

YOUR BUSINESS IN THE WE-ECONOMY

Navigating the waters of the new collaborative economy

Online edition, optimized for laptop and tablet reading

June 2015





we economy

THIS IS THE WE-ECONOMY

**We are intensely connected. We are interdependent.
We are part of a global economy with long, complex
value chains.**

**We are exchanging products, services and knowledge
like never before.**

**In short: We are living in a WE-economy and to thrive
we need to connect and collaborate.**

The collaborative economy, the sharing economy, co-creation...

These are some of the terms used to describe what is more or less the same phenomenon: That it is becoming easier, cheaper and more effective to involve a wider range of participants in creating value.

Users are increasingly contributing to create solutions, and a whole new layer of small, private resources can be mobilized and put to more productive use. A new type of players in business are enabling this; the platforms that coordinate the interaction and exchanges. Some of these companies have grown into global giants and serious disruptors of conventional businesses in a very short time. Clearly, deep changes are in motion. No wonder there has been a lot of interest in understanding these trends.

We call it the **We-economy**, because basically it's about understanding that the next level of value creation will happen by combining and coordinating, by involving others and by drawing on their resources and skills.

Businesses will need to rethink the way they organize value creation if they want to benefit from collaboration. A collaborative approach affects all parts of the business model – sometimes in ways that challenge the fundamentals of the conventional logic in economy.

This guide will give you some suggestions on how to do it.

In the We-economy project we have collected examples of how businesses have responded to these trends and how they've managed to use these drivers to create new growth and value. We have tried to extract some general guidelines from the cases that can help and inspire other companies to adapt.

This edition of the report was optimized for on-screen reading. If you wish to print the report, please download the more compact and printer-friendly version [here](#).

www.we-economy.net

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THIS GUIDE IS IN **THREE PARTS**:

- **WHAT IS THE WE-ECONOMY?**

The first section is a general introduction to the changes and the new rules of the economy.

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- **WHO IS DOING IT?**

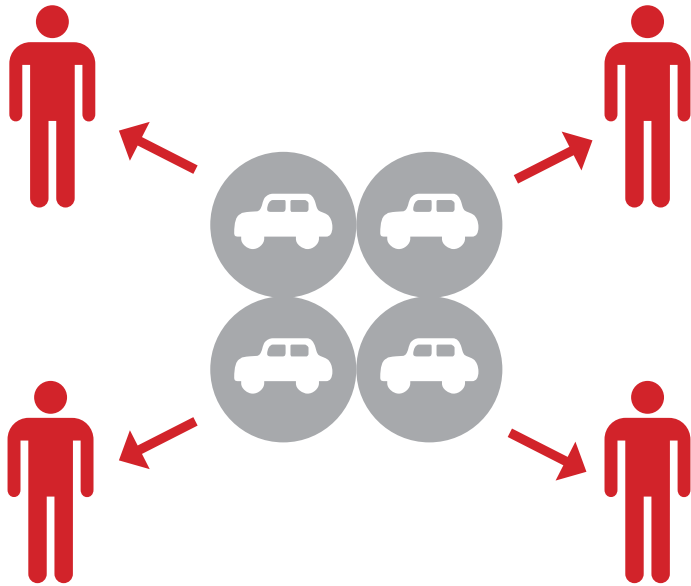
The second section consists of 4 cases, which illustrates how companies have opened towards greater collaboration.

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- **HOW CAN YOU BENEFIT?**

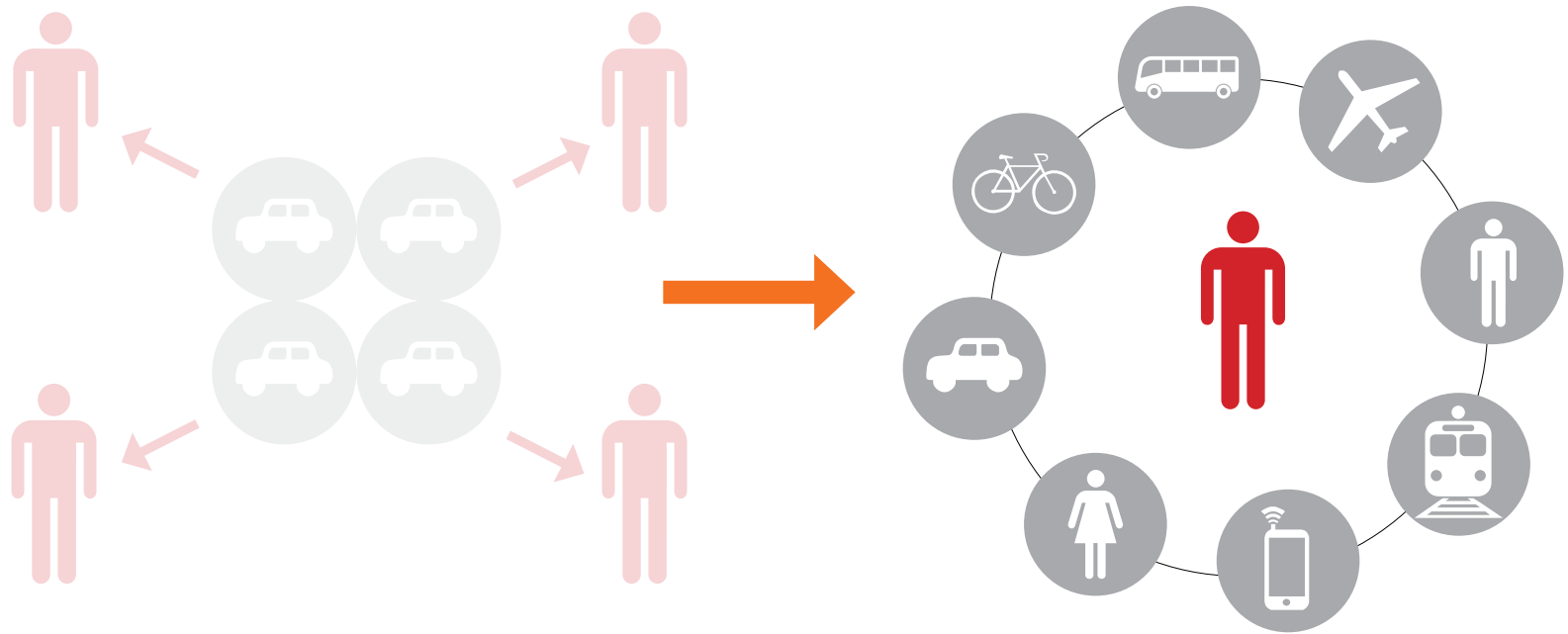
The third section is a tool, specifically meant for companies to systematically analyze how being part of the collaborative economy can require changes to their business model. The tool can be used to support workshops and strategic sessions.

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The industrial value chain was linear. Companies would push ready-made products and service to consumers. It was a *broadcast* model, so to speak, with the company, at the center of the process, defining, designing and delivering the same product to a mass market. Consumers would have very little influence on the design of the product. Even if a company were supplying components that other businesses bought, their development processes would be separate.

Since industrialism, companies have evolved from selling mass produced one-size-fits-all objects, to gradually offering more choices. To compete, customized and individual solutions are gradually becoming even more specific, to the point, where they are created for a particular context: Not just matching an individual user, but also factors such as the location, the time, the persons schedule and his or her profile of preferences.



The industrial model was focused on products. If consumers wanted faster or more comfortable transportation, they would buy a better and bigger car.

Today, a bigger car will generally not get you faster to your destination. Instead, mobility can be improved by coordinating the use of the car with a range of other resources. Knowing that you can drive directly to a vacant parking place, the quick and smooth transfer to a train, or being able to use a city bike saves time. Sharing the ride with others saves money, and reduces congestion in traffic.

The car company can still be part of these solutions, but the new value for customers is created by coordinating all the elements involved in mobility in the specific situation.

Contextualized solutions add value for customers, but they radically change a company's position, because they require a much closer collaboration with other companies and with customers.

In a collaborative economy, value is created in networks. This changes the relations: Customers are the starting point, and an eco-system of suppliers and stakeholders make themselves available to contribute elements to solutions that fit the individual user's specific context. Users are involved in specifying the solution, and the resources involved are not necessarily just coming from companies, but could also be public services, or contributions from the end-users themselves or from their peers and communities.

Once, it was thought that the earth was the center of the universe, but we had to realize that in fact, Earth is just one among the planets that circle the sun.

In the new economy, companies need to make a similar adjustment of perspective. Now, the customer's needs and context are at the center, and any company must see itself as one among a number of potential contributors to the solution that fits the customer here and now.

CONTEXTUAL SOLUTIONS ARE INSTANCES

The coordination of resources and knowledge about the user's context creates an *instance*. Several billion times a day, Google generates a search result based on the coordination of vast amounts of information on the web – as well as detailed knowledge about each user's situation, location, interests and preferences. Likewise, for hundreds of millions of users of Facebook or Amazon, each page presented is different; an instance composed for this specific context.

Such detailed coordination is commonplace in the digital realm, but it will increasingly also be the way solutions are delivered in the physical world.

As described, a transportation solution can take into account the current traffic conditions, as well as all available resources – including the option of using city bikes and sharing cars or rides. Like a web search, each solution will be an instance: It is created for this particular user's specific context, and the next solution that is generated will likely be different.

Similarly, solutions for a meal, a training course, a medical treatment, or the design of a 3D-printed personalized chair or shoe can be generated once, and not necessarily be repeated.

Already, the economy is a world of constant and rapid change, and the trend towards contextual solutions will reinforce the *fluid* nature of services and designs.

[Instance]:

The result of the coordination of available resources, the needs and demands of a particular user, combined for the specific context, here and now.



