

Creating Radical Business Innovation in the Connected Digital Economy



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What is value? A brief history lesson

Value was *exchange* (what I got for what I gave)
“That was good value for money!”



But it wasn't exchange that made us happy. It was experiencing what we bought that gave us the outcomes we wanted



We buy because of the service of the object, even if it was an emotional 'service' i.e. things are **service avatars***

Mike Kuniavsky, 2010

Possession was the only way to get the 'service' of an object

- Previously, the only route to service/outcomes was through possession e.g. music CDs
- But outcomes/benefits come only in the *context* of use and experience
- If firms found a way to *serve* contexts, individuals may not need to *possess*
- Case in point: Music Streaming

VALUE IN CONTEXT

This camera is
available so it is
a resource in
context



This
camera is
not



Value created is Contextual. Resources are
therefore also Contextual.

Things become more valuable *in context* because they
enable resources for value creation

Why context is important



Two functionally the SAME cameras but not the same value for the user in context. Because one camera is less **competent** in context, one is a lesser service avatar (or is just simply not around!)

**COMPETENCY OF OFFERING IN CONTEXT
IS KEY TO NEW MARKETS**

But to bring your digitised offering
(content) into context, you need a
medium/platform (widget),
connectivity, and a social space

An example of digital 'service' in context: apps on your mobile

- Dictionary
- Calculator
- Calendar
- Torchlight
- Camera
- And more!

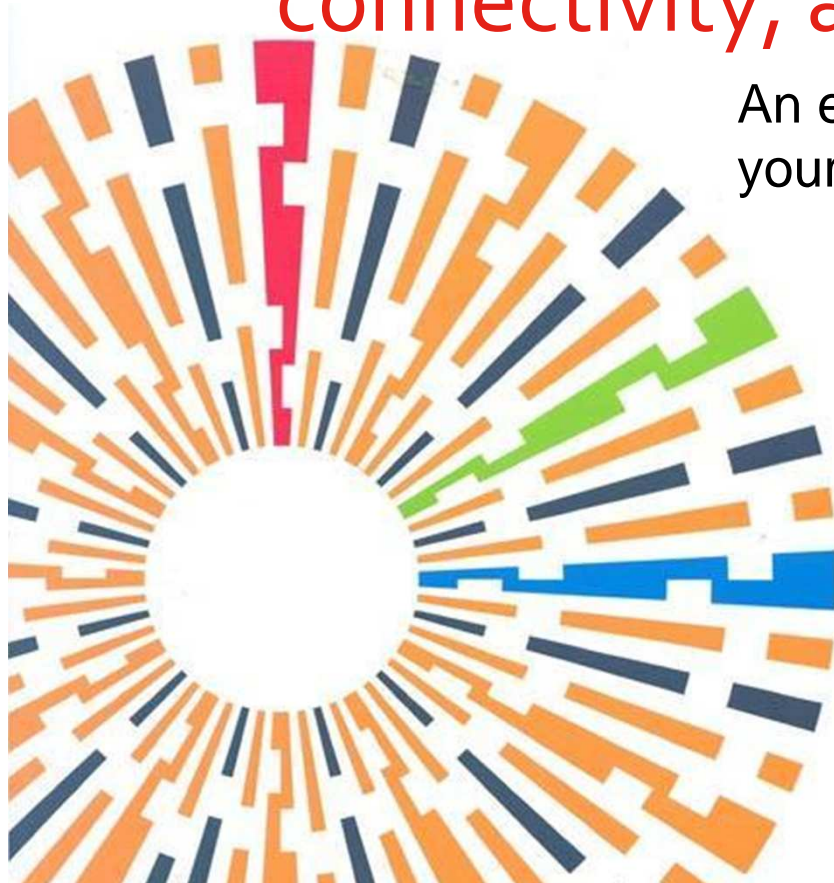


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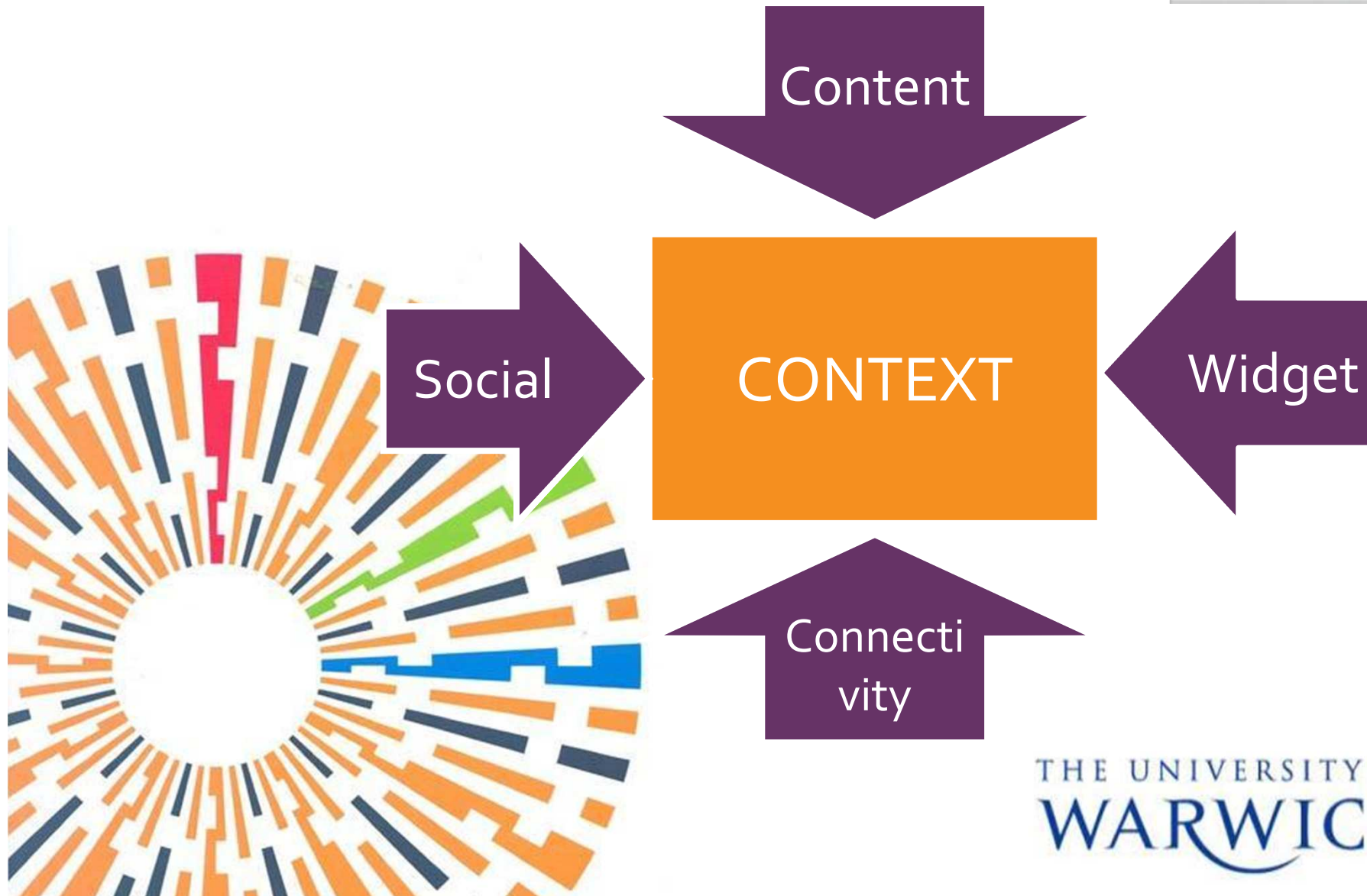
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I'm Batman!

