Service Business Model Design

Aalto Service Camp 2011

Dr. Risto Rajala
Research Director, Aalto University, Service Factory, the collaboration platform for service research and education of the Aalto University
Contents and learning objectives

- Challenges and basic approach for business model design
- “The business model of a firm” – definitions and key elements
  - A working definition for business model for developing service concepts
  - Business model design elements for a service business
  - What is needed to make the service a working solution?
  - How is the service to be launched and promoted?
- Revenue model as part of the business model
  - Understanding of the value of the service provided to the user
  - Actors and their motives in the business ecosystem
  - Other business models than those based on direct revenue
Users...

who are they?

- elderly people?
- children?

what is the value to the user?

- is there a global group of people that share a particular need?
- teenagers?
- are they for entertainment or practical utility?
- shoppers or social media users?
Partners... needed to make the service concept a working solution?

platform operators?

...and key actors...

infrastructure suppliers?

needed to make the service concept a working solution?

how is the service to be launched and promoted?

resource ownership or capability access?

other service providers?

non-monetary aims?
What is the business model...

- how is the value captured?
- other revenue models than direct revenue?

...and the revenue model...

- how does the market evolve?
  - from the service provider’s perspective?
  - what party is the actual service provider?
  - sale of business/customer base?
  - network effects?
Grand challenges in the service business

• why should firms consistently innovate business models that are different from their current ways of operation?

• how can firms renew their business models in the environment characterized by collaborative digital ecosystems?

• what are the future management challenges in service business model design?
Background for understanding service innovation

• major domain shift from a goods-centered into a service-centered logic in business (Vargo and Lusch 2004; Dong et al., 2008)

• transformation of organizations from a production-centric to a customer-centric operation (Gouthier and Schmid, 2003; Galbraith, 2005; Edvarsson et al., 2008; Martin et al., 1999)

• Users play a key role in service design and implementation (Blazevic and Lievens 2008)
Examples of the Aalto Service Factory thematic groups

- **Metropol**
  (demand-responsive urban transportation service)

- **Aalto Future Store**
  (research on new retail services)
THE METROPOL CONCEPT

an everyday transportation scenario using the mobile Internet
ANNA IS BUSY AT WORK.
REMINDER!
18:30
DINNER WITH LAURA
RESTAURANT BALI HAI
ISOROBER TINKATU 35, HELSINKI

SHE HAS TO LEAVE RIGHT AWAY TO GET THERE ON TIME.
TRAVELING 6.5KM IN CONGESTED CITY. PRIVATE CAR IS IMPOSSIBLE.
MATCH MAKER PREPARES THREE DIVERSE TRIP PROPOSALS FOR ANNA...
DRIVER INSTRUCTED TO GO AND PICK UP A NEW CUSTOMER.
YOUR STOP IS NEXT!
Estimated time to destination: 2 min

You are here!

Estimated arrival time: 18:31
Latest arrival time: 18:32

She can follow how her trip progresses.
ON THE FUTURE OF RETAILING
"It is hard to find things that really fit me and my values"
Design Target 1

We see entities.
We can buy entities.
Show what people buying this jacket also wear
Visioning the future of Retailing

Consumers can optimise their purchases: Online and offline become one
Issues to consider…

• major paradigm changes in the service business
• the building blocks and design of service business models
• future management challenges in the service business

(Based on a study conducted by Westerlund and Rajala, 2011)
Paradigm changes in service-intensive industries

Connecting information, knowledge and people through closed ecosystems and existing media chains

(Based on a study conducted by Westerlund and Rajala, 2011)
Towards "the global brain"

- **Informational connectivity**
  - High
  - Low

- **Information**
  - Knowledge bases
  - Open innovation
  - Open business models
  - Open source
  - Web 2.0
  - Business models
  - Social software
  - Semantic web
    - Knowledge diffusion
    - Access
    - Democratization
    - Learning
    - Collaboration
    - User-centric

- **Openness**
  - Connecting intelligence

- **Authority**
  - Connecting information

- **Values**

- **Social behavior**
  - Connecting
  - User-centric

- **Profits**
  - Connecting

- **Social connectivity**
  - High
  - Low

(Modified from Bernard et al., 2006; Albors et al. 2008)
New challenges in the socio-technical reality of service business model design:

Users are increasingly better informed vis-à-vis the service providers on the relevance of the service.

