



Analysis of Innovative and Emerging Best Practices and Implications to Future Value Chains to 2025

“We Accelerate Growth”



About the Research

The Frost & Sullivan Visionary Innovation Group's latest publication, *New Business Models*, will explore new innovations in the way businesses operate and the new markets created in the process. For businesses that are constantly striving to reinvent themselves to sustain and be competitive in tomorrow's market, this piece of research will provide a comprehensive view of differentiators among the various business models being tested and tried today.

Themes Covered

Business-to-Business (B2B) Models



Explores the emergence of partnerships, alliances, and private marketplaces in B2B relationships.

Business-to-Consumer (B2C) Models



Explores the role of digitization in creating new B2C engagements.

Government Business Models



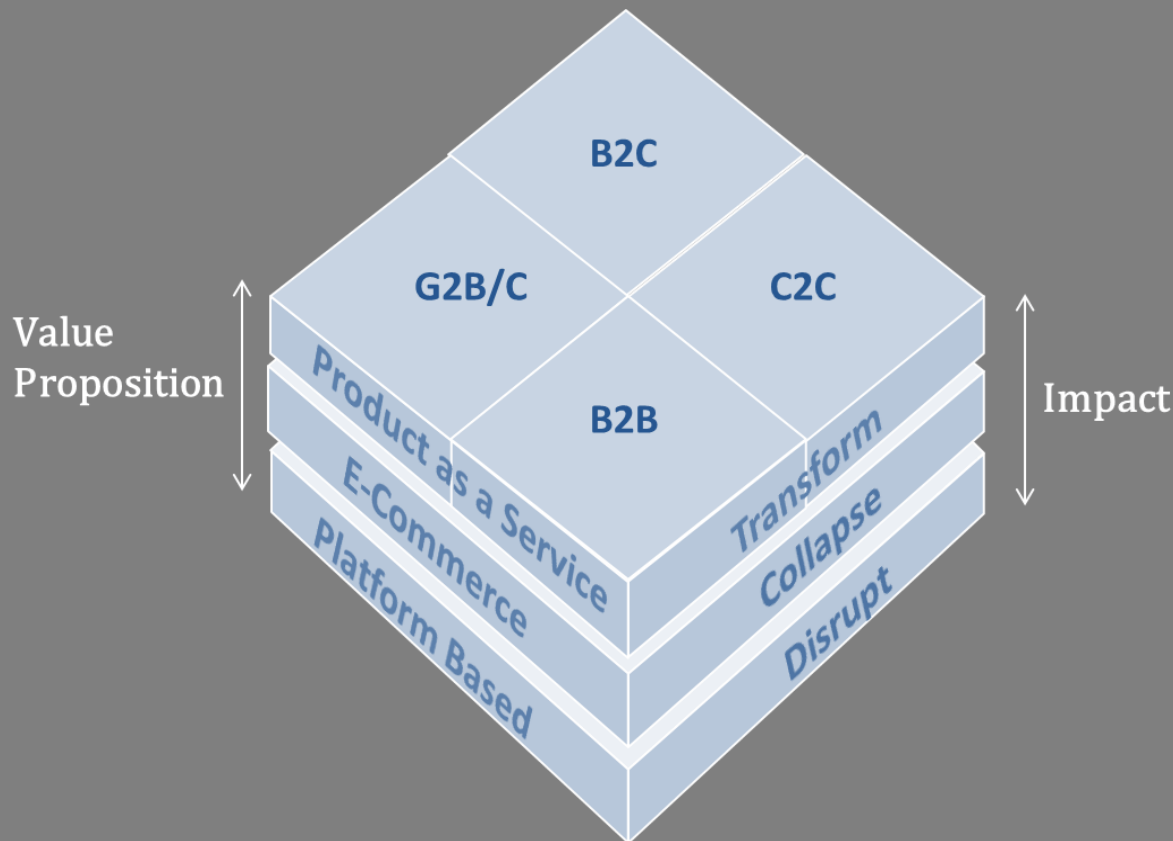
Explores the new corporate way of doing businesses as global governments become more pro-private.

