Abstract

Although the Osterwalder business model canvas (BMC) is used by professionals worldwide, it has not yet been subject to a thorough investigation in academic literature. In this first contribution we present the results of an intensive, interactive process of data analysis, visual synthesis and textual rephrasing to gain insight into the business model of a single case (health television). The (textual and visual) representation of the business model needs to be consistent and powerful. Therefore, we start from the total value per customer segment. Besides the offer (or core value) additional value is created through customer related activities.

The understanding of activities both on the strategic and tactical level reveals more insight into the total value creation. Moreover, value elements for one customer segment can induce value for others. The interaction between value for customer segments and activities results in a powerful customer value centred business model representation.

Total value to customers generates activities and costs on the one hand and a revenue model on the other hand. Gross margins and sales volumes explain how value for customers contributes to profit. Another main challenge in business model mapping is in denominating the critical resources behind the activities.

The Osterwalder business model canvas lacks consistency and power due to many overlaps which in turn are caused by the fixed architecture, the latter too easily leading to a filling-in exercise. Through its business model representation a company should first of all gain thorough understanding of it. Only then companies can evaluate the model and finally consider some adaptations.

Keywords: Business model; Architecture; Value creation; Value capture.
1 Introduction
Although there is no widely accepted definition of the business model (BM) construct among academics, the Osterwalder business model canvas (BMC) is used by many professionals. From the academic literature review we note that the BMC has not yet been tested for external validity. We have chosen case study research to test the BMC. This article is a starting point (case zero) to unroll ten other case studies, carefully selected from the Flemish SME population, within a European Social Fund research project. The aim of the ESF project is to create a tool to map, evaluate and optimize business models of SMEs. The first thorough process of mapping facilitates the evaluation of the BM which in turn should lead to optimization. For case zero we conclude that the BMC is far from optimal and we therefore suggest another approach. Through the multiple cases within the ESF research project we will clarify to what extent we can replicate the insights of case zero and which other (textual and graphical) representations might emerge.

2 Business model construct
To help developing “a common and widely accepted language that would allow researchers who examine the business model construct through different lenses to draw effectively on the work of others” (Zott, Amit & Massa, 2011, p. 1020) we will start from the valuable work of the authors cited in which they conclude that the business model is “a new unit of analysis, offering a systemic perspective on how to do business, encompassing boundary-spanning activities (performed by a focal firm or others), and focusing on value creation as well as on value capture. These themes are interconnecting and mutually reinforcing.” (ibid., p. 1038)
Zott & Amit (2010) made another valuable contribution, i.e. in explaining the BM design from an activity system perspective. “Given the vital importance of the business model for entrepreneurs and general managers, it is surprising that academic research (with a few exceptions) has so far devoted little attention to this topic. We need a conceptual toolkit that enables entrepreneurial managers to design their future business model, as well as to help managers analyse and improve their current designs to make them fit for the future.” (p. 217)
They distinguish between design elements (which activities are performed, how they are linked and by whom they are executed) and design themes (novelty, lock-in, complementarities and efficiency) that describe the drivers of value creation. According to Zott & Amit these drivers (and their combination) influence the BM design significantly. An activity in a firm’s BM is defined as “the engagement of human, physical and/or capital resources of any party to the business model (the focal firm, end customers, vendors, etc.) to serve a specific purpose toward the fulfilment of the overall objective.” (ibid.)
According to Magretta (2002, p.4) business models are “stories that explain how enterprises work. A good business model answers Peter Drucker’s age old questions: Who is the customer? And what does the customer value? It also answers the fundamental questions every manager must ask: How do we make money in this business? What is the underlying economic logic that explains how we can deliver value to customers at an appropriate cost?”

Value is at the heart of any business model. Moreover it is relevant to understand what value is offered to which customers. In a first phase we ask to company’s management what they think the value is their company currently offers to customers, which is different from asking to customers what they value. We reserve the latter for the second phase of our BM tool (i.e. the evaluation). In other words, Magretta is mixing the mapping and the evaluation of the business model. An interactive approach in which a “systemic perspective” interacts with the input from the management team telling the story behind strategic and tactical choices allows to gain insight into the BM and the dynamic interaction between components.

