



# EMPOWER

**EMPOWERING a reduction in use of conventionally fuelled vehicles using positive policy measures**

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**Project Officer:** Mr. Walter Mauritsch

## Lead-city Specific Business Models

### D3.3

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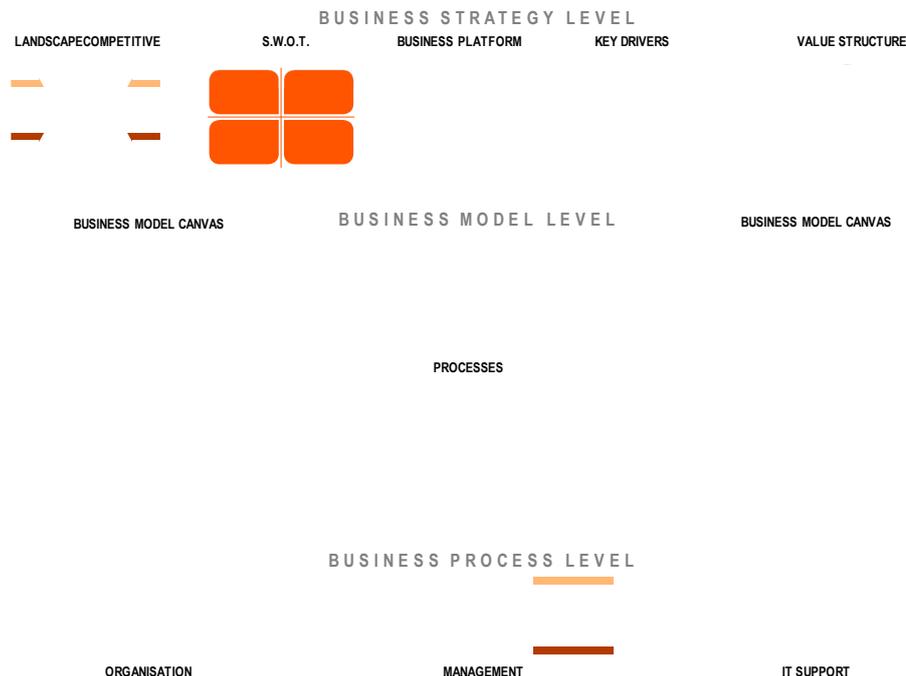
**Responsible partner:** Viktoria

# Executive Summary

Deliverable D3.3 is the third deliverable in Work Package 3 (WP3). WP3 covers a variety of aspects of producing the business model component for the EMPOWER Toolbox; i.e. the main deliverable of the EMPOWER Project. The deliverable is a public report (type B) that presents eight tentative and testable business models for eight of the services planned to be tested within the lifespan of EMPOWER. The services aim to reduce use of conventionally fuelled vehicles (CFVs) in urban areas. The deliverable also includes a comprehensive business architecture framework with an overall business strategy for EMPOWER, and an Ex-ante evaluation of the outcome. The objective in Task 3.3 is the following:

- Design sound, tentative and testable business models for CFV-reducing services that will be tested in and around the EMPOWER Lead-cities.

This deliverable builds on, and is strongly linked with, the results developed in Task 3.1, “International review of business models and best practice”, and Task 3.2, “Methodology and process for business model design”. Together with deliverables D3.1 and D3.2, this report creates input for the design of the EMPOWER toolbox in Task 3.4, “Generic business case and toolkit development “. The work creating the report has been organised using the business model methodology presented in deliverable D3.2. The task has been performed through workshops and meetings on-site in Enschede, Gothenburg, Helsinki and Manchester in Autumn of 2015. These cities acts as Lead-cities in EMPOWER as they will host the first implementations of the services that will spread to Take-up cities, later in the project. During these workshops, representatives from 24 stakeholder-organisations and project-partners have co-created what has become the business models and strategy presented in this report.



