*Notes & Note taking template*

**Course - Best Digital Technology Business Models Today**

M1.4: Value Chain & Types of Integration

## Overview

**Value chain tool**

The **value chain tool** is one of the most popular tools to decompose a firm's value creation activities. And we will show that it can also be used for tech firms.

**Industry value chains**

We can use value chains not only for firms but also to map entire industry value chains. We can compare how competitors are positioned, where profits are made within the industry and more

**Types of integration**

Industry value chains are great tools to analyse company expansions, mergers & acquisitions which fall under one of the **types of integration**:

* **Horizontal integration**
* **Vertical integration,** including **forward** and **backward integration**

This time we will conclude our focus vertical eCommerce and use in-depth examples from the Asset & Service sharing as well as Content & Media verticals.

## Key Objectives

With that, the **Key Objectives** of this submodule are to understand:

* Value Chain tool
* Industry value chains
* Types of integration
  + Horizontal integration
  + Vertical integration
    - Forward integration
    - Backward integration
* Focus verticals
  + Conclude eCommerce with Amazon’s key value propositions
  + Asset & Service Sharing example Airbnb
  + Content & Media example Netflix

## Intro / Theory Video

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## Examples / detailed resources

### Resource 1: Apple News+ Value Chain

**Contents**

The Value Chain

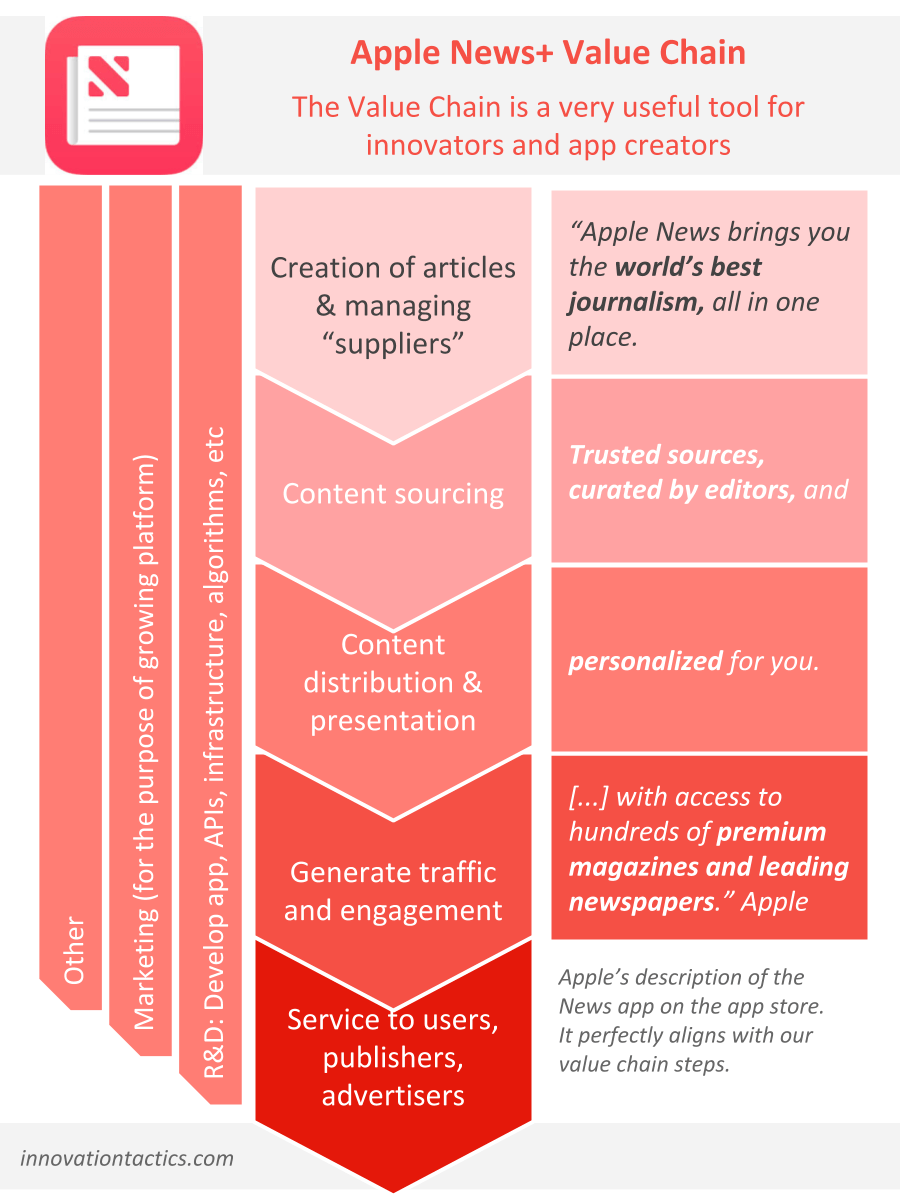
Aggregator apps

Apple News: Monetisation

Value Chain example: Apple News+

* Step 1: Creation of articles & managing “suppliers”
* Step 2: Content sourcing
* Step 3: Content distribution & presentation
* Step 4: Generate traffic and engagement
* Step 5: Service to users, publishers, advertisers

Value creation



Apple News: Monetisation

Value Chain example: Apple News+

Step 1: Creation of articles & managing “suppliers”

Step 2: Content sourcing

Step 3: Content distribution & presentation

Step 4: Generate traffic and engagement

Step 5: Service to users, publishers, advertisers

Value creation

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### Resource 2: The Value Chain tool: example Airbnb

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Value Chain steps:

These are the major steps of Airbnb’s value chain.

(1) Acquisition of customers on supply and demand side

(2) Verification and on-boarding of customers

(3) Search, matching and booking

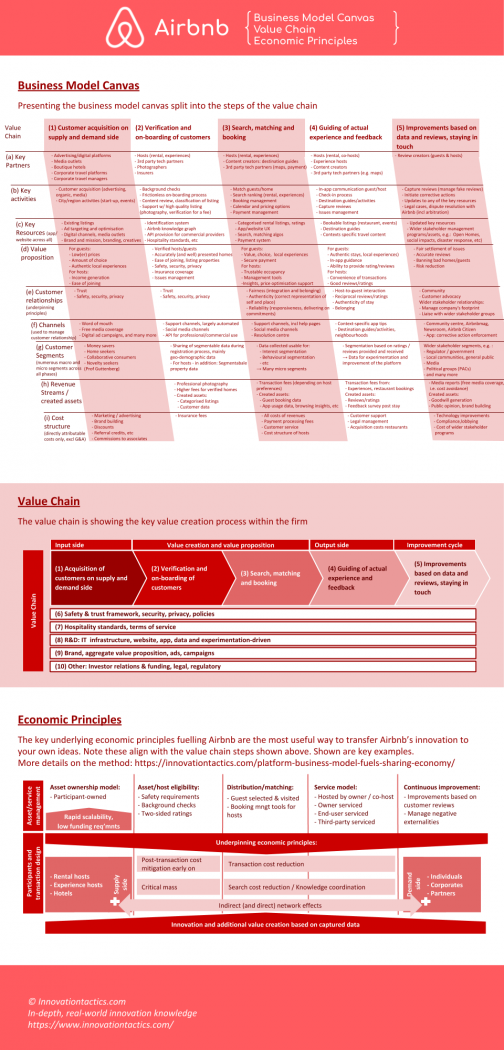
(4) Guiding of actual experience and feedback

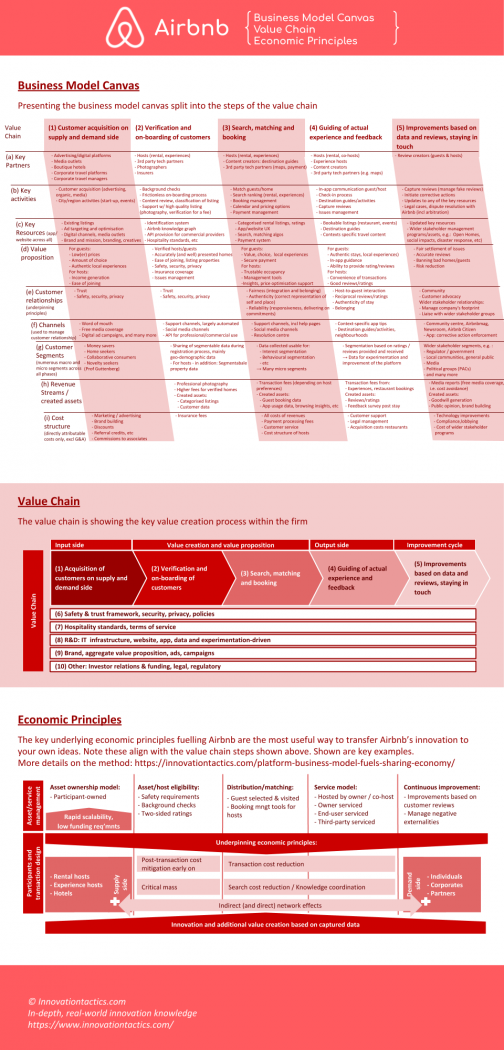
(5) Improvements based on data and reviews, staying in touch

