

# Business Models:

*From a Coherency Architect's Point of View.*



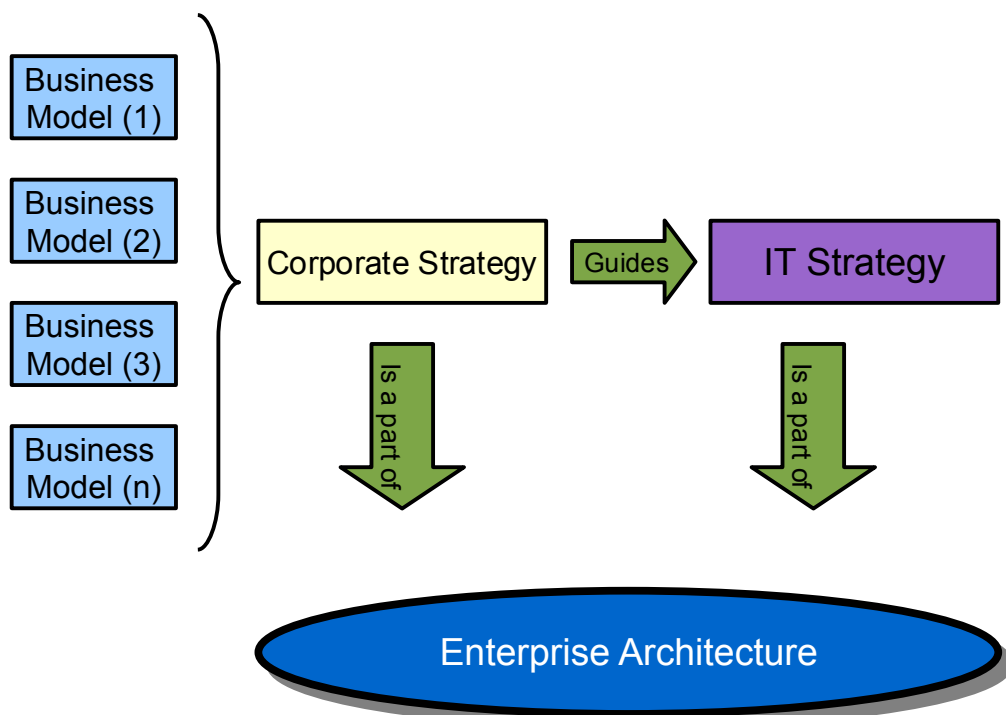
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## Concept for a Business Model

When an organization implements an EA program and a Coherency Management program will lead to changes in the enterprise. The change in the enterprise will leads to changes in the business model.

The Coherency Architect should know of how the concepts of Business Models since they are some of the core concepts of the corporate strategy. The corporate strategy is the basis for developing and articulating the IT strategy. The corporate strategy and the IT strategy are two components of Enterprise Architecture. Enterprise Architecture is the foundation for working with Coherency Management.



*Illustration 1: Business Models in a Context.*

## ***The Business Model in Context***

There are many different perspectives that can be applied to the understanding of a business model and how the business model interacts with the company and the corporate strategy.

In illustration I argue that the Business Models evolves and eventually drives the Corporate Strategy (Weill & Vitale 2001) & (Seddon & Lewis 2003).

In the other hand there it can be argued that there is some overlap between the business model and the way the business strategy. The business strategy differs from the business model by taking the competition into consideration and how to enable a competitive advantage compared to the other actors at the industry.

This leads to an examination of the business model.

## **Elements of a Business Model**

The business model includes a focus on creating value for the customers, revenue generation, cost estimation of service or product, distribution of the product. The business model has to emphasize how the specific product or service creates value.

The business model consist of four perspectives of which the above mentioned elements can be organized around:

- 1) **Infrastructure** that deals with the core capabilities that are needed to produce the service or the product needed.
- 2) **Offering** which is the value proposition. The value proposition is the value which the product or service gives the customers.
- 3) **Customers** which deals with the target customers or audience the product or service. There to the distribution channel which basically is how the service or product is provided to the customers. The last element in this section is customer relationship which is the link between the customer and the company.
- 4) **Finances** deals with the cost structure and the revenue that needs to be generated to finance the production of the service.

## **Sources**

Weill, P. & Vitale, M., 2001. *Place to Space: Migrating to Ebusiness Models* 1st ed., Harvard Business Press.