

Business Models In The Internet Of Services

State Of The Art

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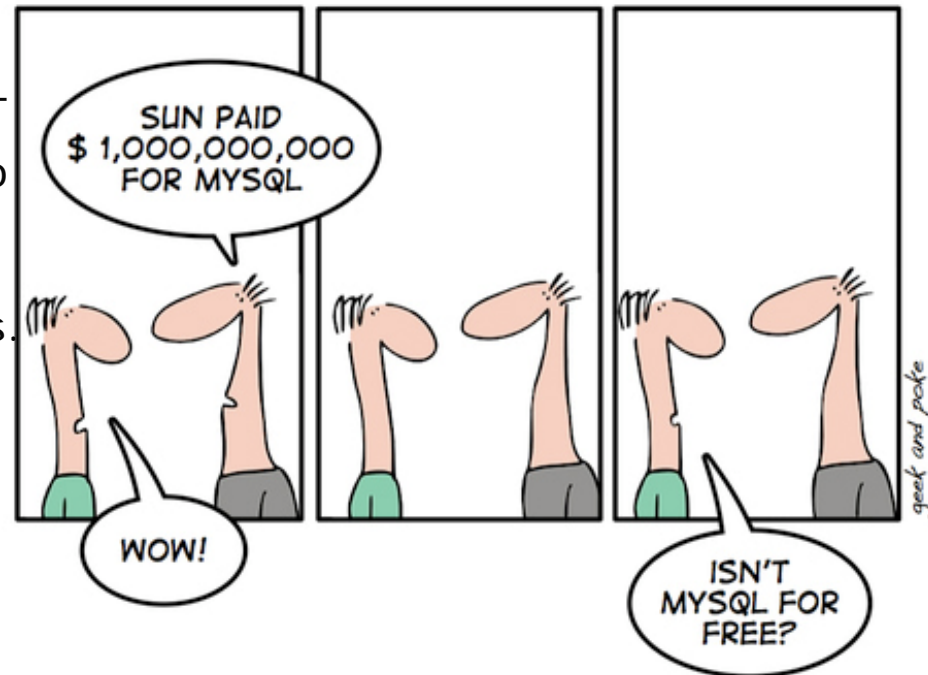
Agenda

- » 1. Introduction into the science of business models
- 2. Business Models in the »Internet of Services«
- 3. Internet-based Business Models – A Venture Capitalist View

Business Model – A term between science- and business-trends

2000: »Business models are perhaps the most discussed and least understood aspect of the web. There is so much talk about how the web changes traditional business models. But there is little clear-cut evidence of exactly what this means.«

(Rappa, 2000)



2009:

Web 2.0 BM? Open Source BM? Mashup BM? BM in the cloud? ...

Business Models – What it's about

Early Definition: »An architecture of product-, service- and informationflows including a description of the various business actors and their roles«
(Timmers 1998)

Model (slightly adapted definition, wikipedia(en) 2009):

- Simplified pattern, plan, representation or description
- to show core-aspects and relations
- of a real object, system or concept.