Five Team Members Involved

500 Hours of Research

153 Pages of New Content

Key Topics Covered



B2B Examples

Online B2B (Alibaba)

Platforms (AT&T Digital Life)

Data as a service (Predylitycs)

B2C Examples

Democratisation (Xiaomi)

'Crowd' everything (Kickstarter)

Omnichannel commerce (Tesco)

C2C Examples

Sharing (Just Park)

Aggregating (Uber)

G2G/B/C Examples

eGovernance Models

Open Business Models

Best-of-Breed Analysis—Top Strategic Findings

Key Consensus Points

- 1 Connectivity is the key enabler**
Nearly 80% of the most valuable start-ups are technology driven and every second start-up is based on IT. More than 50% of new start-ups have been launched on mobile platforms.
- 2 Product as a service**
More than 70% of top fortune 500 companies have plans to offer their product as a service by 2020.
- 3 Unbundling of value chains**
The top 3 companies from the biggest traditional industries of automotive, logistics, and retail face severe threats from niche participants as their end-to-end solutions are being unbundled by online participants.
- 4 Open innovation and collaboration**
Open Innovation approaches to product innovation and business models have shown to increase products in the pipeline from 4 to 60 (based on best-case successful use cases).
- 5 Software-oriented for future scalability**
Every company could be a software company in the future, as most business model best cases allude to a software-defined integrated delivery platform in the future for all products.
- 6 New revenue models are more volume-based than value**
Commission-based and transaction volume-based models will define revenue streams as businesses move towards servicification of its products.

How Will the Findings Help Me?

1. **Take a long term view** on your commitment and strategy. Future gains for first movers are worth the investment.
2. **Understand new business models** that evade you but not others
3. **Be customer-centric.** One size does not fit all. Be creative.
4. **Diversify your opportunity portfolio.** offer multiple value chain options
5. **Become vigilant** if you have a sub optimal innovation pipeline

60%

**Percentage of companies
that will not see a ten
year anniversary**

Our clients understand that effective
Mega Trend planning supports
long term **sustainable** growth
and drives a culture of **innovation**

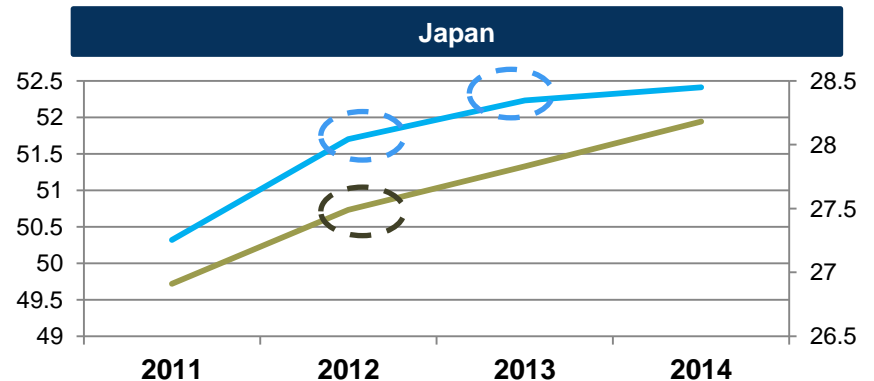
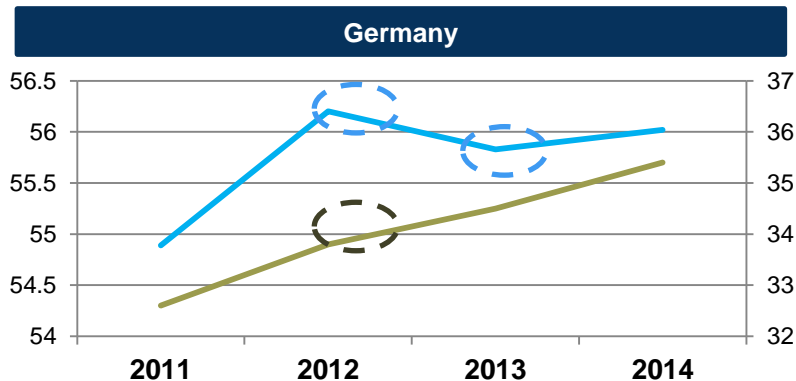
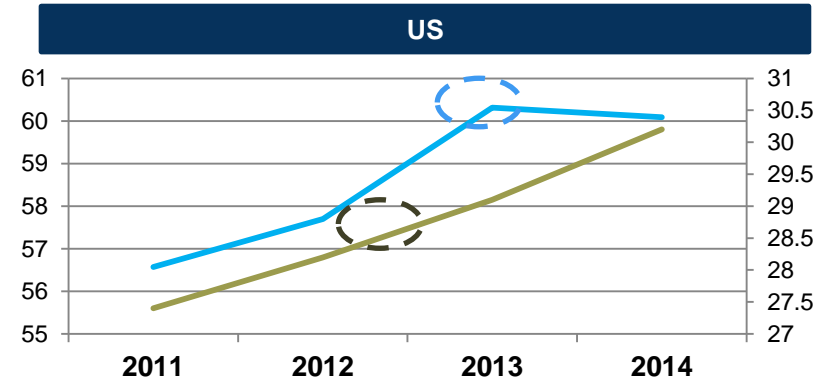
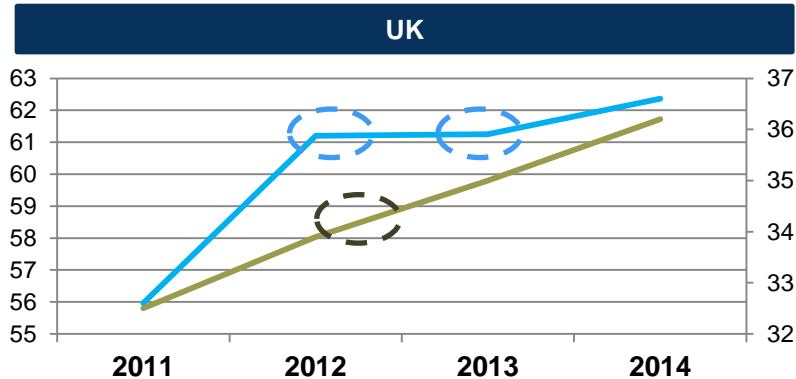
This acts as a form of **insurance
policy** against future disruptive
events that could impact growth both
positively and negatively

