VA$^3$: Governance Selection in Value Webs

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Modeling Value Webs with $e^3\text{value}$

- **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 $e^3\text{value}$:

  ![Diagram of value webs]

  **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
... Governance Selection Problem!

1. value
2. The value assignment problem is ...
3. Governance selection
4. Case study
5. In sum
Steps in Solving the Governance Selection Problem with $e^3$value

1. $e^3$value
2. The value assignment problem is …
3. Governance selection
4. Case study
5. In sum …

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

![Decision tree diagram]
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 VA$^3$, numerous *explanations* show up, explaining choices made by Cisco. So, *descriptive value*
  • “Testing” under hierarchical control (asset specificity, information, available resources)

• Future research on VA$^3$
  • 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 $e^3$value

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

- Free $e^3$value tool:
  - Download at: http://www.cs.vu.nl/~gordijn/tools.htm