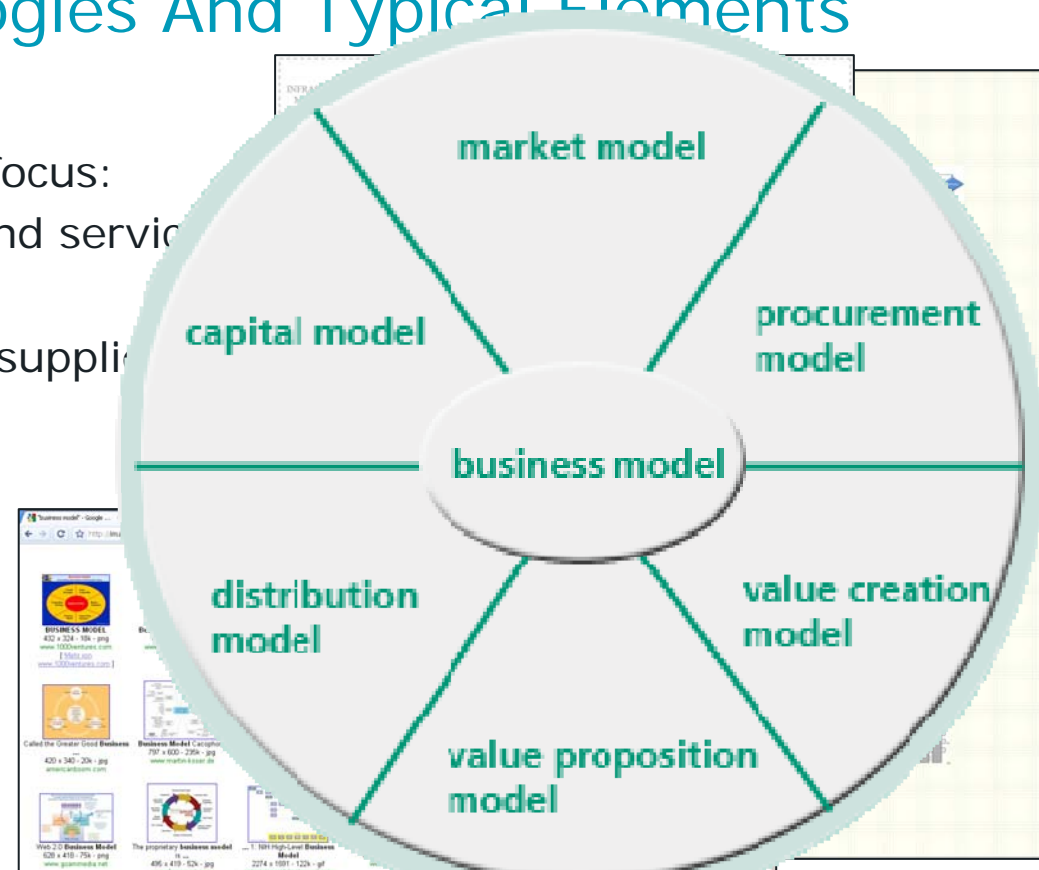
Business Model:

- Model of the business logic (main aspects) of a company.
- => *Ontologies are particularly suitable to describe a business model*

Business Model Ontologies And Typical Elements

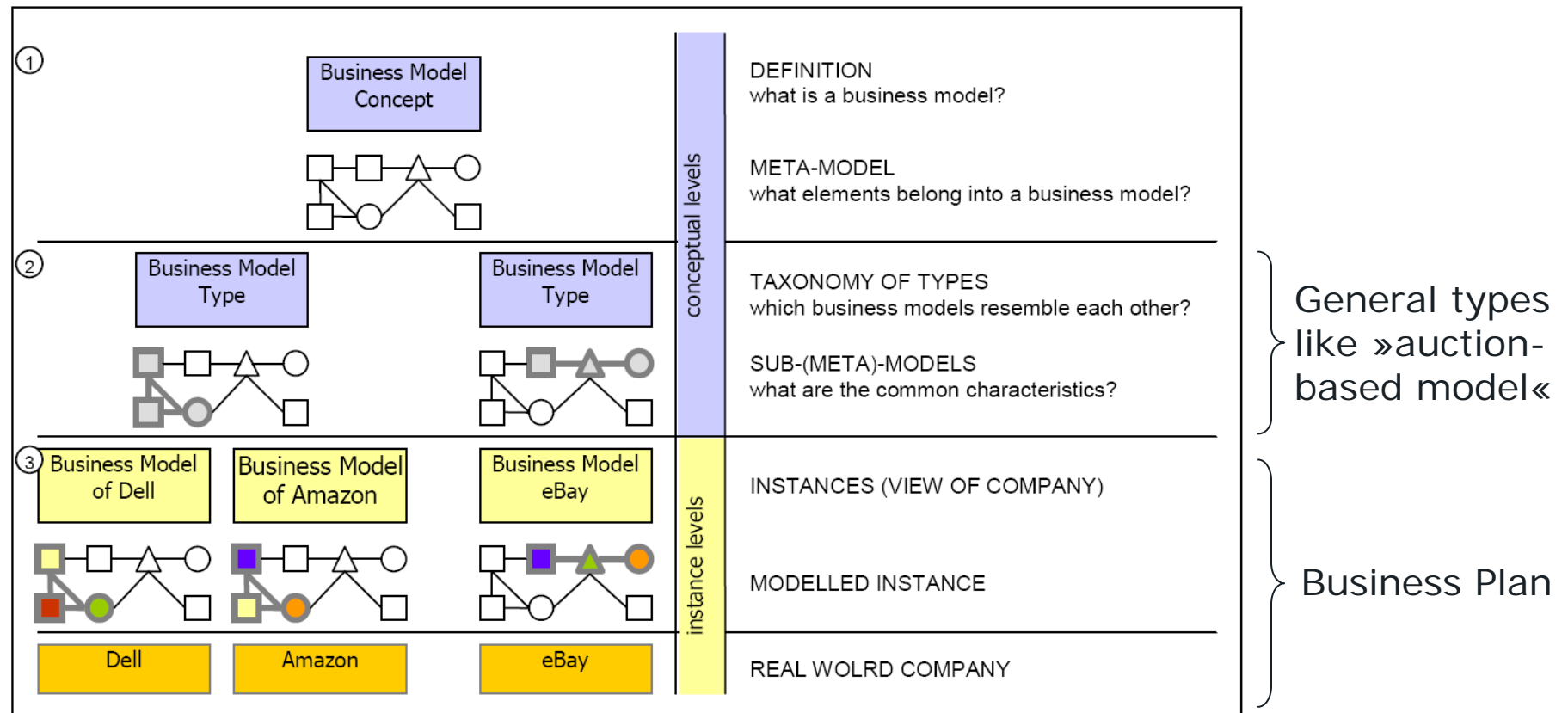
Elements depend on author's focus:

- Value Proposition, product and service
- Value creation
- Market, customer-relations, suppliers
- Model of distribution
- Revenue model and costs
- Partnership
- Competitive Environment
- Processes and organization
- Infrastructure
- Resources
- ...



sources: models by osterwalder, gordijn, akkermans, wirtz

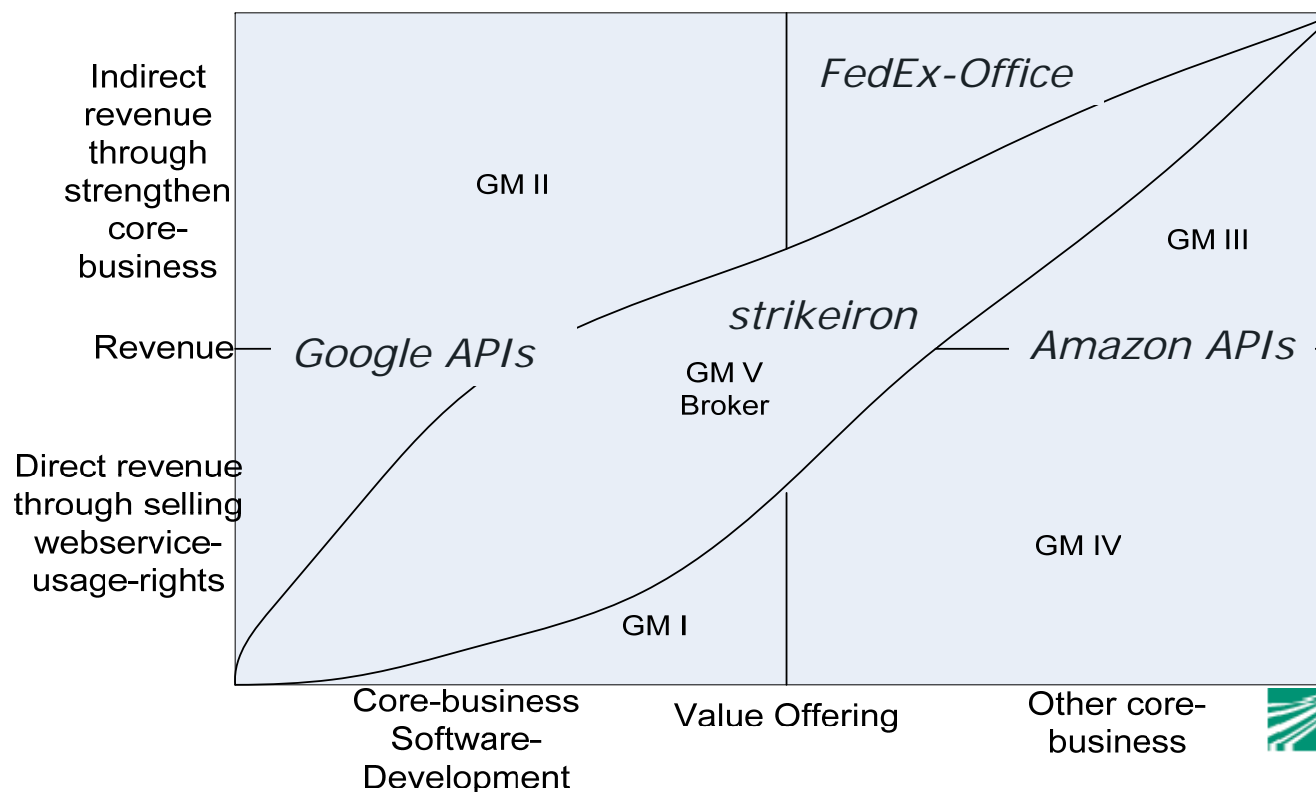
Related Concepts



source: Osterwalder, Pigneur, Tucci in comm. of AIS (2005) with slight adaption

Business Model Types – An Example

Classification of Webservice-Providers using revenue and value offering dimensions by Nüttgens, Dirik 2008



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The »Internet of Services« (IoS) Vision

Hypothesis:

The Web of the future offers the infrastructural and organizational facilities to trade business-services as we can trade products today over the internet.



