

Value Creation vs. Value Capture

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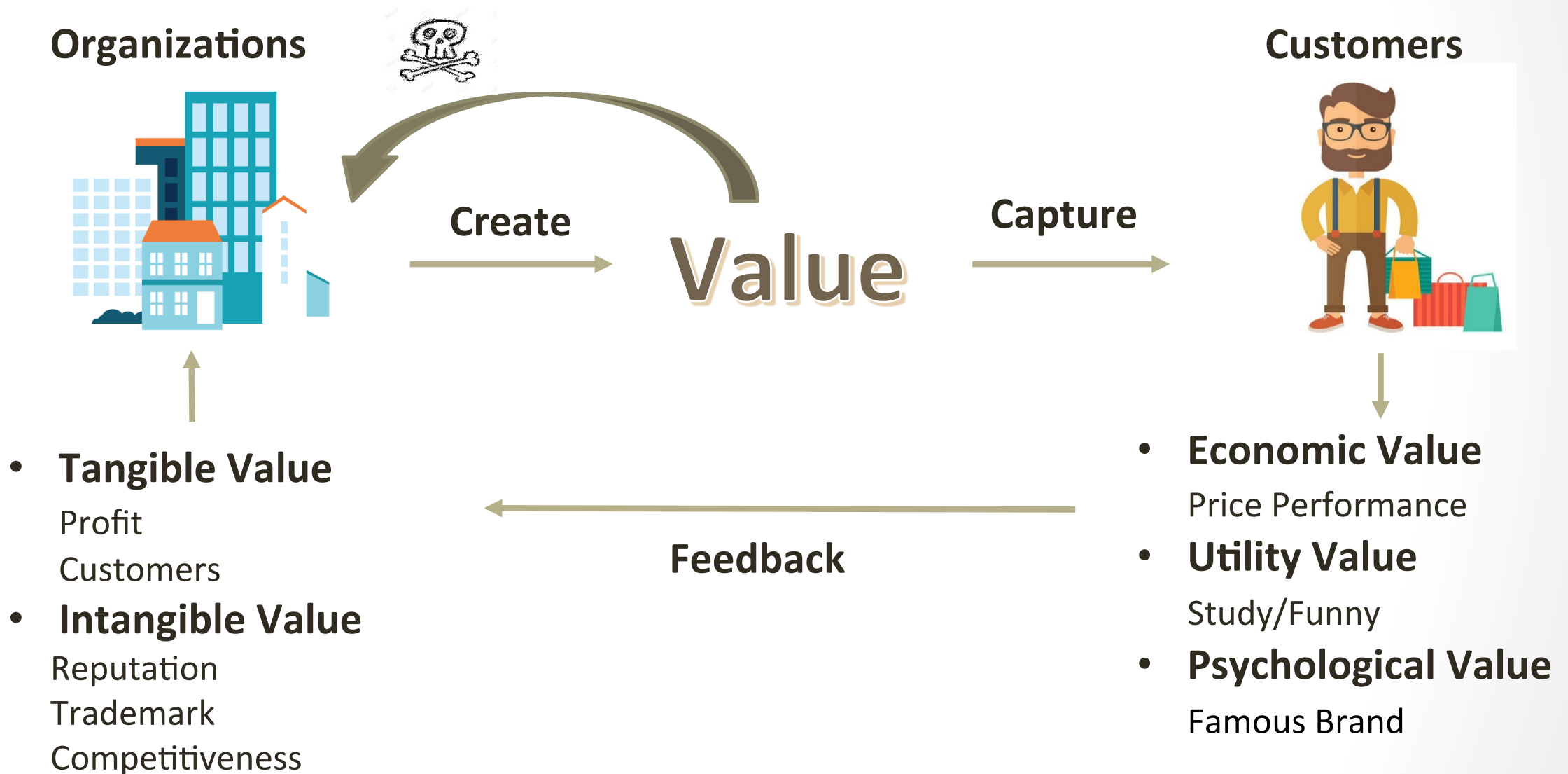
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Agenda

