Value Process and Business Process in e-Business Modelling

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Outline:

- Introduction
- Related works
- Requirements analysis
- Value process & business process in modelling
- Example of two processes & their relationships
- Conclusion & further research

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Introduction:

- No common understanding of the domain.
- Approaches hardly understood by the stakeholders.
- Such a modelling needs to be developed that can truly contribute.
- Integration of the business know-how and the ideas introduced by the latest technologies.

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Related works:

- "An architecture for the product, service and information flows, including a description of the various business actors and their roles." (Timmers, 1998)
- "The method of doing business by which a company can sustain itself." (Rappa, 2001)
- "Nothing else than a description of the value a company offers to one or several segments of customers and the architecture of the firm and its network of partners…." (Osterwalder & Pigneur, 2002)
- A business model describes the logic of a 'business system' for creating value. (Petrovic, Kittl & Teksten, 2002)

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Scope (modelling approach):

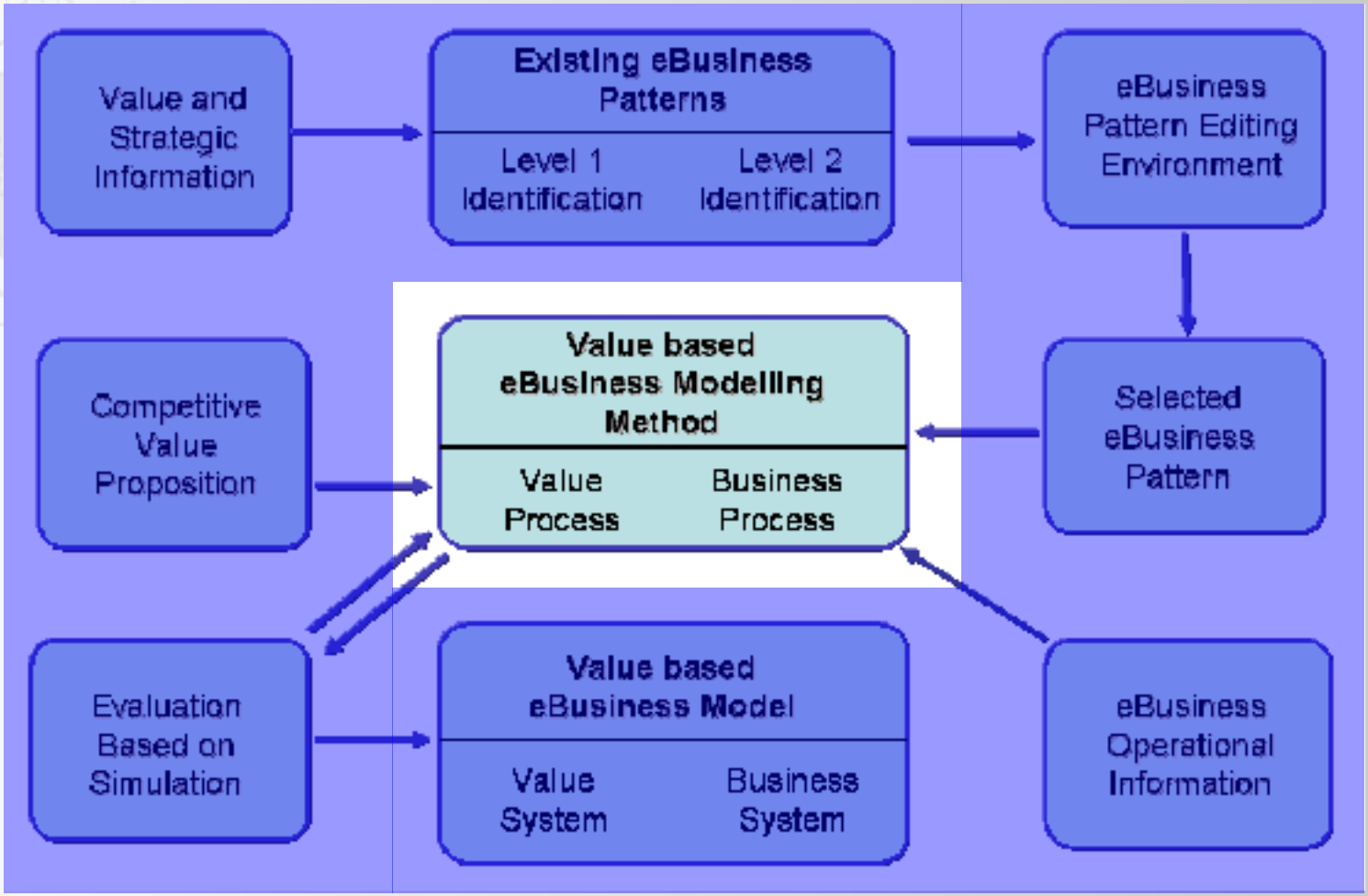

Figure: Value based e-business modelling approach.

