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The inaugural editorial

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We give you the Journal of Business Models (for free): The inaugural editorial

Christian Nielsen¹, Colin Haslam² and Romeo V. Turcan³

“Our business mission is to create an open source journal that is free of the ties that come along with a publisher. In turn we wish to develop a new type of profitable business model for an academic journal that sends more of the total value created back to the academic community and the strategic partners that enable its existence. This is a very clear value proposition.”

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Welcome to the Journal of Business Models

The research field of business models has gained a vast amount of momentum in the recent decade – a momentum that only looks to continue in strength in the coming years. Hence, the mission of this journal is to support the growing interest of researchers in the business model phenomenon and provide a rigorous platform for which researchers can develop and disseminate their research-based insights to the world of business scholars and executive managers. Up until now, business model research has found its home in numerous special issues in journals such as Long Range Planning, Journal of Management and a forthcoming issue of Strategic Entrepreneurship Journal, just to name a few. However, with the Journal of Business Models we now have a dedicated journal that can serve as a multidisciplinary platform for researchers interested in the business model phenomenon from all possible academic perspectives and disciplines.

The aim of the Journal of Business Models is to disseminate the newest research-based insight on business models globally. The Journal of Business Models will constitute a cross-disciplinary platform conveying multiple-type papers, i.e. both conceptual and empirical and also encouraging methodological pluralism. We plan to invite contributors in order to cover a wide array of the most popular perspectives on business models, like e.g. innovation, commercialization, entrepreneurship, internationalization, strategy, organization, accounting, performance measurement and finance. However, we also intend to provide space for less mainstream and alternative perspectives that may challenge existing practices of thought.

The key audiences of this journal are academics and dedicated consultants. As this journal aims at pushing the knowledge of the field to a higher theoretical level, and to becoming a core discipline in due course, the rigorousness of the review process and the quality of the published papers naturally lend themselves to an expert audience. However, policy-makers, politicians, entrepreneurs and students with high academic aspirations will also benefit substantially from the mix of articles in this journal.

The Journal of Business Models does not have a pre-planned publication schedule. This is one of the strengths of not being a part of a large publication corporation. Our aim is to publish at least two issues a year and a maximum of five issues. Rather than forcing papers through the submission process or leaving up to date knowledge sitting on the shelf waiting for critical mass, this journal can publish when the timing is best.

Therefore it is a good idea to register as a reader to this journal (<http://journals.aau.dk/index.php/JOBM/user/register>) while at the same time being a registered member of the Business Model Community (see www.businessmodelcommunity.com) in order to receive timely information on new publications.

The scope of the Journal

In this first issue, as well as the issues forthcoming in 2014, the papers are expected to cover a majority of the existing perspectives on business models and also to include a large number of major contributors to the field. The editorial panel is working hard to ensure that the literature provided and discussed covers varying perceptions of the field and how to progress the field of business models forward from this point. The various *major disciplines* or *schools* addressing business models, including strategy, management, organization, innovation, entrepreneurship, technology, internationalization, finance and communication, will all be covered during the first year and make lead way for a series of special issues digging deeper into such perspectives from a multi-method and interdisciplinary angle.

The array of perspectives present in the literature on business models leads to the identification of a number of themes on which the Journal of Business Models naturally will be focused. Some of the subjects expected (but not limited to) in the journal are:

- Definitions and concepts of business models; including archetypes, typologies, key components and building blocks
- Defining what business models are about: The epistemological and conceptual roots of business models and their differences with strategy, strategic management, organization and business planning

- Business Model Design: designing, rejuvenating, innovating and facilitating business models including the role of design thinking contra the business case
- Implementing business models and the execution process
- Commercialization and exploitation of ideas through business models: challenging entrepreneurial processes
- Seeking the true benefits of a globalized world: how internationalization of activities affects business models
- The strategic partnerships of business models: Roles and relationships within and among business models
- Business models and high-tech ventures
- The performance of business models: Dilemmas and paradoxes of performance measurement consequences
- Tools and techniques for analysing, designing, testing and implementing business models

The business model of the Journal of Business Models

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At the same time, we believe in academic rigour and the value-added of a double-blind review process. The Journal of Business Models runs on an Open Journal System platform that ensures the exact same work flow such as provided for example by the ScholarOne setup of Manuscript Central. There are well-established control mechanisms for ensuring anonymity of manuscripts as well as reviewers, and there is also a rating system on reviewers and their efforts.

