

NT Canvas

Nominet Trust's
Social Business Model Canvas

nominettrust

CONTENTS

Foreword	3
Summary	4
Chapter 1: NT Canvas	5
1.1 What is the NT Canvas?	5
1.2 How will the NT Canvas help you?	5
1.3 How do I use the NT Canvas?	6
Chapter 2: Creating Value – Social, User and Financial	7
2.1 Social Value	7
2.2 User Value	8
2.3 Financial Value	9
Chapter 3: Testing assumptions	11
3.1 Theory of Change	11
Chapter 4: Conclusion	13
Bibliography	14
Appendices	15

FOREWORD

Being able to tell the story of your organisation in simple terms is important. How well you can get the soul of your organisation from your mind into the minds of others directly affects your success. However, it's not always a simple task. Every organisation is complex, and your audience will be varied.

The NT Canvas, used correctly, allows you to set out each aspect of your organisation, targeted to the audience you want to influence. If your aspirations and purpose are better understood, the more concrete your organisation will become.

As well as helping you to create your core messaging, the NT Canvas encourages you to consider the value your organisation can offer alongside your ambitions. It also tests assumptions. In practical terms the Canvas supports the creation and assessment of a business model and a business plan, and the output can act as a reference point for where you are now and where you plan to be in the future.

Spend time on filling in each section and then condensing each area down to the simplest, clearest form, and you will end up with a map of your organisation and how it functions. A variety of audiences will then understand it more and spread the word about you.

Remember to tune the language of each section to the appropriate audience. For example, describe the marketing section in marketing terms and always work to say more with fewer, more simple words. The better your input, the more your organisation will benefit from this proven methodology.

Bill Liao

Vice Chair of Trustees & Chair of the Investment Committee, Nominet Trust

November 2016

@liaonet

NT Canvas Example
Project Name: *i- Diagnose App* Completion Date: August 2016

1. SOCIAL CHALLENGE (max 140 characters)
Outline the fundamental problem you are concerned with
Children's colds can quickly become serious (chest infection/pneumonia), but hard to diagnose at home, and health services overstretched

2. SOLUTION (max 140 characters)
Now articulate the solution that is needed to solve the social challenge
Remote digital diagnosis of child (using multiple health indicators) to significantly enhance accuracy of existing NHS telephone helplines

3. VALUE GENERATION (max 140 characters)
Describe the product's features and benefits
Smartphone app to capture and send multiple accurate data points including pulse rate, O2%, temp, breathing

4. DIFFERENTIATORS (max 140 characters)
Sustainable Social Impact: (max 140 characters)
Does your product offer a more sustainable and/or impactful social solution than the alternatives?
Social Value: Early and accurate remote diagnosis; more timely and appropriate referral to services; improved health outcomes; reduced strips

5. MARKET (max 140 characters)
Users: (max 140 characters) Explain who the users are as a market segment and their main characteristics
Parents/Carers; remote health assessors (e.g. NHS 111); triage services

6. CHANNELS (max 140 characters)
Users: (max 140 characters) What marketing/sales channels will best enable you to reach your users?
Users: health visitors; family GPs; children's centres; schools; social media promotion

7. ASSUMPTIONS (max 140 characters)
Outline any of the main assumptions you are making at this stage - such as how your activities will lead to social change
Purchasers: NHS England; Community Foundation Trust Network; CCG Network, Health and Care Innovation Expo

8. INPUTS (max 140 characters)
What resources and capital do you have for the venture? Including staff, grants, loans, advisory bodies, partners
Partnerships (NHS Radnorshire - pilot site)

9. REVENUE (max 140 characters)
Financial Value: (max 140 characters) Describe what will ensure your product will have financial value to your organisation and the markets it is aimed at
Parents and assessors will trust the service. Data collection will be accurate. Tech can be integrated into existing services. Possible to prove ROI

Competitive Advantage: First mover advantage; integrates/buils on existing NHS services; clear and measurable ROI; NHS pilot partner already signed up

SUMMARY

Nominet Trust has worked closely with over 300 socially focused tech enterprises tackling a wide range of persistent social challenges. Drawing from these experiences, we've developed an approach and a set of resources to help these early-stage ventures to grow, both effectively and sustainably. The latest addition to this approach is our NT Canvas.