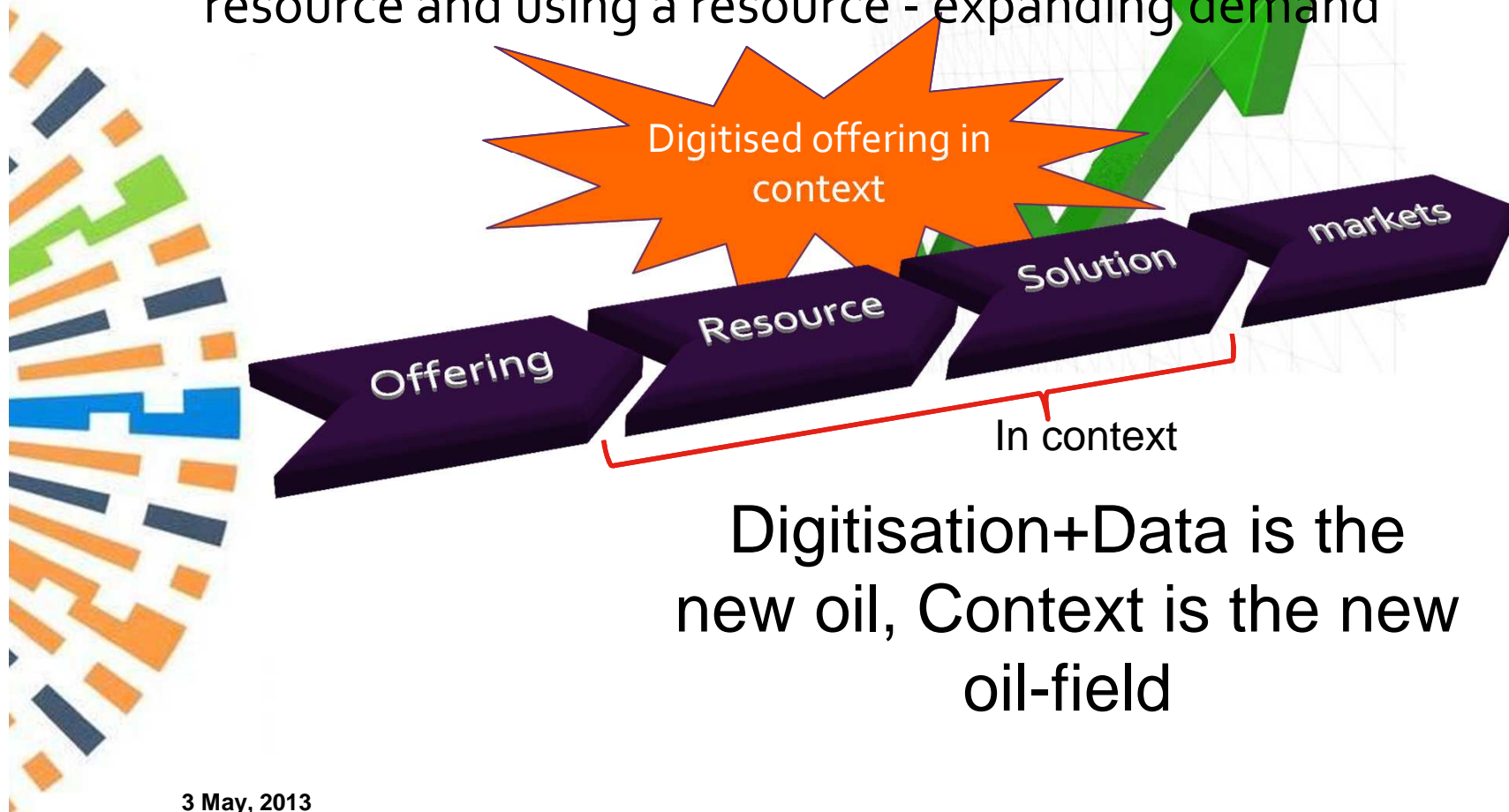


The New Battleground



Who is digitising to serve use context next?

- Digitisation enables traditional offerings to become a resource in context, reducing time between acquiring a resource and using a resource - expanding demand



Mobile phone as the medium to propose digitised offerings in context

- Why is the mobile phone one of the most popular device for digitised offerings today?
- because it is often present in MANY lived experiences (contexts)
- It may not be the only widget serving multiple contexts for much longer!



Once upon a time, our contexts were rather homogenous

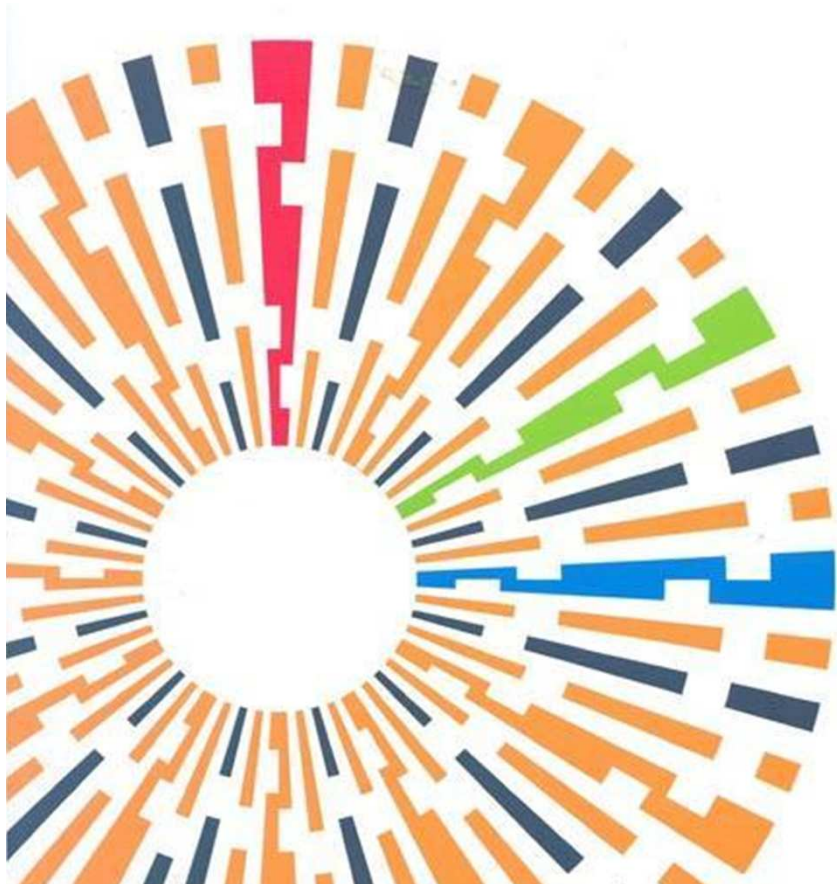
- Where/when we ate meals
- Where/when we listened to music
- Where/when we exercised
 - *Technology liberates us from constraints of
 - time, when things can be done
 - place, where things can be done
 - actor, who can do what
 - constellation, with whom it can be done

*Reframing Business, Normann, 2001

Markets are forming at where service creates most wealth – in context

Digitisation allows new offerings to be resources: available, accessible on demand, in context

The better you are able to serve context, the bigger your market



Competitive Dynamics

- Serving Contexts changes the nature of competition
- Land grab creates disruption, enabled by new technologies. How?