Question: "So what is it precisely we are missing out on by not being part of a large publication house?"

Answer: "Apart from using academic colleagues as free resources for profit-making purposes we don't really know!"

While it is clear that large publishing houses may be able to offer some professional services in relation to marketing a journal like ours, when it comes to services for authors, these are typically not for free anyhow.

Our hypothesis is that in this era of Google-optimization it is possible to beat the existing marketing models of established publishing houses. We call this intelligent marketing. The following section analyses the potential business model of a journal doing just this.

At the present the customers of a standard journal are the universities themselves through their affiliated libraries. So in effect university employees are working for free to publish in journals the very same university pays for access to. Now that is a neat business model – at least if you are a publisher. With an open access journal, libraries are not charged. However, these open access journals typically do not have any marketing activities. Therefore, we need you – the readers, authors and reviewers – to go to your library directors and recommend them putting this journal on their resource list.

Despite the Journal of Business Models not having to send profit back to a publisher, there are still costs of running the business. Most of these costs are associated with the activities of the submission system and the publishing process (even if we do count entirely on your marketing effort). Our submission system is run by our strategic partner Open Journal Systems, and the website is sponsored by Aalborg University Library. Despite this, our business case estimates the costs of running the Journal of Business Models at €25.000-30.000 a year. We intend to launch an international case competition for the best business model for the Journal of Business Models in the beginning of 2014. We hope you and your students will join in. The above illustrates that a journal like this is short of a strong marketing partner. Let us take a look at how this could be solved.

Let's get a group on

Let's get a group on – Let's get a Groupon. This is a play with words for two reasons. Firstly, it stipulates that there is a need to activate the group of scholars interested in the field of business models and to work with creating and sending enough value back to them to ensure that they will keep on sending manuscripts to the journal and help out reviewing the papers of their peers. The Business Model Community can add value to the journal by submitting their best papers through the Journal of Business Models, which in turn will leverage the impact factor of the journal for their own good.

Secondly, leaning on Groupon as a metaphor of doing business, i.e. a business model, what we can learn from the above is that we have to be extremely intelligent in the way we take in strategic partners and utilize them in the value creation process of the journal.

Groupon's business model is unique not only in the way that the company "creates markets" by becoming a platform for building consumer buying power. Groupon's business model is also unique because the potential buyers become the most important strategic marketing partners to the company. Let us try to describe the Journal of Business Models (JOBM) in the light of this business model metaphor:

- The central company, Groupon, is the JOBM editorial board and reviewers
- The shops in the Groupon concept are the university libraries and universities themselves as well as independent researchers in the JOBM case
- The customers are the authors and readers of JOBM, including academics, corporate managers, policy-makers and students
- We need to persuade the customers to perform the marketing for JOBM
- JOBM then needs to set up a structure to do this (facebook button, LinkedIn button, Twitter button, and direct mail to the library director)

However, now comes the key question of how the JOBM can make enough money to sustain its operations. We expect to require revenues of €25.000-30.000 a year to reach break-even for a journal with this level of activity. A number of revenue streams make themselves avail-

able, for example, a few large sponsors, a crowd-funding approach, adds, an annual conference, book promotions and paid book reviews from publishing houses, or print on demand services for libraries world-wide.

The key question is therefore: Which mix of these is the best combination with the value proposition and strategy of this journal?

In reality, what we really need to facilitate is a strong academic and professional community around this journal. To do this, the Journal of Business Models needs to obtain a strong impact factor and a good ranking. Did we say Chicken-and-egg problem? We go about this by insisting on a rigorous and constructive peer review process. The next step will no doubt be left in the hands of the audience, who needs to cite the published work and send in papers that develop earlier work. The audience also needs to discuss the papers at conferences, in blogs etc. In other words, we just gave you, the readers, the authors and the reviewers, full responsibility!

Don't worry. We are confident in you. The Journal of Business Models already has a vast potential audience and a strong community. At the Business Model Community website there are close to 300 registered members at the present. The same goes for practitioners around the world and can be seen from the quantity of practitioner conferences and summits available.