Requirements analysis:

- Competitive value is important.
- Activity or transaction between the actors driven by value.
- The activity might be between:
  - two actors within the same organisation.
  - two organisations.
  - an organisation and a customer.
- Every business must be able to provide all operational information and some attribute information.
- Not much difference between traditional business and modern e-business.

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Value, Value process, & Business process:

- Value:
  - Business was viewed as the processes composed of value adding activities.
  - Everything that relates to the customers' satisfaction: content and/or context.
- Value process:
  - Process of anything that contributes as part of the customers' satisfaction.
  - Value creation and value addition activities.
  - External and internal activities.

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Value, Value process, & Business process (cont.):

- Business process:
  - Set of logically related business activities that combine to deliver something of a value.
  - The detailed total number of activities and resources required to deliver a specific value.
  - Three dimensions of business process: *entities*, *objects*, and *activities*.

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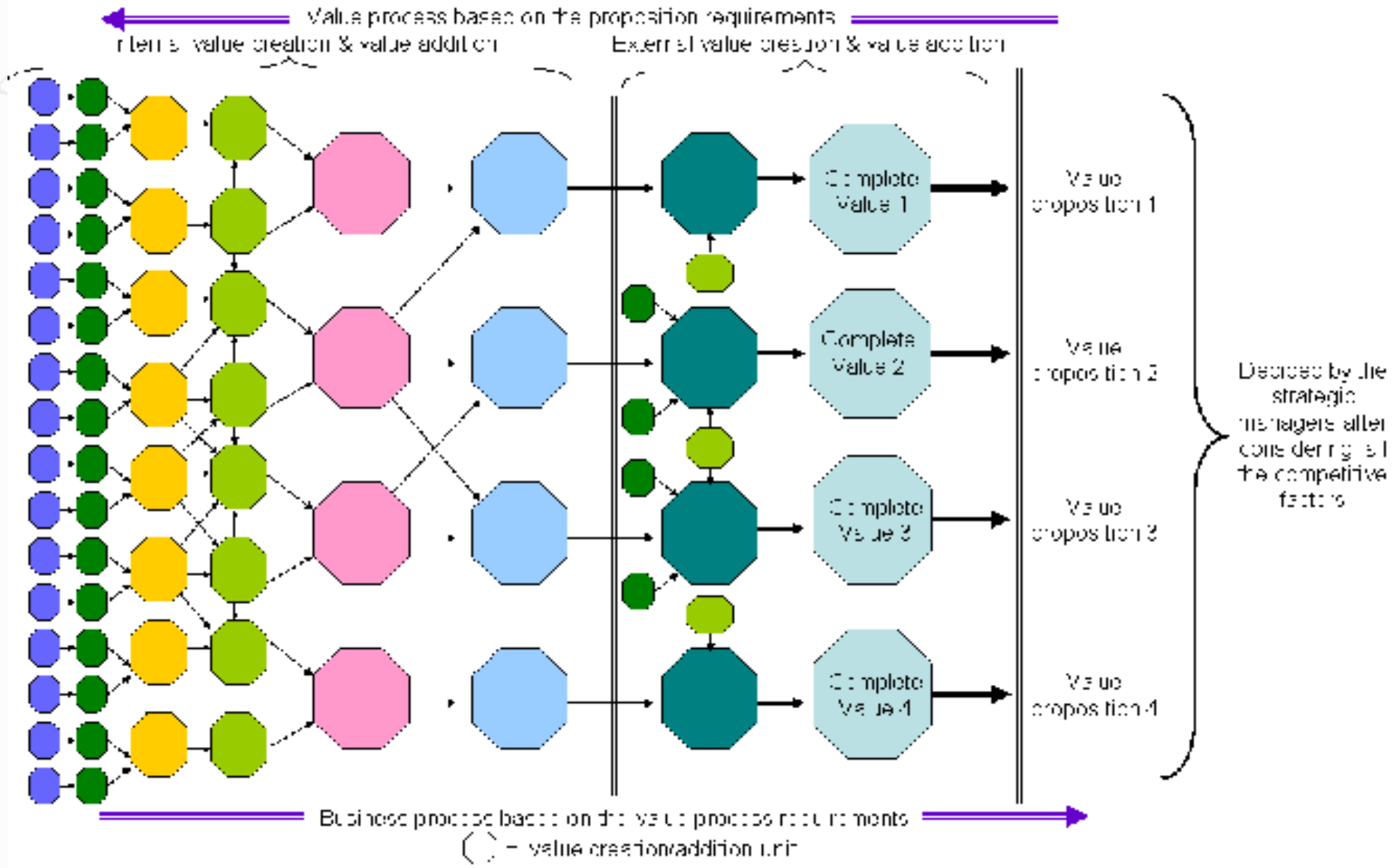
Value process & Business process:



Overview of value creation and value addition process

Why value process in modelling:

- Reasons will differ depending on the type of organisations.
- The need to evaluate the customer satisfaction.
- The need to evaluate the business process efficiency.
- The need to evaluate the human resource efficiency.
- The need to evaluate business practice as part of the overall development of the business.
- Combination of the evaluation results reflects the success possibility of the overall business.

