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When you want to position your data-driven offering in the market, you need to reflect and analyze the associated business or innovation ecosystem.

This tool relies on a classification of five different types of business that will help you to distinguish the impact of data-driven innovation in your market as well as the value chain. These types of business are:

- Improved Product
- Data-Driven Service
- Data-Driven Marketplace
- Niche Application
- Emerging Technology

Based on the assessment of how to position your offering in the market, the tool will guide you in exploring and scoping a competitive market position.

// OBJECTIVES

✓ Assess the different ways of positioning your data-driven offering in the market and identify the most promising way to succeed in business

// OUTCOME

✓ Strategic exploration of the most promising type of business for your innovation
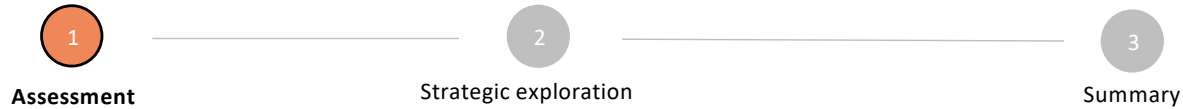
// WHEN TO APPLY

✓ Use this tool to explore the demand side of your offering. It should be applied (and iterated later) when a first sketch of the supply side is available to assess market demand in an early stage.

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Name of DDI:

Date: / /

1 Assessment ——— **2** Strategic exploration ——— **3** Summary

Type of Business	Focus of your data-driven innovation	Fully applies (5) Does not apply (1)	Comments	Strategic Exploration?
Improved Product	• You have a product that could be improved by means of data analytics	1 2 3 4 5		Y
	• You can generate new value by enhancing your established offering by data-driven functionalities	1 2 3 4 5		Y
Data-Driven Service	• Your focus is mainly on one type of customer to improve his/her process	1 2 3 4 5		Y
	• Your value proposition responds to the needs of one type of customer	1 2 3 4 5		Y
	• This type of customer has an established market position (including customer base) from which you can indirectly benefit from	1 2 3 4 5		Y
Data-Driven Marketplace	• You are building a new marketplace / ecosystem	1 2 3 4 5		Y
	• You are able to attract a critical mass of market participants on both sides (e.g. providers and consumers)	1 2 3 4 5		Y
	• You have a clear understanding of the core value to be exchanged on your platform / marketplace	1 2 3 4 5		Y
Emerging Technology	• Your technology is in an early stage and anticipates a future market / ecosystem	1 2 3 4 5		Y
	• You can establish sustainable partnerships with others anticipating this future market	1 2 3 4 5		Y
	• You are building capabilities / assets that ensure a future competitive advantage	1 2 3 4 5		Y
Niche Player	• You can leverage an existing ecosystem by scoping a niche offering in it	1 2 3 4 5		Y
	• The conditions of the ecosystem are suitable for the envisioned value proposition to generate revenues	1 2 3 4 5		Y
	• The ecosystem provides sufficient support in making your niche offering known to others	1 2 3 4 5		Y

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(1) Assessment —— (2) **Strategic exploration** —— (3) Summary

Improved Product

Business potential of existing product version

- Does the product still serve a promising market?
- How will a data-driven enhancement of your existing product impact the business / market potential?

Usage of existing product

- How are the user tasks and business processes structured and functioning?
- How are decisions made?
- Where do you see opportunities for serious improvements?

Promising areas for data-driven enhancements

- Data-rich: Can you use data analytics to unleash the potential of your data?
- Information-intensive: Can you use data analytics to reveal the meaning of data?
- Asset-optimization: Can you use data analytics to optimize the usage of scare or expensive resources?
- Labor-intensive: Can you rely on data analytics to automate tedious and repetitive manual tasks?
- Time and Speed requirements: Can you use data analytics to enable process acceleration or real-time decisions?
- Consistency and Control: Can you use data analytics to enable consistent decisions?

Benefits

- Is your data-driven product strategic or otherwise high prioritized?
- Will the data-driven enhancement make a big difference in terms of user/business performance?
- Will it yield a marketplace advantage? Is it high-volume enough to generate significant cost savings?

Scalability

- Can your data-driven solution be scaled / generalized to other similar products?

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Data-Driven Service

Users

- Who will be your service users? Who are the most important users?

Usage

- How should users use the service?
- How does your solution impact existing business processes and value chain?

Actors

- Who will be involved in delivering the data-driven service?

Service Proposition

- Why would someone use the service? What value does the service bring?
- What are related activities that can be simplified / automated by using the service?
- How can your offering be combined with other solutions?

Channels

- Through which channels (e.g. online, mobile, business applications) should the service be made available?
- Which channels are convenient to address high number of users? Which channels are most cost effective?
- How to become part of a larger ecosystem (e.g. Microsoft, android, etc.) providing good working conditions?

Competitors

- What other similar or complementary services are available? How is your service different?
- Can your service proposition be combined with services from competitors?

