

Lesson 3

Business Model Innovation

Business Model Innovation

- Refers to development of new, unique concepts supporting an organization's financial viability, including its mission, and the processes for bringing those concepts to fruition

Business Model Innovation Primary Goal

- To realise new revenue sources by improving product value, and how are the products delivered to customers.

Business Model Need Of Innovation

- New access path to the businesses and direct interaction with the customers easy and existing
- The access becoming fast and easy
- New communication channels now fast due to uses of Internet, more powerful with low cost of computers, mobile communication and cloud computing.

Business Model Need Of Innovation

- Direct interactions at lower costs, therefore the channels to reach customers need modifications in the marketing channels deployed earlier.
- Customers having faster and multichannel information access and better search options.

Business Model Need Of Innovation

- Business transactions becoming easier and partly automated.
- Information about customers becoming valuable asset
- New price models need to be worked out in wider ICT usages environment making prices highly competitive

Business Model Need Of Innovation

- Building up of decentralised models with the customer at centre stage
- Business models now have to be customer-centric
- Flexible value chain model which reacts fast, with varying customer requirements.
- Needed faster introduction of new products and new portfolio strategies due to better search options with the customers

Design For Internet based Railroad predictive analytics and Maintenance Scheduling	Design By IIoT Products Design Company	Day dd Month mm Year yy
		Canvas No xxxxxxx.

Key Partners • Railroad Maintenance Service	Key Activities Sensing using network of ultrasonic sensors for railroad bed faults detection, Predictive Analytics, Scheduling of Maintenances	Value Proposition Customised Reliability for 24× 7 Sensing of railroads, and maintaining the Sensors networks, Gateway Servers and Central Servers and operations	Customer Relationships Efficient and reliable Services	Customer Segment Railways Maintenance Service
Key Resources • Ultrasonic sensors network, Internet, Descriptive, prescriptive and Predictive Analytics Software		Channels None		
Cost Structure Turn key Installation, Operations and Maintenances for Sensors Installations, Gateway Servers, and Central Server and Software developing and Maintenance		Revenue Streams • Customisation Fee and annual fees for Software and hardware maintenance		

Fig. 11.4 Offering Internet based railroad predictive analytics and Maintenance Scheduling due to Internet-based operations as business model innovation with uses of IoT, data analytics and visualisation technologies

New Business Model Innovation

- Shift to the creation dimension by use of key resources shown in the figure.
- The uses of new technologies and communication channel provide fast real time sensors network, data collection and analytics
- Becoming a decisive factor for successful business

Business Model Five innovation drivers (Capgemini Consulting)

1. Customer neighbourhood production units for fast deliveries and local sales, and Customer involvement from the beginning
2. Revenues from new sales instead of maintenance
3. Decentralized production and service
4. Client contribution, open source design and procurement
5. Significantly reduced capital expenditure

Summary

We learnt

- Business model innovation refers to the development of new, unique concepts
- Business model innovation must in new era shift from interaction dimension to the creation dimension.
- Business Model five innovation drivers

End of Lesson 3 on Business Model Innovation