

# Project Future Ecom

Business Model

## Participation to “Smart communities” schemes and digital platforms

11 th May 2020



It is estimated that in 2020 B2B e-commerce in EU will be twice as large as B2C in terms of sales which proves a huge unrealized potential for EU SMEs.

There is a risk of being surpassed by frontrunners as most SMEs have not even taken the first step in this direction. Succeeding with B2B e-commerce requires a huge turn-around within the company's internal processes as this may scale up the turnover dramatically.

Digitizing and automatizing the internal processes of the SME is the key to managing and keeping up with huge growth in global e-commerce while ensuring economic profit.

## 1. Overview

*Introduce the company, what they supply and who their market is.*

Federazione Trentina della Cooperazione (FTC) is the main business association which associates cooperative companies operating in the Province of Trento, Italy. currently it counts about 450 member companies connected to about 280.000 people.

FTC is the main promoter and developed of the project "cooperation 4.0". The project aims at developing a collaborative platform and will represent the evolution of the "Cooperation Card", a tool already tested and used by the families connected with member companies. The project involves members from all sectors and potentially all cooperatives, developing inter-cooperative interactions, collaborations and opportunities for goods and services.

It applies the model of a "smart community" which aims at responding to immediate needs, providing a system value (greater than the addition of single initiatives), engage local actors for a common purpose. The Smart community model is composed by different characteristic elements, such as a framework of nodes and relationships, value aggregation and redistribution models connected to general purposes (corporate welfare, mutualistic, etc.), an overall collaborative platform (usually based on the blockchain technology), a structure of specific applications over the overall platform, specific tools and rules

## 2. The Digital Opportunity

*How Digital technology is impacting the company and how they are adapting process or product to take advantage of this?*

The Smart community represents a social and economic structure in which the community manager (better named as "enabler") does not take a predominant role but manages the infrastructure and technologies which enables the production and the use of services through specific digital tools (i.e. smart contracts, wallet, etc).

Behind this digital structured system the community agrees about common goals and the collaboration that derives from the achievement of these goals generates value. This value is transferred to socio-economic fabric through the digital platform in the form of a kind of virtual currency. This system makes it possible to collect resources which, in the absence of the Smart community, would have been destined elsewhere, and send them to the territory and/or towards specific aims.

Digital instruments included in a Smart community platform (typically based on blockchain technology applications, tokens, wallets, etc.) enable the composition of a scheme with different working elements, such as:

- the creation of the network that allows the definition of the digital identities of the participants and their role;
- accounting for assets;
- the choice of operating levers (aggregation of demand, sharing of objectives; integration of resources; management of activities and processes; synchronous management of activities; integration of resources; reduction of intermediate steps in the supply chain; alignment to needs);
- configuration of services;
- the implementation of a specific governance system based on the shared responsibilities of all participants.
- the payments on the platform through the interaction with the payment circuits (banking and private subjects).
- accessing to the platform open to all (internal and external subjects to the community) through their mobile and web devices (smartphones, ipads, notebooks, etc.).

Typically, real case rollouts use a private or permissioned blockchain, as it guarantees greater security, privacy and performance.

### 3. Impact on Value Streams

*What is the impact of the digitisation on the value generated by the business?*

The Trentino Federation of Cooperation, through the creation of:

- 1) the platform that clustered the audience of community cooperation members,
- 2) the multi-channel wallet that collects the value (token) and allows you to use it,
- 3) a model of smart contract defining the rules for transforming behaviors into value and marketplace access, and allowing the partner (citizen, company, etc) to transform the reward (discount) provided for by the agreement into digital spending capacity.

This new spending capacity (which traditionally is dispersed) can be directed towards a defined business marketplace (in this case the group of companies associated to the local cooperation system) the system and will benefit of additional rewards (part of the collective value back or

rewards for virtuous behaviors) creating a significant aggregate value (200,000,000 euros, for the specific case study) and a benefit for the territorial system.

The digital wallet is the technological fulcrum that integrates IoT, blockchain and communities and that enables the model by defining scalable synergies and becoming in fact a tool that aggregates and translates digital spending capacity. Synergies can be produced intra-system, if the value is transferred to a subject belonging to the community, or extra-system, if the value is transferred to a reality out of the community. Extra-system interactions can take place with companies outside the territory or with other communities. This additional spending capacity can be addressed to:

- Rewarding for the achievement of "ever greater" cooperation objectives;
- Purchase or promotion of cooperative system goods and services;
- Purchase of products from the cooperative marketplace;
- Integration with partner reward systems;
- Integration of products and / or services with affiliated marketplace systems (Partners)

## 4. Lessons learned

*What has gone especially well or badly in the process? What were the main lessons learned from the process?*

The "smart community" scheme we can use value a number of value levers that are usually enabled only if included in a sharing and collaborative ecosystem, and through the aggregation of demand for negotiation and an univocal management of transaction with third parties.

The levers of the value are the following:

- Elimination or reduction of steps intermediaries that do not give added value
- Cooperation and sharing of objectives making available to the community development of skills, resources and ideas
- Resource sharing
- Reduction and integration of supply chain processes
- Integration of resources for more efficient production
- Synchronous management of the activities (it allows to reduce time and consumption)
- Alignment of production activities with community needs
- Engineering management of the underlying processes to the various community activities
- Integrated and interoperable platform that allows you to interact with all the "internet of things" devices, functional to the various activities managed by the community

These levers make it possible to optimize the economic value generated by the Smart community and the economic impact of the system in the territory.

The actors of the community (who traditionally produce services individually) work together to create a new aggregated service available to individuals. This service is provided through a Smart Contract which technologically regulates the collaborative process between the subjects. This allows to model the service or product together with the final consumer. This latter is incentivized by rewarding mechanisms connected to his (social and economic) virtuous behavior.

Two critical possible situations should be avoided:

- Pay attention to involve management with an adequate predisposition towards change, collaborative processes with other companies and technological innovation, especially when all these factors are strictly connected to the supply chain (change management).
- identify the right technological partners. Companies that offer technology, often suffering the commercial strength of the products of multinationals, determines consequently an adaptation of their companies to global models, believing that only this solutions can assure performance improvement (or survival). This is not always true, and often the investment in technology is therefore underutilized or misused.

## 5. Transferability

*How could businesses in other industries benefit?*

The smart communities model can be replicated in different economic sectors. New businesses are actually developing in the field of tourism, commerce, multiutility. This replicability demonstrates the potential of the model, here some of the most significant cases:

- The multiutilities sectors: recent developments in Emilia-Romagna, Italy demonstrated very interesting applications connecting territorial waste and energy management with objectives connected with the reaching of UN Sustainable Development Goals. These applications are based on the idea that it will be possible to associate a panel of virtuous behaviors (individual or community) capable of generating, through their accounting, the relationship between the multiutility and its customers (both as individual customers and community of citizens). The scheme will work through an easy-to-use technological support



- The tourism industry. Specific initiatives developed in Trentino, Italy intends to innovate the supply chain by promoting the establishment of a Smart Tourist Community. The functional prototype created allows to:
  - Systematise all new and old territorial tourism and commercial assets and optimize roles of companies, associations and institutions within a common scheme
  - Develop a tourist and commercial offer with higher added value through the integration of different components of the offer and by developing an operational model for the construction of the "experiential tourist and commercial program" generated by tourist profiling
  - Create and manage a business model in which the services are defined through the collaborative model of the "tourism proxsumer" and the reward of virtuous behavior;
  - Provide all subjects promoting tourism offerings in the ecosystem with digital tools suitable for supporting the innovative challenges facing the market (virtual POS, booking system with certain date and time, etc.).