Hot Issues of Information Management

E-commerce: Digital Markets, Digital Goods: Zagat (Chap. 10)

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http://mail.tku.edu.tw/myday/
2016-12-15
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Management Information Systems: Managing the Digital Firm

1. Organization, Management, and the Networked Enterprise
2. Information Technology Infrastructure
3. Key System Applications for the Digital Age
4. Building and Managing Systems

Chap. 10
E-commerce:
Digital Markets, Digital Goods:
Zagat
Case Study: E-commerce: Zagat (Chap. 10) (pp.443-445)

To Pay or Not to Pay: Zagat’s Dilemma

1. Evaluate Zagat using the competitive forces and value chain models.
2. Compare Zagat’s and Yelp’s e-commerce business models. How have those models affected each company's Web strategy?
3. Why was Zagat’s content well suited for the Web and for the mobile digital platform?
4. Do you think Zagat’s decision to use a pay wall for its Web site was a mistake? Why or why not?
5. Will Zagat’s acquisition by Google make it more competitive? Explain your answer.

Overview of Fundamental MIS Concepts

## Business Model

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<td>Key Partners</td>
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<td>Value Proposition</td>
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<td>Cost Structure</td>
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The Growth of E-Commerce

**8 Unique Features of E-commerce**

1. Ubiquity
2. Global reach
3. Universal standards
4. Richness
5. Interactivity
6. Information density
7. Personalization/Customization
8. Social technology

Ubiquity

• Internet/Web technology available everywhere: work, home, and so on, anytime.

• Effect:
  – Marketplace removed from temporal, geographic locations to become “marketspace”
  – Enhanced customer convenience and reduced shopping costs

• Reduces transaction costs
  – Costs of participating in market

Global reach

• The technology reaches across national boundaries, around Earth

• Effect:
  – Commerce enabled across cultural and national boundaries seamlessly and without modification.
  – Marketspace includes, potentially, billions of consumers and millions of businesses worldwide.

Universal standards

• One set of technology standards: Internet standards

• Effect:
  – Disparate computer systems easily communicate with one another
  – Lower market entry costs—costs merchants must pay to bring goods to market
  – Lower consumers’ search costs—effort required to find suitable products

Richness

• Supports video, audio, and text messages
• Effect:
  – Possible to deliver rich messages with text, audio, and video simultaneously to large numbers of people.
  – Video, audio, and text marketing messages can be integrated into single marketing message and consumer experience.

Interactivity

• The technology works through interaction with the user.

• Effect:
  – Consumers engaged in dialog that dynamically adjusts experience to the individual.
  – Consumer becomes co-participant in process of delivering goods to market.

Information density

• Large increases in information density—the total amount and quality of information available to all market participants

• Effect:
  – Greater price transparency
  – Greater cost transparency
  – Enables merchants to engage in price discrimination

Personalization/Customization

• Technology permits modification of messages, goods

• Effect:
  – Personalized messages can be sent to individuals as well as groups.
  – Products and services can be customized to individual preferences.

Social technology

• The technology promotes user content generation and social networking

• Effect:
  – New Internet social and business models enable user content creation and distribution, support social networks
  – Many-to-many model

Effect of the Internet on the marketplace

• Reduces information asymmetry
• Offers greater flexibility and efficiency because of:
  – Reduced search costs and transaction costs
  – Lower menu costs
  – Greater price discrimination
  – Dynamic pricing
• May reduce or increase switching costs
• May delay gratification: effects dependent on product
• Increased market segmentation
• Stronger network effects
• More disintermediation

The Benefits of Disintermediation to the Consumer

Digital goods

• Goods that can be delivered over a digital network
  – For example: music tracks, video, software, newspapers, books
• Cost of producing first unit is almost entire cost of product
• Costs of delivery over the Internet very low
• Marketing costs remain the same; pricing highly variable
• Industries with digital goods are undergoing revolutionary changes (publishers, record labels, etc.)
Types of E-Commerce

• Three major types of e-commerce
  – Business-to-Consumer (B2C)
    • Example: BarnesandNoble.com
  – Business-to-Business (B2B)
    • Example: ChemConnect
  – Consumer-to-Consumer (C2C)
    • Example: eBay

• E-commerce can be categorized by platform
  – Mobile Commerce (m-commerce)

