Business Models for Digital Platforms: Why Should Engineers Care?

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Session Plan

1. CTM & the Networked Digital Industry (NDI)
2. Thinking about Business Models?
3. Application to Fixed-Mobile Convergence
CTM Activities

Research

Events

Executive Roundtables

U-NDI Workshops

Education

Executive

Speak & Spark Events

View from the Top

2 MBA Courses on NDI (Fall & Spring)
CTM’s VISOR Business Model Framework

Omar El Sawy
Professor & Director of Research
1. What is a Business Model?

Pick the right one and you can make a fortune…!
What is a Business Model?
What is a Business Model?

**Business Model**

Wireless Music: Licensing to advertising, power utilities
Greenstar Textures: textile, commercial design
Premier Artist: guest musicians, advertiser-supported
The Greenstar Experience: streaming media subscription

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*El Sawy – Viterbi*
What is a Business Model?

- Advertising Model!
- Pay Per View!
- Monthly Subscription for Premium Services!
2. New Marketspaces in the NDI
Convergence Collisions in the NDI

Collisions of Business Models
(who owns customer, partnering, revenue sharing, branding, ..)

Collisions of Service Platforms
(Cable vs. DSL, WI-FI vs. GSM, packet vs. switched, which device, ..)

Collisions of Content Offerings
(productivity or community, how will we bundle, ..)

Collisions of Cultures
(telco vs servco, IT vs. telecom, SME vs. gorilla, ..)

New Collaborative Ecosystems

El Sawy Atarbi
This is not your father’s telecom marketspace ….

New Ways of Doing Business!

New NDI Ecosystems!

New Players!

New Products & Services!

Disruptive Technologies!

New Partners!

New Cultures!
This is not your father’s telecom marketspace ....

How can we Accelerate the Process by which EcoPartners Come Together to Unlock the Hidden Value in the NDI Marketspace through Better Business Models?
We needed ....

- A **common language** and framework by which we could discuss together business models

- An understanding of the **multiple elements** that in balance have to work together in **viable configurations** for successful business models

- A framework that takes into account a **partnering ecosystem** & helps identify new business models

- A **simple** framework that we can use to assess the **viability of new business propositions**
3. CTM VISOR Business Model Framework

The VISOR Framework for NDI Business Models

- Value Proposition for Targeted Customer Segment
- "Wow" Interface Experience
- Organizing Model for Processes & Relationships
- Service Platforms to Enable Delivery

Revenue/Cost Model Calculations for All Partners
Think about Success of the iPod …

Value Proposition for Targeted Customer Segment

Revenue/Cost Model Calculations for All Partners

Organizing Model for Processes & Relationships

Service Platforms to Enable Delivery

“Wow” Interface Experience

Think about Success of the iPod …
Think about the RIM BlackBerry ..

- Value Proposition for Targeted Customer Segment
- Revenue/Cost Model Calculations for All Partners
- Organizing Model for Processes & Relationships
- “Wow” Interface Experience
- Service Platforms to Enable Delivery

El Sawy – Viterbi
Think about the Future of IPTV..

Value Proposition for Targeted Customer Segment

Revenue/Cost Model Calculations for All Partners

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Organizing Model for Processes & Relationships

Service Platforms to Enable Delivery

El Sawy – Viterbi
Think about the Future of IPTV ..

Value Proposition for Targeted Customer Segment

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“Wow” Interface Experience

Organizing Model for Processes & Relationships

Service Platforms to Enable Delivery

El Sawy – Viterbi
A Business Model is Connected to --- but not the Same as Strategy !!

Business Model is an Operational Model

Competitive Strategy

- Positional Advantage
- Capability Advantage
- Dynamic Movement Advantage
- Partnering Advantage

Environmental Turbulence !!

El Sawy – Viterbi
Keeping a User Perspective on the VISOR Model Works Best …!

Value Proposition for Targeted Customer Segment

Revenue/Cost Model Calculations for All Partners

Organizing Model for Processes & Relationships

“Wow” Interface Experience

Service Platforms to Enable Delivery

El Sawy – Viterbi
Analyzing Influences & Flows in VISOR Framework

- **Flow of product/service**
- **Flow of money**
- **Influences**

**Interface**

- **Value Proposition**
- **Service Platform**
- **Organizing Model**
- **Revenue/Cost Sharing**

**Customer**

**Partners**
… and just in case you think you had logically figured out the User’s Value Proposition…
Example of using VISOR Framework for New Initiative

**Network Service Provider Initiative for Enterprises in Region X**

**VALUE PROPOSITION**

“My-Network” with personalized on-demand anywhere access for both corporate and personal access while maintaining security & billing separability

**INTERFACE EXPERIENCE**

“Wow” easy interface with subscribable and embedded attributes. Flexibility and configurability in supporting business processes, seamless integration, and cultural adoption ease. Learnable with least astonishment.
Example of using VISOR Framework for New Initiative

**Network Service Provider Initiative for Enterprises in Region X**

**SERVICE PLATFORMS**

Software as a Service model (SAAS) based on SOA. Platform portability that is geographically agnostic & transferable within enterprise, supply chain, and ecosystem. Platform allows for brandability, digital rights management, and language translation. QOS focus on security and reliability.

**ORGANIZING MODEL**

Focus on three industries and their ecosystems. Establish open source digital hub for business process models. Partner with 3rd party providers in each ecosystem niche.
Example of using VISOR Framework for New Initiative

Network Service Provider Initiative for Enterprises in Region X

REVENUE/COST SHARING

Pay-per-use model for users with micro-payments. Generous percentage commission for 3rd party application developers and content providers. Donations to cure world poverty in third world for all open source contributions.
Questions ??

What were we thinking?
Thank You for Your Attention!