Access2EIC

National Contact Points for Innovation

BUSINESS GLOSSARY

2020

Step to step to generate a business out of a technology

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Executive Summary:

This tool pretends to be a quick guide to the main business terms used in the business domain with a clear link towards the different stages where a business can be in their path from creation to sustainability.

The ultimate objective of presenting the glossary this way is to ease the transition from a technology output to a sustainable business. In this sense, there is an acknowledged bias towards technology based business and its main features in the terms included in this glossary.

This glossary uses two concepts as starting point:

1. The Business Readiness Level (BRL), which is a concept developed by the CloudWATCH2 project[1] aiming to categorize the status of the business from its readiness to market, starting on the business conceptualization phase and ending in the business scaling phase. (It is called as 'Market readiness level' but the name has been changed into 'Business readiness level' to avoid confusion with the 'Manufacturing readiness level', which is also a common scale in this field).
2. The Business Model Canvas (BMC), which is a widely used & renowned tool for developing new or documenting existing business models[2]. It consists of a visual chart with 9 building blocks that assess the 4 key dimensions of any business (the company "infrastructure", its value proposition or offer, its target market and the main business finances).[3]

The glossary is defined taken the business model canvas as the tool to start the business conceptualization and the BRL to show its progression towards sustainability. In this sense, although formally speaking the BRL has 10 levels, we have regrouped them in only three representing the key steps that the start-up has to conclude to become a company: business conceptualization (BRL 1-3), business testing (BRL 4-5) and business deployment (BRL 6-9).

1. https://www.cloudwatchhub.eu/
2. **Osterwalder, Alexander; Pigneur, Yves; Clark, Tim (2010).** Business Model Generation: A Handbook For Visionaries, Game Changers, and Challengers. Strategyzer series. Hoboken, NJ: John Wiley & Sons. ISBN 9780470876411. OCLC 648031756. With contributions from 470 practitioners from 45 countries.
3. **Osterwalder, Alexander (2005-11-05)**. "What is a business model?". business-model-design.blogspot.com.

1. Background

1.1 The business readiness level scale (BRL)

Based on the concept developed by the Cloudwatchhub project (https://www.cloudwatchhub.eu/) the market readiness level measures the capacity of a business to be ready to go to market with useful, useable and trusted outputs. Whilst the real purpose of achieving 'market readiness' is to develop a commercial offering for a group of customers, the process can be discretized to create a sector agnostic scale able to quantify how far is a business to be ready to market. Modifying this scale blocks to fit the needs of the European Innovation Council (EIC), and changing only the name to Business readiness level (BRL) to avoid confusion with the Manufacturing readiness level (MRL) the scale can be divided into 3 main parts:

Business conceptualization: (0-3)
Building a business is based on a perceived need that your offer can satisfy. At the end of this conceptualization you may have a candidate product/ service, a collection of evidence from your clients and an idea on how to generate value to them.

Business testing: (4-5)
Market is the strongest "sparring" you will have for your business. Testing your business can involve close stakeholder or even early adopters. Your objective here is to measure & evolve if your actual "processes" match with your client's needs.

Business deployment: (6-9)
In this phase you have to consolidate paying customers and the product/service offering in the long run. In this step you become a trustful business for your clients and your cash flow starts to become predictable.

Figure 1 : Market readiness level scale and associated three phases.

1.2 The Business Model Canvas (BMC)

The Business Model Canvas is a tool to help companies to conceptualize, test, define and evolve their business models.[4] It has nine boxes distributed in four different areas:

- company (left part)
- Value proposition or offer (middle)
- market (right part)

4. **Osterwalder, Alexander (2004)**. The Business Model Ontology: A Proposition In A Design Science Approach (PDF) (Ph.D. thesis). Lausanne: University of Lausanne. OCLC 717647749. See also: Osterwalder, Alexander; Pigneur, Yves; Tucci, Christopher L. (2005). "Clarifying business models: origins, present, and future of the concept". Communications of the Association for Information Systems. 16 (1): 1. doi:10.17705/1CAIS.01601.

- and finance (bottom part)

These four areas contain most of the elements needed to create a business. In this document, these four areas will be used as "containers" of the concepts explained in each of the business matureness stage. All the information on this tool and on guidance on how to work with the Business Model Canvas can be found in this reference.[5]

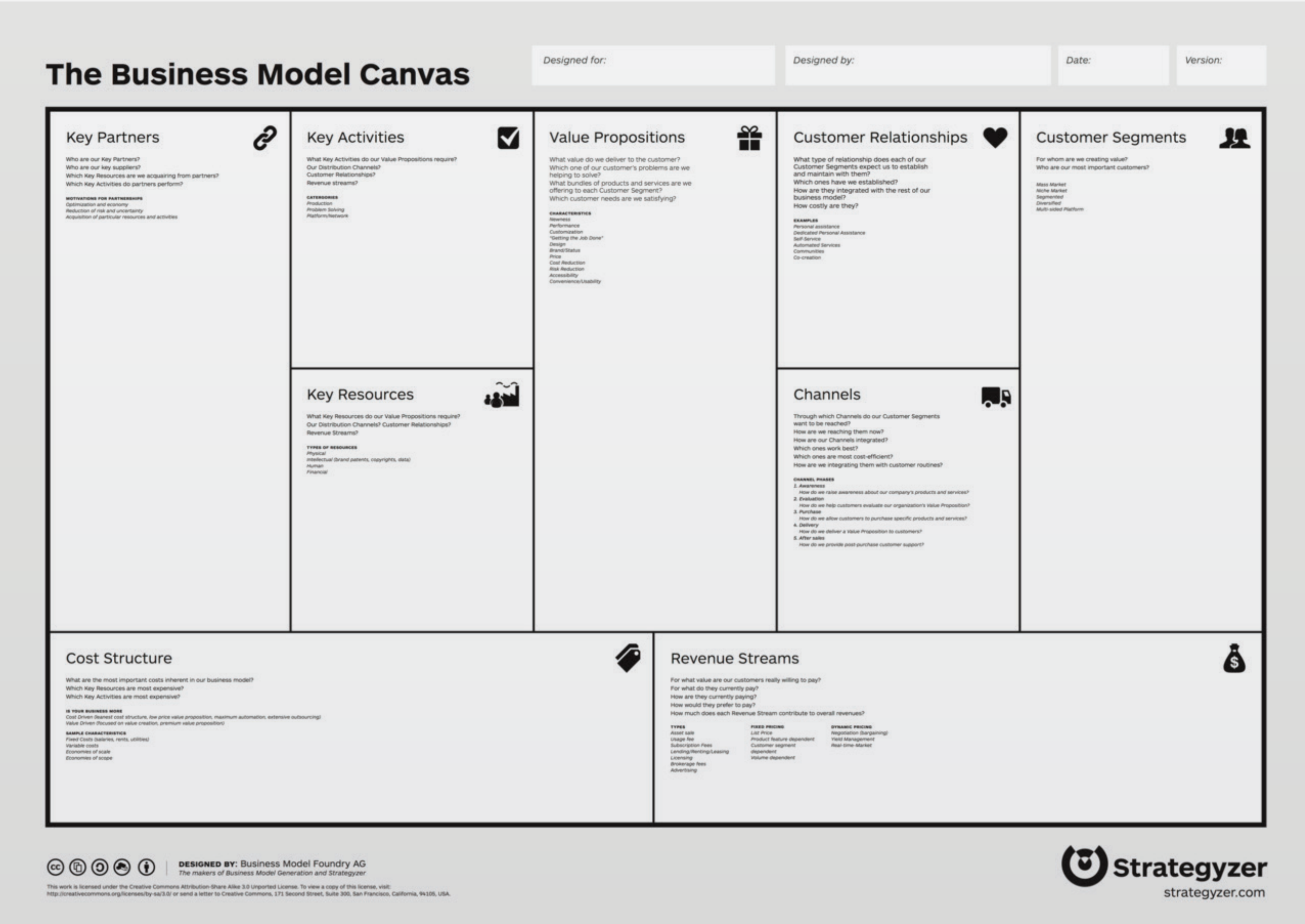

Figure 2: Business model Canvas

1.3 How this glossary is built

The following sections of this document present a separate glossary per each of the three stages of a business: a) business conceptualization, b) business testing and c) business deployment. Each glossary includes the top most relevant concepts for this stage of development, grouped into the 4 broad areas defined by the business model canvas: 1) company, 2) offer (value proposition), 3) demand (market) and 4) finance. Apart from this, the next schema presents a first set of definitions, worth to know before starting.
Finally, for quick reference, all the terms are presented in alphabetical order in the Annex, keeping the references to the BRL levels and the business model canvas areas where they fit best.

