m-Powering Development Initiative



Business Models WG













BM - working group Report

Mokhtar Mnakri – Chairman & CEO Tunisie Telecom May 23, 2014

TERMS OF REFERENCE FOR THE Working Group on Business Models

Objectives

WG-BM is a sub-group of the m-Powering Development Initiative Advisory Board to carry out the background work on business models to foster private-public partnerships and **facilitate mobile technologies to be part of the development process**. The objective of the working group is to provide input to the work of the m-Powering Development Initiative Advisory Board.

Activities

- identify key stakeholders and their respective roles
- identify real life examples and best practices that can be replicated and scaled-up
- identify Value Chain and Business Model Canvas
- prepare a report back to the Board with suggested actions

Methodology

- Market research on best practice and case study readiness.
- Academic research on How to build Business Model
- Book reference: Business Model Generation Handbook written by Alexander Osterwalder & Yves Pigneur

Outcomes

- Provide Input to the m-Powering Development Initiative Advisory Board
- Presentation on m-Commerce, m-education, m-Health, m-Governance and m-Sport Business Model to Advisory Board
- Global Report on BM with suggestions

Definition Business Model



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

Source : BMgeneration Book - Alex Osterwalder

What is a business model?

Quite simply a business model describes how a company creates an offering, gets it to customers and generates profit from the transaction. The research of Alex Osterwalder and Yves Pigneur suggests that a complete description of a company's business model can be broken down into **nine elements**:

- 1. Customer segments: The specific group of people that the organization aims to serve.
- 2. Value proposition: A clear description of the company's offering and how it solves problems or creates value for customers.
- 3. Channels: The means that a company uses to reach its customer segments to communicate with them and to deliver products and services to them.
- 4. Customer relationships: The methods used to maintain relationships with customer segments.
- 5. Revenue streams: The income generation and collection mechanisms in the business.
- 6. **Key resources:** The most important assets that the company needs to make the other elements of the business model work.
- 7. **Key activities:** The most important things that a company must do to make its business model work.
- 8. Key partnerships: The network of suppliers and partners that make the business model work.
- 9. Cost structure: The major costs that need to be incurred to sustain the business model.

Business Model Canvas

These nine business model building blocks can be captured in a single diagram called the business model canvas. It sets the value proposition at the centre of the business model as the primary focus area. The customer building blocks (customer segments, channels and relationships) can be found to the right of the value proposition and infrastructure building blocks (resources, activities and partners) to the left. The finance-based building blocks (revenue and cost structure) can be found on the lower portion of the diagram.

THE BUSINESS MODEL CANVAS

KEY PARTNERS

Describe the network of suppliers and partners that make the business model work.

KEY ACTIVITIES

What are the most important activities that the company must do to make the business model work?

KEY RESOURCES

What assets do you have under your control for delivering on your value proposition?

VALUE PROPOSITION

What do you provide to customers? Describe the bundle of products and/or services that provide value to customers.

CUSTOMER RELATIONSHIPS

How do you foster and maintain relationships with customers?

CHANNELS

How do you currently deliver products or services to customers?

CUSTOMER SEGMENTS

Which groups of customers do you currently serve? Briefly describe each different customer group.

REVENUE STRUCTURE

How do you generate revenue from each customer grouping? Describe your different revenue streams.

COST STRUCTURE

What are the major categories of costs that you incur to make your business model work? Describe each major cost category.

Contents





m-Commerce



m-Education



m-Health



m-Governance



m-Sport

m-Commerce



Mobile commerce refers to trusted transactions using a wireless device and data connection that result in the transfer of value in exchange for information, services, or goods.

Mobile commerce, facilitated generally by mobile phones, includes services such as banking, payment, and ticketing.

M-Commerce involves three categories of activities:

- e-commerce conducted with mobile devices (mobile phone, smartphones, tablets);
- mobile payments (NFC wallets and cloud wallets & other methods);
- mobile money management (including transfers and banking).



