

**INNOVATIVE ONLINE BUSINESS MODEL****Mahreen Sultana**

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**Table of Contents**

Abstract .....	1
Introduction.....	1
Main body of the report .....	2
Business Name-Drone Food delivery _Game of Drone .....	2
Brief of Business .....	2
Core Value Proposition-Business to Business.....	3
Revenue generation from Business and consumer .....	3
Potential for growth.....	4
eHealth .....	5
Background of the business .....	5
Value Chain .....	6
Revenue Model .....	6
Potential Growth.....	7
Business Name-Cloud Computing-Third-party marketplace .....	8
Business Model -The long tail in clouds .....	8
Core Value Proposition .....	9
Revenue model .....	10
Potential for Growth .....	10
References .....	12

### Abstract

The proliferation of new technologies and their implications for the future business will be flourish the way for entrepreneur in online business by the utilization of innovation idea . Globally, online business is projected to be nearly \$500 billion by 2018 .With easy accessibility of internet and intensified consumer expectations for different needs and wants embolden entrepreneurs to present their idea in distinctive way as per the needs and wants of target customers.

Globally, algorithm-driven delivery models and analytics enable urban customers to get products delivered faster, more flexibly, and sometimes less expensively than in the past. Generation of innovative ideas and competition in the existing market are the major elements for an entrepreneur to run in long run by providing excellent customer service.

To signify the business more efficiently towards the potential customers the idea must be valid and up to the market expectation both in long run and short run (as a way of pilot study). The theme of the paper is, “Innovative Online Business Model” which represents, three online business model for three different countries based on their business opportunities and growths in that chosen particular business. The paper is divided into three main sections where each section analyse online business model, Core Value Proposition, the Sources and Methods of Revenue Generation, and the potential for growth. Finally, the paper recommend how might incorporate these technologies and related strategies into its business going forward.

### Introduction

Business model innovation (BMI) is a concept based on the principle that firms innovate by leveraging their internal capabilities and resources (Zott and Amit 2010a); therefore, relates to a number of the innovation strategies identified by Reinmoeller and van Baardwijk (2005): knowledge management, exploration, cooperation, and entrepreneurship.

Chesbrough (2010) has noted that technological advancements force organizations to change, so business models must be responsive to the dynamics of the industry, environment, etc. In this case, technology transfer agents play an important role to transform scientific knowledge into marketable innovative products. Consequently, organizations that combine and adopt business models aiming to distribute research-based innovations to different market segments have a higher

impact as technology transfer agents and is more likely for them to succeed Clausen and Rasmussen (2012).

Consumer behaviour is ever changing process so the business strategy needs to change continuously to survive in the long run .Marketing opportunities exist throughout a value chain of every business whether it's traditional or online business. To be the market leader in the global competitive market, every business has to follow unique business strategy to generate revenue by building core relationship with customers, suppliers, distributors and buyers.

## Main body of the report

### Business Name-Drone Food delivery in Netherlands

#### *Brief of Business*

Business model is the totality of how a company selects its customers, defines and differentiates its offerings, defines the tasks it will perform itself and those it will outsource, configures its resource, goes to market, creates utility for customers, and captures profits. It is the entire system for delivering utility to customers and earning a profit from that activity. (Slywotzky, 1996)

Netherlands is one of the tourist central wealthiest country where the GDP per capita is \$48,797 (£33,889) as 2017. Based on the country's recent study it is found that, the country is abundant with technological advancement whereas the cost of drone food delivery is cost effective, quicker and faster. Additionally, it saves the cost of organizational setup and manpower for delivery of foods both in restaurants and home delivery. To make Drone food delivery a reality, this section will discuss about the Done Food Delivery.

For implementing the study, I chose *E-malls business model* as the company will work with delivering pizzas, hamburgers, meals whereas the maximum capacity for each delivery will be 3Kg. Initially, the company will work with ten popular restaurants in the particular chosen area from where consumers can chose their desired meals. The maximum delivery time is 10 minutes or less according to the nature of food. The delivery drone is modified Matrice 600 models with six propellers. The core competitive advantage of this business model is:

- Fast mover business advantage

- Monopoly market on the existing food delivery industry
- Easily capture the market of impatient consumers in the food industry
- Secured and trustworthy delivery service rather than the regular delivery service.
- Drone food delivery has significant impact in the environmental issue as it saves the environment from air pollution caused by traditional delivery vehicle

#### Core Value Proposition-Business to Business

A firm's resources and capabilities 'are valuable if, and only if, they reduce a firm's costs or increase its revenues compared to what would have been the case if the firm did not possess Those resources' (Barney, 1997: 147).

