



European Institute of
Innovation & Technology

EIT HEI Initiative

Innovation Capacity Building
for Higher Education



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Financing Basics For your Business Plan



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HEI4S3^{RM}

Plan for today

1. Basic Concepts
2. Financial Model
3. Practise / Q&A

Financial Basics



Do I need a MBA for this stuff?

Concepts to plan with

An effective model

1. ad/growth/marketing/ sales spending
2. Revenue generated from that
3. Cost associated with generating revenue
4. Is this combination working?

Driver-Model

Drainers

- Taxes
- Fees
- Legal
- Interest

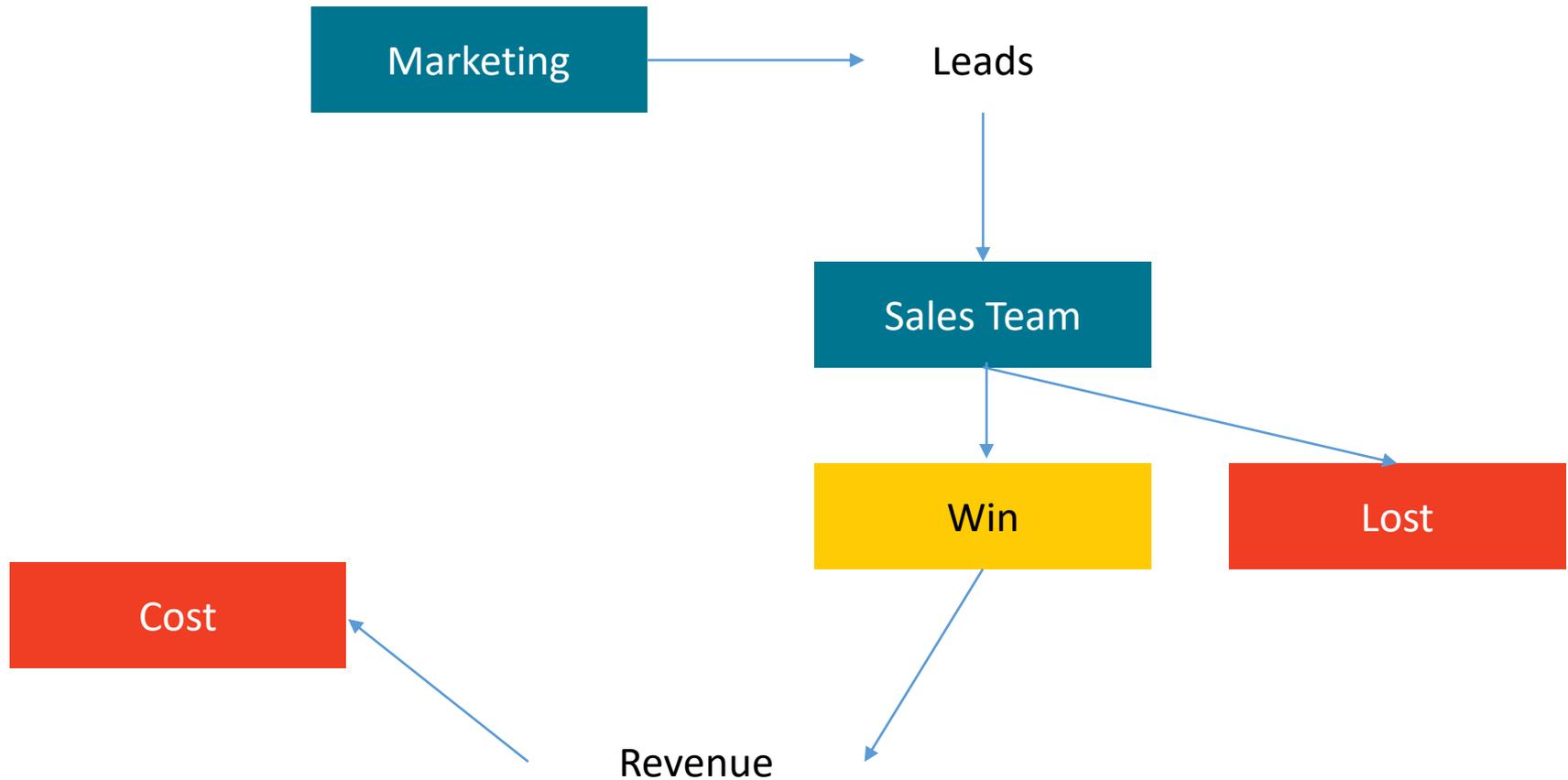
Sustainers

- Personell
- Software
- Hardware
- Infrastructure

Drivers

- Sales
- Marketing

Driver Model



Driver Model

You have to spend to earn

You have to spend to maintain

Look first into what drives revenue most effective

Spend quality money to gain revenue. Do not hunt revenue for covering costs.

Basic Concepts

Revenue

-

Costs

=

Profit

Product
revenue

-

Product
costs

-

Customer
Acquisition
Costs

=

Margin

Revenue
customer

x

Customer
Lifetime

=

Customer
Lifetime
Value

Unit Economics



Unit

What can be the smallest unit within the business model?

- One sold product
- One subscription
- One hour sold
- Etc.

Costs for product

What does it cost us to sell one product?

- Integration
- Production
- Supply chain
- Etc.

CAC

How much does or will it cost to acquire one customer?

- Sales cycles
- Marketing spend
- Advertisement
- Etc.

Unit Economics

How much money do we make with each unit within our business model?

