MOBILE COMMERCE

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Mobile Business Models

NM-AIST

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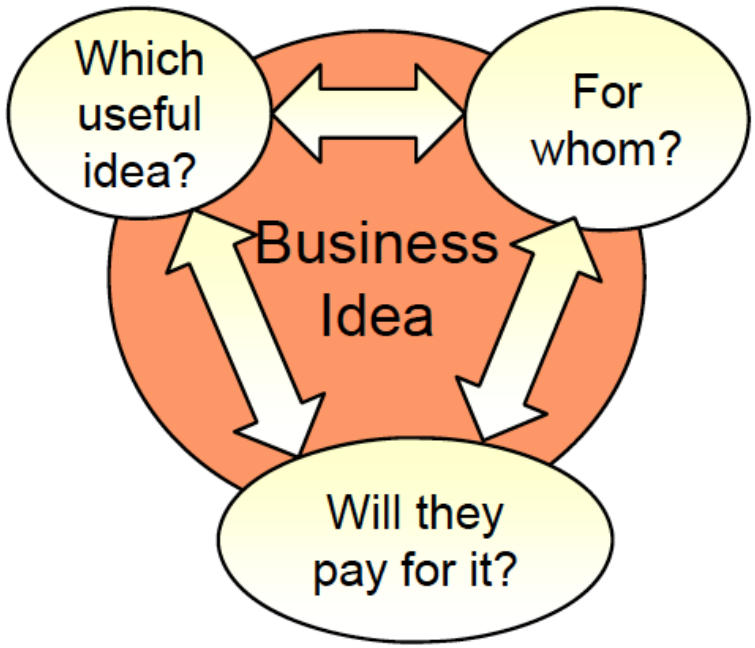
Learning Objectives

- Know primary and secondary value added activities in MC as well as their actors and their characteristics.
- Knowing and applying revenue model systematics.
- Explain the extension of the theory of informational added value through the concept of mobile added value.

