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Evolution of Business Models: Past and Present Trends

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Abstract

The article deals with the formation and development of the concept of business models. Is discussed the formation of the definitions, history of the tools business modeling development. Directions of using business models based on the needs of management at different stages of development of the company are shown. The evolution of business models is revealed. The results of research, conducted by the authors, are directed to identifying new trends in creation the business models of modern Russian and foreign companies, is presented. The attempt to predict future trends in this direction is made.

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Keywords: Business model; modeling business; startups; modern trends in the development of business models.

1. Introduction

In modern conditions, when there are permanent appearance of new technologies, changing consumer preferences, the formation of new social trends, the main key factors of success in the competition becomes the correct definition of current business model for the company.

Successful innovative products are no longer a guarantee of success in the market. Integrated innovation that moves to the level of permanent monitoring of the adequacy of the business model changing circumstances and design of its improved version is a determining factor in the success of regional and international competition. This authors position is supported by the views of the other researchers, since according to PhD Strekalova "The fate of the company's business depends on the proper selection and implementation of business models" (Strekalova, 2009).

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1.1. The history of the business modeling

Designing a business model as a tool for strategic and innovative management appeared relatively recently. The first steps in the direction of business modeling have been made in the 70 years of the twentieth. According to the needs of top-management large-scale projects methodology of structural analysis and design systems SADT had appeared (Structured Analysis and Design Technique). It was developed by the American Douglas Ross in 1973. One of the subsets of the SADT, methodology for functional simulation IDEF0, an extraordinarily wide application had obtained. (Integration Definition For Function Modeling). This direction has been developed on the basis of a separate direction programotekhniki CASE-technologies (Computer-Aided Software/System Engineering) in the 80 years. After that programs designed to address organizational issues management or business modeling, was detached into separate class, which in the western market was named «BMS» (Business Modeling Software). Among these software products possible to allocate Edrawsoft, AccuProcess Modeler, Gliffy, ConceptDraw и другие. BP Win is one of the most popular products among business modeling and simulation of business processes.

In the 2000s, business modeling, supported by appropriate software, gradually has evolved to a separate management methodology - Business Engineering. The basic content of which is to analyze and improve the company's activities through the wide application of its business model, created using a process approach. At this stage, comes the understanding that business modeling is a tool that allows you to determine the correct direction of change, to form the concept of change and facilitate their implementation.

1.2. Concept of business model

Analysis of the literature shows that the authors often understand the business model in different ways, and their studies are carried out in several directions. Within the first direction researchers use a business model as an abstract concept to a very general way to describe a way to create, sale and delivery of value to customers (Chesbro, 2008; Markides, 2010; Ostervalder & Penye, 2013).

The second trend is characterized by the primarily emphasis on the concept of business (Slivotsky, 2006). This approach allows researchers to overcome the complexity of the object under study and reduce it to a level acceptable to the perception and understanding. All this helps to selection and study of the basic elements of the business model, as well as the relationships between them, which generally characterize the company's business. For example, in Kristensen (2009); A.Slivotsky (2006), along with the definitions of business model elements that must be present in it are specified. The quantity and composition of selectable items different authors vary and their number ranges from 4 to 9. In general, they may be presented as a list of basic elements of a business model.

The third line of research examines specific situations and analyzes the business models of real companies. The authors use a business model to describe and analyze business successful companies such as Xerox, Zipcar, Lego, Dell, Innosentive, Toyota, Wal-Mart and others. It should be noted that the descriptions of business models in the literature by various authors often differ in the terminology used in conceptualizing and how they formalize these business models real companies.

Analysis was performed based on the definitions of business models, presented in Table 1.

Table1. Bases definition of business model

Author	Definition
Kim, C.W., Mauborgne, R.	The business model is a curve values, which reflects how the company will meet the needs of the consumer according to different criteria.
Prakhalad, K., Ramasvame, V.	The concept of business model - a unified unit of analysis, which helps to understand the process of creating value, which is the result of attracting many kinds of resources and the result of many processes. Organization's business model - is the logic connection resources and capabilities in order to consistently achieve their goals and carry out business activities. ... It's such a configuration of resources and abilities that will allow us to create unique value.
Debelak, D.	For investors, the business model - it is a way to evaluate whether the company will reach success. But for a businessman - this is a tool for creating dynamic company.