Source: TMForum

Key benefits



For mobile Operators

- An opportunity for MNO's to further expand non-voice revenues.
- Mobile operators can benefit from differentiation, increasing loyalty and reducing churn.
- ✓ Build brand value while introducing new opportunities for recurring revenue streams

For consumers

- ✓ Ease-of-use and convenience, purely personal
- Encourage cashless customer behavior.
- Purchases / payments faster and easier than traditional payment modes.
- Ensuring the security and quality of in-store wireless network coverage.
- Reduce travel time, time to order & cost.
- ✓ Paying bill from anywhere, anytime, 24/7.
- Provide unbanked customers with a secure solution for transaction (Pin security, SMS alert).

For merchants/retailers

- The ubiquity of mobile phones helps to drive payments.
- Opportunities for integration with other merchant value-add applications (e.g., supporting loyalty programs and merchant promotions).
- Enhance brand presence and develop effective multichannel sales and customer engagement strategies.
- Contactless readers require less maintenance, providing cost savings to merchants.

For Banks/Financial institutions

- Decrease of lost transactions resulting from magnetic stripe read problems, reduce cardholder calls and improve satisfaction.
- Contactless transactions enhance security over magnetic stripe card transactions, leading to reduced fraud.
- New opportunities to further penetrate cash and checkheavy merchant segments and open new acceptance channels.

m-Commerce Business Model





Key partners

- Application developers
- Retailers
- Mobile operators
- **Banks**
- Trusted service manager
- Digital signage providers



Key **activities**

- Mobile applications deployment.
- Billing



Key resources

- IT security
- Apps, Portals



Value proposition

Enable users of mobile phones, to support a commercial/financial transaction including searching, shopping, paying for goods or services, checking account, performing bank transactions,, and completing credit applications using a mobile phone's Web browser, a specialized app, or a text message.



Costumer relationships

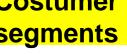
Automated



Channels

- Applications stores
- M-wallet
- Cloud Wallet
- NFC
- SMS

Costumer segments



- travel services and hotels.
- books/music/DVD
- office equipments
- household goods
- cinema, theater, museum, tickets and events



Cost structure

- Mobile network costs
- Data management costs
- Financial commissions
- Equipements



Revenue streams

- Service enablement and provisioning charges.
- Subscription fees (offering real-time analytics and Big Data insights).
- Commission fees (providing carrier billing or mobile-walletbased payment services).
- Per-transaction share of the revenue

Source: TT analysis

Main Suggestions



- Advocate an approach where building an interoperable standards-based eco-system for mobile commerce is central. This way, all players will be able to benefit from the system created.
- For service providers, choices need to be made to support interoperability and openness, rather than to develop and use private or proprietary model. Business models need to be developed to make sure this is possible.
- Mobile networks need to be able to deal with large amounts of traffic at high speed.
 Availability of technologies is vital to success of mobile commerce.
- Fully respect consumer rights and privacy.
- Expand the number of integrated NFC handsets and equipments.

Contents





m-Commerce



m-Education



m-Health



m-Governance



m-Sport

m-Education



m-Education is the application of mobile devices & services, connected to mobile networks, in any education process, including teaching & learning, assessment and administration.

Key benefits



Students using portable devices to:

- access learning materials, information and systems,
- create and share documents, pictures, videos and audio files,
- interact with other students, teachers, experts, learning systems, apps and the world around them,

m-education impact

- ✓ Enhancing teaching & assessment
- ✓ Improving educational administration and management
- ✓ Contribute to reduce illiteracy
- ✓ Close the digital divide with using mobile technology
- ✓ Education for all : MDG's objectives (Millennium Development Goals)

m-education segment

- Academics segments: Pre-school Kids, K-12, Vocational Education training, universities
- Informal Segments: lifelong learners, edutainment learners, Self directed revision users

m-Education Business Model





Key partners

- **Platforms Providers**
- Content Providers
- **Publishers**
- Mobile operator



Key activities

- Platform management
- Marketing
- Educational content creation



- HR: Educators. Managers
- Digital contents



Value proposition

Educational content available to learners anytime, **Anywhere and on** the move.



