



**MIND OUR BUSINESS!**

**Task 25: Business models for a more effective market  
uptake  
of DSM energy services for SMEs and communities**

**IEA DSM Day Bergen Norway  
April 2018**

# The sustainability transition business...


...

- ✓ Is user centeredness key in the business model?
- ✓ What does that require from business developers, or project developers?
- ✓ What do we need to know about external context?



**For all the entrepreneurs in Energy  
Services out there...**



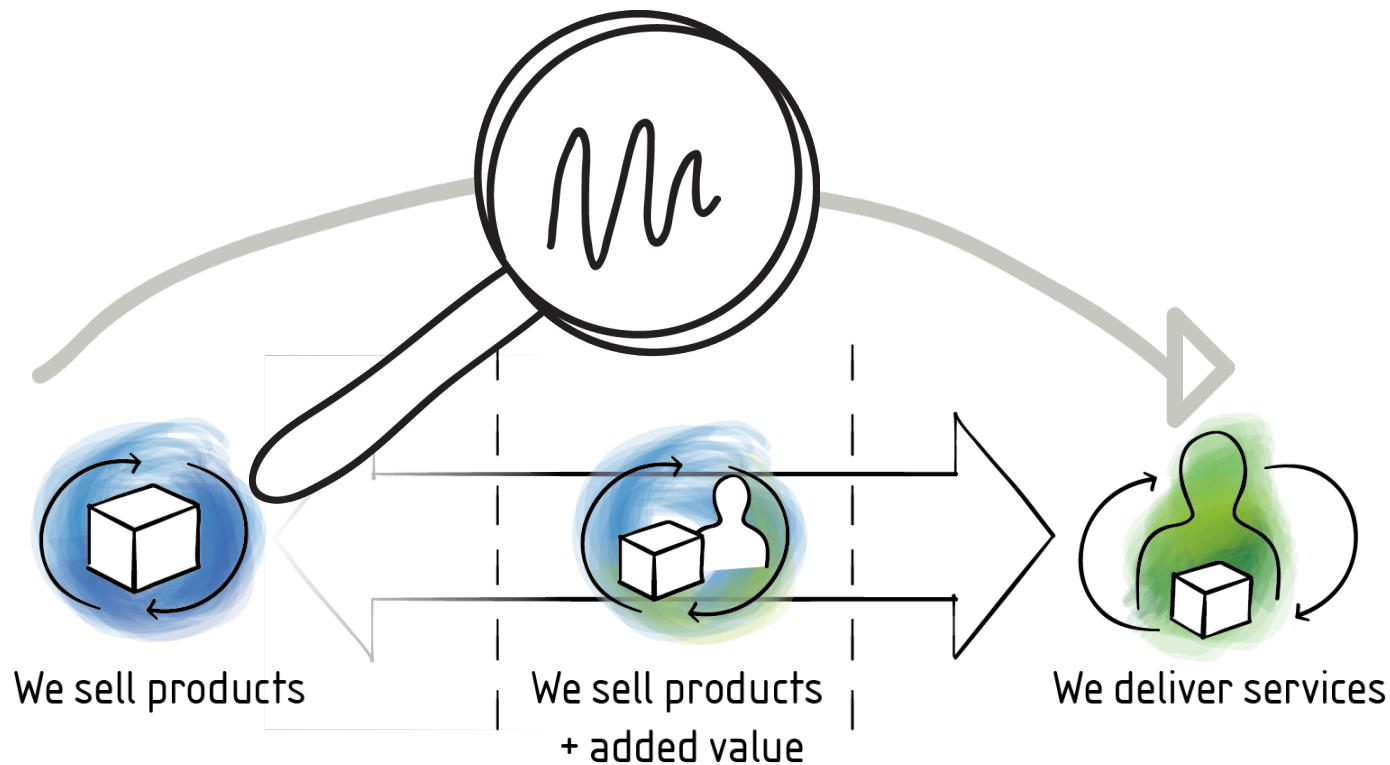


