

EGU2020-1451

<https://doi.org/10.5194/egusphere-egu2020-1451>

EGU General Assembly 2020

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Developing Business Models for the Underground Labs

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DEVELOPING BUSINESS MODELS FOR THE UNDERGROUND LABS

The purpose of this case study is to describe the process of developing business models for the underground labs (ULs) and their network in a Baltic Sea Interreg project (BSUIN). The RQs are the following:

- What kind of business models the ULs in the project have?
- How could their business models be developed by focusing on specific customer segments and services and their value propositions?
- What kind of business model(s) could serve best the network of ULs?

Professional services, such as ULs also offer, can be characterized by high labour content, high customization and high customer contact. The distinguishing feature of these services is also their knowledge-intensive nature. Business model describes the logic of how a company intends to make money. Business Model Canvas is a useful tool for describing, analyzing and designing business models. At the core in the business model is Value Proposition. The value proposition describes the benefits customers can expect from the services and products.

Service Design was used as an approach in the project. It is a mindset, a process, a toolset, a cross-disciplinary language and a human-centred management approach. Data was gathered by facilitating Service Design workshops and analyzed by qualitative methods. The research process consisted of three phases: 1) describing and analyzing the existing business models of the ULs 2) developing business models of the ULs focusing on specific customer segments and services and their value propositions, and 3) developing business models for the network of the ULs.

In the Exploration workshops the business models of the ULs were described and analyzed. It can be concluded that paying customer segments are few in number, and fixed costs are significant. Each UL is unique having specific know-how, expertise and infrastructure.

In Creation workshops the focus was on specific customer segments and services and their value propositions. The outcomes of the workshops were promising and recommendations for the ULs were made. ULs should look for new customer segments and create new services and value propositions. In addition, they should create and describe business models for the chosen customer segments and services.

In Reflection workshops business models for the network of the ULs were developed. The focus was particularly on core, supporting and additional services of the ULs. The core (essential) services are research infrastructure, underground infrastructure, site characterization and wide expertise for underground projects. A generic business model for the network was described based on the data, results, analyses and feedback of all the previous workshops.

It is challenging to develop business models for the ULs because they have not been business oriented. Every UL is unique, and the expertise is related to underground sciences. Business orientation would offer them an opportunity to boost underground scientific research which is the key element in the business model.