

Tutorial 3

신경제와 E-Business Model

전 성 현
(국 민 대)

***Understanding New Business Models in the
New Economy:
A Relational-Structural View***

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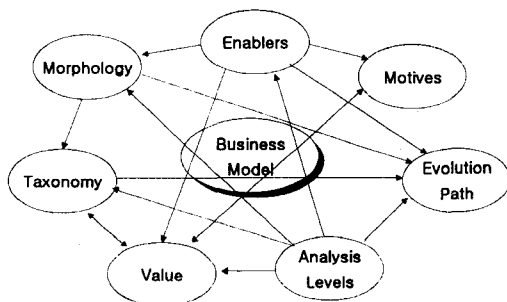
The Questions:

The *New Business Models* in the *New Economy*.

- *What Are They?*
- *Do They Have Any Generic Form?*
- *How Do They Function?*
- *What Value Do They Generate?*
- *What Motivates their Birth and Evolution?*

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A Mindmap for Business Model Analysis:



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BM Analysis Perspectives

□ ***Focal Organization vs. Network***

- From a particular organization's viewpoint vs. From a Collective of Organizations' viewpoint

□ ***Internal vs. External***

- Internal: BM as Configured Business Processes
- External: BM as Configured Business Relationships

□ ***Static vs. Dynamic***

- Static: A State Description
- Dynamic: A State Transition Description: An Evolution Path

□ ***Content vs. Morphology***

- Content Description vs. Morphology Description

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The New Business Models: *What Are They?*

□ What are *Business Models*?

- > A *Value Creating Mechanism*.
- > Both *Designed* and *Emergent*.

□ What Does *The New Economy Tell Us About Value Creation*?

- > A unit of value creation is no longer *Firm*.
- > Value stems as much from *relationships* as from transformation.
- > IT and Business Strategies engender and enable *creative* relational arrangements.
- > Value creators are therefore *complex, variable, ingenious* and *relational*

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The New Business Models: *What Are They?*

"The *New Business Model* is a set of *Value Creating Relationships Structure*, both intended and emergent, that demonstrates creative *business design* and productive *technology use*."

- > A departure from the *focal organization* point of view
- > Adopts a *structural-relational* view
- > Espouses both *intended* and *emergent* perspectives of strategy
- > An amalgamation of both *business* and *technology* ingenuity
- > Generates *Collective, Systemic Value*

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The New Business Models: *What Are They?*

□ Three Analysis Realms

- > A *Structure Analysis*
 - What are the structure of business models?
- > A *Function Analysis*
 - How do the models function?
- > A *Value Analysis*
 - What value do the models generate?

□ Why the above three?

- > View Business Models as a *System*.
- > Hence adopt a systems point of view in analysis

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The New Business Models: *What Are They?*

□ What to look for in a *system*?

- > Structural Configuration
 - What it consists of?
 - System Components and their Inter-Relationships
- > Mode of Functioning
 - Core System Activities and how they are executed
- > Goods and Offerings
 - What the system produces and transports
- > System Value
 - The value the system creates;
 - What justifies the the existence and survival of the system?
- > System Quality
 - System Level Characteristics

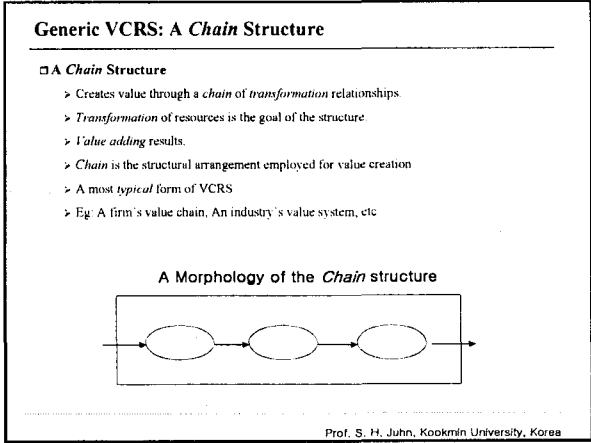
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A Structure Analysis

