 5. Key Activities (KA):

Critical activities undertaken during the project included:

- **Development and Integration of Digital Tools:** Implementing online dashboard systems, tablet-based CAPI (Computer Assisted Personal Interviewing), and digital mapping tools to enhance data collection and geospatial analysis.
- **Training and Professional Development:** Conducting regular training programs, e-learning modules, and hands-on workshops for employees and external partners to ensure effective use of new digital tools.
- **Cybersecurity Enhancements:** Upgrading cybersecurity measures to protect the digital infrastructure from threats, ensuring data integrity and client trust.

- **External Collaboration:** Building new partnerships and alliances to expand market reach and improve service offerings.

## 6. Key Resources (KR):

ERA leveraged several critical resources to support its digital transformation:

- **Digital Infrastructure:** Investments in software, licensing, hardware, cloud services, and cybersecurity systems to enable digital services.
- **Human Resources:** A core team of project managers, IT specialists, data analysts, and change management consultants, supported by an auxiliary team for technical and administrative tasks.
- **External Expertise:** Partnerships with technology vendors and consultants to provide specialized digital tools and strategic guidance.

## 7. Key Partnerships (KP):

Strategic partnerships were crucial to the project's success:

- **Sustainable Suppliers:** Collaborated with suppliers adhering to strong environmental practices and CSR policies, and increased local sourcing to reduce carbon footprints and support the local economy.
- **Technology Partners:** Engaged with local software developers and IT support services to ensure the availability of necessary digital tools and support services.
- **Consultants and Trainers:** Utilized external consultants to guide strategic decisions and trainers to develop employee competencies in new technologies.

## 8. Cost Structure (CO):

The project incurred several costs, both initial and ongoing:

- **Initial Investments:** Software and licensing fees, hardware purchases, and cybersecurity upgrades.
- **Ongoing Expenses:** Maintenance fees, cloud service subscriptions, cybersecurity operations, employee training programs, and potential increases in operating costs due to new digital infrastructure.
- **Resource Allocation:** Costs were carefully managed to support efficiency, innovation, and security, ensuring sustained competitiveness.

## 9. Revenue Streams (RE):



The digital transformation generated revenue through various channels:

- **Digital Service Fees:** Higher fees charged for new digital services, such as predictive analytics and real-time data processing.
- **Subscription Models:** Recurring revenue from subscriptions for data services targeting technology companies and multinational clients.
- **Consulting and Training Services:** Revenue from consulting engagements and training programs for external clients to maximize the value of ERA's digital capabilities.

### **Conclusion**

ERA's digital transformation project aligned with the **Digital Business Canvas** by strategically enhancing its value proposition, optimizing customer engagement, leveraging key resources and partnerships, managing costs effectively, and generating new revenue streams. This comprehensive approach allowed ERA to strengthen its market position, expand its customer base, and ensure long-term growth and sustainability in a rapidly evolving digital landscape.