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### Resource 3: The Value Chain tool (in detail): example Airbnb





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### Resource 4: Netflix: content journey (over the years)

**Contents:**

Content costs: Supply chain and commercial economies of scale

* Managing content costs

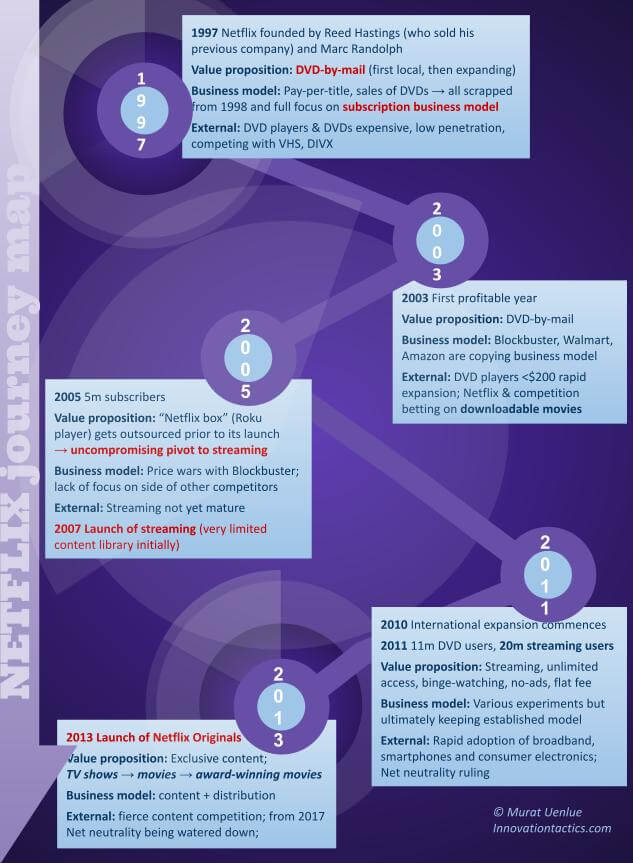
<2007: Revenue sharing & commercial economies of scale

2007-2010: The big transition

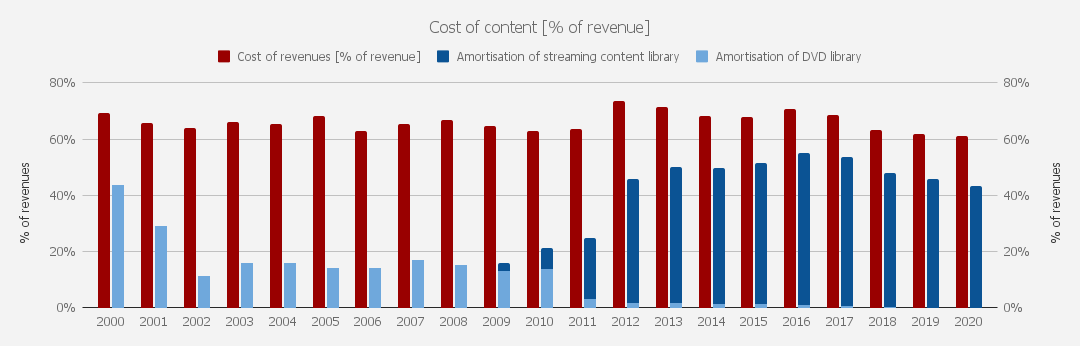
>2010: Building an exclusive streaming content library

>2013: Netflix Originals

>2016: Is there a glut of shows?



Content costs: Supply chain and commercial economies of scale



1. 1998-2007 DVD-rental-by-mail: Revenue sharing & commercial economies of scale
2. 2007-2013 Streaming: 2007-2010: The big transition
3. 2013-present Netflix originals: Building an exclusive streaming content library

