

MANAGEMENT OF ORGANISATIONS

Innovative business model as a source of competitive advantage for high-tech markets

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The role of innovative business model application for company's successful innovation activity is examined. The meaning of business model and innovative business model are defined. Components necessary to successful innovative business model are singled out. The necessary conditions for innovative business model implementation success are described.

Key words – innovation, business model, high technologies, value, commercial implementation.

I. Introduction

Growing competition, changes in consumer behavior, increase access to information resources, the development of information and communication technology and the rising level of risk that we can see today, accustomed to the changing business models impact on the market and to the changing profit formula. Market introduction of the new, yesterday unknown player who makes the market leaders change methods, review the structure of value propositions for consumers, etc., has become common in many industries. Most of these examples we can find analyzing the high-tech markets, where new technology is combined with an efficient innovative business model often leads not only to changes in the business environment, but also to the disappearance of certain markets .

II. The Problem Relevance

Systemic changes in the economy mainly associated with the emergence of new technologies. The invention of the internal combustion engine was the beginning of the automotive industry, but only Henry Ford's conveyor, construction of roads and petrol stations have launched the automotive era. For similar inventions were viable, they must enter into complex interconnected system. Successful commercialization of new technologies depends on a combination of proposals that solves a real problem of the consumer, and business model , in which the company can make profits. However, for new technology paradigms designed specifically for them business model is required. For example, many dotcom tried to create new patterns of doing business online , but most of them duplicate the traditional model - the existence of the proceeds from advertising, while Google was able to combine its advanced search technology with a new business model - search, paid for by advertisers.

Thus the company has become one of the fastest growing and profitable in the world.

A study conducted in 2005 by a group of Economist Intelligence Unit, found that , in the opinion of 50 % of the managers innovative business model is more important for the prosperity than innovative products or services. The survey conducted by IBM in 2008 gave similar results. Almost all of the respondents expressed the need to adjust business models to the new conditions. In tough economic times, companies are looking at the business model as an important factor of stability in a volatile environment. However , according to a study by the American Management Association, global companies devote to the development of new business models no more than 10% of total investment in innovation [1].

Studies conducted by Adrian Slivotski , David Morris and other specialists from Mercer Management Consulting, showed that there is a trend of traditional business models obsolescence and the value migration acceleration from the old to new business models, which are designed in such a way as to ensure benefit (value) for consumers and the company's profits maximisation. Companies that are entering the market with innovative business models (Google, Dell Computer, IKEA, Wal-Mart Stores, Starbuck , etc.), became known as Maverick (maverick), or non-traditional competitors because they do not pay attention to the prevailing industry rules, and establish their own, destroying the stereotypical perception of the industry.

III. The Concept of Innovative Business Model

The scientific literature does not have a unified approach to the definition of business models and components that can ensure its effectiveness. In the report the most common approaches to the interpretation of the business model, business models used by the most famous companies and their evolution are analyzed. Thus, according to [2, p. 101-102], all the existing definition of "business model" can be generalized by two main approaches. The first approach (the so-called "Value based approach") - focused on the process of value creation for consumers and the enterprise. This approach describes the business model as the creation and delivery of value to customers and the way organization gains value (economic, social , etc.) through this process. The second approach (the so-called "Cost based approach") defines a business model as a method of doing business by which a company can secure effective operation to generate income. However, analysis of currently successful business models of existing enterprises and their components shows the need to integrate the approaches mentioned above. In the report to define the term "business model" the definition proposed by N.V. Revutska [3] is used: the business model of the company - a complex of elements that describe fundamentally different from competitors logic of its functioning, on the basis of core competencies for the most

efficient allocation of resources in strategic business processes in order to create a product (service) that meets the priorities of consumers.

As an innovative business model, in this report will understand the concept of integrating innovation that combines innovation processes (technology) products and ways of doing business. Innovative business model - it's not just a way to mix business factors in the chain of value creation of innovative products, but also innovative approaches to the development of existing products as well as innovative approaches to product realization.

It should be noted that the new business model - it's not just organizational innovation. In modern conditions, innovative business models are becoming a major factor of value growth and business competitiveness. With this business model can serve as an integrating innovation, bringing together (in various combinations) innovation processes (technology) products and methods of business organization.

Innovative business models involve the use of radical and open innovations. Traditional ways of innovations emergence (as a result of scientific discovery and/or understanding of consumer needs) supplemented with opportunities of demand management and consumers needs modeling. Innovations increase competition in almost all industries. Arguably, the identification and application of different forms of innovation is somewhat imperative structure strategy, as well as operating the enterprise of the XXI century.

The change of traditional and the emergence of innovative business models particularly conducive to the development of the Internet. Internet allows companies to shape their competitive strategy on the basis of partnership with customers, maintain a dialogue with them, discuss new products and services and so on. Value migration within the branch business systems also contributes to the desire of leading companies around the world to change existing business models and the emergence of new competitive strategies.

IV. Core innovative business model elements identification

In report the detailed analysis of approaches to separation of components necessary to successful innovative business model is given. These components and the method by which they are combined create value for both the consumer and the enterprise, and is a core competitive advantage. Researchers of innovative business models and business models in dynamic markets distinguish a large number of slightly different elements, however one of them in all the approaches is the same. It is value. Scientists justify the importance of targeting the value creation for consumers and the enterprise in the design of business models for high-tech markets. The report analyzes the key factors influencing the value propositions for consumers of high-tech products.

In report author cites a number of examples of well-known high-tech companies, illustrating the value of developing and implementing an effective business model. These include: Toyota, Apple, Tsutaya, Tata Group and others. Analyzing the activities of these companies can be summarized that the

successful launch of new technological paradigms needs specifically designed for them business model. However, analyzing the models used by these companies with market introduction of innovative products, it can be argued that successful innovative business model in high technology markets today usually consists of a offer that has a high value to the consumer, resources and processes that the company will combine to create this offer and the profit model. Examples of successful innovation projects of these companies confirm that the key to success may be to move from focusing on developing individual technologies to create new integrated systems that can comprehensively solve specific consumer problem on a higher level than was previously possible, and to adapt them to market.

Only a relatively simple and isolated business environment can test key assumptions about integration technologies and business models, to optimize the system and to demonstrate the idea to skeptical investors. The most practical and effective way to act in situations of high uncertainty - is to try to accurately predict what will work and then find creative and inexpensive method to check the assumptions underlying this prediction. The aim should be the implementation for the minimum investment and in the minimum possible experiments, which demonstrate the scale of the whole idea.

Conclusion

Today the developers of new technologies are not paying enough attention to development of business models and their adaptation to the market, focusing on revolutionary technology. However, examples of well-known high-tech companies show that the new technology could achieve commercial implementation only when it offers an integrated and meaningful problem-solving tasks for consumer, and is supported by an effective interaction of all processes within the company.

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