Example Content

Connectivity as a Key Enabler—Growth in Business Innovation

Broadband penetration has had a positive correlation with the Global Innovation Index (GII) scores of leading economies.

Correlation Between Global Innovation Index (GII) Score and Fixed Broadband (wired) Penetration, UK, US, Germany, and Japan, 2011–2014

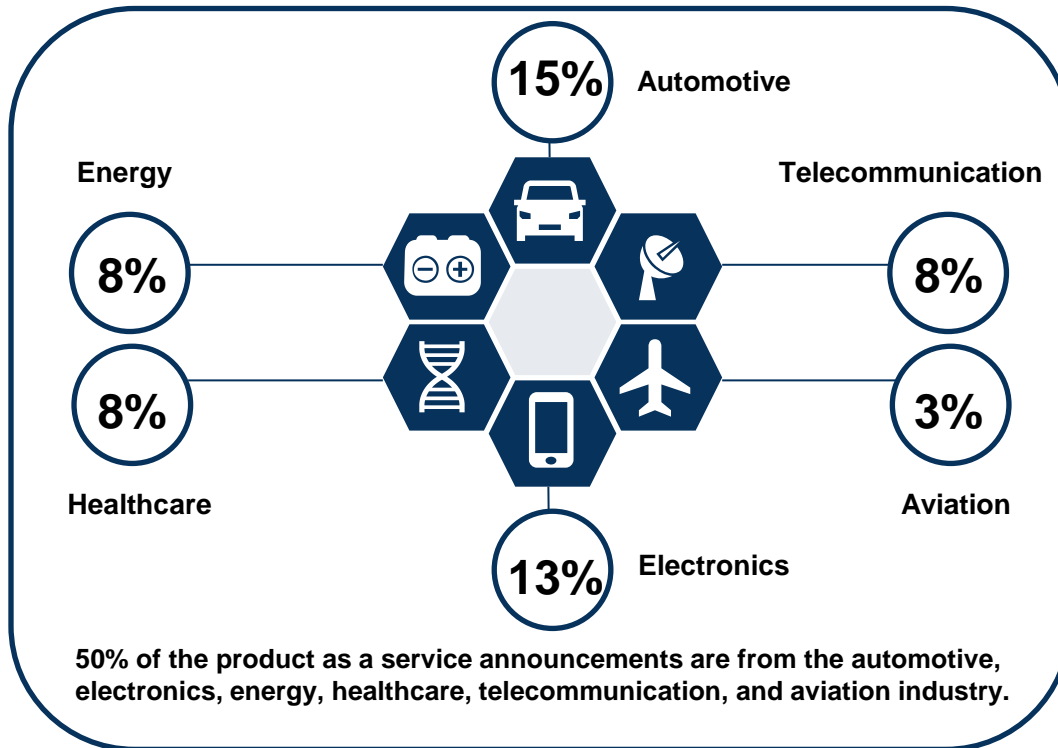


— GII Overall Score

— Fixed Broadband (wired)
Penetration

Product as a Service

More than 70% of Fortune 500 companies have plans to offer their product as a service by 2020.