ES Figure 1: Business Architecture Framework

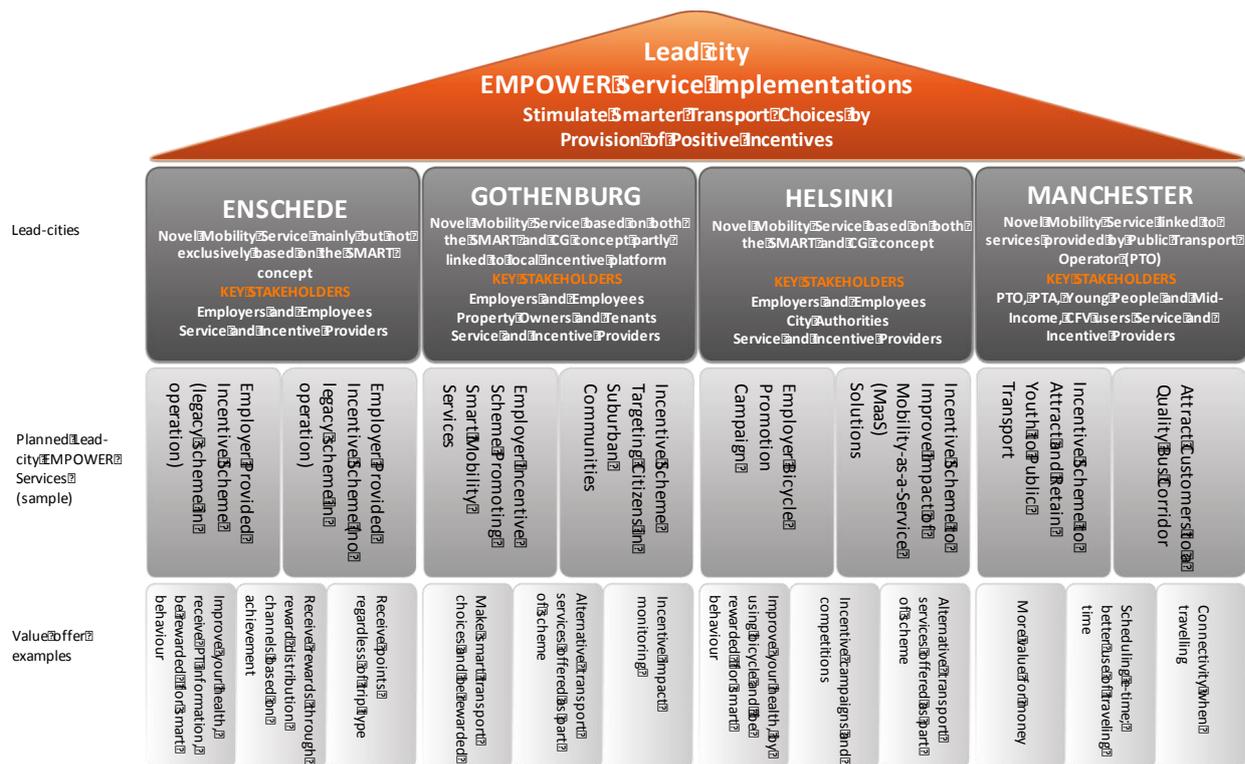
The report is organised as follows. In chapter 1, the task objective is introduced, along with an elaboration on how the outcome is linked to other parts of EMPOWER project, and the contribution this deliverable has on the overall EMPOWER innovation. The applied collaborative work approach is also described in this chapter. The Business Architecture Framework is presented in chapter 2 (see Executive Summary ES Figure 1), including an introduction to the models used to define the business

strategy, and an introduction to the components and the modelling questions, that guided the development of the Lead-city business models (see ES table 1).

Pillar	Building Blocks	Guiding Questions used in the Modelling Process
Product	1 Value Proposition	<ul style="list-style-type: none"> <li>• What value does the EMPOWER solution deliver to different user segments and use situations in the Lead-city?</li> <li>• What customer challenges is the EMPOWER solution helping to solve?</li> <li>• What customer needs should the service meet in relation to the targeted case?</li> <li>• What bundle of services should EMPOWER provide to different user segments and in different use situations?</li> </ul>
User interface	2 Target Customers	<ul style="list-style-type: none"> <li>• For whom is the service intended to create value?</li> <li>• Which user segments can be defined for the service in the Lead-city?</li> </ul>
	3 Distribution Channel	<ul style="list-style-type: none"> <li>• Through which channels should the service be delivered to users?</li> <li>• Through which channels should the service be marketed to users?</li> <li>• In what way can existing channels be used in order to reach the users?</li> <li>• If parallel channels exist, how can they be integrated?</li> </ul>
	4 Relationship	<ul style="list-style-type: none"> <li>• What type of CRM do different user segments expect from the provider of the EMPOWER solution?</li> <li>• Are there any existing CRM channels that could be utilised or improved?</li> </ul>
Infrastructure management	5 Core Processes, i.e. key activities	<ul style="list-style-type: none"> <li>• What Key Activities does the EMPOWER Solution require in the Lead-city?</li> </ul>
	6 Key Resources and Components	<ul style="list-style-type: none"> <li>• What Key Resources does the EMPOWER Solution require in the Lead-city?</li> </ul>
	7 Value Network, i.e. key partners	<ul style="list-style-type: none"> <li>• What Key Partners does the EMPOWER Solution require in the Lead-city?</li> </ul>
Financial aspects	8 Cost Structure	<ul style="list-style-type: none"> <li>• What are the most inherent costs for the EMPOWER Solution require in the Lead-city?</li> <li>• What are the costs for the key activities?</li> <li>• What are the costs for the key resources?</li> </ul>
	9 Revenue Model	<ul style="list-style-type: none"> <li>• How is Revenue generated from the EMPOWER Solution in the Lead-city?</li> <li>• What are the Revenue streams for the EMPOWER Solution in the Lead-city?</li> <li>• Who should pay?</li> <li>• For what should they pay?</li> </ul>
	10 Profit	<ul style="list-style-type: none"> <li>• What is regarded as monetary profit when operating the EMPOWER Solution in the Lead-city</li> <li>• What are the social / environmental profit when operating the EMPOWER solution in the Lead-city</li> </ul>

