

Revolutionizing your industry: Harnessing the potential of the ecosystem through effective business models

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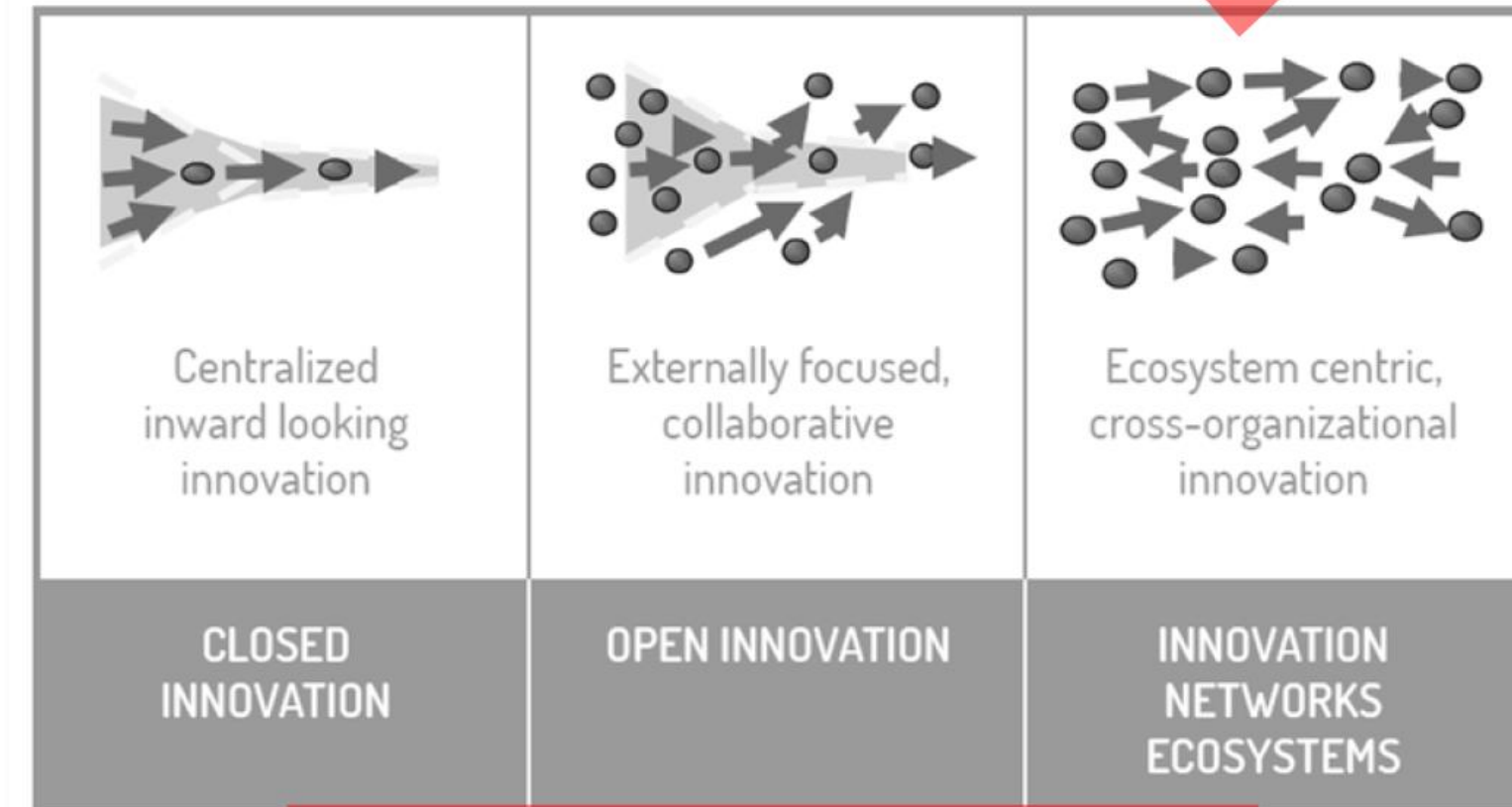
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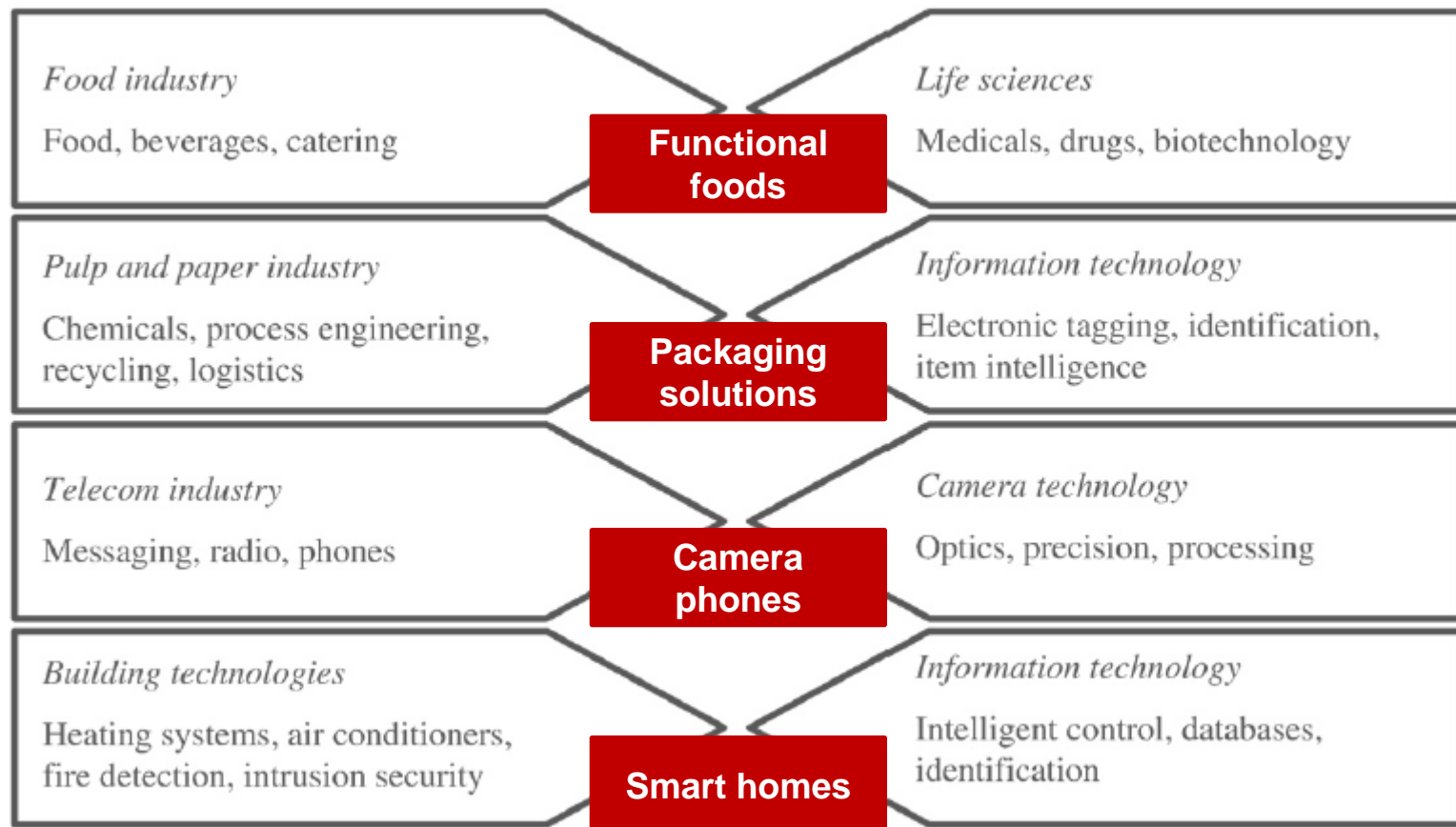
3-phase model