>70%
of fortune 500
companies will
operate
product as a
service business
models

B2B Pricing Models—Types of Pricing Strategies

Transaction Fee-based Model:

eBay



- Charges are levied for each transaction made on the Web site
- Ranges from 0.5% to 8% of the total transaction value

Tiered Pricing Model: Exostar

Tiered Subscription
(based on transaction volume)
(E.g., Exostar)

\$3X for 100 trans

\$3X for 1,000 trans

\$10X for more than 1,000 trans

- Flat monthly/annual subscription fee or tiered subscription in return for value-added services and proprietary information

Bundled Pricing Model: BMW i3 Mobility Package



BMW i3 electric car owners can loan/ rent a different car from the participating BMW dealers on credit for up to 14 days in a calendar year. Just that they have to return the car with full tank petrol.

Dynamic Pricing Model: Demand response management for office buildings



Freemium Model: Yammer, LinkedIn Premium, Dropbox



Other Pricing Models

Cost-based Model

Wholesaler

Middleman

Retailer

Name Your Own Price

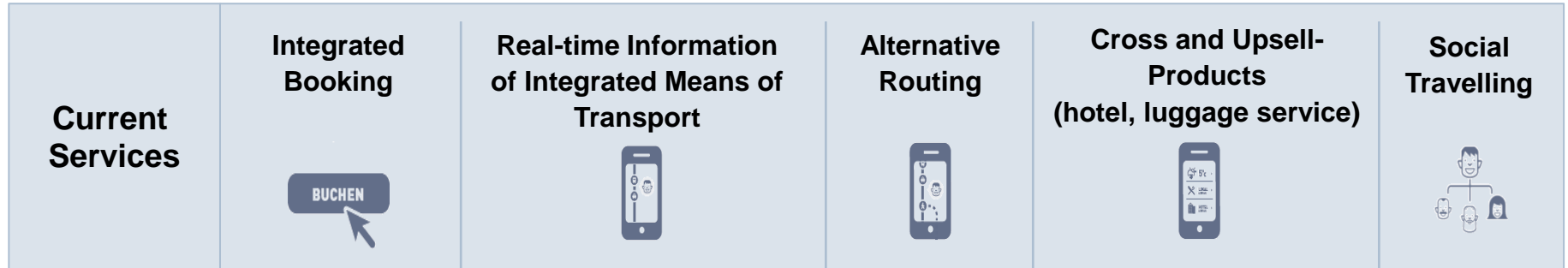
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Priceline