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Why business process in modelling:

- Inclusion of the business process in modelling is quite obvious.
- Represents real-time integration of the processes of a company with those of its suppliers, business partners, & customers.
- To evaluate business practice as part of an organisational development.
- To evaluate potential new business ventures or business offerings.
- To manage the organisation's knowledge resources.
- To manage human resources.

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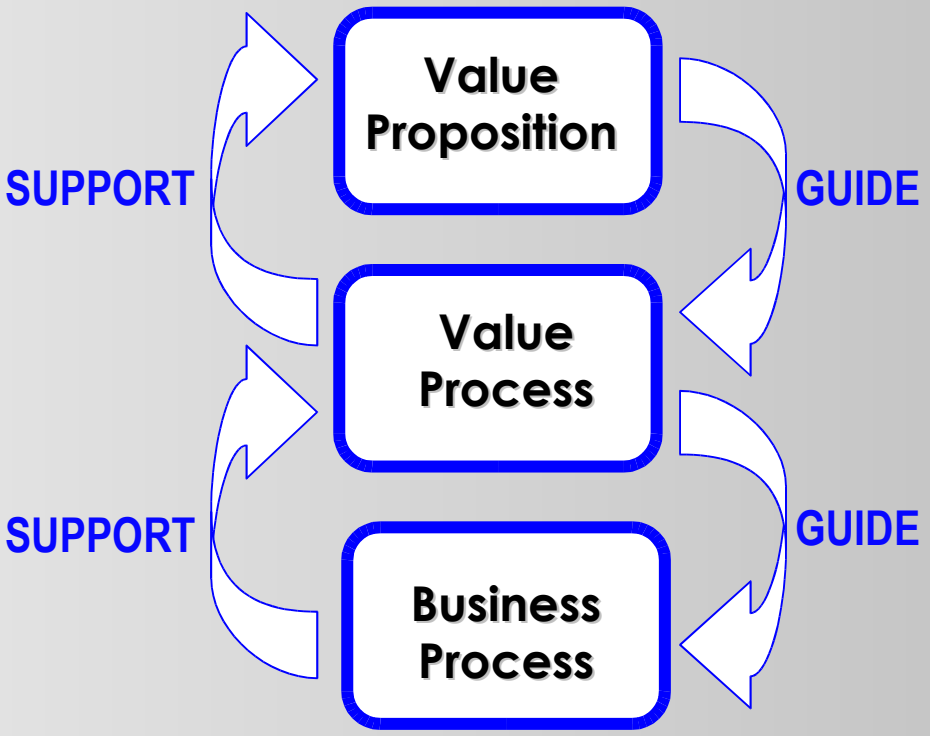
Relationships between two processes:

- Business process is guided by the value process.
- Value process is supported by the business process.
- A unit of value is created by one or more business process units.
- A value process cannot deliver a value without a business process.
- A business process does not know what to process without a value process.



Example: Background

- Some of the information has been modified for the simplicity of the example.
- One of the leading multi-brand online car purchasing service providers.
- Provides all the tools needed to make an informed purchasing decision.
- Customers can research, price, purchase, sell, finance, and insure a vehicle through their services.
- Provides three distinctive options to buy a car.

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Example: Value process

- Offers four main values to the customer:
  - Buy a car
  - Sell a car
  - Finance a car
  - Insure a car
- Each of the above is composed of sub-values and sub-sub-values.
- For example: Buy a car
  - Buy a new car
  - Buy a used car

Example: Value process (cont.)

- For example: Buy a new car
  - Choose the car
  - Complete the order
  - Place the order with payment
  - Arrangement for pick up
- For example: Choose the car
  - Research & compare the prices
  - Select options & see prices
- For example: Research & compare the prices
  - Specification information
  - Ratings
  - Vehicle reviews

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Example: Value process (cont.)

- For example: Specification information
  - Safety features
  - Seating & interior
  - Steering & suspension
  - Powertrain
  - Comfort & conveniences
  - Dimensions & capacities
  - Exterior features
  - Warranty

Example: Value process (cont.)

