

# Asymmetrical business models

## Example 1:

Apple creates value to its hardware business by making it easy for software developers to create millions of apps. These apps which can leverage full capacity of hardware and to make the apps more affordable it is therefore commoditized by making it easy for anyone to build and distribute an app on app store, and encouraging price competition among developers. In turn, these apps are the reason why users buy iPhones, iPads, Apple TVs and Apple watches. Therefore, reducing the value of apps drives the demand for its core product, which is devices.

## Example 2:

Amazon creates value by making hardware such as Kindle Fire tablets and Echo devices available at cost. In turn, these devices are bundled, that is locked to Amazon e-commerce services. Effectively by commoditizing Kindle Fire and Echo, Amazon is driving the demand for its core e-commerce business. What is common across business models are the following three conditions. A company identifies a complement in a different industry. Value is created by commoditizing that complement. Three, the complement is bundled with a core product of the company, ie where profits are generated.

## Example 3:

Car manufacturer creates value by making eco friendly cars at affordable price. In turn, these devices requires periodic maintenance and spare parts, that is locked to OEM providers. Effectively by commoditizing maintenance and spare parts at reasonable cost it is driving the demand for its core business. What is common across business models are the following two conditions. A company identifies a complement in a different industry. Value is created by commoditizing that complement.

## Example 3:

In case of big retail giants - organization are generally divided into multiple origination and each sub organization is focused on specific core areas for e.g. lets say organization 'A' is focused on sales to end customer while focusing on building loyalty, trust and relationship so they not only defend the customer base but also create value and generate new customer base while organization 'B' is focused on assortment, range and supply chain. To simplify, in this case organization 'A' is focused on Business to Customer which organization 'B' is focused on Business to Business. In this example, organization 'A' is focused on sales and generating demand for organization 'B' while organization 'B' is focused on bulk orders and value and enabling to petite and reduce cost of procurement by ordering in bulk. This bulk negotiation assist the organization to reduce cost of procurement and thus enabling health profit margin for both organization 'A' and for organization 'B'