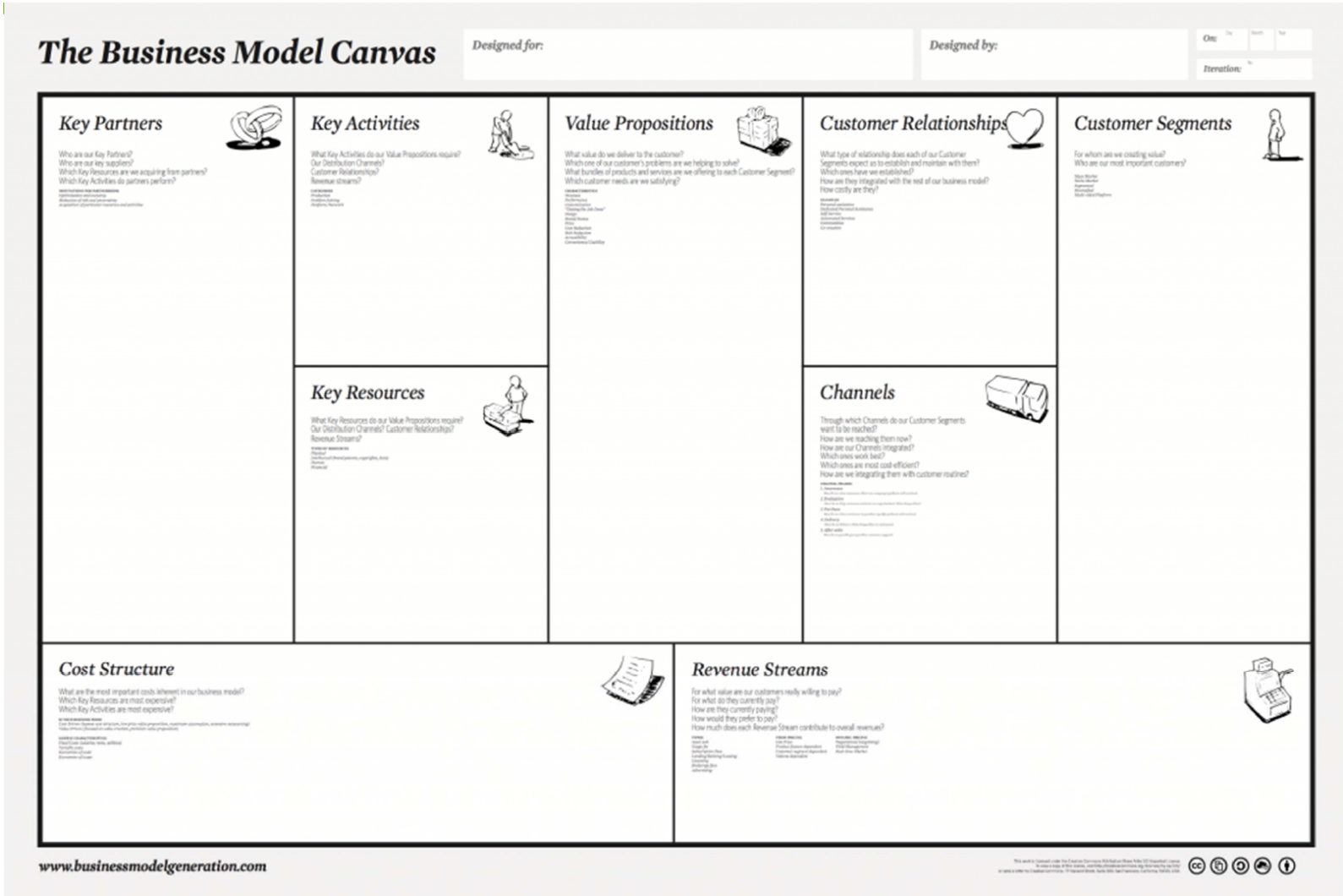
Mobile Business Models

Business Model

- Abstract description of a business idea (how does it work?)
- Question: Can the business idea lead to success?
  - Value contribution: Which values can be created and for whom?
  - Customer segments: Which customer group should be addressed?
  - Sources of revenue: Who is willing to pay for the planned offer?



Business Model Canvas



Classroom Discussion

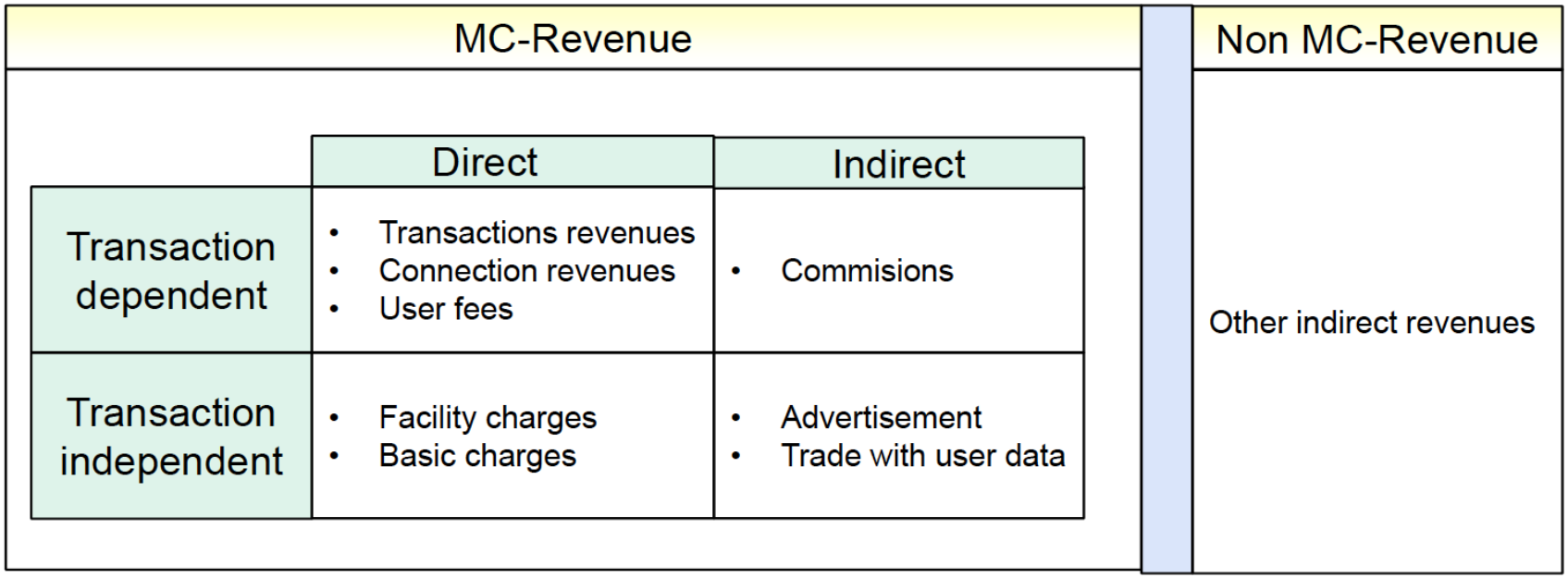
Use the Business Model Canvas and analyse the product (not yours)

- Key partners
- Key activities
- Value propositions
- Customer relationships
- Customer segments
- Key resources
- Channels
- Cost structure
- Revenue streams

Revenue Model

The Revenue Model is that part of the business model, in which it is described ...

