Modeling Value Webs with $e^2$value

- **Value webs**: Constellations of enterprises that offers products jointly to customers
- **Modeling** of value webs:
  - *Shared understanding* by all stakeholders
  - *Enabling software requirements engineering* for software supporting the value.
- A modeling language for value webs is $e^2$value:
The “Value Activity Assignment Problem” is a …

- Which actor is performing which value activity
- Important, because value activities generate profit

... Governance Selection Problem!
Steps in Solving the Governance Selection Problem with e³value

- Preference for *market governance*, unless
  - Activity is *mission critical*
  - *Transaction costs* are high
  - Activity provides *useful information*
  - Important *resources* are available

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Case Study: Cisco Systems (1)

- Value activities in the Cisco value web:
Case Study: Cisco Systems (2)

- Deciding on governance structures

**Diagram:**

1. For each value activity
2. Is this value activity mission critical?
3. Are transactions costs high?
4. Are resources available for this value activity?

**Decision Tree:**

- Market Governance
- Rational Governance
- Fuzzy Governance
- Hierarchical Governance

**Activities:**
- Manufacturing
- Assembling
- Distributing
- Repair & support providing
- Consulting
- Developing software
- Providing on-site services
- Providing networking power
- Providing equipment
- Providing on-line services

Case Study: Cisco Systems (3)

- Modeling Cisco’s governance structures

**Diagram:**

1. e\textsuperscript{valuation}
2. The value assignment problem is ...
3. Governance selection
4. Case study
5. In sum ...
In sum

- While using VA³, numerous explanations show up, explaining choices made by Cisco. So, descriptive value
  - “Testing” under hierarchical control (asset specificity, information, available resources)

- Future research on VA³
  - Now a single enterprise perspective (for each activity of enterprise X do ...)
  - Value webs: competition for execution of value activity
  - So, steps for deciding on governance reflecting that multiple enterprises are interested in executing a value activity

More Information about e³value

- Contact: gordijn@cs.vu.nl
  - we are always interested in industrial strength case studies

- Tool support:

- Further reading: