Beyond Energy Action Strategies

BEAST

D.3.2 –Work Shop report on bankable projects and Business models

	Workshop title	Date realised	Location
1	**Business Models for Bankable Energy Projects**	**2015-05-05**	**ESEA Locations**

East Sweden
ENERGY AGENCY

Submission date: 2015-06-30

Co-funded by the Intelligent Energy Europe
Programme of the European Union

Innehåll

Workshop Business Models for bankable Energy Projects

1   Topic/Date/Place

Topic	**Business Models for Bankable Energy Projects**
Date	**2015-05-05**
Place	**East Sweden Energy Agency**
Attendats	**12**

2   Objective

The purpose of the workshop was to teach and work with how to implement a "business-thinking" in a non-profit organization. To learn about different business models and the business that the public authorities can do when it comes to energy and climate change and also to take part from good examples from the energy sector.

3   Introduction

The workshop began with a presentation by Magnus Johansson from the EQP, author of the book "Ants can catch elephants" which is about how everyone can get more and larger customers.

Magnus began with the question - Is "free" a business model?, and referred to Chris Andersson: Free! Why $ 0.00 Is the Future of Business, where the answer to the question is Yes! Because the curiosity and increasing demand leads to new and different ways for various markets to develop.
http://archive.wired.com/techbiz/it/magazine/16-03/ff_free?currentPage=all

In an intellectual experiment Chris Andersson describes what the effects would be if the electricity was free. For example, all buildings should be heated electrically. All would drive electric cars. Free electricity would be a sufficient incentive to develop more efficient battery technology. Massive desalination plants for seawater would be constructed for the irrigation of deserts where biofuels could be grown. In relation to free electricity, fossil fuels would be regarded as ridiculously expensive and dirty and carbon dioxide emissions would drop. The phrase "global warming" would never have come into the language.

Today it is the digital technology, not electricity, which has become more or less free. At the beginning of the digital age, it was only a few who had access to the Internet but a free web now seen by the general public as a matter of course!

3.1   What is a business model?

In order to understand and create a business model the first step is to map the value chain you have to work with, that is, the customer and support processes it covers.

Selling ➔ Producing ➔ □□□□□□ ➔ □□□□□
➔   □□□□□□□□□□□□□□□□□□□□□satisfied

The value chain of a municipality could be described as follows: A municipality's goal is that the residents are satisfied with the service in the municipality. Otherwise, people will start to move to other places. Most municipalities create selling striking "municipal slogans" to market themselves as attractive. Customers in a municipality are the residents, businesses, tourists, politicians and others.

What does a municipality sell? The customers expect available locals/space and infrastructure, culture, education, health care, service, social security, clean environment, etc. The customers are experiencing these benefits in a municipality and it might be taken for granted since it is what they are getting for their tax money.

An example of a business model to make it more clear and visual for the customer what health care really costs could be that instead of a price tag of 100-200 SEK at a hospital visits, a bill of 5000-50000 with a clear subsidy of 4900-49 800 SEK could be used!

By dividing and describing all the actors involved in the value chain, it becomes clearer to see if we can find any deficiencies or gaps, and thus create pathways for new business models.

Henry Chesbrough - open innovation business model, Eco System were gone through, where the objective is long-term employment, sustainability and economic growth, and to increase the competitiveness of local companies and also with a view to creating innovation triggering effects.

http://www.slideshare.net/SiliconValleyST/business-model-innovation-by-h-chesbrough

A range of examples of business models were discussed:

- Airline industry, Ryanair which changed the entire airline industry.
- Bus shelters that used to cost. Now they are an advertising spot for promotion.
- Green business models: Car pools, sharing resources, functional sales
- Business model according to Circular economy! Ellen Mac Arthur´s report where LCC, recycling is central.
  http://www.ellenmacarthurfoundation.org/circular-economy/circular-economy
- Business example from Norrkoping: Againity, http://www.againity.com/home. Takes waste heat and converts it into electricity, which is then sold.

3.2   The Business Model Canvas (BMC) as tool

The book Business Model Generation is in itself a new business model! 470 persons, business development consultants have helped out for free to produce the book. It serves as a guide and practical instruction. Business Model Canvas is a tool to break down the different parts in a project to describe the business model. Value proposition should reflect the feeling, function, and value of the product.

- Key recourses; what do we need to create value for our customers
- Key activities: What do we need to do to create value for our customers.

Participants at the workshop were divided into two groups and by using the BMC-model worked with how the public actor can get the electric car market to grow (cars including infrastructure). Which actors are there? How do you reach them? What is the revenue? Who has the cost?