The Editorial Team

In this initial phase of starting up the journal a big thank you goes out to the Editorial Advisory Board and the Editorial Review Board which have constituted the major part of the hard working reviewers on the papers that are either in the editing process or submission process at the present. The Editors-in-Chief also wish to thank the team at the Editorial office and at Aalborg University Library for their commitment to the project, their professionalism as well as patience with a team of newly designated reviewers and editors getting used to the submission system. The organization of the journal is as follows:

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The inaugural edition

In this inaugural issue we start to address the core themes that form the scope of the journal. However, we are humble towards the fact that it is difficult to come around all core themes in just one issue, also realizing that getting manuscripts that would fit into such a jigsaw puzzle would be difficult. Therefore, we do not claim to cover all key topics in this issue. However, we urge those of you who feel “left out” to get in touch as soon as possible.

Furthermore, we urge you as readers and potential authors to consider the merits of forming some of these core themes into special issues that you would wish to be the guest editor(s) of. Besides the already announced special issue from the NFF conference in Iceland, we have two other special issues in the pipeline at the present. One relates to the internationalization of business models, and the other to the financialization of business models.

This issue will be divided into four sections as described below:

Section 1: Definitions, concepts, schools and theory

A natural place to begin is by addressing issues of defining the concept of business models. In the literature there are to our awareness more than 70 definitions of what a business model is. Some of the most cited definitions include Porter’s 2001 take that:

“The definition of a business model is murky at best”,

and Magretta's 2002 neat and simplistic definition:

"A business model is a story that explains how the enterprise works"

Bell and Solomon (2002, xi) put a profit angle on the concept in stating that a business model is:

"[A] simplified representation of the network of causes and effects that determine the extent to which the entity creates value and earns profits",

while other authors such as Chesbrough and Rosenbloom (2002) provided more comprehensible, albeit complex, definitions, here in the form of their six necessary steps that constitute the description of a business model:

1. *Articulate the value proposition, that is, the value created for users by the offering based on the technology*
2. *Identify a market segment, that is, the users to whom the technology is useful and for what purpose*
3. *Define the structure of the value chain within the firm required to create and distribute the offering*
4. *Estimate the cost structure and profit potential of producing the offering, given the value proposition and value chain structure chosen*
5. *Describe the position of the firm within the value network linking suppliers and customers, including identification of potential complementors and competitors*
6. *Formulate the competitive strategy by which the innovating firm will gain and hold advantage over rivals*

In the middle of the last decade, it was almost as if every researcher needed to prove his/her right to contribute to the field by having his/her own definition of what a business model was. As such, one of the authors of this editorial also managed to jump onto that specific bandwagon stating that:

"A business model describes the coherence in the strategic choices which facilitates the handling of the processes and relations which create value on both the operational, tactical and strategic levels in the organization. The business model is therefore the platform which con-

nects resources, processes and the supply of a service which results in the fact that the company is profitable in the long term" (2006, reprinted in Nielsen 2011).

In recent years the definition by Osterwalder and Pigneur (2009) seems to encapsulate in a neat manner the focus of the field as it stands today:

"A business model is the rationale of how an organization creates, delivers and captures value"

In this issue the paper by Bille discusses the developments of business model definitions. This recap leads us to question the necessity of having a clear definition of what a business model is, i.e. to define or not, and the value added of discussing details of definition.

In much the same manner, in the last 10-15 years we have seen the development of numerous conceptualizations of business models, including frameworks for defining archetypes, typologies, key components and building blocks. Morris contributes with a seminal account of how the business model becomes a competitive advantage in this rejuvenated 2013 version.

With their Business Model Canvas, Osterwalder and Pigneur provided a relatively fresh surge to the field in 2009. Hence we are now seeing the same tendencies as with the definition game above that a lot of researchers and consultants are constructing their own canvasses. In this issue the paper by Fielit takes the temperature on the concepts, models, canvasses and archetypes discussion.

Many of the definitions and concepts that constitute the discussions above illustrate how the field of business models is grounded in a variety of different academic perspectives and backgrounds. It can be argued that there are several different *Schools of Thought* in this field and these are described and discussed in the paper by Ahokangas *et al.* Here the temperature on the dispersion of the field is taken, and the diffusion of the concept from the early roots of strategy in the 1960's and 1970's over the e-business assimilation of the turn of the millennium towards the design school movement of the last few years is depicted.

In a natural development from definitions, over con-

cepts to schools, the next step is to address the move towards theorization of business models. The paper by Lueg *et al.* hypothesizes that the choice of business model may be more dependent upon the specific challenges a company is facing and the lifecycle phase it is in, and not so much the industry segment within which it competes.