Brilliant researcher → Successful ecosystem

Source: Curley & Salmelin (2013); cf. Chesbrough (2003)

Convergent developments between industries represents a major driving force of disruptive new business models



From bilateral dependence to asset combinations creating industry architectural advantage

**Bilateral
dependence w/o
complementarities
(e.g., pure supply
chains)**



**Teecian '86
'cospecialization'**



**"Don't think
outside the
box, build a
new box"**
(BCG, 2013)

*Complementarity in
use or production*

*Mobility of
complementary
assets*

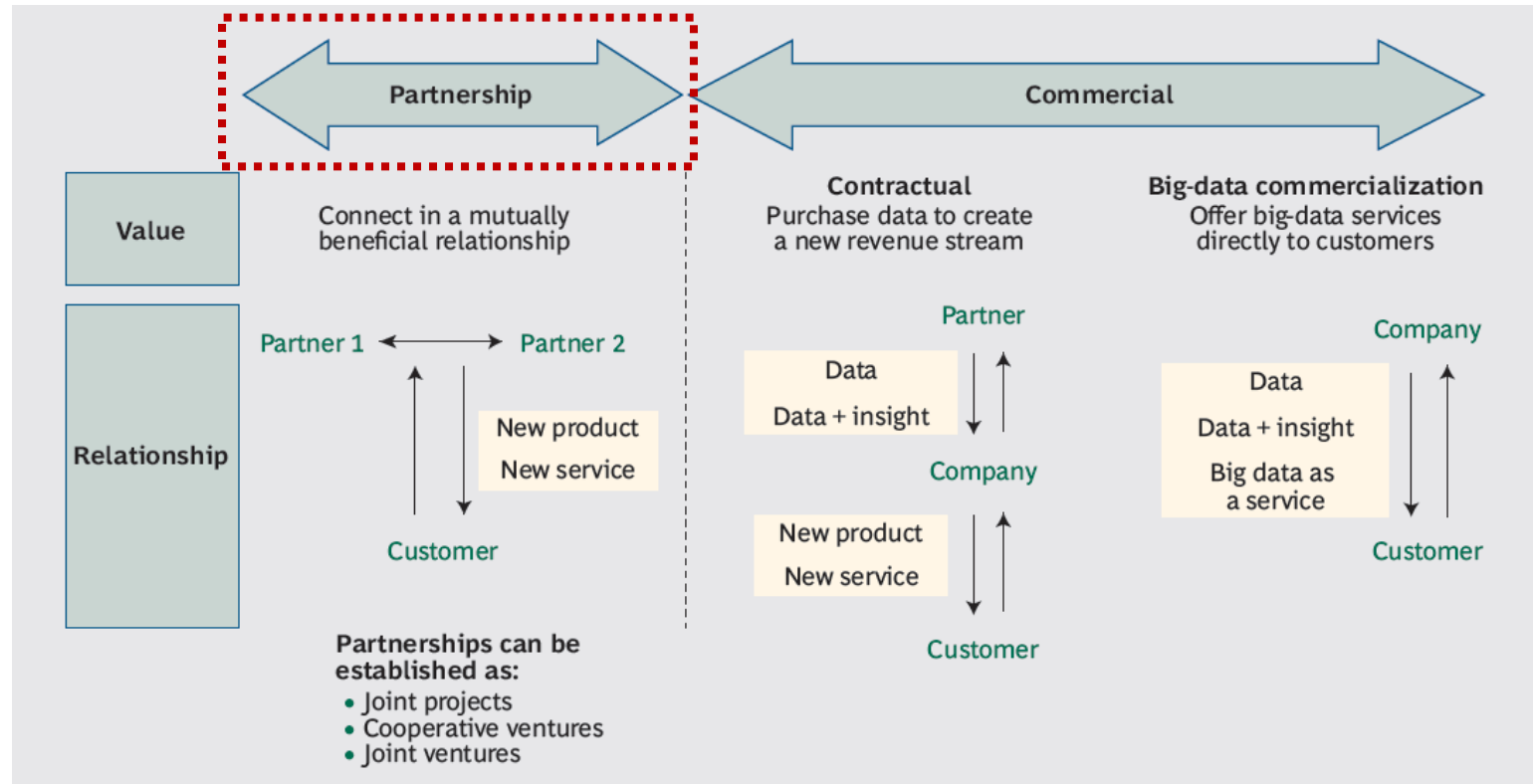
The vertical-to-horizontal-to-vertical transition (e.g., computer industry)

Sales and distribution				
Application software				
Operating system				
Computer				
Chips				
	IBM	DEC	Sperry Univac	Wang



Sales and distribution	Retail stores	Superstores	Dealers	Mail order
Application software	Word	Word Perfect	Etc.	
Operating system	DOS and Windows	OS/2	Mac	UNIX
Computer	Compaq	Dell	Packard Bell	HP IBM Etc.
Chips	Intel architecture	Motorola	RISCs	