THE GAME IS CHANGING

– and for most companies it will require that they adapt their business model in order to thrive in the future economy

- As customers we will expect much greater flexibility in the solutions that we are offered. Conversely, as companies and as suppliers, we will meet a greater demand for flexibility.
 - The value and relevance of a particular company depends on how well its contribution fits with those of the other parties involved – for instance by adhering to common standards and offering products and services in modules that can be configured and combined with elements from other companies.
 - In many cases, you will realize that you can benefit from cooperating with companies that you would previously only have thought of as competitors.
 - Some of those that contribute to the solution may come from completely different business sectors than you would usually consider cooperating with. In fact, they may not be in business at all.
 - Someone has to coordinate and assemble the solution. Typically, this will be enabled by a platform. As you can read on the following page, platforms are an increasingly important part of value creation.
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**You can explore how these changes have consequences for all parts of your company's business model by using the toolbox section ([page 39](#))*

PLATFORMS ARE THE NEW GIANTS

Platforms are emerging as a new central player in this economy. Platforms match resources and needs, enabling value to be exchanged and co-created among large numbers of stakeholders.

[Airbnb](#) and [Uber](#) are platforms that connect customers with small providers that want to rent their homes out or offer taxi drives using their own car.

[Nest](#) produces smart thermostats, but it is also a platform that enables a wide range of other devices to be coordinated in order to support users' comfort at home. [eBay](#) is a platform that connects buyers and sellers of used goods, by operating a global marketplace that is easy and safe to use.

Platforms are brokers. They typically don't own the resources they coordinate, they merely connect suppliers to end-users. Compared to a conventional company, a platform is very light on physical assets. There is no production line, no investment in machinery, no large staff – only software, data and computing power. This means that once the platform has been established, it can quickly scale to coordinate millions of interactions worldwide – and this explains the enormous valuations that some platforms have received with investors.

Platforms have strong monopoly tendencies. The more suppliers and resources the platform can present, the more users will be attracted. And with a large number of users, more suppliers will want to be part of the platform. *Not being* available through the dominating platform would effectively make a supplier invisible to most potential customers. Obviously, this makes the largest platforms extremely powerful.

As an increasing part of all transactions will be mediated by platforms, any company will need to consider how it positions itself on – or outside of – available platforms.



THE NEW CORE ASSETS



There are 4 main components to a platform.

For a company in the collaborative economy these are the new core assets – and increasingly even conventional industrial companies will need to pay close attention to them in order to avoid commoditization.

- 1. *The communities of suppliers and users that interact on the platform.***
 - 2. *The interface, which makes it easy, efficient and safe for users to engage in creating solutions.***
 - 3. *The data about available resources, needs and preferences.***
 - 4. *The algorithm, which processes the data to create the best solution in a given context.***
-

[API]:

In technical terms, the *API* is the computing part of the platform. The API – or Application-Programming Interface – is the interface, which allows users to access data on a website – for instance checking the catalogue of an online store, or the schedules of the municipal bus-company. An API can also receive input and contributions from users and partners – for instance by collecting ratings from users, or offering tools that allow customers to submit ideas.

In many cases companies choose to open their API, so it can be mixed and matched with APIs from other companies. Google maps is an example: Google has integrated a large number of external APIs in it's map, so users can see current traffic conditions, time schedules for public transport, or information about stores and tourist attractions. However, other companies can also integrate the Google maps API in their website. Hotels and real estate agents typically embed Google maps to give their customers directions.

Many companies in the collaborative economy are pure platforms. They don't produce or deliver anything physically themselves, they simply integrate a number of API and coordinate solutions – for instance a travel website, which helps users find all their airplane tickets, car-rental, hotels, insurance and sightseeing tours.

FOUR TRENDS ARE CHANGING THE GAME FOR BUSINESSES

In combination, these four trends will make it easier, cheaper and more efficient for companies to create broader solutions that involve more partners and users.

The shift towards collaboration is driven by four strong trends:

- 1. Focus on services:** Going from products to processes
- 2. Connected and complex:** Complex solutions for complex problems
- 3. Empowerment:** Technology for empowerment and involvement of users
- 4. Higher resolution:** Mobilizing and coordinating in finer detail



TREND 1:

FOCUS ON SERVICES:

GOING FROM PRODUCTS TO PROCESSES

Many technologies have reached a level of maturity, where it becomes increasingly difficult and expensive to achieve higher performance or add meaningful new features. Such products are becoming *commodities*, mainly competing on price – not a very attractive game for Western companies facing competition from manufacturers in the emerging markets.

Services can work like a “superstructure” on top of the product, amplifying and extending its utility. The superstructure will be a growing part of the value and experience that users will pay for. This means that companies will increasingly compete on the processes they enable, rather than the products they provide. For many, this will require a very different set of skills.

Importantly, these services will tend to be connected and coordinating with all the other products and services that support end-users in getting what they need.

You can find any number of cameras that have more or less the same resolution and features. Producers can try to compete by improving the resolution, but for a customer who simply wants to take better photos, a slightly better technical quality does not make much difference any more.

Instead, companies can add new value for customers by providing services around the product. Tutorials, storage and sharing services, online galleries, user communities and special events can improve the user experience and make it more interesting and satisfying.



[Superstructure]:

A layer of services, community activities, tutorials and media, which adds to the value users can get from a physical product.

TREND 2: COMPLEX SOLUTIONS FOR COMPLEX PROBLEMS

The problems that need to be addressed, and the ways in which we solve them tend to become ever more complex. A widening range of factors needs to be taken into account when companies launch new solutions. More stakeholders are involved and contributing to the value creation – often including end-users themselves.

Stand-alone products are becoming a thing of the past. In the coming years, cars, home appliances, billboards, medical devices or toys will have sensors, computing power and the ability to communicate embedded. Through the *Internet of Things*, virtually all devices will be connected and able to exchange data and coordinate with each other.

Systems for controlling the comfort of buildings, for coordinating entire “smart cities”, or for recycling and optimization of natural resource in *circular economy* projects will be based on Big Data: Vast amounts of information collected about all aspects of the situation.

The key to creating new value will be the ability to mobilize and coordinate a wide range of resources to serve and support users very precisely in the exact situation they are in, right here and now.

[Internet of Things]:

As more and more objects are equipped with computing power and are connected to the Internet, our devices will start exchanging data and cooperating with each other to create new types of services.

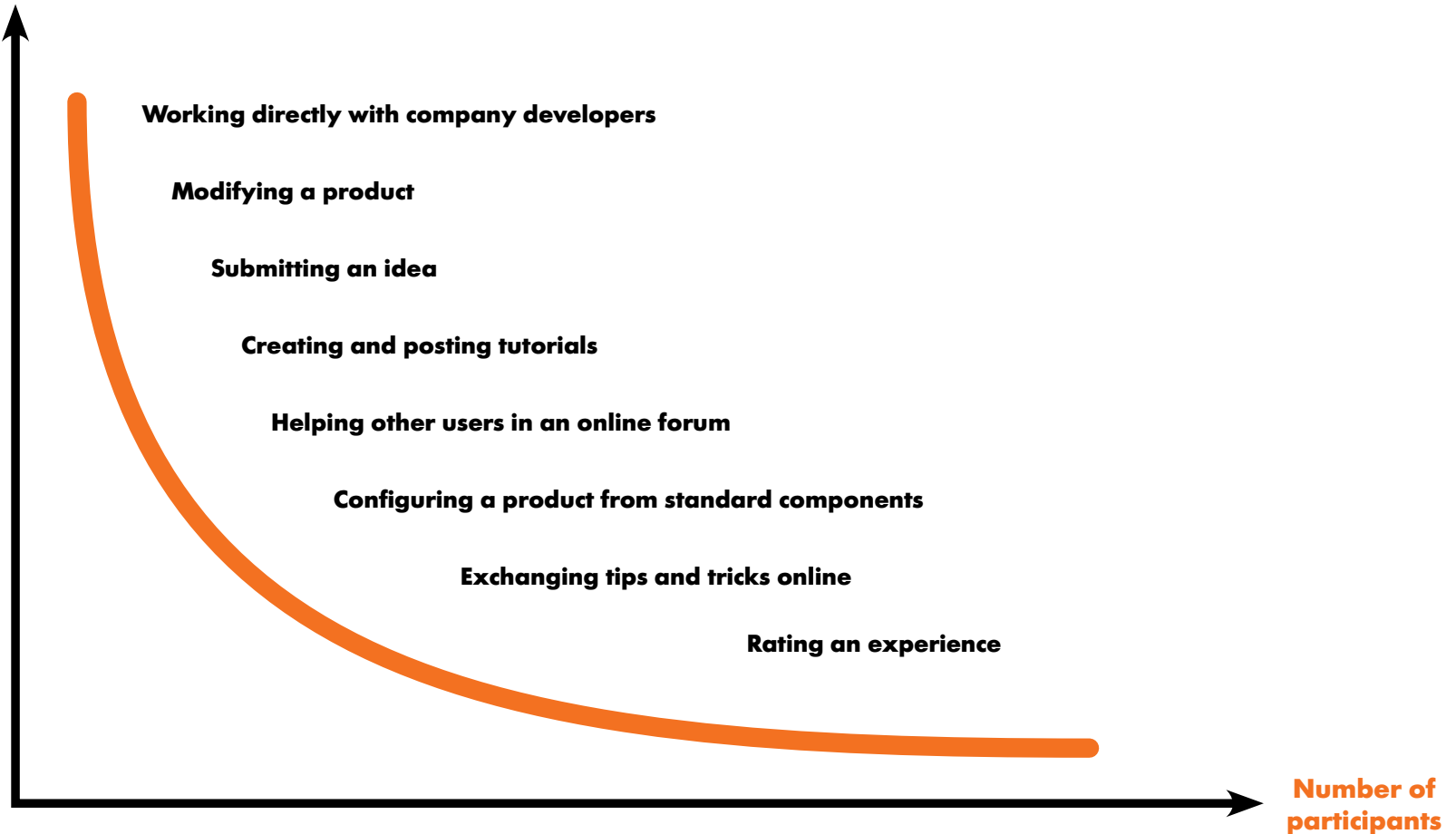
FUTURE SOLUTIONS

Increasingly, the solutions that create new value will be:

