

Special Topics in Social Media Services

社會媒體服務專題

Business Models and Issues of Social Media Service

992SMS07

TMIXJ1A

Sat. 6,7,8 (13:10-16:00) D502

Min-Yuh Day

戴敏育

Assistant Professor

專任助理教授

Dept. of Information Management, Tamkang University

淡江大學 資訊管理學系

<http://mail.im.tku.edu.tw/~myday/>

2011-04-16

Syllabus

週次	月／日	內容 (Subject/Topics)
1	100/02/19	Course Orientation for Social Media Services
2	100/02/26	Web 2.0, Social Network and Social Media
3	100/03/05	Theories of Media and Information
4	100/03/12	Theories of Social Media Services and Information Systems
5	100/03/19	Paper Reading and Discussion
6	100/03/26	Behavior Research on Social Media Services
7	100/04/02	Research Methods in Social Media Services *
8	100/04/09	教學行政觀摩日
9	100/04/16	Business Models and Issues of Social Media Service * (Invited Speaker)
10	100/04/23	期中考試週 (期中報告)

Syllabus

週次 月／日 內容 (Subject/Topics)

11 100/04/30 Paper Reading and Discussion

12 100/05/07 Strategy of Social Media Service

13 100/05/14 Paper Reading and Discussion

14 100/05/21 Social Media Marketing

15 100/05/28 Paper Reading and Discussion

16 100/06/04 Social Network Analysis, Link Mining,
Text Mining, Web Mining,
and Opinion Mining in Social Media

17 100/06/11 Project Presentation and Discussion

18 100/06/18 期末考試週 (期末報告)

