- railsware
- blog
- Management
- Lean Canvas Examples of Multi-Billion Startups

Contact Us

- Home
- Case Studies
- Company
  - Core values
  - Clients
  - Open Source
- Services
  - Web
  - Mobile
  - Ruby on Rails
  - Fintech
  - AI & ML
- Team
  - Careers
- Contact
- Blog

Lean Canvas Examples of Multi-Billion Startups

Shymansky Stanislav

20 February, 2019

Google's story began with two guys spending hours in a garage trying to build the right thing. Another couple of friends – the future Airbnb founders – were short on cash and looking for a way to earn some.

Facebook, Youtube, Amazon can all boast similar bootstrapping origins. In modern terminology, they are lean startups that turned unicorns. These products have passed through the stage of a minimum viable product and managed to get over one billion US dollars of valuation.

The lean methodology, known for the introduction of different product management tools like lean canvas example, became popular after these mentioned giants were already well on their way to success. And, it's most likely that their stories formed the backbone of this advanced mindset.

The rise of the lean startup

To some extent, the lean startup methodology was born from the ashes of the dot-com crash at the turn of the century. The irrational exuberance as Alan Greenspan named it led to the explosion of IPO prices and subsequent growth of trading prices. Around the turn of the millennium, the frenzy phase was replaced by the burning up phase during which the dot-com companies began to run out of cash rapidly. As a result, many of them went bankrupt, and the aftermath affected various supporting industries like advertising. The bubble burst and caused a nuclear winter for startup capital – angel and venture capital investments almost disappeared.

There emerged a need for an advanced methodology that would allow entrepreneurs to survive in the age of risk capital deficit. The former approach of "build first and wait for customers" had outlived its usefulness. Now, startup founders had to adapt to a new concept, based on the principle "build what customers want" and, most importantly thing, don't rack up large costs for early changes in the pipeline.

The lean startup was a breath of fresh air. Though the name of this innovative approach was eternalized by Eric Ries in his book of the same name, he was not the only trailblazer. Steve Blank, Ian MacMillan, and others contributed to the invention of a new language that modern startups can speak. Lean is an agile development methodology, where you need to shape a hypothesis about your product/business first and then validate it with customers in service. For example, you build a minimum viable product, an iterative prototype of the would-be functional solution, and make it available for real customers to get their feedback. If it's negative, you have not failed. You can pivot and correct the course of your idea, or change the business model. At the same time, the methodology provides numerous tools for effective strategic management, in which canvases play a significant role.

What is a lean canvas?

Ash Maurya's brainchild, lean canvas, is a revamped business model canvas, which allows you to investigate business vistas using the problem-solution approach. This improved canvas was perfect for startups. It dovetails nicely with the lean methodology and lets you understand your customers' needs, focus on actionable metrics and deliver a rapid idea-to-product transformation. If you are curious about its practical use, check this video explaining how to work with the tool through the example of Uber.

Today, the lean canvas template is in high demand among entrepreneurs. One of Learnmetrics founders have called it "a brilliant tool", and the Brunch & Budgets CEO Pamela Capalad emphasises its improved usability compared to a multi page business plan. And what would Jeff Bezos or Steve Chen have said about the canvas if they could use it back in their bootstrapping days? That's our goal in this article – to imagine lean startup canvas example for former unicorn startups that now are globally-known brands. Let's give it a go!

Five multi-billion startups and their lean canvas examples

We went with two fundamental requirements when choosing the companies to build a lean business model canvas for. First, we picked unicorn startups. Second, we picked the companies founded before The Lean Startup's first release in 2011.

We also decided to take a look at two different types of startup companies : invention- and money-driven. For example, the founders of Facebook, YouTube, and Google initially did not focus on making money. They were just having fun in by inventing solutions or technologies to make human life better. Amazon and Airbnb, on the other hand, were originally profit-oriented startups. Their founders set money as the primary goal of their endeavors.

Let's now try to walk in the founders' shoes and fill in the blank lean canvas! How about we start with Google?

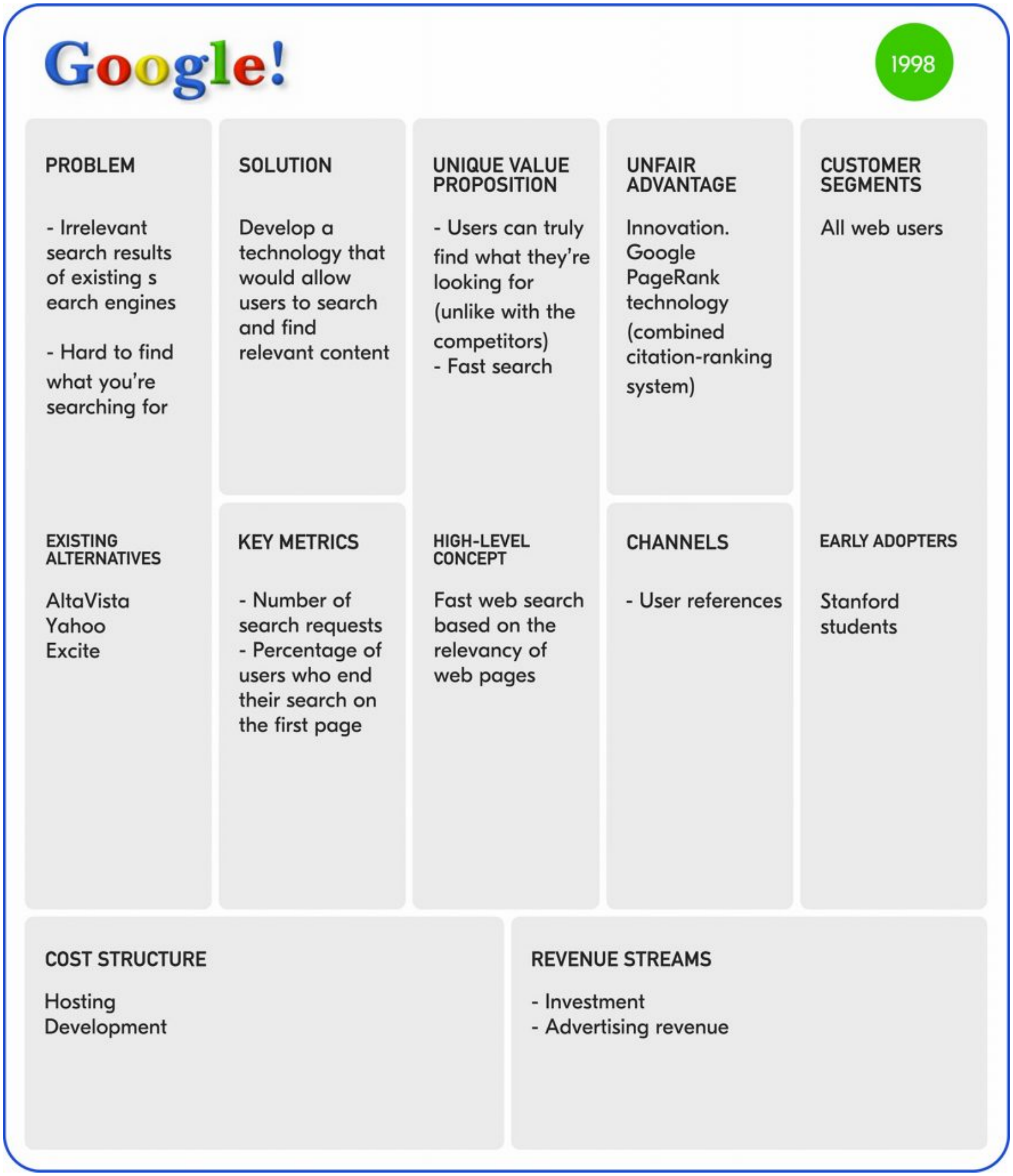
Google

Year of foundation: 1998
Venue: Menlo Park, CA
Original name: Googol
Founded by: Larry Page and Sergey Brin
Total funding amount: $36.1 million (last funding in 2000)
IPO: raised $1.7 billion in 2004

In terms of popularity and global adoption, Google is an undisputed number one company. What originated as an advanced web search engine has grown into a multinational giant that specializes in online advertising, cloud computing, hard and soft products, and many others. It's hard to believe, but Google's bootstrapping began in a garage, where two Montessori minds implemented their knowledge obtained in the Stanford University more than 20 years ago.

