



Dominik Steuer

**THE GENERAL CONTRACTOR RESPONSE TO PLATFORM
ECOSYSTEMS**

"Firms that fail to create platforms and don't learn the new rules of strategy will be unable to compete for long"

van Alstyne et al. (2016)

Why should we care about platform ecosystems?

Individual Transportation



vs.



Hotel industry



vs.



Mercure



Method

- Interviews with 7 industry experts from Germany
- Explorative and speculative interviews
- Collaborative business model creation
- Role construction manager to CEO
- Average work experience over 15 years

Nr.	CATEGORY	DEFINITION
SECTION A: UNDERSTANDING OF BUSINESS MODELS IN CONSTRUCTION		
A.1	Experience	Experience gained through working career
A.2	Association	Free thoughts in regard to business models
A.3	Elements	Elements of business models
A.4	Function	Function of business models
SECTION B: GC’S BUSINESS MODEL		
B.1	Customer segments	Elements that define a business model according to the Business Model Canvas framework of Osterwalder and Pigneur (2011).
B.2	Value Proposition	
B.3	Channels	
B.4	Customer relationships	
B.5	Revenue stream	
B.6	Key resources	
B.7	Key activities	
B.8	Key partner	
B.9	Cost structure	
SECTION C: POTENTIAL OF DIGITAL PLATFORMS IN CONSTRUCTION		
C.1	Potentials for building industry	Digital platform incentives for the industry
C.2	Potentials for companies	Digital platform incentives for companies
C.3	Potentials for clients	Digital platform incentives for clients
C.4	Requirements	Special requirements regarding the construction industry
C.5	Risks for GCs	Risk for displacement by digital platforms

