

Managed by  
Vincent Dutot, PhD

Authors

Allisende Leroy, Damien Lagoutte, Sarah  
Ouakil, Tiphaine de Becdelièvre & Eugénie  
Lescanne

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# E-ENTREPRENEURSHIP

WHITE BOOK - CHAPTER 5

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Topic

Innovation & Innovative business models

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This chapter aims to highlight innovation within the business model. Indeed, this topic is essential for companies today because over the last 50 years the average lifespan of the business model has gone from about 15 years to less than 5 years. Therefore, business model innovation is paramount for organizations seeking to drive growth, re-energize, or defend against industry disruption or decline.

**Business model innovation** is the ability to improve advantage and value creation by making simultaneous and complementary changes to both an organization's value proposition to customers and its underlying operating model. At the value proposition level, these changes may relate to the choice of target segment, product or service offering, and revenue model. At the operating model level, the focus is on how to drive profitability, competitive advantage, and value creation through these decisions about how to deliver the value proposition: where to play along the value chain, what cost model is needed to ensure attractive returns, what organizational structure and capabilities are critical to success.

## WHAT ARE WE TALKING ABOUT?

The distinction between an invention and an innovation lies in the spectrum of use. We are talking here about commercial entrepreneurship, i.e. about numbers and business. In recent history, we find many innovations, especially in digitization, which is too often summarized under the term "uberization of processes". But what about the duration and degree of market penetration of an innovation? What resources does it benefit from, what capitalization does it have, and by whom is it carried?

Information technology, demographic networks and the consumer environment are, by virtue of natural societal evolution, constantly changing, and sometimes, at the whim of the innovator, ahead of the times. The idea is capitalized and then modulated in the form of a product or service - in itself or as a complement - which aims at a diffusion at the height of the ambitions of its creator.

The arrival on the market of an innovation can be totally disruptive, and exceed the creation. Fortunately, there is no fatality in this field. Large companies can innovate, even in a radical way. And they can do so by using in- trapreneurship, or internal entrepreneurship, and thus combine sustainability and innovation.

Innovation is facilitated in a fertile environment: it is indeed more efficient, faster and cheaper to complement its internal research effort by identifying and selecting innovations from outside. The company can then develop a competence in intellectual property, considered as a product like any other, which will be bought or sold, and work with venture capital firms with a view to either incorporating innovative start-ups or, on the contrary, outsourcing innovations while remaining involved. Intrapreneurship thus becomes the key to the company's radical innovation strategy.

Thus, there are multiple innovative business models.

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## Paid Podcasts

A podcast is digital audio content that can be listened to from anywhere, anytime. There are different types of podcasts, such as rebroadcasts of radio shows, native podcasts, independent podcasts or podcast studios, which produce different shows.

This concept appeared in the early 2000s. Thus, the word "podcast" as we know it today comes from the contraction of the words "iPod" and "Broadcast".

This means of listening has been in full effervescence for one year, because (or thanks to) the Covid-19 pandemic which forced us to limit our travels. It is only recently that studies have been conducted to allow us to assess the state of the podcast market in France. These studies have different objectives:

- Firstly, they allow podcasters to rely on figures, in order to approach their sponsors.
- Also, these studies allow podcasters to better target their communication campaigns on social networks.

However, podcasts require a lot of writing work, and the audience is difficult to acquire. That's why it's difficult to make a place for yourself in the market. On the other hand, it is a very attractive model for brands because it is one of the models in which the audience is the most loyal.

### Market overview:

- Apple has 42% of podcast listening
- Spotify has just reached 20%.