What does that mean for business models?

Certainly some current models will change and the focus of the key-components will switch (e.g. software-vendors are going to focus partnerships in business value networks).

»Software as a Service« is a type of business model which already takes the step forward to the IoS-idea!

Everything as a Service?!

Infrastructure as a Service, Platform as a Service, Software as a Service, Communication as a Service, Storage as a Service, eMail as a Service ... and so on

Many terms – the idea from viewpoint of customer stays the same:

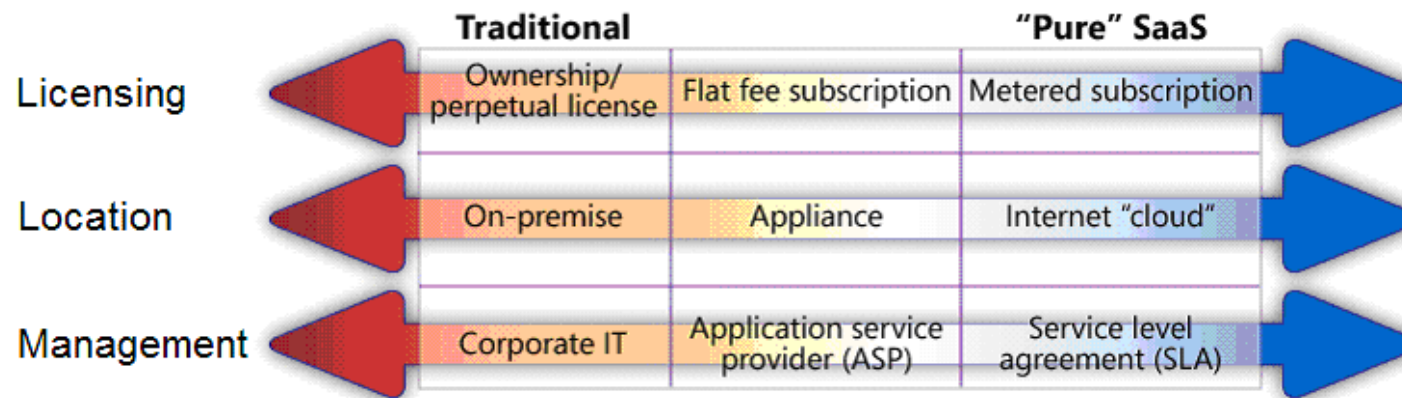
- Concentration on core-competencies
- Discharge of the IT
- Cutting costs, restructure costs
- Higher quality via SLAs, high-end-hardware and -software
- Shorter time to use the service



XaaS

Software as a Service – First Step To The IoS

- Hosted Software which can be accessed over the web



Microsoft MSDN Architecture – SaaS Enterprise Perspective

SaaS – Business Model Details

Revenue-model:

Subscription fees; support; costs for running a datacenter and server-infrastructure (inhouse or via partner); typically high-quality support with appropriate costs + marketing etc.

Partnership and Relations:

CRM; partially free support; Reseller-support; (datacenter-partner); (ISV – independent software vendors which offer via a platform); integration-partners; resellers; value adding resellers; other 3rd parties

Value-configuration and proposition:

Software-Offering itself + migration-service; integration-service; customization-services; service and support; infrastructure