Context

Enjoying music on spotify and seeing other friends choices of music while in a gym

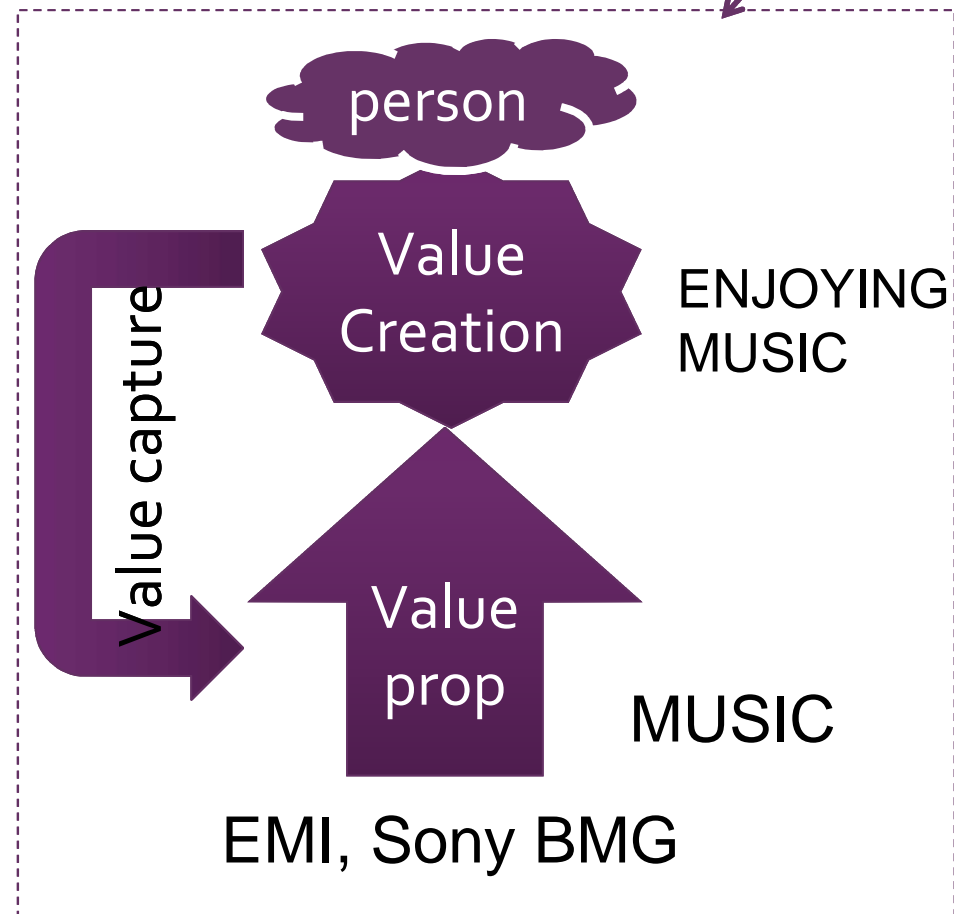
BUSINESS MODEL VS ECONOMIC MODEL

ECONOMIC MODEL

- Where exchanges come from, what exchanges are there, creating worth from value creation

- Money from access e.g. spotify
- Money from ownership (e.g. CD)
- Money from eyeballs (eg. Google)

BUSINESS MODEL

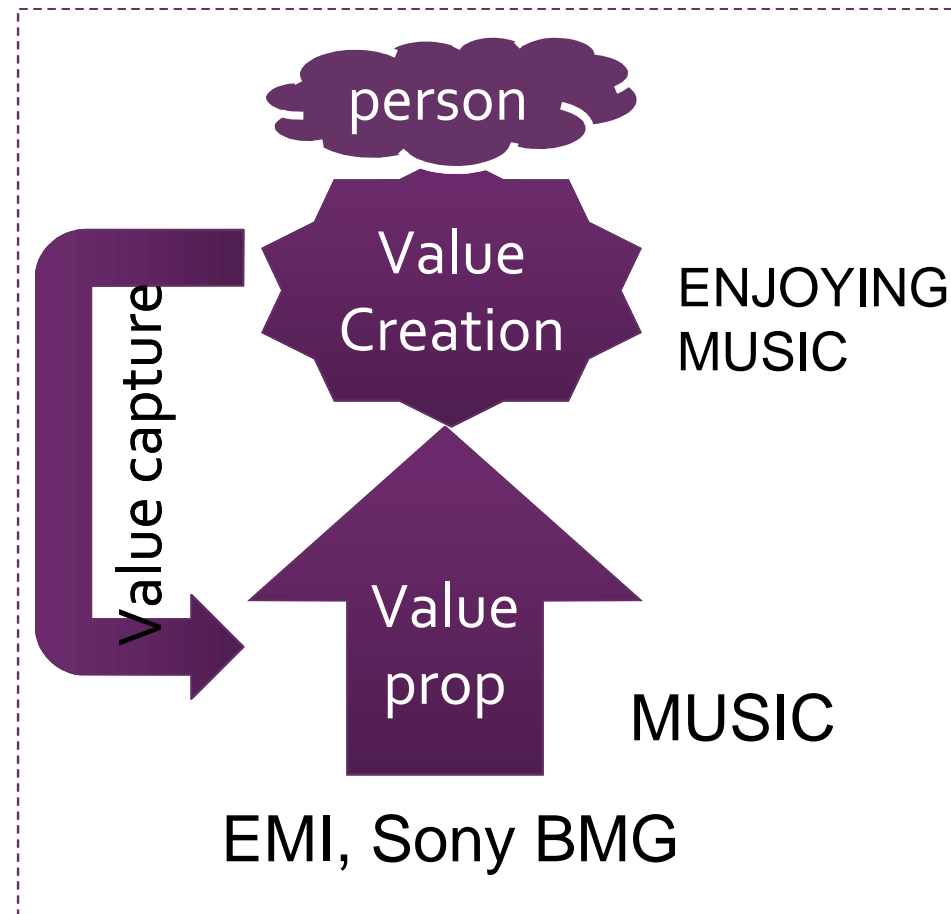


E.G. MUSIC - CONTENT

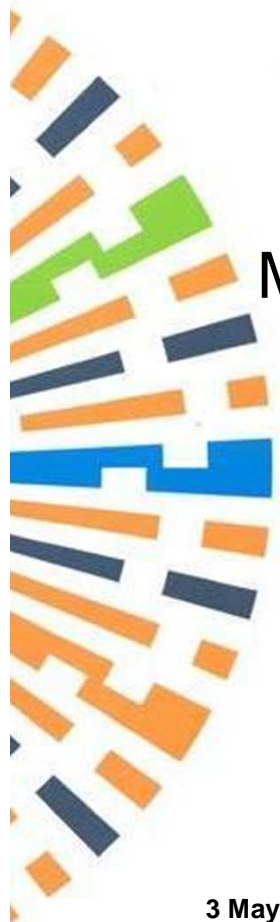
Money from access
e.g. last.fm

Money from ownership
e.g. iTunes

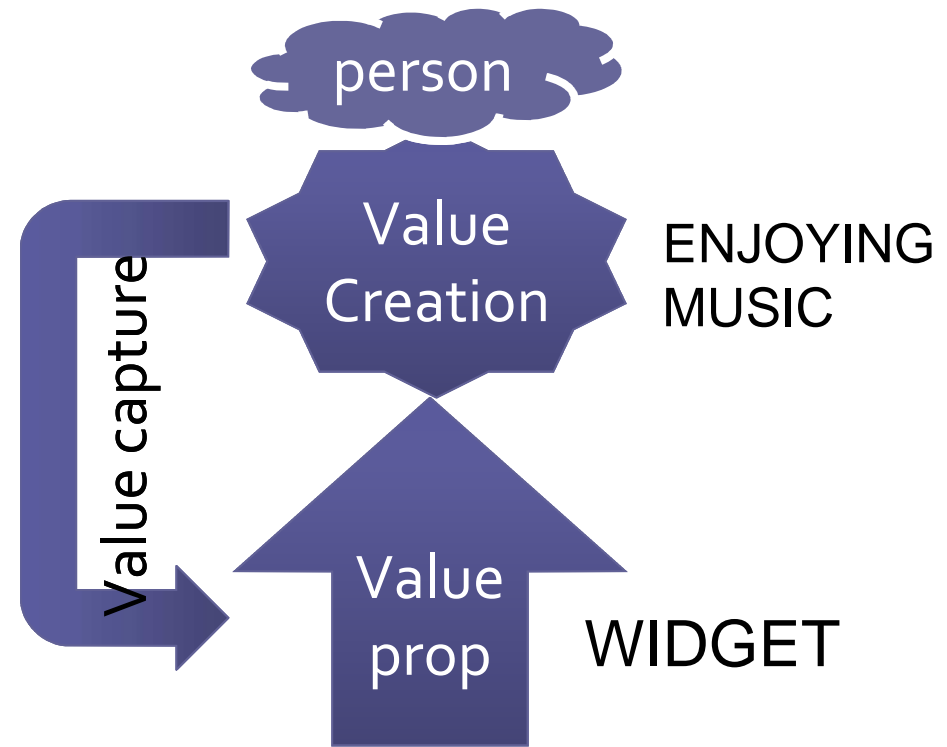
Money from medium
(e.g. CD)