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- Structure Analysis: *The Tasks***
- Given Business Model as a Value Creating Relationship Structure:*
- 1. *Look for a set of generic forms for different value creating relationship structure*
 - 2. *Identify their attributes*
 - 3. *Draw strategic implications for firms*
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- Structure Analysis:**
- We identify *5 generic forms* of value creating relationship structure (VCRS).
 - A *Chain* Structure
 - A *Shop* Structure
 - A *Marketplace* Structure
 - A *Community* Structure
 - An *Ecosystem* Structure
 - The VCRSs are distinguished in terms of:
 - The *purpose* of the structure and the *value* it purports to generate.
 - The types of *structural arrangement* it employs for value creation.
 - The generic forms make up a business model, either *alone* or in *combination* with other forms.
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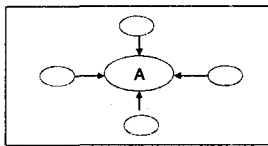


Generic VCRS: A Shop Structure

□ **A Shop Structure**

- > Creates value through chipping in and integration of resources and capabilities to solve particular problems.
- > *Problem Solving* is the goal of the structure.
- > *Coordination and Integration* is the key value creating mechanism.
- > *Hub* is the structural arrangement employed for value creation.
- > A *Centrality* may exist in the relationships structure: (eg. A below)
- > *Value Constellation* is a special case of shop where *value co-production* is emphasized.

A Morphology of the *Shop* structure



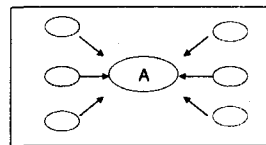
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Generic VCRS: A Marketplace Structure

□ **A Marketplace Structure**

- > Creates value through setting up marketplaces and linking buyers and sellers
- > *Transaction Making* is the goal of the structure.
- > *Assemblage and Intermediation* is the key value creating mechanism.
- > *Hub* is the structural arrangement employed for value creation.

A Morphology of the *Marketplace* structure



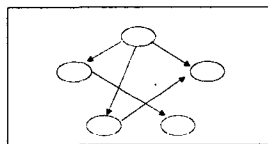
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Generic VCRS: A Community Structure

□ **A Community Structure**

- > Creates value through setting up communities and linking their members
- > *Community Building* is the goal of the structure
- > *Aggregation and Sharing* is the key value creating mechanisms.
- > *Web* is the structural arrangement employed for value creation.

A Morphology of the *Community* structure



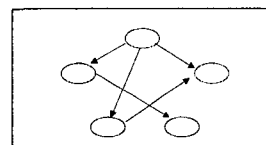
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Generic VCRS: An Ecosystem Structure

□ **An Ecosystem Structure**

- > A habitat for feeding and sustain firms.
- > *Selection and Adaptation* is the goal of the structure.
- > *Coevolution* is a key value creating mechanisms
- > *Web* is the structural arrangement employed for value creation.
- > Formed typically around a critical technology
- > A largest unit of VCRS

A Morphology of the *Ecosystem* structure



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Generic VCRSs: A Summary Profiles

	Chain	Shay	Marketplace	Community	Ecosystem
Form	Transform	Problem Solving	Transaction Making	Community Building	Adaptation Growth
Structure	Chain	Hub	Hub/Web	Web	Web
Stability of Relations	High	High	Medium	Low	Low
Coordination	Sequential	Reciprocal	Reciprocal	Reciprocal	Pooled
Control	Long-linked	Intensive	Mediating	Intensive	All
Coordination	Standards	Supervision	Mutual Adjustment	Mutual Adjustment	All
Success Factors	Technology Linking	Expertise Communication	Participation Transaction Efficiency	Participation Loyalty	Value Potential

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Generic VCRSs: Strategic Implications for Firms

□1. Decide Which Ship to Board

> Select VCRSs for the firm to participate in:

□2. Identify the Key Success Factors of the VCRS

> Those factors that maximize the value creating potential of the VCRS:

□3. Determine What You Can Do In and For the VCRS

> The firm's role and position in the VCRS: its contribution to the VCRS

> Get the KSFs right.