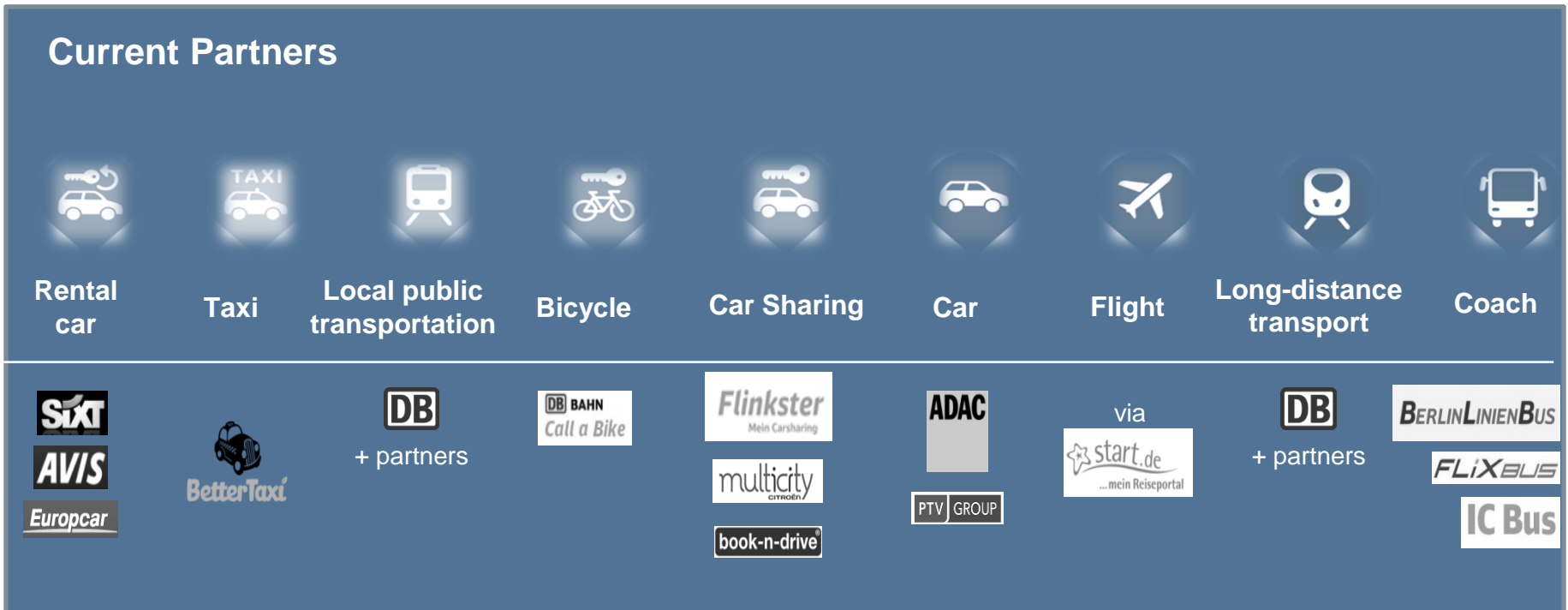
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eBay

Connected Ecosystem Model—Qixxit by Deutsche Bahn Launches Mobility Integration Services



Current Partners



Mass Customization—Digital to Physical: Coca-Cola Freestyle

Hyper drink personalization allows for increased data collection and informed product creation.

Coca-Cola Freestyle allows users to sample and mix over 100 Coca-Cola beverage products in customized micro-doses for unlimited combination possibilities to create personalized flavors

The Process

Some beverage options are standard and recognizable flavors, while others are unique to the Coca-Cola Freestyle machine

Users combine flavors through a digital soda fountain interface or by pre-customizing their flavor on a smartphone app that is held up to the machine

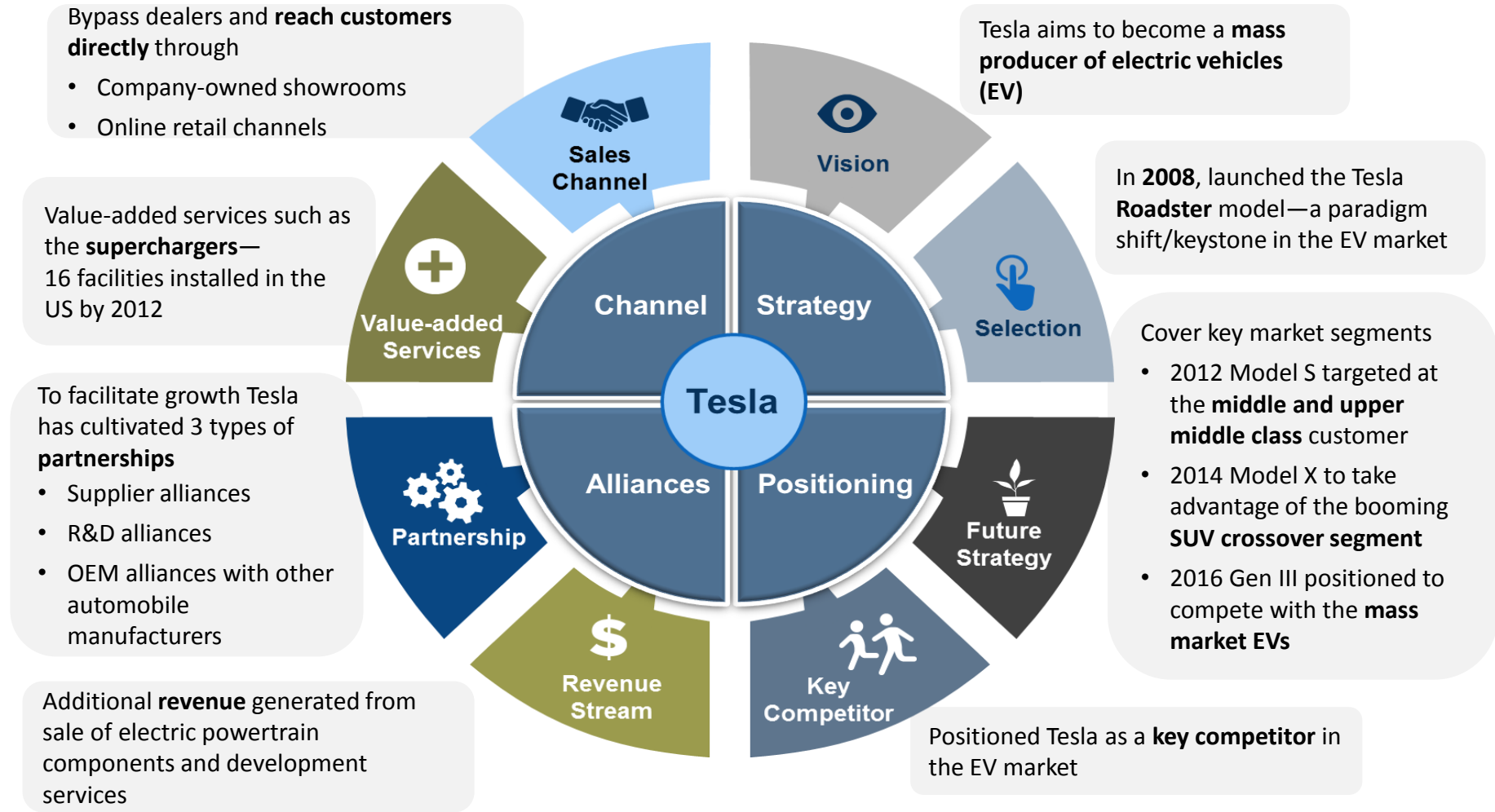
The freestyle machine provides Coca-Cola with data on customer flavor preferences that has led to new national and regionally focused products

