

Value Chain 2.0

by

Xavier Comtesse and Jeffrey Huang, ThinkStudio

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Hypothesis :

When consumers turn into active stakeholders in the economy, they become integral part of the value creation process. A new dimension is thus opened: the "value chain 2.0. "

This dimension is, in some sense, a continuation of the value chain concept established by Michael Porter in 1985. However, here the focus is on a participative economy.

Value chain 2.0 takes into account the active consumer in the production of value, across every level of a company's activities. Henceforth, we call the active consumer the "ConsumActor " to indicate this reality.

The ConsumActor acts along two dimensions, as a:

- creator of context (action)
- creator of content (knowledge)

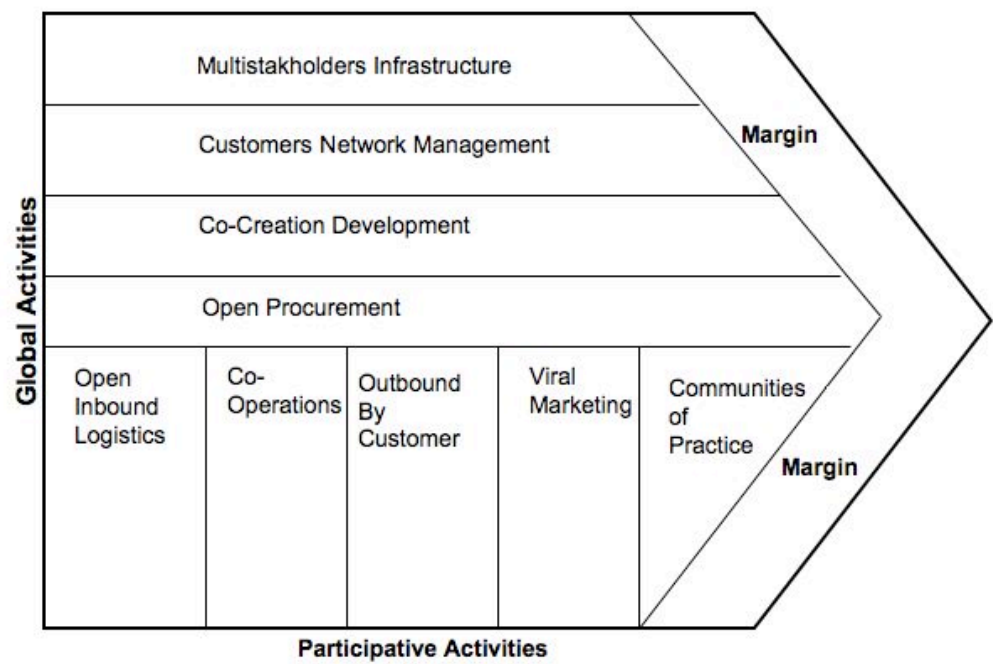
We recognize how deeply this shift towards "customer empowerment" is affecting the economy, especially in Internet-based industries.

The classic linear representation of the value chain by Michael Porter needs therefore some fundamental rethinking. How can the old value chain integrate the non-linear, complex and networked realities of the participative economy?

The diagram of the value chain 2.0 below proposes an adaptation of the old value chain for the direct economy:

Representation :

VALUE CHAIN 2.0



Dr Xavier L.Comtesse, Pr. Jeffrey Huang, ThinkStudio, 2008

Explanation :

1.- Participative Activities vs. Primary Activities

The basic activities of the company must henceforth integrate the activities of the ConsumActor.

1.1.-Open Inbound Logistics vs. Inbound Logistics

The supply (reception, stock and distribution of raw materials) can be entrusted in certain cases to the ConsumActor (e.g. The customer arrives with his own T-shirts for personalization).

1.2.-Co-operations vs. Operations

Le ConsumActor participates actively in the manufacturing process (e.g. Wikipedia)

1.3 Outbound Logistics by Customers vs. Outbound Logistics

The ConsumActor is in total or partial charge of the marketing activities (e.g. EBay).

1.4 Viral vs. Marketing and Sales

The techniques of viral marketing rely on the customers themselves (e.g. Amazon)

1.5 Communities of Practice vs. Services

The communities of practice assume totally or partially the after-sale services.

2.-Global activities vs. Support Activities

The support environment does not belong any longer to the company itself, but to the whole ecosystem in which the company is immersed in.

2.1.-Mutistakeholders Infrastructure vs. Firm Infrastructure

The internal infrastructures of a company connect directly to the infrastructures of the other "stakeholders." The result is a multi-stakeholder environment. (e.g. computer cloud).

2.2.-Customer Network Management vs. HR management

The management of human resource management is extended and now also includes the client's network. (e.g. Facebook).

2.3.-Co-Creation vs. Technology Development

Research and development integrates the creativity of a company's ConsumActors (eg P&G Connect).

2.4 Open Procurement vs. Procurement

ConsumActors penetrate also the supply chains.

Conclusion:

The model of the value chain 2.0 presented above takes into account the change of paradigms imposed by the active participation of ConsumActors in the economy.

When customers are no longer in a passive or self-service mode, but have become active -- i.e., operating in a do-it-yourself, co-design or co-creative mode --, the traditional value chain of Michael Porter is no longer effective.

We have thus today two complementary and distinct value chains: the traditional value chain with a passive customer, and the version 2.0 with an active customer, the CustomActor. The two models in tandem allow us to analyze the activities of the contemporary companies.

Indeed the value chain 2.0 is valid only for companies that have opened up their value chains to integrate their customers.

Yet it is a phenomenon which we notice every day.