

# Chapter 14

## Innovation 2.0: Creating a Sustainable Business Model and a Win–Win Ecosystem

**Luis Angel Galindo Sánchez**  
*Telefonica, Spain*

### ABSTRACT

*This chapter describes a new sustainable business model, Innovation 2.0, led and deployed by the author, with the goal of increasing the innovation level at the telco service portfolio for the end-user, thank to the convergence of Internet and Telco worlds and the 'fresh' and 'effervescent' proposals created by start-ups. This model, created by Win Win Consultants, a Spanish company leader in marketing and strategy issues, under the premises of fairness for the different players, requires an open-minded view of the businesses and, in fact, is a model for open innovation in telcos, which traditionally tend to address innovation from a prism more reactive than proactive. The model proposed has been deployed in Telefonica with very good results, deploying 12 commercial services, which have generated more than 10 Millions € incomes and 8 Millions of savings in investments. Innovation 2.0 is a sustainable model, finding a balance for all parties in a win-win basis and constitutes an appropriate model for the twenty-first century telcos.*

### INTRODUCTION

The emergence of Web 2.0 (O'Really, 2005) has generated a social change (Fumero & Roca, 2007) that has accelerated, on the one hand, the convergence between the telco and Internet worlds, becoming less differentiated by the user and, on the other hand, the reduction of the margins in

telco operators. This has fueled the imperative for them to reposition its business beyond access technologies to an innovative offer in the service portfolio to offer to the end user, first, bringing together aspects of multimedia communications with any other aspects that can range from areas as diverse as health, e-government, financial services ... or, now on everyone's lips, SMART (Shapiro, 2006).

DOI: 10.4018/978-1-61350-519-9.ch014

However, operators positioning is more and more under stress. The current economic climate is one more issue to reduce the economic margins in the telco operations; however, it seems the trigger of a situation inherited years ago.

Taking a look to history of any operator over the world, the results are quite similar and are following a Pareto law: 95-5. The 95% of the incomes from services are coming from only a 5% of the services at the service portfolio. This situation states that customer's demands are not aligned with operator's services and the user, who is not aware of the network technology, is not satisfied with the applications offered by the telcos.

Added to the previous scenario, two more issues have accelerated the complex situation faced by many telco companies:

- The increasing entry of ISPs (Google, Yahoo, Microsoft) in the telecommunication arena where they have applied innovation in creating new forms of communication, designing and developing applications where usability is a core parameter, whose responsiveness has been enormous between users; and
- The growing demand for participation by users in different company processes such as innovation, usability, etc (Williams, 2010) that have so far been overlooked by many telcos.

The emergence of Web 2.0 (O'Really, 2005) has generated a social change (Fumero & Roca, 2007) that has accelerated, on the one hand, the convergence between the telco and Internet worlds, becoming less differentiated by the user and, on the other hand, the reduction of the margins in telco operators. This has fueled the imperative for them to reposition its business beyond access technologies to an innovative offer in the service portfolio to offer to the end user, first, bringing together aspects of multimedia communications with any other aspects that can range from ar-

eas as diverse as health, e-government, financial services ... or, now on everyone's lips, SMART (Shapiro, 2006).

In these contexts, the creation of innovative business models in the ICT sector and, above all, sustainable over time (Svensson, Wood & Callaghan, 2010), is based on a new conception of the environment, which speaks of partners rather than suppliers and is looking for excellence based on two main pillars: a relationship of trust between parties and fair treatment for all the parties.. These two pillars are the foundation on which to develop the Innovation 2.0 model, where each and every one of the players are active in the business development, sharing risks and revenues.

Moreover, the definition of a business model under the above circumstances requires a change in the way of thinking, and even in the way of organizing a telco, and thus enabling it to maximize and capitalize on the value of the model.

This study describes a new proposal for a sustainable business model, with the aim of increasing the level of innovation in the service portfolio of a telco operator to end users. This business model, deployed commercially in mid 2009 uses the available assets in the Telco and Internet convergence and the freshness and effervescence of proposals created by start-ups.

The vision in this chapter is provided by a person working in an operator more than 15 years, who has participated in the definition of the strategy and the innovation. Of course, there are some figures and details that are confidential and cannot be provided here. Nevertheless, the Innovation 2.0 model exposed in this chapter is a brilliant proposal of Win Win Consultores (Win Win Consultants, 2009) deployed commercially at Telefonica, which is starting changing the mix of incomes and that could be useful for other operators over the world.

The structure of this chapter is the following: In section 2, it has described the limitations in the innovation of the operators; Section 3 covers how the convergence of the telco and Internet

17 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

[www.igi-global.com/chapter/innovation-creating-sustainable-business-model/60515](http://www.igi-global.com/chapter/innovation-creating-sustainable-business-model/60515)

## Related Content

---

### Exploring Customer Feedback on Their Hotel Experiences in Vietnam

Ha Thi Thu Nguyen, Thao Phan Huong, Anh Le Thi Tram and Thao Viet Tran (2023). *International Journal of E-Entrepreneurship and Innovation* (pp. 1-17).

[www.irma-international.org/article/exploring-customer-feedback-on-their-hotel-experiences-in-vietnam/330023](http://www.irma-international.org/article/exploring-customer-feedback-on-their-hotel-experiences-in-vietnam/330023)

### Social Media Competitive Analysis and Text Mining: A Facebook Case Study in a Local Television Market

Miao Guo (2021). *Journal of Media Management and Entrepreneurship* (pp. 29-45).

[www.irma-international.org/article/social-media-competitive-analysis-and-text-mining/290303](http://www.irma-international.org/article/social-media-competitive-analysis-and-text-mining/290303)

### Intrapreneurship in Business Innovation: The Importance of Intellectual Capital Protection – Capitalize on the Commitment of Its Human Capital

Irene Martín, Mercedes Ramos and Luis Alberto Rivas Herrero (2018). *Nascent Entrepreneurship and Successful New Venture Creation* (pp. 153-174).

[www.irma-international.org/chapter/intrapreneurship-in-business-innovation/187542](http://www.irma-international.org/chapter/intrapreneurship-in-business-innovation/187542)

### On the Causality between FDI, International Trade Indicators, Energy Consumption, and CO2 Emissions in India

Ritu Rana and Manoj Sharma (2023). *Promoting Sustainable Management Through Technological Innovation* (pp. 137-152).

[www.irma-international.org/chapter/on-the-causality-between-fdi-international-trade-indicators-energy-consumption-and-co2-emissions-in-india/332053](http://www.irma-international.org/chapter/on-the-causality-between-fdi-international-trade-indicators-energy-consumption-and-co2-emissions-in-india/332053)

### Exploring How Institutions Influence Social and Commercial Entrepreneurship: An International Study

Elisabeth Ferri and David Urbano (2015). *Handbook of Research on Global Competitive Advantage through Innovation and Entrepreneurship* (pp. 454-468).

[www.irma-international.org/chapter/exploring-how-institutions-influence-social-and-commercial-entrepreneurship/130535](http://www.irma-international.org/chapter/exploring-how-institutions-influence-social-and-commercial-entrepreneurship/130535)