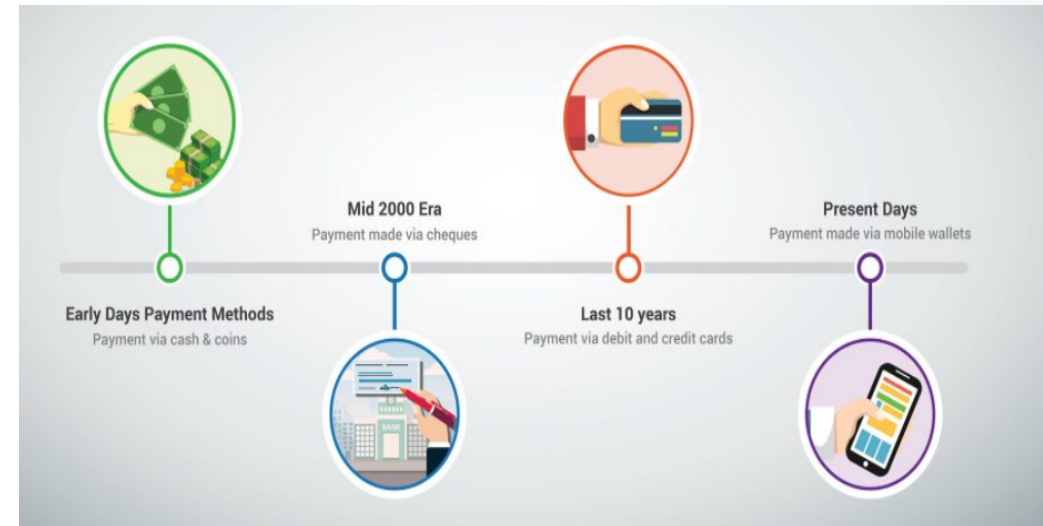
1. What is value
2. Value creation
3. Value capture
4. Relationship between creation and capture
5. The Future of value creation and capture
6. Case study
7. Value Capturing in a Network Environment

What is Value ?