Markets

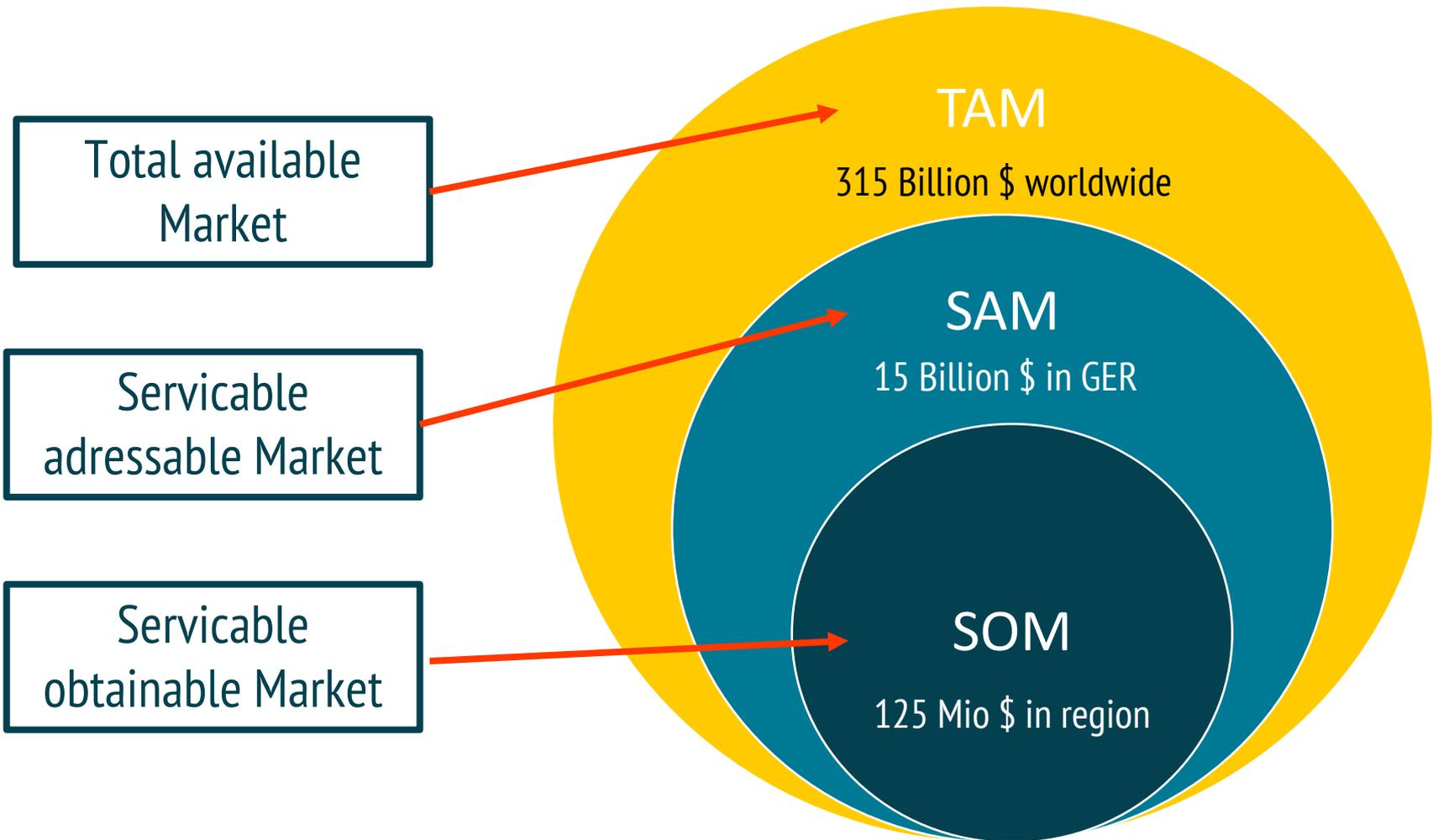
Bottom-Up



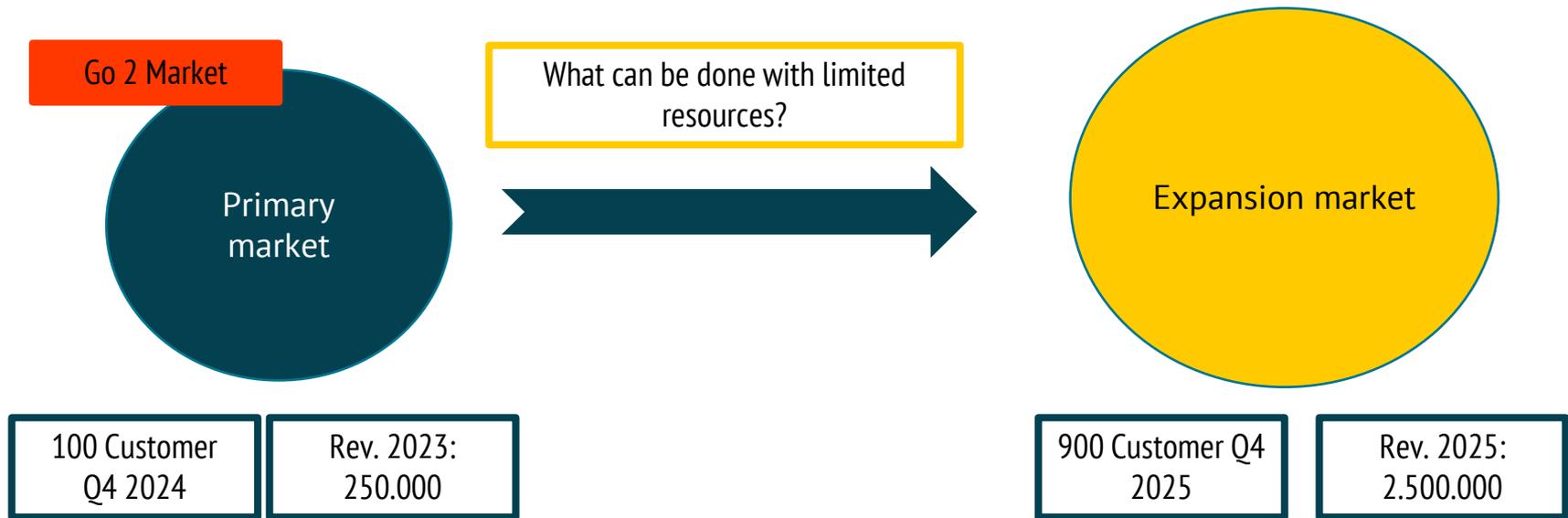
Top-Down



Top Down



Bottom up



Financial Model



**pitch
& GROW**