Model

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

Business

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

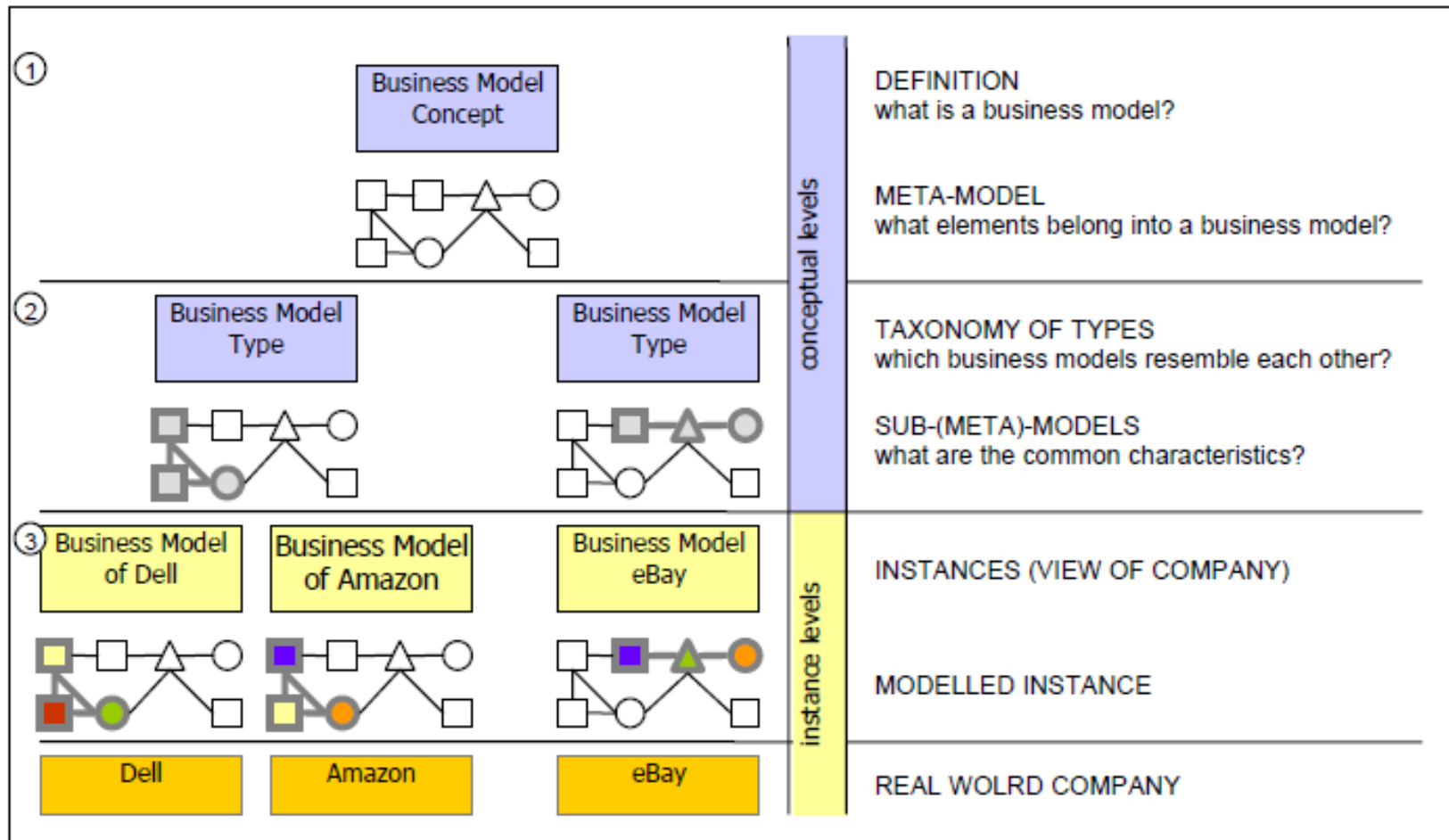
Business model

- 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**.

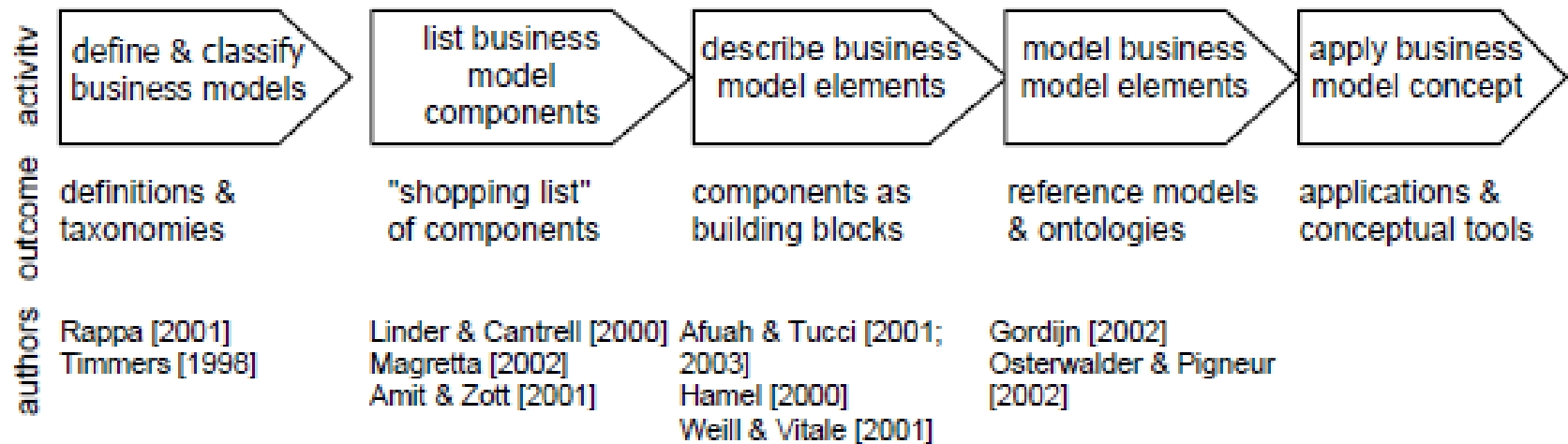
Occurrences of the Term "Business Model" in Scholarly Reviewed Journals

Year	In Title	In Abstract	In Keywords	in Full Text
2003	30	159	10	667
2002	22	109	2	617
2001	11	100	7	609
2000	16	67	1	491
1999	3	42	1	262
1998	1	19	0	128
1997	1	14	0	66
1996	0	14	0	57
1995	0	4	0	36
1994	0	2	0	18
1993	0	5	0	18
1992	0	2	0	15
1991	0	1	0	10
1990	0	4	0	7