**There are three essential ingredients to become successful...**

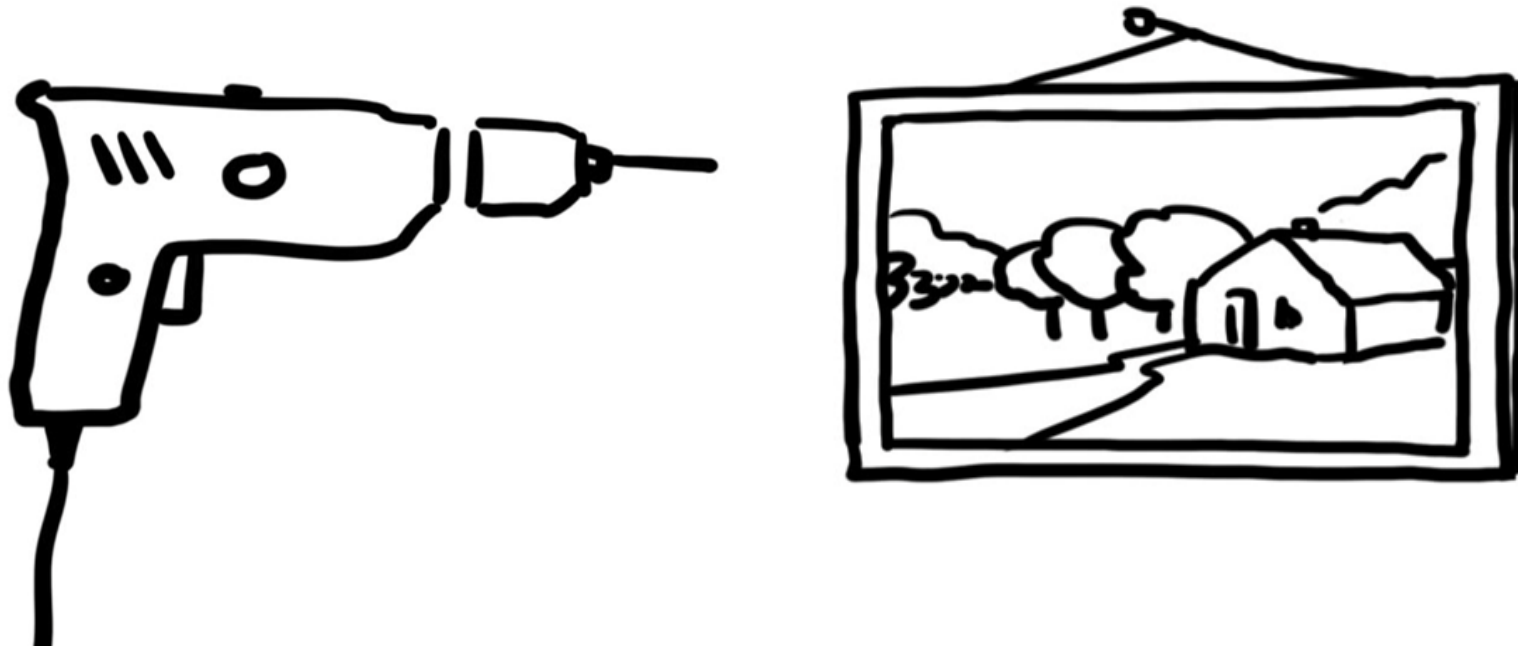


**And they are all about a transition**

# From product dominant logic to service dominant logic

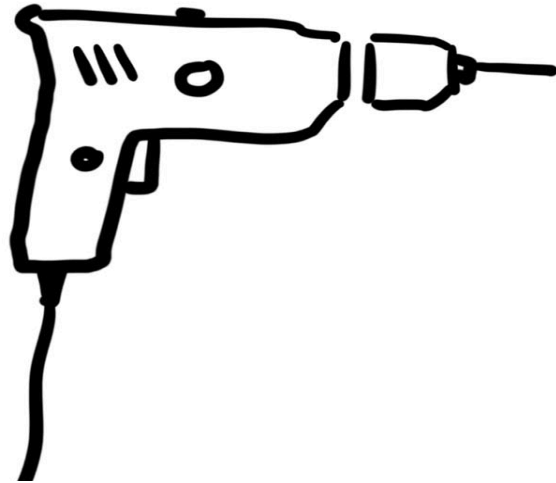


# When the offer is a service.. A service supporting businessmodel is more successful



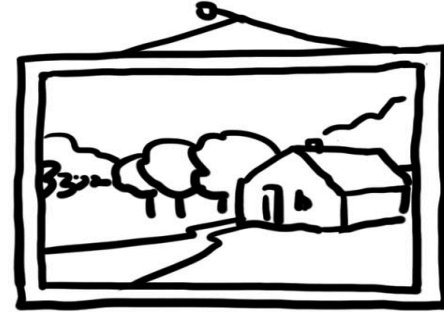
Building on business model canvas by Osterwalder and Pigneur (2010)

# Products



- Ownership of product
- Offer stated in tech-specs
- Transaction
- Value destruction
- Max profit
- User role passive
- Service is enabler of the product!