Sergey Brin and Larry Page saw gaps in Excite or Yahoo – search tools of those days and strived to improve upon their idea – to create a reliable, comprehensive and speedy search engine. The synergy of their collaboration resulted in the PageRank algorithm, which was based on the Page's project nicknamed BackRub. According to modern realia, PageRank was the startup's unfair advantage. Google's founders made attempts to sell the technology to their potential competitors but failed. So, they changed the direction towards developing their research project into the lean startup. Fortunately, the co-founder of Sun Microsystems, Andy Bechtolsheim, saw some potential in their work and invested $100K. In 2018, the market value of Google exceeded $700 billion.

Now, let's take a look at the Google lean canvas Brin and Page would likely have tailored twenty years ago.



Facebook

Year of foundation: 2004
Venue: Cambridge, MA
Original name: Thefacebook
Founded by: Mark Zuckerberg, Dustin Moskovitz, Eduardo Saverin, Andrew McCollum, and Chris Hughes
Total funding amount: $2.3 billion (last funding in 2012)
IPO: raised $18.4 billion in 2012

Facebook is one of the projects that came out after the burst of the dot.com bubble. The story of the most famous social network began not in a garage but in the Harvard dormitory, where Mark Zuckerberg and company worked on a student directory featuring photos and basic information. The first fruit of their collaboration was Facemash, a website allowing students to rank each other's photos. However, this early version didn't catch on.

Thefacebook, the original version of the product we know today, was the result of the good and bad lessons of Facemash. The first investments in the startup amounted to $2K – $1K each by Saverin and Zuckerberg. The website coverage gradually expanded beyond the borders of Harvard to the universities of the USA and Canada. Thefacebook dropped "the" from its name in August 2005 and became an open social network.

If Zuckerberg and Saverin had wanted to make a Facebook lean canvas at the outset, it might have looked like this:

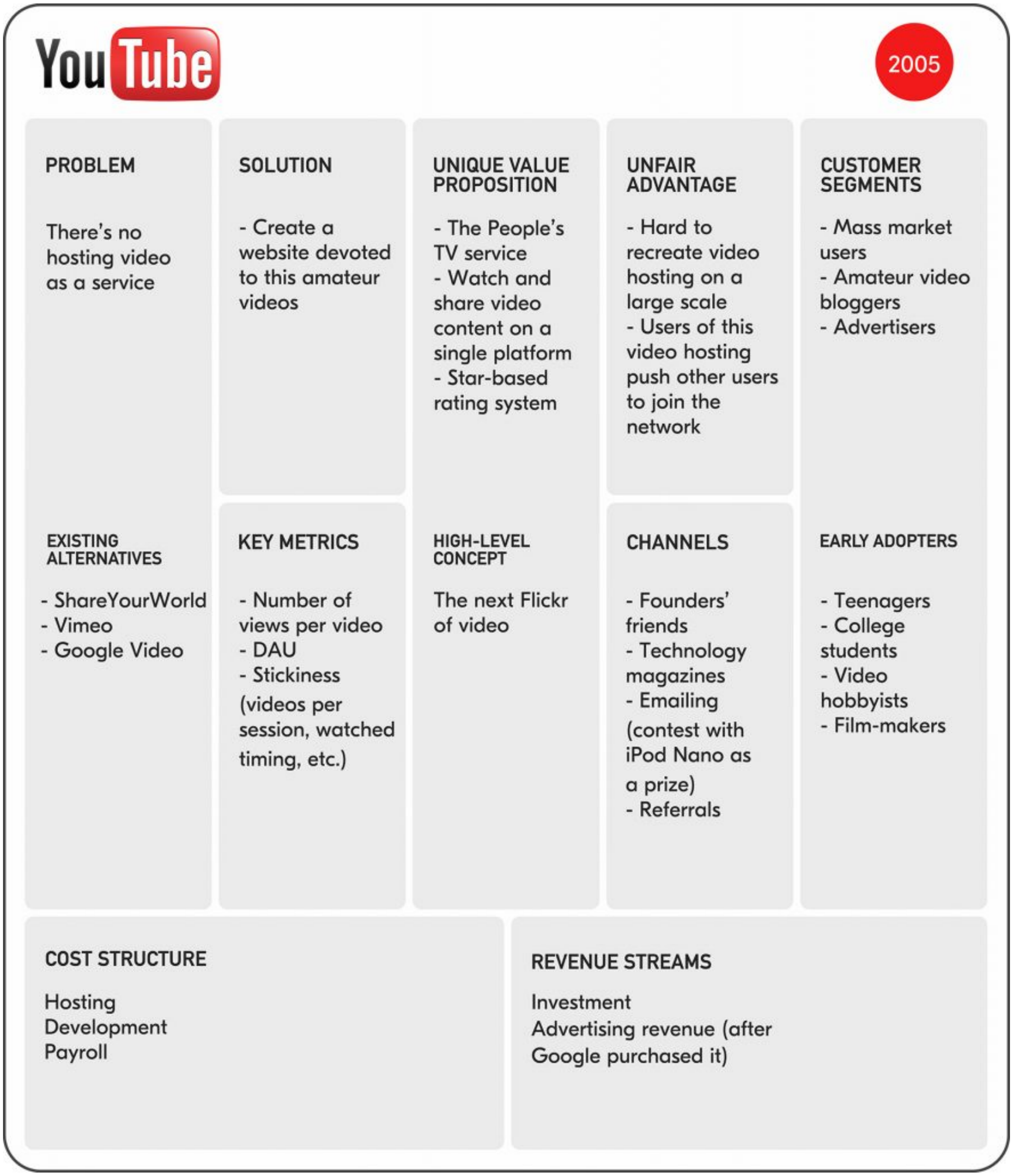
YouTube

Year of foundation: 2005
Venue: San Mateo, CA
Founded by: Jawed Karim, Steve Chen, and Chad Hurley
Total funding amount: $11.5 million (last funding in 2006)
Acquired by Google for $1.7 billion in 2006

Meet another brainchild of post irrational exuberance. The founders of YouTube didn't get their start in a garage or dormitory. They chose an apartment above a pizzeria, and that's the place where the world's largest video hosting service was born. The Internet users of that time had had no YouTube alternatives since ShareYourWorld, the first video hosting website, which closed in 2001, and Vimeo had just started on its way (it was founded three months before the activation of the domain name "youtube.com"). Eventually, Jawed, Steve and Chad, former PayPal employees, driven by the idea to create a video version of online dating service Hot or Not, decided to refocus their efforts on developing a video hosting startup.

Since the nuclear winter for startup capital hade come to an end, the promising project was not short of money. Sequoia Capital was the initial investor, which put in $3.5 million ten months after the domain name was activated. In 2006, YouTube was purchased by Google for a whopping $1.65 billion.

The YouTube lean canvas would reflect the following problems and solutions as of 2005.



Amazon

Year of foundation: 1994
Venue: Bellevue, Washington, D.C.
Original name: Calabra
Founded by: Jeff Bezos
Total funding amount: $108 million ($8 million of funding before IPO)
IPO: raised $54 million in 1997

Today, the startup named after the second longest river on the globe is known for a plethora of activities including e-commerce, cloud computing, and even artificial intelligence. Well, almost twenty five-years ago it was just an online bookstore that dared traditional book stores. However, yet at that time Jeff Bezos already wanted to build “an everything store”.

Amazon was founded right in the middle of the dot.com bubble and was lucky to survive the following crash. Its story began in a garage, and the initial startup capital consisted of the personal savings of Bezos’ parents. At this period, web usage was growing at lightning speed, and most entrepreneurs wanted to ride the Internet wave. Jeff was considering twenty products that he could potentially sell online. However, books won due to their universal demand and low cost.

