



**BRITISH ACADEMY
OF MANAGEMENT**

BAM
CONFERENCE

3RD-5TH SEPTEMBER

ASTON UNIVERSITY BIRMINGHAM UNITED KINGDOM

This paper is from the BAM2019 Conference Proceedings

About BAM

The British Academy of Management (BAM) is the leading authority on the academic field of management in the UK, supporting and representing the community of scholars and engaging with international peers.

<http://www.bam.ac.uk/>

Draft June April 2019 – for discussion at BAM conference

Please note, only the abstract is uploaded, as the paper will be under review shortly at a journal that does not allow on-line publication. If you would like to see a copy of the paper, please email me!

SOLUTIONS BUSINESS MODELS IN DIGITAL ECONOMY:

ORGANIZING FOR DEMAND SIDE VALUE CREATION

Charles Baden-Fuller

With David Teece

Cass Business School, City, University of London & Berkeley, U. California – BRG Consultants

ABSTRACT

We unpack the theoretical (and practice) basis of a set of 4 closely related business models that emphasise customer solutions, contrasting them with the dominant product business model paradigm of strategic management. With the product business model, competitive advantage and rents come from superior resources and capabilities. In contrast with the solutions based business models adopted by digitally-oriented firms value is created and sometimes co-created through interactions between the firm and its customer/consumer; competition faced by firms adopting the solutions business model is significantly muted by information asymmetries concerning demand-side data; and power and profits comes to those that are creative and innovative with respect to customer demand data rather than those who have more resources. We explore how the solutions business model fits in with the literature on platform enterprises, and finally we consider the consequences for organisation design.

KEY WORDS: Business Models; Value Creation, Capture and Appropriation; Knowledge-based view

ACKNOWLEDGEMENTS

Financial support for this paper and the wider project *Building Better Business Models* came from EPSRC (EP/K039695/1) and Mack Institute, Wharton, U. Penn. For the intellectual contributions and many helpful discussions we owe special thanks to our key project collaborators Stefan Haefliger, Paolo Aversa, Alessandro Giudici, John Bateson, Rob Grant (Cass) Mary Morgan (LSE); and more widely many of the Cass community particularly Laure Cabantous, James Knuckles, Yossi Lichenstein, Tatiana Mikhalkina, Simone Santoni; the Wharton community: George Day, Ian (Mac) MacMillan, Rahul Kapoor and John Eklund; and at EM Grenoble: Vincent Mangematin (now Marseille), Ryan Rumble; and at Lille: Benoit Demil and Xavier Lecoq; and at Glasgow: Martin Kretschmer (Glasgow), and from others in the business model community especially at AOM, SMS, EGOS.