Lueg *et al.* develop the notion of analysing the role of business models across the four phases of the business lifecycle in order to generate coherent business model theory and thereby the ability to provide prescriptive theories of action, design, and implementation. Higher-level theories like this may provide a quantum leap for companies looking to optimize their business configurations and profit models.

Section 2: The influence of technology

The creation of wealth and new industries is often seen as a combination of technological, organisational and societal factors, and much the same can be said for the advent of business models where new technologies and new knowledge make possible the deliverance of new and novel value propositions. However, the preparedness of customer segments to take on board such value propositions is also a necessity for success. This was evident in the dot.com bubble that also boosted research into business models. Because e-business technologies were relatively young and customers not used to using the Internet as a retail channel, many companies ended up with unprofitable business models.

Together with the prospects of business models as activity systems and cost/revenue architectures, Zott *et al.* (2011) argue that e-business still is one out of three key issues in relation to business models that needs to be addressed. From a customer perspective the notion of e-business might merely be seen as a choice of distribution or communication channel, and therefore this research would need to explain the effects of e-business in relation to both value creation, value capture and value delivery. These aspects are covered by Rappa in his revision of his very influential paper from 2001.

The paper by Chae and Hedman articulates the interplay between the role of technology and a business model exemplified by the mobile payment ecosystem

and illustrates how the lack of sustainable business models has led to slow market penetration. This paper offers a framework that allows practitioners and academics to study current and future mobile payment approaches and thus a platform from which to address business model innovation.

Relative to other types of innovations, Taran and Boer argue that little is known about business model innovation, let alone the process of managing the risks involved in that process. Using the emerging enterprise risk management literature, they propose an approach through which risk management can be embedded in the business model innovation process and illustrate this through a case study. The results warrant continuation of the development of such a model and give rise to furthering the links between innovation models and models of doing business. This is taken one step further in Lecocq and Demil's paper which introduces a tool to design and innovate business models.

Section 3: Creating businesses and value

While it is possible to imagine a company without innovation, leadership and explicit strategy, it may be argued that no company exists without a business model, some form of organisation and a business idea as a starting point. The field of business models is therefore intricately connected with creating new companies as well as with the understanding of value creation. From the perspective of entrepreneurship, Verstraete and Jouison-Lafitte's paper posits the role of business models and the application of business model design tools on start-up companies. Commercialization and exploitation of ideas through business models and the challenging of entrepreneurial processes through this perspective receive a lot of interest in the natural and technical sciences and also from policy-makers seeking methods for increasing the probability that funding of the sciences leads to value creation.

The notion of organisation and the role of strategic management to business models, the final paper in this section, by Andersson *et al.*, illustrates through the case of Real Estate Investment Trusts how business models are affected by financialization. The paper discusses the evolution of the case business model and the extent to which it is dependent upon favourable legal and accounting regulations. Hence it raises aware-

ness of the intricacies of understanding profit models in more complex forms than previously suggested in the literature as merely being a term of cost/revenue models. Further steps may entail theorization relating to the performance of business models, including analyses of the dilemmas and paradoxes of measuring their performance.

Section 4: Strategy, and creating business model patterns around customer needs

In this fourth section we expect a series of papers that address the interface between business models and strategy and how business model patterns emerge around the need of customers and other strategic partners such as suppliers. The first of these is Seddon and Lewis' reprise of their seminal paper from 2004. This section will furthermore constitute a foresight section on the design of business models including aspects of designing, rejuvenating, innovating, testing and facilitating business models and business model execution.

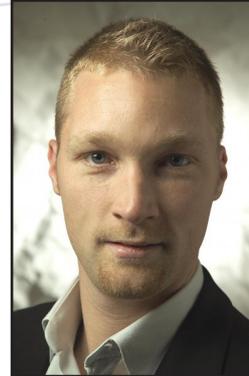
We expect to see some contributions that will enlighten the dichotomous roles of design-thinking contra business-case thinking evident at the present and thus discuss the epistemological and conceptual roots of business models and their differences with strategy, strategic management, organization and business planning. Lastly, this section will address how companies, even SME's, could and should be seeking the true benefits of a globalized world through international partnering and micro-multinational structures through unique business model configurations.

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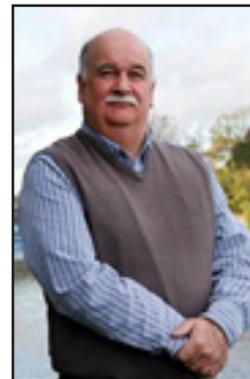
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