The Results

- 19,000 machines
- 10,500 locations globally
- Stores with the Freestyle have seen a 6% to 8% increase in beverage purchases by converting water-only drinkers into Coca-Cola purchasers
- Some customers have stated that they make their fast-food restaurant decisions based on the presence of a Freestyle
- Fanta Cherry was launched as a result of user preference indicated by the Freestyle

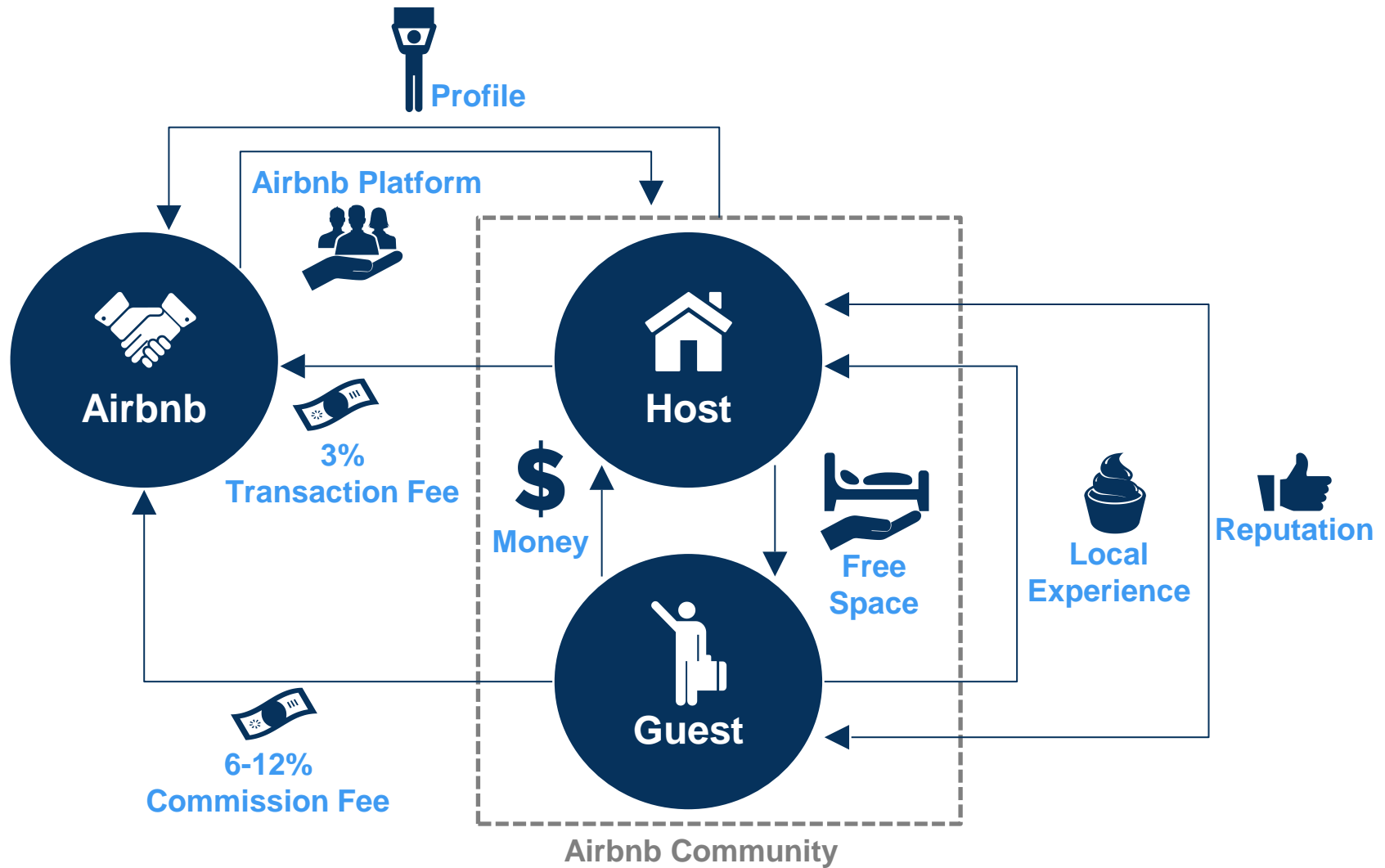
Market Creation—New Channel Extension: Tesla Retail