Costumer relationships

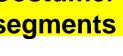
- Automated
- Indirect marketing approach



Channels

- Connected portable devices: smatphones, tablets, e-readers...
- LMS Plateform: Learning Management **Systems**
- App. stores





- Public sector education institutions
- Lifelong learners
- Students
- Job seekers
- Employees workplace training



Cost structure

- Variable costs
- Cost-driven
- Cost-sharing



Revenue streams

- Per-user fees / subscriptions
- Per-event charges
- Data access
- Third party funding

Source: TT analysis

Main Suggestions



- Encourage the emergence of new cost segments of low-cost specialists in digital content creation in order to reduce publishers staff and systems costs.
- Achieve a greater level of collaboration across the ecosystem of academics, technologists and practitioners.
- Stimulate m-education trials and commercial launches, and provide evidence of the benefits of m-education to induce cultural change and accelerate adoption
- Platforms need to support functions such as collaboration and social interaction.
- Optimize educational content for use on mobile devices.
- The need of a trusted, high end assessments and recognizable credentials.
- Develop strategies to provide devices for students who cannot afford them.
- Train teachers to advance learning through mobile technologies.

Contents





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m-Education



m-Health



m-Governance



m-Sport

m-Health



mHealth refers to the usage of mobile communications technology & devices to:

- ► Enhance access to healthcare information : Medical Information & Healthcare Management
- ► Improve distribution of routine and emergency health services: SMS alert for taking drugs, Remote health monitoring (RHM) devices that track and report patients' conditions.
- Provide diagnostic services : Remote consultation/diagnosis and even treatment for patients who do not have easy access to a physician



Key benefits



Social returns

- Health outcomes
- Social value or impact

Financial returns

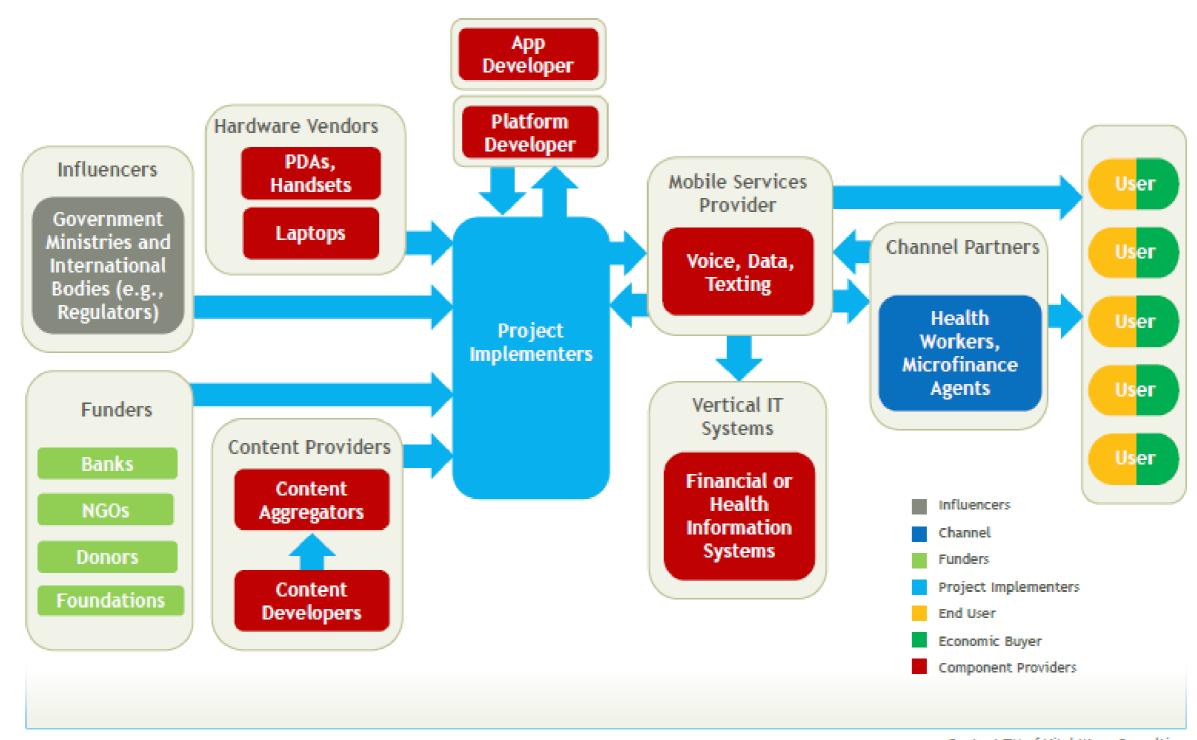
- Direct payments: one time or ongoing
- Service revenues