4   Outcomes and Evaluation

4.1   Leasing of electric vehicles through the housing companies

Municipal housing company provides leasing E-vehicles in addition to the rent of an apartment. The company provides service, operation and maintenance of the car. The company gets, through this offer, customers / residents who stay a longer time, which in turn means lower maintenance of the properties. The customer can get a lower price if he/she wants to share a car with other people. Another advantage for the customer is that the cost and the risk will not be so high for the private person. The company buys and owns the cars and takes the risk of an unknown resale value of the cars and they sell a feature to its customers i.e. a safe, quiet and clean way to drive.

Next step is to introduce the idea to regional housing companies.

4.2   Other ideas

- Lease your e-car online
- Electric car pools or electric taxi company in conjunction with the railway.
- Electric car hubs cooperation between local tourism packages, in conjunction with the Eastern Link and Ikea!

Tab. 1. Compilation of BMC

Partners	Activities	Value Proposition	Relation	Customers
Charging infra structure companies	Creating accessibility and service for charging	Quiet traffic	Housing companies Car Dealers	Business
Electric companies	Net working between key partners	Reduced environmental impact		Individuals
Car sellers	Additional services	Clean trip! Improved local air quality		Municipalities

The state	Debiting system	"Green face" for the players involved		Public players
Property owners		Cheap operation - if cheap electricity		
Parking companies		Leasing contracts for electric cars as extensions of the rent of the appartment		
Businesses		Mix of carpool/Leasing		
	Recourses		**Channels**	
			Car companies get new customers such as real estate owners with the municipality as channel	

Cost	**Revenue**
Housing Company gets: • Cost to buy electric cars • Cost of operation of vehicles and systems, maintenance. • Electricity cost	• Additional rent for the lease car • Reduced cost through more long-term accommodation • Subscriptions to different levels. • Social entrepreneurship can be applied.

5   Conclusions

Overall, it can be said that the participants got a very good review and transparency in business creation and now have a greater understanding of how to work out business models for sustainable energy. The group work was a useful exercise in applying the BMC on a concrete example of how to think from being a local player and create a greater growth in the electric car market and a number of examples were produced.

6   List of participants

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Work Shop Affärsmodeller för för hållbara energiprojekt

Namn	Roll/titel	Datum /Namnteckning
Joakim Svensson	EKR Kinda	
Ann-Christine Cedermo	EKR Ödeshög Vadstena Ödeshög	
Olof Nyström	Energistrateg Finspång	
Arvid Sjögedahl	Tekniska- och vatten/avfallsnämnden Motala	
Carina Ståhlberg	EKR Motala	
Eva Lindahl	Miljöcontroller Norrköping	
Claes Jonasson	Näringslivsutvecklare Finspång	
Ylva Ek	Energikontoret	
Maria Gugner	Energikontoret	
Linda Malmén	Länsstyrelsen	
Jenny Lundgren	Energikontoret ÖG	
	EOP	

Energikontoret
ÖSTRA GÖTALAND

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Programme of the European Union

7 Agenda

Workshop – Affärsmodeller för hållbara energiprojekt

Tisdag 14 april

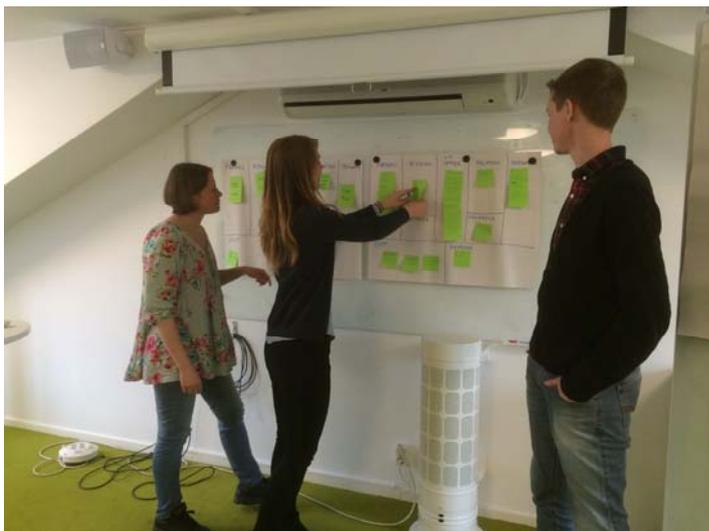| Tid	Aktivitet
08.30	Kontrollera att all utrusning finns på plats
9.00	Välkommen och syfte
9.15	Syfte och mål med dagens workshop Vad är en affärsplan. Hur tillämpas Canvas modellen. Exempel från energisektorn
11.00	Grupparbete med egna exempel
12.00	Redovisning, genomgång och diskussion från grupperna. Utmaning av affärsmodellerna
13.00	Tack och slut

8   Photos

9   Dissemination material

| Foto 5 Presentation av BEAST | Foto 6 BEAST Projekt broschyr |