

C2C, B2C : new business models or the ubiquity 2.0 paradigm

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New economic models have gradually risen out, a few years after the Internet bubble burst. In comparison with the first wave (1999-2000), three differences are noticeable: the scale of the phenomenon (one billion internet users were reached at the end of 2005); then the spectacular success of new services constituting the “web 2.0” (for instance, MySpace, a blog site, has become the second most visited site in the world after Yahoo and ahead of Google) and finally the setting up of genuinely different economic models. The latter phenomenon is especially of interest. As opposed to the early days of Internet that encompassed conventional B-to-C (business-to-consumer) or B-to-B (business-to-business) distribution models with the recognized virtues of dematerialized content, today new business flows rise, coming from the consumer: C-to-C (consumer-to-consumer) and C-to-B (consumer-to-business) distribution models.

By analogy with Jean-Paul Sartre’s “huis clos”, Mrs Smith, loving attending to theatre plays, lives one night through a puzzling experience. Sitting on the front row, she notices that members of the audience have gone on stage during the play and have replaced the actors. Not approving of this new artistic style, she decides to leave. On her way out, she becomes fearfully aware of what is happening: not only these new actors are simultaneously on stage and spectators but they are also running the cash desk and taking charge of security outside the theatre. Mrs Smith’s surprising experience is in fact experienced by many of our contemporaries with new economic models and new customs enabled by and developed with numeric services.

A three-step sequence can thus be identified following the theatrical analogy: firstly, the enhancement of conventional economic models by a stronger presence of the audience, then the reversal of models by members of the audience themselves who become actors and finally the establishment of a “theatre of ubiquity”, where everyone is as much actor as spectator.

The audience is much more present: Enhancement of classic economic models

And yet the rules of the game were so simple! Companies were naturally monitoring their economic models; some were positioned as B-to-B players, others as B-to-C. B-to-B actors put an emphasis on audience, direct marketing, customer databases as well as inter-company agreements. B-to-C players were focusing on products and services provided to the end

customer. In both cases, customers were end-of-the-line spectators, their role was limited in what was written or produced. They were consumers.

However, the rise of Internet is quite disrupting these rules: conventional business flows (B-to-B and B-to-C) are being reinforced by dematerialized content and service and by the development of related uses, revolving around three dimensions.

The first dimension is the most historical: Internet has become a new distribution / commercialisation channel. One of the most striking examples has been the travel industry. In 2005, online tourism has represented 45% of the total turnover of online trade. It is no longer necessary to book through traditional agencies. Moreover, traditional players that are usually positioned upstream to agencies (transport, hotel, etc.), also use internet to promote their service or partnerships with other professions.

The second dimension, surely the best known, relies on the fact that the customer is increasingly at the heart of concerns: marketing becomes targeted, modular and customised. On the one hand, the customer acquires a form of bargaining power; tools such as blogs, forums and recommendation sites give the former spectator access to more information, in particular the purchasing experience of other customers. New websites have entered the market, positioned on offers comparison of products and prices: those influence considerably the customer behaviour.

On the other hand, companies capitalize on and exploit better and better aggregated information on the various market segments and on the customers they address. As soon as the guest is logged in on e-commerce sites, it is possible to know his or her previous purchases, to cross information with data about other customers and thus promote the products/services which should be of interest to him/her. Amazon introduced the idea with the e-commerce wave back in 1995. It is now fully industrialized.

Furthermore, Internet provides companies with more effective and relevant advertising tools. For instance, e-mailing virtues are numerous as compared to traditional mailing campaigns: "how many e-mails have been read?", "to which message did the customer react to?", "Which advertisement sparked off the purchase?" etc.

Finally, commercialisation over the internet opens up considerable opportunities in terms of offers diversity and modularity. The example of Dell illustrates this development. Nowadays, customers can choose one-by-one the various parts of their computer and order a tailored product.