The NT Canvas has been developed to help new social tech enterprises start thinking about, and testing, their core business model right from the very beginning. The design and content of our Canvas has been based on the highly regarded 'Lean Canvas' by Ash Maurya¹ but adapted to focus in parallel on the key social aspects of your venture. It integrates three unique features that we have found particularly effective in helping social tech enterprises develop and evaluate their work:

1. **Creating Social, User and Financial Value**
2. **Sustainable Social Impact**
3. **Testing your assumptions**

Firstly, to be effective and sustainable, social tech enterprises need to be able to create different types of value. Creating **Social Value** is the principal focus of any social tech organisation, i.e. making a positive difference in people's lives and addressing persistent social challenges. Our experience shows that Social Value is more sustainable if enterprises can generate **User Value** and Financial Value alongside it. User Value is about the demand for a product or service – what evidence do you have that people want to use the thing that you have created? And if you can't compel people to use it, what evidence do you have that they will choose to use it? **Financial Value** is about creating something that people are willing to pay for and invest in. Income may come from customers, commissioners, and even donors – whatever the source, it's vital to gather early evidence of people's willingness and ability to pay for the new solution that's been developed.

The second feature is the ability to express the **Sustainable Social Impact** of your product or venture. This gives you the ability to not only explore any competitive advantage (which you would find on a typical business model canvas), but also to explore why the Social and User Value serves the user or society better than existing technologies, products or services.

Finally, a commitment to identifying and testing **assumptions**. This can be found in not-for-profit approaches to evaluation (e.g. Theory of Change) and is also a key part of the lean start-up approach which talks about testing and validating hypotheses. In both cases the aim is to avoid investing significant time and money into a social business model that is built on assumptions that are incorrect, and therefore means that it is unlikely to work.

¹ For example, the original Osterwalder Business Model Canvas, The Young Foundation's Social Business Model Canvas, and the Lean Canvas.

CHAPTER 1: NT CANVAS

1.1 What is the NT Canvas?

The original Business Model Canvas is a visual chart that captures all the key elements of an organisation's business model, including value proposition, infrastructure, offering, customers and finance. However, it is focused on commercial, rather than social ventures. In contrast, the NT Canvas focuses on the social challenge, the solution and social value generation as an integral part of the business model. As a funder, we have found the Business Model Canvas design to be a helpful way of understanding the sophisticated and sometimes very complex funding proposals we receive.

The main purpose of the NT Canvas is to help you realise the ambitions of your new venture from the perspective of sustainable social value. As a complement to your business plan, the NT Canvas draws your attention to key areas you may not have thought about. It exposes any gaps in your capabilities, or tensions between areas of your plan that need to be resolved. Maybe you've given too little attention to the channels to market, or haven't sufficiently tested your assumptions. Seeing your venture in the context of the canvas will highlight this.

1.2 How will the NT Canvas help you?

Creating a viable new business from scratch is one of the toughest tasks anyone can take on. Add to that the challenges of developing a new complex digital product or service that will effect social change, and the scale of the task multiplies. It doesn't stop there. Most social tech start-ups are new, small teams, with limited resources, most critically time. In this context it is very easy to be furiously busy and make a great deal of progress, but miss something critically important. Our funded projects' experience would also suggest that it's very easy to get absorbed in a key area (e.g. product development) and miss or delay addressing another (e.g. business development or marketing) only to find that time and money run out before you have enough evidence to access the next stage of investment or income generation.

The NT Canvas incorporates the experience born from the efforts, insights, successes and even failures of dozens of early-stage social tech ventures we have supported. It provides an accessible and comprehensive overview of an entire business model at the stage where you can most successfully address any issues or gaps in knowledge.



It was a very helpful tool for us to take a step back and look at how we describe the product at a glance. We used the Canvas to test our messaging on friends, for example, which is much easier and more convenient than asking them to read the whole application. If the story and benefits immediately make sense on a one-pager, then they're more likely to make sense in a longer application.