Christensen, C. and other	Business model consists of four interrelated elements: customer value of the product, the formula of profit, key resources, key processes.
Linder, J., Cantrell, S.	Business model - is the basic logic of value creation in the company. There are three types of models: the component business model, operating business model and changes model.
Osterwalder, A., Pene, I.	Business model - a understanding of how the organization is doing (or intends to do so) the money. The business model describes the value that the organization offers a variety of customers, reflects the ability of the organization, a list of partners that are required for the creation, promotion and delivery of value to customers, relationship capital that required to obtain a stable stream revenue.
Chesbro, G.	Business model - a method that the company uses to create value and profit
Slywotzky, A.J.	Business model - this is how the company chooses the consumer, formulates and delineates their proposals, allocates resources, defines what tasks it can perform itself and for which have to involve experts outside the market, creates value for the customer and receives profit. Companies can offer the products, services or technology, but this proposal is based on an integrated system of actions and relationships, which is the company's business model.
Hamel, G.	Business concept and business model are made from the same dough: business model is simply a business concept implemented in practice. The main characteristics of the business models are formed depending on its ability to innovate, the specificity of the industry and the company's past (updates, revolution, flexibility and cost reduction)
Markides, C.	The business model is the sum of the responses, which the company gives to the three related questions. Who should be my target audience? What products or services I have to offer our customers and what should distinguish my offer? How can I do this efficiently?
Author	Definition

Source: developed by the authors

1.3. Using the business model

Business models have been widely used in the era of technological entrepreneurship and venture capital investment. Since this tool provides the opportunity for a short period of time to compare several projects and startups.

Assessing the short and capacious view of the company as a business model, managers become widely use business modeling for strategic and operational management. This tool has become a tool for reflection and study business. At the moment, the business model is used in a broad range of tasks, among which are:

- Understanding of the business logic;
- The design of forms of adaptation to external changes;
- The basis for strategic planning and business modeling, conducting strategic experiments;
- The development of new conceptual solutions in the product line and the form of business organization;
- The creation of a single communication space with respect to the logic of business organization and management;
- The training of professional managers in the style of highly successful adaptive companies.

1.4. Classification of business models

Let us consider options for the classification of business models. G. Chesboro (2008) offers six types of business models from the basic models that provide small advantage to the very complex, allowing achieving a significant advantage over other market participants, Table. 2.

Table 2. Classification of business models by G. Chesbro

Type of business models	Business models	The innovation process	Intellectual Property Management
Type 1	Undifferentiated	Now	No information
Type 2	Differentiated	From case to case	Reactive type
Type 3	Segmented	As planned	Protective type
Type 4	Externally-oriented	With external support	As supporting assets

Type 5	Integrated	As part of the business model	As a financial asset
Type 6	Adaptive	Identifies new business models	As a strategic asset

Source: G.Chesboro, 2008

The following classification features and types of business model (Table 3). can be identified on the basis of competitive measurements of the new business model C. Markides

Table 3. Classification of business models by C. Markides

Classification attributes	Business models types
On the fundamental business concepts	The creating a new market
	The creating a new segment
	The creation of new needs
For the selection of the customers	Attracting customers from existing market
	Formation of a new market and establish their own customers
Strategy differentiation	The same proposal as the traditional market, but other types of services (car rental company Zipcar)
	The new proposal older types of services (Electric car)
	The new proposal, a new service (payment system PayPal)
On the production system	Classical production technology, but new service technology (eg, Dell)
	New production technology and old services (site rental apartments Roomorama)
	Production technologies and new services (P2P platforms)
According to the organizational structure	In the presence of the organizational structure of the company
	In the presence of the organizational structure of the company and freelancers
	Mesh-model and its users based IT platform proposed by the company
By distribution channel	traditional
	virtual
	combined

Source: C. Markides, 2010

This classification is based on the types of selected elements of business models, such as marketing aspects, production, organizational structure, and others.

