Does e-Business Modeling Really Help?

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The e³-value e-Business Modeling Methodology

• Goal:
  - Exploration of innovative e-commerce ideas

• Focus on:
  - Creation of common understanding of innovative e-business cases
  - Evaluation of e-business case from a profit / consumer value perspective

• Typical questions to be answered by e³-value:
  - Which organizations (actors) are needed for an e-service
  - What do they offer each other of economic value
  - Who is doing what, and with whom
  - What happens if:
    - We value services/products differently
    - We shift activities from one actor to another
    - ...

An Action Research Cycle

Action

Projects

Improvements, extensions

Reflection:
- Directly after project
- Longitudinal: one-year-and-a-half after the project

A practical example: Online news articles

Reader r₁

Data Runner

Amsterdam Times

Publish

Provide online news articles

Reader r₁

Telecommunication consortium 1

Telecommunication consortium 2

Telecommunication Interconnection

Interconnection

Handling traffic

Handling

Billing

Billing

Hosting

Hoster

Telecommunication access fee

Telecommunication access fee

IP access fee

IP access fee

Access

Provide IP

Handling

Hosting

Billing

Billing

Handling traffic

Handling

Telecommunication

Interconnection

Interconnection

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Evaluate a value model

<table>
<thead>
<tr>
<th>Actor</th>
<th>Last Mile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scenario</td>
<td>Read online article</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario path</th>
<th>Value Object In</th>
<th>Value Object Out</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telecommunication consortium 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>likelihood 20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchanges with telco consortium 1:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>telephone connection fee = start tariff + connection tariff x duration</td>
<td>(telephone connection)</td>
<td></td>
</tr>
<tr>
<td>Exchanges with telco consortium 2:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>telephone connection fee = start tariff + connection tariff x duration</td>
<td>(telephone connection)</td>
<td></td>
</tr>
</tbody>
</table>

Assess evolutionary scenarios

- What happens if …

<table>
<thead>
<tr>
<th>Scenarios</th>
<th>Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amst. Times</td>
</tr>
<tr>
<td>Null scenario</td>
<td>164,400</td>
</tr>
<tr>
<td>Forecast &gt;&gt; Actual</td>
<td>-28,560</td>
</tr>
<tr>
<td>Decrease in interconnection</td>
<td>164,400</td>
</tr>
<tr>
<td>Decrease in revenue sharing</td>
<td>-19,200</td>
</tr>
</tbody>
</table>
The article online service some time later...

- Limited use
- Modest marketing
- Limited experience in 1-to-1 marketing
- Interest of titles not clear
- Change of value model
- Unbundling access & article
- No revenues

Customer ownership

AD reader r1
Volkskrant reader
Reader r

To Last Mile
Provide online news articles

To Datarunner & Hoster
Facilitate online news articles

PCM
PIM
Different model chosen

Debundling of access and content
In conclusion...

- Common understanding created
  - It was not possible to explain call termination verbally (by TelCo’s themselves). Conceptualisation and visualisation was needed here.
  - Sensitivity analysis revealed some weak points in the business idea

- But (based on longitudinal analysis):
  - Attention should be paid to enterprise-internal P&L responsible entities
  - Changes in the business value model should be carefully analyzed and evaluated

More information about e³-value

- See website: http://www.cs.vu.nl/~gordijn/research.htm
- Contact: gordijn@cs.vu.nl