Companies can create data businesses in three main ways

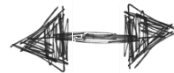


1

Service-orientation

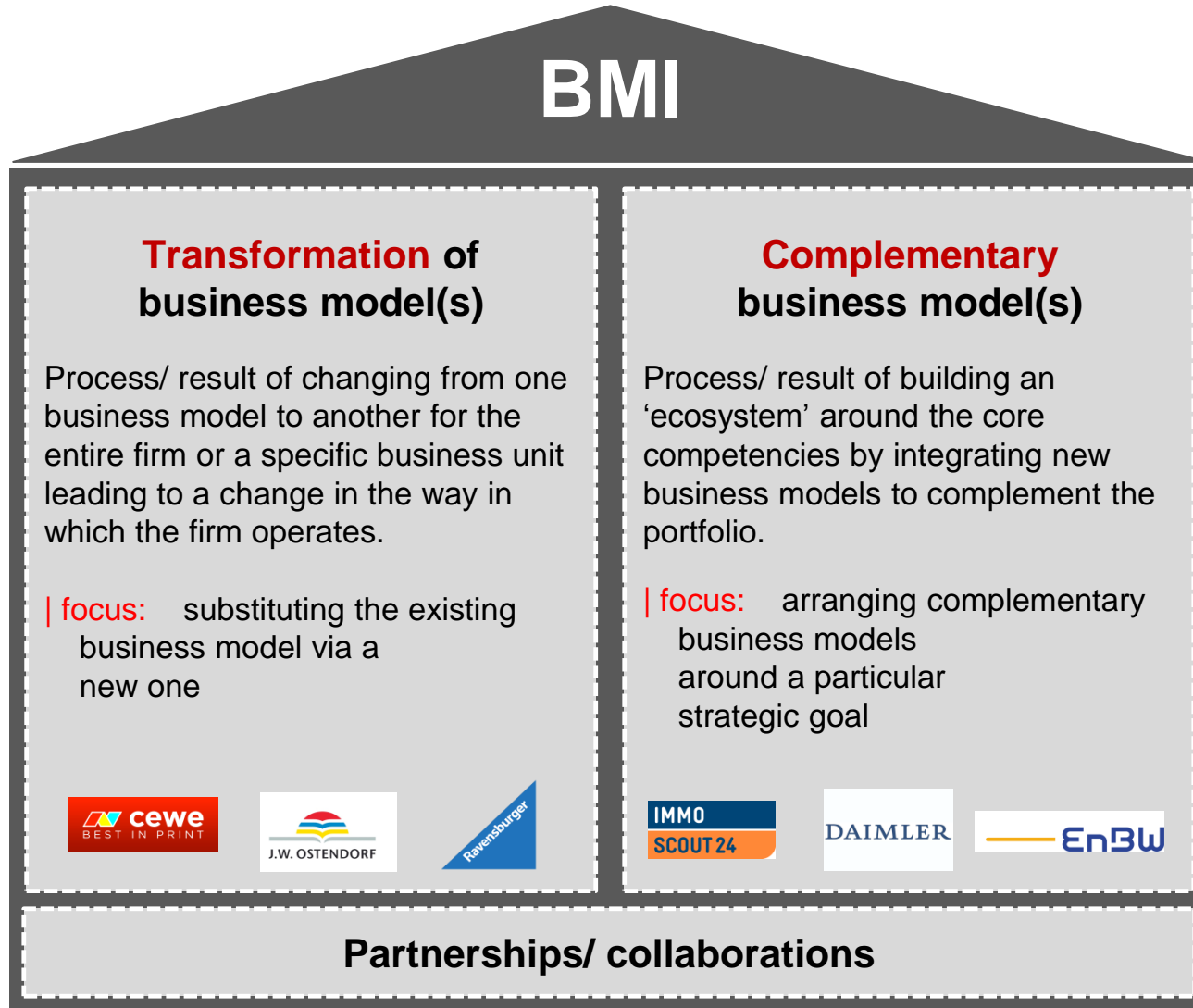
(Complementarities
between products and services
or services)

2



(Cross-industry) collaboration

3



- | Complementary business models are often part of a platform architecture (Baldwin & Woodard, 2009; Cenamor et al., 2013)
- | Large number of complementary business models enhances observability of platform architecture adding value to it and making it more attractive (Rogers, 2003; Verdegem & De Marez, 2011)
- | Widely available complementary business models increase confidence among potential adopters of these business models that platform architecture will not disappear in short-term (Adner & Kapoor, 2010)
- | Large complementary business model portfolio enhances value of a platform architecture intensifying its adoption (Cenamor et al., 2013)
- | Strategy moderates the decision for complementary business models → Accumulation of set of business models around a firm's strategy (Cenamor et al., 2013; Mezger & Bader, 2014)
- | Using certain tangible or intangible values/ assets as basis for different complementary business models (Mezger & Bader, 2014)

Daimler AG: “Pioneer in advancement of mobility”

Strategic implementation via complementary business models



Daimler AG: “Pioneer in advancement of mobility”

Strategic implementation via complementary business models



Integration, concentration and pooling to a great range of new mobility services

Daimler AG: “Pioneer in advancement of mobility”

Strategic implementation via complementary business models



Source: Daimler Financial and Mobility Services.

- | Revitalization or turn around of firm's current business model (Aspara et al., 2013)
- | Differentiation between transformation of corporate business model (Aspara et al., 2011, 2013) and of business model of a particular division/ business unit (Mezger & Bader, 2014)
- | Frequently triggered by environmental changes and trends (e.g. digitalization), governmental regulations (e.g. energy turn around) or other macro forces (Aspara et al., 2011, 2013)
- | Total business model 'revamps' are rare → preservation of successful business model elements (Tripsas & Gavetti, 2000; Miller & Friesen, 1980; Prahalad & Bettis, 1986)
- | Shared – 'inter-organizational' – cognitions about firm's businesses by managers and stakeholders (Aspara et al., 2013) → impact on managers' decisions regarding:
 - (1) Issue of overall legitimacy of the (corporate) business model
 - (2) 'Reputational rankings' of the firm's current and potential new businesses
 - (3) Boundary beliefs: Elements allowing a business to create acceptance within a community

Disruptive technologies and market changes transform life, business, and the global economy

Converging
industry boundaries –
coming-together of previously distinct
products and services

(Hacklin et al., 2013)

Changing
industry architectures –
vertically and/ or horizontally related
ecosystems

(Jacobides, 2012; Gawer, 2009)