Operational returns

- Efficiency
- Cost savings
- Productivity levels

m-health Value Chain





Content TM of Vital Wave Consulting





m-Health Business Model





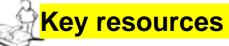
Key partners

- Health care solution Professional & **Providers**
- Infrastructure **Providers**
- Standards bodies
- Mobile operators
- Insurers
- Governments health system
- Pharmaceutical industry
- Application developers and integrators



Key activities

- Monitoring quality and quantity of health activities of patients at any time.
- Medical intervention



- Medical Information & Healthcare Management.
- Consultation / Diagnostic Services
- M2M, Sensor & Monitoring
- Applications development



Value proposition

Improve the healthcare through mobile devices and network as well as generating cost savings



Costumer relationships

- Automated
- Subscription package





General public



Channels

- Connected portable devices.
- M2M services
- App. Stores
- Mobile video calling
- Mobile web
- SMS and USSD



Cost structure

- Devices manufactoring costs
- Mobile network costs
- Data management costs



Revenue streams

- Per transactions, subscriptions
- Freemium (for mHealth Apps)
- Advertising revenue
- Package sales

Source: TT analysis www.businessmodelgeneration.com

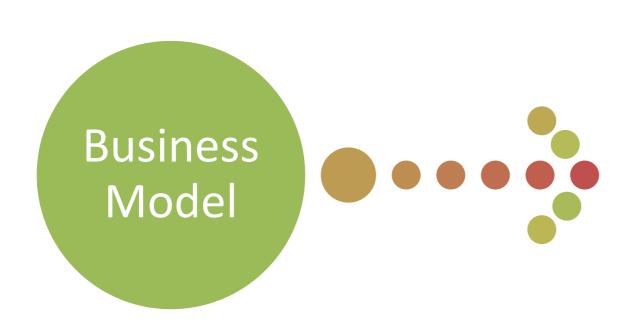
Freemium: a business model most commonly used for digital goods and services whereby a basic version of the product is provided free of charge, but a premium is charged for advanced features or functionality

Main Suggestions



- The acceptance of mobile health solutions by physicians will be a key enabler for scaling up the market: facilitating adoption process and the alignment of incentives for healthcare professionals will motivate them
- Engaging the private sector in the development and implementation phases of mHealth services through the adoption of new business models that help to encourage them for more participation.
- Identifying health system priorities: the lack of supporting policy and legal issues must be remedied by the transfer of knowledge from successful experiences. (mHealth alliance sharing experience).
- Establish strategic partnerships to support scale up of the project (industry partners such as mobile technology companies, NGOs..).
- Perform monitoring and evaluation using meaningful and measureable metrics. This process will serve
 as a basis for decision for future launches.

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m-Governance



m-Sport

m-Governance



Provide Government's information and services to public employees, citizens, businesses, and nonprofit organizations through wireless communication networks and mobile devices."