Alice SI, Nominet Trust, Social Tech Seed grant recipient



CHAPTER 1: NT CANVAS continued

1.3 How do I use the NT Canvas?

A key strength of the NT Canvas comes from its flexibility and wide range of uses. For example, it can be completed quickly and used to try out a variety of different possible business models for a new social tech enterprise. Equally, it can be used to summarise an existing organisation's business model, perhaps with a view to capturing and understanding a complex situation more fully. It works well as a collaborative tool with teams and stakeholders. And, as we have found, it can be a very effective way of communicating a complex story to new audiences, including funders and investors.

The NT Canvas is now an integral part of Nominet Trust's evaluation process. It's a live document, providing a continual reference point for both the funded project and the Trust throughout the lifetime of the grant. By embedding the Canvas in a shared online document, it becomes a useful resource for recording evidence of development and learning, providing support and highlighting opportunities or challenges. Canvases can be annotated, and several iterations of the Canvas can be generated and saved over the course of a funding period – a useful record of the evolution of each social tech business model.

CHAPTER 2: CREATING VALUE - SOCIAL, USER & FINANCIAL

Repeated experience has shown that successful and sustainable social enterprises need to develop, evidence and articulate a very clear value proposition from the outset. This value proposition has three distinct, but interdependent elements, all of which are crucial:

- **Social Value** – Does this product or service make a positive difference in people’s lives?
- **User Value** – Is this something that the targeted audience wants to use, can use and chooses to use?
- **Financial Value** – Is this product or service something that people (e.g. customers, service users, commissioners, funders, investors, donors, etc.) are willing to pay for or invest in?

You can find these three elements within the Canvas: Social Value and User Value under ‘Value generation’ (box 3) and Financial Value under ‘Revenue’ (box 9). We’ve used this approach to articulate and test value creation in partnership with over 40 early-stage social tech enterprises. It’s proved to be uniquely useful in helping to understand, develop and test the effectiveness and sustainability of these enterprises.



Over the past quarter, we have clarified our model for creating sustainable independent ventures, and started working more closely with an experienced business consultant to ensure our products are developed with robust business plans in place. This is key to ensuring that our products have financial sustainability embedded within the design, alongside the social and user value for which our research and creative teams bear responsibility.

We Are What We Do, Oct 14, Nominet Trust Project Monitoring Form



2.1 Social Value

Social Value is at the core of value generation and distinguishes a successful social business from a purely commercial one. Both types of business have to create a product or service that people want to use (User Value) and are willing to pay for (Financial Value), but social businesses face the additional challenge of creating meaningful and measureable Social Value.

The questions around how to create and measure Social Value are huge, and the subject of constant debate in the social sector. It is certainly worth using some of the resources and materials that have been created to help answer some of these practical challenges e.g. Inspiring Impact, Global Value Exchange or Nominet Trust’s list of evidence-based measurement tools.

CHAPTER 2: CREATING VALUE - SOCIAL, USER & FINANCIAL cont'

2.2 User Value

User Value recognises that there's an important distinction to be made between need and demand. Just because there's a social challenge that needs to be addressed doesn't mean people will choose to use a solution created to address it. And it certainly doesn't mean they'll choose to use your specific solution – no matter how great you believe it to be! This distinction is marked very clearly in our approach to creating value and the importance this places on identifying both the Social Value and User Value a new product or service offers – Social Value because it must address a pressing social need effectively; User Value because people have to want to use it and be able to use it.

Products and services in the early stages of development often start showing User Value before Social Value and Financial Value. For example, analytics data from a web-based service or app can give a good indication of user interest and value, such as number of users over time, time on site, bounce rate, downloads per user, conversion and retention rates, etc.

Many of the tools and concepts familiar to the lean start-up approach (e.g. pirate metrics, One-Metric-That-Matters, Lean experiments, Lean Social Metrics) can be very useful in demonstrating whether a product or service has User Value. Digital products and services can collect lots of data passively, i.e. data generated directly from the user's interaction with the product or service. This can quickly produce large sets of potentially valuable data. However, it's important to understand what this data means and why it's significant (or not) – particularly in terms of testing your business model and deciding what actions to take next. Evidence of User Value (e.g. traction, retention, etc.) can also be vital in creating Financial Value. In this regard it is useful to find out what type of data is of most interest to your target funders and investors.