The classification proposed by A. Osterwalder and I.Pene is the allocation modern business models that were created by companies that win in the competition. The authors identify five types of business models :

- Separation of business models.
- "Long tail."
- Multilateral platforms.
- Free as a business model.
- Open business models.

In further studies the transformation of modern business models will be carried out on the basis of this classification.

1.5. The evolution of business models and modern trends

The history of the development of business models has just over 100 years. According A.Ostervalderu first transformation of the classical business model shop began in 20-30s years. Classical model includes placing the store at the location of potential buyers and demonstration for them goods or services for sale. Business model, which is called "bait-hook" (also known as "razor-blade" or "related products") began to be used at the beginning of the 20th

century. This business model is to sell the basic product at a very low price, sometimes below cost ("bait"), then the main profit is earned on the sale of spare parts, consumables or other associated with the use of "bait" of goods or services ("hook"). For example, razors and blades, mobile phones and communication services, printers and cartridges, cameras and photography. In the 1950s, new business models based on organizational, managerial and marketing innovations developed by McDonald's and Toyota. In the 1960s, the innovators were Wal-Mart. 1970 brought new business models from FedEx and Toys R Us; 1980 Blockbuster, Home Depot, Intel and Dell; 1990s from Southwest Airlines, Netflix, eBay, Amazon.com and Starbucks.

Modern companies use the transformation of business models to reduce costs and improve business efficiency, including through outsourcing, new forms and quality of service, new forms of organization of work. Among such companies can be identified manufacturers of clothing, food, cosmetics. However, the vast majority of critical innovations in business models seen in IT companies. And one of the leading trends can be called the change and transformation of business models based on the capabilities of IT convergence technologies (off line IT) and virtual space (on line).

The authors conducted a study to identify new solutions to companies in five kinds of business models Osterwalder and identification of innovative business models, modern successful companies.

Let us consider company and the decisions they have made based on transformation of their existing business models..

a. Separation

This business model assumes division the business model in order to create a well-functioning individual units or individual companies. Here you can allocate the company Zara, which is divided into separate business areas clothes and household goods. The company Compass Health, which produces functional food only from natural ingredients, forms a plant for the production of natural cosmetics. Novosibirsk city site (NGS) began to deepen thematic division on the site in a separate section tourism, business, real estate, labor and others. RelateIQ startup company that has developed a tool for sales management aimed at "smart relations" with the client.

b. «Long tail»

According to the business model long-tail the company is focused on attracting a large number of buyers niche products. On the basis of this principle, were developed specialized platforms, such as a forum of young mothers Sibmama, which was transformed into a platform for buying - selling children's clothes, and then to implement a wide range of consumer goods. And similar business models use such platforms as Pulschen.ru, Price.ru and Avito.ru, which are engaged in the realization industrial and household goods. Similar companies in the auto market is Drom.ru.

Lilu.com - Publishing, which is implementing printing of books to order. Zipcar company based on our platform provide a complete cycle of services for travel planning and for renting a car.

c. Multilateral platforms

The essence of the multilateral platforms is that they are of interest to customers, the company's revenue only, when this resource uses a wide range of potential customers of these companies. Internet resource SurveyMonkey.ru allows all, involved in sociological surveys and investigation public opinion, to create their profiles and conduct surveys among the general population of the Internet. Company 2do2go and Afisha.ru for everyone provides a selection of interesting events and activities in the city on the basis of defined filters. Company Kursera - a project in the field of mass education online, allowing all Internet users to develop different courses and disciplines based on leading professors in the world. Eventbrite - service ticket sales organization and marketing activities. All of these companies are united by the fact that they do not get the revenue from those customers who use their merchandise.

d. FREE

In these business models, at least one significant consumer segment for a long time can obtain the benefit of the free sentences. 2GIS can be attributed to such companies, which has been actively developed as an advertising platform when the majority of the population actively use this service. It is worth noting that the company is actively working to expand the revenue stream. At the initial stage the company must pay for an additional advertising and the release of information about the company in the top 10, but now they offer a wide range of additional services, including an increase in traffic on the company's website and increase the conversions. The company Alawar, Blizzard Entertainment et al. are use the business models in specific game areas, based on the following decision: the game is free, but to get more resources and capabilities of the user pays own.