E-commerce

Business Models

1. E-tailer
2. Transaction broker
3. Market creator
4. Content provider
5. Community provider
6. Portal
7. Service provider

E-commerce

Revenue Models

1. Advertising
2. Sales
3. Subscription
4. Free/Freemium
5. Transaction Fee
6. Affiliate

Understanding Business Model

• Business Model
• Revenue Model

• Business Strategy
• Business Strategy and Information System Alignment
Business Model
Value
# Business Model

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<td>Customer Segments</td>
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<td>Channels</td>
<td>Customer Relationships</td>
<td>Revenue Streams</td>
<td>Key Resources</td>
<td>Key Activities</td>
<td>Key Partners</td>
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</table>

Definition of Business Model

A business model describes the rationale of how an organization creates, delivers, and captures value.

Definition of Business Strategy

A business strategy is a long term plan of action designed to achieve a particular goal or set of goals or objectives.

Source: (Ostenwalder, Pigneur and Tucci, 2005)
Business

• “the activity of providing goods and services involving financial, commercial and industrial aspects.” (WordNet 2.0)
Model

• “a simplified description and representation of a complex entity or process.” (WordNet 2.0)
Business Model

• A business model is a conceptual tool containing a set of objects, concepts and their relationships with the objective to express the business logic of a specific firm.

• Therefore we must consider which concepts and relationships allow a simplified description and representation of what value is provided to customers, how this is done and with which financial consequences.

Source: (Ostenwalder, Pigneur and Tucci, 2005)
## Occurrences of the Term "Business Model" in Scholarly Reviewed Journals

<table>
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<tr>
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Source: (Ostenwalder, Pigneur and Tucci, 2005)
Business Model Concept Hierarchy

Source: (Ostenwalder, Pigneur and Tucci, 2005)
Evolution of the Business Model Concept

Source: (Ostenwalder, Pigneur and Tucci, 2005)
Business Model vs. Business Process Model

• Business Model
  – a view of the firm's logic for creating and commercializing value

• Business process model
  – how a business case is implemented in processes

Source: (Ostenwalder, Pigneur and Tucci, 2005)
Business Model vs. Strategy

• Business Models
  – a system that shows how the pieces of a business fit together.
  – an abstraction of a firm's strategy

• Strategy
  – includes competition

Source: (Ostenwalder, Pigneur and Tucci, 2005)
Implementing Business Models

Design Business Model
Management defines and designs a business concept that responds to market circumstances

Finance Business Model
Management works out a financial structure for the business model (e.g., internal funding, venture capital, stock

Implement Business Model
The business model is implemented into business structure, business processes and

Source: (Ostenwalder, Pigneur and Tucci, 2005)
The Business Model's Place in the Firm

Source: (Ostenwalder, Pigneur and Tucci, 2005)
## Nine Business Model Building Blocks

<table>
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<th>Business Model Building Block</th>
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<tr>
<td><strong>Product</strong></td>
<td>Value Proposition</td>
<td>Gives an overall view of a company's bundle of products and services.</td>
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<td></td>
<td>Target Customer</td>
<td>Describes the segments of customers a company wants to offer value to.</td>
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<td></td>
<td>Distribution Channel</td>
<td>Describes the various means of the company to get in touch with its customers.</td>
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<tr>
<td></td>
<td>Relationship</td>
<td>Explains the kind of links a company establishes between itself and its different customer segments.</td>
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<td><strong>Customer Interface</strong></td>
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<td><strong>Infrastructure Management</strong></td>
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<td></td>
<td>Value Configuration</td>
<td>Describes the arrangement of activities and resources.</td>
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<td></td>
<td>Core Competency</td>
<td>Outlines the competencies necessary to execute the company's business model.</td>
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<td></td>
<td>Partner Network</td>
<td>Portrays the network of cooperative agreements with other companies necessary to efficiently offer and commercialize value.</td>
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<td><strong>Financial Aspects</strong></td>
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<td></td>
<td>Cost Structure</td>
<td>Sums up the monetary consequences of the means employed in the business model.</td>
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<td></td>
<td>Revenue Model</td>
<td>Describes the way a company makes money through a variety of revenue flows.</td>
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Source: (Ostenwalder, Pigneur and Tucci, 2005)
### Domains Addressed in Business Models

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<td>commerce relationship</td>
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<td>Architecture</td>
<td>Production Mode</td>
<td>e3-value configuration</td>
<td>connected activities, value configuration</td>
<td>b-webs</td>
<td>commerce process model</td>
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<td>Core competencies, CSF</td>
<td>Resource Model</td>
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<td>capabilities</td>
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<td>Partnership</td>
<td>Architecture</td>
<td>e-business schematics</td>
<td>Actors</td>
<td>sustainability (team-up strategy)</td>
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<td>Cost Structure</td>
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Source: (Ostenwalder, Pigneur and Tucci, 2005)
## Domains Addressed in Business Models (cont.)