User Value isn't the same as Social Value. For example, lots of people may download and use your mindfulness app, but that in itself doesn't prove that it's making a positive difference to their wellbeing.

It's also worth noting that a digital solution might have different value to different users. Take a web-based service designed to help people recycle old furniture. It might be valuable to some users as it helps them easily dispose of clutter. People looking for affordable furnishings will see its value in a different way. Meanwhile, the primary Social Value that the app is looking to create is a reduction in waste going into landfill. It might also have the potential to generate Financial Value if local authorities are willing to fund it because of the pressures they face around landfill caps and associated penalties. This is one reason why on the Canvas you will also see a distinction between 'users' and 'purchasers' of the idea (box 5).

CHAPTER 2: CREATING VALUE - SOCIAL, USER & FINANCIAL cont'

Understanding and creating User Value is an ongoing process that works best when there's frequent interaction with users. Users need to be able to provide honest and direct feedback, and social tech enterprises need to be responsive. Asking questions through surveys and focus groups can be useful, but nothing beats putting a product or service into people's hands and watching what they actually do. In this learning process it's common to find that your assumptions about your users' needs, interests and behaviours are not wholly correct.

“ When we started Jam we thought we were building a content management system for charities and community groups, and that this was the thing that would ultimately be of value. However it turns out that the value was in the paper prototyping kit and the workshops which were originally seen as a cheaper method to solicit early user feedback before we had built the software itself. At the time we had no idea that the paper prototyping kit would be 50% or more of the final product.

Stardotstar Evaluation Form



2.3 Financial Value

Without money, it's very difficult to develop a digital product, or maintain a vital social service. Finance can come from different sources and be required at different stages of a social tech enterprise's life. Grants support development, investment drives growth, revenue provides unrestricted income for sustainability, and donations can provide vital support for non-commodifiable services.

“ To keep that mission going MOMO needs an income, otherwise when our Nominet Trust grant ends (December) we won't be able to get MOMO out to the young people who really need it, nor scale and develop it to reach other groups.

What's the Value of MOMO blog



Simply put, you can't start thinking about income and investment early enough. One of the reasons we include the NT Canvas in our application process is to ensure that potential grant recipients are already thinking clearly about how they'll secure income and investment beyond the Trust's grant. As with Social Value and User Value, some of the experiments used in the lean start-up approach (see above) can help gauge whether there's a willingness to pay for the product or service, as can traditional methods such as written expressions of interest, advanced orders and preferred supplier approval.

CHAPTER 2: CREATING VALUE - SOCIAL, USER & FINANCIAL cont'

Every funder, investor or donor will have their own specific criteria for making decisions about who and what they choose to fund. Again, as with Social Value and User Value, it's important for a new social enterprise to identify their targeted funding sources, and find out what criteria they'll use for making financial decisions. For example, health commissioners may want robust evidence around social impact. They may also want evidence of clear cost savings or return on investment to justify commissioning a new product or service, no matter how socially promising it may be.

CHAPTER 3: TESTING ASSUMPTIONS

Any social enterprise setting out to use digital technology for social change will be making assumptions about their work. Approaches such as Theory of Change (ToC) and lean start-up provide tools to help enterprises identify and test these assumptions and hypotheses.

“No matter how it is defined, at its heart, a theory of change lays out what specific changes the group wants to see in the world, and how and why a group expects its actions to lead to those changes.”
Guthrie et al. 2005 (emphasis by Lamb, 2011, p6)

3.1 Theory of Change – a not-for-profit approach to testing assumptions

Central to the ToC approach is the need to identify an organisation’s assumptions: that there’s a need and a demand for the product or service they’re developing; that someone will be willing to invest in and pay for it; that it will work; and that it will bring about positive social change in the way that’s intended. ToC encourages implicit assumptions to be made explicit and to be tested. The process identifies assumptions that are critical to the success of the venture and flags up whether they have a strong evidence base. Critical assumptions that are not backed by strong evidence quickly emerge as risks that need to be tested as a matter of priority. In this respect, there are clear parallels with the process of hypothesis validation found in the lean-start up approach, which is an integral part of the tech start-up space.