Besides creating value companies should also capture value. According to some authors, capturing value comes back to earning money (Richardson 2008, Teece 2010, Bocken et al. 2014), whereas Zott & Amit (2010, p. 218) use a more interesting approach since the BM should explain how value is created for and captured by all parties involved. The focal firm and its suppliers capture value if profit is deduced. If a supplier is generating recurring business from the focal firm’s activities, the value capture will become more important for him and for the focal firm, the latter obtaining a stronger position to negotiate sharper purchase prices. A start-up company can be heavily focused upon creating value for customers without translating this into sustainable revenue and by consequence the cash drain risk will rise. Capturing value is a crucial challenge. Although the capturing of value mainly refers to the focal firm, it is also a significant criterion for external parties in evaluating to which extent they want to become a strategic partner.

According to Morris et al. (2005) six fundamental questions are the basis of any BM: how does the firm create value and for whom, what are the firm’s core competencies, how will it position itself in the marketplace, how will it make money and what are the entrepreneur’s time, scope, and size ambitions? In addition to the preceding definitions and descriptions of the BM construct we have already presented, Morris et al. include core competencies. This is a vital element since it shows to what extent a company gains competitive advantage and how it solidifies its role in the external value chain. However, the BM summarizes all core competencies involved in the realisation of a firm’s strategy, including those of external parties.

Two questions posed by Morris et al. are underlying the BM but are not explicit elements of it. Firstly, since the BM is the reflection of a firm’s realized strategy (Casadesus-Masanell & Ricart, 2010) the market positioning is an implicit BM element. It is anchored in the strategy and the business model
explains how the strategic choices are realized. Secondly, the entrepreneur’s time, scope and size ambitions can be valuable in terms of BM typology or taxonomy (i.e. it might impact the BM design and its system of activities), but it is not necessarily an explicit element of the BM. The income BM e.g. is defined as the group of firms that need to invest until a sustainable income level is reached. This characteristic might have consequences on the business architecture but it is by itself not an element of a BM construct and representation.

According to Johnson et al. (2008, p. 52) business models “consist of four interlocking elements, that, taken together, create and deliver value”. These are the customer value proposition, the profit formula, key resources and key processes. The latter can be linked to interdependent activities of Zott & Amit (2010). Key resources are a much broader concept than Morris’ core competencies. They include human, intellectual, physical and financial assets needed to create, deliver and capture value (Osterwalder & Pigneur, 2010). Intellectual resources created within the focal firm are based on human competencies, physical resources critical to operate the business can be purchased from partners having the competencies to create and deliver the value to the focal firm. In other words, resources implicitly assume internal or external competencies (or a combination of both).

Denominating its internal core competencies facilitates the firm to wonder whether it can outsource some activities. Moreover, key resources are linked to key activities (e.g. the distribution channel of a partner can be a key resource to the focal firm while the distribution itself is a key activity). Our single case study will offer more insight into the position of resources and competencies within the business model.

Osterwalder & Pigneur (2010) define the business model as a construct consisting of nine building blocks. It has some similarity with the more concise representation of Johnson et al. the latter starting with the value proposition including customer segments, whereas Osterwalder & Pigneur explicitly divide both. Johnson’s key processes include value creation (how to make) and customer related (how to sell) activities, whereas Osterwalder distinguishes between key activities, channels and customer relations. The functions of channels are raising awareness, helping customers to evaluate the value proposition, purchasing and delivering the value, providing post-purchase support. The component of key resources is identical in both approaches. And finally, Johnson’s profit formula summarizes the revenue model, cost structure and margins, whereas Osterwalder treats revenue and costs separately. In addition to Johnson, Osterwalder’s last BM component consists of key partners to which Zott, Amit & Massa refer when they state the boundary-spanning activities of the focal firm. Finally, Osterwalder proposes a fixed architecture of the nine components, whereas Johnson merely explains the four components and shows that they are linked.
3 Research design

The objective of this research is twofold. Firstly we want to evaluate the external validity of the BMC. Since we will explain why the BMC does not fit our data analysis, the second objective is to contribute to the understanding of the business model construct. Given these objectives we conducted a holistic single case study (R. Yin, 2009). The theoretical basis starts from our business model construct section but is augmented through the insights reached during the case’s data analysis. Or as Eisenhardt (1989, p. 541) states “the sharpening of constructs (...) occurs through constant comparison between data and constructs (...) the construct, its definition, and measurement often emerge from the analysis process itself, rather than being specified a priori”.