Tesla approaches the automotive market with its own electric vehicle strategy and finds new ways to reach customers and to collaborate with several partners.



C2C Product—Broker Commission: Airbnb Business Model

Running an accommodation business without owning real estate allows Airbnb to make money from two parties.



G2G Model—City Energy Project Case Study: Joint Partnership Model Between 10 Cities in United States

10 mayors of large American cities have committed to making their cities stronger and healthier through the City Energy Project: Better buildings for better cities.

Atlanta
Mayor
Kasim Reed



Kansas City, MO
Mayor
Sly James

Boston
Mayor
Martin J. Walsh



Los Angeles
Mayor
Eric Garcetti

Chicago
Mayor
Rahm Emanuel



Orlando
Mayor
Buddy Dyer

Denver
Mayor
Michael B. Hancock



Philadelphia
Mayor
Michael A. Nutter

Houston
Mayor
Annise Parker



Salt Lake City
Mayor
Ralph Becker



City Energy Project

Aligning and **providing fiscal incentives** between cities

Collaboration with universities, healthcare centres and other city stakeholders

Aligning **building certification systems** and operations

Sharing of data/information between cities on energy consumption and management

Table of Contents

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Contents

Section	Slide Number
Executive Summary	5
Research Scope, Objective, and Methodology	9
Introduction to New Business Models	12
Best-of-Breed Analysis	18
B2B Models—Taxonomy and Case Studies	40
• B2B—Service-based Models	43
• B2B—Fee-based Models	51
• B2B—eCommerce Models	58
• B2B—Models by Value Proposition	72
B2C Business Models—Taxonomy and Case Studies	80
• B2C—Customer Centric Business Models	84
• B2C—Value For Many Business Models	96
• B2C—Value For Money Business Models	106
• B2C—Digitally Led Business Models	113

Contents (continued)

Section	Slide Number
<u>C2C Business Models—Taxonomy and Case Studies</u>	121
<u>Government Business Models—Taxonomy and Case Studies</u>	137
<u>Conclusions</u>	143
<u>About Frost & Sullivan</u>	147

Pricing & Additional Information

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Pricing Options

Level ONE: Full Report / One Hour Phone Briefing	\$4,999
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Level TWO: Full Report / Two Hour In Person Presentation + Q&A	\$10,000
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Level THREE: Full Report / Executive Phone Briefing / Two Day Strategy Workshop	\$45,000
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Level FOUR: Full Report / ALL Mega Trends Content Subscription for 12 months / Two Day Trends Strategy Workshop (on area of choice)	\$75,000
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Visionary Innovation Subscription

Subscription Package or Independent

Visionary Content

Mega trends reports, market insights, and articles

Visionary Briefings

Tailored thought-leader speeches and keynote discussions

Visionary Workshop

Interactive session uniting company focus on innovation

Visionary Challenge

Client-specific consulting project centered on a defined question

Note: Any stage can be requested individually by our clients. Subscription to Visionary Content is not required, but recommended.