Business Model Concept Hierarchy



EVOLUTION OF THE BUSINESS MODEL CONCEPT



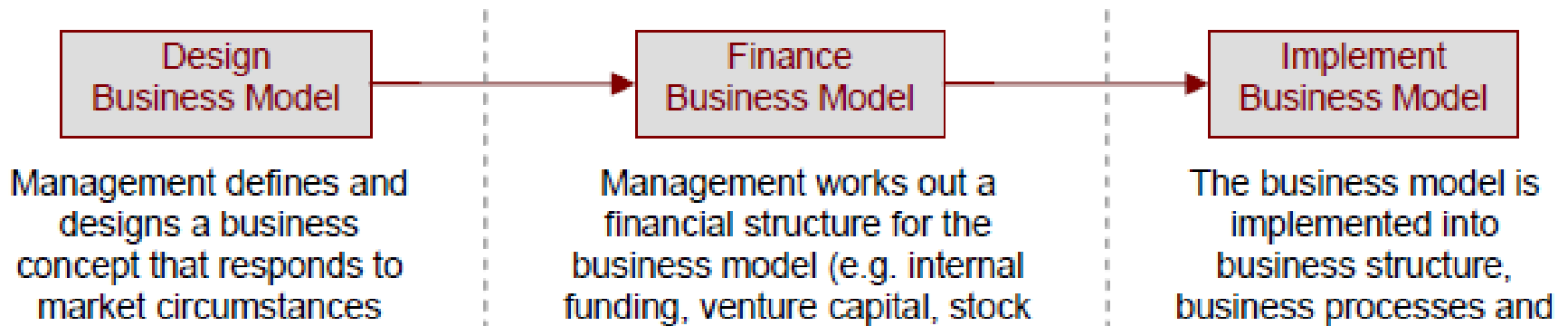
Business Model vs. Business Process Model

