

## *Exercise 2*

# Economic Basics

**Mobile Business I (WS 2019/20)**

**Majid Hatamian, M.Sc.**

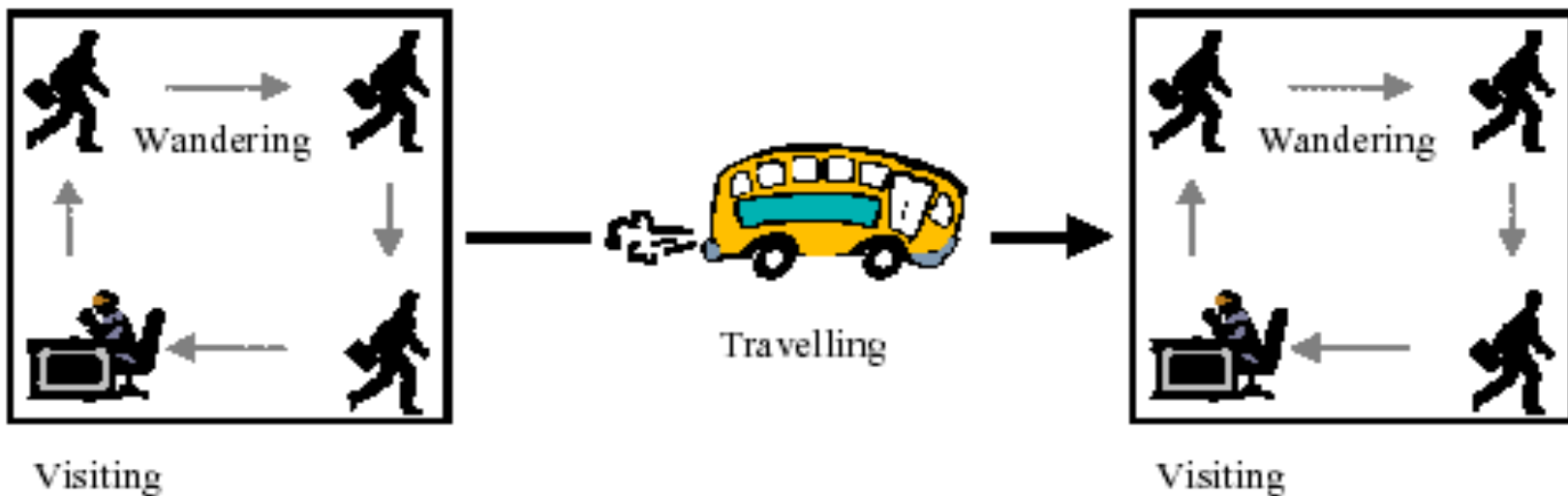
**Chair of Mobile Business & Multilateral Security  
Goethe University Frankfurt a. M.**



- Exercise 1: L05 – E-Business vs. M-Business
- Exercise 2: L06 – Market Structure and Value Creation
- Exercise 3: L07 – Business Models

a) Name different degrees of mobility.

- Different degrees of mobility



[KristoLjungb1998]

## ■ Visiting

- Working at different places for a little longer time
- Connectivity via network of the host or of a mobile operator

### ■ Example: German Parliament



### ■ Example: Accountant visiting a client



## ■ Travelling

- Working while travelling
- Example: top management in a limousine
- There are different technologies facilitating this in different travelling occasions (e.g. satellite connection for planes, GSM/UMTS for cars)

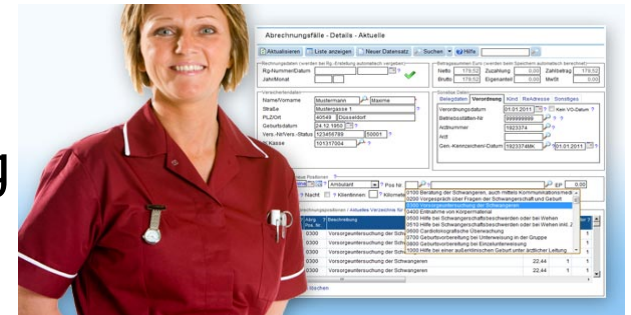


<http://cdn.tftgmedia.com>

- Wandering
  - Working while being mobile “at a place or site”
  - Example: Facility-Management in an office building
- Example: Midwives manage administrative tasks and billing



www.computerwoche.de



[http://www.dmrz.de/abrechnung\\_fuer\\_hebammen.html](http://www.dmrz.de/abrechnung_fuer_hebammen.html)

# ***Exercise 1***

## **Mobile Equipment & IT Value Chain**

---

b) Explain E-Business and M-Business.



