VA³: Governance Selection in Value Webs

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Accenture

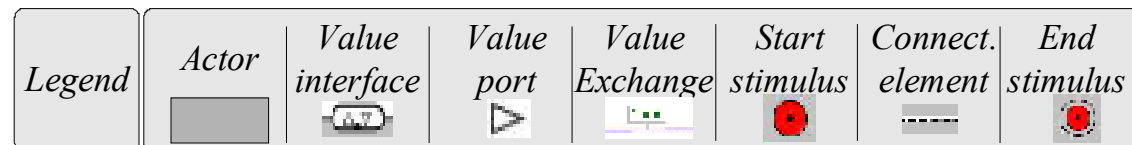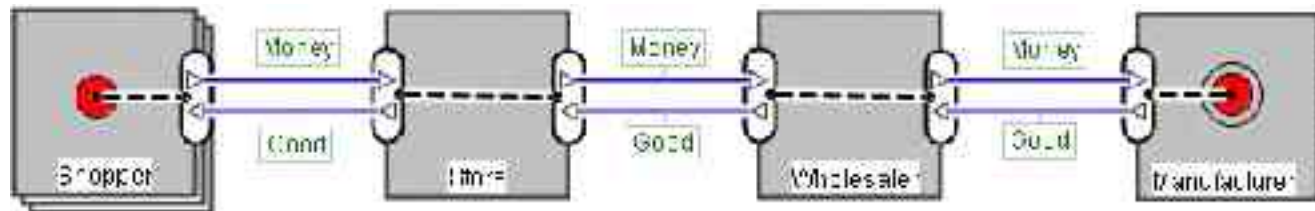Jaap Gordijn

VU Amsterdam

Edwin Paalvast

Cisco Systems

Modeling Value Webs with *e³value*

- *Value webs*: Constellations of enterprises that offers products jointly to customers

- *Modeling* of value webs:

  - *Shared understanding* by all stakeholders

  - *Enabling software requirements engineering* for software supporting the value.
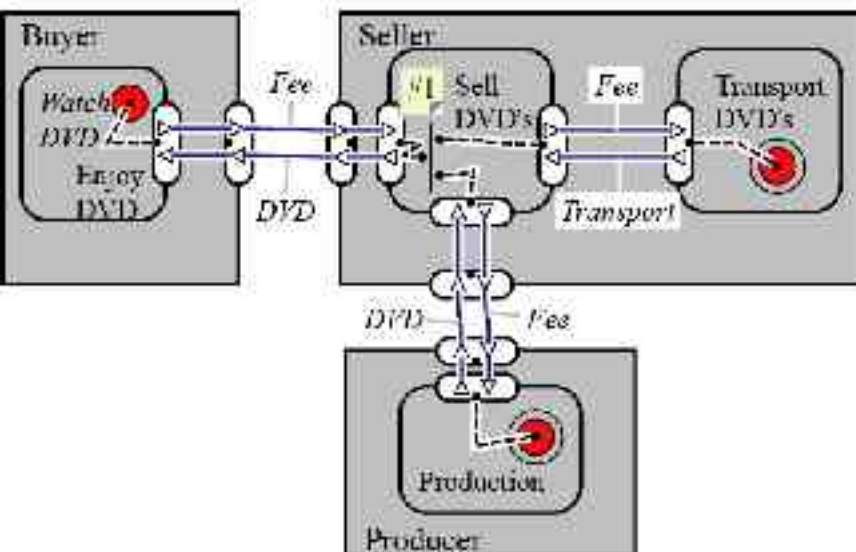
- A modeling language for value webs is *e³value:*

Legend	Actor	Value interface	Value port	Value Exchange	Start stimulus	Connect. element	End stimulus

