

## Scoring Business Model Attractiveness

In general, business models that create exit barriers, for which there are switching costs, that are not transactional and that to some extent lock customers in, tend to be more attractive than those in which the opposite conditions apply. Use this table to score a proposed model somewhere between the two statements to assess the extent to which the statement reflects your best guess of where a proposed model falls. As a general rule, consider proposed models with scores over 40.

The cost to a customer of switching to another provider is relatively low	1 2 3 4 5 6 7	The cost to switch to another provider once a customer has signed up with us is relatively high
The model is based on individual transactions which must be re-purchased each time	1 2 3 4 5 6 7	The model is based on a series of transactions (such as subscriptions or long-term contracts) that are subject to renewal
The user interface for the model is pretty much the same for all providers (for instance, an ATM interface)	1 2 3 4 5 6 7	The user interface for the model is different for different providers, meaning it is easier for users to learn one system and stick with it
The benefits provided by the model are optional or discretionary	1 2 3 4 5 6 7	The benefits provided by the model are required, specified, or mandatory
There are few network effects in this business or we are a late mover	1 2 3 4 5 6 7	We have the potential to create positive network externalities in this model
This model solves customers' problems once and for all	1 2 3 4 5 6 7	The customers' problem is ongoing
The model is arms-length or transactional	1 2 3 4 5 6 7	The model establishes some kind of relationship
The model has little impact on customer experience or the impact is negative	1 2 3 4 5 6 7	The model involves changing the customer experience significantly and the impact is positive
The model operates on a stand-alone basis	1 2 3 4 5 6 7	The model creates a platform others can use to accomplish their goals
We create the offer	1 2 3 4 5 6 7	The offer is to some extent co-created

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