A DYNAMIC BUSINESS MODEL FRAMEWORK FOR EMERGING MOBILE SERVICES

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In a world where consumer electronics (CE), information technology (IT), telecom, and media are converging, tremendous opportunities for (user centric, demand based, and context aware) mobile services and accompanying innovative business models are emerging. With increasing marketplace dynamics, rapid technological developments, the deconstruction from mobile services value chains to mobile services value networks, and the entrance of new players, the ability to imagine and combine different, formerly separated, technological capabilities in order to facilitate new and valuable user experiences based on innovative business models will be a key factor (Galli et al., 2005). According to the Economist Intelligence Unit (2005), the companies that best understand the dynamics of these changes and adapt fastest to the emerging business landscape with innovative and adaptive business models will be the likeliest to prosper. Therefore, companies are coming to view the ability to innovate with business models and revise them regularly as equally if not more important than innovation in products or services.

Problem description: Despite the promising opportunities, it is still unclear how sustainable business models of 3G+ services will look like: as a result of the radical transformations within the mobile services industry, many tested business models, as well as related frameworks, tools and techniques, have become obsolete (Li and Whalley, 2002; Ballon, 2004). Besides, most industry players lack the resources and capabilities to exploit new mobile services by their own (Haaker et al., 2004): to be able to provision such services, co-operation between different stakeholders in subsequent phases of development, roll out and exploitation will be necessary. This means that business models of these stakeholders not only have to be balanced at the outset, but should be balanced and are expected to be revised in all phases, from development to exploitation. Also this need for balancing business models of multiple actors isn’t incorporated in current business model theory and research is still limited to few examples (Maitland et al., 2005). Whereas in practice we see business models, especially in a dynamic industry like the mobile services industry, change over time, literature, with a few exceptions (Bouwman & Van den Ham, 2003; MacInnes, 2005; Vaccaro & Cohn, 2004), still takes a static view on business models.

Objective: The objective of this paper is to propose a dynamic business model framework for 3G+ services, which should help nodal actors within value networks in subsequent venturing phases to create value for end users, for themselves as well as for their first (and second) tier partners in the value network. More specific, the framework should help analyzing as well as governing business model dynamics of 3G+ services.

Approach: Based on a literature review of business models, value networks, and related dynamics, we will further develop and extend our current framework for 3G+ service business models (see
Haaker et al., 2004). Therefore, the framework that currently comprises of service, technological, organizational, and financial components will be extended with life cycle and venturing phasing concepts and with an approach for high level analysis of (external) market place dynamics like technological developments and market opportunities and (internal) business model dynamics like scalability and changing organizational arrangements. The framework will be used to analyze two cases of innovative mobile services that have been collected in our ongoing research projects B4U, FRUX, and MobiLife (two Dutch and an European project on future mobile services). In the paper we will present our major results. We conclude that having a dynamic view on business models seems to be valuable. However, more research is needed in order to improve, extend, and test the value of our framework in practice.

Literature