As we know, throughout the value chain process marketing opportunities exist both in long and short term. According to the chosen, E-mall business model framework the value chain proposition works both for Business-to-Business (B2B) marketing and Business-to-Consumer (B2C) marketing. However, Game of Drone has chosen both of them as it's easy to earn revenue.

To implement the business into reality every marketer needs to follow smart strategies to survive in long run basis. **SOSTAC Planning Framework** by Chaffey and Smith (Chaffey, 2008) is applied here to create value based customer service. Six elements are: situational analysis, objectives, strategy, tactics, actions and controls. Already the market is known so the business objective need to be clearly identify by stating mission statement. Moreover, there is no market competition as the business idea is completely new in that particular country which is value added service as well.

#### Revenue generation from Business and consumer

- In E-mall business service **Click through**, technology enables strategies to be implemented that reward well performing businesses. It measures the number of users that go through a particular link (Menasce 2000, p. 55) and identify the user's presence in terms of point of sale. Since this business is based on the linkage between the food service providers and final customers so the chosen online portal is the third party for creating connection among chosen restaurants and final customers.

- Third party relationship for transaction providers as the whole transaction will take through E-payment as a way of transaction. In that case, **PayPal** is third party retail transaction provider which will pay extra commission to the business portal.
- As Drone food delivery service will launch their business first time in Netherlands so **Creating banner ad** is the quickest way to reach the target market. In that case the targeting advertising platform is social media advertisement.
- One such strategy identified by *Kemp (2001)* is the introduction of a **Loyalty rewards program** to the consumers who purchase food frequently as more than 50Euro/per week which will promote the corporate house to adapt the drone food delivery service.

#### *Potential for growth*

To capture the market in long run basis the business needs Strategic Network formulation where sources of value in strategic networks include shortened time to market (Kogut, 2000), enhanced transaction efficiency, reduced asymmetries of information, and improved coordination between the firms involved in an alliance (Gulati et al, 2000)

According to Business Insider (Smith 2015): *“Drone deliveries will translate to instant cost savings, part of which will be passed on to consumers. It costs far less to operate a fleet of unmanned aerial vehicles than it does a fleet of ground vehicles. For this business model, there is high potentiality of drone food delivery in country like Netherlands as it has quicker and excellent quality of service compare to traditional food delivery service”*

Once, drone food delivery will get popularity among the Netherlands there will be revolution in the traditional food delivery service. New business opportunities will create through the introduction of virtual restaurants in remote areas. The future of drone food delivery is totally dependent, consumers acceptancy towards this business along with the cheapest delivery cost which will make the introduction of virtual restaurants in rural tourist area where it's difficult to reach the restaurant .In near future, many entrepreneur can take advantages to setup their virtual restaurant operation in those area by providing drone food delivery.

Name of the Business: eHealth in the UK

### *Brief of the business*

Proliferation of smartphones, tablets and wearable devices change the traditional healthcare industry by providing excellent just-in prescription and e-treatment unless the situation is not severe at all to admit patient in the hospital. Information technology development in healthcare has been rapidly moving from products to services to solutions (Frost & Sullivan, 2016). The concept of 24/7 based online based medical health is not new in the UK but the consumers demand and current constrained budget and funding gap on traditional NHS service pens a new door for the online based entrepreneur to establish eHealth service. **Technology-enabled care (TEC)** as well as known by connected health, involves the convergence of health technology, digital media and mobile devices along with the adaption of wearable device. It enables to engage with technology as the technology has power to improve access to access data and information more easily and improve the healthcare services, especially for people with mobility quality and outcomes of both health and social care.

The proposed business model for this online business is: **E-commerce business model** where the online business platform is the third-party service provider to serve all the service virtually to the potential patients. Likewise, existing traditional health care facilities, this online business portal will consists of all the healthcare facilities under different tabs and subtabs in the website. There will be free online 24/7 service and information via the chatting portal as a way of free consultation when and where needed. Individual consultancy service will also available through appointment whereas the patient can have video chat with the doctor to clearly state the problem in order to make immediate treatment. On the other side, 24/7 online emergency service helpline facility will help to connect the patients within the quickest possible time on the spot .This online portal will give the patient to keep the record of all medical history in the database where the user and the designated physician can access the data. Rather than this the, **Health Checker apps** will be totally personalised mobile/tablet-based application which can be used both in iOS and Android operating system for individual. At the same time, the website will enrich with all the recent treatments, research and developments in relevant issues and online purchase of EHealth wearable devices with minimum delivery costs compare to the local suppliers and vendors.