To what extent should the offering-providing systems be defined according to the client perspectives and how much on the client-independent criteria of “what the service is”? 

Aalto University
Service Factory
The rise of platforms

How do the socio-technical changes in the service system transform the rules of the game whereby sustained profitability is obtained?
From co-creation to co-learning

What capabilities need to be learned with the users?
How does the digitalization and collaborative nature of service processes affect the formation of offerings?
Openness of innovation

How to foster one’s innovation ecosystem? How to remain in business if much of the value creation is given out to partners?
Future avenues...

- design thinking boosts service business model development
- there are several methods for user-inspired service innovation
- open innovation has long-haul effects on the ways services are being developed
An example of the Aalto Service Factory thematic groups

- Service Design with and for Citizens
Service Design Workshops
Involving users in the innovation process

**Methods**

- Idea generation
- Scenarios, Trend cards
- Narratives
- Simulations
- Interviews
- Focus groups
- Design games

- Prototyping
  - Blueprinting
  - Customer journey
  - Network modeling
  - Process simulation

- Workshops
- Simulations
- Organization of development projects

- Interesting new areas of design – new methods

**Steps**

1. Users as innovators
2. Front-end
3. Co-design
4. Co-implementation
5. Co-production
6. Users as innovators
Exercise 1. – What do the users want?

• **Round 1: Identify a Need**
  – This need may be real or it may be dreamt up by you.
  – Where does the need exists? What is a relevant situation the need could be met?
  – What are the common characteristics of the individuals that share the need?

• **Round 2: Choose your Need**
  – Does the need exist across cultural and geographical areas?
  – What elements of the need remain unchanged, whether it be served locally or globally?
  – How will the need evolve in the course of time? Will it grow, transform, or be replaced by other needs?
The Business Model Concept

Dr. Risto Rajala, Aalto University, School of Economics
Focus on service business models

**INDIVIDUAL**
- experiences
- encounters
- lifestyle
- communality

**BUSINESS**
- needs
- perceived value
- cultural aspects
- design elements

**SOCIETY**
- well-being
- life span
- salience
- consumption

**PEOPLE**
- participation
- quality
- prerequisites
- skills

**PROCESS & TECHNOLOGY**
- service systems
- service channels
- efficiency
- capabilities & tools

**BUSINESS MODELS**
- motives
- loyalty
- cognition
- tribality

- offerings
- resources
- relationships
- revenue models
- organization

**INDIVIDUAL BUSINESS SOCIETY**
- motives
- loyalty
- cognition
- tribality

- service systems
- service channels
- efficiency
- capabilities & tools

- ecosystems
- digitalization
- infrastructure
- ubiquitousness

- sustainability
- social responsibility
- effectiveness
- globalization
- industry transitions

- needs
- perceived value
- cultural aspects
- design elements

- well-being
- life span
- salience
- consumption

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- industry transitions
Positioning the business model concept

(Rajala 2009, mod.from Hofer and Schendel, 1978; Wheelwright, 1984; Linder, 2000; Äijö, 2001; Pigneur, 2002)
Why is the concept needed?

- For visioning and navigation in the business environment
  - To clarify the business as a whole, not just one aspect of it
  - There is a need for tools that help to understand and manage the key attributes of successful service

- To manage the ways of creating and capturing value…
  - in complex webs of knowledge & technological bonds (Castells 1996)
  - when collaborative networks have an important role in creation of economic and social innovations (SMJ, Special Issue 2000), there is a need to demonstrate and advance one’s concept and logic of business
Business model vis-à-vis related concepts

- **Business Idea**
  - What?, To Whom?, How?
  - (Image?)

- **Business Strategy**
  - Means for achieving strategic objectives?
  - With what resources / input factors?

- **Business Plan**
  - A written description of the basic concepts how a company is aiming at putting its business idea & business strategy into operation.
  - Includes description of markets and needs, (+ development trends), competition, marketing plan, finances, product development plan, risks, strengths, opportunities & threats, etc.
An ontology for business models

**WHO?**
Who are customers, how to manage relationships with them?

**WHAT?**
What is the scope of products and services, its value for the customer, the capabilities to innovate?

**CUSTOMER RELATIONSHIP**

**PRODUCT INNOVATION**

**FINANCIAL ASPECTS**

**INFRASTRUCTURE LOGISTICS**

**HOW MUCH?**
What is the revenue model / profit model / cost model?

**HOW?**
How to organize infrastructure, its resources, the knowledge and the structure of costs, manage value activities and processes and build partner network to achieve performance?

