

## ERIC Forum Project

### Sustainability elements for RIs (T4.4)

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# ► Scope and Objectives

## ERIC FORUM WP4

Comparison of ERIC evaluation practises and development of common methodologies; discussing solutions and best practises for KPI development and usage, socio-economic impact assessment procedures, **sustainability plans**, harmonized reporting guidelines and scientific issues.

## ERIC FORUM T4.4 objectives

- Analyse existing practical tools to approach business modelling and planning for RIs
- Provide RIs with a standardised tool to approach business modelling, which accounts for their fundamental not-for-profit nature and their public-private partnership dimension

## ► background



*..Do ERICs need a business plan?*  
***Stakeholders do\*!***

- Strategic management
  - Alignment of vision and mission with objectives, results and SEI impact
- Operational Management practices
  - Clarification of success indicators and facilitated reporting
  - Obtaining/maintaining ESFRI Landmark status



**RI Bankability and Stakeholders buy-in**

# ► Business Model – What is it?

A business model is one of the elements in a business plan

RI Business Plan ...	<i>Table of content</i> ... <ul style="list-style-type: none"><li>▪ Vision &amp; Mission</li><li>▪ Objectives</li><li>▪ User strategy</li><li>▪ <b><u>Business Model</u></b></li><li>▪ Policies</li><li>▪ KPIs</li><li>▪ Financial Plans</li><li>▪ ....</li></ul>
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# ► Business Model ...Qu'est-ce que c'est?

- « ..Words never heard in Brussels until very recently » (F. De Man, Eatris, 2019)
- « ...Stories that explain how enterprises work » (Magretta, 2002)
- « A response » to the basic question: how to make money from the business »
- “A description of the roles and relationships among a firm’s consumers, customers, allies, and suppliers that identifies the major flows of product, information, and money, and the major benefits to participants.” (Weill and Vitale, 2001)
- «The definition of a business model is murky at best. Most often, it seems to refer to a loose conception of how a company does business and generates revenue. Yet simply having a business model is an exceedingly low bar to set for building a company. Generating revenue is a far cry from creating economic value ...” (Porter 2001, p.73)

## ► Business Model ...Qu'est-ce que c'est?

*“The **sustainability** of an **ERIC business model** rests on the basic assumption that the **value** (sum of tangible and intangible output) generated by the Consortium will match or exceed the public investments sustained by Member governmental authorities. However, the evaluation of an ERIC will need to consider that the fundamental **ambition** of an ESFRI RI is well beyond the mere commercial value of its activity: the delivery of **non-financially evaluated products**, such as scientific breakthrough and education, will remain a **paramount remit** for an ERIC.”*

(Nardello et al., 2017: « EMBRC-ERIC Business Plan Update, 2017»)

# ▶ Business Model – What tools? - I

- Preliminary analytical tools - I
  - Business Model Canvas (Alex Osterwalder, 2013)