### *Value Chain*

Patients' demographic profile is the main indicator in the value chain process of eHealth service as the service is mainly toward the adaption and usage of mobile technologies among other devices. Recently the number of aged people in UK is in the growing stage whereas most of them are living in their own as the change of existing family tradition. For those people sometimes it's difficult to reach GP(General practitioner), even in many of the cases they can't track their medicine routine. The eHealth online facilities shaped the aged patients behaviours towards the health and caring by providing those value-added services.

- Tele-care and telemedicine facilities for every single patients instantly at the same time monitoring and suggesting the treatment for wellbeing.
- Providing online guidelines and supporting service on how to use the mobile wearable devices for different needs of individual patients. Also provide, diagnosis therapy and online supporting treatment plans for chronic disease.
- Tracking the sensor system of patients keep the online system updated about the patients' presence a usage of the portal.
- Video conferencing and group session among the individual from different background enrich the portal for future upgrade of the system when and where needed.
- Personalised predictive algorithm will help individual to take the decision about their mental health commonly known as depression and chronic diseases. By using this service a patient can easily practice the clinic service of his/her mental check-up.

### *Revenue Model*

- **Google-Ad** is the easiest way to get potential customers in quicker time as people are more dependants on google for their daily activities. If something appealing popup in the searching window, then the user will definitely click on the button to view that website. In that case, **Pay-per-View** is one of the form to earn revenue from business.
- **Sponsorship of site sections or content types (typically fixed fee for a period)**-In that case, Pharmaceutical companies will get the preference to advertise their products by using the eHealth online server platform. The sponsorship contract deal is for one year with minimum amount of sales. In some of the cases the contra-deal also implements based on

the operation of the pharmacy and medical support providers. The contra-deal is renewable based on the business liaison among the service provider and the advertisement company.

### *Potential Growth*

As per Gartner's survey, the value of the eHealth market in 2013 was \$2.4 billion and is forecast to reach \$21.5 billion by 2018, a compound annual growth rate of 54.9 per cent which clearly states the dependency of eHealth will smoothly capture the market. Based on the current market scenario in UK, the increase of digital treatment through digital media will cut the cost of hands on' treatment along with the operating costs of existing hospitals as patients mostly access online to get the hospital facilities.

Since, the UK has technological enrichment in the area of eHealth so the ubiquity of the Internet of Things (IoT) by the target market is the fastest way to grow the business with target profit and organizational goals. In the long term basis this business will bring AI (Artificial Intelligence) as a way to give care to the aged patients as a nurse or caregiver. Not only that but also, AI will use to deliver medical products and wearable devices to the final receiver. According to the forecast of Frost & Sullivan, 2016, The AI market will expand its presence in the traditional healthcare application rapidly. Graph below shows the forecasted result:

**Figure 1: Artificial Intelligence Market for Healthcare Applications, World, 2014, 2021 (in Millions)**



Source: Frost & Sullivan 2016 Transforming healthcare through artificial intelligence systems

*Figure 1: Artificial Intelligence Market for Healthcare 2014-2021\* (Source: Frost and Sullivan)*



Last but not the least, development of eHealth software is ever growing which can be used both in the iOS and Android. Moreover, the smartphones and the cost of internet use is affordable to the target customers which shows the current development of eHealth will grow efficiently. Moreover, Patients involvement in the eHealth business model encourages the online healthcare provider to develop the unique web portal with every facility for all patients residing in UK.

#### **Name of the Business- Outsourcing Cloud Computing in Bangladesh**

As per the research by Goldman Sach's Annual report 2011: Bangladesh will be the Next Eleven' after BRIC (Brazil, Russia, India and China) nations in terms of empowering IT sector outsourcing facilities both locally and globally. The study also states that, SMEs (Small and Medium Enterprise) are the early adaptor to make this business viable into the online based outsourcing business platform. A tremendous increase of service offerings especially in the Cloud Computing area and an emergence of more sophisticated enabler technologies for service composition and ad-hoc creation of situational applications are observable. Moreover, government's flexible tax policies for importing IT products from abroad, cheap labour cost and the expansion of third party business organization are the major competitive advantage to start-up the online based third party cloud computing service providers.

#### ***Business Model -The long tail in clouds***

The business model of cloud computing ecosystem is dynamic process as the technology is changing rapidly in the competitive IT market. A business model is a representation of a firm's underlying core logic and strategic choices for creating and capturing value within a value network (Shafer, Smith & Linder, 2005).