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<td>Product-market scope</td>
<td>Value stream</td>
<td>Value proposition</td>
<td>What does the customer value?</td>
<td>Transaction component</td>
<td>Product and Services offered</td>
<td>Value proposition, assumed value</td>
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<td><strong>Target Customer</strong></td>
<td>Market scope</td>
<td>Market segment</td>
<td>Who is the customer?</td>
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<td>Market opportunity</td>
<td>Market segment</td>
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<td><strong>Distribution Channel</strong></td>
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<td>How can we deliver value at an appropriate cost?</td>
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<td>Position in the value chain</td>
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<td>What is the underlying economic value?</td>
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<td><strong>Revenue Model</strong></td>
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<td>Revenue stream</td>
<td>How do we make money in this business</td>
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<td>Benefits to firm and stakeholders</td>
<td>Revenue Model</td>
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</table>

Source: (Ostenwalder, Pigneur and Tucci, 2005)
Planning, Changing and Implementing Business Models

The management analyzes the current business model's adequacy to environmental pressures and designs a new business model.

The new business model becomes a goal to achieve and guides planning, change, and implementation.

Source: (Ostenwalder, Pigneur and Tucci, 2005)
Business Strategy and Information Systems Alignment

Managers are aware of the use of Information Systems to realize goals, exploit opportunities and obtain competitive advantage.

Information Systems support the company's business model and are targeted on areas that are critical to successful business performance.

Source: (Ostenwalder, Pigneur and Tucci, 2005)
Business and IT/IS Alignment

Source: (Ostenwalder, Pigneur and Tucci, 2005)
Business Model Canvas Explained

Source: http://www.youtube.com/watch?v=QoAOzMTLP5s
The 9 Building Blocks of Business Model

<table>
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<th>Key Partners</th>
<th>Key Activities</th>
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<th>Customer Relationships</th>
<th>Customer Segments</th>
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<td>Cost Structure</td>
<td>Revenue Streams</td>
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The 9 Building Blocks of Business Model

1. Customer Segments

Defines the different groups of people or organizations an enterprise aims to reach and serve

2. Value Propositions

Describes the bundle of products and services that create value for a specific Customer Segment

3. Channels

Describes how a company communicates with and reaches its Customer Segments to deliver a Value Proposition.

4. **Customer Relationships**

Describes the types of relationships a company establishes with specific Customer Segments

5. Revenue Streams

Represents the cash a company generates from each Customer Segment (costs must be subtracted from revenues to create earnings)

6. Key Resources

Describes the most important assets required to make a business model work

7. Key Activities

Describes the most important things a company must do to make its business model work

8. Key Partnerships

Describes the network of suppliers and partners that make the business model work