To arrive at the results as presented below, we proceeded as follows. Essentially, the data analysis and synthesis come down to an intensive interaction between graphical and textual representations of the case’s BM. Firstly, we constrained ourselves to the strict use of the Osterwalder BMC. Filling in the nine building blocks was the result of more detailed descriptions and rephrasing these to get to the essence of each BMC component. Secondly, we formulated the pros and cons of the BMC. Thirdly, we constrained ourselves to write down the essence of the business model, loose from the BMC or any other framework, i.e. to explain the business model of the case as we see it, keeping in mind the core elements of the BM construct section. The feedback loop of representations (graphical and textual) and evaluation (pros & cons) was repeated until a point was reached at which the additional insight became too low.

Although many graphical representations of the overall BM were most relevant in optimizing our insights, we will not present a final graphical BM representation in the results of this research (with the exception of some figures clarifying partial aspects of the BM). The results focus upon the textual representation of the case as an important input to an ongoing multiple case study research involving ten Flemish SMEs. These upcoming research results will explain us whether or not and to what extent we can replicate (Yin, 2009) the insights of our first case (which we call ‘case zero’) since “the overall idea is to become intimately familiar with each case as a stand-alone entity. This process allows the unique patterns of each case to emerge before investigators push to generalize patterns across cases.” (Eisenhardt, p. 540) Hence, we avoid graphical representations in this phase.

During all phases of the case study we took notes of our observations and insights. A typical phenomenon of case study research that we encountered frequently is the overlap between data collection and data analysis. The understanding of collected data can easily imply immediate analysis, allowing adaptation of some aspects in the research design if necessary, as e.g. the emergence of additional questions or the retrieval of data (Eisenhardt, 1989, p. 539). This feedback of data analysis
to the refinement of the research design is meant to reach more robust results. “The central idea is that researchers constantly compare theory and data – iterating toward a theory which closely fits the data.” (ibid, p. 541)

4 The case
The company, called iTeaser, was operating on the Belgian market from 2007 until 2011. This limited liability small enterprise was managed by this research’s author, together with three other members on the board of directors and three full-time employees. Its core business was to offer a health related narrowcasting channel (hereafter abbreviated as HTV) in the waiting rooms of private physicians and hospitals. Narrowcasting can be described as showing differentiated content depending on the target group. The physicians and hospitals can select the playlists, time schedules and screen locations to narrowcast the content, the latter being presented in a time loop which can be adapted to the average waiting time of patients in a specific waiting room.

Due to a fundamental difference within the board regarding strategic choices and the resulting shareholder conflict, this research’s author resigned as managing director in September 2010. The remaining board members-shareholders refused to inject the necessary additional working capital to bring the company on cruising speed. Hence, the company went bankrupt on March 31, 2011.

The choice for this company is motivated by the fact that we have known it extremely well. Hence, the bankruptcy as such is not relevant for the research since the latter concerns the thorough understanding of the HTV business model, to name and precise its components, to reveal the links between these.

An atypical aspect of the case is the method of data collection and analysis since this article’s author was the inventor of HTV and iTeaser’s managing director. The possible disadvantage of the researcher being deeply involved in the case is over-compensated by the fact that the author has a far-reaching knowledge and experience concerning the case. Besides the availability of all main business intelligence through the CRM database and all other digital data files, there is also the accumulated knowledge and competency through the intensive managerial function during almost four years. This allows to investigate the case in-depth and serves the research purpose.

We call it ‘case zero’ since it will be our starting point for the following ten cases to be unrolled. It is evident that the basis for data collection in the ten cases will be quite different (as e.g. intensive interviews with several management team members separately, first textual and visual BM version,
feedback from interviewees, second interview round to deepen the understanding of the BM, internal data requests, ...).