# Business Model Canvas










## The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

<p><b>Key Partners</b> </p> <p>Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?</p> <p><b>INTERSECTED USE CASES/PROBLEMS</b> Innovation and technology Allocation of risk and uncertainty Distribution of particular resources and activities</p>	<p><b>Key Activities</b> </p> <p>What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?</p> <p><b>CHANNELS</b> Performance Customer relationship Design Production Cost Reduction Risk Reduction Convenience/Usability</p> <p><b>Key Resources</b> </p> <p>What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?</p> <p><b>KEY RESOURCES</b> Physical Intellectual (brand, patents, copyrights, data) Financial</p>	<p><b>Value Propositions</b> </p> <p>What value do we deliver to the customer? Which one of our customer's problems are we helping to solve? Which bundles of products and services are we offering to each Customer Segment? Which customer needs are we satisfying?</p> <p><b>CHANNELS</b> Performance Customer relationship Design Production Cost Reduction Risk Reduction Convenience/Usability</p>	<p><b>Customer Relationships</b> </p> <p>What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have no established relationship? How are they integrated with the rest of our business model? How costly are they?</p> <p><b>CHANNELS</b> Personal assistance Digitized Personal Assistance Automated Services Convenience Low cost</p> <p><b>Channels</b> </p> <p>Through which Channels do our Customer Segments want to be reached? How are we reaching them now? How are our Channels integrated? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer routines?</p> <p><b>CHANNEL PHASES</b> 1. Awareness 2. Evaluation 3. Purchase 4. Post-purchase 5. Retention 6. Repeat purchase 7. Referral 8. Advocacy 9. Feedback 10. Support</p>	<p><b>Customer Segments</b> </p> <p>For whom are we creating value? Who are our most important customers?</p> <p><b>CHANNELS</b> Personal assistance Digitized Personal Assistance Automated Services Convenience Low cost</p>
<p><b>Cost Structure</b> </p> <p>What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive?</p> <p><b>KEY COSTS</b> Fixed Costs (Dependent on volume, location, technology, etc.) Variable Costs (Dependent on volume, location, technology, etc.) Sunk Costs (Dependent on volume, location, technology, etc.) Opportunity Costs (Dependent on volume, location, technology, etc.) Transaction Costs (Dependent on volume, location, technology, etc.) Distribution Costs (Dependent on volume, location, technology, etc.) Marketing Costs (Dependent on volume, location, technology, etc.) Research and Development Costs (Dependent on volume, location, technology, etc.) Legal Costs (Dependent on volume, location, technology, etc.) Accounting Costs (Dependent on volume, location, technology, etc.) Insurance Costs (Dependent on volume, location, technology, etc.) Taxes (Dependent on volume, location, technology, etc.) Other Costs (Dependent on volume, location, technology, etc.)</p>		<p><b>Revenue Streams</b> </p> <p>For what value are our customers really willing to pay? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenues?</p> <p><b>REVENUE STREAMS</b> Fixed Revenue Variable Revenue Subscription Revenue Licensing Advertising Affiliate Marketing Other Revenue</p> <p><b>FIXED PRICES</b> One-time fee Product feature dependent Customer segment Volume dependent Other price model</p> <p><b>STRATEGIC PRICES</b> High margin High margin High margin High margin High margin High margin High margin High margin High margin High margin</p>		



DESIGNED BY: Business Model Foundry AG

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# ▶ Preliminary considerations - I

- BM Canvas was originally set up for commercial structures, although some variations now exist also for not-for-profits;
- BM Canvas cannot track the dynamic relationships among business model elements.