5. **Osterwalder, Alexander; Pigneur, Yves; Clark, Tim (2010).** Business Model Generation: A Handbook For Visionaries, Game Changers, and Challengers. Strategyzer series. Hoboken, NJ: John Wiley & Sons. ISBN 9780470876411. OCLC 648031756. With contributions from 470 practitioners from 45 countries.

1.4 First definition before starting[6] (BRL0)

<table>
<tr><th>Company</th><th>Offer</th><th>Market</th></tr>
<tr><td>Business
Business model
Business plan
Business type</td><td>Demand
Offer</td><td>Customer
End user</td></tr>
<tr><th colspan="3">Finance</th></tr>
<tr><td>Balance sheet
Bankruptcy
Cap table
Cost structure
Debt Capital
Dilution</td><td>BRL 0</td><td>Elevator Pitch
Equity Capital
Fundraising
Investment term sheet
Profit
Revenue</td></tr>
</table>

Figure 3 : Concepts located under the BMC frame.

1.4.1 Company

Business: The organized efforts and activities of individuals or companies to produce and sell goods and services for profit.

Business model: A business model is a company's plan for making a profit. It identifies the products or services the business will sell, the target market it has identified, and the expenses it anticipates.

Business plan: A business plan is a written document that describes in detail how a business is going to achieve its goals.

Business type: It refers to how the business operates. There are many ways to characterize business but a common one is based on the type of clients: It can be Business-to-business (B2B), when the main clients are also other businesses or companies or it can be business-to-consumer (B2C) when the main clients are individual consumers.

1.4.2 Offer

Demand: An economic principle referring to a consumer's desire to purchase goods and services and willingness to pay a price for a specific good or service.

Offer: The portfolio of goods or services that a company is willing to sell.

6. Obtained from investopedia (https://www.investopedia.com/)

1.43 Market

Customer: A customer or a client is an individual or a business that purchases another company's goods or services.

End-user: The person/company who ultimately uses or is intended to use a product or a service.

1.4.4 Finance

Balance sheet: A balance sheet is a financial statement that reports a company's assets, liabilities and shareholders' equity at a specific point in time, and provides a basis for computing rates of return and evaluating its capital structure. It is a financial statement that provides a snapshot of what a company owns and owes, as well as the amount invested by shareholders.

Bankruptcy: It is a legal proceeding involving a person or business that is unable to repay their outstanding debts. All of the debtor's assets are measured and evaluated, and the assets may be used to repay a portion of outstanding debt.

Cap table: A capitalization table, also known as a cap table, is a spreadsheet or table that shows the equity capitalization for a company.

Cost structure: The various types of expenses a business incurs. It is typically composed of fixed costs (costs that remain unchanged regardless of the amount of output a company produces) and variable cost (that change with production/selling volumes).

Debt Capital: The amount of money borrowed by one party from another. A debt arrangement gives the borrowing party permission to borrow money under the condition that it is to be paid back at a later date, usually with interest. The most common debt instrument is the bank loan that has to be paid back with a specified repayment schedule and either a fixed or floating interest rate.

Dilution (also known as stock or equity dilution): It occurs when a company issues new stock which results in a decrease of an existing stockholder's ownership percentage of that company. When the number of shares outstanding increases, each existing stockholder owns a smaller, or diluted, percentage of the company.

Elevator Pitch: Short presentation (usually oral) employed to grab the attention of investors about a project or a business idea. Usually a pitch lasts from 30 to 120 seconds. The name (born in Silicon Valley) describes the time in which a start-upper must be able to present their idea during a ride on a lift.

Equity Capital: The invested money in exchange for shares in a company. In contrast to debt capital, is not repaid to investors in the normal course of business.

Fundraising: The set of activities and techniques that a company employs with the aim of collecting external financial resources necessary for the realization of its activities.

Investment term sheet: A term sheet is a non-binding agreement setting forth the basic terms and conditions under which an investment will be made. Valuation of the company, amount of investment, voting rights, liquidation preference, anti-dilutive provisions, and investor commitment are some of the key terms that are typically included in the term sheet.

Profit: The positive gain remaining for a business after all cost and expenses have been deducted from total sales.

Revenue: Revenue is the total amount of income generated by the sale of goods or services related to the company's primary operations.

2. Glossary for Business conceptualization (BRL1-3)

2.1 Main characteristics of this stage

Building a business is based on a perceived need that your offer can satisfy. Therefore this first stage of business conceptualization has three main questions:

- Is there a real problem that can be solved?
- Can we solve this problem thanks to our know-how/ IP/ product/services or advantage?
- Is the problem relevant/needed enough that someone will pay to solve it?

At the end of this conceptualization phase you may have a candidate product/service to offer, a collection of evidence from your clients/customer regarding the needs you aim to solve, a preliminary idea on how you are generating value to them, a proposal on how you can capture revenue from them, a first estimation on the cost structure of the business and the money you may need to start it up until it is self-sustained. The following concepts deal with all these elements.

2.2 Glossary of main relevant concepts

Company	**Offer**	**Market**
Business Ecosystem	Benefits	Channels
Business Incubator/Accelerator	Copyright	Customer gains
Intellectual Property	Freedom to Operate	Customer jobs
Key Activities	Patent	Customer pains
Key Partners	Proof of Concept	Customer Relationships
Key Resources	Trade secret	Customer Segments
Value Chain	Value Proposition	
Finance	**BRL 1-3**	
Asset		Crowdfunding
Bootstrapping		Liability
Break-even point		Quasi Equity
Business Angel		Revenue Streams
Cash		Seed capital

Figure 4 : Concepts located under the BMC frame (BRL 1-3)

2.2.1 Company

Business Ecosystem: Is the collection of organizations and business entities - including suppliers, distributors, customers, competitors, government agencies, and so on - involved in the delivery, development and sale of a specific product or service through either competition or cooperation.

Business Incubator/Accelerator: An organization designed to launch or accelerate the growth and success of entrepreneurial initiatives through an array of business support resources and services that could include physical space, capital, coaching, common services, and networking connections.

Intellectual Property or IP: Are the intangible assets with the potential of generating revenue. Unlike tangible assets, intellectual property is a collection of ideas, designs and concepts usually protected through various means. In technology based companies, IP tend to be a relevant part of its advantage.

Key Activities (From BMC): The most important activities in executing a company's value proposition.

Key Partners (From BMC): In order to optimize operations and reduce risks of a business model, organizations usually cultivate buyer-supplier relationships so they can focus on their core activity. Complementary business alliances or joint ventures can also be considered as key partnerships.

Key Resources (from BMC): The resources necessary to create value for the customer. They are considered assets to a company that are needed to sustain and support the business. These resources could be human, financial, physical and intellectual.

Value Chain: Is the series of steps through which a company turns raw materials and other inputs into a finished product.

2.2.2 Offer

Benefits: Statements of a valuable product or service feature, with an emphasis on what the customer gets from the products. In technology based companies, a relevant part of the benefits for the customer is achieved thanks to the technological component of the offer.

Copyright: Protection form of a creator's original work usually providing exclusive rights for its use and distribution.

Freedom to Operate (FTO): Is an analysis to determine whether a product, technology or invention may infringe on someone else's patent claims.