The third dimension is the most recent: the web introduces evolution in Internet users' behaviour, allowing spectators to become an opposition force. On the one hand, the development of the Internet is progressively reforming the intermediation role ("disintermediation"): some commercial structures are set up (like the main auctions on the

basis of CVs or inverted auctions in general, etc.) that bypass conventional economic models. This phenomenon affects already the cultural goods industry which is completely reviewing its economic models moving from an access model to an audience model.

Spectators become players: model reversal

If B-to-B and B-to-C models are impacted by the web, the real turning point lies in the rise of C-to-C and C-to-B models.

In the first C-to-C case, the major issue for companies is to value and monetize person-to-person exchanges. Today, being connected with the right person at the right time has a price, as demonstrated by the success of various new entrants on the world wide web : Meetic (website on which men pay several euros to meet the woman of their life), MSN (instant messaging system allowing users to communicate free of charge, users who remain connected several hours a day, creating a community/audience which MSN can promote to advertisers), Ebay (trusted third parties offering users to sell online their own products for a commission received by Ebay) or live small ads sites.

Another issue is developing applications allowing users to value and monetize their own personal expertise such as translation services, cooking support, IT advices or mathematics lessons. Several companies have developed such a positioning, providing "Audiotel" type services on the web. Pioneering players like Ether offer a prepaid telephone number behind which their users get their own line, through which they can provide individuals with their services. The user experience is simple: customers of these new suppliers call this number; Ether calls the supplier and then connects the two players. The service is managed online; exchange of the service remains physical (each user, customer or supplier has his/her own phone).

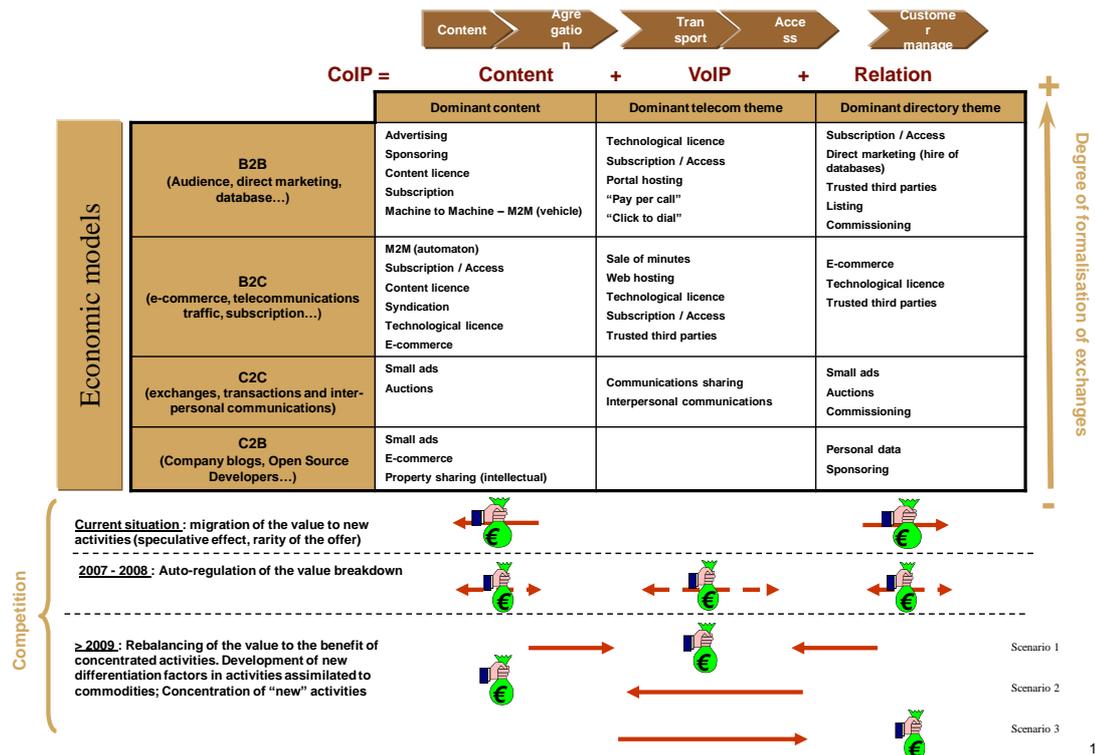
JyvePro and Wengo have also launched their service. These two players, like Ether, offer users the opportunity to create a voice service and sell it to other users. But they provide their customers with dedicated telephony software to use the service. Thus, an end-to-end service is provided to the customers, from the creation to the sale and completion of the service, including promotion. Remuneration of both companies is simple: they perceive a commission fee on the effective transactions between users.