- 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

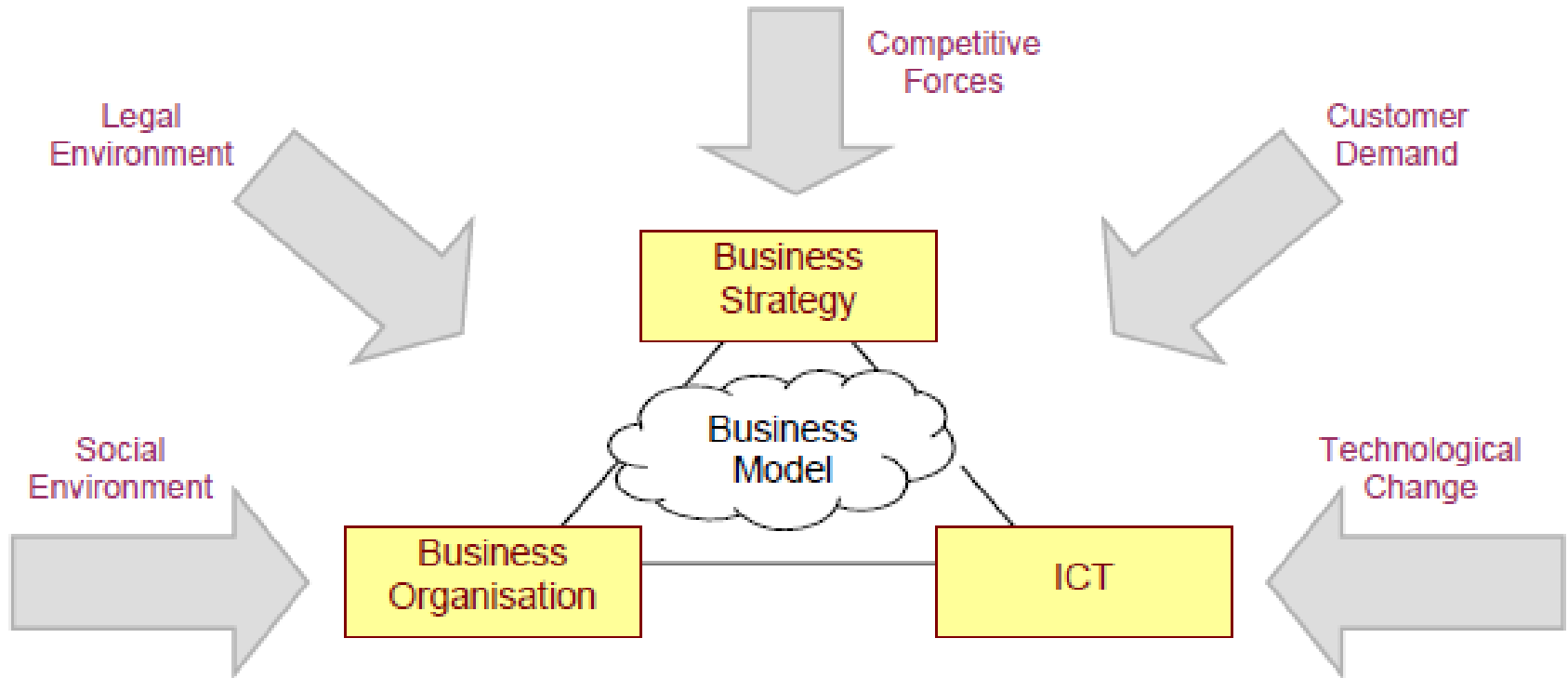
Business model vs. Strategy

- Business models
 - a system that shows how the pieces of a business fit together.
 - an abstraction of a firm's strategy
- Strategy
 - includes competition

Implementing Business Models



The Business Model's Place in the Firm



Nine Business Model Building Blocks

Pillar	Business Model Building Block	Description
Product	Value Proposition	Gives an overall view of a company's bundle of products and services.
Customer Interface	Target Customer	Describes the segments of customers a company wants to offer value to.
	Distribution Channel	Describes the various means of the company to get in touch with its customers.
	Relationship	Explains the kind of links a company establishes between itself and its different customer segments.
Infrastructure Management	Value Configuration	Describes the arrangement of activities and resources.
	Core Competency	Outlines the competencies necessary to execute the company's business model.
	Partner Network	Portrays the network of cooperative agreements with other companies necessary to efficiently offer and commercialize value.
Financial Aspects	Cost Structure	Sums up the monetary consequences of the means employed in the business model.
	Revenue Model	Describes the way a company makes money through a variety of revenue flows.

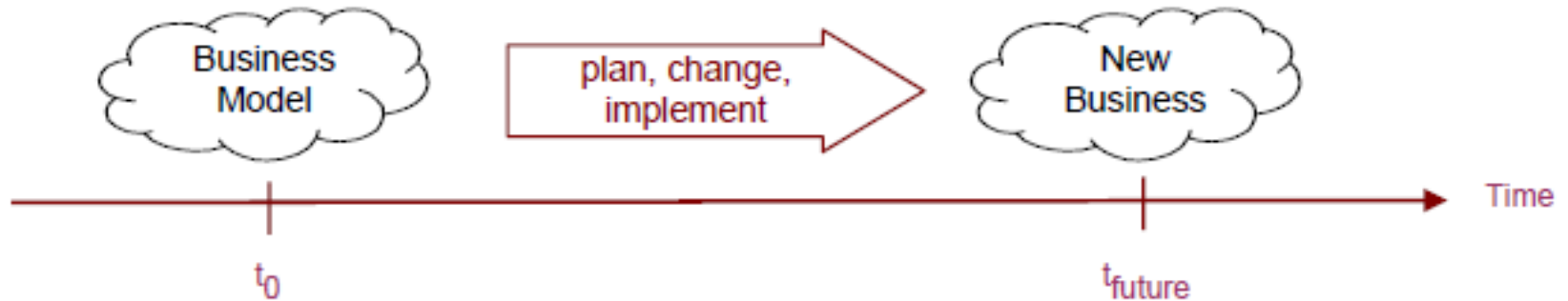
Domains Addressed in Business Models

Business model ontology	Stähler 2001	Weill and Vitale 2001	Petrovic, Kittl et al.	Gordijn 2002	Afuah and Tucci 2003	Tapscott, Ticoll et al. 2000	Linder and Cantrell 2000
Value Proposition	value proposition	Value Proposition, strategic objective	Value Model	Value offering	Customer Value		value proposition
Target Customer		Customer Segments		Market Segment	Scope		
Distribution Channel		Channels	Customer relations model				channel model
Customer Relationship			Customer relations model				commerce relationship
Value Configuration	Architecture		Production Mode	e3-value configuration	connected activities, value configuration	b-webs	commerce process model
Capability		Core competencies, CSF	Resource Model		capabilities		
Partnership	Architecture	e-business schematics		Actors	sustainability (team-up strategy)	b-webs	
Cost Structure				Value exchange	cost structure		
Revenue Model	Revenue Model	Source of revenue	Revenue Model	value exchange	pricing, revenue source		pricing model, revenue model

Domains Addressed in Business Models (cont.)