- For example: Safety features
  - Driver-side impact airbags
  - Security systems
  - Panic alarm
  - Anti-lock brakes
  - Daytime running lights
  - Ignition disable
  - Side impact bars
  - Overhead airbags
  - Front impact airbags
  - Centre high mounted stop light

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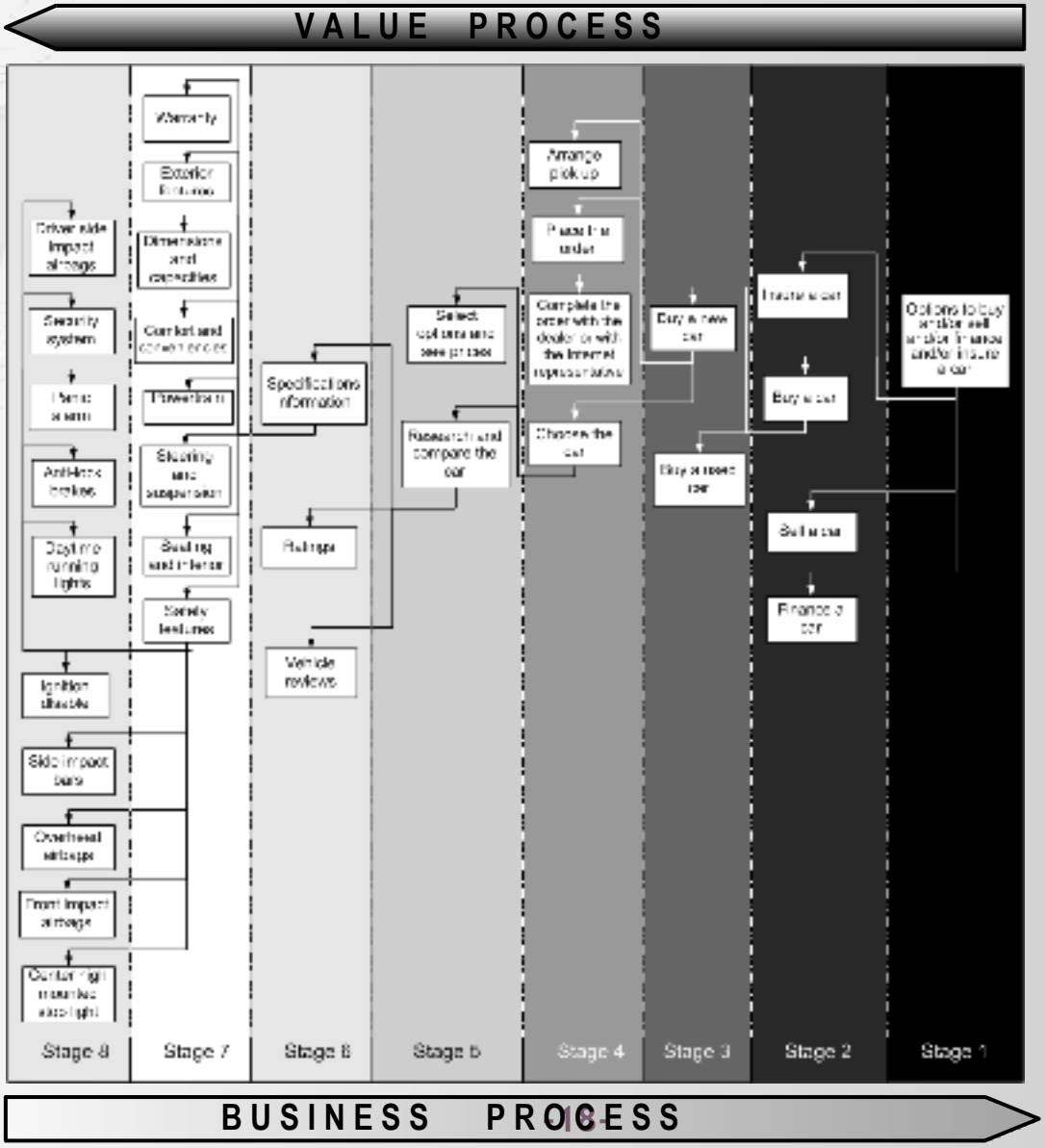
Example: Value process & Business process



Example: Business process

- For example: Facility to research & compare the prices
  - Collect & store the information about the features of the cars.
  - Collect & store the information about vehicle reviews.
  - Collect & store the information about vehicle ratings.
  - Sort the information according to make & model of the cars.
  - Provide online mechanism to compare the cars with prices.

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Example: Relationships between processes

- None of the value or sub-value discussed cannot be delivered without business processes.
- Business process activities are performed only when there is a demand for value (i.e. facility to research and compare cars, buy a car, etc.).
- No facility to research & compare cars, no collection & storage of information (no value process, no business process).
- Value process & business process are interdependent and interrelated.

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Conclusion & further research:

- Two processes are important in e-business modelling.
- Interrelated & interdependent to each other.
- Not much research on the complex relationships of these two processes.
- Provided an example to illustrate our arguments.
- Further research:
  - Deriving business process from value process.
  - Evaluating value process and business process based on simulation.
  - Developing value system and business system.

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Any questions?

Thank you

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