9. Cost Structure

Describes all costs incurred to operate a business model

The 9 Building Blocks of Business Model

1. Customer Segments
   – An organization serves one or several Customer Segments.

2. Value Propositions
   – It seeks to solve customer problems and satisfy customer needs with value propositions.

3. Channels
   – Value propositions are delivered to customers through communication, distribution, and sales Channels.

4. Customer Relationships
   – Customer relationships are established and maintained with each Customer Segment.

5. Revenue Streams
   – Revenue streams result from value propositions successfully offered to customers.

6. Key Resources
   – Key resources are the assets required to offer and deliver the previously described elements...

7. Key Activities
   – ...by performing a number of Key Activities.

8. Key Partnerships
   – Some activities are outsourced and some resources are acquired outside the enterprise.

9. Cost Structure
   – The business model elements result in the cost structure.

Business Model

1. Customer Segments

2. Value Proposition

3. Channels

4. Customer Relationships

5. Revenue Streams

6. Key Activities

7. Key Resources

8. Key Partners

9. Cost Structure

Business Model Generation

Business Model Generation

The Canvas of Business Model Generation

## Google Business Model

### Key Partners
- Distribution Partners
- Open Handset Alliance
- OEMs (for Chrome OS devices)

### Key Activities
- R&D – Build New Products, Improve Existing Products
- Manage Massive IT Infrastructure

### Key Resources
- Datacenters
- IPs, Brand

### Value Propositions
- Web Search, Gmail, Google+
- Targeted Ads using Adwords (CPC)
- Extend Ad campaigns using Adsense
- Display Advertising Mgmt Services
- OS and Platforms – Android, Chrome OS
- Hosted web-based Google Apps

### Relationships
- Automation (where possible)
- Dedicated Sales for large accounts

### Channels
- Global Sales and Support Teams
- Multi-product Sales force

### Customer Segments
- Internet Users
- Advertisers, Ad Agencies
- Google Network Members
- Mobile device owners
- Developers
- Enterprises

### Cost Structure
- Traffic Acquisition Costs
- R&D Costs (mainly personnel)
- Data center operations
- S&M, G&A

### Revenue Streams
- Ad Revenues – Google websites
- Ad Revenues – Google n/w websites
- Enterprise Product Sales
- Free

LinkedIn – World’s Largest Professional Network

Key Partners
- Equinix (for data center facilities)
- Content Providers

Key Activities
- Platform Development

Key Resources
- LinkedIn Platform

Value Propositions
- Manage Professional Identity and Build Professional Network
- Identify and Reach the Right Talent
- Reach the Target Audience
- Access to LinkedIn Database Content via APIs and Widgets

Relationships
- Same-side Network Effects
- Cross-side Network Effects

Customer Segments
- Internet Users
- Recruiters
- Advertisers and Marketers
- Developers

Channels
- LinkedIn Website, Mobile Apps
- Field Sales

Cost Structure
- Web Hosting costs
- Marketing and Sales
- Product Development

Revenue Streams
- Free Offerings and Premium Subscriptions
- Hiring Solutions
- Marketing Solutions

Source: http://bmimatters.com/tag/business-model-canvas-examples/
## Business Model of Banking companies

<table>
<thead>
<tr>
<th>Key Partners</th>
<th>Key Activities</th>
<th>Value Propositions</th>
<th>Relationships</th>
<th>Customer Segments</th>
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<tbody>
<tr>
<td>Investments partners</td>
<td>Branch Operations</td>
<td>Deposit Products (Lower Interest Rates)</td>
<td>Personal Assistance</td>
<td>Retail and Corporate Customers (Depositors)</td>
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<td>Technology vendors</td>
<td>Call center operations</td>
<td>Loan Products (Higher Interest Rates)</td>
<td>Automation where possible</td>
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<tr>
<td>Regulatory Agencies</td>
<td>IT Operations</td>
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<td>Retail and Corporate Customers (Borrowers)</td>
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<td></td>
<td>Key Resources</td>
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<td></td>
<td>Physical and IT Infrastructure</td>
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<td></td>
<td>Loan Assets</td>
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<table>
<thead>
<tr>
<th>Cost Structure</th>
<th>Revenue Streams</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Expenses</td>
<td>Interest Income</td>
</tr>
<tr>
<td>Channel Costs</td>
<td>Fee Income</td>
</tr>
</tbody>
</table>

VISA – Leader in Global Payments Industry

**Key Partners**
- Technology Alliances
- Commercial Partners

**Key Activities**
- Payments Network Management
- Transaction Processing
- Value-added Services

**Key Resources**
- Payment Products Platform
- VISA Brand

**Value Propositions**
- Payment Product Platforms for card programs and cashless payments
- Convenience, Security, Rewards associated with card payments
- Improved Sales, Customer Convenience

**Relationships**
- Sponsorships (FIFA World cup, Olympics)
- TV ads, Tradeshows, Conferences

**Customer Segments**
- Financial Institutions (Issuers)
- Financial Institutions (Acquirers)
- Card Holders
- Merchants

**Cost Structure**
- Personnel
- Network, EDP, & Communications
- Brand Promotion

**Revenue Streams**
- Services Revenues
- Data Processing Revenues
- International Revenues

www.businessmodelgeneration.com
The Business Model Canvas

**Value Propositions**
- Techno cake talks and presentations
- Videos about talks and presentations

**Customer Relationships**
- Facebook, Twitter, Flickr, Video-www

**Customer Segments**
- Geeks IT customers Engineers

**Channels**
- Facebook, Twitter, Flickr, Videos, JAPTI, RIC

**Key Resources**
- Volunteers
- Presentation Hall

**Key Partners**
- MC Miš
- Local presenters

**Key Activities**
- Event Management
- Marketing Management
- Best presentations

**Key Partners**
- Event Management
- Marketing Management
- Best presentations

www.businessmodelgeneration.com

How Airbnb Works?

