

New Business Model

This page captures the summary of the scope and advancement of New Business Model Products link to Solvay Customer. After an introduction to the Operating model and the focus of companies on customer centricity

Introduction

Operating model and customer centricity:

Roughly 30 years ago, most chemical companies implemented operating models centered around key functions, such as marketing and sales, R&D, HR, and procurement. This is particularly true of larger players, which often aimed to achieve the maximum possible scale effects through centralized functions.

In the past ten to 20 years, however, an increasing number of companies have switched to business-oriented operating models. During this time, chemical players typically built several business units that utilized product-oriented technology push marketing (effectively "pushing" their products in front of customers). This strategy was mainly driven by an increased emphasis on innovation and the continuous improvement of products. Ultimately, focusing on businesses and products helped chemical companies overcome functional silos and make the most out of their superior technology assets.

Today, the chemical landscape, and its end industries, has become more complex. Due to change in innovation growth and consumption mode (B2B like B2C) most end industries in chemicals no longer need to wait for the next technological revolution, instead shifting to customer-centric solutions. Indeed, growth in the chemicals/materials industry has taken two major forms: mergers and acquisitions and a focus on higher margin specialty products. Many larger groups have achieved both by increasing their intellectual property portfolio through acquisitions (rather than developing products in-house), thereby accelerating their entry into specialty markets.

This tendency has been accelerated in 2015, 2016, with a high number of M&A in the chemical industry followed by a decreased one on the traditional overperformance of the chemical industry from 2017 to 2019, and thus totally independent of the COVID-19 crisis. This two effects pushed companies to go for more high margin businesses.

To attract customers to higher margin products, chemical companies must first identify the end customer's needs. Today's customers have shifted from buying products to buying outcomes/solutions; this means that companies must review the value chain to ensure that they are selling an attractive idea. For instance, in chemicals, this means promising an abundant crop yield instead of marketing pesticides. With an enticing enough outcome, companies have a better platform to sell their higher margin offerings.

Because of the changing mindset of buyers, companies now consider VOC (voice of the customer) when developing products. The customer centric model is not a new concept, but it is becoming increasingly central in the competitive specialty chemicals market.

Buyers are generally ready to pay the price for what they are looking for but also able to switch away from sellers that fall short in meeting their needs. And when customers make this change, they are likely to be gone for a long time, if they can be won back at all.

One of the risks of customer defection could be compounded by differences between what buyers and consumers want and what chemical companies think they want. Usually chemical companies overestimate the importance of Value added services, quality technical support, sampling, product consistency,... where they underestimate the importance of Pricing intelligence, differentiability, CO2/Carbon aspect, Automation (eg.; in R&D). It's so key to develop a better understanding of customer preferences and provide differentiated products and services that really matter to customers—making it harder for them to leave. Invest in identifying those customers that are most likely to leave, making a concentrated effort to meet their needs while simply continuing current practices with those that are not deemed to be at risk.

A more customer-centric approach can lead to increased customer satisfaction and loyalty, resulting in improved market share and profitability. Moreover, a customer-centric approach can also help companies in the chemical industry to become more sustainable and environmentally friendly thanks to an efficient relationship with their customers.

Digital transformation: opportunities to create new business models

Companies seeking opportunities in an era of constant customer connectivity focus on two complementary activities using digital technologies for greater customer interaction and collaboration:

- reshaping customer value propositions
- transforming their operations

This allows businesses to develop a new portfolio of capabilities for flexibility and responsiveness to fast-changing customer requirements.

Indeed, companies with a cohesive plan for integrating the digital and physical components of operations can successfully transform their business models. Because fully reshaping the operating model optimizes all elements of the value chain around points of customer engagement.

And engaging with customers at every point where value is created is what differentiates a customer-centered business from one that simply targets customers well.

Customer interaction in these areas often leads to open collaboration that accelerates innovation.

Buyers place a higher value on digital interfaces and experiences that make it easier and more intuitive to interact. This implies that chemical companies have an opportunity to improve customer relationships through the effective use of technology.

New Business Models thanks to Digital

Digitalization influences a company's value creation, proposition and capture, as well as how companies cope with challenges presented by increased digitalization.

The question to ask are:

- How does digitalization influence Solvay's business model(s)?
- How do Solvay cope with the digitalization of their business model(s)?
- How do Solvay intend to seize digital technology as an opportunity to create new business models?

BM, Business model definition : a business model describes an architecture for how a compagny creates and delivers value to customers and the mechanisms employed to capture a share of that value. With the help of business model concepts, a company is able to describe its business in terms of "what it does," "what it offers" and "how the offer is made"

BMI, Business Model Innovation : a change in a company's business model that is new to the compagny and results in observable changes in its practices towards customers and partners"

It has been confirm frequently that Digital Big Data, automation, interconnections along the value chain (breakup up of non-transparency) and digital customer interfaces create the foundations for new Business Models and potentially restructure the individual sectors.

Three different ways to use digitalization :

- optimization of the existing BM (e.g. cost optimization);
- transformation of the existing BM (e.g. reconfiguration of existing models, extension of the established business);
- development of a new BM (squeezing out established market participants, new products/services)

within three steps (i) the digitization of products and services; (ii) digital processes and decision making with the aid of Industry 4.0, Big Data or artificial intelligence; (iii) the transformation of the value proposition and operating model as such.

There is the path to follow for each business with first create the Business Strategy at the planning level, second define the business model a the architectural level and in third prepare the business process at the implementation level.

NBM Phase 1 Strategy

Our **vision** is to transform Solvay way to do business by pushing digital services as business asset to capture more value (sales enabler, revenue form digital, share value with customer,...)

Our **strategy** is to 1) vertically create specific digital products that answer business needs as Digital Transformation driver and another side 2) horizontally create agnostic solution, build up to scale up and efficiently adapt to business specificities.

Our **mission** is to foster new business models by supporting Solvay's Business and Solvay's Customers with digital solutions adaptable to the business environment.

Our **goals** are 1) gain trust from the business by successfully deliver business case, 2) provide solutions that can be industrialized 3) generate value with a 10 years VCI >10.

Our values:

- ...
 - ...
 - ...
- ...
 - ...
 - ...

Our scope is to develop web-based solutions for

Digital Solutions:

Current markets/projects being developed: ...

List of upcoming markets/projects being analyzed and prioritized

Achievements:

2023

Digital Mining 2023 : [Accolade](#), [Vshared](#)

- OKR 1
- OKR 2

2022

- Digital Mining 2022 :

2021

- Digital Mining 2021 : .