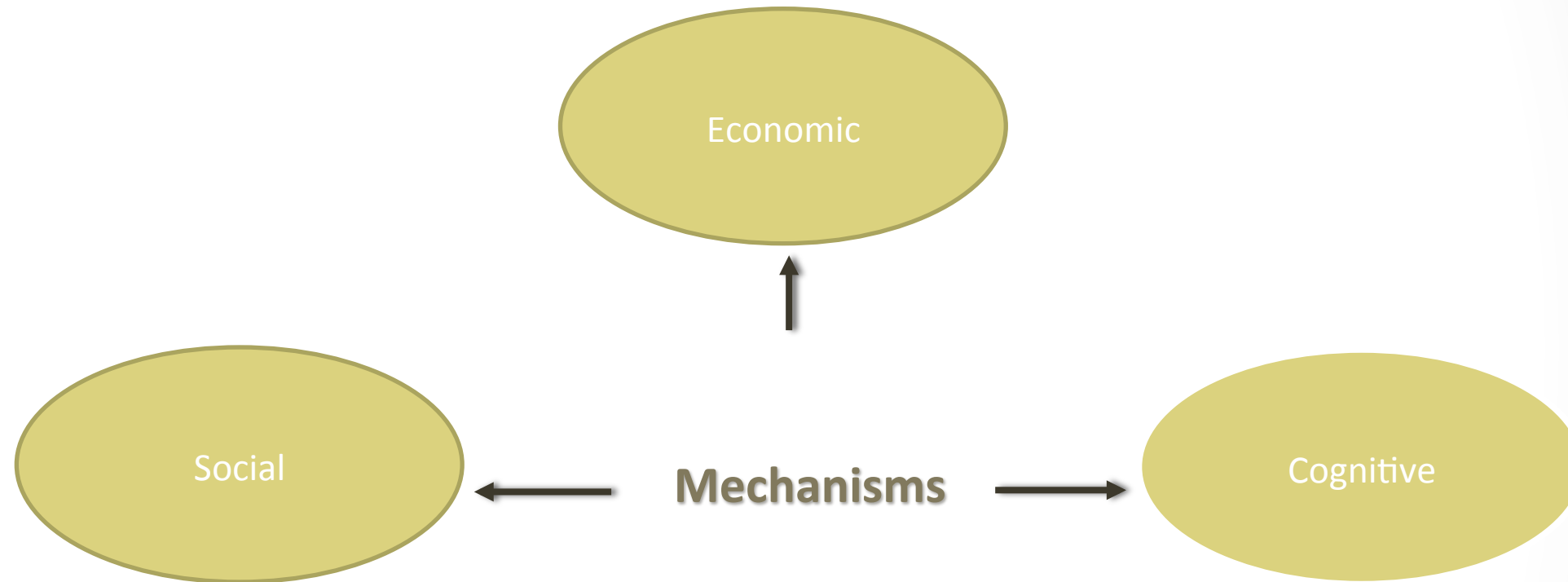


VALUE CREATION

- Resources need to be activated, worked by human actors to produce a new use value
- What distinguishes the creation of value and values from other kinds of human action?
- People's dissatisfaction status of quo and their desire to substitute a more satisfactory state of affairs
- E.g. Evolvement of Payment methods



Mechanisms of Value Creation



EXAMPLES THAT SOCIAL AND COGNITIVE MECHANISM INCREASED IN RELEVANCE ARE FACEBOOK, TWITTER, UBER.

Role of Firms and Market in Value Creation

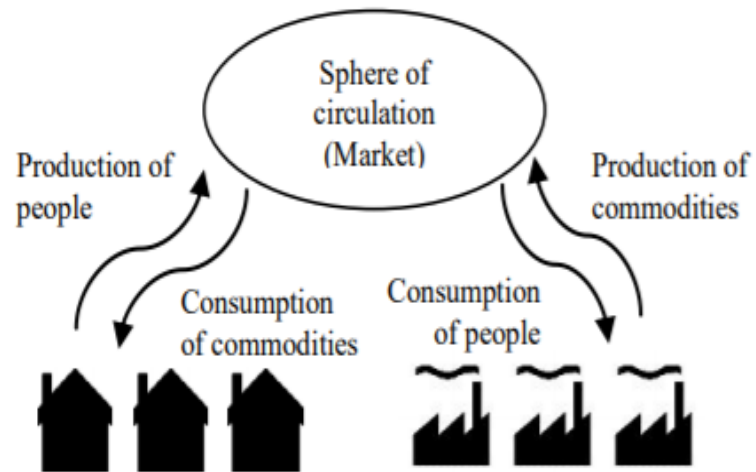


Figure 1a: Traditional Capitalist Model
(adapted from Graeber, 2001: 80)