Patent: Is a grant of property rights to an invention. It is a form of protection that provides a person or a legal entity with exclusive rights for making, using or selling a concept or invention and excludes others from doing the same for the duration of the patent. Patent databases are free to access i.e. from Espacenet (https://worldwide.espacenet.com/) or Patentscope (https://patentscope.wipo.int/search/en/search.jsf). Patents can be filled at national level, at European level or a PCT level. Processes, timing cost and scopes vary depending on the route selected.

Proof of Concept: Is the evidence deriving from an experiment which demonstrates that a design concept or a product proposal is technically feasible.

Trade secret: Any business information kept confidential which gives a company a competitive advantage over competition.

Value Proposition: The collection of products and services a business offers to meet the needs of its customers. According to Osterwalder, a company's value proposition is what distinguishes it from its competitors. The value proposition provides value through various elements such as technology, newness, performance, customization, "getting the job done", design, brand/status, price, cost reduction, risk reduction, accessibility, and convenience/usability.

2.2.3 Market

Channels (From BMC): A company can deliver its value proposition to its targeted customers through different channels. Effective channels will distribute a company's value proposition in ways that are fast, efficient and cost-effective. An organization can reach its clients through its own channels (store front), partner channels (major distributors), or a combination of both.

Customer gains (From Value proposition Canvas[7]): Customer gains make your customer happy, save effort, time or money. These are the objectives that would make their life and the primary job-to-be-done easier.

Customer jobs (From Value proposition Canvas): Describes what a specific customer segment is trying to get done. This could be tasks they're trying to complete, problems they're trying to solve, or needs they're trying to satisfy.

Customer pains (From Value proposition Canvas): Customer pains describe what is annoying and troubling for your customer. These are the blockers that are preventing your customer from getting their job done.

Customer Relationships (From BMC): To ensure the survival and success of any businesses, companies must identify the type of relationship they want to create with their customer segments in three dimensions: a) how the business will get new customers, b) how the business will keep customers purchasing or using its services and c) how the business will grow its revenue from its current customers.

Customer Segments (From BMC): To build an effective business model, a company must identify which customers it tries to serve. Various sets of customers can be segmented based on their different needs and attributes to ensure appropriate implementation of corporate strategy to meet the characteristics of selected groups of clients.

2.2.4 Finance

Asset: A resource with economic value than an individual, corporation or country owns or controls with the expectation that it will provide a future benefit. Company assets increase the firm value. Assets can be tangible (anything that has commercial or exchange value and has a physical form) or intangible (non-accounting and non-direct assets translatable into financial terms, capable but to create value over time).

Bootstrapping: Describes a situation in which an entrepreneur starts a company without external investments. An individual is said to be bootstrapping when he/she founds and builds a company from personal finances and just based on the operating revenues of the new company.

Break-even point: The production level at which total revenues from product equal total expenses/investments conducted to generate it.

Business Angel: A "net-worth" individual who provides financial backing for start-ups or entrepreneurs with high-growth potential, typically in exchange for some ownership equity in the company.

Cash: An asset in currency form.

Crowdfunding: The use of small amounts of capital from a large number of individuals to finance a new business venture. Crowdfunding can be reward-based (investors may get to participate in the launch of a new product or receive a gift or a pre-sale for their investment) equity-based (investors, typically syndicated, get equity as reward of the investment) and more recently lending-based (investors get their investment back with some interests without the bank mediation).

7. Value Proposition canvas: https://www.strategyzer.com/canvas/value-proposition-canvas

Liability: An obligation between one party and another not yet completed or paid for. In the world of accounting, a financial liability is also an obligation but is more defined by previous business transactions, events, sales, exchange of assets or services, or anything that would provide economic benefit at a later date. Liabilities are usually considered short term (expected to be concluded in 12 months or less) or long term (12 months or greater).

Quasi Equity: A category of debt taken on by a company that has some traits of equity, such as having flexible repayment options or being unsecured (i.e convertible loans).

Revenue Streams (From BMC): The way a company makes income from each customer segment.

Seed capital: It is the earliest stage of capital investment for a start-up venture.

3. Glossary for business testing (BRL 4-5)

3.1 Main characteristics of this stage

Having a business model in place is just the starting point. However, most companies tend to stop the process here and come back "home" to build the "perfect" solution before talking to their customers again. By doing so, they end up developing "perfect" products in the eyes of the creators, but not to the customers. This is clearly not the way forward as the real objective of this stage is to test and pivot if necessary the business model designed. Therefore, in this stage, the driving questions that need an evidence based answers are the following:

- Which of the hypothesis from your business model is sustained by facts from your clients (including your product/service features)?
- How big is the market opportunity you can access with this value proposition? How well you know its dynamics? Does your revenue model fit with clients willing to pay?
- What do we need as company to access such market (people & resources)?
- How are you going to fund all these processes?

At the end of this testing phase you may have a robust product/service to offer, a collection of evidence from your different market segments both in terms of size and value generation, a route to market strategy to widely reach them, a consolidation on the suitability of your revenue models, a robust knowledge of the unit costs of your business, a clear idea of the structure of the company and an elaborated budget based on projections to access the finance needed to move the company to market deployment. All the following concepts deal with these issues:

Company	**Offer**	**Market**
CEO CFO CMO CTO Key performance indicator Option pool	Co-design Competitive advantage Must have Nice to have Product as a service Service-as-a product Unique selling point Willingness to pay	Competitive analysis Competitor Compound annual growth rate Early adopters KOL Market annual growth rate Route to market SAM-SOM-TAM
Finance	**BRL 4-5**	
Cash flow Combined revenue streams Common stock Double one-off revenue streams Drag-along right Due diligence	Enterprise Value Free Cash Flow Licensing Liquidation preference	One-off revenue streams Preferred stock Recurrent revenue streams Tag alone clause Unit cost Venture Capital

Figure 5: Concepts located under the BMC frame (BRL 4-5)

3.2 Glossary of main relevant concepts.

3.2.1 Company

CEO: The chief executive officer (CEO) is the highest-ranking executive in a company, whose primary responsibilities include making major corporate decisions, managing the overall operations and resources of a company being the public face of the company.

CFO: The chief financial officer (CFO) is the executive in charge of all the financial matters of the company.

CMO: The chief marketing officer (CMO) is the executive responsible for sales and marketing of the company, including not only the marketing strategy of the company but also customer service, branding, pricing and sales management.

CTO: The chief technology officer (CTO) is the executive in charge of an organization's technological needs as well as its research and development (R&D).

Key performance indicator (KPI): Is a metric to monitor in terms of performance the actions taken by a company to achieve business objectives.

Option pool: An option pool consists of shares of stock reserved for employees of a private company. The option pool is a way of attracting talented employees to a start-up company - if the employees help the company do well enough to go public, they will be compensated with stock.

3.2.2 Offer

Co-design: Participatory process for planning and developing a product, in which different subjects (e.g. technical experts, end users, etc.) are involved.

Competitive advantage: Factors that allow a company to produce goods or services better or more cheaply than its rivals. These factors allow the productive entity to generate more sales or superior margins compared to its market rivals.

Must have: A "must-have" product is something absolutely essential to the customer's life or business. It can be described as a need. When needs are backed by purchasing power, they have the potential to become economic demands.

Nice to have: A "nice to have" product is something the consumer might enjoy but does not need. It can be described as a want. When wants are backed by purchasing power, they have the potential to become economic demands.

Product as a service: The product/software/platform is not transferred to the buyer, but it has the rights to use it for a given period. It is typically linked to recurrent revenue models. A well- known type of these is the SaaS (software as a service) business.

Service-as-a product: Standardizing a predetermined set of services typically bought together and selling for a fixed price similar to a product. This pricing is typically using to converting services into a product (one-off revenue model), taken benefit of the inherent advantage of selling product.

Unique selling point: A unique selling proposition (USP, also seen as unique selling point) is a factor that differentiates a product from its competitors, such as the lowest cost, the highest quality or the first-ever product of its kind. A USP could be thought of as "what you have that competitors don't."