Business model ontology	Hamel 2000	Mahadevan 2000	Chesbrough and Rosenbloom 2000	Magretta 2002	Amit and Zott 2001	Applegate and Collura 2001	Maitland and Van de Kar 2002
Value Proposition	Product/market scope	Value stream	Value proposition	What does the customer value?	Transaction component	Product and Services offered	Value proposition, assumed value
Target Customer	Market scope		Market segment	Who is the customer?		Market opportunity	Market segment
Distribution Channel	Fulfillment & support, info & insight			How can we deliver value at an appropriate cost?		Marketing/sales model	
Customer Relationship	Relationship dynamics					Brand and reputation	
Value Configuration	Core processes	Logistical stream	Structure of the value chain		Architectural configuration	Operating model	
Capability	core competencies, strategic assets					Organization and culture, management model)	
Partnership	suppliers, partners, coalitions		Position in the value chain		Transaction component	Partners	Companies involved in creating value
Cost Structure			Cost structure	What is the underlying economic value?			
Revenue Model	pricing structure	Revenue stream		How do we make money in this business		Benefits to firm and stakeholders	Revenue Model

Planning, Changing and Implementing Business Models

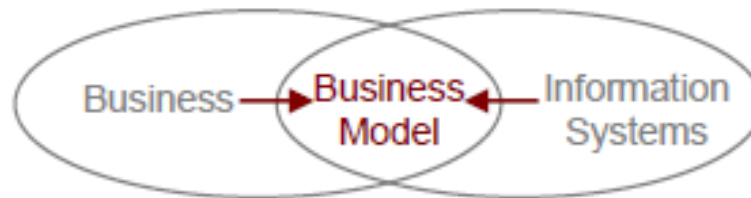


The management analyzes the current business model's adequacy to environmental pressures and designs a new business model

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

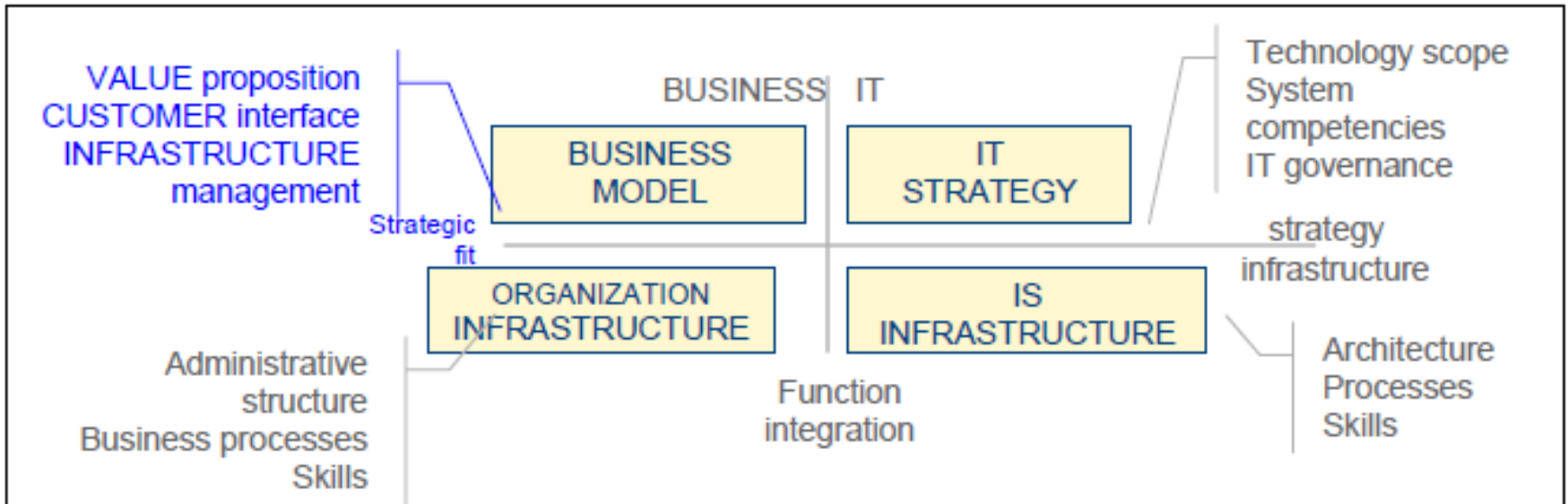
Business Strategy and Information Systems Alignment

