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
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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

- We sell products
- We sell products + added value
- We deliver services
When the offer is a service.. A service supporting business model 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

iedsm
energy efficiency
Context and synchronicity...
4 combinations
business model-capabilities-context...

Pushing harder

Business model

Refocusing/referral

Pushing something else

Servicing

Capabilities

User Sensing
Not in a structured way

Conceptualizing
Not in a structured way

Orchestrating
Not in a structured way

Scaling and stretching,
Outsourcing the tasks

User Sensing
Weakly dense insights up
on specific vs.
like decisions
simplifying p

Conceptualizing
Active concepts: technological box
Moving towards innovation

Orchestrating
Problem continues:
Services, or being
manufacturer (OEM)

Scaling and scaling
Branding to Quality and
and elements

User Sensing
Well developed

Conceptualizing
Active concepts:
Teaching the ambition to grow

Orchestrating
Armed at offering the user during the use

Scaling and stretching
Adapt at continuous innovation

Context

What they experience:
opportunities.
Their target market is not considered to
be an S3 market, but as a market that
reflects their value proposition (lifestyles,
smart home, etc.)

How they respond:
responsiveness
Strategy: awareness

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

6. Key resources/skills

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

8. Revenue Streams
Crowd funding, memberships, goodwill

9. Costs
Investment in 'vision'
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

- 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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