The "Value Activity Assignment Problem" is a …

- Which actor is performing which value activity

- Important, because *value activities generate profit*

(a) The seller performs the 'sell DVD' and the 'transport DVD' activity
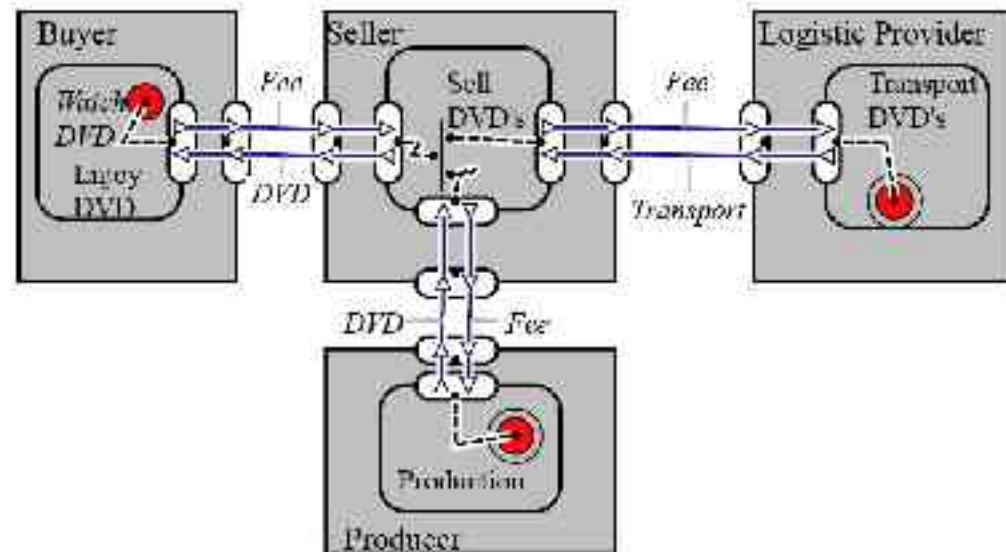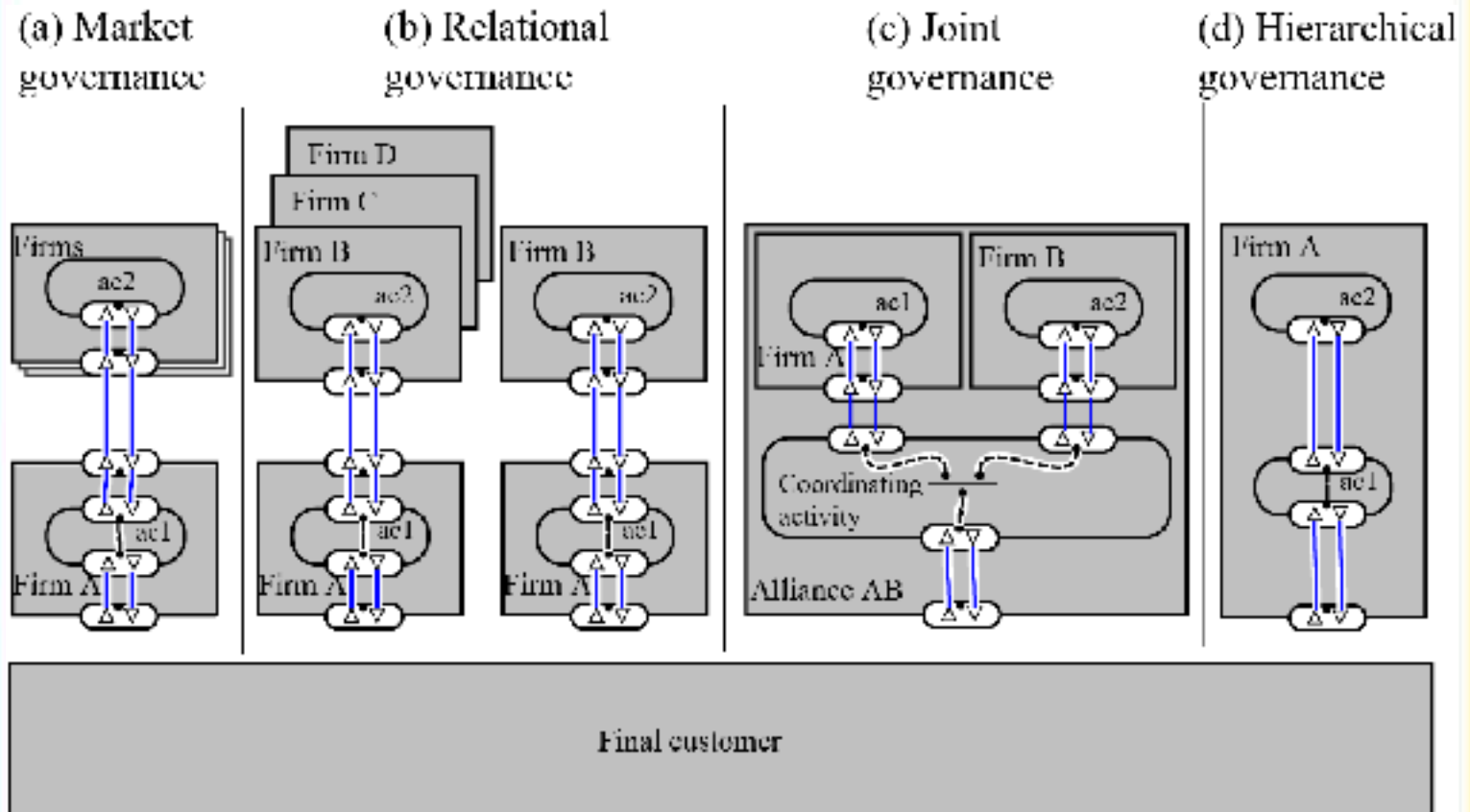
