

MOBILE COMMERCE

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Mobile Business Models

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Learning Objectives

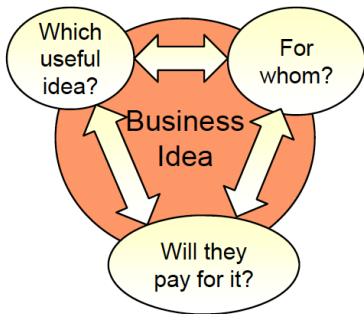
- Know primary and secondary value added activities in MC as well as their actors and their characteristics.
- Knowing and applying revenue model systematics.
- Explain the extension of the theory of informational added value through the concept of mobile added value.



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

The Business Model Canvas

Designed for:

Designed by:

Date:

Iteration:

Key Partners Who are our Key Partners? Who are we relying on? What roles/resources are we acquiring from partners? What Key Activities do partners perform? <small>Examples: Distribution partners Co-branding partners Complimentary services providers Infrastructure providers Suppliers Technology providers</small>	Key Activities What Key Activities do our Value Propositions require? (Our Distribution Channels) Customer Relationships? Revenue Streams? <small>Examples: Production Manufacturing Procurement Logistics Sales and marketing Service</small>	Value Propositions What value do we deliver to the customer? What features of our customer's problems are we helping to solve? What bundles of products and services are we offering to each Customer Segment? What customer needs are we satisfying? <small>Examples: Newness Performance Customization Price Convenience Accessibility Design Integration Support Risk-reduction Safety Social status Time savings Usability Warranty</small>	Customer Relationships What types of relationships does each of our Customer Segments expect as we interact and transact with them? What roles have we envisioned? How are they integrated with the rest of our business model? How are we being? <small>Examples: Personalization Convenience Self-Service Community Co-creation Customization Guidance Incentives Personalization Proximity Publicity Ritualization Status Support Trust Virtualization</small>	Customer Segments For whom are we creating value? Who are our most important customers? <small>Examples: Mass Niche Segment Market Segment</small>
Key Resources What Key Resources do our Value Propositions require? (Our Distribution Channels) Customer Relationships? Revenue Streams? <small>Examples: Channels Human resources Infrastructure Intangible assets Physical assets Technology</small>		Channels Through which Channels do our Customer Segments want to be reached? How are we reaching them now? How are we reaching them next? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer routines? <small>Examples: Direct sales Partners Retailers Sales force Self-service Social media Telemarketing Website Wholesalers</small>		
Cost Structure What are the most important costs inherent in our business model? What Key Resources are most expensive? What Key Activities are most expensive? <small>Examples: Human resources Infrastructure Intangible assets Physical assets Technology</small>		Revenue Streams For what value are our customers really willing to pay? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenue? <small>Examples: Advertising Assets Commodities Data Fees Licensing Licenses Logistics Manufacturing Marketing Media Operations Physical products Services Software Support Technology Transportation Virtual products Warranty</small>		

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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

MC-Revenue			Non MC-Revenue
	Direct	Indirect	Other indirect revenues
Transaction dependent	<ul style="list-style-type: none">• Transactions revenues• Connection revenues• User fees	<ul style="list-style-type: none">• Commissions	
Transaction independent	<ul style="list-style-type: none">• Facility charges• Basic charges	<ul style="list-style-type: none">• Advertisement• Trade with user data	



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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- Channels
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- Revenue streams

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VERY LARGE
BUSINESS APPLICATIONS