E.G. MUSIC - WIDGET



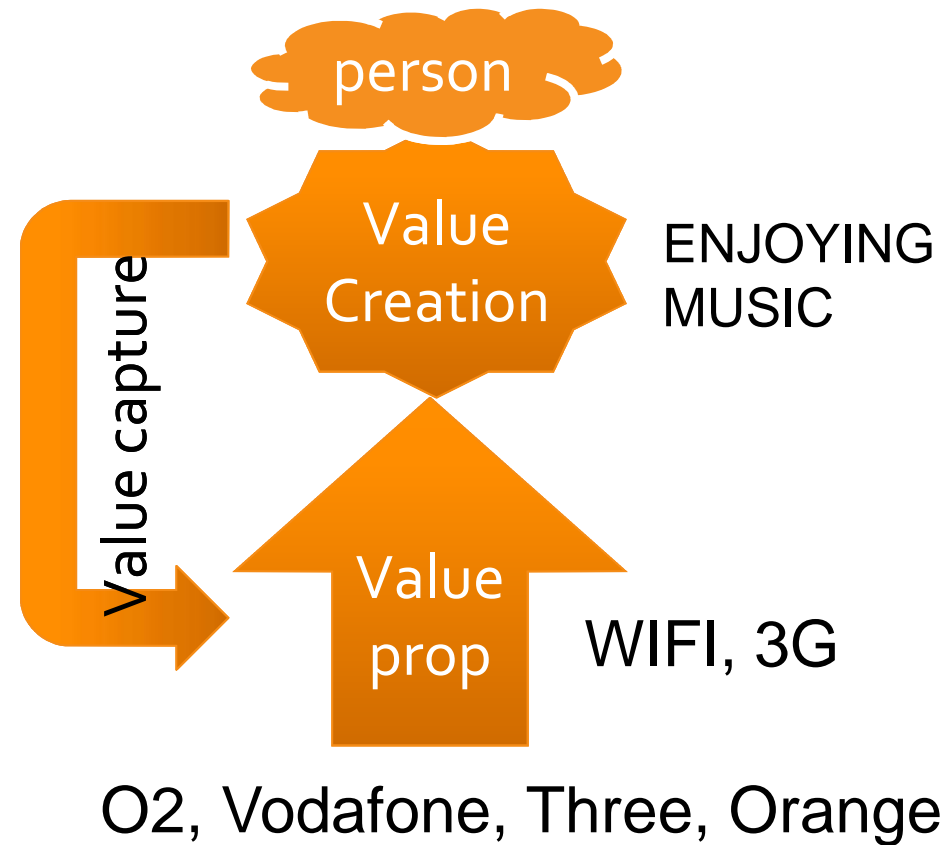
Money from ownership



Apple, MP3 player, Computer

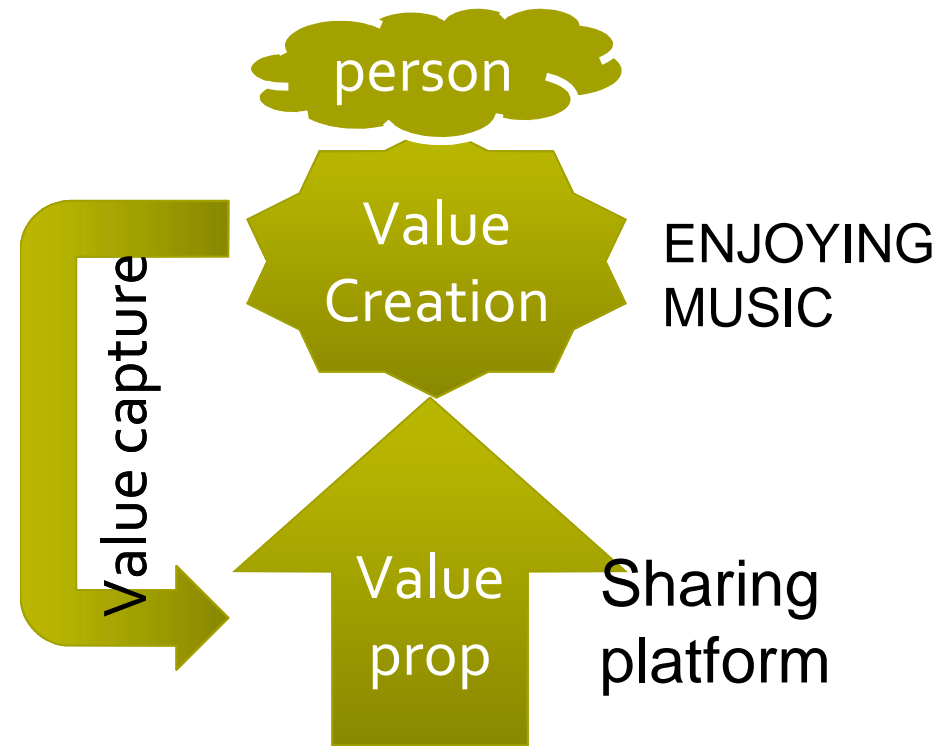
E.G. MUSIC - CONNECTIVITY

Money from access



E.G. MUSIC - SOCIAL

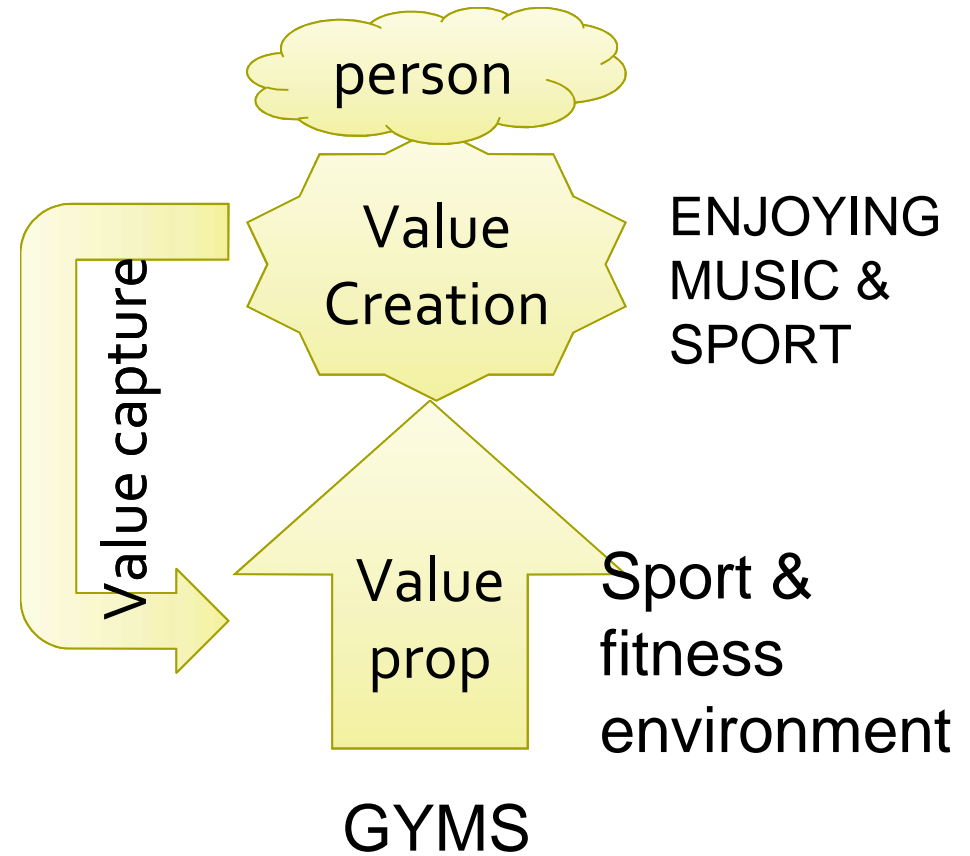
Money from eyeballs
(ads)