“The assumptions section [of the NT Canvas] helped me to understand what hypotheses I had formed when developing the business and what ideas needed to be validated.”
Limitless Travel, Nominet Trust, Social Tech Seed, grant recipient

There are a number of reasons why the ToC approach is useful to early-stage social enterprises, and therefore why we have chosen to incorporate the assumptions element specifically into the NT Canvas:

- 1. Social change:** From the outset, the ToC approach requires social enterprises to clearly state what positive social change they’re seeking to create. This is the first and most important part of the process, which helps ensure that this primary focus on creating Social Value is not lost.
- 2. Evidence:** ToC requires continual evidence for activities and decision making. The process of articulating what you are doing and why can also be a valuable tool in ensuring transparency and active stakeholder engagement.
- 3. Planning:** ToC can help identify key assumptions that a social enterprise has made that have yet to be fully tested.

CHAPTER 3: TESTING ASSUMPTIONS continued

This can help avoid wasting time and resources developing a product or service that's unlikely to ever be fully effective.

4. **Funder requirements:** ToC has become increasingly popular in the UK over the last 10 years. Nominet Trust funded enterprises have found other funders requiring them to have a clear and tested ToC as part of their funding requirements.

“ The Theory of Change identifies the planned and expected changes brought about in the main stakeholders to the programme. The Theory of Change sets out the reasons why Age UK wanted the programme, why Nominet Trust has funded it, and why the delivery partners wanted to implement it.

Age UK SROI Report

”

CHAPTER 4: CONCLUSION

Our NT Canvas has been designed to help early-stage social tech enterprises create sustainable social value. We'll continue to develop and improve it with the help of direct feedback and evidence from funded organisations at the cutting edge of social tech development. We'd be particularly interested in hearing from social enterprises that have used the NT Canvas. We can then understand more about its benefits and limitations, and work together to create an indispensable practice-based resource for any new social tech enterprise.

BIBLIOGRAPHY

Papers and books

- Clark, H. and Anderson, A. (November 2004) Theories of Change and Logic Models: Telling Them Apart. Presentation at American Evaluation Association, Atlanta, Georgia.
http://www.theoryofchange.org/wp-content/uploads/toco_library/pdf/TOCs_and_Logic_Models_forAEA.pdf
- Funnell, S. C. and Rogers, P. J. (2011) Purposeful Program Theory: Effective Use of Theories of Change and Logic Models. Jossey-Bass.
- Lamb, B. (February 2011) Campaigning for Change: Learning from the United States. Campaigning Effectiveness, NCVO.
<http://www.advocacyinitiative.ie/resource/campaigning-change-learning-united-states>
- Mayne, J (2008) Contribution Analysis: An approach to exploring cause and effect, ILAC.
http://betterevaluation.org/sites/default/files/ILAC_Brief16_Contribution_Analysis.pdf
- Ries, E. (2011) The lean startup: how today's entrepreneurs use continuous innovation to create radically successful businesses. New York, Crown Business.
- Robinson, D. (2013) Evaluation Insights – Agile and Iterative Development. Nominet Trust.
- Stachowiak, S. (2009) Pathways for Change: 6 Theories About How Policy Change Happens. Seattle, Organizational Research Services.
http://bistandstorget.no/files/docs/pathways_for_change_6_theories_about_how_policy_change_happens.pdf
- Weiss, C. (1995) 'Nothing as Practical as Good Theory: Exploring Theory-Based Evaluation for Comprehensive Community Initiatives for Children and Families'. In Connell, J. P. et al. (eds) New Approaches to Evaluating Community Initiatives: Concepts, Methods and Contexts. Washington, Aspen Institute.
<http://www.eric.ed.gov:80/PDFS/ED383817.pdf>