ES Table 1: Guiding Questions to Facilitate the Collaborative Design of Lead-city Business Models

The business strategy, general to the Lead-city implementations, is presented in chapter 3. This strategy is developed based on insights and knowledge derived from the collaborative workshops performed in the Lead-cities. It provides a general framing of the business logic for positive incentive-based services that aim to reduce the use of CFVs. It comprises five models depicting the business strategy from different viewpoints: competitive landscape, business platform, brand platform and key drivers to be used when designing Lead-city marketing and communication plans. It also includes a value structure for the services linking together the business strategy level with the Lead-city specific business models (see ES Figure 2).



ES Figure 2 Value Offer Structure for eight EMPOWER Services in the four Lead-cities

The business models developed is presented in chapter 4 (see section 4.1 to 4.4) and then compared in section 4.5 with a focus on a selection of different aspects. Five of the business models target the employer, as main solution provider, that want to stimulate employees to shift travel behaviour through the use of incentives. One of these cases involves employer organisations that already have an incentive-based system within the organisation, and thus covers the aspect to consider when introducing a new system parallel to the one already in place. Four of the business models involve employer organisations that do not have incentive-based systems in place. Three of these models offer, in addition to achievement based rewards, alternative smart mobility solutions as stimuli to the employees to shift behaviour. One of the three business models that in contrary do not target an employer and employee setting, also provides smart mobility service alternatives, and is planned to be linked to an established local bonus commerce loyalty card, in order to attract users to the scheme. The other two cases involve a major public transport operator, acting as incentive solution provider, and the use of the EMPOWER service in order to attract youth and mid-income travellers to bus operated public transportation.

The eight business models consequently address the reduction of CFV use through incentives from multiple viewpoints (see ES Table 2); this delivers a wide coverage of different potential business setups for EMPOWER Services.

Business model building blocks	Enschede		Gothenburg		Helsinki		Manchester	
	Employer Provided Incentive Scheme (legacy scheme in operation)	Employer Provided Incentive Scheme (no legacy scheme in operation)	Employer Incentive Scheme Promoting Smart Mobility Services	Incentive Scheme Targeting Citizens in Suburban Communities	Employer Bicycle Promotion Campaign	Incentive Scheme to Improve Impact of MaaS Solutions	Incentive Scheme to Attract and Retain Youth to Public Transport	Attract Customers to a Quality Bus Corridor
Key customer segment	Employees	Employees	Employees	Citizens in suburbs	Employees	Employees	Youth in general	Mid income travellers
Key value propositions	Improve health; receive value boost; multiple point shops	Improve health; receive value boost	Travel smarter; receive value boost	Travel smarter; receive local value offer	Improve health; receive value boost	Travel smarter; receive value boost	More value for money; sense of independence	More value for money; relax; better use of time
Key distribution channel(s)	EMPOWER Service (SMART) <i>plus</i> incentive scheme in place	EMPOWER Service (SMART)	EMPOWER Service <i>plus</i> Interface to use smart services	EMPOWER Service <i>plus</i> Interface to use smart services <i>plus</i> local bonus card	EMPOWER Service	EMPOWER Service <i>plus</i> MaaS <i>plus</i> smart mobility services	EMPOWER Service <i>plus</i> PTO digital service <i>plus</i> Bus service	EMPOWER Service <i>plus</i> PTO digital service <i>plus</i> Bus service
Key revenue streams	Cost savings; Health	Cost savings; Health	Cost savings; Increase of mobility service revenues	Cost savings; Increase of mobility service revenues	Cost savings; Health	Cost savings; increase of mobility service revenues	Increase in ticket sales	Increase in ticket sales
Key profit logic	Cost savings <i>minus</i> operational costs; Health improvements	Cost savings <i>minus</i> operational costs; Health improvements	Cost savings <i>minus</i> operational costs; Brand development	Cost savings <i>plus</i> increased revenue <i>minus</i> operational costs; Increased attractiveness of community	Cost savings <i>minus</i> operational costs; Health improvements	Cost savings <i>minus</i> operational costs	Return on investment; Solution export	Return on investment ; Solution export