These business models are used startups that "blew up" the market of individual passenger services "Uber" and "Taxi Driver".

e. Open platforms

In an open business models, creation and preservation of value to the customer is due to the cooperation with external partners. These business models are used only by large corporations to obtain spasmodic changes for the results of their own innovation performance. On the basis of this decision formed freelance platforms such as freelance.ru, allfreelancers.su, freelancerbay.com, golance.ru, nooffi.com. And the kind of services offered on these platforms extended. Web design and copywriting supplemented by florists, auto mechanics, stylists, marketers, seamstresses, beauticians, hairdressers and others. Work platforms Hackaton is based on the model of open innovation. Such platforms exist in the form of commercial projects, and in the form of social. Hackathon is a developer forum, during which experts from different areas of software development (programmers, designers, managers) are working together to solve a problem. Examples of such platforms are ru.droidcon.com, techcrunch.com, hackathon.spb.ru.

In the course of the study it was revealed a new direction, which is the simultaneous development of open platforms and models of the long tail. Internet resource moguza.ru service is the buying and selling of digital services. A large number of workers placed an offer on this platform, and the platform organizes interaction of performers and customers with a guarantee of quality of the provided service. Business model of modern payment platform, such as PayPal, Qiwi purse, is built on a similar basis.

Key findings are summarized in Table 4.

Table 4. Determination the type of business model of successful modern companies based on the classification of business models Osterwalder

Company	Type of business model					
	Separation	«Long tail»	Multilateral platforms	FREE	Open platforms	
Russian	Compass health	Pulscen.ru	2do2go	2GIS	Allfreelancers.su,	
	NGS	Price.ru	Gotonight	Afisha.ru	Golance.ru/, Nooffi.com	
		Sibmama.ru	Yandex	Alawar	Ru.droidcon.com,	
		Avito.ru			Techcrunch.com,	
		Drom.ru			Hackathon.spb.ru	
Foreign	Zara	Lilu.com	Surveymonkey.ru	Blizzard	Freelance.ru,	
	RelateIQ	zipcar	Coursera.ru	Entertainment	Freelancerbay.com	
				Google	Uber	
				Eventbrite		
Convergence and development of long-tail models and open platforms - Internet service – moguza.ru, PayPal, Qiwi purse						

Source: developed by the authors

Based on these results, we can conclude that the IT sector remains one of the most favorable for the emergence of a wide range of innovative solutions that companies are laying the foundation for new successful business models. What is the evidence of dominance technology fifth order. Russian Internet community is developing at the level of foreign colleagues and in the near future we can expect new and interesting IT solutions in corporate business, and at startup companies.

Also it should be noted that the formation of a large potential in medium and large companies to optimize business processes based on new IT solutions which will allow to create new business models with fundamentally different service and monetization processes.

1.6. Forecast of development of business models for the future

The formation of the companies of the future impact the set of factors: technological development, depletion of natural resources, social trends, environmental safety, and others. In the current situation formed technological trends, mainly in IT that will have a major impact on changes in the business models of the company in the short and medium term.

On the basis of the emerging powerful potential in the field of IT technologies and new management tools became possible develop networks of business models, when the company will create service division for several companies - partners. For such companies, a number of business functions may be available for sharing.

With the use of multilateral platforms and open innovation model can be created based on network interactions dynamic teams, which are combined to implement a single idea can be transformed into a startup company to develop on its basis a new business line. Moreover, in this direction is possible to change the roles of customers and performers, at certain stages when the customer takes over the individual works, and artist creates for him a job.

Conclusions

Having considered the new trends in the development of certain types of business models and emerging companies should be noted that new technological solutions have a significant impact on the transformation of the institutional architecture of the companies and their business model. In the future, is expected to increase diversity in the economic space based on the new business model of the company and the creation of new companies based on innovative business models.

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