Willingness to pay: Willingness to pay (WTP) is the maximum price at or below which a consumer will definitely buy one unit of a product in a context-sensitive scenario.

3.2.3 Market

Competitive analysis: Is the process identifying competitors and evaluating their strategies, to determine their strengths and weaknesses relative to those of your own product or service.

Competitor: Is a company or an organization operating in the same market segment with similar or alternative offerings to the same target groups.

Compound annual growth rate (CAGR): Is a business and investing specific term for the geometric progression ratio that provides a constant rate of return over the time period. It is usually used to define growth rate in the market in a given period of time and it is defined as: CAGR (t0, tn)= [(Vtn)/Vt0)^1/tn-t0]-1

Early adopters: The term early adopter refers to an individual or business that uses a new product, innovation, or technology before others. An early adopter is likely to pay more for the product than later adopters but accepts this premium if using the product improves efficiency, reduces cost, increases market penetration or raises the early adopter's social status.

Key opinion leaders (KOL): Are those members of a community whose expert advice is respected by others in their field. Key opinion leaders are authorities on a specific topic.

Market annual growth rate: A useful tool to identify trends in investments/markets and it is calculated using the previous year as a base. Over longer periods of time, compound annual growth rate (CAGR) is generally an acceptable metric for average growth rates and it is defined as: AGR=[(Vpresent-Vpast)/Vpast]

Route to market: The roadmap to ensure that the company's products reach the clients/customers in an efficient and effective manner, thereby ensuring satisfied customers and increased sales.

Serviceable available market (SAM) or served addressable market: Is the defined market opportunity that exists within a firm's existing core competencies and/or past performance. It is typically built from the TAM reducing it down to the market that can actually be served (either by that company or all providers) out of the TAM.

Serviceable obtainable market (SOM), or share of market: Is the percentage of SAM which can be realistically reached by the company business.

Total addressable market (TAM), or total available market: Is the total market demand for a product or service calculated in annual revenue or unit sales if 100% of available market is achieved. In this sense it is a first proxy for the potential scale of the market.

3.2.4 Finance

Cash flow: The net amount of cash and cash-equivalents being transferred into and out of a business.

Combined revenue streams: Are those where the business generates a cash entry periodically per client and every time a sale is produced.

Common stock: Common stock represents shares of ownership in a corporation typically with voting rights and variable dividends.

Double one-off revenue streams: Are those where the business generates a cash entry every time it generates a sale in any of the two complementary products/ services it commercialises. This is the typical case of products that need a consumable. Sales are separate in time and logic, but are coupled somehow.

Drag-along right: It is a provision that enables a majority shareholder to force a minority shareholder to join in the sale of a company. The majority owner doing the dragging must give the minority shareholder the same price, terms, and conditions as any other seller. Drag-along rights are designed to protect the majority shareholder.

Due diligence: It refers to the analysis done over financial standings of a business entity, before entering into an agreement or a financial transaction with another party.

Enterprise Value: It represents the entire economic value of a company. It's a measure of the theoretical takeover price that an investor would have to pay in order to acquire a particular company. Enterprise value can be computed before the entry of the new round (pre-money valuation) or considering the entry of the new round (post money valuation).

Free Cash Flow: It accounts what money the company has left over to expand the business or return to shareholders, after paying dividends, buying back stock, or paying off debt.

Licensing: Is the granting of IP rights to another person or company under a financial arrangement in order for the latter to use this IP in its business processes or offerings.

Liquidation preference: Is a clause in a contract that dictates the payout order in case of a corporate liquidation. Typically, the company's investors or preferred stockholders get their money back first, ahead of other kinds of stockholders or debtholders, in the event that the company must be liquidated. Liquidation preferences are frequently used in venture capital contracts to clarify which investors get paid and in which order in a liquidation event, such as the sale of the company.

One-off revenue streams: Are those where the business generates a cash entry every time it generates a sale.

Preferred stock: Preferred stockholders represent shares of ownership in a corporation with limited voting rights but with higher claim on distributions (e.g. dividends) than common stockholders.

Recurrent revenue streams: Are those where the business generates a cash entry periodically per client until the period expires or the client decides not to continue. This is the typical case of any periodic subscription fee.

Tag alone clause: Tag-along rights also referred to as "co-sale rights," are contractual obligations used to protect a minority shareholder, usually in a venture capital deal. If a majority shareholder sells his stake, it gives the minority shareholder the right to join the transaction and sell their minority stake in the company. Tag-alongs effectively oblige the majority shareholder to include the holdings of the minority holder in the negotiations so that the tag-along right is exercised.

Unit cost: Is a measure of a company's cost to build or create one unit of product.

Venture Capital: Venture capital is a form of private equity that investors provide to start-up companies and small businesses that are believed to have long-term growth potential getting some equity in the company in return.

4. Glossary for business deployment (BRL6-9)

4.1 Main characteristics of this stage

Having the business model tested will allow you to consolidate as a company. So far you already have demonstrated that there is some traction for your business, now you have to ensure that your sales effort can consolidate this traction with increasing adoption rates, larger market shares and sustainable and predictable growth projections. In this moment your main objectives consist of stabilise and scale processes maintaining or increasing your effectiveness. These two objectives will drive the rest of the life of your company. In this sense, the main questions in this stage are the following:

- How can I make my business and its processes (more) sustainable and scalable?
- How can I organize my business to serve all the target customers/markets identified?
- How can I enlarge my team to grow as a company? Who will do what?
- How am I going to fund all this?

Businesses in this stage have or are building a robust product/service offered to their different customer segments with a clear set of processes to acquire and maintain the clients, a predictable projection of income per client type, target market and revenue stream, a clear divide of tasks and responsibilities among the company personnel and an elaborated budget based on projections to access the finance needed to make the company grow.
The following section contains a non-exhaustive list of 40 concepts related to all the above elements.

4.2 Glossary of main relevant concepts

4.2.1 Company

Business development: Ideas, initiatives and activities aimed towards making a business better.

Business strategy: The formulation of the objectives that a company aims to achieve, as well as the strategic plans necessary to achieve them.

Corporate culture: Beliefs and behaviours that determine how a company's employees and management interact and handle outside business transactions. Often, corporate culture is implied, not expressly defined, and develops organically over time from the cumulative traits of the people the company hires. A company's culture will be reflected in its dress code, business hours, office setup, employee benefits, turnover, hiring decisions, treatment of clients, client satisfaction, and every other aspect of operations.

Corporate Social Responsibility: Activities of the company with positive impact on society and with no expected direct benefits. Companies are therefore held, as part of their institutional purposes, to contribute towards the improvement of quality of life of society as a whole.

Cost-benefit analysis: It is a process businesses use to make decisions. The benefits of a situation or action are counterbalanced against associated costs to judge if such action is favourable.

Human resources or HR: Is the company department in charge of finding, screening, recruiting, and training job applicants suitable to the company needs and strategy, and administering employee-benefit programs.

Open Innovation: Process through which companies progress Innovative products or services by leveraging the skills and know-how of an ecosystem composed of customers, suppliers, research centers, universities, start-ups and public or private entities.

Partnership: Is a collaborative mutual-interest relationship between two or more companies aimed at the establishment, management and implementation of a common project. A partnership is a business structure in which the partners share which each other the profits and losses.

Scalability: A scalable company is one that can maintain or improve profit margins while sales volume increases.

4.2.2 Offer

Bundling pricing strategy: Sell together, as a combined product, several products and/or services, as happens i.e. with the Mc Menu. This is a one-off revenue model that uses this pricing tactic to increase the number of transaction per period.

Penetration pricing: It is a marketing strategy used by businesses to attract customers to a new product or service by offering a lower price during its initial offering.

Pricing strategy: Refers to method companies use to price their products or services.

Unfair advantage: This pricing strategy is based on an "unfair advantage" that allow setting higher margins in your sales. This "unfair advantage" can be based on location (i.e. souvenir shops in Disneyland), dependence (i.e. previous versions bought) or respond to a monopolistic situation in the market. (i.e. Google Adwords).