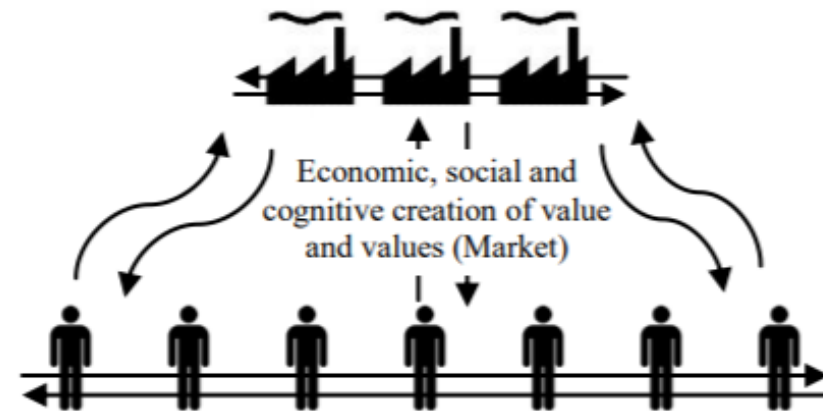
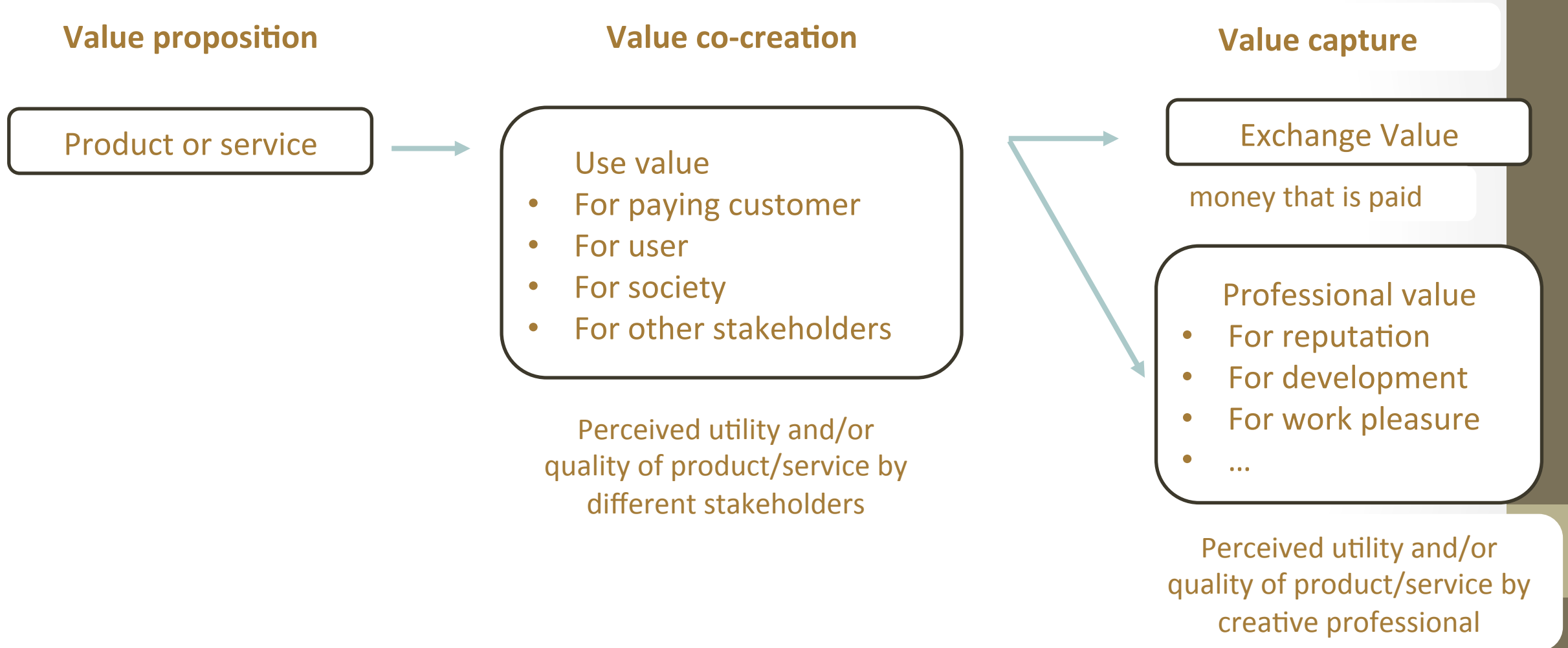