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

Business and IT/IS Alignment



Adapted from [Henderson and Venkatraman 1999]

Infrastructure Alignment

9 INFRASTRUCTURE SERVICES	Application Infrastructure	Communications Management	Data Management	IT Management	Security	Architecture and Standards	Channel Management	IT Research and Development	Training and Education in IT
9 BUSINESS MODEL BUILDING BLOCKS									
Value Proposition									
Target Customer									
Distribution Channel									
Relationship									
Value Configuration									
Capability									
Partnersh									
Cost Model									
Revenue Model									

Adapted from Weill and Vitale [2002]

Application Portfolio Management

	Strategic	Key Operational	Support	High Potential
Value Proposition				
Target Customer				
Distribution Channel				
Relationship				
Value Configuration				
Capability				
Partnersh				
Cost Model				
Revenue Model				

Adapted from Ward [1988]

Business Models and Goals for Requirements Engineering

9 BUSINESS MODEL BLOCKS	Goal 1	Goal 2	Goal 3	Goal 4
Value Proposition				
Target Customer				
Distribution Channel				
Relationship				
Value Configuration				
Capability				
Partnersh				
Cost Model				
Revenue Model				

Business Model and Balanced Scorecard

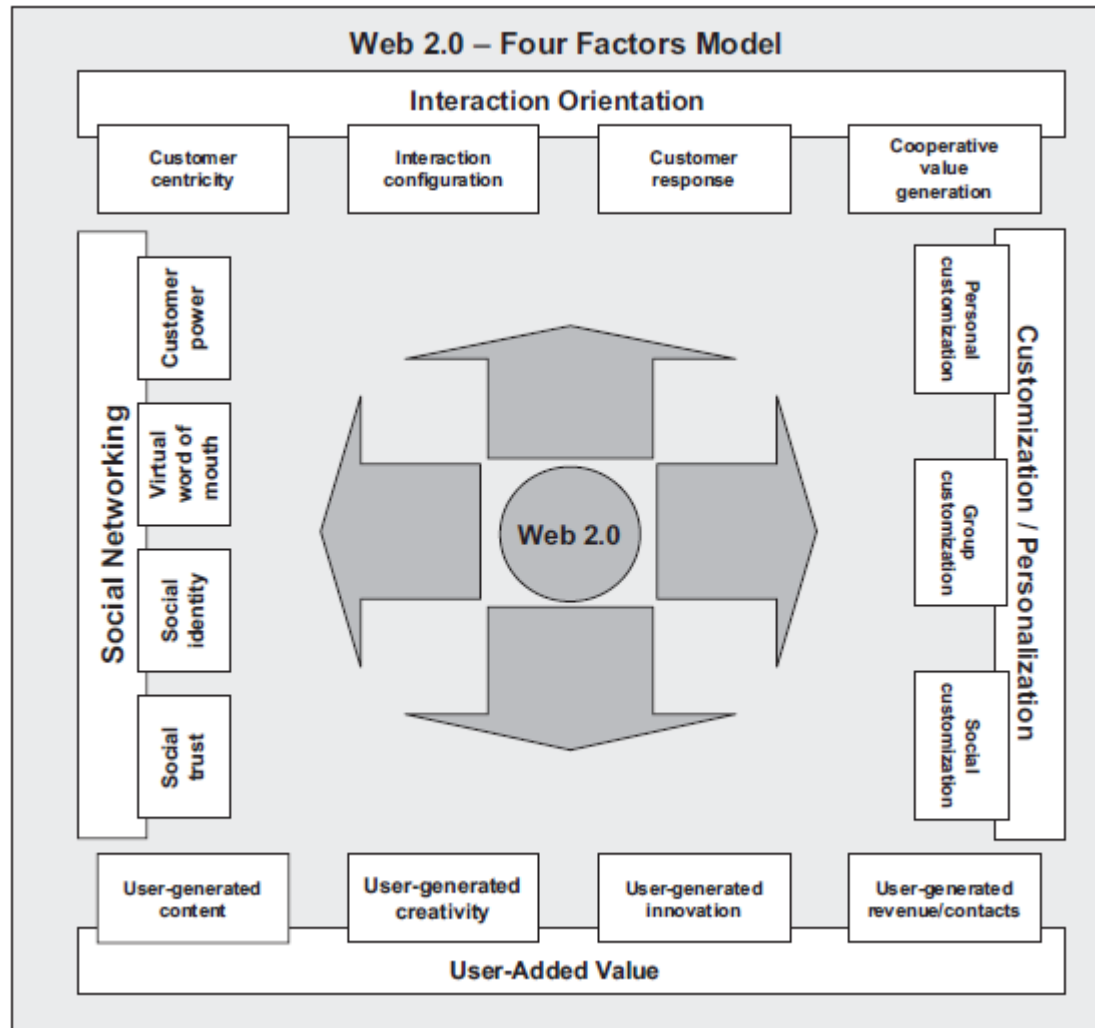
9 BUSINESS MODEL BLOCKS	Indicator	current score	target score	alarm level
Value Proposition				
Target Customer				
Distribution Channel				
Relationship				
Value Configuration				
Capability				
Partnersh				
Cost Model				
Revenue Model				