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A Function Analysis

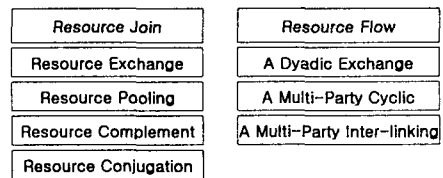
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Function Analysis:

□VCRSs are founded on two critical functions

- > 1. Resource Join
- > 2. Resource Flow

□We identify a set of generic forms for resource join and resource flow in the VCRSs



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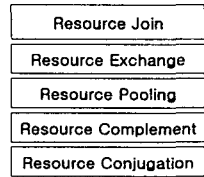
A Resource Join Analysis

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Function Analysis: *Resource Join*

□4 Generic Types of Resource Join

- > A *Resource Exchange* Type
- > A *Resource Pooling* Type
- > A *Resource Complementation* Type
- > A *Resource Conjugation* Type



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Function Analysis: *Resource Join Types*

□A *Resource Exchange* Type

- > A simple exchange relationship
- > The most basic

□A *Resource Pooling* Type

- > Everyone chipping in resources and form a *Resource Pool*
- > *Homogeneous* resources
- > Creates value through *Aggregation*
- > May result in *Community*

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Function Analysis: *Resource Join Types*

□A *Resource Complementation* Type

- > A join of *Complementary* resources
- > Generates *Synergy Effect*

□A *Resource Conjugation* Type

- > A resource join that produces *Innovation*
- > Demands *Ingenuity, Imagination*

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Function Analysis: Modes and Motives of Resource Join

□ **Motives of Resource Join**

- **Economy Motive**
 - For Efficiency, Money Saving
- **Innovation Motive**
 - For Producing Something New and Creative

□ **Modes of Resource Join**

- **Commensalistic Mode**
 - Residing in and sharing a common habitat
 - Eating from the same table
- **Symbiotic Mode**
 - Cooperate toward common goals and purposes

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Function Analysis: Modes and Motives of Resource Join

□ **Resource Joins May Differ in Modes and Motive**

		Mode of Join	
		Commensalistic	Symbiotic
Motive of Join	Change Economics	Resource Exchange	Resource Complement
	Create Innovation	Resource Pooling	Resource Conjugation

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Function Analysis: Resource Join Characteristics

	Resource Exchange	Resource Pooling	Resource Complement	Resource Conjugation
Motives	Economy	Innovation	Economy	Innovation
Modes	Commensal	Commensal	Symbiotic	Symbiotic
Strategic Mindset	Competitive	Competitive	Collective	Collective
Resource Homogeneity	Hetero	Homo	Hetero	Hetero
Resource VRIO	Low	Low	Medium	High
Resource Dependency	Low	Low	Medium	High
Join Effect	Acquire	Amplify	Complement	Innovate
Value Created	Transaction	Aggregation	Complement	innovate
VCRS	Marketplace	Community	Chain	Shop

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A Resource Flow analysis

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Function Analysis: Resource Flow

Resource Flow

- > Transfer of Goods from One Party to Another
- > Goods include Product, Service, Information, Capital, Attention, Reputation, Authority, Trust
- > Tangible and Intangible, Actual and Anticipated

We Identify 3 Topological Units of Resource Flow based upon the Resource Flow Closure Hypothesis

- > A Dyadic Exchange Pattern
- > A Multi-Party Cyclic Pattern
- > A Multi-Party Inter-Linking Pattern

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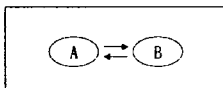
Function Analysis: A Resource Flow Closure Hypothesis

A Resource Flow Closure Hypothesis

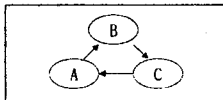
- > A Resource Flow is *Closed* When the sum utility of outbound resource flow is compensated by the sum utility of inbound resource flow
- > A firm participates in business relationships only when there is a resource flow closure, i.e., for each *outbound* resource flow is a corresponding *inbound* resource flow.

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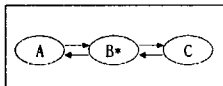
Function Analysis: 3 Topological Units of Resource Flow



A) A Dyadic Exchange Pattern



B) A Multi-Party Cyclic Pattern



C) A Multi-Party Inter-Linking Pattern

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Function Analysis: Profiles of Resource Flow Units

	A Dyadic Exchange	A Multi-Party Cyclic	A Multi-Party Inter-Linking
Flow Form	Exchange	Cycle	Inter-Link
Causal Driver	Disintermediation	Value Redemption	Informationation
Effect	Remove Margin	Expand Flow Cycle	Facilitate Trans
Principals	--	Value Complex	Navigator

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Summary and Conclusions

□An Enriched conceptualization of BM

□Needs further research on:

- > An integrative framework for BM research
- > A dynamic, evolutionary account of BM
- > Empirical validation of the analysis models
- > Draw practical implications and guidelines for business

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