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- **Processes, ongoing and changing**
 - **Contextual, fit for a particular context, here and now**
 - **A combination of contributions from a wide range of participants**
 - **Modular**
 - **Drawing on shared resources**
 - **Based on relations and interactivity, including users**
 - **Constrained by scarcity of natural resources**
 - **Both virtual and physical, both hardware and software**
-

THE LONG TAIL OF RESOURCES AND CONTRIBUTORS

Value of contribution



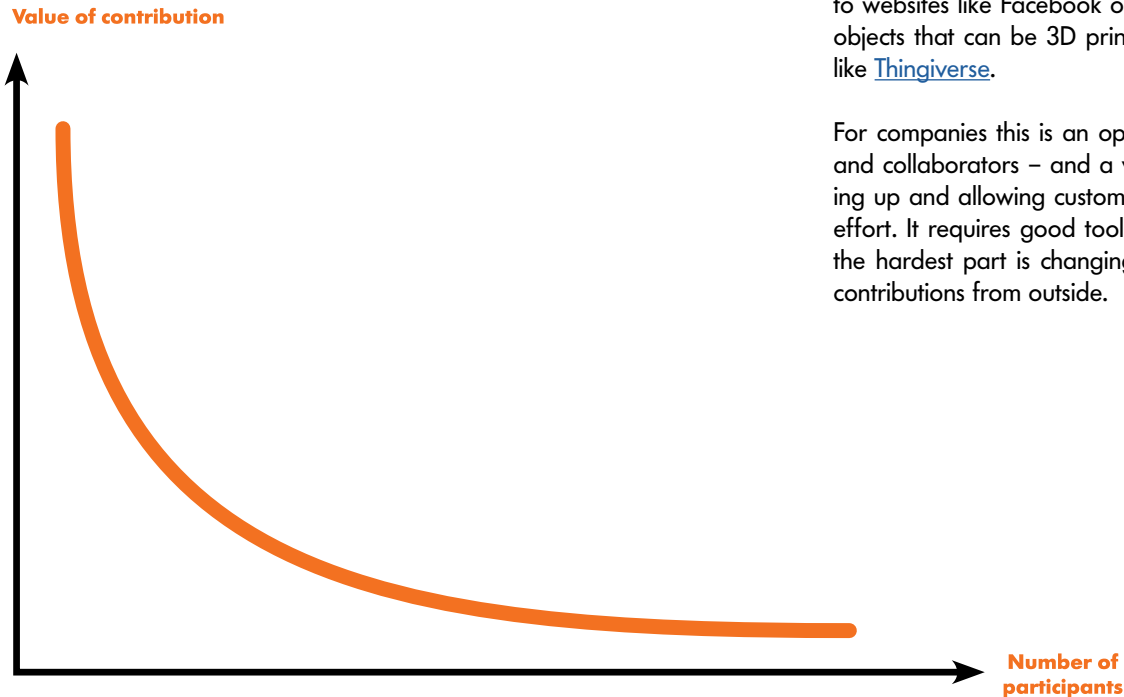
TREND 3: TECHNOLOGY EMPOWERS USERS

The levels of user engagement in value creation follow a *long tail*. At one end of the scale are lots of users contributing a bit of feedback – at the other end are a few super-users co-creating products as experts. What's new is that companies are opening to input, and that customers are willing and able to participate to a greater extent.

Traditional roles are blurring as customers and end-users are empowered with far better tools, which enable them to participate in co-creating solutions.

Equipped with high-speed Internet connections, computers, and ever-smarter phones, end-users are no longer just passive consumers. Now, we expect to be able to interact and specify the solutions we want. Users are also quite willing to participate in the value creation, for instance by providing content to websites like Facebook or YouTube – or submitting ideas and designs for objects that can be 3D printed, like the maker communities do on websites like [Thingiverse](#).

For companies this is an opportunity to create closer relations to customers and collaborators – and a valuable source of insights and ideas. But opening up and allowing customers to contribute and interact takes a deliberate effort. It requires good tools and easy interfaces, but for many companies, the hardest part is changing the internal culture and procedures to accept contributions from outside.



[Makers]:

Worldwide there is a large and growing interest among hobbyists in inventing and building things – it's often called the maker movement. Laser cutters, 3D printers and electronic building kits like [Arduino](#) are among the favorite tools.



TREND 4:

MOBILIZING AND COORDINATING IN FINER DETAIL

As everyone and everything is connected in the Internet of things, vast amounts of data describing all aspects of our lives will be collected. At the same time, the systems for analyzing the data are becoming more powerful and much cheaper to use. Businesses can match, configure and assemble solutions in increasingly precise and efficient ways.

Even very small and non-standard resources can now cost efficiently become part of the value creation. Information, devices and skills will tend towards being available for customers in small fractions and on a temporary basis.

It's an *on-demand economy*. There is less focus on ownership and more emphasis on having access. No need to buy a car, if you can pay to use it by the minute, when needed. No need to buy an entire album, if you just want to listen to a few tracks of music. No need to own production facilities or expensive tools, if you can easily find them and pay for access through an online platform. No need for permanent employees, if there are freelancers that can do the job, when you need it.

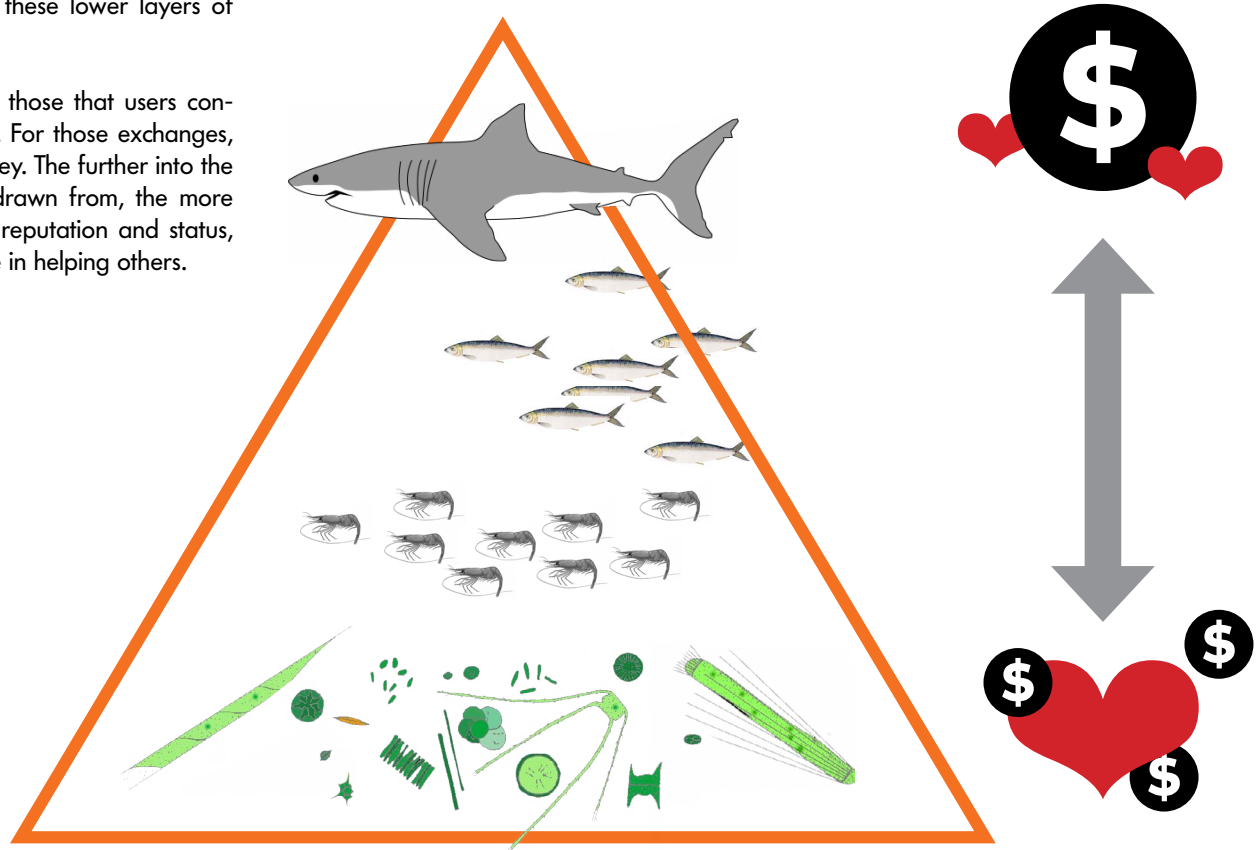
Likewise, from the perspective of a producer and supplier; the business model shifts, from selling whole items to offering access as a service.

The *sharing economy* illustrates this. Recently, a great deal of services have started, which allow amateurs to offer resources like an available seat in a car, a private room for rent, or solving light tasks like household work or tutoring students.

Often these small resources would otherwise have stayed idle and unused, but online coordination mobilized them to become productive in the economy.