# Services



- Solutions, not energy!!
- Value = outcomes for user
- **User role is key**
- **Value experienced in use**
- **Co-creation**
- Delivered within a system
- Product or technology is 'enabler' of the service!



# Be skilled to serve the user...



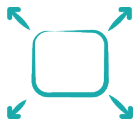
**Sensing user needs, context, system**



**Conceptualising**

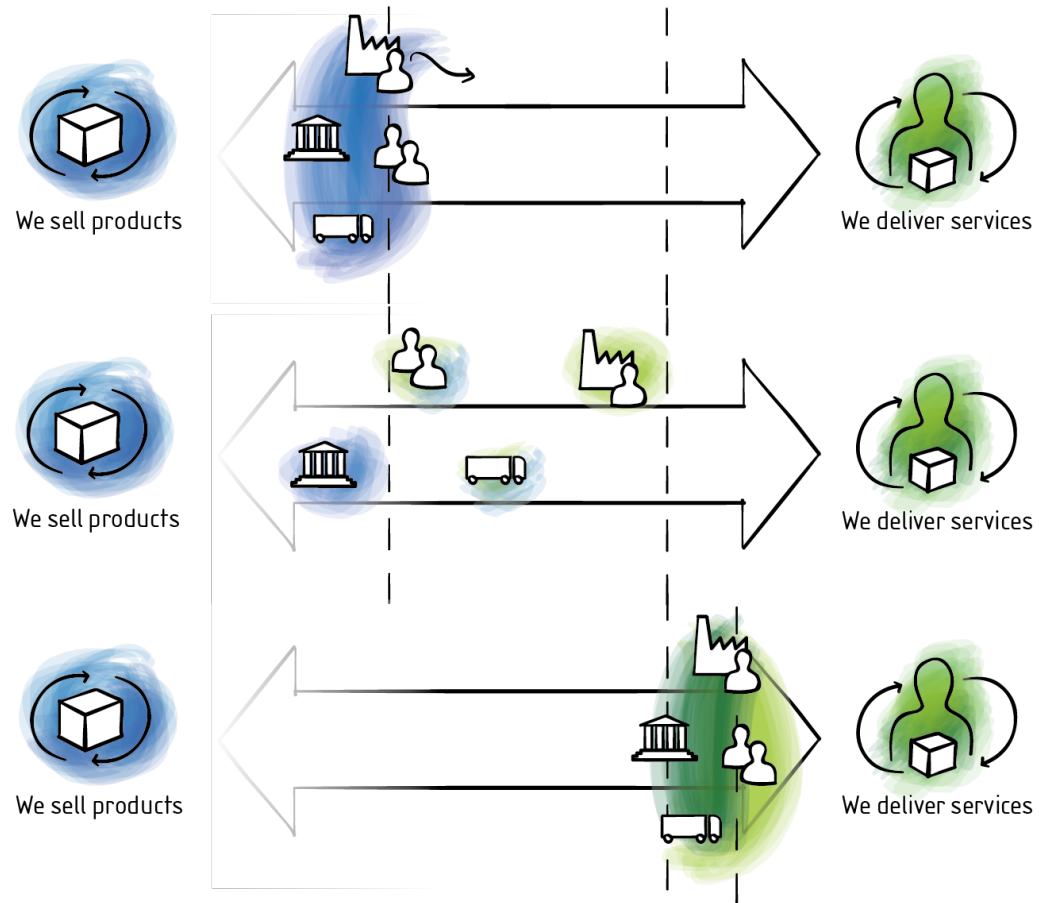


**Orchestration**



**Scaling and stretching**

# Context and synchronicity...



# 4 combinations business model-capabilities-context...

Pushing harder

Businessmodel

Reframing/referral

Businessmodel

Pushing something else

Businessmodel

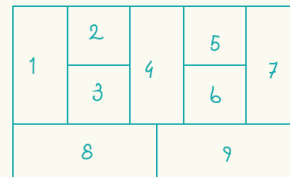
Servicing

Businessmodel



1. Customer Segments

6. Key resources/skills



©Alexander Osterwald

1. Customer Segments  
Users are fans

2. Customer Relationships  
Built on trust and long term

3. Channels  
Multichannel. Tailored

4. Value proposition  
Fluid value proposition, customized

5. Key activities  
Building relationships across the user life cycle. Following changes in the value

proposition. Datamining and collecting user intelligence

6. Key resources/skills  
User, use phase, data

7. Partners and suppliers  
Equal partnerships, user is considered as a partner

8. Revenue Streams  
Crowd funding, memberships, goodwill

9. Costs  
Investment in 'vision'

## Capabilities

**User Sensing**  
Not in a structured way

**Conceptualizing**  
Not in a structured way

**Orchestrating**  
Not in a structured way supply chain side

**Scaling and stretching**  
Outsourcing the sales

## Capabilities

**User Sensing**  
Weakly developed insights up to on specific (like decision simplifying p

**Conceptualizing**  
Active conceptual technological barrier Moving towards r

**Orchestrating**  
Buy-transac developed. boost sales

**Scaling and stretching**  
Branding to Quality and elements

## Capabilities

**User Sensing**  
Well developed. co-creation beco

**Conceptualizing**  
Active conceptual technological barrier Moving towards r

**Orchestrating**  
Problem solvers. services. Or beco manufacturer (O

**Scaling and stretching**  
Tech barriers still Marketing in trad

## Capabilities

**User Sensing**  
Core capability

**Conceptualizing**  
Co-creating. Growth of client base is inhibiting the ambition to grow

**Orchestrating**  
Aimed at serving the user during the use phase

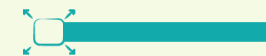