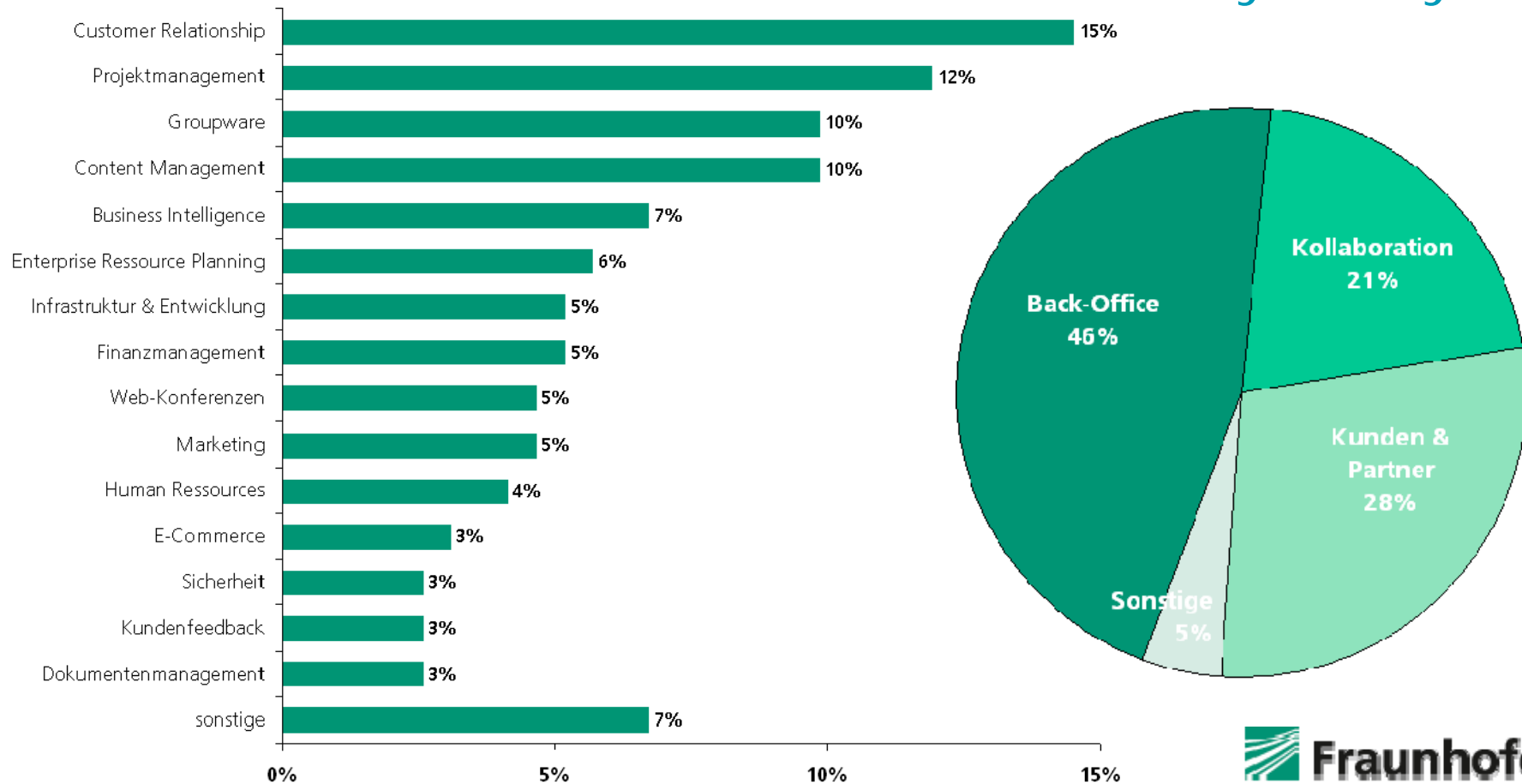
Distribution:

API & Webservices; hosted; ASP; Appliance (pre-conf. hardware inhouse); FastStack (inhouse, ready-to-install/use-softwarepackage; inhouse (raw-software-package)

Target Customer:

Business; Freelancing Developers; Service-Providers; Enduser; etc.

Software as a Service – What Is Provided By Today



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A Venture Capitalist View



Venture Capital Survey 2009

- » Survey on 88 German venture capitalist companies, investing in IT, Software and Internet
- » 16 valid responses during December 2008 and February 2009
- » Goals:
 - » Identification of attractive topics for current and future investments
 - » Estimation of success factors in order to achieve investments

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Erfolgsfaktoren von Internet-basierten Geschäftsmodellen aus Sicht von Beteiligungskapitalgebern

Rückantwort bitte an:

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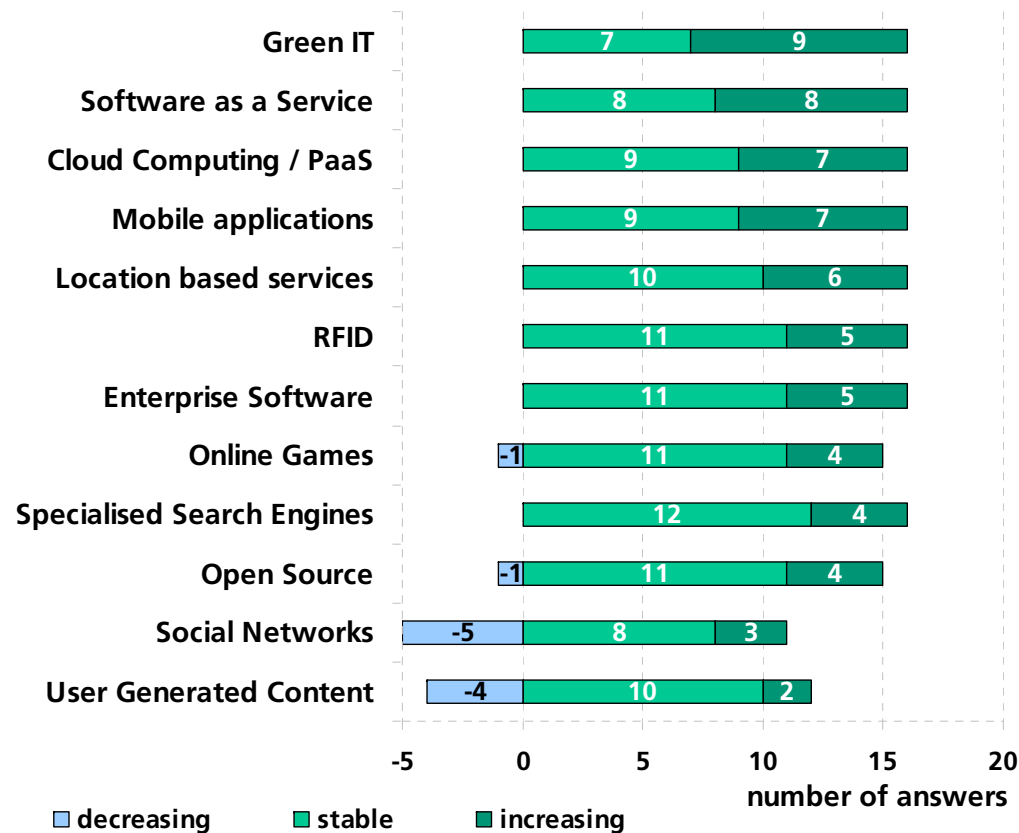
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1) Welche Bedeutung besitzen für Ihr Unternehmen folgende Branchen für aktuelle und zukünftige Investitionen?

Branche	Bedeutung aktuell			Bedeutung in Zukunft		
	gering	mittel	hoch	gering	mittel	hoch
IT-Software	0	0	0	0	0	0
IT-Hardware	0	0	0	0	0	0
Konsumgüterindustrie	0	0	0	0	0	0
Werkzeugmaschinenherstellung	0	0	0	0	0	0
Forschungsinstrumente	0	0	0	0	0	0
Elektrotechnik	0	0	0	0	0	0
Chemie/Pharmazie	0	0	0	0	0	0
Maschinenbau	0	0	0	0	0	0
Erweiterte Industrie	0	0	0	0	0	0
Transportwesen	0	0	0	0	0	0
Life Science	0	0	0	0	0	0
...	0	0	0	0	0	0

Bitte geben Sie hier weitere für Sie bedeutsame Branchen an

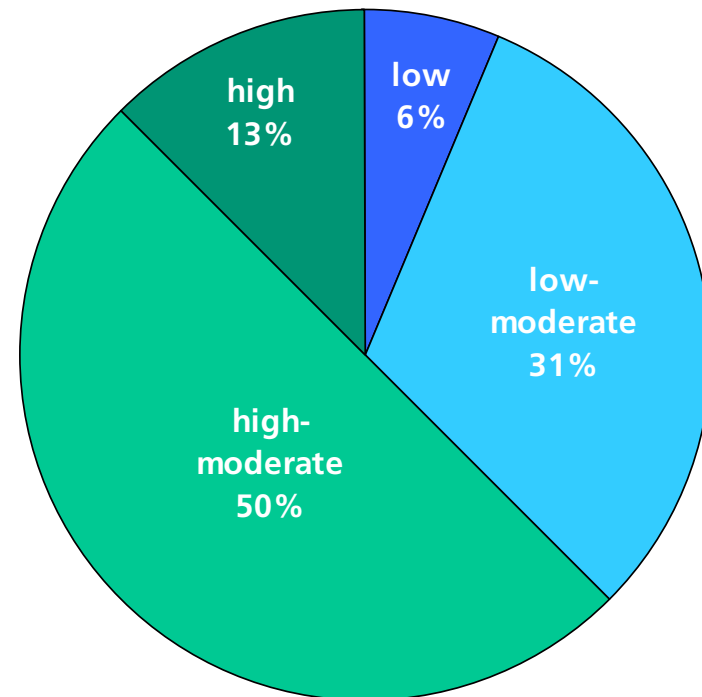
Green IT, Cloud Computing and SaaS are attractive for future investments



