Exploitation Strategies in the COIN Project

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Business Models in COIN
Identifying business models through value chain analysis

» The COIN IP is typical of many large research projects:
  » It is a collaboration of academia, industry and users
  » It is multidisciplinary
  » Different organizations have developed different technologies and components
  » Each organization has a different perspective
  » The value chain is large and complex and requires a collaboration to provide end to end

» In order to identify possible business models a technique was used to help identify, contrast and compare different possible ideas.
The Starting Point

» When starting the business modelling process there were diverse opinions as to the options: Software as a Service? Open Source?

» There were different ideas as to what constituted the COIN system. Was it everything? Was it just the core platforms?

» What was the value chain of the system? Each participant had a value chain based on their vision of the technology?

» Amidst all the different viewpoints there was a unified base – just how to express it?
A Structured Approach

» Step 1: Discern the generic value chain for the system
» Step 2: Elaborate business scenarios using the value chain
» Step 3: Develop each scenario to a working exploitation model
» Step 4: Select and develop final model(s) into business plans
Step 1: Discern the generic value chain

» Identify all the value activities in the system
» Map them in parallel or in sequence
» Consider major components as activities

» Some rules:
  » Don’t prejudice the result by making a chain fit a business model or idea.
  » Separate activities which can be delivered by different companies or to different actors.
  » Separate activities which could be charged for under different models
  » Stretch the value chain from end-to-end, one activity beyond the sphere of influence of the system.
  » Be as detailed as possible – you can always simplify later
Step 1: Discern the generic value chain

- Service creators
  - Commercial EI / EC SPs
  - Free EI / EC SPs (SP = service provider)
- Hardware Provider
- Infrastructure Provider
- 3rd party platforms
  - Service discovery
  - …
  - Service provision
  - …
  - Service Invoking
- Prosumers
  - COIN AP front end
  - COIN VA platform
  - COIN SU platform
  - COIN Management
  - COIN Marketing & Sales
  - …
- IT Providers
  - Consultancy
  - Training
- Service consumers
- Users’ clients
- Resellers
Step 2: Elaborate business scenarios

» What is a business scenario?
   » Consider that a business scenario is an element, a subcomponent of a business model.
   » A business model may be made up by multiple value propositions to multiple clients and therefore multiple scenarios:

» A traditional newspaper has one value proposition to readers: “provision of news” and another to advertisers: “delivery of audiences”.
» In our terminology each would be a distinct business scenario – although the final business model is a combination.
Step 2: Elaborate business scenarios

» 1. Select a value activity and consider that this is your selling point. This is where your revenues are generated. This is what users – conceptually – at least are buying.

Call these **REVENUE ACTIVITIES**

» 2. In order to provide this as the selling point, what else do you have to provide in order to fulfil the value proposition of the selected activity?

Call these **COST ACTIVITIES**

» 3. Does the business scenario place rest on 3rd parties providing other activities or are these fairy trivial to the scenario?
Step 2: Elaborate business scenarios (key)

- **Main Activities of Project Exploiters**
  - Revenue Activity
  - Cost Activity

- **Activities of 3rd parties**

  3rd party activity not central to scenario definition
Step 2: Scenario 1

Prosumers

- 3rd party platforms

Service creators
- Commercial EI / EC SPs
- Free EI / EC SPs (SP = service provider)

Hardware Provider
- Infrastructure Provider

Service discovery
- Service provision
- Service Invoking

COIN AP front end
- COIN VA platform
- COIN SU platform

COIN Management
- COIN Marketing & Sales
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Consultancy Training

IT Providers

Service consumers

Users’ clients

Resellers
Step 2: Scenario 2
Step 2: Scenario 3

Prosumers

3rd party platforms

Commercial EI / EC SPs
Free EI / EC SPs (SP = service provider)

Service creators

Hardware Provider

Infrastructure Provider

Service discovery
Service provision
Service Invoking

COIN AP front end
COIN VA platform
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COIN Management
COIN Marketing & Sales

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Step 2: Scenario 4
Step 2: Scenario 5

![Diagram showing the flow of service discovery, service provision, and service invoking involving Prosumers, 3rd party platforms, IT Providers, Service consumers, Users' clients, Consultancy Training, Resellers, COIN AP front end, COIN VA platform, COIN SU platform, COIN Management, COIN Marketing & Sales, COIN Bank, Service creators, Hardware Provider, Infrastructure Provider, Commercial EI / EC SPs, Free EI / EC SPs (SP as service provider).]
Steps 3&4: Towards a Business Plan

» As can be seen from the previous few slides, this structured approach resulted in several business scenarios which merited more investigation.

» In total 8 scenarios were identified, to pass through to step three where they were developed further using standard exploitation tools and methods.

» A final model, incorporating two business scenario elements is being considered as the optimal solution for a COIN ecosystem in the 2020 vision and the project is developing a formal business model description for this.