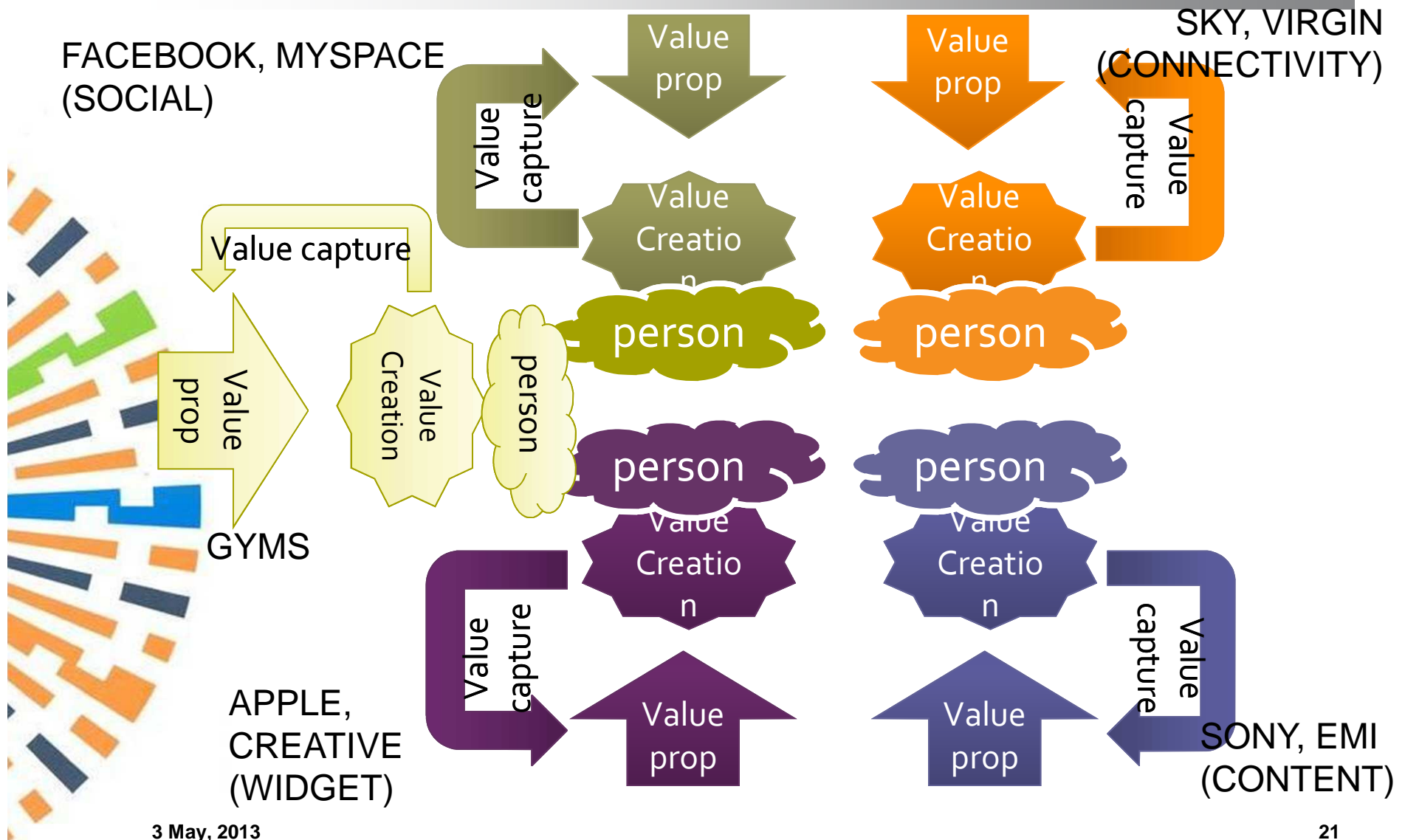
Myspace, facebook,
google+, twitter,
spotify