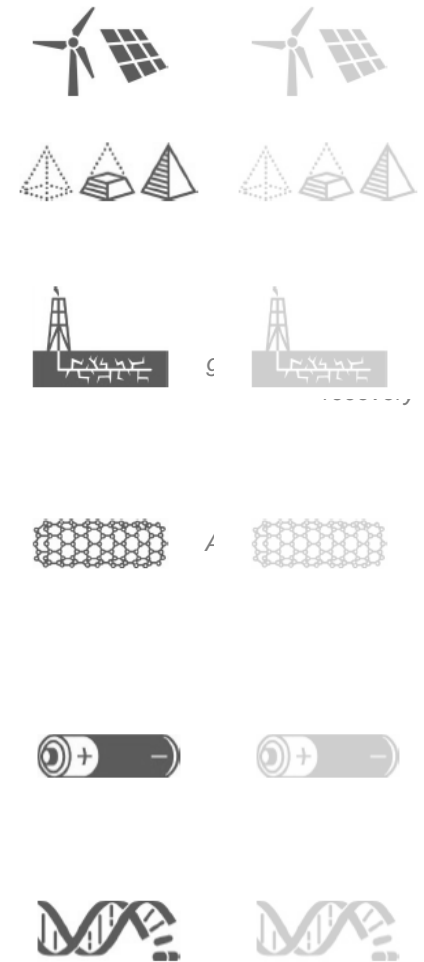
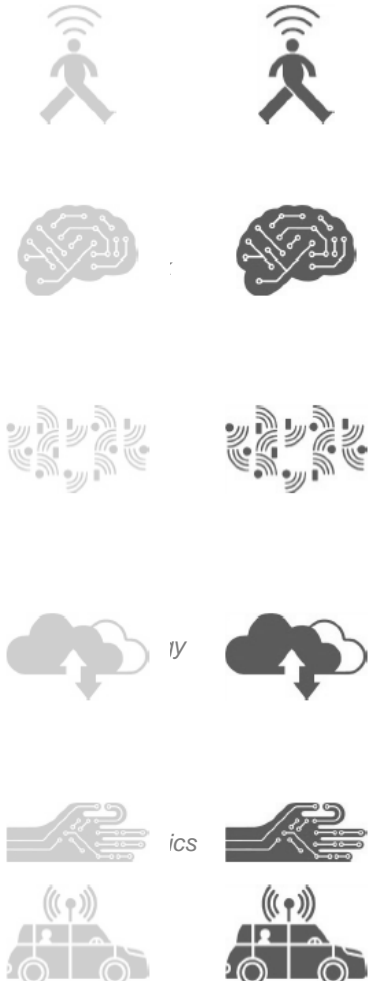
Emerging
competitive dynamics
and

... network-based
business models

(Zott and Amit, 2010)

... service-oriented
business models

(Kindström et al., 2013)



Industry platforms

“Firms whose products/ services function together *build further* upon a platform leader’s – *product/ service – system*”



Objective platform owner

- To stimulate and capture value from external *complementary innovation*



Objective complementors

- To benefit from the *installed base* of the platform and from *direct* network effects to drive innovation on complements

Multi-sided platform

“Firms who *interact* with each other through an *intermediary platform*”



- To facilitate and capture value from the *interactions* between different sides of the platform

- To benefit from the *installed base* of the platform and from *indirect* network effects to run a critical mass

Key challenges of developing business models for novel service-oriented business opportunities

In service-oriented business model innovation, product- or service-centric firms out of traditional industries

- | ... extend their businesses toward integrated service offerings (Kindström, 2010)
- | ... need innovative ways to interact and leverage complementary resources and capabilities with other firms and create value together (Hertog et al., 2010)
- | ... face the major challenge of managing essential dynamic capabilities needed for service-oriented business model innovation (Kindström et al., 2013)

However,

- | ... research has mainly applied the business model concept in an e-business context and at the firm level (Zott et al., 2011)

(1) How can focal firms form network architectures for service-oriented business model innovation?

(2) How can focal firms systematically identify new service opportunities to build up and sustain larger network architectures?

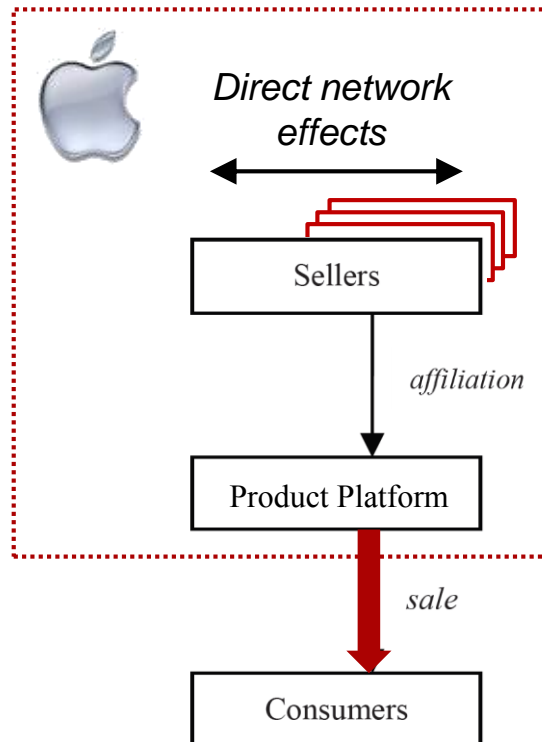
Platform-centric network architectures present great opportunities for new service businesses to evolve