Insights into Business Model & Revenue Model

Source: http://nextjuggernaut.com/blog/airbnb-business-model-canva...
Airbnb Business Model Canvas

Source: http://nextjuggernaut.com/blog/airbnb-business-model-canvas-how-airbnb-works-revenue-insights/
How Uber Works? Insights into Business Model & Revenue Model

Source: http://nextjuggernaut.com/blog/how-uber-works-business-model-revenue-uber-insights/
# Uber Business Model Canvas

## KEY PARTNERS:
- Drivers with their Cars
- Payment Processors
- Map API Providers
- Investors

## KEY RESOURCES:
- Technological Platform
- Skilled Drivers

## KEY ACTIVITIES:
- Product Development & Management
- Marketing & Customer Acquisition
- Hiring Drivers
- Managing Driver Payouts
- Customer Support

## VALUE PROPOSITION:
### CUSTOMERS:
- Minimum Waiting Time.
- Prices Lesser than the Normal Taxi Fares.
- Cashless Ride.
- Can see The ETA and Track The Cab on Map.

### DRIVERS:
- Additional Source of Income.
- Flexible Working Schedules and can Work Part Time.
- Easy Payment Procedure.
- Drivers get Paid to be Online, even without can Requests.

## CUSTOMER RELATIONSHIP:
- Social Media
- Customer Support
- Review Rating & Feedback System

## CUSTOMER SEGMENTS:
### USERS:
- Those who do not own a Car
- Those who do not want to drive themselves to a Party or Function.
- People who like to Travel in Style and want to be Treated as a VIP.
- Those who want a Cost-Efficient Cab at their Doorstep.

### DRIVERS:
- People who own a Car and want to Earn Money.
- People who Love to Drive.
- Those who Wish to be called Partners Instead of Drivers.

## COST STRUCTURE:
- Technological Infrastructure
- Salaries to Permanent Employees
- Launch Events & Marketing Expenditure

## REVENUE STREAMS:
- Car Rides on per Km/Mile basis.
- Surge Pricing
- UberX, Uber Taxi, Uber Black, Uber SUV etc.
- Uber Cargo, Uber Rideshare etc.

# Uber Business Model Canvas

## The Business Model Canvas

<table>
<thead>
<tr>
<th>Key Partners</th>
<th>Key Activities</th>
<th>Value Propositions</th>
<th>Customer Relationships</th>
<th>Customer Segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drivers who own cars</td>
<td>Platform &amp; Logo Development</td>
<td>Taxi on Demand</td>
<td>Highly automated</td>
<td>Passengers</td>
</tr>
<tr>
<td>Payment Processors</td>
<td>Marketing to balance supply and demand</td>
<td>Cash free</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mapping Data Providers</td>
<td>Driver Onboarding</td>
<td>Easy to order cab and short wait time</td>
<td></td>
<td>Drivers</td>
</tr>
<tr>
<td>Local Authorities</td>
<td></td>
<td>Easy to make additional money</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Key Resources
- Uber Platform
- Pricing Algorithm
- Routing Algorithm

### Channels
- Mobile App
- Social Media Marketing
- PR

### Cost Structure
- Platform Development
- Sales & Marketing
- Salaries
- Driver Payments

### Revenue Streams
- Pay per Ride Charges
- Surge Pricing
- Premium Uber Brands

Tap the app, get a ride

Uber is the smartest way to get around. One tap and a car comes directly to you. Your driver knows exactly where to go.