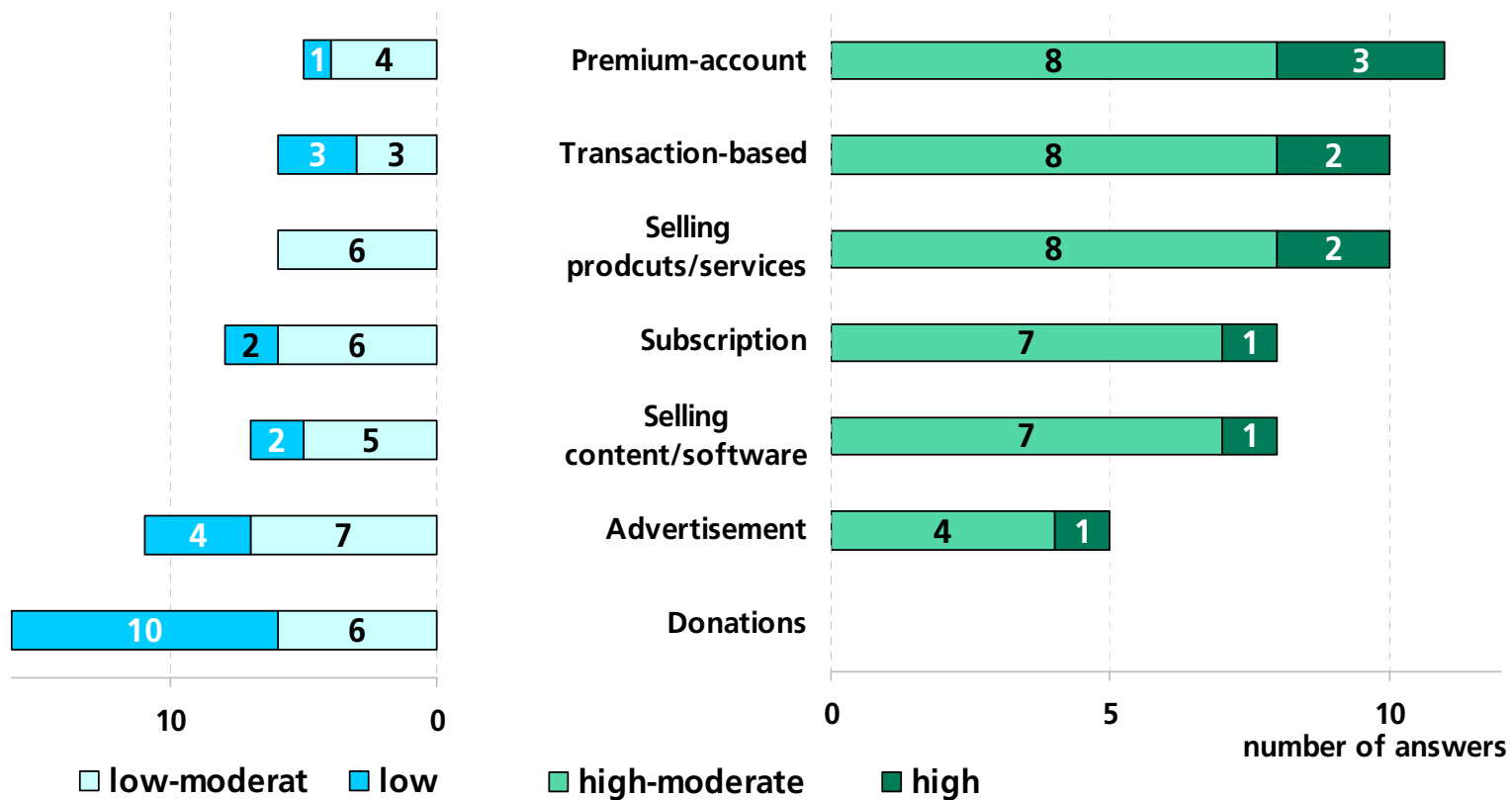
Most Promising Type Of Business Model

- » 63% of VCs rate the SaaS-model as one of the most promising for startups
* no other model was rated that high
- » Closely followed by »Interactive Entertainment« - Portals