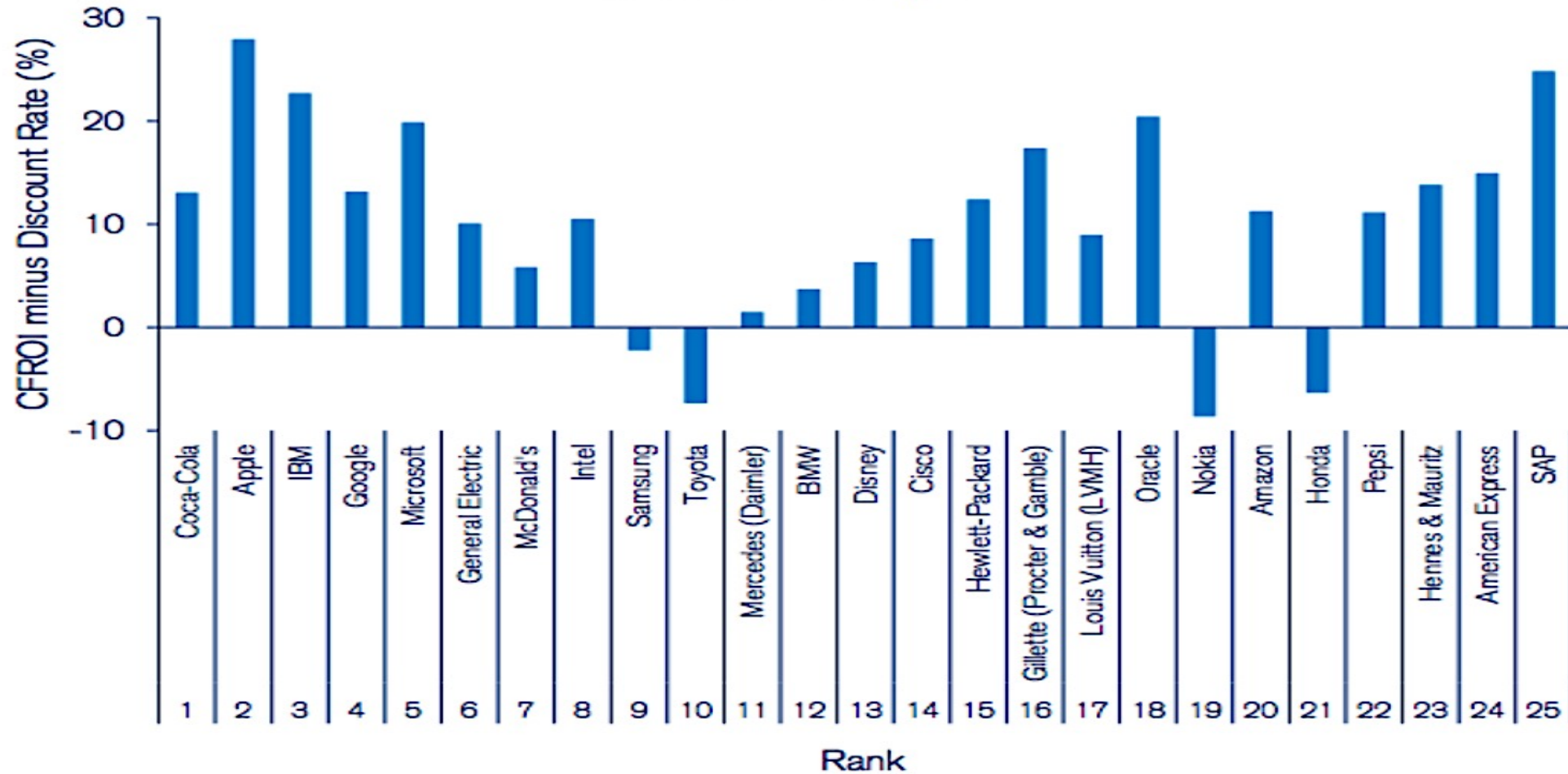


