

Topic 5: How do business models apply to knowledge service development?

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Knowledge services focus on using knowledge assets—data, information and knowledge—within business models to create value. In addition to assets, the Business Model Ontology describes the interworking of eight other strategic elements that make up the business model ecosystem (See Figure 1). Each element is critical within the process for knowledge service development. The complete list includes: partners, assets, activities, cost centers, customer (or constituent) segments, distribution channels, value propositions, relationships and revenue centers. The elements can be used to reengineer government services into more efficient and effective knowledge services.



Figure 1: Elements of the Business Model Ecosystem

Partners

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Partners are defined within each individual service ecosystem. The ecosystem includes any

stakeholder whose knowledge contributes to the participatory research and design process. As part of the development of civic knowledge services, partners often include government entities, private-sector organizations and intermediaries. Intermediaries include, but are not limited to libraries, data and digital asset managers, and economic and business development organizations.

Within this ecosystem, the contributions of libraries are priceless to support the equity of knowledge-resource allocation. As the intermediary role matures, we will see the knowledge, skills and abilities of public and private chief data officers focused more around public asset management of knowledge resources, to ensure that data and digital assets are valued, mined, refined, and distributed into the marketplace to provide the greatest benefit to constituents.

Assets

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As previously stated, knowledge assets include data, information, and knowledge, but within the business model, they can also include refined knowledge services that can also be used as commodities in other products and services. Consider the platform business model as an example. Platform services are made up of microservices, which in essence, are very narrowly defined digital knowledge services. Microservices are used as commodities in the development of applications. A group of microservices can be used to develop hundreds of thousands of applications, or end-user services.

Activities and Cost Centers

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Activities include any action performed on assets, and are often carried out by partners as part of the participatory design process. Activities create cost centers, but also result in increased customer value, and more robust revenue centers as assets are refined into knowledge services.

Customer Segments, Distribution Channels, Value Propositions, Relationships and Revenue Centers

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Customer or constituent segments are the groups who will benefit from an end-user service. Think of government services that you currently consume. Most of us are represented within the constituent segment having a driver's license and automobile registration. The distribution channel for acquiring a driver's license or registration is most often through a traditional store front. For many consumers, this is very frustrating, and has a very low value proposition: Long lines, limited hours and tedious forms leave us yearning for a different sort of relationship with our Department of Motor Vehicles (DMV). But this doesn't have to be the case.

Imagine a government platform business model that opens Web services to partners who want to develop end-user services utilizing new distribution channels and improving value propositions. A partner could use the Web services to develop an application that would notify you via text message before your license expired, then offer the ability to renew within a couple of exchanges. The value proposition of that service would be worth paying for, and would generate a new revenue center. Imagine all the possible value propositions (time saved, reduced stress, etc.) related to “not” having to wait in line at the DMV!

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