Upselling pricing strategy: This strategy search that a high percentage of buyers ultimately purchases more than they expected in extra features or finishing.

4.2.3 Market

Advertising: The process of drawing the public's attention to business, usually for the purpose of selling products or services, through the use of various forms of media, such as print or broadcast notices.

Brand: Is the combination of elements such as name, slogan, logo, communication and reputation that is identified with a specific product. It is a distinctive and exclusive sign of a company. Brand is fundamental in determining relationship with customers and other stakeholders.

Brand Strategy (or branding): Is the set of strategic activities that concern consolidation of a brand in a market.

Churn rate: Is the rate at which customers stop doing business with an entity. It is most commonly expressed as the percentage of service subscribers who discontinue their subscriptions within a given time period.

Customer Acquisition Cost (CAC): Is the cost of winning a customer to purchase a product/service. As an important economic unit, customer acquisition costs are often related to customer lifetime value (CLV or LTV).

Customer Conversion Rate (also known as sales conversion rate or lead conversion rate): Is the proportion of qualified leads of a company that result in actual sales.

Customer Lifetime Value (CLV or often CLTV), lifetime customer value (LCV), or life-time value (LTV): Is a prediction of the net profit attributed to the entire future relationship with a customer. This prediction model can have varying levels of sophistication and accuracy also depending on the revenue model of the business.

Customer retention: Refers to the ability of a company or product to retain its customers over some specified period. High customer retention means customers of the product or business tend to return to, continue to buy or in some other way not defect to another product or business, or to non-use entirely.

Funnel Marketing: Is a funnel model that analyses all the steps of a transformation from user to customer. The four key elements of funnel marketing are: awareness, interest, desire and action.

Qualified lead: Someone who could become a potential customer to you, based on criteria and identifying information that they have freely provided to you. This means that these leads are definitely interested in that product or service, have taken the time to request quotes and their contact details are correct. That means no purchased email lists or cold prospecting will count as these leads.

4.2.4 Finances

Blended Value Investing: Is a financial investment strategy based on the mixed creation of economic, social and environmental value. Invested capital tries to create sustainable solutions to the main challenges of society.

Burn rate: The cash spent per month.

CAPEX: Capital expenditures, commonly known as CAPEX, are funds used by a company to acquire, upgrade, and maintain physical assets such as property, buildings, an industrial plant, technology, or equipment.

Debt to equity ratio: Is a ratio used to determine the financial leverage of a company.

EBITDA: Earnings before interest, taxes, depreciation, and amortization, is a measure of a company's overall financial performance of its core business.

EBITDA margin: EBITDA margin is a measure of a company's operating profit as a percentage of its revenue.

EBITDA multiple: A financial ratio that compares a company's Enterprise Value to its annual EBITDA (which can be either a historical figure or a forecast/estimate). This multiple is used to determine the value of a company and compare it to the value of other similar businesses.

Employee stock options (ESOs): It is a type of equity compensation granted by companies to their employees and executives. Rather than granting shares of stock directly, the company gives derivative options on the stock instead. These options come in the form of regular call options and give the employee the right to buy the company's stock at a specified price for a finite period of time. Terms of ESOs will be fully spelled out for an employee in an employee stock options agreement.

Impact Finance: Innovative form of finance that not only generates profit but «blended value», that is mixed value between investment and benefit to society.

OPEX: Funds used by the company to fund its operational expenses, which are those a business incurs through its normal business operations.

Private Equity: Private equity is an alternative investment class and consists of capital that is not listed on a public exchange. Private equity is composed of funds and investors that directly invest in private companies to fund a new technology, make mergers or acquisitions, expand working capital, and to bolster and solidify a balance sheet.

Return on equity (ROE): Is a measure of financial performance calculated by dividing net income by shareholders' equity. ROE is considered a measure of how effectively management is using a company's assets to create profits.

Return on Investment (ROI): Is a performance measure used to evaluate the efficiency of an investment or compare the efficiency of a number of different investments. ROI tries to directly measure the amount of return on a particular investment, relative to the investment's cost. To calculate ROI, the benefit (or return) of an investment is divided by the cost of the investment. The result is expressed as a percentage or a ratio.

Return on capital employed (ROCE): Is a financial ratio that measures a company's profitability and the efficiency with which its capital is used. In other words, the ratio measures how well a company is generating profits from its capital. The ROCE ratio is considered an important profitability ratio and is used often by investors when screening for suitable investment candidates.

Senior debt: Borrowed money that a company must repay first if it goes out of business. Each type of financing has a different priority level in being repaid if the company goes out of business. If a company goes bankrupt, the issuers of senior debt, which are often bondholders or banks that have issued revolving credit lines, are most likely to be repaid, followed by junior debt holders (subordinated debt), preferred stock holders (typically external investors) and common stock holders.

Subordinated debt: Is an unsecured loan or bond that ranks below other, more senior loans or securities with respect to claims on assets or earnings. Therefore it is riskier than unsubordinated debt as it will be paid after all other corporate debts and loans are repaid, in the case of borrower default.

Company

Business development
Business strategy
Corporate culture
Corporate Social Responsibility
Cost-benefit analysis
Human resources
Open Innovation
Partnership
Scalability

Offer

Bundling pricing strategy
Penetration pricing
Pricing strategy
Unfair advantage
Upselling pricing strategy

Market

Advertising
Brand Strategy
Brand
Churn rate
CAC-CCR-CLV
Customer retention
Funnel Marketing
Qualified lead

Finance

BRL 6-9

Blended Value Investing
Burn rate
CAPEX
Debt to equity ratio
EBITDA
EBITDA margin
EBITDA multiple

Employee stock options
Impact Finance
OPEX
Private Equity

Return on capital employed
Return on equity (ROE)
Return on Investment (ROI)
Senior debt
Subordinated debt

Figure 6 : Concepts located under the BMC frame (BRL 6-9)

5. Annex: Glossary in alphabetical order

A

Advertising (BRL 6-9, market): The process of drawing the public's attention to business, usually for the purpose of selling products or services, through the use of various forms of media, such as print or broadcast notices.

Asset (BRL 1-3, finance): A resource with economic value than an individual, corporation or country owns or controls with the expectation that it will provide a future benefit. Company assets increase the firm value. Assets can be tangible (= anything that has commercial or exchange value and has a physical form) or intangible (= non-accounting and non-direct assets translatable into financial terms, capable but to create value over time).

B

Balance sheet (BRL 0, finance): A balance sheet is a financial statement that reports a company's assets, liabilities and shareholders' equity at a specific point in time, and provides a basis for computing rates of return and evaluating its capital structure. It is a financial statement that provides a snapshot of what a company owns and owes, as well as the amount invested by shareholders.

Bankruptcy (BRL 0, finance): Is a legal proceeding involving a person or business that is unable to repay their outstanding debts. All of the debtor's assets are measured and evaluated, and the assets may be used to repay a portion of outstanding debt.

Benefits (BRL 1-3, offer): Statements of a valuable product or service feature, with an emphasis on what the customer gets from the products. In technology based companies, a relevant part of the benefits for the customer is achieved thanks to the technological component of the offer.

Blended Value Investing (BRL 6-9, finance): Is a financial investment strategy based on the mixed creation of economic, social and environmental value. Invested capital tries to create sustainable solutions to the main challenges of society.

Bootstrapping (BRL 1-3, finance): Describes a situation in which an entrepreneur starts a company without external investments. An individual is said to be bootstrapping when he/she founds and builds a company from personal finances and just based on the operating revenues of the new company.

Brand Strategy or branding (BRL 6-9, market): Is the set of strategic activities that concern consolidation of a brand in a market.

Brand (BRL 6-9, market): Is the combination of elements such as name, slogan, logo, communication and reputation that is identified with a specific product. It is a distinctive and exclusive sign of a company. Brand is fundamental in determining relationship with customers and others stakeholders.