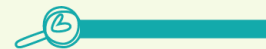
**Scaling and stretching**  
Aimed at continuous innovation

## Context

**What they experience:** opportunities. Their target market is not considered to be an EE market, but as a market that reflects their value proposition (lifestyle, smart home, etc.)

**How they respond:** responsiveness

**Strategy:** aware/stealth



# Conclusions

- ✓ Service= user oriented business models can be more successful
- ✓ It takes experimentation, trial and error, patience and learning!!
- ✓ Business innovation is key, continuous iteration
- ✓ Energy efficiency experienced in use, multiple benefits matter
- ✓ Requires specific capabilities
- ✓ Combination model, capabilities context fit or stretch matters!

# Observations

- ✓ Energy regime focused on products delivering EE
  - ✓ low hanging fruit business models
  - ✓ Focus on transaction not use phase
- ✓ Weak user centered + orchestrating entrepreneurial capabilities = innovation system failure
- ✓ Policy and other context stakeholders such as DSOs have important role to play as patient mother...
  - ✓ Laws and Regulation, information and communication, capacity building, infrastructure, business support, incentives, financial/subsidies

# You can read all about it..

<http://www.ieadsm.org/task/task-25-business-models-for-a-more-effective-uptake/>

## Papers

- ✓ Conferences: eceee 2017, Behave 2016
- ✓ Journals: EE and JCP (forthcoming)

## Country reports

- ✓ Thesis user centered business models
- ✓ 6 country reports with case studies + ECI report
- ✓ Comparative analysis

## Spotlight articles

2 Webinars

6 country workshops

25+ Presentations

Task update reports





# PHASE 2 Task 25

May 1<sup>st</sup> 2018-May 1<sup>st</sup> 2020

# Phase 2

- ✓ Investigation of business models on the following energy services:
  - ✓ demand response and flexibility services;
  - ✓ data driven services;
  - ✓ circular services
  - ✓ peer2peer services
- ✓ Identifying necessary system innovation and role of context players
  - ✓ building up capabilities of entrepreneurs,
  - ✓ focus on the use phase,
  - ✓ the role of intermediaries.
- ✓ Capacity training of entrepreneurs and policymaking in designing policy instruments and business models
- ✓ Insights and actionable knowledge on the servitisation process and how this could take shape in the energy sector.



# Thank you!

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