Many resources are not used, because so far they have been too cumbersome and expensive to handle. A piece of machinery standing idle next door, a spare seat in a car, someone who just fixed the problem you are working on... These small resources and little bits of information can be thought of as a sort of "plankton"; the smallest parts of the food chain. There is a lot of plankton, and now, the new technologies and business models of the collaborative economy are able to harness these lower layers of resources.

Typically, the smaller resources are those that users contribute or share among each other. For those exchanges, the motivation is not just about money. The further into the private sphere the resources are drawn from, the more participants will also be driven by reputation and status, socializing, ideology or the pleasure in helping others.

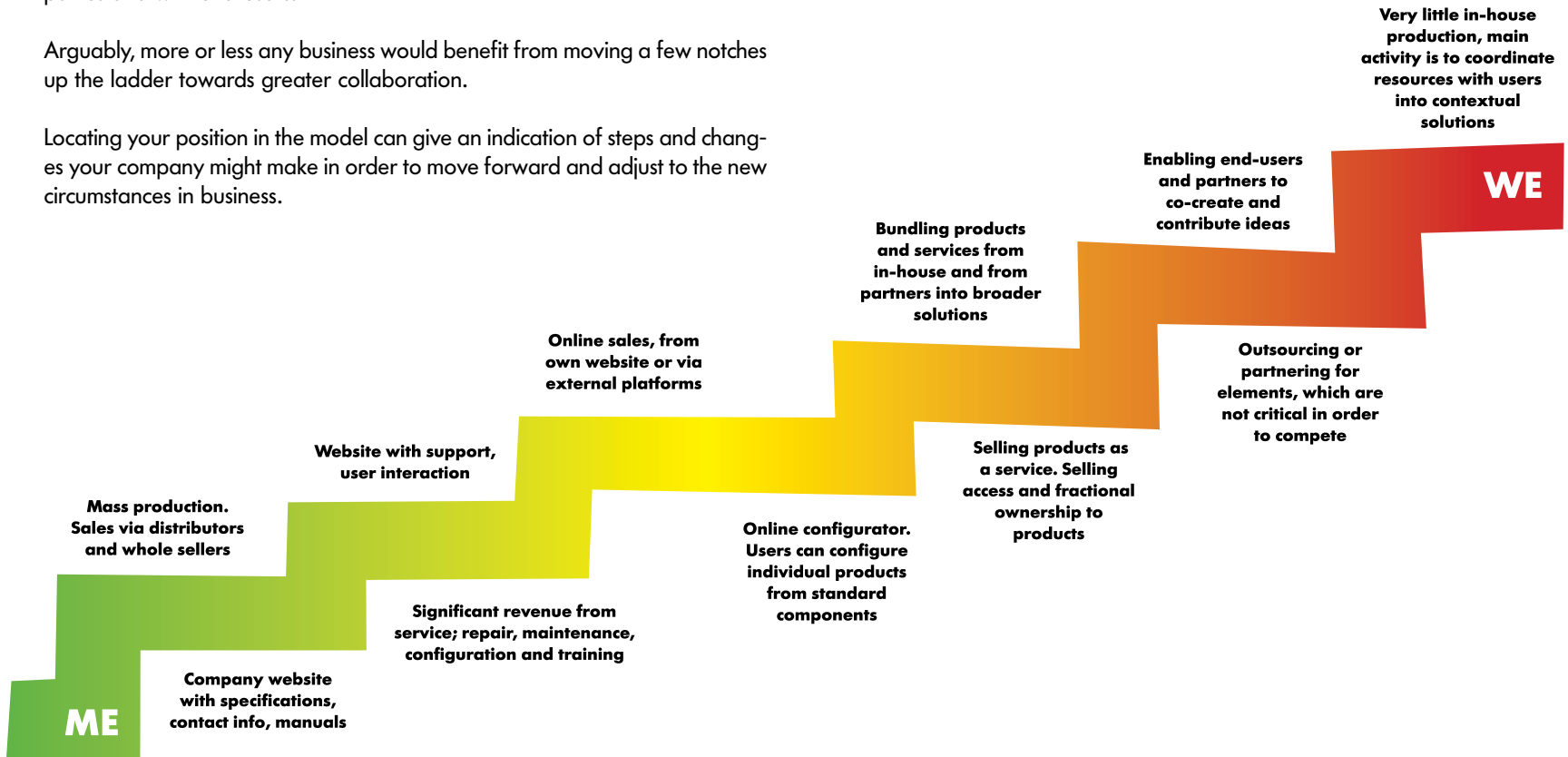


ADAPTING TO FIT THE COLLABORATIVE ECONOMY

At a very general level, it's possible to outline a common trajectory for companies that evolve from an industrial position of providing mass produced devices toward a new business model based on interacting with other companies and with end-users.

Arguably, more or less any business would benefit from moving a few notches up the ladder towards greater collaboration.

Locating your position in the model can give an indication of steps and changes your company might make in order to move forward and adjust to the new circumstances in business.



WE ARE INTERDEPENDENT

Thriving in the collaborative economy requires a change of mindset – from ME-thinking to WE-thinking.

In an intensely complex, connected and interdependent economy, a company does not create value alone. Rather, companies will thrive on their ability to create systems and processes that enable a wide range of stakeholders, including the end-users, to contribute and co-create.

Previously, a company's success depended on building a good product and having a well-qualified staff. Onwards, companies will increasingly use a collaborative approach, realizing that their success also depends on how well they and their products are able to engage and interact in changing relationships with others.

Compared to conventional business, this implies taking a more open, extrovert approach. Creating products and services so they can easily be combined with others. Drawing on external resources rather than keeping everything in-house. Thinking in terms of larger, integrated solutions. Letting go of some control in order to cooperate and scale.

Ultimately, WE-thinking means realizing that your growth depends on how well the other stakeholders in creating the solution thrive – and therefore, your business should contribute to keep the entire network healthy in the long-term, rather than just extracting quick gains.

This mindset could lead to business approaches that are more environmentally sustainable, inclusive and socially responsible – just what the planet and the societies we depend on need.

FOUR CASES:

**THE WE-ECONOMY
PRINCIPLES
APPLIED TO REAL
BUSINESSES**

MAKING LEGO'S GREATEST FANS CREATE THE SETS THEY LIKE

The toy maker LEGO has created several platforms for involving the many passionate builders in the development of new models.

Through LEGO Ideas, fans can submit ideas and if 10.000 others fans like it, LEGO will consider developing it into an official product



The LEGO Group has realized that it is part of a larger eco-system of value creation. Over the past 15 years, the company has worked on ways to tap into the talents and ideas of users, and extracting value from the collaboration.

The most prominent example is [LEGO Ideas](#). LEGO Ideas is an online platform, where users can propose ideas for a new set. Many users visit the site to check out the ideas, and users can support the ideas they like. Ideas that are supported by more than 10,000 people are included in a review, which takes place three times annually. Typically, 4-8 candidates qualify for each review. Of those, one or two are selected to be developed into official products.

From idea to product

The inventor is matched with a designer from the company, whose job it is to ensure that the idea/project is “translated” into a LEGO product that will satisfy the high professional quality required in an official product.

The sets are produced in volumes that are comparable to regular, internally developed LEGO sets, and the sales are also comparable to regular sets.

The LEGO ideas website currently has over 100,000 registered users, and 9,000 user developed projects are currently published on the site. Monthly, there is about half a million visits to the site. Although there are hundreds of thousands of users, who rank or comment on models, or upload their creations to various online galleries, the most valuable input comes from a small group of users who are extremely engaged as well as very talented in building and developing ideas. This is the *long tail* of contributions illustrated on [page 19](#).

Crowdsourced sets do as well as standard sets

The sets from the LEGO Ideas platform are initially sold online, but a few of the user-developed sets have become so popular, that they are also sold through the regular retailer system. Generally, the LEGO Ideas sets are performing as well in the market as comparable standard LEGO sets.

The support from the crowd of users gives an indication of commercial viability before production. The users, which indicate support on the website also give the LEGO Group information about where they are located, how old they are, and how much they think customers would be willing to pay for the set.

Value can be collected from the periphery. Sometimes users have specialized knowledge or ideas that no one inside the company possesses. By monitoring the suggestion on the website, the LEGO Group gets a better sense of trends and changing interests among builders.

Users mobilize their communities to gather support – thereby acting as evangelists and sales people for the LEGO Ideas projects. LEGO has spent very little to promote the LEGO Ideas site or marketing the user-designed products. However, operating the LEGO Ideas website is obviously associated with a cost.

Money is not the motivation to participate

User-inventors are paid 1% of net sales of the set they were part of creating in LEGO Ideas. However, money does not seem to be a major part of the motivation for contributing. Rather, users do it because they want the experience of interacting directly with a brand they care for.

Senior Director in charge of Community Engagement & Events, Tormod Askildsen from the LEGO Group says: “We pay the inventors out of a consideration of fairness. But for those who have the passion, it’s much more important to be recognized as creators of LEGO Ideas projects which end up as official LEGO products”.

VIGGA – CLOTHING THAT GROWS WITH YOUR CHILD

The Danish clothing company Vigga is challenging the traditional business model of the clothing industry.

Through a subscription-based clothing line for infants and small children Vigga ensures you always have the right size clothing for your children. The clothes are recycled through a circular system, where every garment is used several times, ensuring a low environmental impact.



With a few exceptions most textile companies in the midrange market focus on keeping expenditures towards production and materials low, while maintaining an acceptable quality. As the demands for cheaper production leads to the use of cheaper materials and crude manufacturing processes, the expected lifetime of the clothing has shortened.

The Danish clothing start-up [Vigga](#) is challenging this model. Vigga offers a subscription-based service providing customers with high quality clothing for their children during the first years of life.