An ontology for business models (Pigneur 2002)
## Business model definitions

<table>
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<tr>
<th>Authors</th>
<th>Definitions</th>
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<tbody>
<tr>
<td>Amit and Zott (2001)</td>
<td>“A business model depicts the design of transaction content, structure, and governance so as to create value through the exploitation of business opportunities”</td>
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<tr>
<td>Morris et al. (2005)</td>
<td>“A business model is a concise representation of how an interrelated set of decision variables in the areas of venture strategy, architecture, and economics are addressed to create sustainable competitive advantage in defined markets”</td>
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<tr>
<td>Shafer et al. (2005)</td>
<td>Business model is “a representation of a firm’s underlying core logic and strategic choices for creating and capturing value within a value network”</td>
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<tr>
<td>Tikkanen et al. (2005)</td>
<td>“We define the business model of a firm as a system manifested in the components of related material and cognitive aspects”</td>
</tr>
<tr>
<td>Westerlund et al. (2008)</td>
<td>“Business model of a firm spells out how the company generates revenue by specifying the nature of relationships with other actors as well as the firm’s position in its value-creating network”</td>
</tr>
<tr>
<td>Johnson et al. (2008)</td>
<td>“…a business model consists of a number of interlocking elements that, taken together, create and deliver value.”</td>
</tr>
<tr>
<td>Zott and Amit (2008)</td>
<td>Business model is a &quot;structural template that describes the organization of a focal firm's transactions with all of its external constituents in factor and product markets&quot;</td>
</tr>
</tbody>
</table>

(Rajala, R., Determinants of Business Model Performance in Software Firms, doctoral dissertation, HSE 2009)
A working definition

The business model of a firm can be defined as:

“a concise representation of how an interrelated set of elements – the offering, relationships, resources, revenue model and management mind-set – are addressed to create and capture value in defined markets”

(Rajala, R. 2009; Multanen, 2009)
Business model building blocks

1. Offerings
2. Relationships
3. Mindset
4. Resources
5. Revenues

(Rajala and Westerlund, 2008)
- **Relationships**: the customer interaction vs. the levels of service, socio-technical networks and intra-organizational & inter-organizational collaboration.

- **Offerings**: the service content, the whole value proposition and the solution how to use it to create value.

- **Resources**: capabilities and assets in the service production & delivery system, processes, knowledge, skills & organization.

- **Revenue models**: the elements of capturing value, which include pricing, revenue management, and service bundling.

- **Mindset**: the values, emotions, and attitudes of management, including cognitive, rational & emotional thinking and planning in which learning is a key driver of a firm’s innovation.

(Modified from Rajala and Westerlund, 2008; Multanen, 2009; Rajala, 2009)
Relationships
Types of relationships

- social
- transactional (provider – client, suppliers)
- collaborative (provider – client, partners)
- competitive
- hierarchical
- dyadic, multidimensional, asymmetrical
- …
Business environment has changed
From Value Chains...

Focus on supplier-customer relationships (within the value chain)

FC = focal company
S  = supplier
C  = client

Modified from Kemppainen et al. (2003)
... To Value Networks...

Focus on supply chain leaders (in a star-formed network)

FC = focal company
S = supplier
C = client

Modified from Kemppainen et al. (2003)
... and Encapsulated Value Networks

Focus on collaboration with complementary partners (in an encapsulated network)

Modified from Kemppainen et al. (2003)

FC = focal company
S = supplier
C = client
…emphasizing the **Roles & Utilities of various actors**

A winning business model interconnects:

- A beneficial service for customers
- A rewarding and knowhow-favourable work organization for employees
- Clear message and lucrative opportunities for potential partners
- Competitive business strategy in relation to competitors
- A profitable investment for owners

(Modified from Räsänen 1996)
Example: actors & relationships in a digital service ecosystems

Applied from Messerschmitt & Szyperski (2000)
How to gain a central position in a business ecosystem?

- Constant innovation activity
- Management of customer relationships
  - visibility to customers
  - management and utilization of customer base: gateway to customers in a network
- Brand management
  - strong brand image
- Attractive and well-defined business model
  - creation and development of trust
  - interest and motivation for strategic collaboration
resources
Which resources are needed?

