



Understanding business Model:



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Xero Business Model

- **Story** : Xero presents itself as a solution towards online accounting, bank reconciliation and invoicing - all essential elements for business and Xero makes its easy
- **Strategy**: Xero offers free trial so that the customers can have a look and feel; Xero live then categorizes its offerings based upon the usage requirement of the customers:
 - Ideal for freelancers and small property investors
 - Great for most small businesses
 - Essential for businesses that bank or transact in foreign currencies

Xero Live

- Xero is a global company with offices in the United States, United Kingdom, Australia and New Zealand
- Xero is the emerging leader in online accounting software
- Xero offers accounting SaaS with benefits including:
 - multiple user access via the internet
 - low cost: free trial, no SW development, setup, maintenance or upgrade costs
 - Unlimited online support, business solutions eg CRM, PoS, eCommerce, online integration ... over 200 Xero add-on Partner applications

Xero business model - Pure-play SaaS

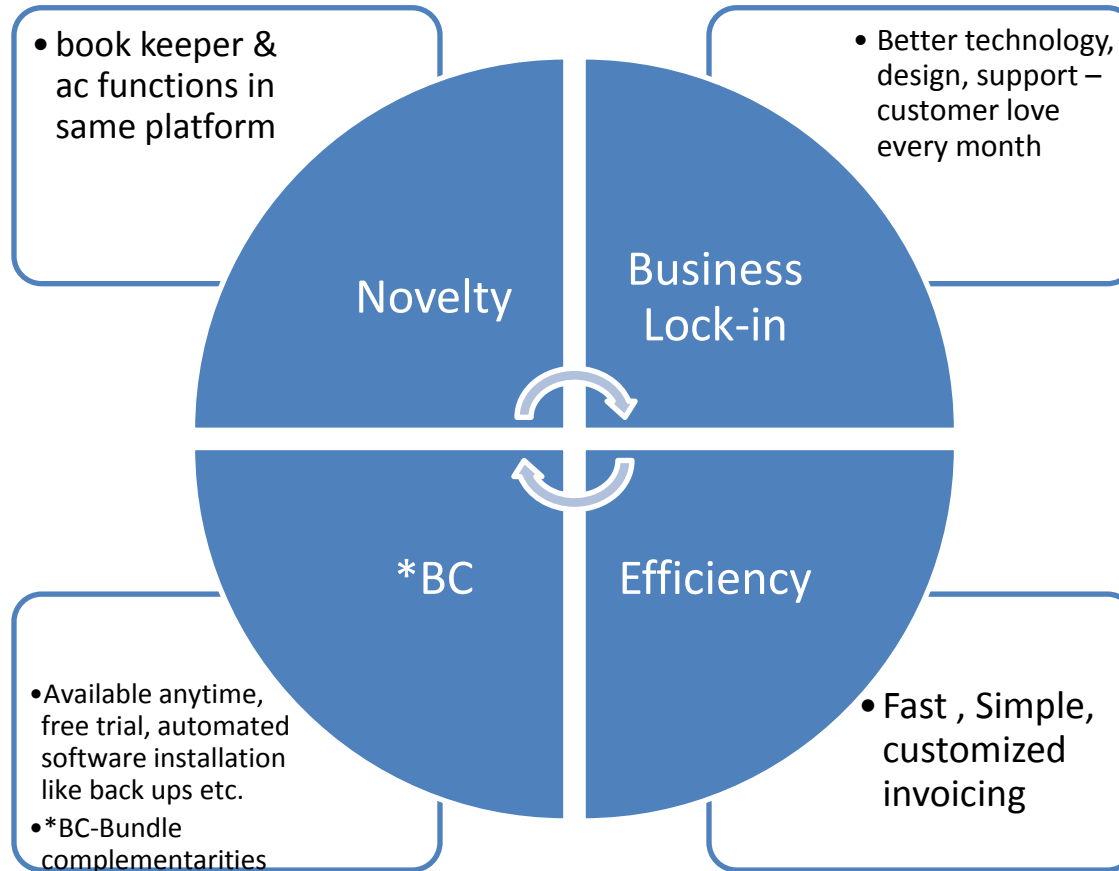
- Replace traditional SW development/ purchase with ready to use cloud SW with:
 - Licencing, hosting & backup operations, consulting & training, find a specialist, customer support
 - Partnerships: accountants, bookkeepers, developers
- Return: on-going revenue of fees charged per month/ usage

Value creation - Zott, Amit and Massa (2010).

- Business Model- Competitive advantage e.g. real-time access to customers current financial position
- Model type –Infrastructure producers .Value created in networked nature
- Benefits returned to SH & Firm -Giving customers and partners loads of choice for connected systems to make doing business even better
- Brand & Reputation- Global leader in online accounting& a public company
- Financial performance - Have raised \$145m fund
- Value drivers- 300 developers, designers on same platform



How Value created by Xero?



Entrepreneurial ideation

- Strong drive toward supporting new/ small business
- All in one free software to get started
- Provides the tool so that you can focus on vision
- Simplifies management of business accounts
- Help maintain cash flow to keep business afloat
- Proof of performance for investors/ bank support
- Advertises cases of other Xero business people



Thank You.