Mind your business...

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

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Why?

Difficult uptake
Tech or product push
Profit

Lacking focus on end-user

What business models work?
Who?

Entrepreneurs are a scapegoat
Their life is difficult!
What do entrepreneurs need?
How?

PAUL

WoonConnect
For Paul, an entrepreneur delivering energy efficiency..
There are four crucial issues that he needs to know ....
He is part of a transition from product dominant logic to also services.
Goods

- Output-orientation
- Offer stated in tech-spectcs
- Efficiency: low costs, high margins
- Value in exchange/transaction
- User role passive

Services

- Solutions
- Value = outcomes for user
- User role is active
- Value experienced in use
- Co-creation
- Delivered within a system
- Good/technology is ‘enabler’
Service supporting business models are potentially more successful..

Building on business model canvas by Osterwalder and Pigneur (2010)
Certain capabilities lead to more success..
Context and synchronicity matter!
4 combinations of business models and capabilities...
4 strategies from goods to services

Pushing harder:
- Transaction moment

Reframing:
- Sensing user challenges and orchestrating the purchasing process

Pushing something else:
- Sensing needs, orchestrating and conceptualising
- Purchase-buy-use process,
- Problem solvers, bundled services,
- EE one of benefits, experienced in use

Servicing:
- User journey, first needs then value, trust, equality
Context and synchronicity...

Pushing harder: the unaware
Reframing: the smart matcher
Pushing something else: the aware stretcher
Responding to needs: the stealth stretcher
Most entrepreneurs don’t know this..
Fit to Serve
Is your Energy Efficiency business model fit to serve?

Climate change is trending business. The urgency for transition is felt by many entrepreneurs who expect it to lead to new big business opportunities. But when it comes to energy efficiency, we somehow are still waiting for the big breakthrough.

Energy Efficiency isn’t an easy value to build a business on. After analysing 42 companies that offer Energy Efficiency, we dare to say, to many consumers, energy efficiency is not a value at all... This low interest in energy efficiency might be one of the many causes for a bad market uptake, but it is one that is not easily influenced.

There are a few measures you can take to influence the growth of your business. These measures have to do with the way energy efficiency business models are designed. As most of the companies in the field of energy efficiency originate from technological backgrounds, their businesses are built to exploit these innovative technologies. The question is, are these business models also designed to meet the expectations of the user?
But it’s not all up to the entrepreneurs....

Most countries have many small firms
Most service oriented firms that become bigger have a ‘patient mother’

- Access to client base
- Already existing good client relationship
- Valuable customer data
- Branding
- Money of course but...
- Time to experiment, stretch, learn, sense!
- Multiple benefits
- Continuous business innovation
Some conclusions

- Service oriented business models are potentially more successful
- Energy efficiency experienced in use, multiple benefits matter
- Requires specific capabilities

- Energy regime focused on products delivering EE
  - low hanging fruit business models
  - Transaction not use phase

- Weak user centered + orchestrating entrepreneurial capabilities = innovation system failure
- Policy has important role to play as patient mother...
- How? Would love to tell you, but... Read our paper...
Thank you!

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