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The Virtualization of Value Creation

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Summary

„A fundamental shift in the economics of information is under way - a shift that is less about any specific new technology than about the fact that a new behaviour is reaching critical mass.“ (Evans and Wurster, 1997).

The utilization of new information and communication technologies (ICT) is changing the way we communicate, organize our work and companies, or do business and creating values in general. The significance of these developments is obvious, e.g., in financial markets, and gives us an idea about what's coming up in the future.

Analyzing these developments it is very obvious that traditional structures and processes of value creation and thus today's business models will be effected fundamentally. They will lead to new challenges for the management of value creation in general and require new concepts in order to cope with these challenges.

The panel will contribute to the understanding of emerging forms - structures and processes - of value creation focusing on different aspects: First the general developments will be analyzed in brief, then two major topics will be discussed in-depth: The roles of 'customer ownership' and emergent network organizations in the context of value creation in the Digital Economy.

(1) Characteristics of Value Creation in the Digital Economy

Especially in information intensive industries the fundamental changes of the basic business models can be described very clearly and convincingly. In the financial industry nowadays one can observe (a) a general disintermediation of traditional value chains, (b) at the same time a reintermediation, resulting (c) in emerging new intermediaries as important elements of (d) emerging 'value webs' and (e) a shift towards customer oriented service bundling (Zimmermann and Körner, 1999). The presentation will analyze these topics as important characteristics of a future Digital Economy effecting structures and processes of value creation using examples from the retail banking sector.

(2) Marketing Cooperations: Controlling the Access to the Customer

In order to build a successful cooperation, the roles and tasks must be differentiated and defined, who should be responsible for the contact to the customer. In the long run, only those cooperations will be successful, in which just one company will control the customer access. The presentation will show different forms and types of marketing cooperations (ad hoc cooperations, cooperation platforms and bottlenecks) in the insurance industry and discuss their critical success factors by using cases from Germany and Switzerland.

(3) The Emergence of Network Organizations in the Insurance Industry

In financial-service markets and thus in the insurance industry, too, the trend towards network structures is becoming more and more obvious. The growing number of strategic alliances and joint ventures between insurance companies and banks and the formation of autonomous business spheres are evidence of this development. With regard to the 'A 2.007: Networked Insurance' joint project, there is the challenge of showing early on not only the parallels but also the differences between industrial and service companies. Briefly, network structures are the order of the day in insurance too - but it remains an open question how they will be realized in concrete terms.

The presentation will address a number of crucial tendencies with particular reference to the fact that network structures call for individual responses to key challenges. An emphasis will also be put on the occurrence of a wider understanding of competition, which takes the trading of core products and the possibility of strategic sourcing into account.

References

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