The C-to-B model goes even further. Take the example of web 2.0, which follows three major trends in the monetisation of exchanges.

- The most well-known dimension of web 2.0 is represented by blogs and, more broadly, content auto-production. This flourishing phenomenon is constantly growing and is reaching a spectacular scale in terms of usage: more than three million French blogs

are identified on the web. The “Blogs” phenomna is given today a lot of media coverage. Moreover, free software and open source communities are enablers for content auto-production, with, for instance, the development of “open publishing” contents and other open encyclopaedia. Thus, Internet users can now consult more than 1,500,000 articles on English-speaking Wikipedia.

- Sharing applications are another feature of C-to-B exchanges which have known a quite important media coverage. In this respect, peer-to-peer for music and other cultural content constitutes, financially speaking, a significant but not the most important example. The major economic issue deals with the sharing of computer calculation power. Not only may be mentioned “SETI@home”, a Research project on Extraterrestrial Research or Geno@home for the Téléthon in France, but also the sharing of calculation power for pharmaceutical research, for development of biotechnology and nano-technology, insurance probabilities or financial trading tools represent a market worth several billion dollars.
- Many companies found their development on so-called “downward” innovations, initiated “from the top” (often initiated by their R&D department). Since a few years, some significant changes in communication behaviour have occurred “from the bottom” through cooperative processes bringing together volunteer user networks. The development of the cooperative and open production model of free software is certainly the most emblematic and effective form of so-called “upward” innovations. The choice between upward and downward innovation is structuring: in the second case, intellectual property encourages innovation insofar as it allows a temporary monopoly. However, in this model, excessive protection of the first inventor could strongly reduce incentive for the following innovations. In the case of “upward” innovation, the reputation enjoyed by contributors is a genuine incentive to innovation; moreover the increase in the potential number of contributors increases the probability of later innovations.



Spectators are actors and spectators: the phenomenon of ubiquity

The analysis of "C-to-C" and "C-to-B" business models illustrates both the emergence of these practices but also their economic potential. Although these models need to be stabilized, they illustrate a fundamental trend that goes far beyond economic models or value chain evolutions. The customer is no longer simply the "king" or "at the heart" but is the initiating point of new business flows (C-to-C, C-to-B) or even of innovating processes (upward innovation). Companies are therefore in this way strongly impacted and no longer really control what was their prerogative: control of business models.

Over and above the foreseeable emergence of different economic models, the internet era has opened a digital revolution which reveals new perspectives and upheavals. Foremost, our relationship to time and space is modified.

Firstly, individuals reinvent their relationship with time. Days are no longer twenty-four hour long! Today, anyone can do several things at the same time... watch TV while shopping on the Internet, have a phone conversation while chatting on their PC or swapping SMSs and MMSs with friends. The conventional definition of leisure time takes on a dual dimension through people's newly found ability to carry out several activities at the same time. Thus, Europeans spend around 17 hours and 48 minutes watching TV per week (+ 15 minutes in 10 years) and

10 hours 48 minutes on the internet (+10 hours and 35 minutes in 10 years). The spectacular arrival of the Internet in Europeans' lives was not detrimental to TV, even if the Internet is more often used than TV is watched (as it is the case for 15 to 25 year olds in the USA). This new relationship individuals have with time is one of the factors that call into question the mechanisms of monetizing audience value. The advertising audience is usually measured according to the nature of the medium (TV, radio, posters...), by the extent of the population reached, related exposure times or even the impact on memorisation rate and top-of-mind of a brand in its market. TV allows both visual and auditory memorisation of an advertising message whereas radio maintains memorisation by repeating advertising messages. Posters allow fine geographic targeting of the population. Although a wide range of activities conducted in parallel by an individual has a positive impact, as the number of advertising media may be valued (especially on the web), the memorisation capacity can be damaged however insofar as he or she is submitted to several advertising messages at the same time. Although a day is no longer considered to take 24 hours but 27 (owing to the time spent in watching TV programmes, surfing on the internet and phoning at the same time) it is not sure whether the audience can be better valued. Finally, in a context of advertising exposure, (multiplication and globalisation of brands, saturation of advertising spaces and development of brand platforms), the measurement of the campaigns efficiency and their ultimate monetization can only become more and more complex.

