m-Powering Development Initiative

Business Models WG

BM - working group Report

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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.

**Objectives**
- 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

**Activities**
- Market research on best practice and case study readiness.
- Academic research on How to build Business Model

**Methodology**
- **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
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.

Source: BM generation Book - Alex Osterwalder
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.
Contents

- Business Model
  - 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).
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 check-heavy 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.

### Customer Relationships
- Automated

### Customer Segments
- travel services and hotels.
- books/music/DVD
- office equipment
- household goods
- cinema, theater, museum, tickets and events

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

### 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-wallet-based 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.
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

Key resources
- HR: Educators, Managers
- Digital contents

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

Costumer relationships
- Automated
- Indirect marketing approach

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

Channels
- Connected portable devices: smartphones, tablets, e-readers…
- LMS Plateform: Learning Management Systems
- App. stores

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

Business Model

m-Commerce
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

mHealth: an opportunity for the monetization of MNO’s mobile services
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

[Diagram showing the value chain for m-health, including Influencers, Hardware Vendors, Platform Developer, App Developer, Mobile Services Provider, Vertical IT Systems, Financial or Health Information Systems, Channel Partners, and User segments.]
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

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

Customer relationships
- Automated
- Subscription package

Customer segments
- Health professionals
- General public

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

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

Cost structure
- Devices manufacturing costs
- Mobile network costs
- Data management costs

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

 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.

Source: TT analysis

www.businessmodelgeneration.com
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.
Contents

Business Model

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- 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

Regulator → Government → Funders → IT professionals → IT Infrastructure → Connectivity and access Networks → Telco Operators, Mobile, ISPs, Access Provider → M-government services

- Data analytics
- Application Servers
- Integration
- Reliability
- Performance
- Security standards
- Protocols

- Connectivity
- Mobile, WIFI, Broadband, NFC
- Coverage, affordability, quality of services

- M-government services
  - Health, payments
  - Citizen engagement’s
  - Utility services
  - Economic development
  - Municipal services
  - Public safety, Education
  - Environment protection

Source: Susan Cable, Public Technology Institute, 2010 - TT analysis & updating
m-governance Business Model

Key partners
- software vendors
- Content providers
- Infrastructure providers
- Device vendors
- Mobile operator

Key activities
- Content management
- Marketing
- IT Management (Data encryption, information security management)

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

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

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.
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

**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

Working in agile, creative and dynamic partnerships
**m-Sport Value Chain**

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)

Event hosts
- Differentiate your venues services offerings
- Enhance your spectator’s event experience
- Create customer stickiness and drive repeated visits

Media companies
- Marketing and promotion of sports, products and services

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

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

Sport fans / End Users
- 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.

[http://www.motorolasolutions.com](http://www.motorolasolutions.com)

BM WGPresentationMay2014
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 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 and owners
- Advertisers
- Infrastructure Providers
- Device vendors
- Mobile operator

### Key Activities
- Content management
- Advertising
- IT Management

### Value Proposition
Getting sports informations and services from anywhere at anytime.

### Key Resources
- Infrastructure
- Funds

### Channels
Connected portable devices:
- Smartphones,
- Tablets, …

### Customer Relationships
- Automated
- Subscriptions to access

### Customer Segments
Sport fans

### Cost Structure
- Making, supplying Data
- Cost-driven (updating)

### Revenue Streams
- Download fee
- Subscription fee
- Data traffic
- Sponsorship
- Event based billing (pay per view „)
Main Suggestions

- Mobile sport can be used as an ideal channel for the development of sportsmanship among fans: 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