- What do we need to get the service launched and workable?
  - capabilities, skills, technology…
  - a team with resources complementary to each other

- Do we need to possess the resources in our team?
  - access to resources might be better than resource ownership
  - capabilities and skills to use available resources is ever more important than resource ownership
Understanding resources in service innovation

**Goods logic**

**Resources as assets**

- Firm resources primarily as operand: *usually tangible, static resources that require some action to make them valuable.*

**Resource ownership**

- Resources are things that can be owned.
- Application of the term resource to people is inappropriate.

**Service logic**

**Resources as capabilities**

- Firm resources primarily as operant: *intangible, dynamic resources that are capable of creating value.*

**Resource access**

- Resources are things that can be accessed for a purpose.
- The notion of customers and people as resource is perfectly appropriate from an ‘access to capabilities’ perspective.

(Mod. from Vargo & Lusch, 2008)
Revenue models
The revenue model as a part of the business model of a firm

The business model is about:

- How does a business operate in practice?
- The manifestation of both business idea and business strategy in practice
- How does the firm aid its clients in and other actors in value creation?
- A specific combination of key elements of business

Revenue model is about:

- How does the business capture value?
- What are the sources of revenue?
- Pricing & cost structure,
- Lock-in effects, network effects
Underlying issues to be recognized in service revenue models

- Clients want to "get the job done"
  - functionality still drives service sales
  - pricing options and "licensing" becoming part of core features

- Total cost of use is more important than price
  - users want more value as costs and complexity rise
  - price bundling can give customers more "results" from less budget

- Control of use can bring customers and providers together
  - customer paying for use
  - provider charging for use

- IPR management is one part of pricing
  - affects business practices and competitiveness

Adapted from Geisman (2004)
Remarks on revenue models

- The importance of revenue models has increased in business planning.

- Efficient pricing can not be based (solely) on costs. Instead, costs determine the **volume** of profitable operation.

- In the consumer businesses, end-users are willing to pay for single services only in exceptional cases.

- Information is costly to produce but incredibly cheap to reproduce (follows from high fixed costs and low marginal costs!)

Pricing of an information-intensive offering should be based on its value, not cost.
Increased importance of pricing

- In some segments, price of information-intensive offerings are pushed to zero. Simultaneously, customers in some segments are willing to pay premium prices.

- Rapid technological change reduces profitability

- Fragmented needs and proliferation of offerings causes blurring of product and service offerings

- Increased demand for performed and additional services.

- Increased competition

Adapted from Geisman (2004)
Levels of revenue model considerations

### Strategic level
- In what businesses do we want to be involved?
- With what resources & cost structure do we compete?

### Business model level
- Focus on portfolio of offerings & sources of revenue
- What are our profit-makers and loss-leader offerings?
- What are our price quotation principles? (bundling, skimming, penetration, etc.)

### Operational level
- Focus on transaction-specific pricing issues
- How do we win deals?
- What are the determinants of a single price (value, elasticity, contribution margin, etc.)
Strategic level assessment

Pricing issues to be considered before the launch of a service:

1. Price differentiation?
   - Differentiate your offering (add value to your product proposition to distinguish yourself from the competition)
   - Personalized pricing (Sell to each user at a different price)
   - Versioning (Offer variations and let users choose)
   - Group pricing (Based on group membership/identity)

2. Cost leadership?
   - through economies of scale (by adding apples to apples) with multiple clients
   - economies of scope (by adding oranges to apples) with selected customers
Business model level assessment

- What is our revenue model?
  - What are the sources of revenue? (substitute & complementary services in the offering portfolio?)
  - Type of transaction? Contract period?

- What is our basic pricing principle?
  - Value-based? Contribution margin (cost) –based?
  - Compared to competitive market-based prices?

- Environmental factors?
  - How to foster an ecosystem?
  - Networking externalities, lock-in, switching costs, etc.
Pricing at the operational level

- Know your customer and personalize your service and pricing for the target group
- Provide variations - users choose version best suited to their needs
- Use promotions to measure demand
- Know your costs, but accomplish pricing according to users’ benefits rather than costs
- To discourage entry, avoid greediness and play tough and send signals about aggressiveness
Marketing perspectives on pricing

- Pricing is closely related to other elements of marketing.

- Aspects related to price in consumer markets include
  - vendor reputation, trust, reliability, amity
  - quality, experience of safety, level of service, etc.