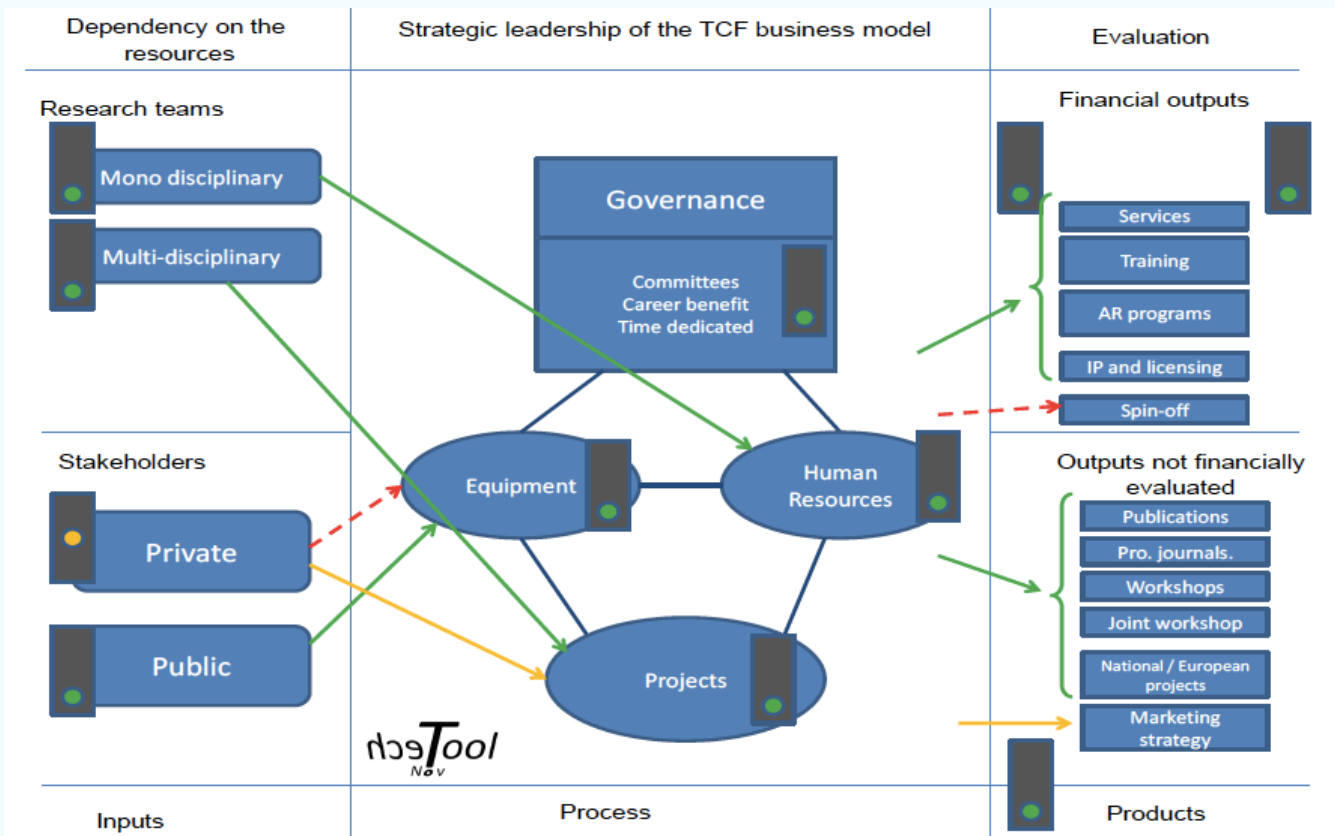
# ▶ Business Model – What tools? - II

- **Preliminary analytical tools - II**

- ToolTechNova® (Martin et Devillez, 2012)

Quantitative tool of TCF business models analysis

# ToolTechNova®



## ▶ Preliminary considerations - II

- RIs business model appears different to most of the TCF examined in previous studies (ShareBiotech Project, 2012; Audrey et al., 2015), however RI may be equated to TCFs for various characteristics →



# Preliminary Considerations - III

..towards an adaptation of the TooltechNova model

RESOURCES.....→ .....PROCESS.....→ .....OUTPUT		
<b>Research Domain</b> <ul style="list-style-type: none"><li>• ESFRI Domain</li></ul> <b>Research Teams</b> <ul style="list-style-type: none"><li>• Monodisciplinary</li><li>• Multidisciplinary</li></ul> <b>Funding</b> <ul style="list-style-type: none"><li>• Public</li><li>• Private</li><li>• PPP</li></ul>	<b>Organisation</b> <ul style="list-style-type: none"><li>• Centralised</li><li>• Distributed</li></ul> <b>Governance</b> <ul style="list-style-type: none"><li>• Internal Scientific Committee</li><li>• External Advisory Bodies</li><li>• High-Road HR policy</li></ul> <b>Equipment</b> <ul style="list-style-type: none"><li>• Owned Vs. Leased</li></ul> <b>HR</b> <ul style="list-style-type: none"><li>• Permanent/temporary/in kind</li></ul> <b>Projects/Workflows</b>	<b>Non-Financially Evaluated Products</b> <ul style="list-style-type: none"><li>• Publications</li><li>• Dissemination</li><li>• Networks</li><li>• Education</li></ul> <b>Financially Evaluated Products</b> <ul style="list-style-type: none"><li>• Services</li><li>• Training courses</li><li>• Applied research Contracts</li><li>• IPRs, Licences, Spin-Offs</li></ul>

# ► Value (to be) created & perspectives

- Light strategic management tool for RI managers to prepare, analyse and strategically manage their business;
- Comparative tool to evaluate different ESFRI RI strategies, which may operate in different scientific domains, be of different sizes, have a distributed rather than centralised organization, be funded solely through public money or use a portion of private capital.
- Educational tool for to be RI managers and RI stakeholders

# ▶ Next steps: Actions, Deliverables and Milestones

- Survey mapping of existing business models and analysis of their performance;
- Workshop (M40) aimed at validating the conclusions and achieve consensus;
- Recommendations for the RI long term sustainability will be made, the principles of which shall be applicable to all ERICs, regardless of their scientific background.
  - ➔ D4.4: “Report and proposal for a model sustainability plan for ERICs”

# Thank you for listening

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