ES Table 2: Lead-city Business Model Comparison

Chapter 5 conclude the report, and contains an Ex-ante evaluation of the business models based, on key challenges, key success factors and evaluation criteria, first presented in deliverable D3.1, “International review of business models and best practice” and deliverable D3.2, “Business model methodology”. The purpose of the evaluation is to 1) ensure quality of the developed outcome, 2) to bridge the deliverable with the tasks that will be performed from 2016 to 2018 to setup and test the services in the four Living Labs. The Ex-ante evaluation points towards key evaluation items that should be addressed in a future Ex-post evaluation, organised within WP6, “Whole-societal assessment of EMPOWER interventions”, and Task 3.4, “Generic business case and toolkit development”.

## Document Information

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### Deliverable

Work Package	3
WP Name	Business models and organisational embedding
Deliverable	D3.3
Name	Lead-city specific business models

### History

Version	Date	Changes
V0.1	20150701	Table of contents and chapter synopsis
V0.3	20150901	First draft of chapter 1 and 2 based on the Business Model Methodology
V0.5	20151031	1 <sup>st</sup> version of chapter 3 business strategy and 4 business models completed
V0.7	20151128	2 <sup>st</sup> version of chapter 3 business strategy and 4 business models completed
V0.9	20151207	Finalised version sent to EMPOWER internal reviewers
V1.0	20151221	<b>Final version</b>

### Distribution

Date	Recipients	Action
2015-12-07	EMPOWER internal reviewers	Draft for comment
2015-12-18	EMPOWER partners	Draft for comment
2015-12-21	EC	Submission of finalised report

### Document Change Record

Date	Version	Author	Change Details

## Overview of Deliverable

<b>Deliverable no:</b>	<b>D3.3</b>	<b>Deliverable Name:</b>	<b>Lead Bity Specific Business Models</b>	<b>Deliverable Type:</b>	<b>B</b>
				<b>Deliverable Format:</b>	<b>Public Report</b>

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<b>2</b>	<b>Abstract</b>
	Eight sound, tentative and testable Lead-city business models are outlined in the deliverable. The models that focus on the core relationship between a solution provider and end users are, together with a general business strategy for EMPOWER, the main outcome from a collaborative work approach involving 24 project partners and stakeholder organisations. The task involved multiple on-site workshops in Enschede, Gothenburg, Helsinki and Manchester during the Summer and Autumn of 2015.

<b>3</b>	<b>Relation to other WPs</b>
WP 1	No strong links of T3.3 to WP1
WP 2	No strong links of T3.3 to WP2
WP 4	The business models provided in this deliverable consist of different parts, such as value propositions and reward distribution channels to users, which are all relevant for the technical development work performed in WP 4.
WP 5	The tentative and testable business models presented in this deliverable provide input on how to organise the work in each Lead-city. WP5 will use these guidelines in the design of the Living Lab (LL) operations (T 5.1, T5.2) and in the scheme design within WP5.
WP 6	D3.3 includes an Ex-ante evaluation that provides input to the Ex-post evaluation performed in T6.3 in WP6 and input to the assessment that will be performed in T6.4.
WP 7	The tentative and testable business models presented in this deliverable will act as input for the spreading of results to Take-up cities (T7.4).

<b>4</b>	<b>Challenges and Risks</b>
	Challenge 1: no participation of relevant stakeholders in Lead-cities

	<p>The challenge was mitigated through proactive work performed by local contributing partners. In total, 24 organisations, project partners and stakeholders participated in the task.</p> <p>Challenge 2: ambitious task objective with short timeframe</p> <p>The challenge was mitigated through the use of defined business model methodology and synchronisation with parallel and forthcoming tasks.</p>
<b>5</b>	<b>Deviations from the proposal (positive and negative)</b>
	<p>Deviation: in the original plan, the idea was to develop sound and <i>committed</i> business models. The level of received commitment from stakeholders to operate the services as a business differs between Lead-city operations, since stakeholders have different levels of partnership in the EMPOWER project. Throughout the coming Living Labs, one important item of investigation will consequently be to follow up the level of commitment, and study the mechanisms for operating the services as business after the EMPOWER project has ended.</p>

<b>6</b>	<b>Dissemination Activities - proposed or actual</b>		
	Activity e.g. conference presentation, workshop, publication	Target Audience	Feedback from testing (if applicable)
1			
2			
3			