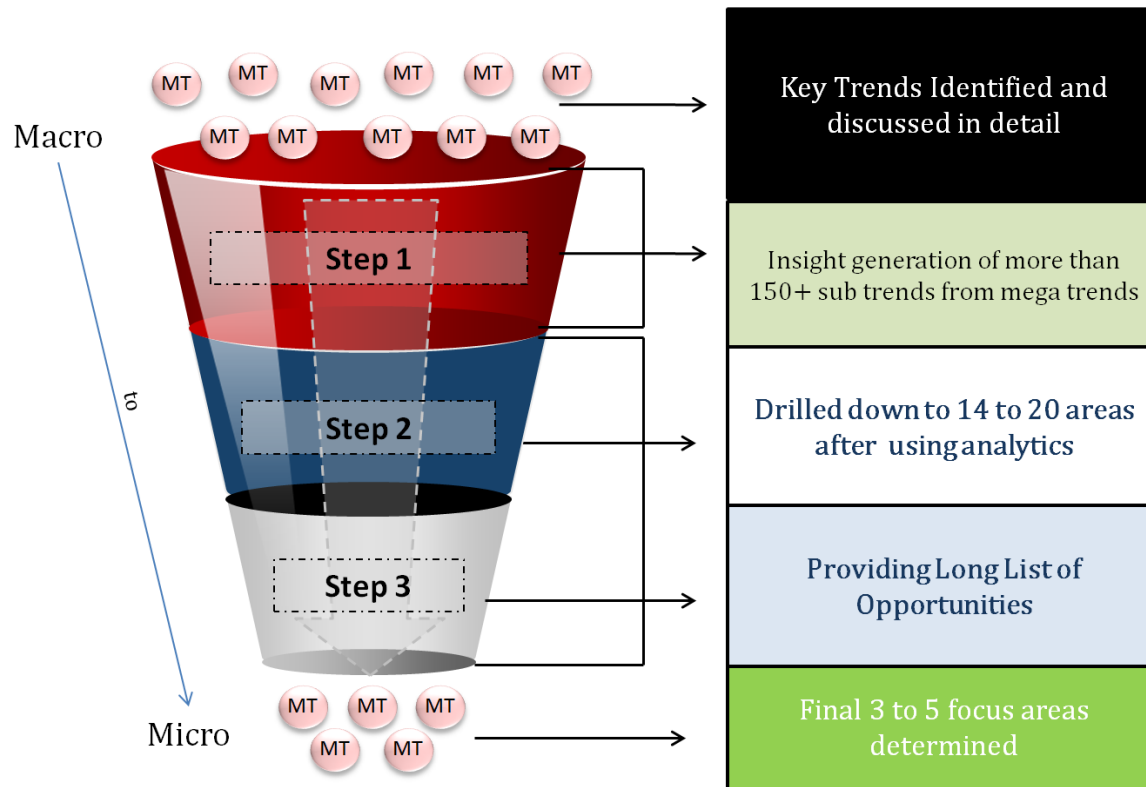
A selection of our clients:

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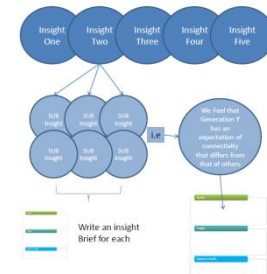
"We Accelerate Growth"

Workshop Overview

The two day workshop uses a process we call “Macro to Micro”. The process is designed to immerse our client into an areas such as “Global Mega trends”, “Mega Trends in Africa ” and use a filtering process to determine specific outcomes that will drive growth



BREAKOUT 6:
Insight Briefs Example



BREAKOUT SESSION 3:
Insight Analysis




The Issue Vector is a tool to provide a more structured approach to the brainstorming of strategic options. The Vector assumes that there are eight main categories of growth actions into which any ideas can be mapped.

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