## Various Electronic Business (E-Business) definitions...

**“E-Business:** Doing business online.” [TechwebNetwo2013]

“E-Business is about business transformation, changing the way companies go to market, impacting what they sell and how they create value.” [Kortzfleisch2005]

“E-Business... the conduct of business on the Internet, not only buying and selling but also servicing customers and collaborating with business partners.” [Searchcio2007]

“using the internet to connect with customers, partners, and suppliers”

...

## Many definitions of Mobile Business (M-Business)...

“**M-Business**: Doing business using wireless services. The mobile counterpart to E-Business.” [TechwebNetwo2013]

“The total sum of business processes based on location-independent interactive communication technologies.” [ReicMeieFrem2002]

“We define M-Business as a collection of mobile technologies and applications used to support processes, value chains and entire markets using wireless technology.” [Stanoevska-S2003]

...

We chose a definition that (hopefully) lets us do interesting things:

*"The usage of  
**mobile devices, infrastructure, communication,  
and interaction**  
for  
**mobile applications  
and transactions.**"*

- Exercise 1: L05 – E-Business vs. M-Business
- Exercise 2: L06 – Market Structure and Value Creation
- Exercise 3: L07 – Business Models

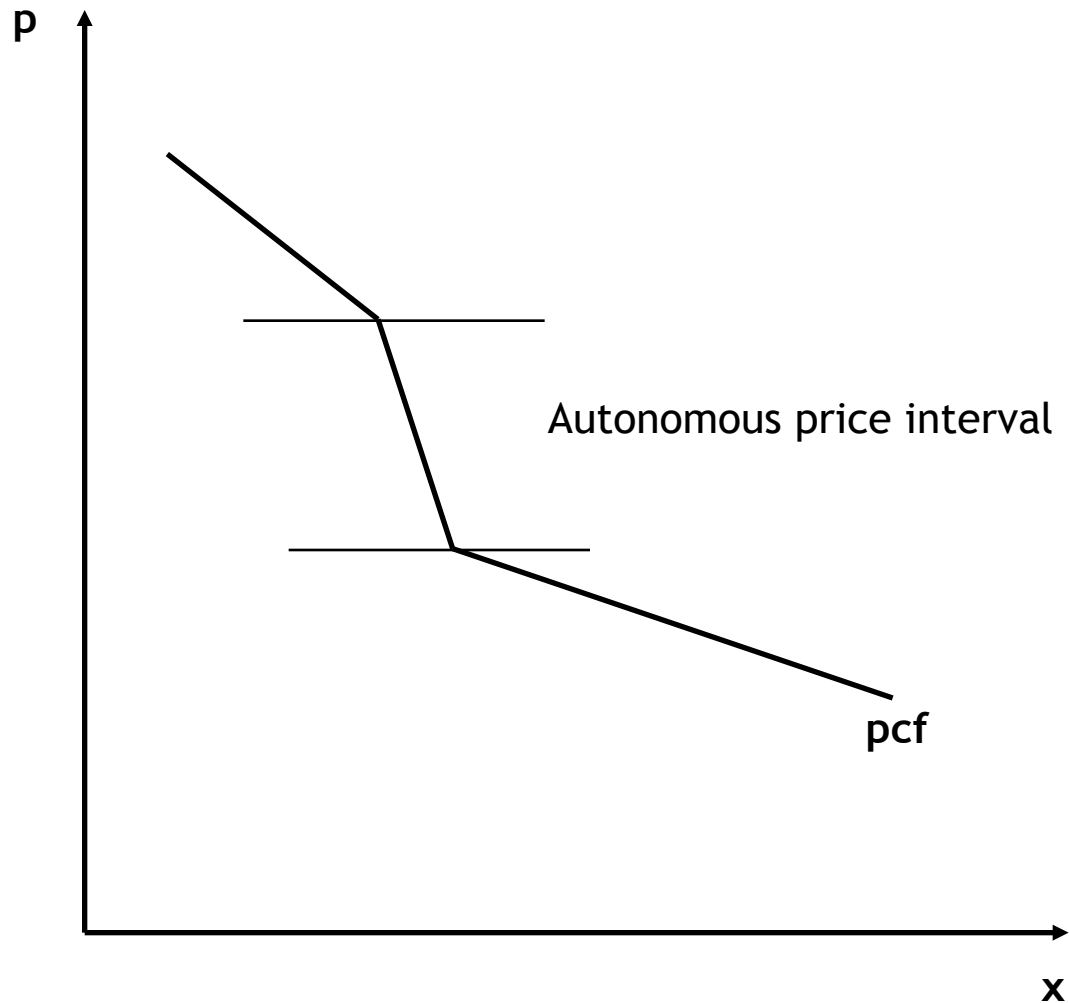
- a) Explain heterogeneous oligopoly as a market structure.