This is how the Amazon lean canvas would have looked back in 1994.

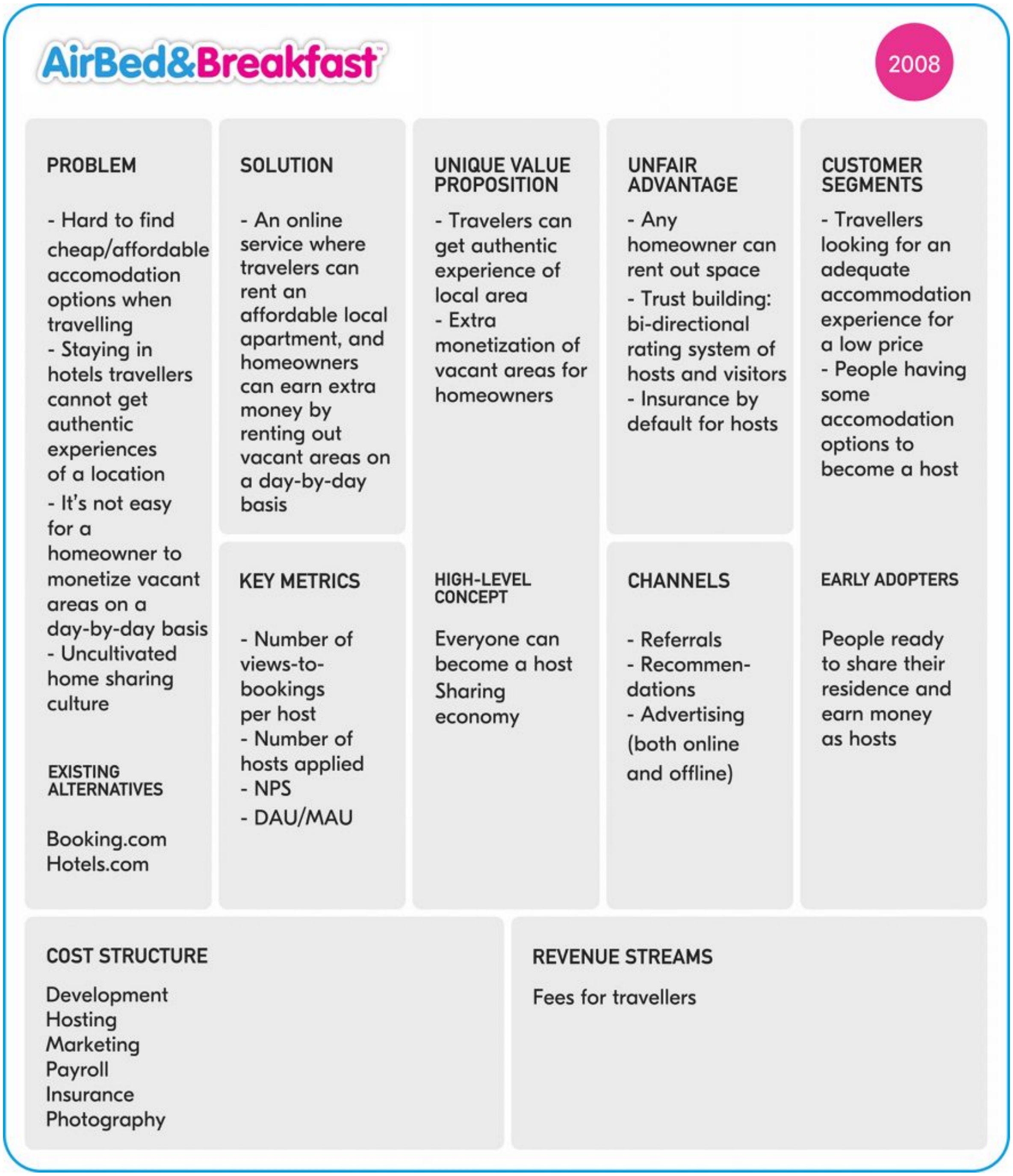
Airbnb

Year of foundation: 2008
Venue: San Francisco, CA
Original name: AirBed & Breakfast
Founded by: Brian Chesky, Joe Gebbia, Nathan Blecharczyk
Total funding amount: $4.4 billion (last funding in 2018)