5 Results

If the Osterwalder BM-canvas would be an optimal tool to represent and understand the logics of our case, we would expect to have arrived at the essence of the HTV business model efficiently and effectively. Unfortunately it was not the case. Starting from the nine building blocks of the canvas and its fixed architecture we have encountered several obstacles to arrive at these logics. Firstly, we present the results of this research after which we come back to our starting point, the BMC, to explain the gap between both approaches.

5.1 From core value to total value

In our case we describe the core value linking all customer segments and consisting in the narrowcasting of qualitative health related content (HTV) in waiting rooms of private physicians and hospitals. Moreover we describe the value being more specific for each segment. The narrowcasting configuration (NC) allows physicians and hospitals to create a personalized TV-channel and to diversify the content according to their patients’ audience, the latter being objectively informed about health topics in a reliable environment so that sponsors and advertisers are perceived as serious and helpful, hence reaching audience and physicians effectively. Audience is watching for free, the NC is at physicians & hospitals’ free disposal in exchange for a three year contract that can only be dissolved against an indemnification. Hence, the flat-screen network remains property of HTV guaranteeing the audience reach. HTV collects revenue from sponsors & advertisers paying for air time and content creation, the air time generating the main gross margin. The revenue model relies on a three-dimensional structure of medical professionals, patients and sponsors & advertisers. The latter won’t participate as long as the reach of audience remains insignificant, but this audience can only be built if medical professionals are willing to participate. Once a certain threshold of audience has been reached, HTV will find sponsors & advertisers more easily.

Figure 1 summarizes the core value for customer segments as explained above.
Linking value directly to customer segments generates more insight into the HTV business model. Moreover, the analysis of activities and competencies underlying the creation and delivery of value allows to understand how total value is realized for customers, partners and the focal firm. In other words, value remains the central element throughout the HTV business model.

5.1.1 Sponsors & advertisers

Compared to a broadcasting campaign sponsors & advertisers on HTV will have a more effective reach of audience with a much lower budget. Once the network reaches a critical level of audience, the recruitment of sponsors & advertisers becomes more evident. Many digital signage projects have failed because of poor content, too slow content refreshment and consequently the audience and advertisement shrank.

To gain more insight into the value for advertisers, we distinguish between commercial and non-commercial customers, the latter being the not-for-profit organisations and governmental agencies, the former being the pharmaceutical and lifestyle companies.

There are numerous Belgian not-for-profit organizations involved in building awareness for a specific health related topic (e.g. to prevent pregnant women from smoking). Most of these organizations are rather small and only vaguely known by physicians who are not willing to invest time in their visit. Their leaflets in the waiting room are read only occasionally. HTV offers an attractive package to these organisations including a competitive price for production and a significant air time tariff reduction. The video is referring to the leaflet for more details. Hence, the value for customers gets interlinked by this kind of activity: it is augmented for the advertiser reaching both patients and physicians, the patients becoming more aware and the physicians getting involved automatically through the patients’ questions.
The second sub-segment are the governmental agencies which in the Belgian case are situated on the federal and regional level. The federal government provides a large budget for awareness campaigns. As far as the HTV editorial board is aligning its content policy to the health policy priorities of public authorities, the latter will capture more value through HTV-participation and HTV will reach a good balance between non-commercial and commercial customers.

The pharmaceutical customers are split into medical and over-the-counter products since the Belgian legislation is more severe for the first group. Any publicity for prescription based medication is strictly forbidden: brand names cannot be mentioned, even company names are usually not visible in reportages (although it is allowed, companies avoid it) and in campaigns all alternative, officially recognized therapies for a specific disease must at least be mentioned so that patients have an objective overview. Medical products’ market leaders will invest in content creation and air time. We distinguish them from advertisers by defining them as sponsors. They will capture more value if their representatives visit the physicians along with the campaign in the waiting rooms. Another example of interlinked value occurs when HTV is informing (and educating) the patient in order to prepare her visit to the doctor. A young girl wondering about the kind of contraception that is most suited for her can be prepared in the waiting room by watching a three minutes animation explaining all the alternatives. This value for the patient is connected to the value for her physician since he can save time in repeatedly explaining topics to hundreds of women and focus upon the final advice thanks to a better preparation of patients. The sponsor of the animation will capture more value after his representatives have visited the physicians.