Adapted from Kaplan and Norton [1992]

The 4C Typology of Internet Business Models

<p style="text-align: center;">Content</p> <p>Definition: Firms collecting, selecting, compiling, distributing, and/or presenting online content</p>	<p>Value proposition: Providing convenient and user-friendly access to various types of content</p> <p>Revenues: Mostly online advertising (but increasingly subscription and pay-per-use)</p>
<p style="text-align: center;">Commerce</p> <p>Definition: Firm initiating, negotiating, and/or fulfilling online transactions</p>	<p>Value proposition: Providing a cost-efficient exchange place for buyers and sellers of goods and services</p> <p>Revenues: Sales revenues, commissions</p>
<p style="text-align: center;">Context</p> <p>Definition: Firms sorting and/or aggregating available online information</p>	<p>Value proposition: Providing structure and navigation for Internet users to reduce intransparency and complexity</p> <p>Revenues: Mostly online advertising</p>
<p style="text-align: center;">Connection</p> <p>Definition: Firms providing physical and/or virtual network infrastructure</p>	<p>Value proposition: Providing the prerequisites for exchange of information over the Internet</p> <p>Revenues: Online advertising, subscription, time-based billing, volume-based billing</p>

The Web 2.0 - 4 factors model



Activities for embracing the Web 2.0 in existing Internet businesses

Factor	Activity
Social networking	<ul style="list-style-type: none">• Build your own social networking – e.g. by creating blogs, forums and chats for your website• Check and comment on postings on networks (e.g., review platforms)• Present your company on relevant social networking platforms
Interaction orientation	<ul style="list-style-type: none">• Be highly responsive and available 24 hours• Provide users a reward for interaction (social status, prizes, rebates)• Encourage positive <u>and</u> negative feedback
User-added value	<ul style="list-style-type: none">• Integrate the following tools on your website: user reviews, user-generated information (wikis), media uploads (videos etc.)• Offer incentives• Use metadata that tracks clicks, recommendations, behavior etc.
Customization/personalization	<ul style="list-style-type: none">• Make good use of available user information as a base for customization efforts (e.g., build track profiles based on customer history)• Focus on making customization/personalization easy to use

Relevance of the Web 2.0 factors for individual business model types

Web 2.0 Factor

Business model	Social networking	Interaction orientation	User-added value	Customization/personalization
Content	++	+	++	+
Commerce	—	++	o	+
Context	+	—	o	+
Connection	++	+	o	+

++: very high relevance; +: high relevance; o: medium relevance; —: low relevance.

References

- Alexander Osterwalder, Yves Pigneur and Christopher L. Tucci, “Clarifying Business Models: Origins, Present, and Future of the Concept”, Communications of the Association for Information Systems (CAIS), Vol. 15, No. 1, May 2005, pp. 1-25.
- Bernd W. Wirtz, Oliver Schilke and Sebastian Ullrich, “Strategic Development of Business Models: Implications of the Web 2.0 for Creating Value on the Internet”, Long Range Planning, Volume 43, Issues 2-3, April-June 2010, pp. 272-290.