Objectives

- Extend services where wire line internet access is limited.
- Reach to the masses through the use of simplest technology.
- Provide point to point delivery of government services in a personalized manner.
- Improve operational efficiency.
- Provide cost-effective services

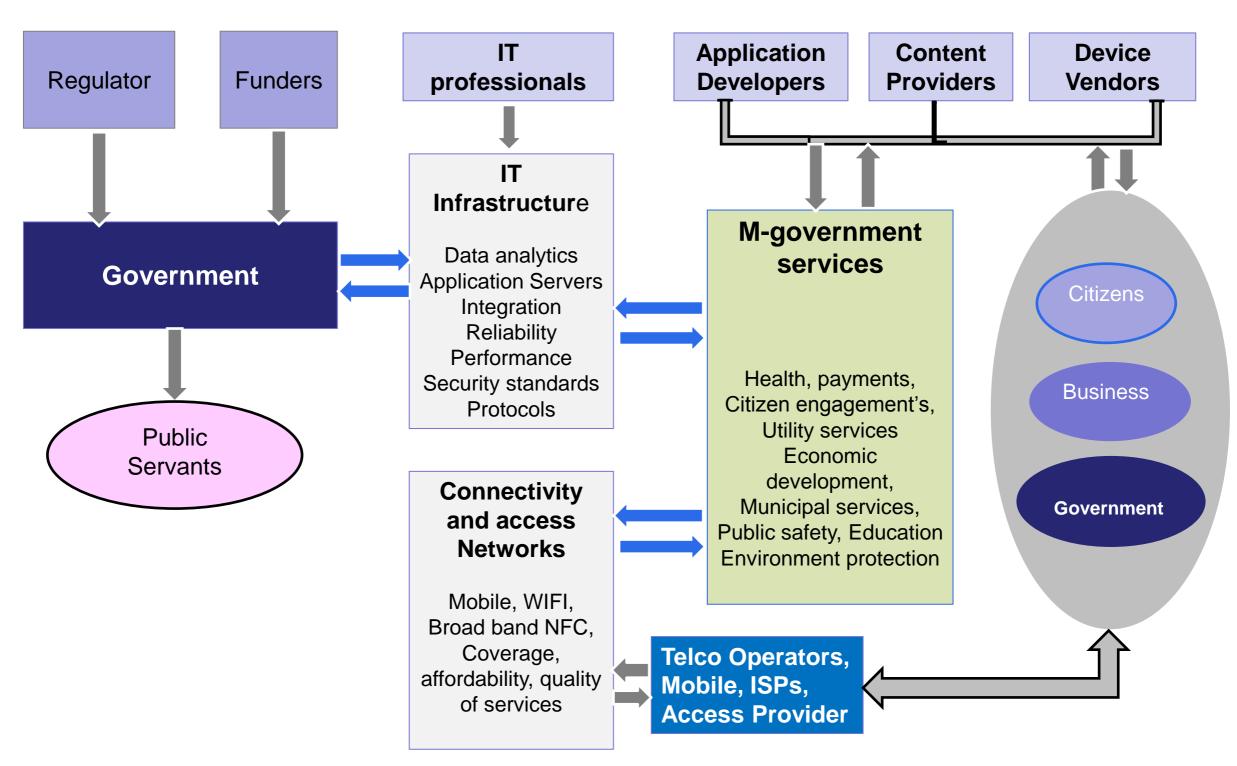


Key benefits



- Reduction of service processing time.
- Reduction of operating costs and less paper work.
- Early detection of problems and crisis.
- Enlarged accessibility (fast and easy access)
- Transparency: Citizen become more loyal to the government.
- Increased participation of citizen .
- Satisfaction of citizen and private users: reduction of human error due to the automated process, elimination of queues..)

m-Governance Value Chain



Source: Susan Cable, Public Technology Institute, 2010 - TT analysis & updating

m-governance Business Model





Key

- software vendors
- Content
- Infrastructure providers
- Device
- Mobile

partners

providers

vendors

operator

Governments

Key Key activities

Content management

Marketing

IT Management

(Data encryption, information security management)



- Infrastructure
- Gov. Database
- Human resources
- **Funds**

Value proposition

Getting public services and informations from anywhere at anytime...