Break-even point (BRL 1-3, finance): The production level at which total revenues from product equal total expenses/investments conducted to generate it.

Bundling pricing strategy (BRL 6-9, offer): Sell together, as a combined product, several products and/or services, as happens i.e. with the Mc Menu. This is a one-off revenue model that uses this pricing tactic to increase the number of transaction per period.

Burn rate (BRL 6-9, finance): The cash spent per month.

Business Angel (BRL 1-3, finance): A "net-worth" individual who provides financial backing for start-ups or entrepreneurs with high-growth potential, typically in exchange for some ownership equity in the company.

Business development (BRL 6-9, company): Ideas, initiatives and activities aimed towards making a business better.

Business Ecosystem (BRL 1-3, company): Is the collection of organizations and business entities - including suppliers, distributors, customers, competitors, government agencies, and so on - involved in the delivery, development and sale of a specific product or service through either competition or cooperation.

Business Incubator/Accelerator (BRL 1-3, company): An organization designed to launch or accelerate the growth and success of entrepreneurial initiatives through an array of business support resources and services that could include physical space, capital, coaching, common services, and networking connections.

Business model (BRL 0, company): A business model is a company's plan for making a profit. It identifies the products or services the business will sell, the target market it has identified, and the expenses it anticipates.

Business plan (BRL 0, company): A business plan is a written document that describes in detail how a business is going to achieve its goals.

Business strategy (BRL 6-9, company): The formulation of the objectives that a company aims to achieve, as well as the strategic plans necessary to achieve them.

Business type (BRL 0, company): It refers to how the business operates. There are many ways to characterize business but a common one is based on type of clients: It can be Business-to-business (B2B), when the main clients are also other businesses or companies or it can be business-to-consumer (B2C) when the main clients are individual consumers.

Business (BRL 0, company): Organized efforts and activities of individuals or companies to produce and sell goods and services for profit.

C

CAC (BRL 6-9, market): Customer Acquisition Cost (CAC) is the cost of winning a customer to purchase a product/service. As an important unit economic, customer acquisition costs are often related to customer lifetime value (CLV or LTV).

Cap table (BRL 0, finance): A capitalization table, also known as a cap table, is a spreadsheet or table that shows the equity capitalization for a company.

CAPEX (BRL 6-9, finance): Capital expenditures, commonly known as CAPEX, are funds used by a company to acquire, upgrade, and maintain physical assets such as property, buildings, an industrial plant, technology, or equipment.

Cash flow (BRL 4-5, finance): The net amount of cash and cash-equivalents being transferred into and out of a business.

Cash (BRL 1-3, finance): An asset in currency form.

CEO (BRL 4-5, company): The chief executive officer (CEO) is the highest-ranking executive in a company, whose primary responsibilities include making major corporate decisions, managing the overall operations and resources of a company being the public face of the company.

CFO (BRL 4-5, company): The chief financial officer (CFO) is the executive in charge of all the financial matters of the company.

Channels (BRL 1-3, market) (From BMC): A company can deliver its value proposition to its targeted customers through different channels. Effective channels will distribute a company's value proposition in ways that are fast, efficient and cost-effective. An organization can reach its clients through its own channels (store front), partner channels (major distributors), or a combination of both.

Churn rate (BRL 6-9, market): Is the rate at which customers stop doing business with an entity. It is most commonly expressed as the percentage of service subscribers who discontinue their subscriptions within a given time period.

CLV (BRL 6-9, market): In marketing, customer lifetime value (CLV or often CLTV), lifetime customer value (LCV), or life-time value (LTV) is a prediction of the net profit attributed to the entire future relationship with a customer. This prediction model can have varying levels of sophistication and accuracy also depending on the revenue model of the business.

CMO (BRL 4-5, company): The chief marketing officer (CMO) is the executive responsible for sales and marketing of the company, including not only the marketing strategy of the company but also customer service, branding, pricing and sales management.

Co-design (BRL 4-5, offer): Participatory process for planning and developing a product, in which different subjects (e.g. technical experts, end users, etc.) are involved.

Combined revenue streams (BRL 4-5, finance): Are those where the business generates a cash entry periodically per client and every time a sale is produced.

Common stock (BRL 4-5, finance): Common stock represents shares of ownership in a corporation typically with voting rights and variable dividends.

Competitive advantage (BRL 4-5, offer): Factor/s that allow a company to produce goods or services better or more cheaply than its rivals. These factors allow the productive entity to generate more sales or superior margins compared to its market rivals.

Competitive analysis (BRL 4-5, market): Is the process identifying competitors and evaluating their strategies, to determine their strengths and weaknesses relative to those of your own product or service.

Competitor (BRL 4-5, market): Is a company or an organization operating in the same market segment with similar or alternative offerings to the same target groups.

Compound annual growth rate - CAGR (BRL 4-5, market): Is a business and investing specific term for the geometric progression ratio that provides a constant rate of return over the time period. It is usually used to define growth rate in the market in a given period of time and it is defied defined as: CAGR (t0, tn)= [(Vtn)/Vt0)^1/tn-t0]-1

Copyright (BRL 1-3, offer): Protection form of a creator's original work usually providing exclusive rights for its use and distribution.

Corporate culture (BRL 6-9, company): Beliefs and behaviours that determine how a company's employees and management interact and handle outside business transactions. Often, corporate culture is implied, not expressly defined, and develops organically over time from the cumulative traits of the people the company hires. A company's culture will be reflected in its dress code, business hours, office setup, employee benefits, turnover, hiring decisions, treatment of clients, client satisfaction, and every other aspect of operations.

Corporate Social Responsibility (BRL 6-9, company): Activities of the company with positive impact on society and with no expected direct benefits. Companies are therefore held, as part of their institutional purposes, to contribute towards the improvement of quality of life of society as a whole.

Cost structure (BRL 0, finance): The various types of expenses a business incurs. It is typically composed of fixed costs (costs that remain unchanged regardless of the amount of output a company produces) and variable cost (that change with production/selling volumes).

Cost-benefit analysis (BRL 6-9, company): It is a process businesses use to make decisions. The benefits of a situation or action are counterbalanced against associated costs to judge if such action is favourable.

Crowdfunding (BRL 1-3, finance): The use of small amounts of capital from a large number of individuals to finance a new business venture. Crowdfunding can be reward-based (investors may get to participate in the launch of a new product or receive a gift or a pre-sale for their investment) equity-based (investors, typically syndicated, get equity as reward of the investment) and more recently lending-based (investors get their investment back with some interests without the bank mediation).

CTO (BRL 4-5, company): The chief technology officer (CTO) is the executive in charge of an organization's technological needs as well as its research and development (R&D).

Customer conversion rate (BRL 6-9, market): Also known as sales conversion rate or lead conversion rate, is the proportion of qualified leads of a company that result in actual sales.

Customer gains (BRL 1-3, market) (From Value proposition Canvas): Customer gains make your customer happy, save effort, time or money. These are the objectives that would make their life and the primary job-to-be-done easier.

Customer jobs (BRL 1-3, market) (From Value proposition Canvas): Describes what a specific customer segment is trying to get done. This could be tasks they're trying to complete, problems they're trying to solve, or wants or needs they're trying to satisfy.

Customer pains (BRL 1-3, market) (From Value proposition Canvas): Customer pains describe what is annoying and troubling for your customer. These are the blockers that are preventing your customer from getting their job done.

Customer Relationships (BRL 1-3, market) (From BMC): To ensure the survival and success of any businesses, companies must identify the type of relationship they want to create with their customer segments in three dimensions: How the business will get new customers, how the business will keep customers purchasing or using its services and how the business will grow its revenue from its current customers.

Customer retention (BRL 6-9, market): Ability of a company or product to retain its customers over some specified period. High customer retention means customers of the product or business tend to return to, continue to buy or in some other way not defect to another product or business, or to non-use entirely.