- ➡ Few mobile network operators, many customers
- Heterogeneous oligopoly
  - A heterogeneous oligopoly is a market form, in which a market or industry is dominated by a small number of middle-sized sellers with heterogeneous products
  - Many (small-sized) customers

Based on [Wied-Nebbeli1997]

- Heterogeneous oligopoly
  - Autonomous price interval, in which the respective organisation (operator) can operate...
    - o without losing customers to the business competition due to rise in price
    - o without acquiring customers from business competition due to cut in price

Based on [Wied-Nebbeli1997]





- Exercise 1: L05 – E-Business vs. M-Business
- Exercise 2: L06 – Market Structure and Value Creation
- Exercise 3: L07 – Business Models

a) What is a business model?

- A business model is the abstract description of a business.
- → more simpler: strategic planning to earn money

- b) Name and describe the elements of a business model.

- A business model consists of three main parts:
  1. Value Proposition
  2. Value Creation Architecture
  3. Revenue Model

1. A business model contains a **description of** what the **benefit** can be for customers or other partners by association with the respective business. This part of the business model is called **value proposition**.

2. At the same time a business model is a **value creation architecture**, namely how the benefit can be generated for the customers. This architecture contains a description of the different stages of value creation.

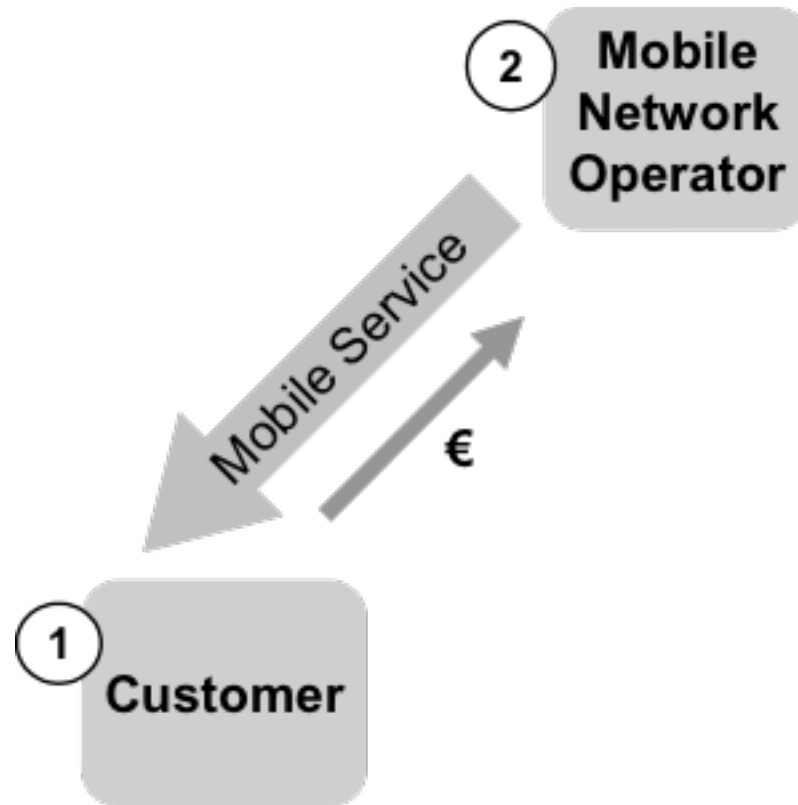
3. Besides asking for "*what*" (see 1.) and "*how*" (see 2.) a business model describes as well, which revenue the business generates from which sources. The future revenue decides on the value of the business model and the sustainability.



c) Outline a classic business model for a mobile service (while paying special attention to stakeholders, money and service flows).