Costumer relationships

Automated

Subscriptions to

access



Channels

Connected portable devices:

- Smartphones,
- Tablets, E-readers...

App. stores

SMS MMS

WAP .

M2M

Costumer segments



- Government agencies
- Citizens
- Business sectors
- Organizations



Cost structure

Making, supplying Data Supplying infrastructure Cost-driven



Revenue streams

Transaction fees Data Access fee Free services (private or public sponsor)

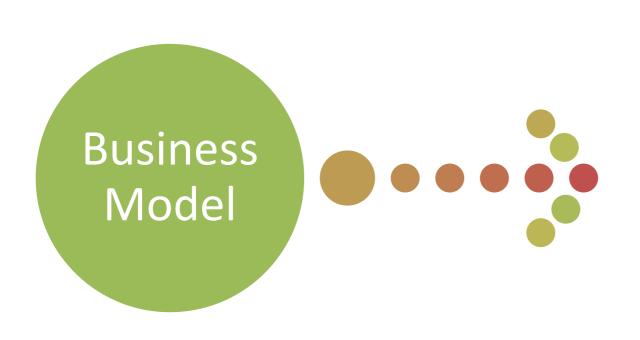
Source: TT analysis

Main Suggestions



- M-government services should be viewed as a strategic project and planned carefully to reduce the chances of emergence of the islands of information systems dilemma. Funding plays a key role to the success of this service.
- Introducing Mobile government technology means that the work conditions are changed and the environment is modified, therefore existing policies, practices, and regulations may need to be updated or even created: Revisiting current policies to make certain that they are still valid and appropriate for the new environment and ensuring privacy and security of government data.
- Establishing **technical infrastructure must be reviewed** to identify if and how it can support a more mobile workforce. Maintaining devices and infrastructure that remains on site is different from maintaining ones that are in constant movement.
- Governments must make a data base about their staff work and citizen's needs and types of devices could be used to help them do their jobs better or make their lives easier: Developing apps for multiple platforms is more expensive, but can allow people to use Gov apps with their existing mobile devices.
- Mobile government implementation pass through 3 steps: mobile access, mobile content, mobile services and applications: establish with partners in each of those steps is necessary, the private sector and organizations can play a crucial role.

Contents





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m-Sport

m-Sport



- Mobile sport include services and applications for mobile phones that enables sports fans to keep track of their favorite sport, player or sports event at anytime and anywhere.
- It can be a real-time information such as scores, rankings, news, statistics and more or other functionalities including the integration of pictures, video's of goals and other key events.

Types of Sports Products in mobile sports

Sport Events

- Players appearances
- Arenas / Stadium

Sporting Goods

- Equipments
- Apparel, sportwear, footwear

Sport Training

- Fitness and health services.
- Sport camps and instruction.

Sport Information

- Magazine, Radio, TV
- SMS, MMS, WAP, Apps

Key benefits



MEDIA COMPANIES



- Package and repackage content automatically for continuous resale
- Exploit archive and current material and "sports futures"
- Ongoing, smart advertising
- Automate content packaging right down to individual customer

TELECOMMUNICATIONS COMPANIES



- Both telcos and MVNOs can offer differentiated sports media services
- Sports media services become both a platform for new revenues and loyalty mechanism

Working in agile, creative and dynamic partnerships

SPORTS ASSOCIATIONS AND RIGHTS HOLDERS



- Opportunities to take ever-greater ownership of consumption and commercialization of your specific sport
- Opportunities for new business exist with all rights holders –these include betting companies, events organizers and leagues

m-Sport Value Chain



Content owners

Mobile Content & Service Providers

Media companies

Telco Operators

Payment

Content origination

Service Management Marketing & Display

Network Delivery

Billing End users / **Sport Fans** Service Demand **CRM**

Content **Owners**

- Create new revenue sources with minimal upfront costs
- Extend reach of your content to fans in and out venue
- Manage access rights to all content (location, subscriptions)