Though the core principles of the lean startup methodology were introduced by Eric Ries three years after Airbnb's foundation, this project had already followed them. Everything began with the simple need to make money because Brian Chesky and Joe Gebbia fell short on cash to pay their rent. The solution was inspired by circumstance – all hotels were overbooked just before some local conference. That's how the AirBed & Breakfast website came out in 2007. The guys lodged three guests on air mattresses and treated them with breakfast for $80 per each per night. In modern terms, they released a minimum viable product to validate their idea.

After that, the Airbnb team grew (Nathan Blecharczyk joined them), survived several unlucky releases and failed to attract any of the 15 angel investors they contacted. The trio sought out other ways to nurture their pet project including the sale of cereals (that allowed them to earn $30K). Another $20K was funded by the prestigious startup accelerator Y Combinator. As soon the startup name turned from Air Bed & Breakfast into simple Airbnb, it got its first significant investment: Sequoia Capital (YouTube's first investor) seeded $600K one month later (April 2009). In 2018, the market value of the company reached $38 billion, and they might make an IPO this year.

Let's have a look at a possible Airbnb lean canvas.



The examples above are only our vision of how those startups could have leveraged the lean canvas framework. Do you think it looks like something the founders of those startups would've done?

At Railsware we also take advantage of lean canvas for both our clients' projects such as Calendly and our own products like Smart Checklist for Jira.

Why lean canvas? It combines simplicity and power in one go. This tool poses rather simple but essential questions. Some product owners skip answering them at the outset, which is not the right way to do things. Railsware believes all the questions to be faced in the future like 'how to promote a product?', 'what monetization approach to select?' and so on must be answered at the early stages.

How Railsware uses lean canvas for product development

The lean startup methodology plays a big role in how we approach product development. And we are glad to share a piece of our craft.

The foundation stone of our pipeline is the Inception. It's a discovery session at which we attempt to describe the product context through the 'user-problem-solution' prism. We are interested mostly in these three values since they represent our scope of activities in the majority of projects. Other components specified in the canvas like Channels, Existing Alternatives, and Revenue Streams are also up for during the Inception sessions. Practically, we rest upon a customized value proposition canvas, which helps us create a constructive roadmap of a project. So far, we use this approach to all products we work on.

The Ideas Incubator is yet another activity that we use to further unfold the advantages of the lean startup model canvas. As you can judge from the name, this session is devoted to nurturing our ideas to be converted into real products. You can call it a preliminary research stage, which includes filling in the lean canvas for each idea as well. We validate our ideas according to a profound analysis and avoid any progress based on a blind belief in success.

Use Lean Canvas for your product!

In this article, we tried to show that the concept of the lean startup had been bearing fruit even before it was defined and put in writing. The brilliant minds who founded Google, Facebook and other prominent companies were led by a gut feeling that brought them to success. And the fact that we applied the lean business model canvas example for each startup case is just an attempt to reveal the power of this product management tool. We do encourage you to use it and benefit from it, as well as other progressive solutions in your product development efforts. Perhaps, your project will also join the above mentioned cohort of unicorn startups in the future!

Categories

- All
- Design
- Development
- Insights
- Labs
- Management
- Railsware Academy

End-to-end Product Development

Learn more

Company

- Why Railsware
- Case Studies
- Careers
- Blog
- Open Source

Services

- Web
- Mobile
- Ruby on Rails
- Fintech
- AI & ML

Locations

- London

Labs

- Mailtrap
- Jira Checklist
- Notemate

Contact

contact@railsware.com +1 (646) 397 4918 Contact Us
Krakow, Poland Szlak 50/A4, 31153
Kyiv, Ukraine Hryhoriia Skovorody St., 19,
BC "Podil Plaza", 01004
Dubai, UAE Dubai Internet City Building 16, #48
Danbury, USA 118 Coalpit Hill Roads, 06810 CT