### Who are the main players?

- Apple
- Deezer
- Spotify

### Who are the emerging players in the market?

- Sybel
- Majelan
- Binge Audio
- Acast



## Freemium

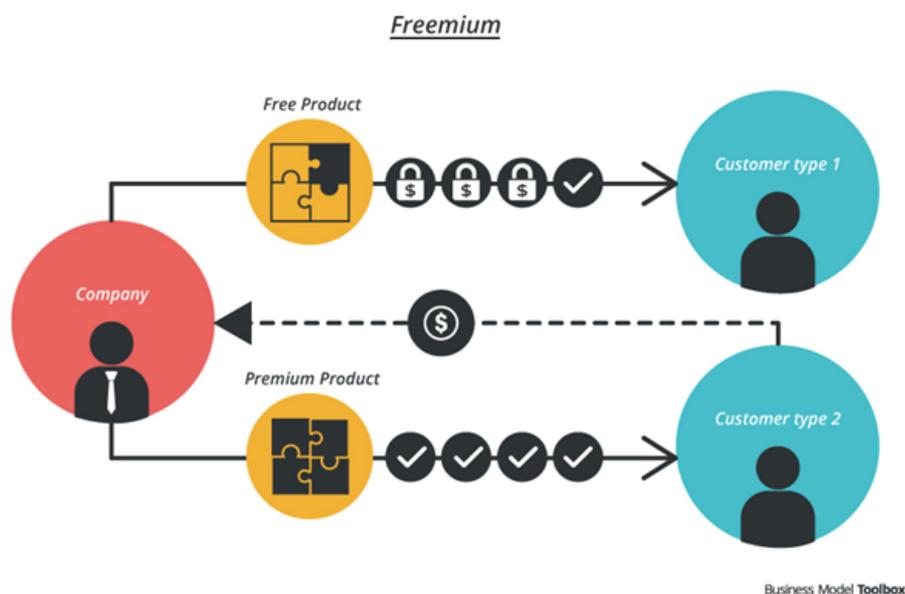
The freemium model is a commercial strategy which gives free access to a product or more generally to a service. The goal of this strategy is to reach a large audience and then convert them into a paying service offering more features.

This business model is efficient if the ratio between premium and free users is well managed. We can say that premium users are paying for themselves but also for free users. Usually there are various paying offers. As an example, Skype allows its users to do calls for free but only with another member of skype. Then, it has several paying options such as a skype number or skype credits (pay-as-you-go option).

The freemium model is used in various business sectors but especially in the digital economy. In addition, if companies have a qualitative free offer, a paying one with a perceptible advantage and a low cost of a new user, this model gives them a possibility of rapid significant growth.

Examples of companies with a freemium model: Spotify, The New York Times, Canva, LinkedIn.

# FREEMIUM

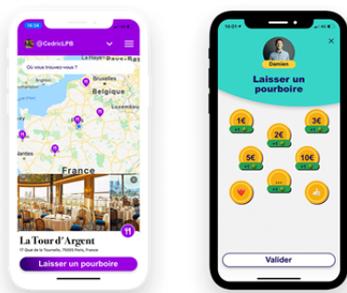


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## Online tipping

We all know about tipping delivery people. Ordering via a delivery app with the possibility to leave 1,2 or 3€ to the delivery person. However, this practice can be considered as a new business model. Tipping which can be known now as: voluntary contribution. Currently, this mode of revenue is used on sites like youtube, facebook gaming or twitch, the streaming gaming platform. In these cases, the tip allows a fan to show his attachment to an artist, streamer, animator. The transparency of this business model is the method of remuneration of the intermediary company: the commissions.

The other side of this business model is for the restaurant business. Online tipping, especially via applications such as Sunday or The ForPay, allows consumers to tip servers directly via a contactless payment. At the restaurant's choice, a message is displayed on the interface inviting customers to leave a tip to the waiters, just like the companies offering to round up the amount from 9.95 to 10€ for an association.



### Focus on Forkpay

This new function was added to the application “la fourchette” , which was created by Bertrand Jelensperger in 2007. It is used by 45 000 restaurants in the world, 16 millions of visitors per month on his site and has more than 10 millions downloads.

Users :

- Facebook gaming
- Twitch
- Facebook Gaming
- only fans
- sunday, the forkpay

Creators :

- tipeg
- the online tip

Forkpay is a system of paiement via the application “La Fourchette”. It allows you to store invoices on it. Thanks to this, you can follow all your receipts live and since the download of the application.

Customer retention :

- 20€ offered by the app for all on the first order from July 15 to October 21, 2021
- loyalty reward by offering points per transaction, which allows you to have reductions for the next bill

Goals :

- push to go to restaurants to help them revive following the covid pandemic
- Limit contacts
- Win time

Target :

- Compagnies
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## Circular economy models

The circular economy is about producing goods and services in a sustainable way by limiting the consumption and waste of resources and the production of waste. It is about moving from a throwaway society to a more circular economic model.

In March 2020 the European Commission presented the new circular economy action plan that includes proposals on more sustainable product design, reducing waste and empowering consumers (such as a right to repair). Specific focus is brought to resource intensive sectors, such as electronics and ICT, plastics, textiles and construction.

The circular economy focuses on the rational use of resources. Re-research has identified seven archetypal business models (illustrated below). And the combination of two or more of these models can further amplify value creation and resource efficiency.

# CIRCULAR ECONOMY

## Focus on Too Good to Go

In order to fight against food waste, this company offers to their clients the possibility to buy the unsold food.

This business model is built on a circular economy as it gathers all the restaurants in the city and offers on an application the unsold food.

Restaurants become partners and participate in the fight against food waste.



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## Synthesis

Every business model presented above is represented in this graph to compare their positioning in terms of innovation.