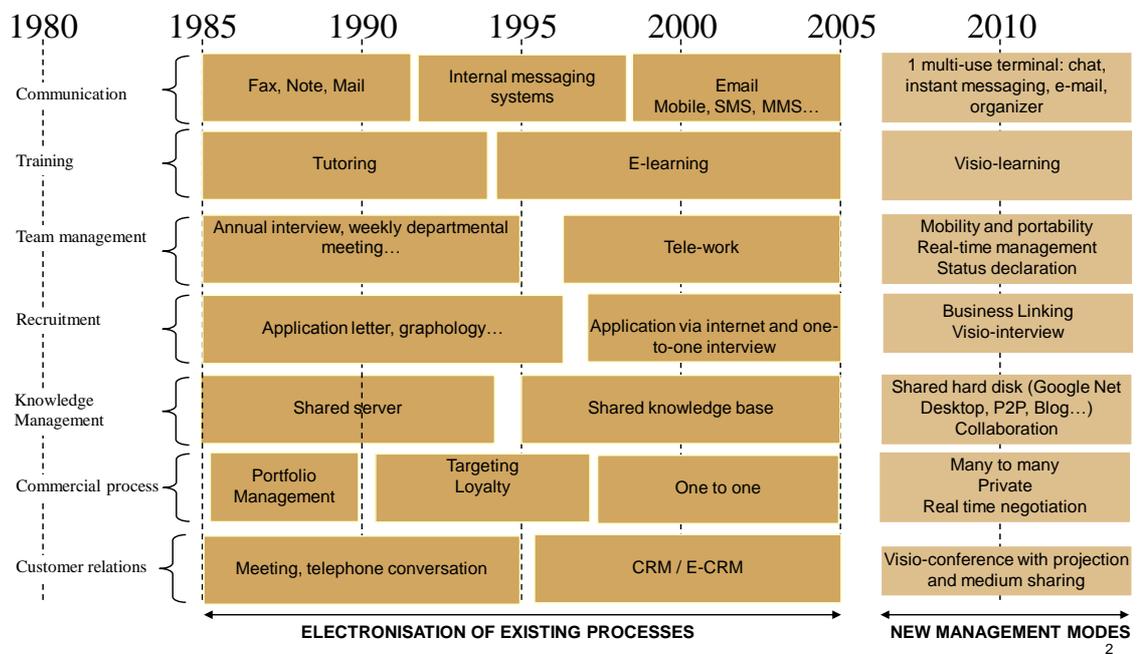
Secondly, the individual's relationship to space is deeply changing, as it was during the nineteenth and twentieth centuries by two successive industrial revolutions. Whereas the first industrial revolution – steam engines – allowed humans to extend their everyday image of the world, initially highly local, to the national level, the second revolution – oil and electricity – extended the human field of knowledge and influence on the world.... These two revolutions have had an impact on the relative definition of physical distances between individuals and their capacity to exchange. They also had an indirect impact on work time which has considerably increased with the possibility of staying up and having night-time activities. Conversely, the current revolution has introduced a complete dematerialisation in exchanges. Today, through videoconferencing, a marginal phenomenon which should be soon generalised, individuals may be virtually present with their loved ones, colleagues and customers/ suppliers in just a few clicks... Likewise "presence walls" may materialise an individual from head to toe, life size when several thousand miles away. These new tools will allow exchanges between individuals, in real time, without losing the one-to-one quality. This new acceptance of space-time therefore gives an "ubiquitous" dimension to individuals with other people while allowing them to revisit effective time... In this way, productive time seems to be :

- Lengthened, as these new virtual exchanges save non-productive time spent travelling. For example, when an individual, in the days of the Gallic Wars took 74 hours to cover the 800 or so km between Lutecia and Massalia, Paris-Marseille was covered by train in 19 hours in 1855, 8 hours 50 minutes in 1950 and 3 hours in 2006.