E.G. MUSIC - GYM

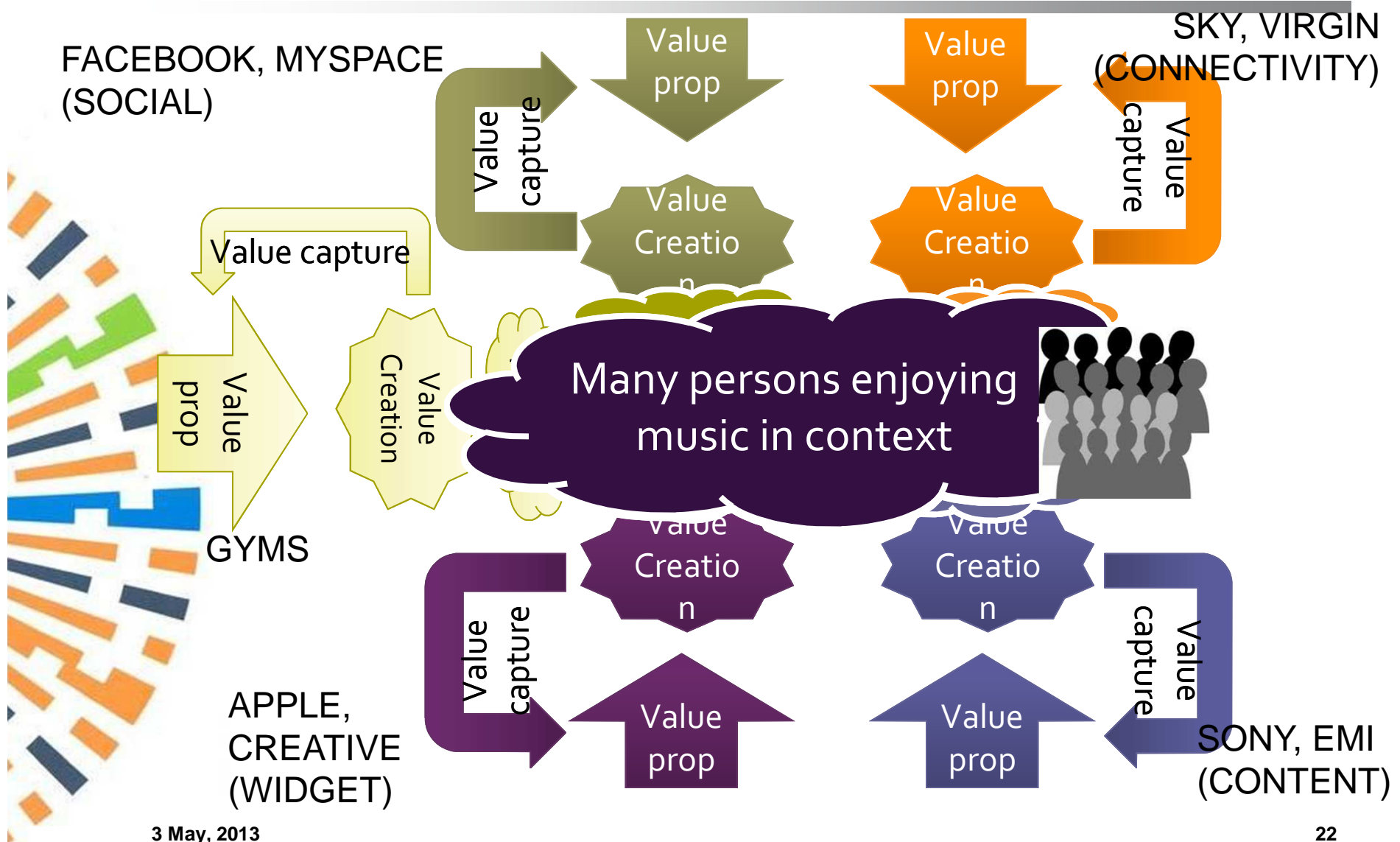
Money from access



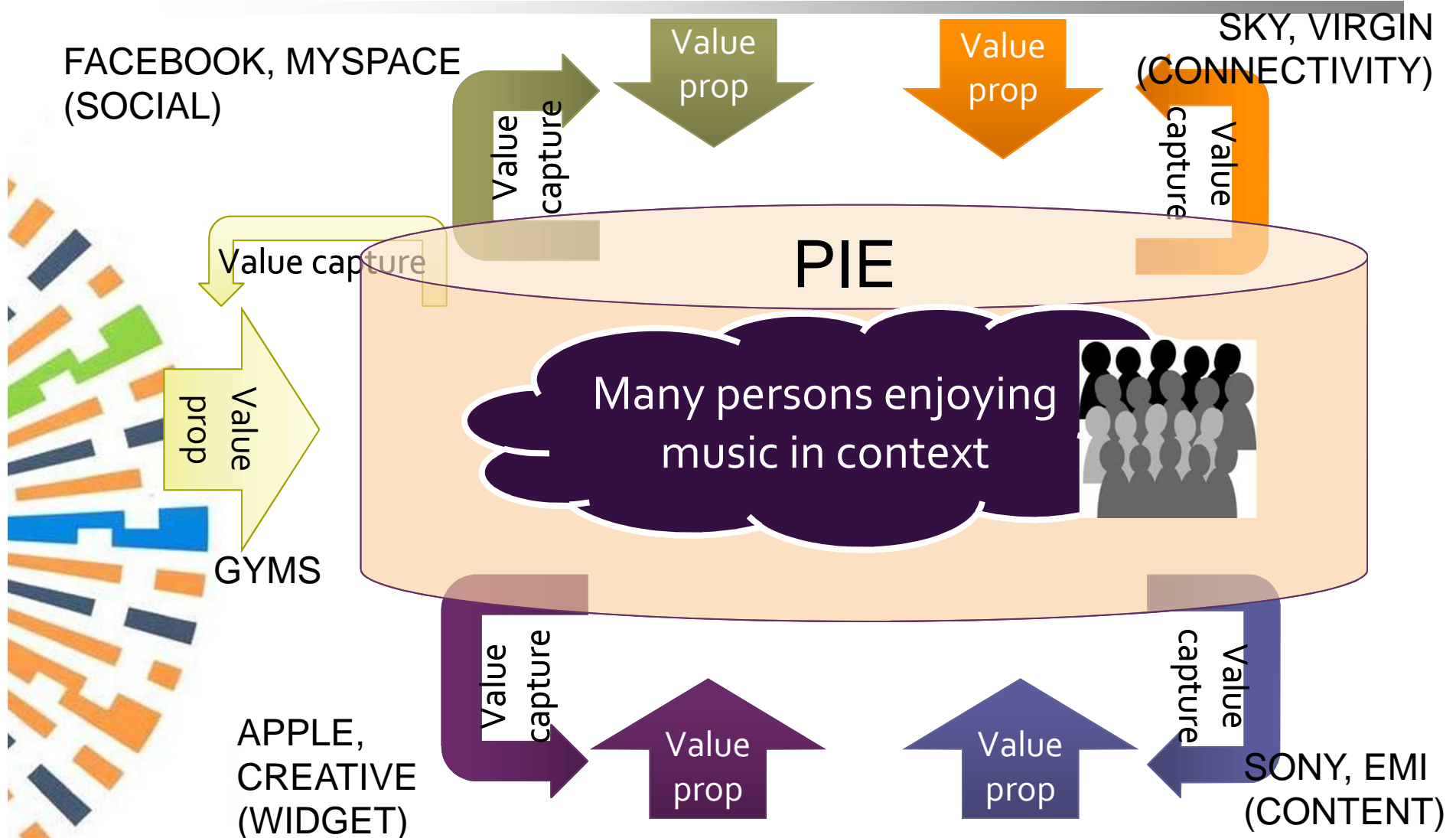
Industries propose value in context



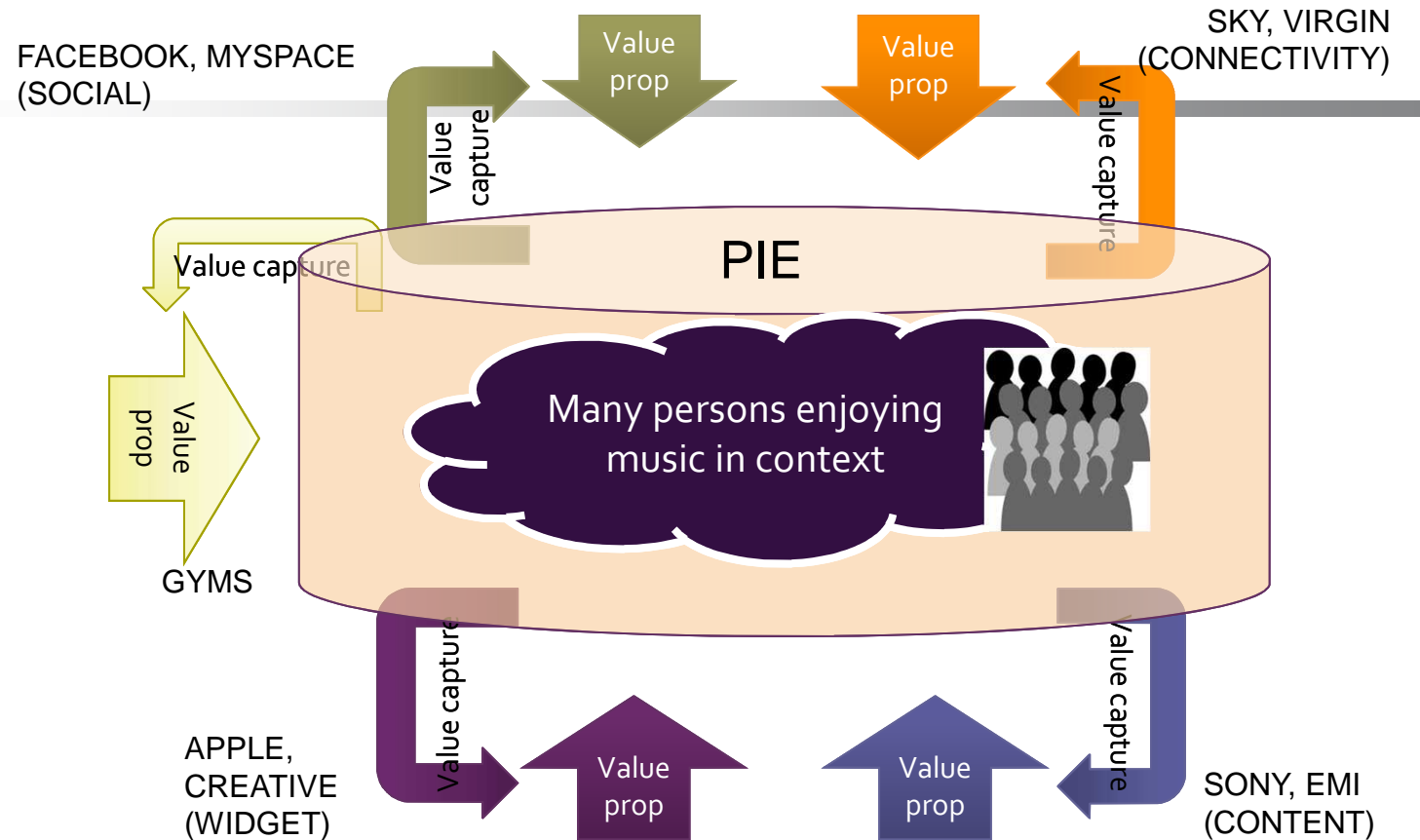
Value Constellation of Music in Context



Value Constellation of Music in Context