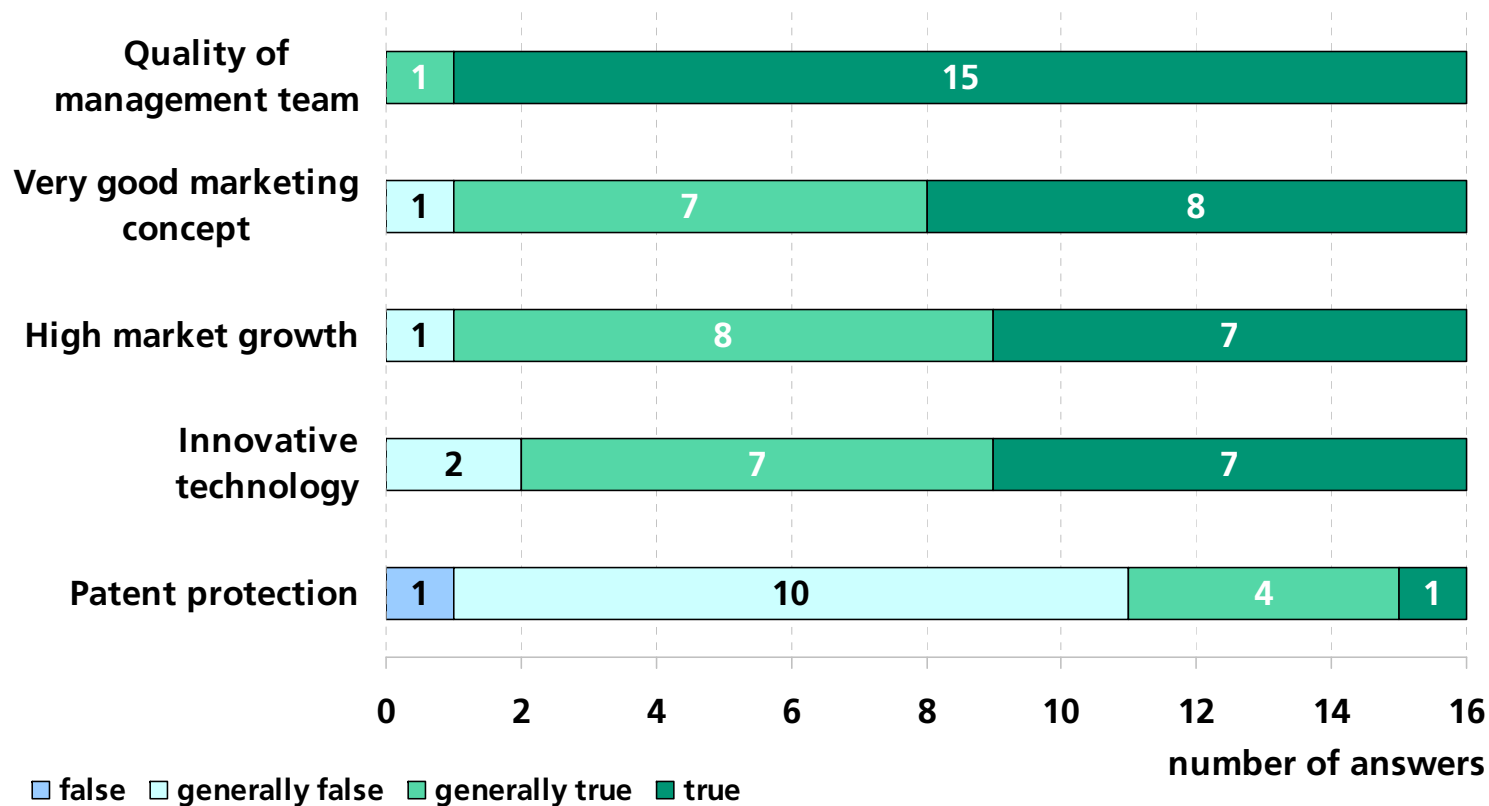
Software as a Service as startup business model



Promising Price-Models For Future Investments



Success Factors Of Startups With Venture Capital



Conclusion

- ⇒ Business Model research is crucial to understand the concept of running a business in the internet of services
- ⇒ Business Model Ontologies help to understand possible future business-instances in the »Internet of Services«
- ⇒ SaaS and Platform-Providers took the first step and distilled the real business-potential from the “buzz”
- ⇒ Future business models in the »Internet of Services« will focus on partnership-component to provide a service through a business-network (value adding by 3rd party)

Thank you!

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www.itbusinessmodels.org
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