- Duplicated, as communication tools not only allow us to cover distances but also use different parallelized tools to exchange, sometimes discreetly) with several contacts (use of instant messaging in parallel with business negotiation through videoconferencing, for example)
- Fragmented by the management of presence, absence or unavailability in different contact operations.

To get back to business, these changes will have more than only an impact on revenue models as work and management methods are affected. The phenomenon itself is not new but surprises today by its width and the scale of recent changes. Different fields and functions are concerned (communication, training, management, recruitment, knowledge management, sales process, customer relations)

New technologies drive company management methods forward



Spectators beyond the theatre: beyond “Homo oeconomicus”

By extension, the society and its whole organisation may be revolutionized. There are many impacts and they go far beyond the commercial sphere. Two significant examples illustrate this trend.

- The field of citizenship: the citizen can capture an increasingly large public space. States have sustained the spread of the Internet (reducing digital inequalities) and the impact concerns the whole political arena. Although a lot of ink has been spilt

over the many politicians who have set up their blogs, they are not the most significant example (behind the blog of any major candidate in the French presidential election of 2007 there are twenty or so writers/moderators). The use of the Internet should thus allow citizens' expression by meeting their need for transparency and sharing. This is the "electronisation of the republic" (need for transparency, to transmit opinion and be heard). For example, a governmental portal in South Korea meets these expectations by offering South Korean citizens the possibility of reporting any malfunction in their immediate environment to the administration via the Internet (savings ideas, online voting, etc.). The Internet, as a political tool can be used to know the desires of citizens, calls for a series of questions around an electronic republic and the obsolescence of governance rules.

- The artistic field is just as affected with the development of "net art" linked to the medium (digital) but also new forms of expression in which the artist plays a different role. Photography has just entered the Academy of Fine Arts, it will thus be necessary to wait a few decades to see if these changes are long-lasting or not. Whatever the case, they already allow the exploration of new forms of artistic performance (networked creation, use of 3D and lights, MOO – Multi-user Domains Object-Oriented Environment- games, etc.).

In both these cases, not only the structures and institutions are called into question (questioning and contestation are a cyclical phenomenon and intrinsic to political and artistic fields) but the role of the individual (citizen on the one hand / artist on the other) has been also modified according to a pattern similar to C-to-B or C-to-C: the citizen, the artist, here again, as an individual is the starting point of the flow (voting, creative, expressive) and not the recipient of a standardised principle dictated by an institution (conventional democratic or artistic expression). The individual is both an actor and spectator in his/her own play.

In the end, the difficulty lies in grasping the whole phenomenon. This model of ubiquity is both the result of technological progress but and corresponds to the junction of major sociological trends and practices (sustainable development, over-exposure of the ego,...). The ubiquity model is also a new vision of the individual in his or her ecosystem. Perhaps the period we live in is just the beginnings of a deeper revolution. No one will believe that this ubiquity is an utopian vision of the world but it is important to remember that utopia consists of three ages:

- A "golden age", Jules Vernes' one, during which technology was believed to produce a better world,
- A "critical age" during which technology disappoints, expectations are deceived: there are many drifts, hopes and utopian visions of the founding fathers are soon forgotten, and

- An “age of man” where human beings take an introspective look at themselves, thinking about the ultimate purpose of achievements.

We just need to know in which utopian field we are in. Is this model of ubiquity only transitory (over the past ten years or so, before the bitterest disappointments encountered after 2000) or sufficiently profound to become the turning point expected since the arrival of information technology 60 years ago? Towards a genuine age of man where the individual would take advantage of the possibilities provided by communication technology ?

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