Concerning research question 1:

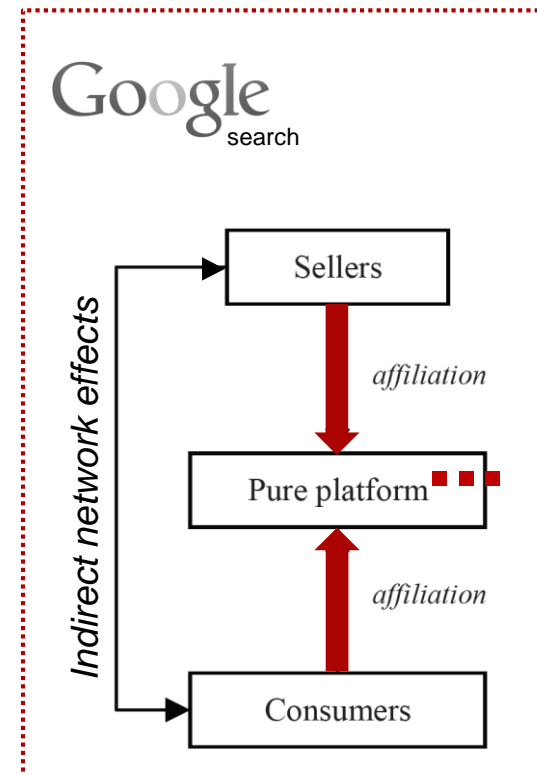
- | Open and cross-industry innovation
(Enkel and Heil, 2014)
- | Open services innovation
(Chesbrough 2011)
- | Networked business models
(Zott and Amit, 2010)
- | **Industry and multi-sided platforms in e-business**
(Gawer and Cusumano, 2014)