It pays to produce quality, when your customers are sharing. The idea of producing high quality clothing to extend the lifetime of the products is not new. However the using of a subscription based business model to reduce the costs for the consumers as well as the environmental impact is an interesting combination, which can be replicated across many other industries.

Vigga's model reverses the drive towards low quality. To be profitable, Vigga needs to ensure, that each item of clothing can be reused several times while passing a strict quality control. Producing cheap items with a short lifespan would hurt the business.

How does it work?

Customers pay a monthly fee for the subscription service. The service entails that customers receive the first package of clothing shortly before their baby is due. Once the baby grows out of the clothes, a new package arrives with clothing in a larger size. The customer returns the smaller sized clothing to Vigga, where it will be washed using an environmentally friendly process and put through a rigorous quality control before being shipped out to another customer.

Sharing clothes with strangers takes trust in the system

Like most business models in the We-economy, a great deal of trust is required. Thus quality control becomes a vital part of the business model, so that customers receiving previously used clothing do not experience a decline in quality.

Another trust issue is the obligation to return the clothing once the child grows out of them. In order to make customers comfortable with the obligation as well as the risk of losing or damaging clothing, Vigga has added an insurance fee in the monthly price, which covers 10 percent of the clothing supplied to the customer.

Focus on the core business, and do not get lost in the opportunities

There are many obvious possibilities to expand the business model with new services and add-ons. But CEO Vigga Svensson warns others to "not get lost in the many opportunities this business model offers. Once you get the core product and services right, you can explore the other possibilities".

GOMORE – THE BUSINESS OF BEING A PLATFORM

GoMore is a Danish company operating a p2p platform for ride sharing, car sharing and leasing.

GoMore

Since its start in 2005, [GoMore](#) has grown to be the largest ride-sharing platform in Denmark servicing more than 250.000 members. The business remained as a hobby project until 2011, but since then GoMore has grown to 20 full time employees across Scandinavia and Spain. There are two main services:

Users are able to share unused seats when they are driving, and when their car is unused they are able to rent it out to other GoMore users.

Besides scaling the business, GoMore has also expanded to include a leasing service. GoMore offers users who lease a car, to rent it out part of the time to other GoMore users. This reduces the cost considerably.

A green alternative?

GoMore is based on the idea that cars should not be for individual riders. Although ride or car sharing may not be a green alternative to public transport or biking – it is a green alternative to riding alone in a car. According to GoMore, people who switch from owning to sharing cars reduce their rides with approximately 30%.

Building a sufficiently large community

The growth of GoMore's user community did not happen by itself. It took considerable investments to build the critical mass of users to ensure that there are enough rides offered and enough cars to share. GoMore had 1,5 man working full time for a year trying to attract users and brand the service.

"It took a lot of goodwill from the first users on our platform. They were willing to submit offers for rides over and over again even though there was really not enough users for them to attract riders at the time. These kind of users are our best ambassadors", says Søren Riis, the co-founder of GoMore.

Prioritizing among different users

GoMore has a wide range of user profiles. Some users have their own car and they rent it out or offer rides when driving themselves. Other users are

without a car and they use ride sharing when travelling or they rent a car for specific purposes.

Ride sharing attracts the most users by far. The economic transaction is relatively small, but because so many members use this service, it generates good revenue for GoMore, and the car owners get most of their transportation costs covered.

The role of reputation

GoMore uses a rating system, and according to Søren Riis this is important for establishing the initial trust among users.

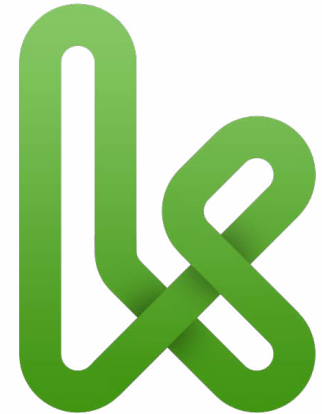
Moving forward, Søren Riis has considered creating an open source platform for collecting users' complete online reputation. If you reckon that there is an overlap between GoMore's users and "people, who are generally willing to engage in p2p transactions", there might be an interest in creating transparency across different platforms, says Søren Riis: "If you are a great Airbnb host, you are probably also a good person great to share a ride with – and so forth".

The social element of sharing

There is some discussion of whether or not the social aspect of p2p platforms is actually valued by users – or if the social interaction among users is merely a branding exercise. GoMore has asked its users why they choose ride sharing, and socializing ranks as a close second just after price advantage. As Søren Riis sees it, this is linked to the fact that the average shared trip is approximately 105 km. Sitting together in a car for a few hours will automatically add a layer of socializing.

KALUNDBORG SYMBIOSIS – AN ECOLOGY OF FACTORIES THRIVING ON EACH OTHER'S WASTE

In the Danish town of Kalundborg, a number of industrial companies from very different sectors exchange waste and resources with each other in an elaborate network of pipelines. For decades this circular system has provided the participants with cheaper energy and raw materials – while reducing the costs of disposing waste.



**KALUNDBORG
SYMBIOSIS**

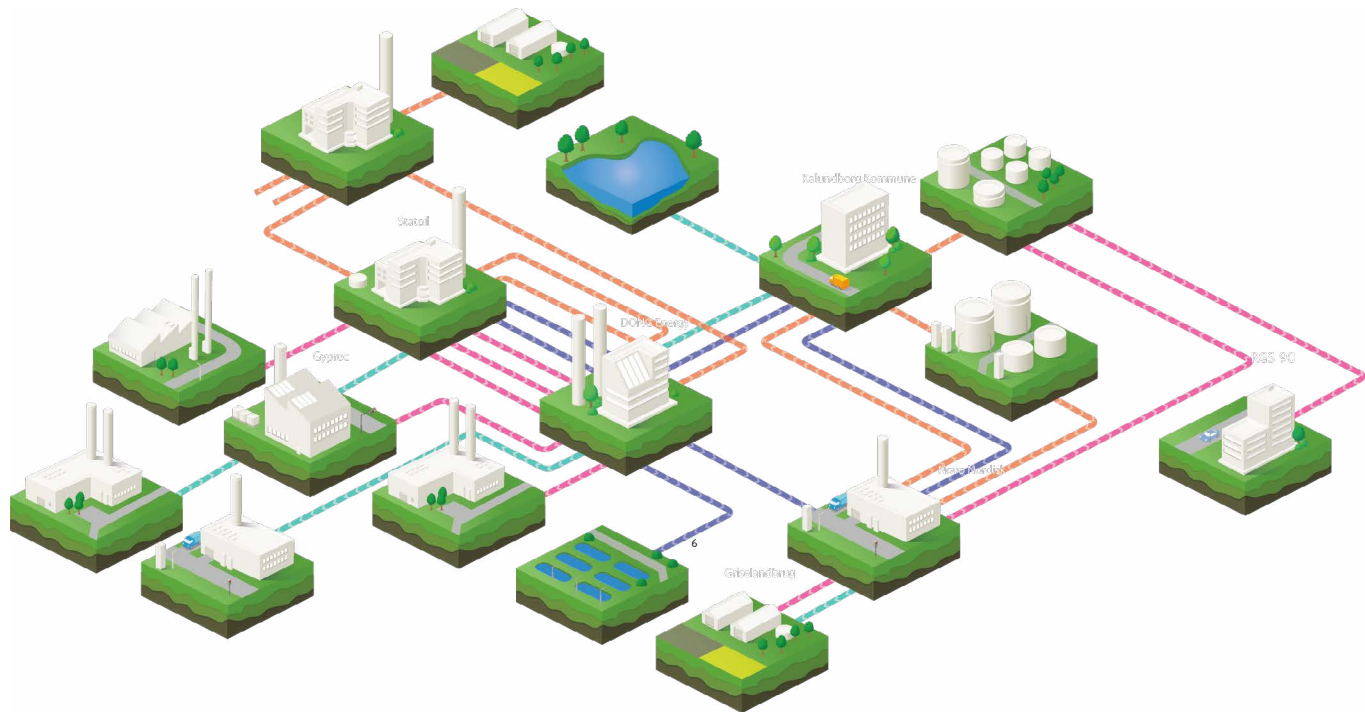
The cooperation is known as "[Kalundborg Symbiosis](#)", and it is one of the clearest examples of a circular economy, that minimizes waste and re-uses resources in a system, which in many respects resembles a metabolism – or an eco-system of very diverse participants. Among the participants are a refinery, a power plant, an enzyme producer, a producer of insulin, and a manufacturer of gypsum board.

These companies send waste from their production process on to other companies in the system, which can then use this as valuable input for their process. Steam, sludge, fly ash or hot water are some of the resources exchanged.

Extending collaboration across industries and sectors

By looking beyond their own industry, the factories in Kalundborg have created beneficial collaborations with companies and partners that they would conventionally not have any interaction with. Taking a broader perspective has uncovered important resources that would otherwise not be available.

It is precisely the diversity of needs and uses of resources that makes the exchanges valuable. If all stakeholders had the same type of production, they would not be able to use each other's residuals.



It has to make sense economically

The cooperation is known as "[Kalundborg Symbiosis](#)", and it is one of the clearest examples of a circular economy, that minimizes waste and re-uses resources in a system, which in many respects resembles a metabolism – or an eco-system of very diverse participants. Among the participants are a refinery, a power plant, an enzyme producer, a producer of insulin, and a manufacturer of gypsum board.

These companies send waste from their production process on to other companies in the system, which can then use this as valuable input for their process. Steam, sludge, fly ash or hot water are some of the resources exchanged.

Extending collaboration across industries and sectors

By looking beyond their own industry, the factories in Kalundborg have created beneficial collaborations with companies and partners that they would conventionally not have any interaction with. Taking a broader perspective has uncovered important resources that would otherwise not be available.