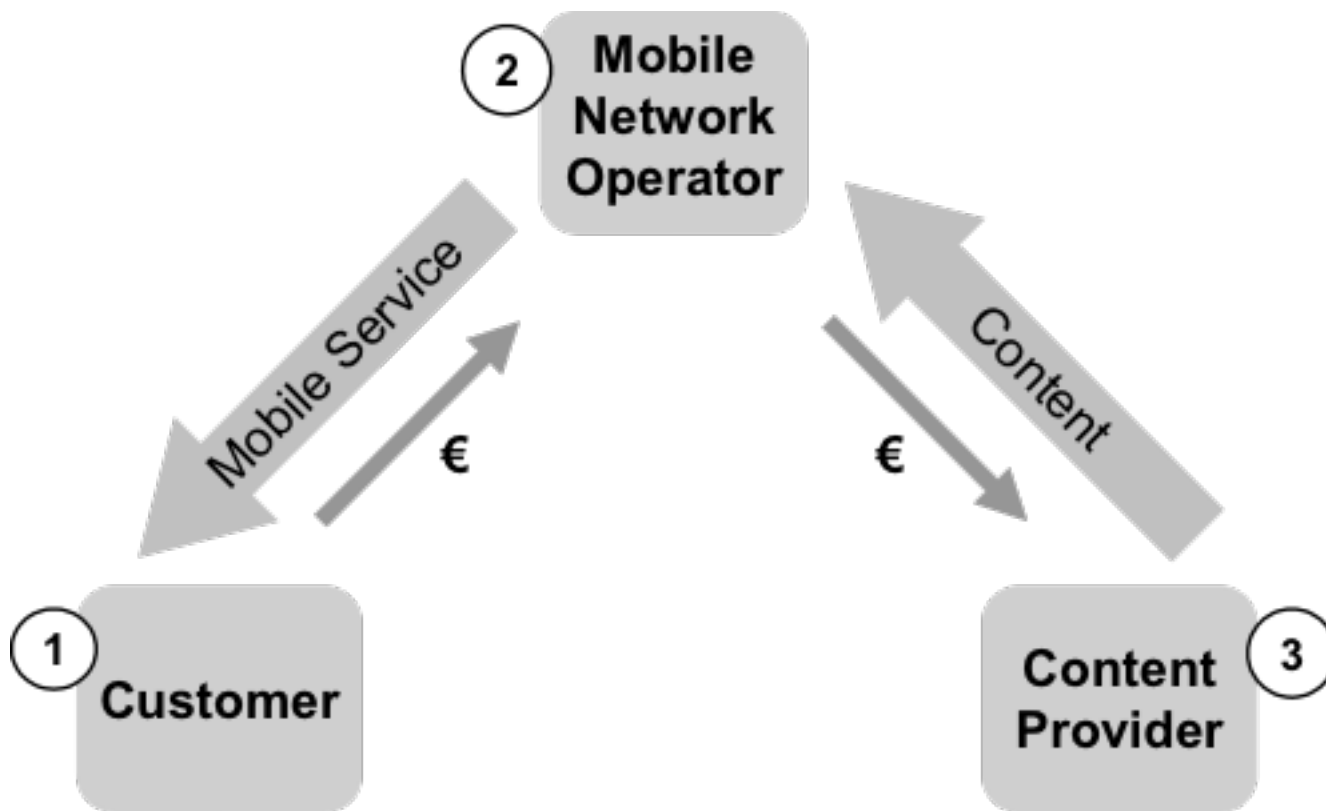
# Classical Business Models for Mobile Network Operators

- Classical business model (CBM) I:



- Classical business model I:
  - Two parties: Customer, mobile network operator
  - Operator provides communication services and possibly contents to the customer.
  - Possibly the operator manufactures these contents himself.

- Classical business model II:



- Classical business model II:
  - Three parties: Customer, mobile network operator, content provider.
  - Operator purchases content (from the content provider) and passes it on to the customer.
  - Content Provision is not the core competence of the network operator.

- This set of slides is based upon the following Economic Basics lectures:
  - **Lecture 5:** E-Business vs. M-Business
  - **Lecture 6:** Market Structure and Value Creation
  - **Lecture 7:** Business Models



**Thank you!**

**Contact: [mob1@m-chair.de](mailto:mob1@m-chair.de)**