- · Differentiate your venues services offerings
- Enhance your spectator's event experience
- Create customer stickiness and drive repeated visit

Media companies Marketing and promotion of sports, products and services

- Deliver a rich multimedia experience
- Increase uptake of data service subscriptions
- Create engaging services and repeated customer visits

Advertizers

Target adverts to specific activities in the event, people, time, and location

- Access bundled video and related content from events
- Follow event in real-time from anywhere
- Social Networking share experience of event and view fan content

Partnership program is



The main source of income for m-Sport.

Key stakeholders (1/2)





Content Owners

They include pre-owned contents and information that can be bundled with a live event such as text, video instant replays, or advertising to be distributed to fans, they can increase the usage of their content assets.



Event Hosts

They organize and host events on behalf of teams and other third parties, they are looking to differentiate their venues and the services they can offer to their customers and spectators.



Mobile Content & Service providers

Aggregation and publishing of content and services in different formats (SMS, MMS, WAP, Apps, Video, catch-up..)



Media Company

Marketing and promotion of sports, product and services

Key stakeholders (2/2)





Mobile Network Operators

Deliver access to demand for rich mobile media devices and broadband data delivery services. With the availability of many different wireless broadband technologies like Wi-Fi, 3G, WiMAX or LTE.



Advertisers

With mobile sport services and applications, advertisers can effectively target different segments, such as sports fans at an event, with a rich media interface. The publishing tool and distribution service will support promotions to be delivered based on activities in the event (promoting the jersey of a player who just scored), profile of the sports fan (a football fan attending a football game), the time of day or time in in event (halftime) or location (offer a promotion to visit a restaurant near the venue before or after the event).



Sports Fans

Sports fans are the primary segment of end-users for the mobile sport: a sports fan can be an enthusiast for a particular athlete, team, sport, or all of organized sports as a whole. Sports fans often attend sporting events or watch them on TV, and follow news through newspapers and Internet web sites, mobile applications.

m-Sport Business Model





Key partners

- Content **Providers**
- Infrastructure **Providers**
- Device vendors

- and owners
- Advertisers

Mobile operator

Key activities activities

- Content management
- Advertising
- IT Management

Key resources

Infrastructure

Funds

Value proposition

Getting sports informations and services from anywhere at anytime..

Costumer relationships

- Automated
- Subscriptions to access



Channels

Connected portable devices:

- Smartphones,
- Tablets, ...

App. stores

Costumer segments

Sport fans



Cost structure

Making, supplying Data

Sports events host

Cost-driven (updating)



Revenue streams

- Download fee
- Subscription fee
- Data traffic
- Sponsorship

 Event based billing (pay per view ,,)

Source: TT analysis

Main Suggestions



- Mobile sport can be used as an ideal channel for the development of sportsmanship among fans sports: sports organizations, local and international leagues may think to influence sports fans through this channel enjoying of outstanding events.
- Mobile sports is facing issue of addressing licenses for sports video delivered to mobile devices: Protection from illegal copying, hackers, spyware, and viruses. Rights managers must works on this issue to avoid a serious failures.
- Interactive sport mobile TV allows for further opportunities for operator to stimulate incremental spending from viewers of mobile TV, through browsing sessions initiated by a call to action on services or informations (video clips, mobile games, ringtones) These will represent a small but important component towards achieving return on investment for network operators.
- Mobile sports players must expand their partnerships involving several other area: more than advertising for areas close to the sports and health, they must be open to others sectors away from this area. It must be treated as a service that can be very significant developing around it several others: mobile banking, mobile commerce, mobile advertising, mobile health



Thank, You!

Mokhtar Mnakri – Chairman & CEO Tunisie Telecom

