Business models for a more effective market uptake of DSM energy services: IEA DSM TCP Task 25

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For all the entrepreneurs in Energy Efficiency 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 (servitisation process)
Key success element 1:
Product

- Output-orientation
- Offer stated in tech-specs
- Value in exchange/transaction
- User role passive
- The product is the goal

Service

- Solutions
- Value = outcomes for user
- Value experienced in use
- User role is key: Co-creation
- Good/technology is ‘enabler’
When the offer is a service.. A service supporting business model is more successful

Building on business model canvas by Osterwalder and Pigneur (2010)
Key success element 2:
Be skilled to serve the user...

- Sensing user needs, context, system
- Conceptualising
- Orchestration
- Scaling and stretching
Key success element 3:
Understand how to deal with context
Context and synchronicity...

- The unaware
- The smart matcher
- The aware stretcher
- The stealth stretcher

[Image of a network diagram with nodes labeled as above]
4 combinations of business model, capabilities and context...
Pushing harder

1. Customer Segments
   Industrial/commercial

2. Customer Relationships
   Distant, not personal, no focus on user needs or user barriers

3. Channels
   Traditional, focus on cold acquisition

4. Value proposition
   Functional benefits and technical specs are the core of the proposition

5. Key activities
   Focus on hardware and software, developing resellers channels and training resellers and clients

6. Key resources/skills
   Technical, sales knowledge and tech knowhow

7. Partners and suppliers
   Hierarchical value chain. Resellers and intermediaries for sales purposes

8. Revenue Streams
   One-off, transaction-based
   Maintenance fee

9. Costs
   Traditional, focus on personnel and material

Capabilities

User Sensing
   Not in a structured way

Conceptualizing
   Not in a structured way

Orchestrating
   Not in a structured way. Focus on the supply chain side

Scaling and stretching
   Outsourcing the sales skills.

Context

What they experience: fragmented market, no clearly defined competitors, weak – or lack of policies and regulation, lack of user's trust in product. No clear perspective on orientation of stakeholders.

How they respond: pushing, demand regulatory creation, label certification, procurement rules.

Strategy: unaware market changer
Next steps

✔ We now want to understand the role of context stakeholders in supporting service oriented business models...

✔ demand side flexibility
✔ & increasing the integration of renewables
✔ & reducing emissions
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<td>Have enough money, liquidity, collateral to be able to participate in the market and comply with the balancing requirement</td>
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<td>Deliver value to our community members first: environmental, economic, tariff fairness, community benefits, power quality, democratisation, increased power reliability, rural regeneration, increased social capital, development of community skills, employment, participation in planning process, control over the environment, creating symbolism, placemaking, building relations, etc...</td>
<td>• Deliver value to the system: primary capacity, secondary capacity, reserve capacity, reliability, network services, grid investment deferral, whole-sale arbitrage, flexibility, balancing, reduce network congestion, improve load forecasting, simplify communication by aggregating individual loads, etc...</td>
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<td>• Oh yes, you can use your revenue to create your community value...</td>
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Energy system in participating countries designed around centralized market, large generators, connection to transmission system and national system balancing, assets remote from consumers

‘simple’ community energy projects need to grow enormously in complexity to survive..

Every element of the business model needs to change (i.e. adapt to system requirements)

Outcome: new business models are not challenging, not novel... rather compliant and aiming for a fit.

“we will help you deal with the system”... Not: let's learn how to change the system

Instead of promoting decentralised distributed energy the system is reiterating and optimising itself?

Very preliminary findings....
Thank you!

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

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