IT as driver for new Business Models
Burnrate

Who would you rather be?
Dot-com bubble burst

2000
Osterwalder also works in IT
An example New Business

- 15 yrs young
- Ambition: to make available all information on Earth
- Business model defined after 5 years
- Market capitalization is starting to equal Microsoft’s
- Everybody’s new common enemy (used to be MicroSoft)
- Many innovations through acquisitions
  - Google Earth
  - Gmail
  - Etc.
- Moving away from the 10% rule
## Google Business Model

### Key Partners
- Distribution Partners
- Open Handset Alliance
- OEMs (for Chrome OS devices)

### Key Activities
- R&D – Build New Products, Improve Existing products
- Manage Massive IT Infrastructure

### Key Resources
- Datacenters
- IPs, Brand

### Value Propositions
- Web Search, Gmail, Google+
- Targeted Ads using Adwords (CPC)
- Extend Ad campaigns using Adsense
- Display Advertising Mgmt Services
- OS and Platforms – Android, Chrome OS
- Hosted web-based Google Apps

### Relationships
- Automation (where possible)
- Dedicated Sales for large accounts
- Global Sales and Support Teams
- Multi-product Sales force

### Customer Segments
- Internet Users
- Advertisers, Ad Agencies
- Google Network Members
- Mobile device owners
- Developers
- Enterprises

### Cost Structure
- Traffic Acquisition Costs
- R&D Costs (mainly personnel)
- Data center operations
- S&M, G&A

### Revenue Streams
- Ad Revenues – Google websites
- Ad Revenues – Google n/w websites
- Enterprise Product Sales
- Free

www.businessmodelgeneration.com
Value propositions

Stacking
Key activities

Leveraging
Key activities
Leveraging

hackerone
Key activities

Leveraging

- Free mobile
- Free CD Radiohead
- Free demo software
- Free web service
- Free club entrance
- Free drugs
- Free google search
Key activities

Matchmaking
Key activities

Sharing
Key activities

Matchmaking and sharing
Channels

Worldwide access to niches
Customer relationships

Customer intimacy

Books:
1. Groundswell
2. Enterprise 2.0
3. Twitterville
Customer segments

Niches

• Thanks to the internet:
  – Smaller markets become addressable
  – Lower marketing & distribution costs
  – More choice

• Results in:
  – Decline in “best sellers”
  – More items
  – Higher total volume
  – Market growth
Key Resources

Personalisation / Resources are global

\[ \text{N = 1} \]

\[ \text{R = G} \]
Cost structure

Online costs vs costs in the physical world

- Production
- Marketing & Credibility
- Sales
- Distribution
- Business Model

Example

Music industry

Source: David Byrne (Talking Heads) in Wired
In the Next Industrial Revolution, Atoms Are the New Bits

• Mid-30s: Big organisations exist to minimize transaction costs (Ronald Coarse)

• Now: transaction costs are much lower

• Cost of overhead and bureaucracy much less offset
Key partners

Business ecosystems

Local value creation

Local tax and rental revenues are reinvested in education, infrastructure and culture.

Source: German Wind Energy Association (BWE), 2012
Revenue streams

Advertising & transactions
Key resources

Crowdsourcing
Transition
Transition?
KEEP CALM
BECAUSE THE WINNER TAKES IT ALL
Thank you
Any questions?