Links

<http://www.theoryofchange.org>

<http://www.thinknpc.org/publications/theory-of-change>

<http://www.researchtoaction.org/theory-of-change-useful-resources>

<http://www.shiftdesign.org.uk/the-question-that-tech-for-good-teams-their-funders-should-be-obsessed-about>


<https://www.entrepreneur.com/article/243528>

APPENDICES


Appendix 1: Canvas template

NT Canvas


Project Name: *The name of your project* Completion Date: *Month and Year*



1. SOCIAL CHALLENGE (max 140 characters)
Outline the fundamental problem you are concerned with




2. SOLUTION (max 140 characters)
Now articulate the solution that is needed to solve the social challenge



3. VALUE GENERATION (max 140 characters)
Describe the product's features and benefits

Social Value: (max 140 characters)
What is the product's social benefit – either directly to the user and/or more widely?


User Value: (max 140 characters)
Describe the value to both the user of the product and, if different, to the purchaser



4. DIFFERENTIATORS

Sustainable Social Impact: (max 140 characters)
Does your product offer a more sustainable and/or impactful social solution than the alternatives?

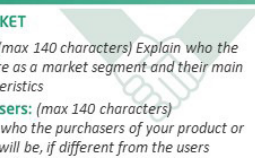
Competitive Advantage: (max 140 characters)
What makes your product or service better or unique for the user and purchaser compared to other solutions?



5. MARKET

Users: (max 140 characters) *Explain who the users are as a market segment and their main characteristics*


Purchasers: (max 140 characters)
Explain who the purchasers of your product or service will be, if different from the users




6. CHANNELS

Users: (max 140 characters)
What marketing/sales channels will best enable you to reach your users?


Purchasers: (max 140 characters)
What marketing/sales channels will best enable you to reach your buyers?



7. ASSUMPTIONS (max 140 characters)
Outline any of the main assumptions you are making at this stage - such as how your activities will lead to social change




8. INPUTS (max 140 characters)
What resources and capital do you have for the venture? Including staff, grants, loans, advisory bodies, partners



9. REVENUE


Financial Value: (max 140 characters)
Describe what will ensure your product will have financial value to your organisation and the markets it is aimed at



Appendix 2: Example Canvas


NT Canvas Example

Project Name: *R-Diagnose App* Completion Date: *August 2016*




1. SOCIAL CHALLENGE

Children's colds can quickly become serious (chest infection/pneumonia). But hard to diagnose at home, and health services overstretched



2. SOLUTION

Remote digital diagnosis of child (using multiple health indicators) to significantly enhance accuracy of existing NHS telephone helplines




3. VALUE GENERATION

Smartphone app to capture and send multiple accurate data points including pulse rate, O2%, temp, breathing

Social Value: *Early and accurate remote diagnosis; more timely and appropriate referral to services; improved health outcomes; reduced stress*


User Value: *Reduced referral of non-urgent cases; reduced pressure on NHS services, cost savings; works with existing services; peace of mind*



4. DIFFERENTIATORS

Sustainable Social Impact: *Provides accurate, objective remote diagnosis, more timely treatment, better health outcomes, NHS savings*


Competitive Advantage: *First mover advantage; integrates/builds on existing NHS services; clear and measurable ROI; NHS pilot partner already signed up*



5. MARKET

Users: *Parents/Carers; remote health assessors (e.g. NHS 111); triage services*


Purchasers: *NHS 111 online; Out of hours GP services; Hospital Trusts; Ambulance Trusts; GP Consortia; Health and Wellbeing Boards*



6. CHANNELS


Users: *health visitors; family GPs; children's centres; schools; social media promotion*

Purchasers: *NHS England; Community Foundation Trust Network; CCG Network, Health and Care Innovation Expo*




7. ASSUMPTIONS

*Parents and assessors will trust the service
Data collection will be accurate
Tech can be integrated into existing services
Possible to prove ROI*



8. INPUTS

Staff (front/back end developers, clinical lead, sales lead); Funding (NT £50k, loan £40k), Partnerships (NHS Radnorshire - pilot site)



9. REVENUE

Financial Value:
Demonstrate ROI to health care commissioners; Secure CE certification; Expand NHS partners; test price point with both parents and NHS