Figure 1b: Value-Oriented Model

Relationship Between Creating Value and Capturing Value



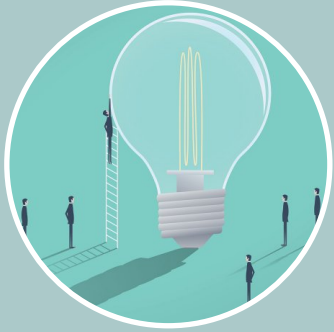
Capital investment vs. ROI



Value Capture

- Reflects on Profit and financial outcomes.
- Economic value is captured by producer.
- Psychological/Symbolic/Utility value captured by consumer.
- Product or service pricing reflects on value captured (Producer Surplus)
- Value retention by consumer is determined by their buying power and actual price (Consumer Surplus).
- Determined by perceived and exchange value by consumer perception.

Value Capture Process



Value
Offered



Bargaining

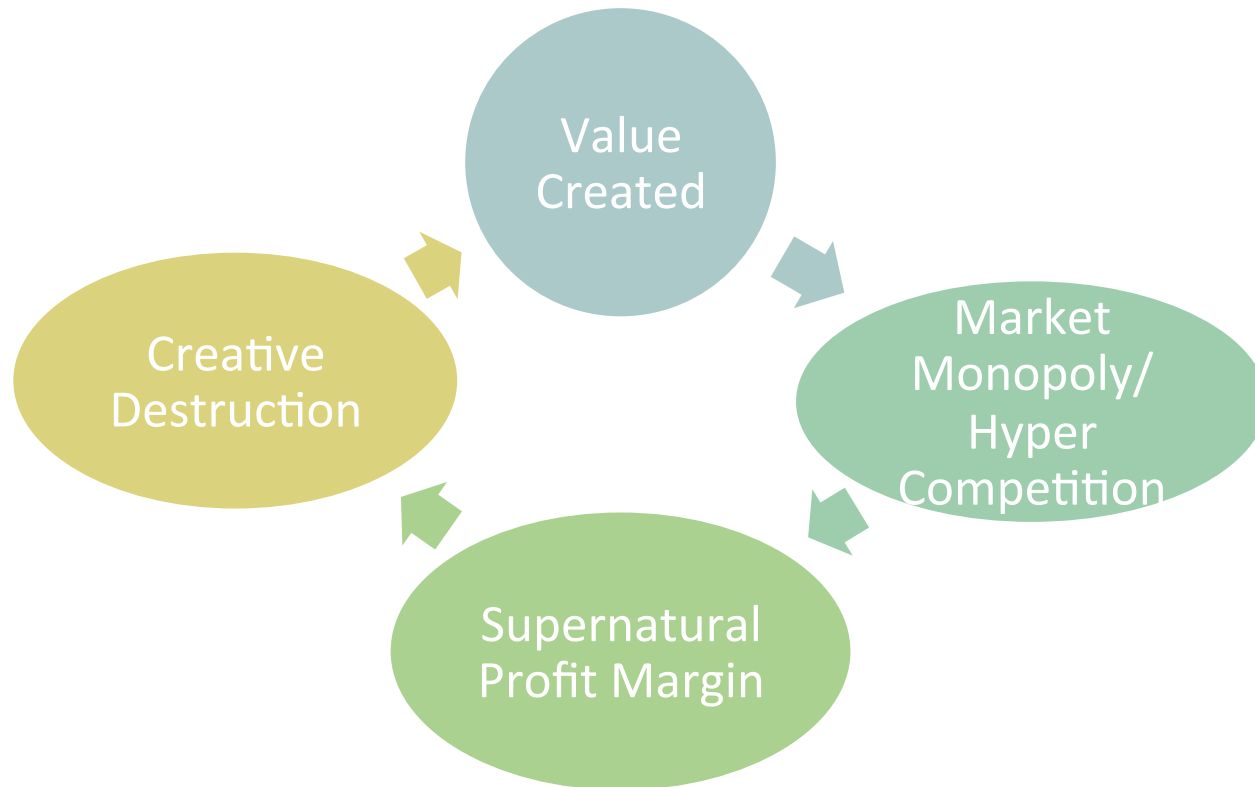


Value
Perceived



Value Capture (Labour, Capital and System)

- Labour: General and Exceptional Skills.
- Capital: Resource based (Rent, Mortgage, Equity Growth and Interest)
- System:



The Future of Value Creation

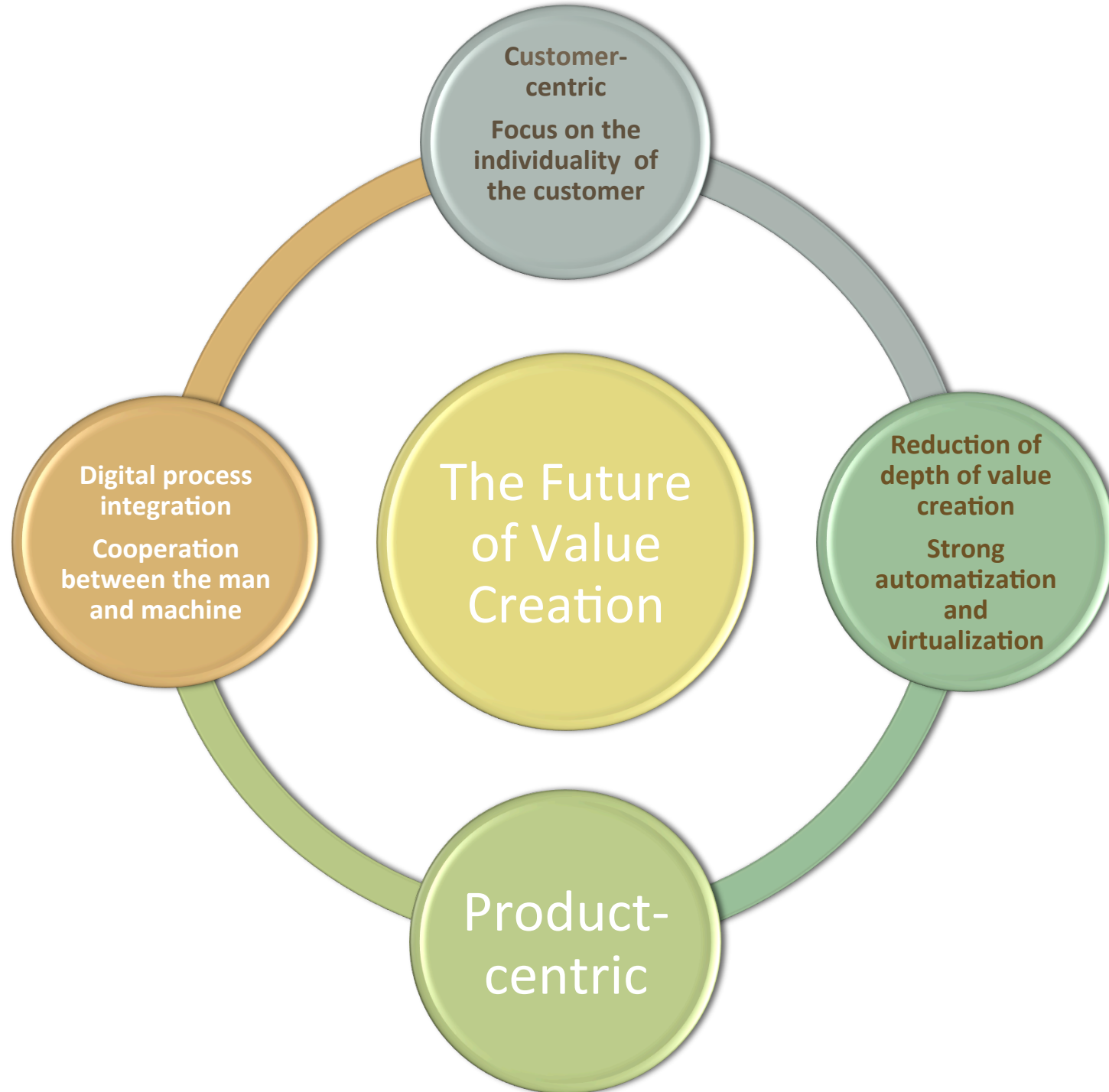
In the past

Function of economies of scales



In the future

Function of the economies of creativity



Focus on customer- centric

Customer orientation

- The focus is no longer on creating discrete customer transaction but on creating ongoing holistic experience across the customer lifecycle.

Solutions VS. Selling

- The customer-centric focus mean to leave the world of selling products for the world of solving problems.

Engineer or Reengineer business processes

- Rework every business process.

Product- centric

Strong Automation and Virtualization

- Allows the customers to “create “ their products and services.