- Objectives pursued by pricing
  - market share
  - response to competition (defending market share)
  - return on investment
  - image
Prevailing models for service pricing

- **Cost (\& contribution margin) –based pricing:** identify relevant costs, targeted contribution margin and understand how changes in sales will affect product's profitability. Furthermore, you should learn how to judge the likely impact of a price change on sales.

- **Value-based pricing:** as the definitive value and satisfaction of customers are hard to measure, you can use the *economic value-to-the-customer* by determining the customers' alternatives and setting your price below the total economic value (consisting of both *reference value* and *differentiation value*).

- **Market-based pricing:** evaluate what buyers in the market will pay and only then choose products to produce and markets to serve.
Role of Pricing

Cost-based Pricing

Product → Cost → Price → Value → Customers

Value-based Pricing

Customers → Value → Price → Cost → Product

Nagle & Holden (1997)
Value-based Pricing

- Identify value
  - Why and how do customers use our service?
  - How do customers want it provided & supported?
  - How do customers want to buy our service?

- Link price to value
  - Discuss value in customer’s own language
    (Revenues, growth, profits, ROI, ease of use…)
  - Present clear value proposition

- Present prices clearly
  - Keep service options & initial quote simple
  - Size-scale the deal reasonably
Key considerations in pricing decisions

1. Price sensitivity
   - The price sensitivities of buyers shift based on a number of factors and the pricing must shift with them.

2. Costs
   - Focus on your current and future (not historical) costs to determine the cost basis for your prices.

3. Competition
   - Pay attention to them, but don't copy them. When it comes to pricing, they may have no idea what they're doing.

4. Lifecycle
   - How you price, and what value you provide for that price, will change as you move through the lifecycle of your service.

Adapted from Geisman (2004)
Value-based pricing

How valuable are the benefits in monetary terms?

- Faster
- Cheaper
- Better

Money vs. Time

(MarketShare, Inc., 2004)
Price elasticity of demand

Price (Y)

Monthly sales (X)

Demand curve

$\frac{\% \text{ change in the rate of purchases}}{\% \text{ change in the price}}$
”Cost Laws”

– Costs are not sufficient basis for pricing, but affect the profitability at different volumes of operation

– “Once the first copy has been produced, costs are sunk and cannot be recovered”

– “Multiple copies can be produced (but not sold) at roughly constant per-unit costs”

– There are no natural capacity limits for additional copies of software, but marginal costs may rise

– “Information commodities don’t last… price pushed to zero!”
Production costs of digital services

- First-unit costs dominate
  - Sunk costs - not recoverable → do not focus costs in pricing decisions

- Variable costs small; no capacity constraints
  - In some services, profit margins exceed 90% of sales revenue

- Significant economies of scale
  - Marginal cost less than average cost
  - Declining average cost

(Shapiro & Varian 1998)
Cost structures in information-intensive business

AFC = average fixed costs

AVC = average variable costs

AC = average costs
Maximizing service provider’s surplus

Profit [the difference between total revenue (Supply x Price) and Average Costs (AC), as shown by the colored rectangle] is thought to be maximal in this perusal when the marginal cost (MC) equals price.
<table>
<thead>
<tr>
<th>Phase in Life Cycle</th>
<th>Introduction</th>
<th>Growth</th>
<th>Maturity</th>
<th>Decline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td>Brand development</td>
<td>Brand reinforcement</td>
<td>Brand repositioning</td>
<td>Brand modification</td>
</tr>
<tr>
<td>Brand objectives</td>
<td>Establish market position</td>
<td>Expand target market</td>
<td>Seek new market segments</td>
<td>Prepare for re-entry</td>
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<tr>
<td>Product strategy</td>
<td>Assure high quality</td>
<td>Identify weaknesses</td>
<td>Adjust size, package</td>
<td>Modify features</td>
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<td>Advertising objectives</td>
<td>Build brand awareness</td>
<td>Provide information</td>
<td>Differentiate from competition</td>
<td>Educate on changes</td>
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<tr>
<td>Distribution</td>
<td>Build distribution network</td>
<td>Solidify distribution relationships</td>
<td>Maintain distribution</td>
<td>Re-establish and deliver new version</td>
</tr>
<tr>
<td>Price</td>
<td>Skimming or penetration strategy</td>
<td>Meet competition</td>
<td>Use price deals</td>
<td>Maintain price</td>
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</table>