Customer Segments (BRL 1-3, market) (From BMC): To build an effective business model, a company must identify which customers it tries to serve. Various sets of customers can be segmented based on their different needs and attributes to ensure appropriate implementation of corporate strategy to meet the characteristics of selected groups of clients.

Customer (BRL 0, market): A customer or a client is an individual or a business that purchases another company's goods or services.

D

Debt Capital (BRL 0, finance): The amount of money borrowed by one party from another. A debt arrangement gives the borrowing party permission to borrow money under the condition that it is to be paid back at a later date, usually with interest. The most common debt instrument is the bank loan that has to be paid back with a specified repayment schedule and either a fixed or floating interest rate.

Debt to equity ratio BRL 6-9, finance): Is a ratio used to determine the financial leverage of a company.

Demand (BRL 0, offer): An economic principle referring to a consumer's desire to purchase goods and services and willingness to pay a price for a specific good or service.

Dilution (BRL 0, finance) (also known as stock or equity dilution): Occurs when a company issues new stock which results in a decrease of an existing stockholder's ownership percentage of that company. When the number of shares outstanding increases, each existing stockholder owns a smaller, or diluted, percentage of the company.

Double one-off revenue streams (BRL 4-5, finance): Are those where the business generates a cash entry every time it generates a sale in any of the two complementary products/ services it commercialises. This is the typical case of products that needs a consumable. Sales are separate in time and logic, but are coupled somehow.

Drag-along right (BRL 4-5, finance): Is a provision that enables a majority shareholder to force a minority shareholder to join in the sale of a company. The majority owner doing the dragging must give the minority shareholder the same price, terms, and conditions as any other seller. Drag-along rights are designed to protect the majority shareholder.

Due diligence (BRL 4-5, finance): It refers to the analysis done over financial standings of a business entity, before entering into an agreement or a financial transaction with another party.

E

Early adopters (BRL 4-5, market): The term early adopter refers to an individual or business who uses a new product, innovation, or technology before others. An early adopter is likely to pay more for the product than later adopters but accepts this premium if using the product improves efficiency, reduces cost, increases market penetration or raises the early adopter's social status.

EBITDA (BRL 6-9, finance): Earnings before interest, taxes, depreciation, and amortization, is a measure of a company's overall financial performance of its core business.

EBITDA margin (BRL 6-9, finance): EBITDA margin is a measure of a company's operating profit as a percentage of its revenue.

EBITDA multiple (BRL 6-9, finance): A financial ratio that compares a company's Enterprise Value to its annual EBITDA (which can be either a historical figure or a forecast/estimate). This multiple is used to determine the value of a company and compare it to the value of other similar businesses.

Elevator Pitch (BRL 0, finance): Short presentation (usually oral) employed to grab the attention of investors about a project or a business idea. Usually a pitch lasts from 30 to 120 seconds. The name (born in Silicon Valley) describes the time in which a start-upper must be able to present their idea during a ride on a lift.

Employee stock options (BRL 6-9, finance): A type of equity compensation granted by companies to their employees and executives. Rather than granting shares of stock directly, the company gives derivative options on the stock instead. These options come in the form of regular call options and give the employee the right to buy the company's stock at a specified price for a finite period of time. Terms of ESOs will be fully spelled out for an employee in an employee stock options agreement.

End-user (BRL 0, market): The person/company who ultimately uses or is intended to use a product or a service.

Enterprise Value (BRL 4-5, finance): It represents the entire economic value of a company. It's a measure of the theoretical takeover price that an investor would have to pay in order to acquire a particular company. Enterprise value can be computed before the entry of the new round (pre-money valuation) or considering the entry of the new round (post money valuation).

Equity Capital (BRL 0, finance): The invested money in exchange for shares in a company. In contrast to debt capital, is not repaid to investors in the normal course of business.

F

Free Cash Flow (BRL 4-5, finance): It accounts what money the company has left over to expand the business or return to shareholders, after paying dividends, buying back stock, or paying off debt.

Freedom to Operate (BRL 1-3, offer) (FTO): Is an analysis to determine whether a product, technology or invention may infringe on someone else's patent claims.

Fundraising (BRL 0, finance): The set of activities and techniques that a company employs with the aim of collecting external financial resources necessary for the realization of its activities.

Funnel Marketing (BRL 6-9, market): Is a funnel model that analyses all the steps of a transformation from user to customer. The four key elements of funnel marketing are: awareness, interest, desire and action.

G

H

Human resources (BRL 6-9, company) (HR): Is the company department charged with finding, screening, recruiting, and training job applicants suitable to the company needs and strategy, and administering employee-benefit programs.

I

Impact Finance (BRL 6-9, finance): Innovative form of finance that not only generates profit but "blended value", that is mixed value between investment and benefit to society.

Intellectual Property (BRL 1-3, company) or IP: Are the intangible assets with the potential of generating revenue. Unlike tangible assets, intellectual property is a collection of ideas, designs and concepts usually protected through various means. In technology based companies, IP tend to be a relevant part of its advantage.

Investment term sheet (BRL 0, finance): A term sheet is a non-binding agreement setting forth the basic terms and conditions under which an investment will be made. Valuation of the company, amount of investment, voting rights, liquidation preference, anti-dilutive provisions, and investor commitment are some of the key terms that are typically included in the term sheet.

J

K

Key Activities (BRL 1-3, company) (From BMC): The most important activities in executing a company's value proposition.

Key Partners (BRL 1-3, company) (From BMC): In order to optimize operations and reduce risks of a business model, organizations usually cultivate buyer-supplier relationships so they can focus on their core activity. Complementary business alliances or joint ventures can also be considered as key partnerships.

Key Opinion Leaders (BRL 4-5, market) (KOL): Are those members of a community whose expert advice is respected by others in their field. Key opinion leaders are authorities on a specific topic

Key Performance indicator (BRL 4-5, company) (KPI): Is a metric to monitor in terms of performance the actions taken by a company to achieve business objectives.

Key Resources (BRL 1-3, company) (from BMC): The resources necessary to create value for the customer. They are considered assets to a company that are needed to sustain and support the business. These resources could be human, financial, physical and intellectual.

L

Liability (BRL 1-3, finance): An obligation between one party and another not yet completed or paid for. In the world of accounting, a financial liability is also an obligation but is more defined by previous business transactions, events, sales, exchange of assets or services, or anything that would provide economic benefit at a later date. Liabilities are usually considered short term (expected to be concluded in 12 months or less) or long term (12 months or greater).

Licensing (BRL 4-5, finance): Is the granting of IP rights to another person or company under a financial arrangement in order for the latter to use this IP in its business processes or offerings.

Liquidation preference (BRL 4-5, finance): Is a clause in a contract that dictates the payout order in case of a corporate liquidation. Typically, the company's investors or preferred stockholders get their money back first, ahead of other kinds of stockholders or debtholders, in the event that the company must be liquidated. Liquidation preferences are frequently used in venture capital contracts to clarify what investors get paid and in which order in a liquidation event, such as the sale of the company.

M

Market annual growth rate (BRL 4-5, market): A useful tool to identify trends in investments/markets and it calculated using the previous year as a base. Over longer periods of time, compound annual growth rate (CAGR) is generally an acceptable metric for average growth rates. AGR=[(Vpresent-Vpast)/Vpast]

Must have (BRL 4-5, offer): A "must-have" product is something absolutely essential to the customer's life or business. It can be described as a need. When needs are backed by purchasing power, they have the potential to become economic demands.

N

Nice to have (BRL 4-5, offer): A "nice to have" product is something the consumer might enjoy but does not need. It can be described as a want. When wants are backed by purchasing power, they have the potential to become economic demands.

O

Offer (BRL 0, offer): The portfolio of goods or services that a company is willing to sell.

One-off revenue streams (BRL 4-5, finance): Are those where the business generates a cash entry every time it generates a sale.

Open Innovation (BRL 6-9, company): Process through which companies progress Innovative products or services by leveraging the skills and know-how of an ecosystem composed of customers, suppliers, research centers, universities, start-ups and public or private entities.