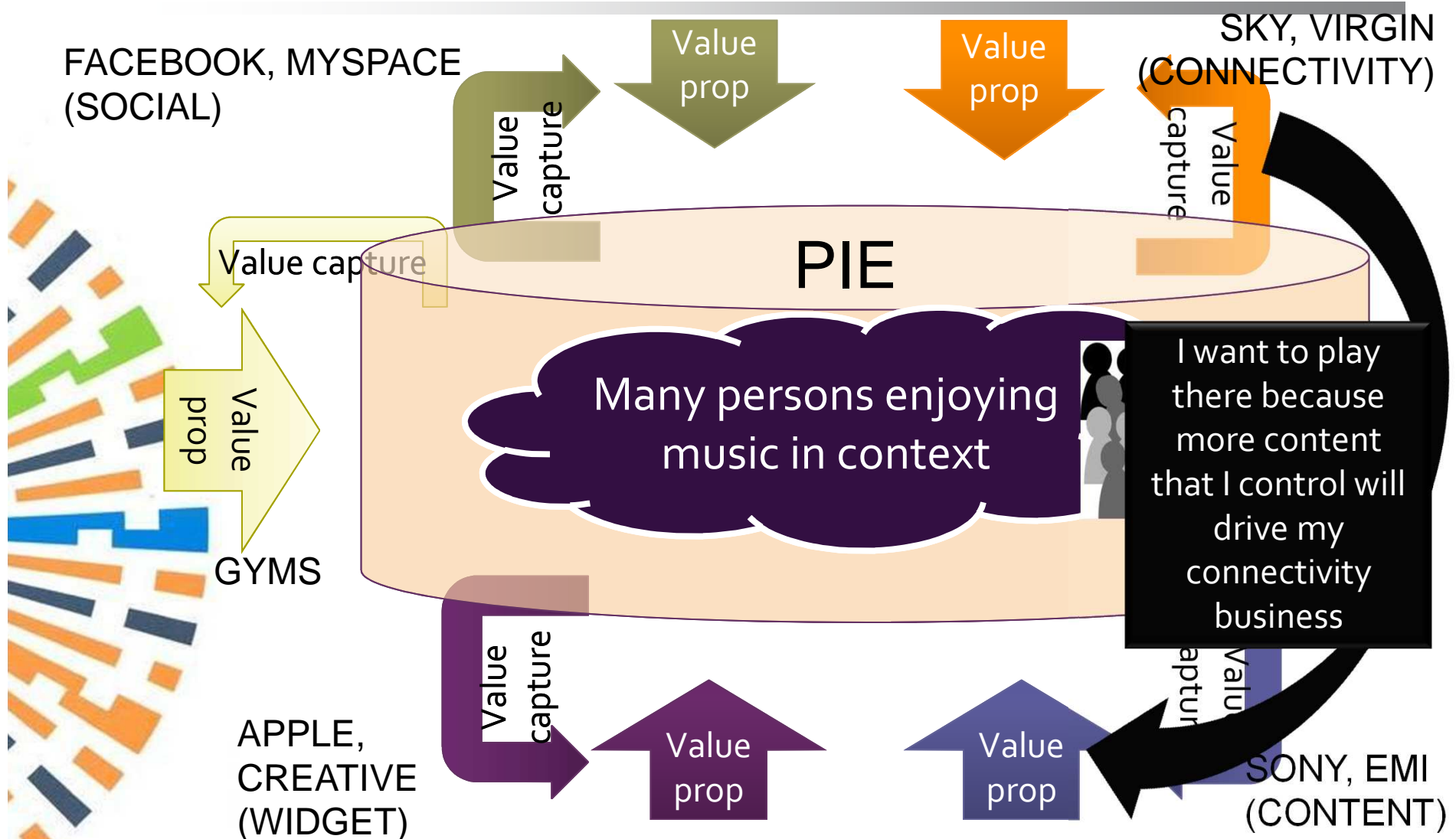


Value Constellation of Music in Context

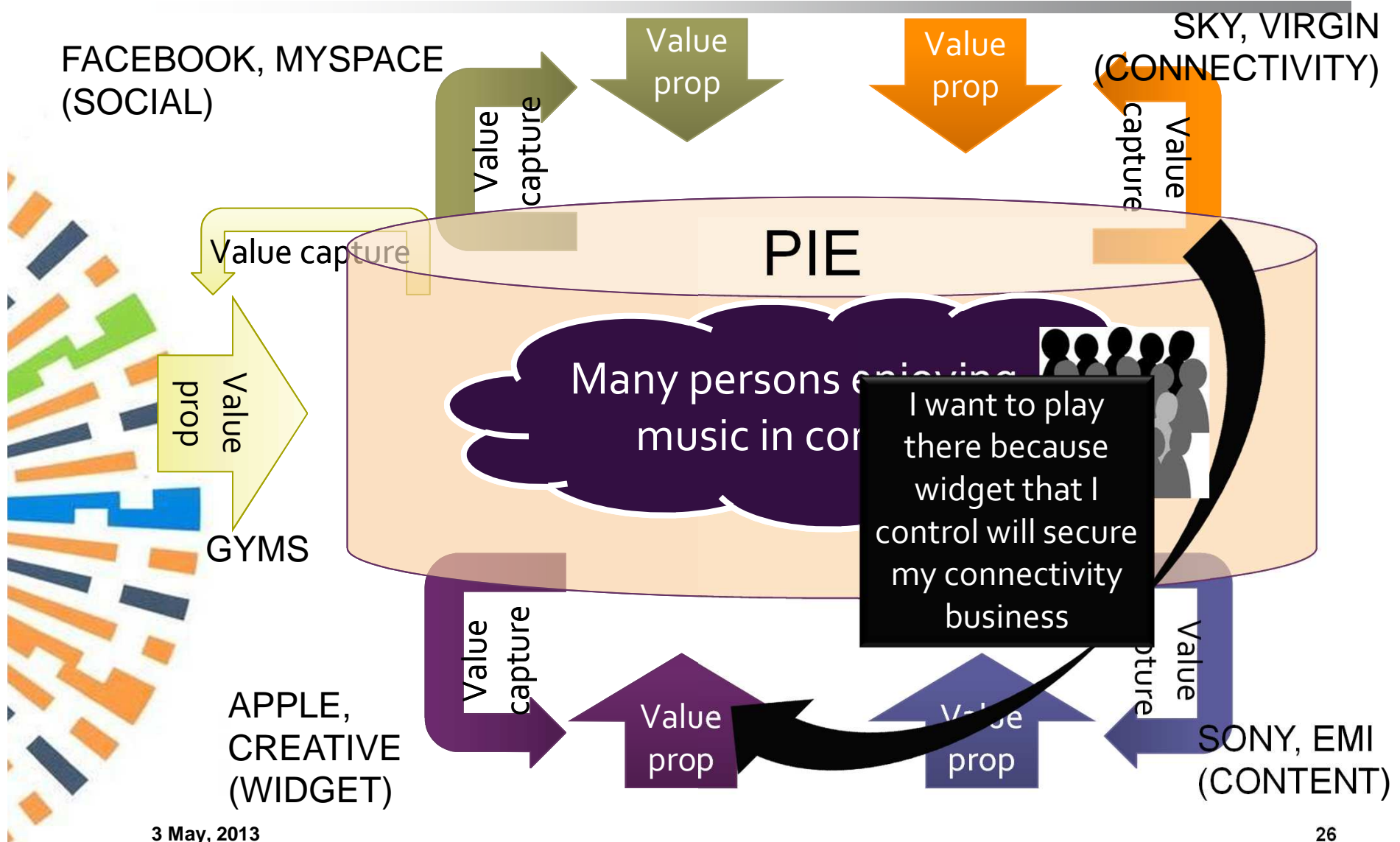


- The Value constellation map shows you which industry has a stake in which OTHER industry to expand their market penetration, driving disruption, convergence, land grab