This business model is basically focused on ***Third Party Business*** provider which bridge the linkage between the IT support companies to the final customers as: SME's, financial institution, educational institution and other relevant organizations. Every business model is unique according to the need of different customers so the customized service is set up by using ***Long Tail strategy*** as part of business model development to survive in the long run.

Services built on top of Cloud infrastructures enable software providers to offer products at lower cost and simultaneously with a higher degree of customization. This so-called "Long Tail strategy" departs from the mass market and focuses on many niche markets (Anderson 2008).At the same time the business model need to upgrade by analysing different portfolio management. Finally,

this business model is formed by using scientific design methods and analytical tools with the continuous upgrade of knowledge management in its virtual operating office by the IT experts.

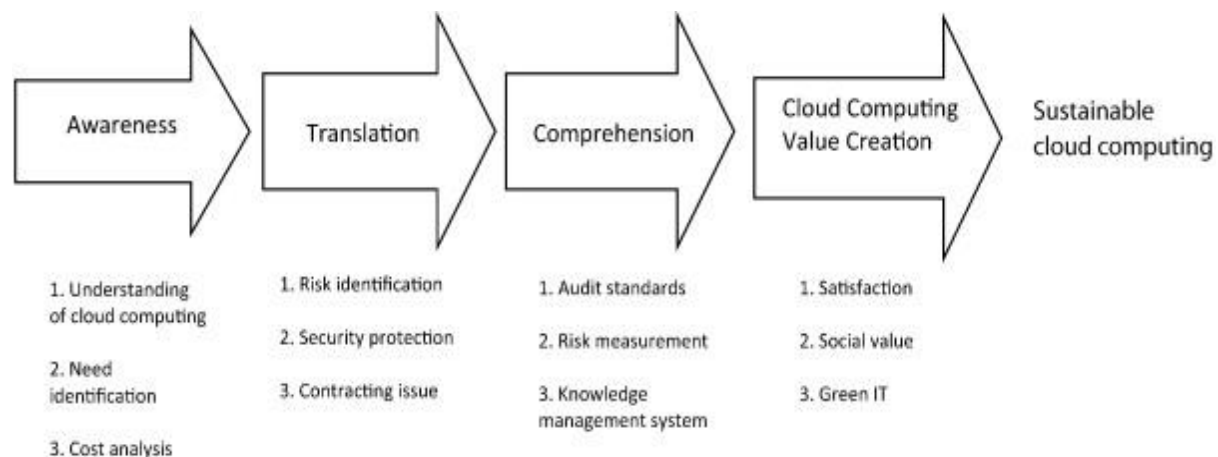
In order to survive in the niche market the business model needs to upgrade by using different Interdisciplinary approach since the cloud computing system is complex interaction in some extent.

“Interdisciplinary approach taking microeconomics, technological feasibility and business models into account, will provide insights into this complex interaction (Weinhardt et al. 2003)”.

### *Core Value Proposition*

Cloud computing value proposition is mainly focused on the consumers’ awareness and demand about the system components, easy and quick accessibility of services. Moreover, the online based business service is cost effective both for buyers and sellers point of view. On top of that, the users’ organization will trustworthy in terms of protecting the data because the vendor controls every security issues as well as cloud computing auditor will audit the online portal in regular basis. During the auditing stage the partner organization have the right to consult for the upgrading or modification of the system if require.

Cloud computing generates value in terms of environmental sustainability by shifting the cloud means from the traditional computing system which reduces the *e-waste* of computer hardware and network devices. Environmental protection act by cloud computing contributes to the *green IT movement* as a way of social responsibilities which will directly motivate the traditional business organization to adapt the “Outsourcing of Cloud computing as shown in the diagram below:



*Figure 2: Value Creation Model*

### *Revenue model*

- This business model will follow the *Affiliate revenue model* where the revenue will earn from customer's presence on the website as well as the form of pay per click. The other way of earning revenue is building *Affiliate network program* with third party such as vendor. In that case, affiliate network providers and the online platform make a contract about the payment.
- *Google AdWords*, the most widely used advertisement framework to deliver the right message to the right customers at the right time. This advertisement media is relatively cheaper to reach promising revenue.

### *Potential for Growth*

Bangladesh has placed itself within the top 30 outsourcing destinations as a research of Gartner Inc. (eASiA, 2011). Successful implementation of the cloud computing online business will create opportunities for vendors in larger scales through the acquisition in global market in the long run business operation. The leading outsourcing vendors are expanding their operations on a global scale along with a wide range of services (Lee et al., 2003). Additionally, it will create business opportunities for the immigrants to invest in the business. The main idea about this business is to invest less with maximum profit which encourage the vendors to introduce wealth program for management expertise to reach the final customers in quick and efficient way.