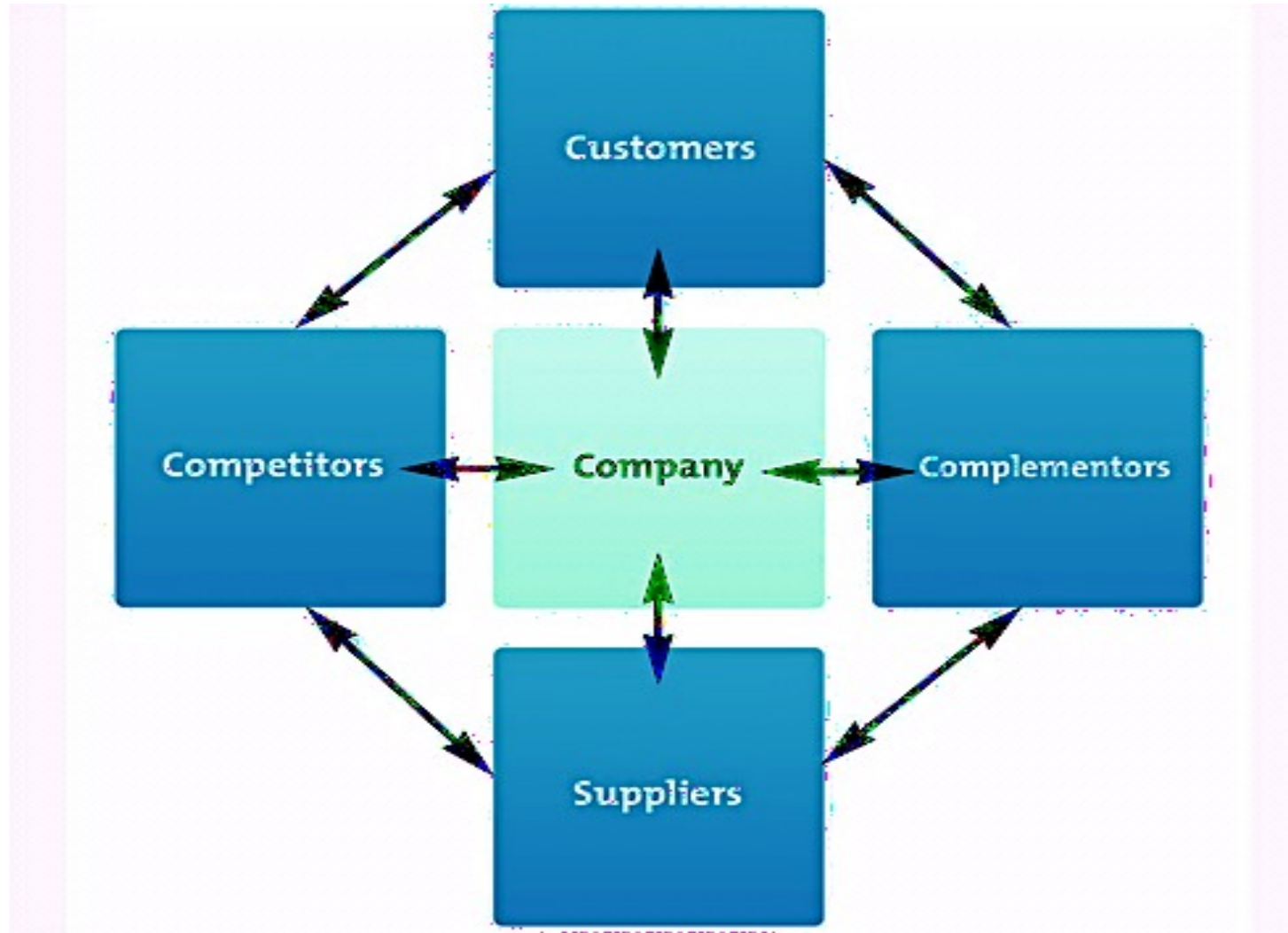
Master the machine

- Cooperation between man and machine.

Leading the digital world

- The need for intelligent Product/Services

Value Creation and Value Capturing in a Network Environment





Any questions?

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