(b) The seller performs the 'sell DVD' and the logistic provider the 'transport DVD' activity
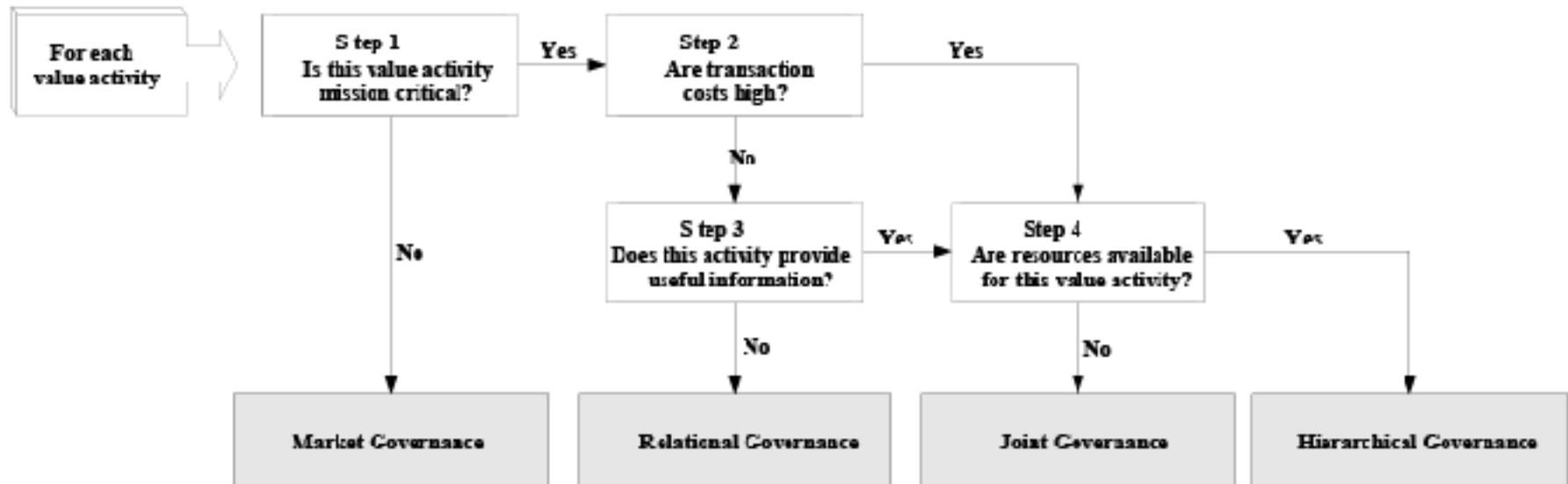
1. *e³value*
2. The value assignment problem is …
3. Governance selection
4. Case study
5. In sum …