Platform-centric network architectures

Industry platform



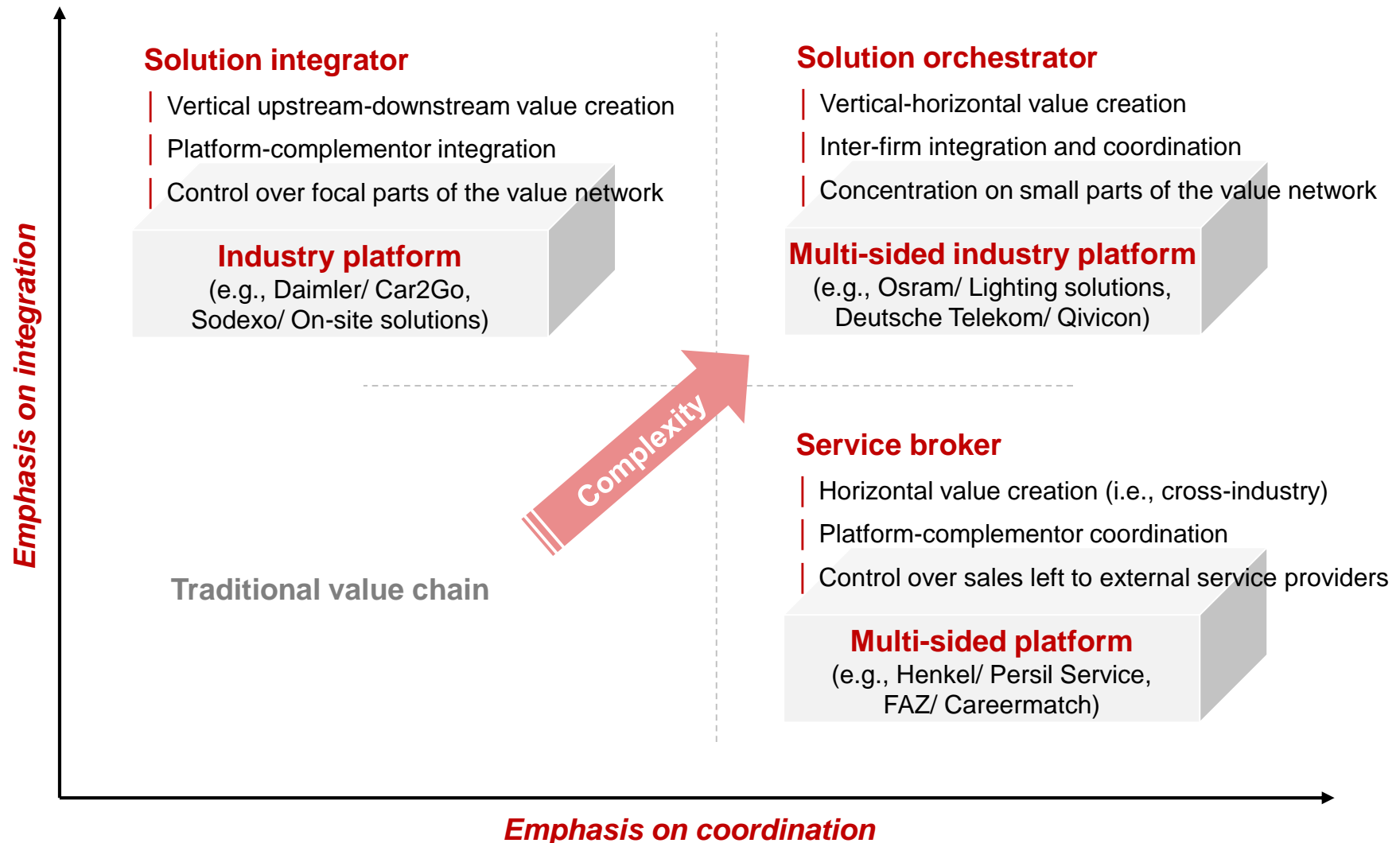
Multi-sided platform



Multi-sided platforms where the role of the platform is purely to coordinate interaction, without the possibility for other actors to innovate on complementary products or services, belong not to the industry platform category and vice versa (Gawer and Cusumano, 2014)

The strategic choice of integration of or coordination between external actors divides network roles of focal firms in emerging services into ...

“how”



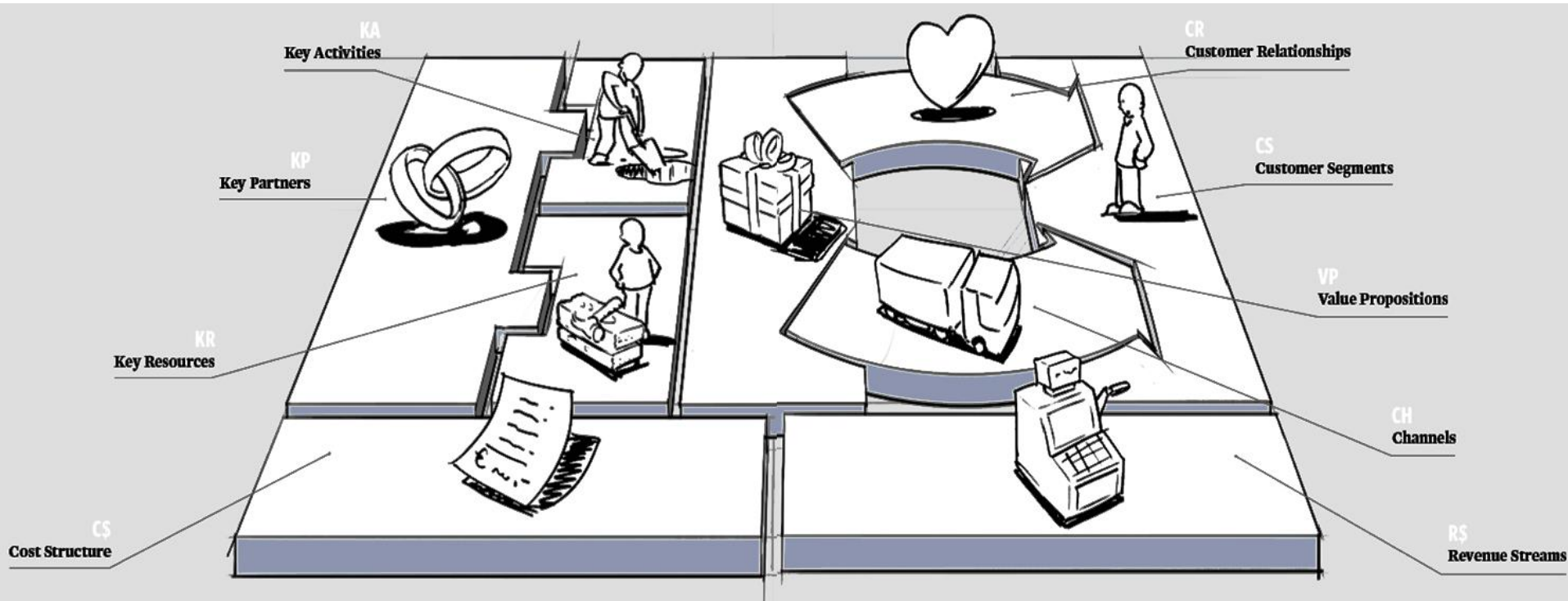
- | If you think of a car as a platform you can add services and products on, which new value are you able to create for different customer group?



- | How would a “mobile office” differ from the “entertainment car”? How could the car be modified over time for different customer groups or purposes?

Exercise: How would your platform based business model look like?

“A business model describes the rationale of how an organization creates, delivers, and captures value.” Osterwalder/Pigneur (2010).