- ...from which sources incoming payments are made up to what extent
- ...and how these are distributed



Revenue Sources

Direct revenues

- Source: User of the offered service (without the intermediary of a third party)
  - Direct transaction revenues
  - General fees

Indirect revenues

- Source: third party
  - Commissions
  - Advertising and sponsorship revenue
  - Selling of data about customers / users

Additional revenues : Outside of the MC

Kinds of Revenue

Transactional revenues

- Revenues due to individual marketable transactions
- Interaction between users and companies
- Examples:
  - Fees per use (payed by user or sponsor)
  - Commissions

Non-transactional revenues

- Revenues are not due to individual transactions
- Examples:
  - Basic / flat / facility fees
  - Flat-rate advertising or sponsorship

General Concept of Added Values

Informational added value (IAV)

- What actual added value does the user get?
  - Provider, customer, third party involved

Electronic added value (EAV)

- Typical properties of electronic solutions that lead to IAV
  - "What can EC do that a non-electronic solution cannot?"

Mobile added value (MAV)

- Typical properties of mobile solutions that lead to IAV
  - "What can MC do that an EC solution cannot?" (and a non-electronic as well)

What are Informational Added Values - IAV ? (1/2)

Innovative added value

- Enabling completely new or novel products and services

Added value with efficiency impact

- Faster, cheaper and / or easier implementation of existing services
  - "To do things right"

Added value with effectiveness impact

- Possible new way to achieve predetermined goals
  - "To do the right things"

Aesthetic-emotional added value

- Increased well-being, acceptance of performance and job satisfaction

What are Informational Added Values - IAV ? (2/2)

Flexibility added value

- Higher degree of flexibility, e.g. in the creation of better, more accuracy “information products” and services

Organizational added value

- Enabling new or improved organizational structures and process organization by Internal Control System (ICS)

Strategic added value

- Occurs when a competitive advantage can be created on the basis of other added values

Macroeconomic added value

- Structural change in work, business and society, triggered by other added values

What are Electronic Added Values - EAV ? (1/2)

Reduction of temporal and certain spatial restrictions

- Mostly availability of offers for providers and consumers regardless of location or time
- Often transport of digital data instead of physical objects

Multimedia and interaction

- Use of the electronic/digital presentation potential
- Personalized offers
- Combination of several media types simultaneously on the same communication channel

What are Electronic Added Values - EAV ? (2/2)

Uniformity of access

- "Easy", similar, and equal access rights for all economic entities
- Possibility of anonymous access

Reduction of technical restrictions

- Uniform communication standards and data presentation
- Openness through independence of the protocol from different hardware and software platforms
- Avoidance of media breaks
- Transparency of distribution

What are Mobile Added Values - MAV

Typical properties of mobile solutions that arise from the emergence of MC-specific informational added values

- Ubiquity
- Context-sensitivity
- Identifying functions
- Telemetry functions (command and control functions)

Ubiquity

Location independence

Availability - from the customer's perspective

- EC eliminates temporal and sometimes spatial restrictions.
- MC eliminates all temporal and spatial restrictions: Action and Reaction with minimal delay.

Accessibility - from the provider's perspective

- ... of the target group via mobile devices - Distribution of the mobile phone in the population - Emotionally predominantly positive, associated with modernity
- ... of the individual at any time and in any place - Mobile phones are an integral part of many users' lives today - Permanent availability as a social requirement of today's society, mobile phones are often a prerequisite for social acceptance.

Context Sensitivity

Personalization

- Specific offers through user profiling
- User specifies preferences himself (self-profiling)
- System profiles the user from his/her “behavior”

Interactivity

- Specific offers through direct information exchange
- Immediate reactions from both sides are possible

Localization

- Specific offers by locating the user: “location-based services”
- Specific offers by locating other users

Identifying Functions

Device can technically be uniquely identified

- IMSI (stolen devices can also be identified via IMEI) - User can be identified via the device in use
- Device and user typically assigned 1:1 - For many applications, the “ownership” criterion is already sufficient
- Additional authentication can be achieved by PIN

Mobile signatures are possible

- Mobile devices offer potential for realizing increased security requirements
- PKI, dual-slot / dual-card technologies, biometrics

Command and Control Functions

Mobile device as a universal “command center”

- Monitoring and operation of (internet) applications and electronic / electrical devices of all kinds
- Telemetry and Remote Control

Transmission over all types of wireless communication

- BAN / PAN / LAN / WAN

Importance through alliance with

- Property of omnipresence
- Unified communication technologies in target devices
- Coordination of various events and functions
- Automation through the possibility of rule-based communication (also with other users’ mobile devices)

Location Based Services (LBS)

Location Based Services (LBS) are those services ...

- ... which are made available via mobile electronic communication technologies (typically mobile radio)
- ... the current location of one (or more) users must be known for execution
- ... where the execution depends on the location or the local environment

Locating instance

- Mobile device is located (tracking)
- Mobile device locates itself (positioning)

Location Method

Manual place entry

Specialized location system

- Localization inside buildings - Location of badges by infrared, radio, ultrasound
- Precise location outside of buildings - Satellite navigation

Within a wireless communication network

Classroom Discussion

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- Revenue streams

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VERY LARGE
BUSINESS APPLICATIONS