*“Online Outsourcing Cloud Computing” will play significant role in Bangladesh's economy as the country is facing unemployment rate of 4.80(40% of the overall working population is unemployed) in spite of having educational skills and qualifications.*

Cloud computing outsourcing will create job opportunities by Cloud services implementation, integration, management, and support for the potential expertise. In future the business will spend its service by using AI along with the existing business model.

To meet the specific requirements of clients and forge long-term relationships with them, outsourcing vendors are embracing emerging delivery models including Cloud-based services (Lee et al., 2003; Buyyaa et al., 2009). Currently, SaaS is a preferred demanding business delivery model across business as it provides varies opportunities with lowest processing cost as well as the delivery time is faster which encourages all customers to adapt the SaaS (Software as a service)

for developing and managing the IT infrastructure of their company with high security and trust in terms of protecting data. The dazoinfo (<https://dazeinfo.com/>) forecasted that, the cloud computing market will grow by 12.7(USD Billion) with a CAGR of 35.4% from the year 2014 till the year 2018(Graphs on below).

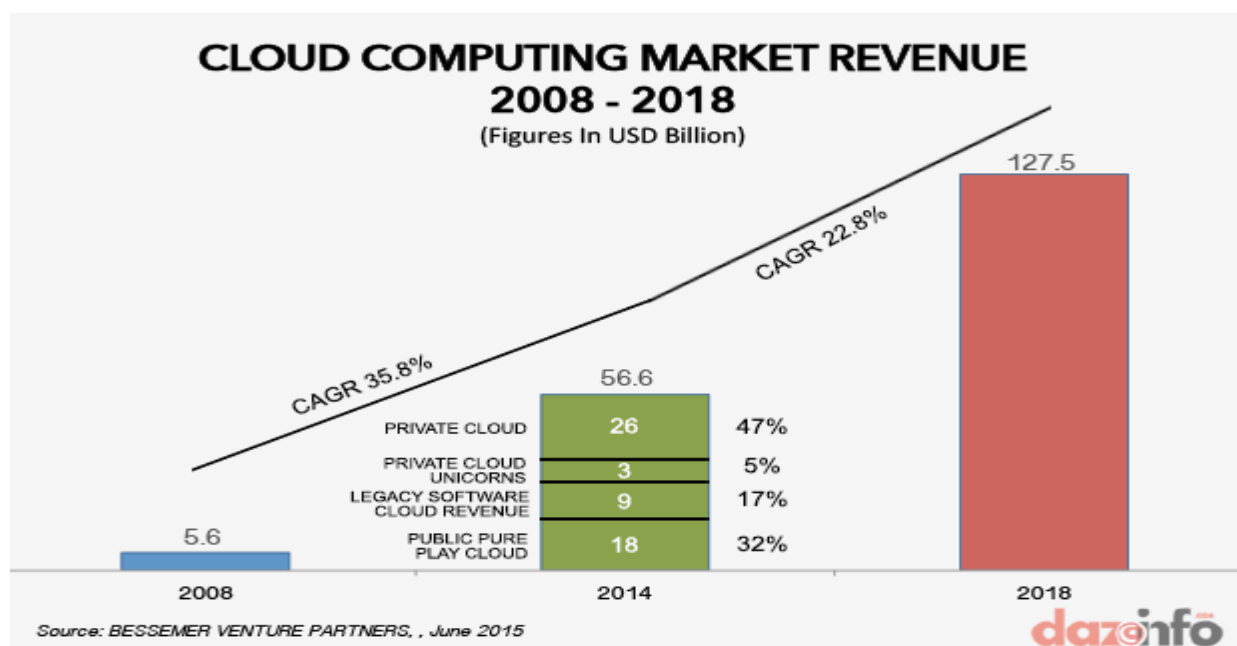


Figure 3: Cloud Computing Marketing Revenue 2014-2018\*

Already, the current market scenario is in the favourable situation for this business as cloud computing system outsourcing providing support to the domestic market regarding ERP (Enterprise resource planning), HR(Human Resource) software, Accounting software, Sales Automation or Inventory Management system.

Based on the recent studies, currently more than 100 organizations are exporting software and outsourcing to more than 30 countries (Barkatullah, 2011) and many are coming into this industry. In the last five years Bangladesh faced an average rate of growth at about 40% in IT and ITES industry (Chowdhury, 2011) which represents the potential growth of IT outsourcing as a way to exploring the business both locally and globally.

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