OPEX (BRL 6-9, finance): Funds used by the company to fund its operational expenses, which are those a business incurs through its normal business operations.

Option pool (BRL 4-5, company): An option pool consists of shares of stock reserved for employees of a private company. The option pool is a way of attracting talented employees to a start-up company - if the employees help the company do well enough to go public, they will be compensated with stock.

P

Partnership (BRL 6-9, company): Is a collaborative mutual-interest relationship between two or more companies aimed at the establishment, management and implementation of a common project. A partnership is a business structure in which the partners share which each other the profits and losses.

Patent (BRL 1-3, offer): Is a grant of property rights to an invention. It is a form of protection that provides a person or a legal entity with exclusive rights for making, using or selling a concept or invention and excludes others from doing the same for the duration of the patent. Patent database are free to access i.e. from Espacenet (https://worldwide.espacenet.com/) or Patentscope (https://patentscope.wipo.int/search/en/search.jsf). Patents can be filled at national level, at European level or a PCT level. Processes, timing cost and scopes vary depending on the route selected.

Penetration pricing (BRL 6-9, offer): Is a marketing strategy used by businesses to attract customers to a new product or service by offering a lower price during its initial offering.

Preferred stock (BRL 4-5, finance): Preferred stockholders represent shares of ownership in a corporation with limited voting rights but with higher claim on distributions (e.g. dividends) than common stockholders.

Pricing strategy (BRL 6-9, offer): Refers to method companies use to price their products or services.

Private Equity (BRL 6-9, finance): Private equity is an alternative investment class and consists of capital that is not listed on a public exchange. Private equity is composed of funds and investors that directly invest in private companies to fund a new technology, make mergers or acquisitions, expand working capital, and to bolster and solidify a balance sheet.

Product as a service (BRL 4-5, offer): The product/software/platform is not transferred to the buyer, but it has the rights to use it for a given period. It is typically linked to recurrent revenue models. A well- known type of these is the SaaS (software as a service) business.

Profit (BRL 0, finance): The positive gain remaining for a business after all cost and expenses have been deducted from total sales.

Proof of Concept (BRL 1-3, offer): Is the evidence deriving from an experiment which demonstrates that a design concept or a product proposal is technically feasible.

Q

Qualified lead (BRL 6-9, market): Someone who could become a potential customer to you, based on criteria and identifying information that they have freely provided to you. This means that these leads are definitely interested in that product or service, have taken the time to request quotes and their contact details are correct. That means no purchased email lists or cold prospecting will count as these leads.

Quasi Equity (BRL 1-3, finance): A category of debt taken on by a company that has some traits of equity, such as having flexible repayment options or being unsecured (i.e convertible loans).

R

Recurrent revenue streams (BRL 4-5, finance): Are those where the business generates a cash entry periodically per client until the period expires or the client decides not to continue. This is the typical case of any periodic subscription fee.

Return on capital employed (BRL 6-9, finance): Return on capital employed (ROCE) is a financial ratio that measures a company's profitability and the efficiency with which its capital is used. In other words, the ratio measures how well a company is generating profits from its capital. The ROCE ratio is considered an important profitability ratio and is used often by investors when screening for suitable investment candidates.

Return on equity (ROE) (BRL 6-9, finance): Is a measure of financial performance calculated by dividing net income by shareholders' equity. ROE is considered a measure of how effectively management is using a company's assets to create profits.

Return on Investment (ROI) (BRL 6-9, finance): Is a performance measure used to evaluate the efficiency of an investment or compare the efficiency of a number of different investments. ROI tries to directly measure the amount of return on a particular investment, relative to the investment's cost. To calculate ROI, the benefit (or return) of an investment is divided by the cost of the investment. The result is expressed as a percentage or a ratio.

Revenue Streams (From BMC) (BRL 1-3, finance): The way a company makes income from each customer segment.

Revenue (BRL 0, finance): Revenue is the total amount of income generated by the sale of goods or services related to the company's primary operations.

Route to market (BRL 4-5, market): The roadmap to ensure that the company's products reach the clients/ customers in an efficient and effective manner, thereby ensuring satisfied customers and increased sales.

S

SAM (BRL 4-5, market): The serviceable available market or served addressable market is the defined market opportunity that exists within a firm's existing core competencies and/or past performance. It is typically built from the TAM reducing it down to the market that can actually be served (either by that company or all providers) out of the TAM.

Scalability (BRL 6-9, company): A scalable company is one that can maintain or improve profit margins while sales volume increases.

Seed capital (BRL 1-3, finance): Is the earliest stage of capital investment for a start-up venture.

Senior debt (BRL 6-9, finance): Borrowed money that a company must repay first if it goes out of business. Each type of financing has a different priority level in being repaid if the company goes out of business. If a company goes bankrupt, the issuers of senior debt, which are often bondholders or banks that have issued revolving credit lines, are most likely to be repaid, followed by junior debt holders (subordinated debt), preferred stock holders (typically external investors) and common stock holders.

Service-as-a product (BRL 4-5, offer): Standardizing a predetermined set of services typically bought together and selling for a fixed price similar to a product. This pricing is typically using to converting services into a product (one-off revenue model), taken benefit of the inherent advantage of selling product.

SOM (BRL 4-5, market): The serviceable obtainable market (SOM), or share of market, is the percentage of SAM which can be realistically reached.

Subordinated debt (BRL 6-9, finance): Is an unsecured loan or bond that ranks below other, more senior loans or securities with respect to claims on assets or earnings. Therefore it is riskier than unsubordinated debt as it will be paid after all other corporate debts and loans are repaid, in the case of borrower default.

T

Tag alone clause (BRL 4-5, finance): Tag-along rights also referred to as "co-sale rights," are contractual obligations used to protect a minority shareholder, usually in a venture capital deal. If a majority shareholder sells his stake, it gives the minority shareholder the right to join the transaction and sell their minority stake in the company. Tag-alongs effectively oblige the majority shareholder to include the holdings of the minority holder in the negotiations so that the tag-along right is exercised.

TAM (BRL 4-5, market): Total addressable market (TAM), or total available market, is the total market demand for a product or service calculated in annual revenue or unit sales if 100% of available market is achieved. In this sense it is a first proxy for the potential scale of the market.

Trade secret (BRL 1-3, offer): Any business information kept confidential which gives a company a competitive advantage over competition.

U

Unfair advantage (BRL 6-9, offer): This pricing strategy is based on an "unfair advantage" that allow setting higher margins in your sales. This "unfair advantage" can be based on location (i.e. souvenir shops in Disneyland), dependence (i.e. previous versions bought) or respond to a monopolistic situation in the market. (i.e. Google Adwords).

Unique selling point (BRL 4-5, offer): A unique selling proposition (USP, also seen as unique selling point) is a factor that differentiates a product from its competitors, such as the lowest cost, the highest quality or the first-ever product of its kind. A USP could be thought of as "what you have that competitors don't."

Unit cost (BRL 4-5, finance): Is a measure of a company's cost to build or create one unit of product.

Upselling pricing strategy (BRL 6-9, offer): This strategy search that a high percentage of buyers ultimately purchases more than they expected in extra features or finishing.

V

Value Chain (BRL 1-3, company): Is the series of steps through which a company turns raw materials and other inputs into a finished product.

Value Proposition (BRL 1-3, offer): The collection of products and services a business offers to meet the needs of its customers. According to Osterwalder, a company's value proposition is what distinguishes it from its competitors. The value proposition provides value through various elements such as technology, newness, performance, customization, "getting the job done", design, brand/status, price, cost reduction, risk reduction, accessibility, and convenience/usability.

Venture Capital (BRL 4-5, finance): Venture capital is a form of private equity that investors provide to start-up companies and small businesses that are believed to have long-term growth potential getting some equity in the company in return.

W

Willingness to pay (BRL 4-5, offer): Willingness to pay (WTP) is the maximum price at or below which a consumer will definitely buy one unit of a product in a context-sensitive scenario.

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