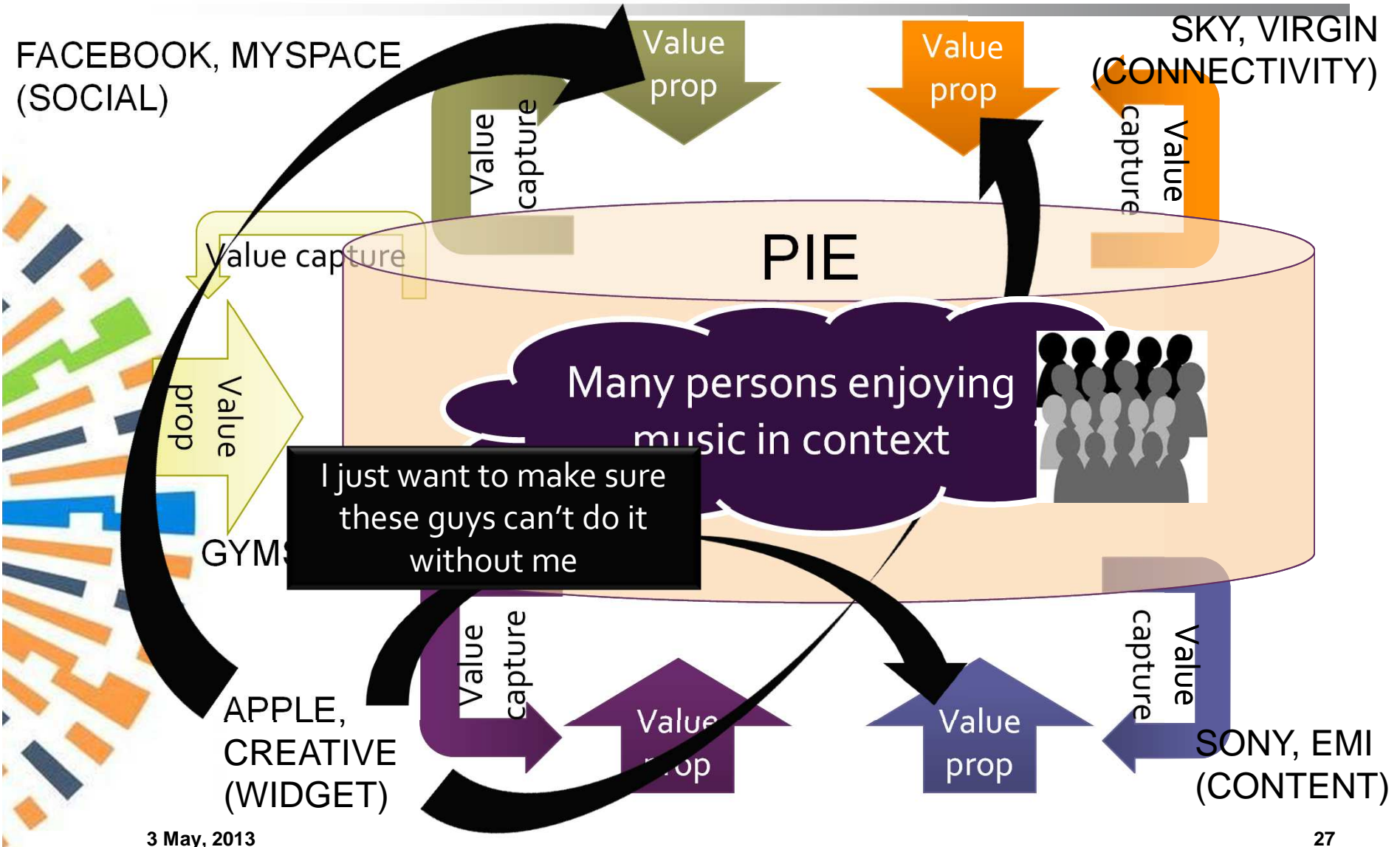
Value Constellation of Music in Context



Value Constellation of Music in Context



Value Constellation of Music in Context



Connectivity & Digitisation

- TV was in a room
- Music was on speakers and stereo players
- Digitisation & Connectivity is changing contexts of use
- Changing contexts of use is bringing different industries into a context e.g. Tesco has a stake in your car – will they pay your insurance?
- Disruption & Convergence comes from understanding value constellation of the context

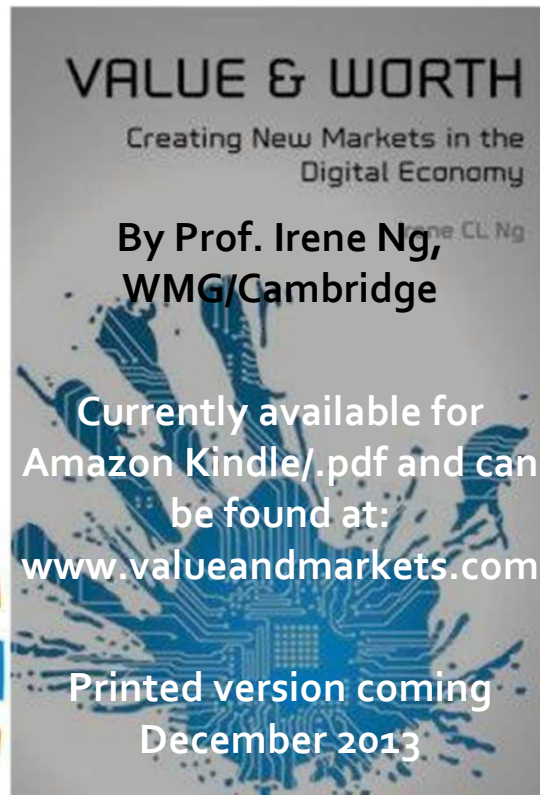
Changing Value Constellations

- With more digital connectivity, there are more connected contexts – lateral dependencies between vertical industries – potential disruption and encroachment of other verticals
- more constellations with different players will emerge, converging stuff, creating **new** ways to capture value, generating **new** business models, creating disruptions

So what does this have to do with data?

- Digitisation & Data is the new oil; **Context is the new oil-field**
- It's not just about collecting data; you need to 'drill' in the right place
- Looking at the value constellation of the context will help you to better identify where convergence/disruption could occur and what data can/should be collected.

For more information:



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Case Studies, Conferences, Calls for
Research and Awards

Current call: 2nd Dragon's Den
£10k top prize & 3 Runner up prizes
of £3k

Aimed at researchers in New Business
Models (funded at 80% according to Research
Council funding regulations)

Stage 1 Competition Entry: 25th May

**Watch this space! Currently working on a Business Model Ideation
process based on the ideas discussed here. We hope to make it
available to businesses in the West Midlands (and beyond!) in the
near future!**



Thank you