**Product Marketing Life Cycle**

- **Source:** Adapted from Cravens 1987
Business model lifecycle

Revenue model

- **Skimming or Loss-leader pricing**
  - Innovators
- **Various alternatives for Licensing & Hybrid / Media model**
  - Early Adopters
  - Early Majority
  - Late Majority
- **Support selling, Accessorizing, Brand licensing, Franchising, etc.**
  - Laggards
## Indirect revenue models

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<td>Support selling</td>
<td>Revenue comes from media distribution, branding, training, consulting, custom development, and post-sales support for physical goods and services.</td>
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<tr>
<td>Loss-leader</td>
<td>Complementary offerings, e.g. other software products</td>
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<td>Accessorizing</td>
<td>Supplementary offerings</td>
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<tr>
<td>Service enabler</td>
<td>Service fees</td>
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<tr>
<td>Brand licensing</td>
<td>Copyright compensations</td>
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<tr>
<td>Sell it, Free it</td>
<td>Initial revenue from service offerings converted into other models, e.g. the loss-leader model</td>
</tr>
<tr>
<td>Franchising</td>
<td>The franchiser supplies franchisees with training and related services in exchange for franchising fees of some sort</td>
</tr>
</tbody>
</table>

(Modified from Hecker 1999 and Välimäki 2005)
Exercise 2. – A business model in brief

Define your business model

- Use the business model canvas (by A. Osterwalder, 2009)

Identify the building blocks of your business model

- Build the offering on an identified Need or Purpose in a given situation
- Try to identify the essential actors in the ecosystem
- Generate a range of different possible revenue streams
### A business model canvas

<table>
<thead>
<tr>
<th>PARTNER NETWORK</th>
<th>KEY ACTIVITIES</th>
<th>OFFER</th>
<th>CUSTOMER RELATIONSHIPS</th>
<th>CUSTOMER SEGMENTS</th>
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<th>DISTRIBUTION CHANNELS</th>
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<th>COST STRUCTURE</th>
</tr>
</thead>
<tbody>
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<table>
<thead>
<tr>
<th>REVENUE STREAMS</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

(Framework by A. Osterwalder, 2009)
An example: a long-tail business model

<table>
<thead>
<tr>
<th>PARTNER NETWORK</th>
<th>KEY ACTIVITIES</th>
<th>OFFER</th>
<th>CUSTOMER RELATIONSHIPS</th>
<th>CUSTOMER SEGMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>content producers</td>
<td>match-making</td>
<td>platforms for niche products and services</td>
<td>online interaction &amp; communities</td>
<td>large breadth of niche segments</td>
</tr>
<tr>
<td>communities of interest</td>
<td>platform management</td>
<td>focus on match-making</td>
<td>DISTRIBUTION CHANNELS</td>
<td></td>
</tr>
<tr>
<td></td>
<td>platform breadth &amp; reach</td>
<td></td>
<td>online and information rich channels</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>COST STRUCTURE</th>
<th>REVENUE STREAMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>platform development &amp; maintenance</td>
<td>selling little of more</td>
</tr>
</tbody>
</table>
Further considerations...

The business model concept, tools and frameworks can be used

- as a basis for developing business plans
- to analyze the outcomes of key business decisions
- to develop a well-balanced service strategy and offering portfolio
- to analyze the likelihood to succeed and estimate required efforts
- in search of fitting business partners and financiers
Thank you.

Dr. Risto Rajala
Research Director, Aalto University, Service Factory
risto.rajala@aalto.fi
For more information on the business model construct, see

- Doganova & Eyquem-Renault 2009 What do business models Research Policy 38, 1559–1570
Service Factory

Aalto Service Factory is an open collaboration platform for service research and education of the Aalto University. It seeks long-term impact through influential research projects and contributes to the development of the global service economy by disseminating state-of-the-art research work. Service Factory also coordinates service-related educational activities of the Aalto University and promotes industry-academy collaboration in service innovation and development. Internationally, Service Factory collaborates with leading institutes and companies in the fields of service research and development.

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Service Factory, Media Factory and Design Factory are platforms for multi-disciplinary collaboration combining the expertise of the different Aalto University schools in the fields of services, media and product development. The Factories are designed to facilitate new forms of collaboration in an environment where academic teams, researchers and students work together with companies and communities.

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