It is precisely the diversity of needs and uses of resources that makes the exchanges valuable. If all stakeholders had the same type of production, they would not be able to use each other's residuals.

It has to make sense economically

The circular economy is often associated with a strong environmental ideology, but it is important to state, that participants in the symbiosis are primarily motivated by the economic benefits. Investments in establishing exchanges (for instance building pipelines) are subject to conventional demand for a reasonably short ROI – typically within three years. Participants save money in two ways: they have less waste to dispose of, or they receive cheaper energy or raw materials for production.

Prices of energy and raw materials fluctuate considerably, as do fees for handling waste or regulatory demands for recycling. The recycling system makes companies less volatile towards rising prices.

Keeping the resource local also saves money for transportation. Gyproc, the gypsum wall manufacturer, is one of the oldest participants in Symbiosis. Dong Energy's powerplant is partly coal-fired, and to remove sulfur from the exhaust, calcium is injected in the boilers. The result is regular gypsum, which is loaded on trucks and delivered to Gyproc, three kilometers down the road.

Gyproc pays about the same price for the raw gypsum, as it pays for mined gypsum imported from Spain. However, the freight is much cheaper compared to sailing 150.000 tons of gypsum on boats from Spain to Kalundborg annually.

The next step is adding intermediaries

As the low hanging fruits have been picked and the simplest and largest exchanges have been established, the next level of integration requires more than merely connecting two factories with a pipeline.

So far most exchanges have been direct transfers of energy, materials or water, which could be used immediately without any processing. There are still waste streams, which could be turned into resources for other companies, but to make these residuals useful takes some re-processing.

This approach is reflected in the recently established algae water cleaning station in Kalundborg, which uses algae in large tanks to clean wastewater and extract useful nutrients for fish feed or biodiesel.

In a sense, the symbiosis is entering a new phase with the addition of intermediate processors. Again, the comparison to an eco-system is obvious: As in nature, smaller organisms find a niche, processing waste and passing it on as food for larger organisms.

CHANGING YOUR BUSINESS MODEL FOR CHANGING TIMES

Changing to take a WE-approach can be a tough challenge to a company's conventional way of thinking.

It can feel both risky and inconvenient to open up to ideas from the outside, linking your success to others', and engaging with all the other stakeholders that are part of creating the end-user's experience. Increasingly, however, going it alone is not adequate to create the sort of solutions and value that the market demands.

The trends described in the previous section: greater connectivity, increased complexity, empowerment and involvement of users, as well as an increased focus on services will force any company, including your own, towards more integrated and collaborative business models.

Most existing companies were established and optimized to operate under different conditions. Systems for development, production, marketing and distribution cannot change overnight – and no one wants to harm the current business.

To start changing, you need to identify specific areas, where experimentation can take place, yet still connect to the main operations of your company.

Moving towards integrated and collaborative business models

In the following nine sections, we offer a few words of advice as well as questions to consider, as you start rethinking your business model to fit the collaborative economy.

You will notice an emphasis on creating digital platforms. The platform is the main tool for collecting input, coordinating resources and demands, and typically the focal point for a company's interaction with partners, suppliers and customers. However, sharing and collaborating can certainly also take place without a digital platform to coordinate the interaction.

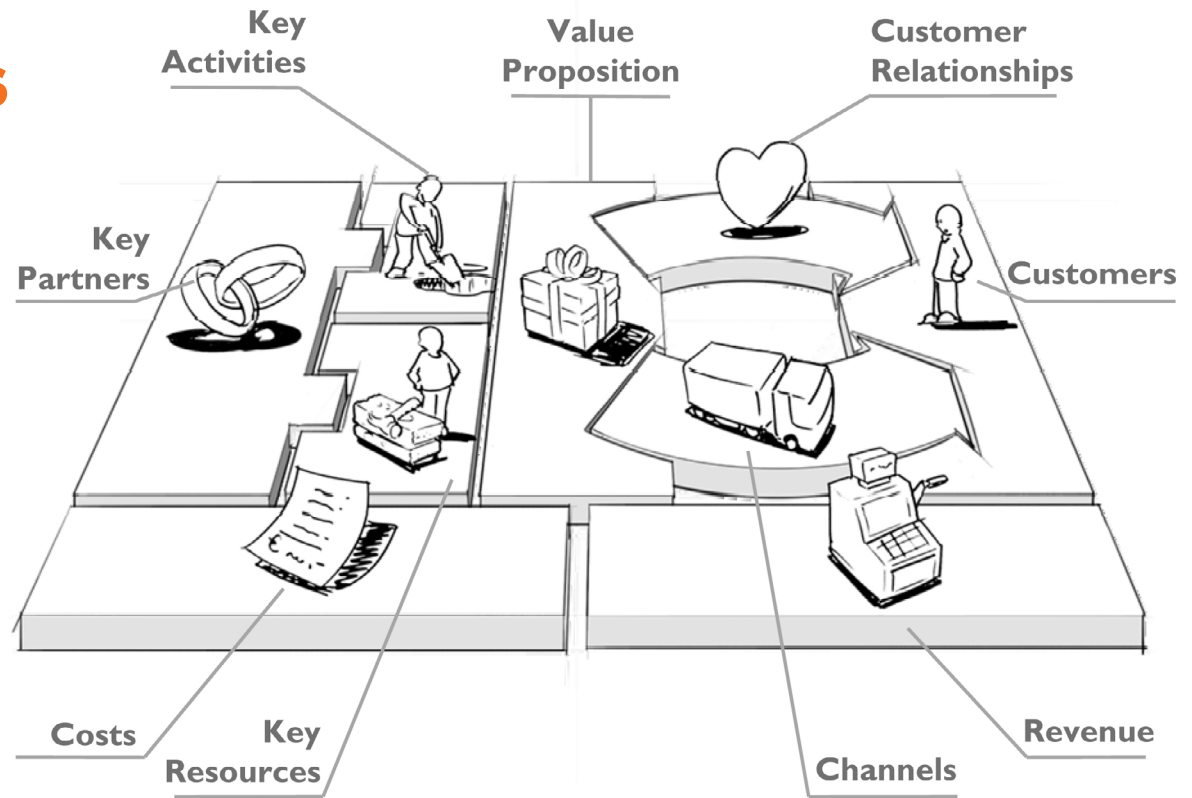
The material is not meant for reading in one stretch.

We suggest that you pick a particular element of the way your business operates – one of the nine elements in the model.

Using the section describing how that element of business is affected as we move towards a We-economy, you should then think through how your current setup might be improved in order to benefit from the trends.



THE BUSINESS MODEL CANVAS



drawings by JAM

This guide is loosely based on the "Business Model Canvas" method, developed by Osterwalder and Pigneur. Companies all over the world use the Business Model Canvas to systematically review their Business model. One of the strengths of the canvas model is that it is able to show and map how changes in one aspect of the business will affect other parts.

Although we can recommend studying the Business Model Canvas method in more detail, you don't need to know it in order to go through the considerations in this guide.

<http://businessmodelgeneration.com>

VALUE PROPOSITION

What problems does your product or service solve for your users?

What kind of value is delivered?

VALUE PROPOSITION

In the collaborative economy, companies create value by organizing processes of exchange and collaboration among their users. They enable their users to co-create the solutions they need. This is very different from the conventional business model of manufacturing products and selling them to customers.

Access not ownership

Coordination is at the heart of the collaborative economy. Through digital platforms, resources and needs can be matched with high precision. Users can easily find a particular resource – a device, a space or some particular knowledge or skill. Rather than buying and owning them permanently, users can access the resources when they need them. Conversely, suppliers with idle resources can find users for them. Sharing resources in this way raises their productivity, and lowers the costs to users.

A great deal of services that coordinate the sharing of resources has sprung up in recent years. LiquidSpace.com brokers idle office space to users needing a temporary place to work. The Danish second-hand shop Resecond.com enable its members to swap clothes. When a user is tired of a particular dress, she can bring it to the shop and change it to another.

Users demand contextual solutions

The collaborative economy creates solutions based on large amounts of data. Resources, efforts and information from a wide range of stakeholders are combined into *instances*: solutions that are very precisely matched to a specific user's current context, drawing on the resources that are available, here and now. ([see page 10](#))

Each new solution can be different. [GoMore](#) is a Danish ridesharing service that, among other things, enables drivers with spare seats to find pas-

sengers that will share the ride. The combination of drivers and passengers, and where the journey goes and how it can be combined with other means of transportation is rarely the same.

It's not just about money

Many of those contributing to the value creation are not doing so professionally. Through peer-to-peer exchanges and collaboration in networks and interest groups users help each other make the most of the products they use, and this creates value for both customers and producers. Products like [Harley Davidson](#), [Tesla](#) and [LEGO](#) have strong user communities, and their activities are an important part of the value of the products.

If you want to engage your customers in adding value to your products or services you need to tap into what motivates and engages them. Very likely, it's not just money. In the sharing economy, the joy of helping others, socializing, or gaining status or reputation, are important reasons for participating and contributing. People, who rent out rooms and those who rent them, are certainly interested in making a good deal, but for many, the meeting and socializing between host and guests is an important added value.

In [Kalundborg Symbiosis](#), companies send waste from their production to other companies, who can use it as raw materials. The participants are primarily motivated by saving money – but the environmental benefits are not to be overlooked from a branding perspective.

Keep in mind, though; if you attract and engage users by associating with a good social or environmental cause, customers will expect you to really demonstrate social impact.