For OTC-products, the legislation allows publicity and HTV offers an attractive package for which the advertiser can create content and buy a 30 seconds publicity referring to the content in the loop. Given the deontology of the physicians the time slot for advertising is limited. Hence, the advertiser gains more exclusive attention and the HTV-focus on content marketing ascertains that the two other segments, patients and physicians, consider HTV as interesting.

Finally, the lifestyle advertisers’ segment adds value to patients since it allows to incorporate less medical content. It will also generate a significant contribution to revenue since the legal framework is more permissive (e.g. product placement).

5.1.2 Physicians & hospitals

Besides the value for physicians we have already mentioned above, HTV contributes substantially to the Belgian physicians’ information obligation towards their patients. The only medical speciality unrolled during the existence of the company was gynaecology. It was assumed that female audience would be interested to watch HTV and since a lot of gynaecological topics can be linked to the
general medicine practice, it would be easier to extend to this second, large segment in a next phase. The Flemish Obstetrics and Gynaecology Association was enthusiastic about HTV and became an important partner.

The hospital will gain additional value through HTV as it can build its own TV-channel by combining the available content from the hospital itself with the rich HTV content. In the best case, a hospital has invested in some reportage about e.g. its value offered to patients and other stakeholders, but it will rarely have the financial power to create and renew video content on a regular and qualitative basis. Additional value is created for the hospital as soon as its own qualitative video content is uploaded on the HTV-network, approved by the editorial board and selected by the peripheral network of physicians for their playlists.

To create and deliver value, the core competencies (and activities) in the HTV business model are network building, content distribution (narrowcasting configuration), content recruitment and content creation.

5.2 Network building and content distribution

HTV focuses on the recruitment of gynaecologists in Flanders and Brussels, i.e. individual and group practices, as well as the gynaecology waiting room in hospitals. The core value is delivered by the NC, i.e. a professional flat-screen with built-in player (mini-computer) communicating with a central webserver through a broadband internet connection. The local player downloads and manages the content and a user-friendly web-based interface allows to change playlists and planning. The content is presented in a loop, the length of which can be adjusted according to the average waiting time of patients. Physicians can manage the playlist themselves or alternatively it is managed by the HTV-team.

Additional value is offered to physicians through the HTV-representative. The partnership between HTV and the Flemish association of gynaecologists being formalized in a contract serves as a lock-in feature since it has facilitated the commitment of many members-physicians. The representative is staying in contact with the physician to ask for feedback on content. This feedback is shared with the HTV editorial board outlining the content choices for which sponsors and advertisers are sought.

More value is added for the physicians since the installer will be confronted instantly with physicians supervising if the installation is done properly and asking practical questions about the use of the system. The installer is directly involved in the value perception of physicians & hospitals and he is the first physical contact after the HTV-representative’s visit.
Finally, subscribers can call a green telephone number for technical support. All NC-activities are not considered as core competencies of HTV and are thus outsourced to three partners (hardware, software and installation).

Resuming, the core value for physicians and hospitals, together with the relations built by representatives, the on-site installation, content feedback, the support to create and upload own content to the network and the technical support are all related to the total value for this customer segment. Each of the core competencies and activities in the HTV business model contribute to the value creation.

Figure 2: Network recruitment and NC

The network of physicians and hospitals is the main resource of HTV since it allows to reach audience and to capture value.

5.3 Content recruitment and creation

Recruiting qualitative content concerns either content available in the market or new content. Negotiations with content providers resulted in two partnerships. Besides the importance of a broad content basis avoiding too slow content refreshment, the partnerships sustain HTV’s value capturing. Companies or organisations having sponsored the creation and distribution of content on large expensive platforms will more easily invest in air time on a new targeted channel. Moreover, the partnerships imply efficiency and effectiveness of content recruitment.