MORE REASONS TO RIDE

https://www.uber.com/
Come up with Killer Startup ideas

REDUCE
- Time to wait
- Hassels of paying money
- Insure fare & waiting time

CREATE
- Ease of use
- Platform connecting customers & drivers
- Extra Revenues for Drivers

RAISE
- Chances of getting taxis
- Quality (ratings)
- Assurance (Location tracking)

ELIMINATE
- Uncertainty of getting taxis
- Waving hands to stop taxis

Structure of a Business Model

1. Who is your target market?
2. What do you offer to the customer?
3. How is the value proposition created?
4. How is revenue created?

Customer Value
“Meeting needs profitably”
Value
the sum of the tangible and intangible benefits and costs

Value

Customer perceived value = Total customer benefit - Total customer cost

Customer Value Triad

Quality, Service, and Price (qsp)

Value and Satisfaction

• Marketing
  – identification, creation, communication, delivery, and monitoring of customer value.

• Satisfaction
  – a person’s judgment of a product’s perceived performance in relationship to expectations

Building Customer Value, Satisfaction, and Loyalty

Customer Perceived Value

Product benefit
Services benefit
Personnel benefit
Image benefit

Total customer benefit

Monetary cost
Time cost
Energy cost
Psychological cost

Total customer cost

Customer perceived value

Satisfaction

“a person’s feelings of pleasure or disappointment that result from comparing a product’s perceived performance (or outcome) to expectations”

Loyalty

“a deeply held commitment to 
rebuy or repatronize 
a preferred product or service 
in the future 
despite situational influences and 
marketing efforts having the 
potential to cause switching 
behavior.”

Customer Perceived Value, Customer Satisfaction, and Loyalty

CEO CIO CFO

CEO
Strategy and Sales (Leading)

CIO
Enterprise Technology Integration

CFO-COO
Finance and Operations (Lagging)

Adapted from: http://www.r3now.com/what-is-the-proper-relationship-for-the-cio-ceo-and-cfo/
<table>
<thead>
<tr>
<th>Strategy</th>
<th>Vision</th>
<th>Mission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tactics</td>
<td>Goals</td>
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<td>Operations</td>
<td>Objectives</td>
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<tr>
<td>Tasks</td>
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Adapted from: [http://www.argowiki.com/index.php?title=The_Relationship_Between_the_CEO_and_CIO](http://www.argowiki.com/index.php?title=The_Relationship_Between_the_CEO_and_CIO)
Nothing is so practical as a good theory.
Social Networking and the Wisdom of Crowds

• Most popular Web 2.0 service: social networking
  – Social shopping sites: Swap shopping ideas with friends

• Wisdom of crowds

• Crowdsourcing
  – Large numbers of people can make better decisions about topics and products than a single person.

• Prediction markets
  – Peer-to-peer betting markets on specific outcomes (elections, sales figures, designs for new products)

E-commerce Marketing

• Internet provides new ways to identify and communicate with customers.

• Long tail marketing:
  – Ability to reach a large audience inexpensively

• Behavioral targeting:
  – Tracking online behavior of individuals on thousands of Web sites

• Internet advertising formats
  – Search engine marketing, display ads, rich media, e-mail, and so on

Web Site Personalization

Based on your portfolio and recent market trends, here are some recommendations.

Welcome back, Steve P. Munson. Check out these recommended titles:
One Minute Manager
Leading Change
Results-Based Leadership

Sarah,
Here are the items you want to bid on:
- Halogen reading lamp
- Portable reading lamp
- LED book reading lamp

How an Advertising Network Works

Social E-commerce

• Social e-commerce:
  – Based on digital social graph
    • Mapping of all significant online relationships

• Four features of social e-commerce driving its growth
  – Social sign-on
  – Collaborative shopping
  – Network notification
  – Social search (recommendations)

Social Media Marketing

• Social media:
  – Fastest growing media for branding and marketing

• Social network marketing:
  – Seeks to leverage individuals influence over others in social graph
  – Target is a social network of people sharing interests and advice
  – Facebook’s “Like button”
  – Social networks have huge audiences
  – Facebook: 150 million U.S. visitors monthly

B2B E-commerce

• U.S. B2B trade in 2012 is $16 trillion
• U.S. B2B e-commerce in 2012 is $4.1 trillion
• Procurement requires significant overhead costs, which Internet and networking helps automate
• Variety of Internet-enabled technologies used in B2B
  – Electronic data interchange (EDI)
  – Private industrial networks (private exchanges)
  – Net marketplaces
  – Exchanges

Electronic Data Interchange (EDI)