VALUE PROPOSITION

Questions and considerations:

- **What is the unique value that you can offer?**
- **How can you offer access to a solution rather than ownership of a product?**
- **How can you add greater value to your product by adding a layer of services?**
- **Could someone else – including other companies or users – add a layer of services?
Who – for instance other companies or users – could add a layer of service?**

KEY RESOURCES

What are the resources you need in order to deliver value?

KEY RESOURCES

Conventionally, companies would tend to keep resources in-house. They would build their own production facilities, hire employees, and guard their knowledge. In contrast, the strength of the collaborative approach is the ability of companies to access and combine external resources as they become needed.

Engage the smart people outside of your company

The best solutions to challenges facing your business are often found outside the company. By collaborating widely and taking an open approach to innovation, you can draw upon a wider range of ideas and skills, and adapt quickly to changes in the market by involving new relevant collaborators.

Using skills from outside the company to strengthen innovation is not necessarily new. Several of the largest IT companies contribute to develop open source software like Linux, Apache or Android. The companies can't own or control the software, but by developing it with a large community, the efforts of their employees are pooled with a much larger community of developers, which can lead to cheaper and better software.

Recently there has been a boom in platforms for brokering skills and labor such as [Upwork](#), [99designs](#) and [TaskRabbit](#). These make it even easier to hire individuals with specific skills to solve a certain task when needed.

Collaborative platforms often mix input from both professionals and amateurs and thereby they can mobilize resources that would otherwise have remained unused. By involving and listening to users you can gain very specific insights into how your products are actually used, and use this knowledge to further strengthen your value proposition.

Scale your business without building material assets

Flexibility is a key characteristic of the business models in the collaborative economy. Flexibility offers a competitive advantage. If you do not need to own the assets and resources you deliver access to, your business can scale rapidly and expand globally by building new partnerships and mobilizing new resources to coordinate.

A well-known example: [Airbnb](#) offers more rooms than many of the world's largest hotel chains without owning a single building. It took only five years for Airbnb to reach that size, because, contrary to traditional hotel companies, Airbnb did not have to build, own or operate the rooms.

A Danish company utilizing the same strategy is [GoMore](#), whose scalability is not defined by the number of cars they own – but by how many car owners, leasers and users they are able to attract and service.

The API is the secret sauce.

Most companies in the collaborative economy do business through an online platform. The so-called API ([see page 14](#)), is the computer program that runs the platform. It's a combination of the interface that allows users to engage, the database with details of needs and resources, and the algorithm, which can process the information to coordinate and create solutions. These are the core assets of platform-based company – the virtual equivalent of an industrial company's production facility.

KEY RESOURCES

Questions and considerations:

- **Do users have easy access to all the resources they need from your business?**
- **What would happen if you invested more in enabling interaction among your users and suppliers?**
- **Are there third party platforms that you should connect to?**
- **Does your business have the skills and resources to build and operate a platform?**

KEY ACTIVITIES

What activities need to take place to make the business work?

KEY ACTIVITIES

Build and maintain trust

Trust is crucial for collaboration, but trust is hard to establish in digital networks. Successful partnerships traditionally build on personal relations, where time and effort has been invested in getting to know and trust one another. In the new economy, the relationship is not just between you and your suppliers or distributors. Now, you have to mediate trust among a large number of suppliers, partners and users that may come from all over the world, and which are interacting in ever changing combinations.

As a platform owner, you can strengthen trust among users through ratings and reputation systems, and by curating the content and policing interactions. Platforms minimize risk and uncertainty for users by developing a clear framework around legal and copyright issues, and by offering insurance

Educate and empower the community

Online and – to some extent – offline community building is a major part of attracting and retaining users as well as supporting their mutual interaction. A strong community raises the quality of collaboration and thereby the quality of the knowledge and services that can be delivered.

A company can supply tools and train users to inspire the community of users to make better contributions and extend their activities on the platform. People renting out rooms on Airbnb, can find short and easy video instructions online to learn the basics of what it implies to be a good host. Likewise, if you are considering using the crowdfunding site [Kickstarter](#) you can find detailed instructions there on how to pitch an idea to the potential investors on the site.

Obviously, a digital platform should be fundamentally easy, attractive and effective to use. Elements, which cause friction and prevent interactions among users from taking place, must be removed systematically.

Not all members of a community may have the interest or the skills for contributing. You should identify the most active and valuable “super-users” and support them in contributing even more. If the community is digital this could be done by making them administrators of certain activities.

Get the interaction going

Collaborative services need critical mass: It takes a certain *density* of users to get interactions going. The more activity in the community, the greater value for all involved. Users will go where they find the largest selection; suppliers will focus where they find the greatest number of potential customers. Thus, it is crucial to establish a dominant position.

There is a great number of small platforms that seek to coordinate resources among peers but never reach the volume and density that could make the service reliable and fast enough.

To reach the critical density of users and suppliers, the purpose of the platform should be narrowly defined. You may not need a large number of users; what's more important is that you can attract the main share of all the interactions in a particular community or for a specific purpose.

Although [Airbnb](#) dominates exchanges of private rooms and homes worldwide, there are still smaller, specialty platforms catering for particular types of travellers. [Misterbnb](#) is specifically for gay travellers, while [onefinestay.com](#) brokers entire high-end houses.

KEY ACTIVITIES

Questions and considerations:

- **What part of your current activities can you let users or partners handle?**
- **What activities are essential to keep in-house? Why?**
- **Could you make solutions more comprehensive by involving a wider range of stakeholders that can support the user in his particular context? How?**
- **If you are operating a platform: How could you empower users by improving the interface – or by adding tools and instructions?**

KEY PARTNERS

*Who are your partners in value creation
– and how do they contribute?*

KEY PARTNERS

In the collaborative economy, a business is nothing on its own. Value is created when users interact with each other and with the products or services the company delivers. Users can contribute knowledge and ideas, or they can share equipment and skills with other users. In this way, the community of users and suppliers are the key partners and co-creators of the company's solutions - as well as being its customers.

Many, very diverse partners

Most companies tend to rely on a small circle of close and regular partners. But for collaborative businesses the list of partners will extend further along a *long tail*: There will often be a few partners or super-users contributing the majority of the resources, and many more collaborating occasionally with smaller contributions.

The range of partners can include people that are not professionals, and who in many cases are also end-users. On [Wikipedia](#), more than 24 million persons have registered to make edits. However, less than 3500 super-users do the majority of the work.

[LEGO Ideas](#) receives suggestions for new sets from thousands of users, but only a handful of sets are developed into official products each year. Several hundred thousands of users contribute by sending comments and voting to support the designs they like.

Platforms are layered and woven together

The functionality of a platform often relies on the integration of data and services from other companies and platforms. In technical terms, companies can share *API's*. An example of this would be a car-sharing service, which integrates its own database of available cars with the timetables from a public transport company in order to offer users a solution, which combines car

sharing with busses or trains.

When companies use each other's APIs it drives additional traffic and creates more data. Alliances around APIs can be crucial, and may range from simply embedding a link in a website to full-fledged interoperability.

Some large, general platforms aggregate input from many other platforms and companies, and this can make them very powerful. For a smaller company, it's crucial to be present and available on the platforms that its customers use the most - even if it means paying a part of their revenue in fees to the large platform. Many hotels are dissatisfied with the high fees charged by global platforms like [Hotels.com](#) or [Expedia](#). However, *not* sharing information with the platforms would mean withdrawing from an important sales channel.

KEY PARTNERS

Questions and considerations:

- **How can you motivate and enable a larger group of potential partners to participate?**
- **Can you empower partners by opening a greater part of your processes to them?**
- **What partnerships could augment your service or increase your reach?**

CUSTOMER RELATIONSHIPS

What type of relationship do you have to customers and users?

CUSTOMER RELATIONSHIPS

Relationships between a company and its customers used to be one-way and top-down. Consumers did not have much influence on the design of the product they bought. Product development and manufacturing was strictly the domain of the manufacturer. Now, customers expect to interact and have influence.

Your customers are experts

Often customers are quite willing to engage in contributing and co-creating the solutions they use. The amount of content that users create on [Facebook](#) or the number of designs submitted to [LEGO Ideas](#) show that users are willing to invest a lot of time and effort in interacting with the services they enjoy.

Often the real experts on a product are the people who actually use it. Input from customers can be a way for a company to improve products and match market needs more precisely – but it takes a deliberate investment of time and effort to engage in the dialogue.

Ongoing and personalized relationships

Conventionally, most transactions between seller and buyer would be short and impersonal, but now there is a rising interest from both companies and consumers in creating on-going interactions.

Since the interaction with and among customers is often digital, companies can track and gradually build up a personal profile of users. This allows companies to be more precise in coordinating solutions that fit the individual user's context.

Hold users accountable through ratings

Ratings are often an important part of the relationship. Users can rate a supplier – and in many cases, suppliers can also rate a user. Both parties are

accountable to a much greater degree. Suppliers know that their online reputation determines how well they can attract new customers. Customers know that their reputation can determine what type of services they have access to.

[Uber](#), the taxi service, lets passengers and drivers rate each other. Thereby, users are able to choose if they want a particular driver or not – and drivers can choose not to accept a ride for a passenger that has a bad reputation.

CUSTOMER RELATIONSHIPS

Questions and considerations:

- **Who are your users, and what do they need right now?**
- **How can you interact more frequently with users?**
- **What would motivate your suppliers and users to let you know more about them?**
- **What mechanisms in your organization would allow you to accept input from users?**
- **What mechanisms in your organization prevent you from accepting input from users?**
- **How can you benefit from engaging your users more actively?**

CHANNELS

Where do you interact with your customers?

CHANNELS

Increasingly, the interaction with customers is digital – whether it is for marketing, sales, shipping, feedback or support. Yet many of the strategic considerations when choosing what channels to use are similar to those that conventional producers face: Should you build your own network of sales persons, stores and distribution infrastructure – or will you rely on others? Should you operate your own digital platform, and how much of the interaction with users do you leave for others to handle?