Even more important is the recruitment of sponsors & advertisers for new HTV-content. Besides proposing the core value to sponsors & advertisers, the HTV-representatives remain their direct contact throughout the cycle of prospection, ordering, content creation, air time purchase, feedback on number of views, campaign extension and new campaigns. All these activities and underlying competencies contribute in a greater or lesser extent to the total customer’s value. For instance, the
representative provides audience reports to the customer and proposes some instruments to measure the effectiveness of campaigns (as e.g. a free telephone number, managed by the sponsor, at the end of a reportage for asking questions about the topic).

The content creation itself is largely outsourced to a video production house with whom HTV has set up a partnership. This partner has a network of independent professionals they are working with and manages several fully equipped video editing cells. Once a sponsor has decided to create content, the HTV-representative will accompany the video production partner to the customer. HTV plays a key role in the interaction between its customer and the supplier so that a crucial element of the content creation remains within HTV.

Large pharmaceutical companies check the legal compliance of their content themselves whereas smaller companies or not-for-profit organisations don’t have a legal compliance department. Moreover, the hospitals’ UGC (user generated content) has to be checked. Therefore, HTV collaborates with an independent expert to obtain the best possible advice on its content. Since any complaint from any party would cause considerable damage to HTV, the legal compliance activity and competency cannot be underestimated.

HTV has installed an editorial board consisting of one physician representing the association of gynaecologists, the legal compliance expert and the HTV general manager. The editorial board activities include gathering all relevant information (inter alia from recruiters and representatives) with the aim of elaborating content choices and fine-tuning a content recruitment strategy.

5.4 Margin model
We have already explained the triangular structure of the revenue model. The main costs entailed by the activities are the network (hardware, software and installation), the representatives (wages, ICT, automotive) and management (fees, ICT, office). Content creation costs are passed on to customers including a limited gross margin since the main objective is to build a large database of qualitative content. The main contribution to profit arises from air time. Sponsors & advertisers pay per tranche of viewers, which facilitates recurring revenue streams in function of the network growth.

5.5 Summarizing
To understand the essence of the HTV business model, we answered three fundamental questions: which value is offered to customers, what are the underlying activities & competencies and how is value captured by the focal firm and its partners.
Specifying value per customer segment allows gaining insight into the activity system. And vice versa, exploring the latter generates more insight into the value creation itself. The following examples illustrate this: the activity of linking leaflets to HTV augments the value for all three customer segments; during the activity of content creation the representative plays a mediating role between the partner and the customer, thus influencing the value perception of the latter; additional value is created for a hospital when other HTV-subscribers select its content; treating FAQs in the waiting room adds value to the physician in saving consultation time while it is suggested to the sponsor to capture more value through visiting the physicians prior to the campaign, etc. Value for customers goes beyond the narrow construct of the value proposition.

The focal firm captures value primarily through its main resource, i.e. the network of subscribed physicians & hospitals. The larger the network, the more likely it becomes for sponsors & advertisers to participate in it and for suppliers to offer better prices (HTV saving costs) and capture more sustainable value as well.

The competencies are implicitly assumed by the activities in the HTV business model. The core competencies lie in content management which has multiple dimensions, i.e. the content policy outlined by the editorial board, matching the value interests of physicians and sponsors & advertisers, partnerships with content suppliers, recruitment of new content, content creation, legal compliance, content feedback from customers, the narrowcasting configuration, technical support, content co-creation support and content server management.

5.6 Evaluating the Osterwalder BMC

The main shortcoming of the canvas in understanding, summarizing and representing the business model of our case is its fixed architecture which basically comes down to filling in the blocks. Moreover, the decomposition of the business model construct into nine distinct elements is not congruent to our case research.

As we have emphasized earlier in this article, value remains the core element throughout the whole business model so that we don’t downsize it to value proposition as in the BMC. The latter refers to the core value offered to customers but the business model describes total value for customers. Moreover the business model explains the capturing of value for the focal firm and its partners.