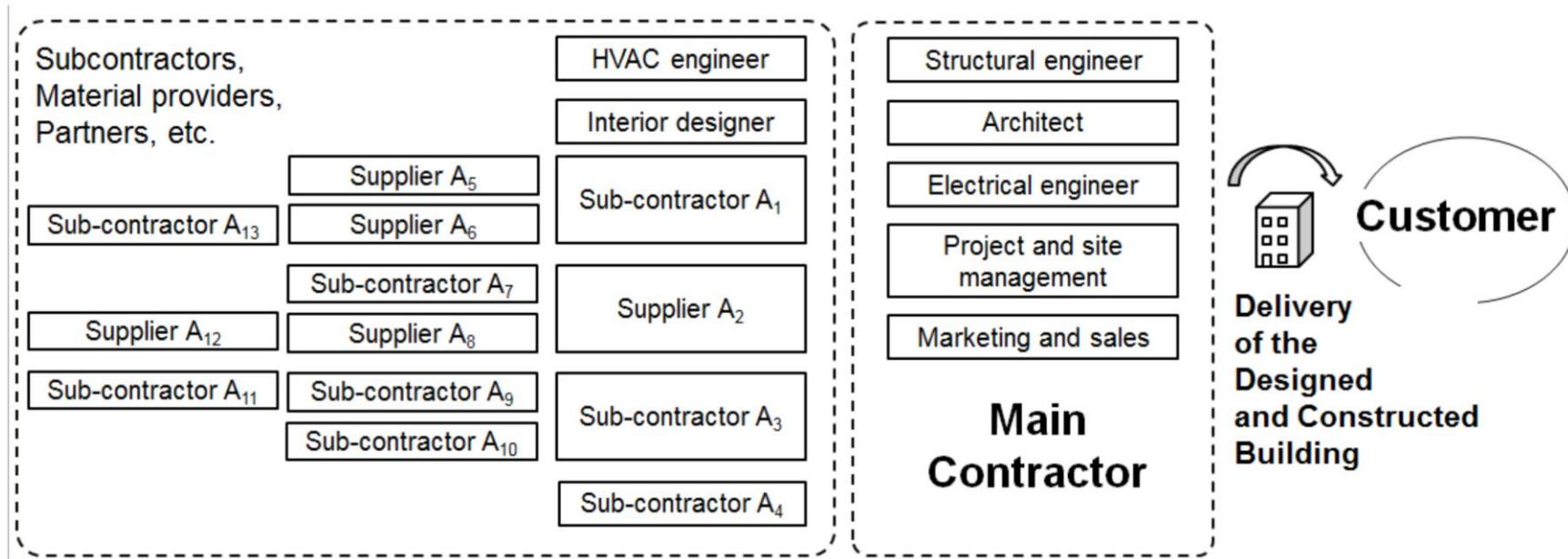
Results

SECTION A: Understanding of Business Models in Construction

SECTION B: The Business Model of the General Contractor

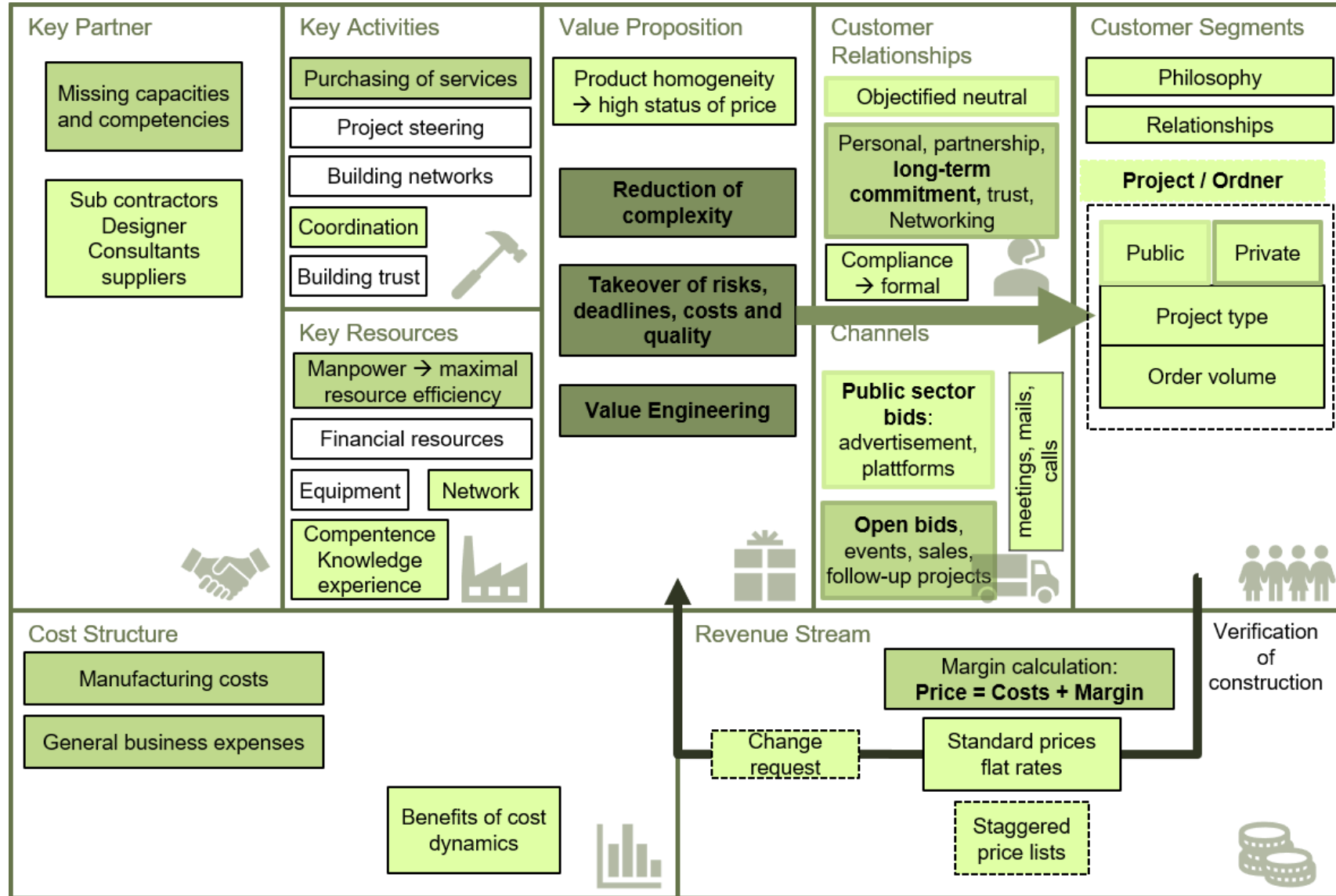
SECTION C: Potential of Digital Platforms in Construction

The role of GCs in the construction industry



Value Proposition

- Reduce complexity
- Risk management for cost, time and quality
- Optimise solutions



	Status Quo - GC	Potential for digital platforms in the construction industry		Challenges for digital platforms in the construction industry	Recommended action for GC
		Tender, award, contract	Provision of a production system		
Customer Segments	Professional client who wants to realize complex projects order / project specific categorization: Public / private Project content / industry project scope Farther: Basic philosophy / relationships				Consciously perceive that both the client and the key partners from the status quo represent customers. Definition of the sides of the platform (including preview of potential sides).
Value Proposition	Reduction of complexity. Taking risks for deadlines, costs and qualities. Value engineering. Value offer is perceived very homogeneously by the customers, therefore the significance of the price is high.	Enable direct interaction	Simplify direct interactions		Focus on enabling direct interaction between users. Start with the tendering, assignment and order processes creating the basis for further interactions. Value offerings from the status quo of the GC are taken over, but must be reinterpreted (elimination of friction by providing a production system).
Channels	Public client: Public tenders, submission of tenders, placing of orders (open and transparent competition according to VOB). Private client: Classic sales work: building	Order brokerage via platform	Integral handling on platform: Platform as digital project space is central processing point → Short information paths. Throughout the lifecycle there is the possibility to access all data of the building in terms of cost	Disruptions are unplanned and can not be predicted. Legal Challenges in the award of public services.	Open channels and drop gatekeeper function. Define role as mediator. Enable the collection of data (→ key resources) Initially exclude public clients.

DISCUSSION

- It was found that there is potential for a digital platform in the construction industry,
 - Tendering
 - awarding of contracts
 - provision of a production system
- The added value is realized through direct and simplified interactions
- First step towards a value proposition with the logic of the networked business models
- Key activity of networked business models to reduce resistance
- The challenge lie above all is the characteristics of the construction industry

LIMITATIONS

- First look into the GCs awareness of a transforming business model
- Limits in amount of participants and market size

WHAT IS NEXT?



*Ein Projekt des Innovationswettbewerbes
„Künstliche Intelligenz (KI) als Treiber
für volkswirtschaftlich relevante Ökosysteme“*

Looking forward to
transforming discussions.

**Leapfrogging
construction – together!**



Dominik Steuer

Research Associate @Karlsruhe Institute of Technology
Manager @Steuer Tiefbau GmbH

+49 176 1000 4124

dominik.steuer@kit.edu

www.linkedin.com/in/dominik-steuer