A Private Industrial Network

Net Marketplaces (e-hubs)

• Single market for many buyers and sellers
• Industry-owned or owned by independent intermediary
• Generate revenue from transaction fees, other services
• Use prices established through negotiation, auction, RFQs, or fixed prices
• May focus on direct or indirect goods
• May be vertical or horizontal marketplaces

A Net Marketplace

- Catalogs
- Sourcing
- Automated purchasing
- Processing and fulfillment

Exchanges

• Independently owned third-party Net marketplaces
• Connect thousands of suppliers and buyers for spot purchasing
• Typically provide vertical markets for direct goods for single industry (food, electronics)
• Proliferated during early years of e-commerce; many have failed
  – Competitive bidding drove prices down and did not offer long-term relationships with buyers or services to make lowering prices worthwhile.

The Mobile Digital Platform and Mobile E-commerce

M-commerce

- In 2012 is 10% of all e-commerce
- Fastest growing form of e-commerce
  - Some areas growing at 50%
- Four billion mobile phone users worldwide
- Main areas of growth
  - Retail sales at top Mobile 400 (Amazon, eBay, etc.)
  - Sales of digital content (music, TV, etc.)
  - Local search for restaurants, museums, stores

Consolidated Mobile Commerce Revenues

Location-based services

• Used by 74% of smartphone owners
• Based on GPS map services
• Types
  – Geosocial services
    • Where friends are
  – Geoadvertising
    • What shops are nearby
  – Geoinformation services
    • Price of house you are passing

Other Mobile Commerce Services

• Banks, credit card companies provide account management apps
• Mobile display advertising
  – iAd, AdMob, Facebook
• Games and entertainment
  – Downloadable and streamable services
  – Games
  – Video, short films, movies, TV shows
  – Music and ring tones

Building an E-commerce Web Site

• Pieces of the site-building puzzle
• Assembling a team with the skills required to make decisions about:
  – Technology
  – Site design
  – Social and information policies
  – Hardware, software, and telecommunications infrastructure
• Customer’s demands should drive the site’s technology and design.

Building an E-commerce Web Site

• Business objectives
  – The capabilities the site should have
    • Business decisions should drive technology
  – Example: execute a transaction payment

• System functionality
  – Technology needed to achieve objective
  – Example: a shopping cart or other payment system

• Information requirement
  – Specific data and processes needed
  – Example: secure credit card clearing, multiple payment options

Building an E-commerce Web Site

• Alternatives in building the Web site:
  – Completely in-house
  – Mixed responsibility
  – Completely outsourced
    • Co-location

• Web site budgets
  – Several thousand to millions per year
  – 50% of budget is system maintenance and content creation

Choices in Building and Hosting Web Sites

BUILDING THE SITE

In-house

COMPLETELY IN-HOUSE
Build: In
Host: In

MIXED RESPONSIBILITY
Build: In
Host: In

Outsource

MIXED RESPONSIBILITY
Build: Out
Host: In

COMPLETELY OUTSOURCED
Build: Out
Host: Out

HOSTING THE SITE

In-house

Outsource

Components of a Web Site Budget

- Design: 30%
- Content development: 15%
- Software: 10%
- Hosting service: 10%
- Telecommunications: 5%
- Hardware: 10%
- Marketing: 20%

Case Study: Enhancing Decision Making: Zynga (Chap. 12) (pp. 512-514)

Zynga Wins with Business Intelligence

1. It has been said that Zynga is “an analytics company masquerading as a games company.” Discuss the implications of this statement.

2. What role does business intelligence play in Zynga’s business model?

3. Give examples of three kinds of decisions supported by business intelligence at Zynga.


5. What problems can business intelligence solve for Zynga? What problems can't it solve?

資訊管理專題
(Hot Issues of Information Management)

1. 請同學於資訊管理專題個案討論前，應詳細研讀個案，並思考個案研究問題。

2. 請同學於上課前複習相關資訊管理相關理論，以作為個案分析及擬定管理對策的依據。

3. 請同學於上課前
   先繳交資訊管理專題個案研究問題書面報告。

4. 上課時間地點：
   週四 7,8 (14:10-16:00) B709
References


– Kenneth C. Laudon & Jane P. Laudon原著，游張松主編，陳文生翻譯 (2014)，資訊管理系統，第13版，滄海