Be where your customers are

Platforms have very strong monopoly tendencies. Suppliers and users alike want to be where the volume and flow of interaction is greatest. Once a platform has reached a critical mass by offering a large selection, it will attract more users, and this in turn will make more suppliers use the platform to connect to customers. This “network effect” is the reason why three, two, or even just a single global platform dominates most sectors.

General platforms can have great power and revenues, because they aggregate and coordinate a large part of all solutions in their particular sector. But every company cannot become a general platform for their industry. A company must carefully consider, if it has the strength to attempt to become the dominant platform – or if it will choose to be a supplier of components on a platform operated by another company.

Use a mix of channels

In reality, companies end up using a variety of solutions. API's can be mixed and layered. A company may offer its products on several external platforms, while simultaneously operating its own digital service, where it uses the input from other companies.

This is how the travel industry works. Airlines, like [Ryanair](#) or [Easyjet](#) will make their prices and schedules available for travel aggregators like [Momondo](#) or [Expedia](#). Meanwhile, at their own website, the airlines will offer a number of services from third party suppliers, such as insurance, rental cars, hotels etc. The airline is both supplying components to the general platforms – and operating their own platform.

CHANNELS

Questions and considerations:

- **Which channels are you using to reach your customers?**
- **Where do you communicate directly with your users?**
- **Which channels do your customers prefer to use – are you present there?**
- **Do you have the resources and competencies to build and maintain your own platform?**

CUSTOMER SEGMENTS

Who do you deliver value to?

CUSTOMER SEGMENTS

Conventionally, the roles in business are well defined: Producers develop, manufacture and sell – and consumers demand, buy and use. But in the WE-economy, old boundaries blur and roles overlap.

Users can be co-creators

In the collaborative economy end-users are more likely to participate in co-creating solutions and to contribute value. When users interact on a platform, they build value for that platform. Simply “liking” or rating a product adds a bit of value for other users, but in some cases the involvement of users goes far beyond that. End-users can contribute content, help solving problems or participate in designing the product they use.

LEGO receives thousands of suggestions for new sets through the [LEGO Ideas](#) site. Even more users participate by voting for the designs they like best. But only a few of the contributions from users get enough votes to make LEGO develop the ideas into “official” sets.

However these types of interaction don't necessarily have to take place on a digital platform. There are many examples of businesses inviting customers, partners and others to join in the creative process through face-to-face interactions.

Both suppliers and users are customers

In the collaborative economy, there is often a so-called “two-sided market”. For a company, which coordinates and brokers exchanges, both the suppliers and users are its customers, because both segments pay to use the service.

Apple, for instance, lets producers of software, music and books sell to users through its App-store and iTunes service. But Apple is not a traditional reseller, which would buy products and sell them at a markup. Instead Apple presents

the content to buyers and handles the billing for the downloading of content from thousands of suppliers. It charges a 30% fee for doing so.

User data is valuable for third parties

Collaborating and interacting with customers generates data about their behavior and preferences, and this data can be valuable for other companies – typically for advertising. Many digital platforms offer their service to users for free, and get most or all of the revenue from selling user data and targeted advertising. In that case, the buyer of user data and ads is the main customer segment, not the end user.

At the healthcare site [Patientslikeme.com](#) users can create a profile and enter detailed information about their disease, the treatment they receive and how well it works. They can then compare to other patients in a similar situation. The service is free for users; instead the site makes money by selling the data in anonymous form to pharmaceutical companies.

Societal and environmental benefits from sharing

Often, the interaction on platforms brings benefit to others beyond the users that are directly involved. Car-sharing and ride-sharing sites remove traffic congestion, and can potentially reduce fuel consumption and pollution, because fewer cars are needed. Similarly, sites for exchanging tools, skills or services among non-professionals can build greater social cohesion and trust in a neighborhood.

The municipality of Seoul, South Korea's capitol city is supporting a large number of projects to create a “[sharing city](#)”. The politicians realize that they cannot solve the many problems of a rapidly expanding city without engaging citizens and companies in creating value. Likewise, both the Danish state and the municipality of Kalundborg are now investing to extend the [Kalundborg Symbiosis](#) model for exchanging industrial waste among companies.

CUSTOMER SEGMENTS

Questions and considerations:

- **Who benefits from your products and services?**
- **Are there additional customer segments that you could address?**
- **Could some among your suppliers and users benefit from interacting with each other? How?**
- **How could you motivate customers to contribute and co-create solutions?**

COST STRUCTURE

What expenses are involved in running the business?
What investments are required?

COST STRUCTURE

The value of a service depends on whether users can quickly and reliably find others to collaborate and exchange resources with. It is crucial to build a critical mass of users in a short time – and this requires a relatively high up front investment in establishing a well working platform and mobilizing a community of users. Conventional manufacturers can start out selling a small batch of a product and gradually build up volume if there is sufficient demand. In contrast, platforms need a high level of activity from the start.

Reach critical mass

To get the interaction going requires a certain “density” of users and suppliers and resources. It’s a chicken-or-egg dilemma: you must have enough customers to attract suppliers – or mobilize enough suppliers to attract customers.

This was also the case for the Danish car sharing company [GoMore](#). Building critical mass in order to ensure enough rides and cars to share took the investment of 1,5 year’s worth of man hours.

Scale cheaply

Once the platform has been established it is relatively cheap to scale the business. Digital platforms are light on physical assets; they typically don’t own or produce the resources that they coordinate. A broker doesn’t need to build factories or hire employees to grow; it just needs to attract more suppliers and users. Because the systems for collecting information and coordinating resources are automatic, the marginal cost of adding customers is very low.

An extreme case is the mapping service [Waze](#), which shows drivers real time info on traffic conditions, road constructions, accidents, gasoline prices etc. It is based on input from users – the more input it receives, the more detailed and useful it becomes. When Waze was acquired by Google in 2013 for \$1.1 billion it had 50 million users in 13 countries – but only 100 employees.

Keep the community healthy

The main task for a collaborative business is to keep the interaction between suppliers and users going. The attention and interest of users needs to be maintained, activities must be policed, and trust and reliability needs to be kept high. Quality can be improved by tweaking the user interface, by educating suppliers and users, and by providing tools for better co-creation. Creating events or competitions can strengthen the sense of community.

Many web services have dedicated community managers on staff, whose job is to strengthen the connections among users and between users and the company. [Lyft](#) and [Kickstarter](#) are examples of companies with strong community management efforts.

Don’t push it!

Users will only engage in sharing and participation if they feel rewarded. Their motivation is not only monetary – many enjoy helping others, interacting socially, or gaining status in a community of users. Services need a certain restraint and to realize that they cannot just extract value without giving back. Too many intrusive ads, too much surveillance, too eager attempts to appropriate the content – and users will simply go elsewhere.

[Facebook](#) has repeatedly gotten into trouble and have had to backtrack, when it tried to change the terms of use, in order to be able to sell more of users’ data.

COST STRUCTURE

Questions and considerations:

- **Why should users engage and contribute to**
- **What part of your business could you let suppliers or users create?**
- **What new investments would you need to build a community of users?**

REVENUE STREAMS AND VALUE CREATION

Where does the money come from?

What value, besides money, do you generate?

REVENUE STREAMS AND VALUE CREATION

Revenue streams change in the collaborative economy. Money is not just made by selling products, but also by offering services that give users access to resources. Furthermore, when you enable a large number of suppliers and users to exchange resources and co-create, it can lead to other values besides money.

Charge for service and subscriptions

A company that sells a car gets the full sales price at once. If the company sells access to use the car for small periods of time, the revenue will come in smaller parts over a longer period – and it may be part of a broader service, including insurance, gasoline and maintenance. Some of the payment can be a membership or subscription charge, and some may be based on actual use. An example of this revenue model is [BMW](#), the car-manufacturer, which offers car sharing in many cities. Customers pay pr. minute of use.

Collect a fee from transactions

The business model of platforms is to enable a number of users and suppliers to exchange resources and co-create value among each other. If there is money involved in the exchange, the platform can charge a fee for brokering.

[Airbnb](#) enables that a traveller can find and rent a room in a private home. The traveller deposits the payment with Airbnb, and the host receives the money after the stay. This removes any uncertainty or awkward situations around the payment – and allows Airbnb to keep a fee.

Likewise, [GoMore](#), a Danish car sharing platform, charges 10% of the payment from each shared car seat it brokers.

Build brand and customer loyalty

Engaging users and customers can be an effective way to strengthen a company's brand and credibility. Computer and software companies often rely

on extensive communities of users that help each other with instructions and problem solving. The interaction and exchange of experiences in user forums add to the value of the product and enables more people to use the product successfully – without raising the cost for the manufacturer.

Involving communities and opening up for collaboration with users also sends a signal that a company cares about its customers and is willing to learn. Even companies with traditional production and sales models can experiment with new ways of interacting with customers and partners in selected areas of their business.

Sell the data

Activity on a platform can generate massive amounts of data, which can be sold to advertisers or used by the host to improve understanding of what users need and want.

The travel site [Tripadvisor](#) collects ratings and review of hotels from its users. This increases the quality of the information on the site, and enables Tripadvisor to target its advertising with greater precision.

REVENUE STREAMS AND VALUE CREATION

Questions and considerations:

- **How could you sell your product as a service or for part-time use?**
- **How could you charge a small fee for enabling interaction among your customers?**
- **Which external players could benefit from the interaction among your users?**
- **How can you increase the chances that the activity and knowledge shared through your platform translates into increased sales of your product or service?**



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