Data-Driven Marketplace

Characteristics

- Data-driven marketplaces actively promote interaction among different partners in a multi-sided market
- They facilitate the exchange of: a) information, b) goods and services, and/or c) currencies
- They are build around a dominant interaction – the one that is at the heart of the platform's value-creation mission.
- This dominant interaction is based on a sustainable technical infrastructure and defined by three key elements: a) participants, b) assets, and c) match-making mechanism

Participants: Producers and Consumers

There are two core types of marketplace participants:

- **Producers** are interested in providing value on the supply side of the market place. They seek for opportunities to get market access and improve their services
  - How can you attract more producers?
- **Consumers** are accessing or utilizing the value created through the marketplace
  - How can you attract more consumers?
- How can you ensure a balanced / self-enforcing growth of both producers and consumers?

Assets

The assets are the primary value unit the marketplace creates for all participants

- What is your core asset exchanged among marketplace participants?
- Are there any additional value propositions offered? How important are they for your marketplace?

Match-Making Mechanism

- How can you setup / enable an effective match-making between producers and consumers?
- Why is your match-making mechanism better than already existing solutions?

Technical Infrastructure

- Which - digital and physical - components need to be in place to ensure the smooth operation of your marketplace?
- What activities are needed to ensure that those are in place?

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1 — **Assessment**

2 — **Strategic exploration**

3 — Summary

Niche Application in an established ecosystem

Characteristics

Niche strategies emphasize differentiation by their unique capabilities to leverage key assets provided by others

- Offerings of niche players are available for almost all members of an ecosystem (e.g. app provider)
- Niche players are crucial for the overall health of an ecosystem (as they provide important contributions like content, products, etc.)

- Niche players depend on key player(s) / host, who provides key assets for them (e.g. for market access). Due to this dependency the business strategy of the host will determine the performance of the whole ecosystem
- Niche strategies can be realized best when costs for production, storage, distribution and merchandizing are low

Uniqueness of your offering

- What are potential ecosystems you can use to promote your niche offering / application?
- Are you able to develop a specialized capability / offering that clearly differentiates you from all other niche players?

Key Player

- Who are the strong key player in your ecosystem?
- What are their main conditions & constraints they are imposing on the ecosystem?
- Do those strong player(s) actively promote / take responsibility for the health of the overall ecosystem?

Assets

Assets provided by the ecosystem bring additional value, but often create additional dependencies
- What are the key assets provided by the strong player(s) of the ecosystem?
- How do those assets help you to produce / refine your offering?
- How do those assets help you to bring your offering to the market?
- What would you miss mostly, if the ecosystem would not be available?

Economics of Attraction

Consumers need to find niche applications that suit their needs and demands. A range of tools and techniques (from recommendation engines to public rankings) can boost the visibility of your offering
- How will users in general know about your data driven offering?
- Can you motivate other stakeholders to recommend your offering?
- Are there other ways to enhance the visibility of your data-driven innovation?

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1 Assessment ─── **2** **Strategic exploration** ─── **3** Summary

Emerging Technology

Characteristics

- Emerging technologies are huge future investments and therefore always a risky business
- As neither the market nor the technology is yet available, a promising revenue strategy must remain vague
- Main focus of an emerging technology business is groundwork: building capabilities / assets ensuring a future competitive advantage

Competitive Assets

- Why, how and for whom are the capabilities / assets you want to build creating a competitive advantage?
- Are those capabilities required for other applications / services / products? For which type of offerings?

Future Applications and Markets

- For what kind of future applications can your emerging technology be used?
- When will your technology be requested by a market ? What kind of market?
- Are there early adopters among your potential users? How to address them?

Innovation Ecosystem and technological advantages

- What are complementary technological advantages that need to be available before your innovation will be adopted?
- Who are possible partners in the innovation ecosystem that will provide complementary assets?
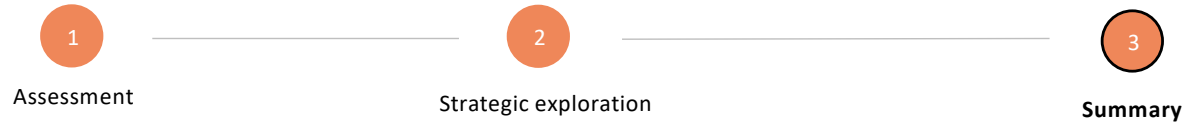- How can you build a sustainable partnership with them?

Scalability / other markets

- Can you meanwhile advance your technology in other domains? How?

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Name of DDI: Date: /   /

① Assessment   **②** Strategic exploration   **③** **Summary**

Summary

My strategic priorities are		Activities	Phase 1	Phase 2	Phase 3	How to measure (KPI)?
Improved Product	☐					
Data-Driven Service	☐					
Data-Driven Marketplace	☐					
Niche Application	☐					
Emerging Technology	☐					

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