(a) Market governance
(b) Relational governance
(c) Joint governance
(d) Hierarchical governance

Final customer

Steps in Solving the Governance Selection Problem with e^3value

- Preference for *market governance*, unless
  - Activity is *mission critical*
  - *Transaction costs* are high
  - Activity provides *useful information*
  - Important *resources* are available

Case Study: Cisco Systems (1)

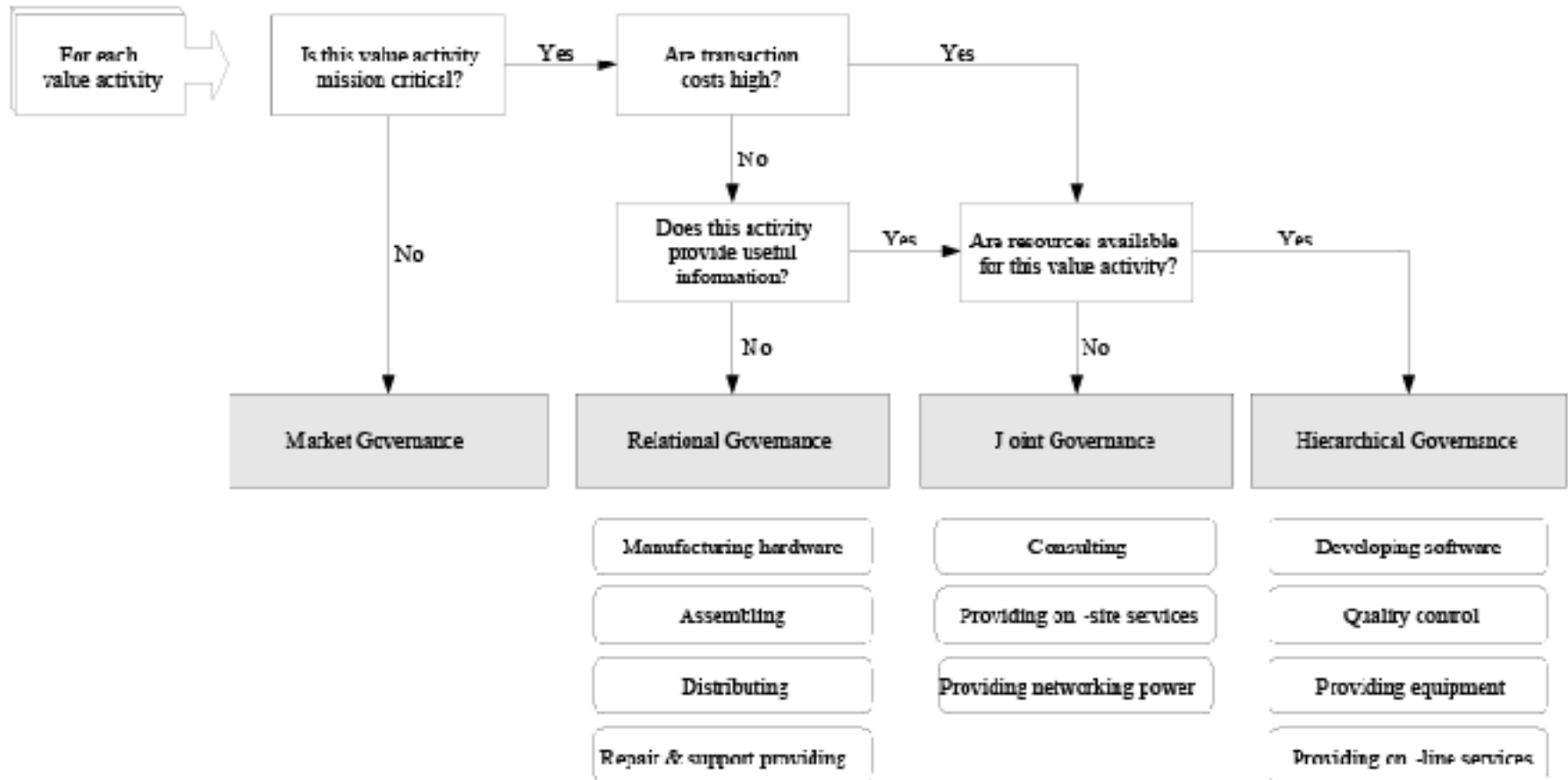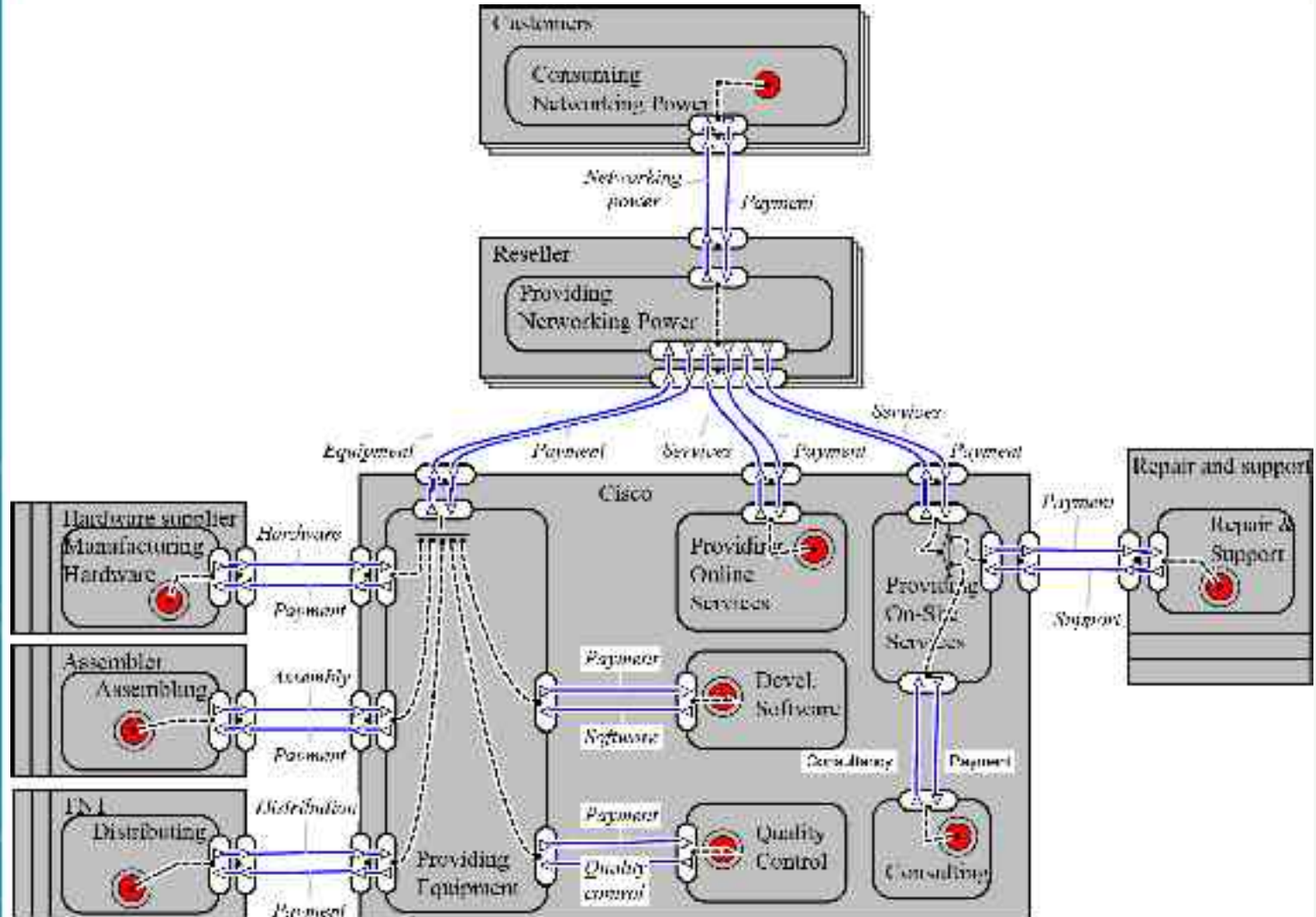- Value activities in the Cisco value web:

Case Study: Cisco Systems (2)

- Deciding on Cisco's governance structures

Case Study: Cisco Systems (3)

- Modeling Cisco's governance structures

In sum

- While using VA³, numerous *explanations* show up, explaining choices made by Cisco. So, *descriptive* value
  - "Testing" under hierarchical control (asset specificity, information, available resources)
- Future research on *VA³*
  - Now a *single* enterprise perspective (for each activity of enterprise X do …)
  - Value webs: *competition* for execution of a value activity, since such an activity is supposed to yield a profit
  - So, steps for deciding on governance reflecting that *multiple enterprises* are interested in executing a value activity

More Information about *e³value*

- Contact Jaap Gordijn / Vrije Universiteit Amsterdam
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- *We are always interested in industrial strength case studies*

- Free *e³value* tool:
  - Download at: *http://www.cs.vu.nl/ ~gordijn/tools.htm*