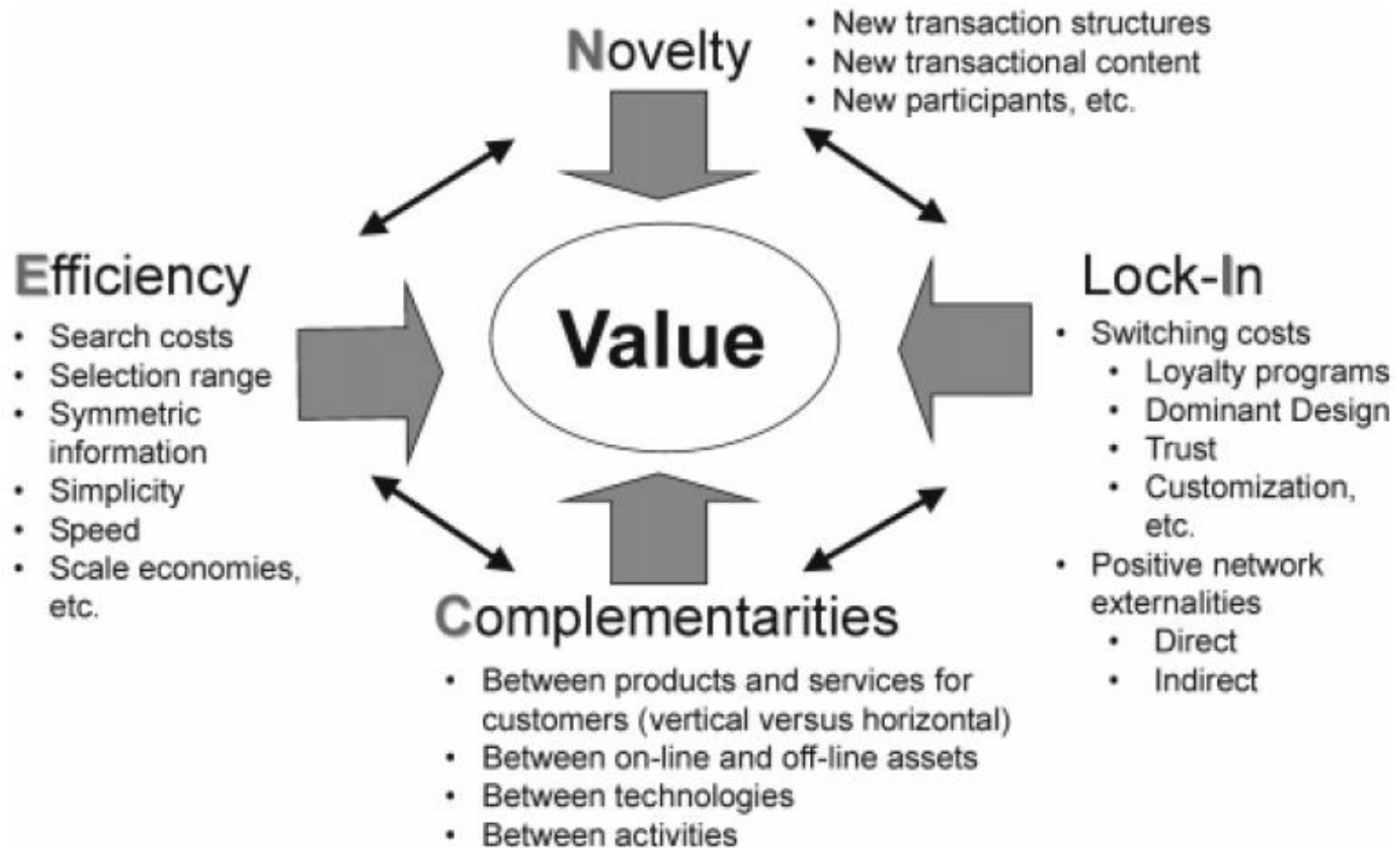


Source: Osterwalder/ Pigneur (2010)

Exercise: How would your platform based business model look like?

1. Think about a **platform-based business** with partners:

- What is a new value that integrates vertical or horizontally values for your customers (think about systems instead of components, think about additional needs of the customer not yet addressed by you etc.)?
- What are growing markets you could deliver value to?
- With which partner could you align in order to offer more or better value to the customer?
- Which services can you add around your product or other partners product that makes the value more attractive to the customer?



Source: Amit and Zott, 2001, p. 504

Exercise: How would your platform based business model look like? 10-15 Mins

1. Think about a **platform-based business** with partners:

- Everything could be a platform (e.g. a smart phone, a car, a airport, a website etc.)!
- What is a new value that integrates vertical or horizontally values for your customers (think about systems instead of components, think about additional needs of the customer not yet addressed by you etc.)?
- What are growing markets you could deliver value to?
- With which partner could you align in order to offer more or better value to the customer?
- Which services can you add around your product or other partners product that makes the value more attractive to the customer?

2. **Which partner** do you need to create such a value on a platform?

3. What would **motivate** those partners to work with you?

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