Our case benefits from a representation linking total value directly to the customer segments involved. Total value for physicians & hospitals includes at least the following elements:
- Selecting qualitative content which is relevant for their patients
- Saving consultation time
- Free use of HTV against a three year contract
- Complementing hospital content with HTV content
- Hospital content easily spread in the HTV network
- Co-creation of content
- Content creation (hospitals)
- Installation
- Support to the use of HTV
- Commitment of the Flemish Association of Obstetrics and Gynaecology
- Giving feedback to the HTV-representative about content and suggesting topics
- Becoming aware of not-for-profit organisations’ work

All these value elements are created through one or more activities with underlying competencies. The main channel through which value is delivered to all customers is the narrowcasting configuration (NC), built on several activities involving partners. Using the BMC, the NC is inserted in five separate blocks, i.e. key activities, key resources, partners, channels and cost structure, implying too much overlap and repetition – hence, the BMC lacks power of integration, synthesis and consistency.

The HTV representative visits the physicians and remains his key contact throughout the contract period. He is the sales channel, adds value for physicians through building customer relations and the network recruitment is a key activity. Using the BMC for our case implies that network recruitment is inserted in five building blocks, i.e. key activities, key resources, cost structure, channels and customer relations.

Total value for sponsors & advertisers includes the following elements, some of which are specific to a sub-segment as indicated:

- Effective reach of targeted audience
- Creation of qualitative audio-visual content
- Linking waiting room leaflets to HTV
- Feedback from patients (e.g. free telephone number)
- Audience measurement reports
- Not-for-profit organisations: attractive package
- Governmental agencies: linking HTV to health policy priorities
- Pharmaceutical sponsors: visiting physicians along with HTV campaign
- OTC: more exclusive attention due to limited publicity time slot
- Lifestyle: content marketing

The content recruiter represents the sales channel and remains the key contact of the sponsors & advertisers. He is intermediating between the customer and the video production partner, discusses audience measurement reports with the customer and negotiates the renewal of campaigns. Using the BMC implies that content recruitment is inserted in six building blocks, i.e. key activities, key resources, cost structure, revenue streams, channels and customer relations.

The key resources of HTV are the network of subscribers and the content, both resulting from particular activities and competencies of the focal firm and its partners. They are at the heart of the activity system necessary to create, deliver and capture value. In the BMC key resources are directly linked to other building blocks and merely rephrasing the physical, intellectual, human or financial assets behind these. We have already explained how resources in the BMC easily imply rephrasing of e.g. activities or channels, notwithstanding that we believe resources play a central role in the business model. However, from our case we conclude that this central role can only be understood after a thorough and persistent analysis.

Since all HTV partners are directly involved in activities, they should be integrated in the latter. For instance, the legal compliance expert and the video production house are partners in the content creation, the association of gynaecologists is a partner in the network recruitment, hard- & software suppliers, together with the installer are partners in the narrowcasting configuration and finally two content providers are partners in content recruitment (which is part of content management).

Finally, the BMC includes insights into the cost structure and the revenue (model and streams), but it does not provide the confrontation of both to explain where margins are earned. If value capturing for partners is more than selling to the focal company, the model should explain this.

5.7 Conclusions and discussion

The (textual and visual) representation of the business model needs to be consistent and powerful. Therefore, we start from mapping the total value per customer segment. Besides the offer (or core value) additional value is created through customer related activities. The understanding of activities both on the strategic and tactical level reveals more insight into the total value creation. Moreover, value elements for one customer segment can induce value for others. The intensive interaction between value for customer segments and activities results in a powerful customer value centred business model representation.
Total value to customers generates activities and costs on the one hand and a revenue model on the other hand. Gross margins and sales volumes explain how value for customers contributes to profit. Another main challenge in business model mapping is in denominating the critical resources behind the activities.

The Osterwalder business model canvas lacks consistency and power due to many overlaps which in turn are caused by the fixed architecture, the latter too easily leading to a filling-in exercise. Through business model mapping a company should first of all gain thorough understanding of it. Only then companies can evaluate the model seriously and finally consider some adaptations.

We have deliberately excluded any overall visual representation of the case’s business model. The focus of our research was on the evaluation of the BMC. After having realized the multiple case study research (that is currently being elaborated) for which the insights of case zero are used as a starting point, we will probably reach some point of generalization. Moreover, we will confront the cases with taxonomies as e.g. elaborated by Osterwalder et al. (2010) and use the value drivers as deduced by Amit & Zott (2001) to understand if these are relevant in the creation of significantly different BM mapping formats.

6 References


