Business Model and Launch Strategy for Digital Post in The Netherlands

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ABSTRACT

The main problem facing Posts is competing on transportation and targeting in the physical space against transportation and targeting in digital space. The latter has an overwhelming cost advantage and a far smaller environmental footprint [1]. However, it is not clear yet what the business model and Launch Strategy should look like. To attract mail receivers content is needed, but to attract content providers, users are needed. Access to one side of the market depends on access to the other side. This paradoxical ‘chicken-and-egg problem’ has to be overcome. The goal of this research is to develop a Business Model Canvas and a Launch Strategy for the Digital Post in The Netherlands. This research includes a literature study on the subject of multi-sided markets, also called catalysts or platforms, some interviews with the current initiative owner of Digital Post in the Netherlands and an expert review. The results of this research are a Business Model Canvas and Launch Strategy for the Digital Post, as well as a theoretical framework with important aspects to think of when launching a multi-sided market.

Keywords

Digital Post, Business Model, Canvas, Launch Strategy, chicken-and-egg, multi-sided platform, The Netherlands

1. INTRODUCTION

In 2009, 5.1 billion paper mail items were sent in the postal system in The Netherlands. This is a 4.2% decline compared to 2008. The reason for this is most likely digital substitution and the economic crisis [8].

The main benefits of digital mail are cost savings and a smaller environmental footprint. There are a lot of costs associated with paper mail such as transport and printing, which are eliminated or reduced using digital mail.

Of course, there are also disadvantages to the digital variant. Most of these issues, however, already have a solution. There are, for example, concerns about safety and authentication issues. These can be overcome with encryption and digital signatures. Because of this, the benefits seem to far outweigh the disadvantages.

There are several different initiatives of Digital Post.

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Besides email, there are initiatives such as Finbox and Privver in The Netherlands, the NetPosti in Finland and the e-postbrief in Germany.

The banks in The Netherlands developed the system called Finbox. The problem with this initiative is that financial information is the only information you receive and as a result there isn’t enough content available for it to be interesting to receivers. Privver was instable, the reason for this is the three-party-model it used. If one sender stopped using the platform or didn’t want to cooperate with the only provider, the platform became more unattractive to receivers. When the receivers left on their turn, the system got more unattractive to senders and this vicious cycle led to the ‘implosion’ of the system. E-Postbrief still exists but also uses the three-party-model. It isn’t used that often nowadays. NetPosti is successful in Finland and uses the four-party-model, in which there are senders, receivers, and service providers for both sides.

Nowadays, the largest part of the population of The Netherlands has at least one email address. The email channel, however, is not appropriate to send and receive documents such as fines, tax levies and bank statements. Some of the main issues with regular email are [2]:

- Authentication of sender and receiver is not possible.
- Integrity of messages cannot be guaranteed.
- Proof of delivery cannot be obtained.

We will explore the approach in which a platform is developed that deals with the issues pointed out above. This will be done by developing a Launch Strategy and a Business Model Canvas for the Digital Post in The Netherlands. We will do this according to the insights of the current initiative owner, who has been active on this subject for two years now and has the plan to realize this platform in the course of time.

The creation of a platform for senders and receivers poses a chicken-and-egg problem. On the one hand, there should be enough content available for the platform to be interesting for receivers. On the other hand, there should be enough receivers reachable on the platform to make the platform attractive as a distribution channel for senders. There is literature available on this subject; Alstyne et al. [1] describe platform seeding in their whitepaper and the work of Evans et al. [3][4] describe catalysts. We will now give a definition of an economic catalyst: “An economic catalyst is an entity that has (a) two or more groups of customers; (b) who need each other in some way; but (c) who can’t capture the value from their mutual attraction on their own; and (d) rely on the catalyst to facilitate value-creating reactions between them.” [4].

“A business model explains the basic principles of how an organization creates, delivers and maintains value” [9]. It is an abstract description of how a business operates. Further, a
The business model includes a first level analysis of costs and revenues indicating whether the business is profitable. The business model includes the value propositions offered to customer segments to investigate whether they are prepared to pay for it. Next to that, key resources and activities are identified. The business model canvas of Osterwalder et al. [9] is a tool and methodology to develop a business model. More and more this canvas is being used for both private and public organizations. It is a common language and provides a good way to systematically analyze the different aspects of an organization using nine building blocks. These building blocks shape the four main areas of a business: customers, supply, infrastructure and financial viability.

1.1 Problem Statement

We have seen that email is not the appropriate channel for Digital Post due to technical restrictions. We want to explore the approach to develop a platform that deals with the restrictions bound to email and that overcomes the instability of the three-party model. Next to that, it also has to provide enough content to be interesting for receivers.

The goal of this thesis is to develop a Business Model Canvas and Launch Strategy that overcome these issues. The Launch Strategy should deal with the chicken-and-egg problem and the business model should provide stable and steady growth.

1.2 Related Work


1.3 Hypothesis

The hypothesis for this research is as follows: ‘We can develop 1) a Business Model that deals with the identified issues and 2) a Launch Strategy for the Digital Post in The Netherlands that addresses the chicken-and-egg problem’. To test this hypothesis, we will first develop the two deliverables and after that validate and evaluate these two using literature.

1.4 Research Questions

This research answers the following research questions:

1. What does the Business Model Canvas look like in the initiative as planned by the initiative owners?
2. What does the Launch Strategy look like as planned by the initiative owners?
3. Is the Canvas in line with literature approaches and what are the strengths, weaknesses, opportunities and threats?
4. Is the Launch Strategy in line with literature approaches and what are the strengths, weaknesses, opportunities and threats?

2. METHOD OF RESEARCH

This research consists of a literature study and field interviews. The first research question is answered using the results of an interview with the current initiative owner. These inputs are used to fill out the Business Model Canvas using Osterwalder et al. [9] This book introduces the Canvas and gives a lot of examples in other sectors. Common business model patterns are also discussed.

The second research question is also answered using the input from interviews with the current initiative owner. Our findings resulted in a more free-format document which describes the Launch Strategy and the Platform Seeding.

Research question three and four deal with evaluation and validation. These questions are divided in three parts, namely:

- What does the literature say?
- Is the model in line with the literature approaches?
- What are further strengths, weaknesses, opportunities and threats?

We used these steps to answer those questions.

We use the work of Osterwalder et al. [9] to answer question three. It has some very useful insights to evaluate and validate a Business Model Canvas. We look for the strengths, weaknesses, opportunities and threats. We further consult an expert on Business Model Canvas creation.

For question four, we use the work of Evans et al. [3][4] This work describes multi-sided markets, how to bring groups together and gives us insight in other industries and the way they launched their platform. Next to that, the work of Alstyne et al. [1] on Platform Seeding describes important issues concerning the Digital Post. We applied the work of Wijermans on crowd behaviors [11] and the work of Gladwell on epidemics [5] by analogy on Launch Strategies.

We have used field interviews and literature research to conduct this research as we deemed these methods most effective.

3. RESULTS

In this section, we present the results. The following sections deal with the four research questions stated in section 1.4.

3.1 Business Model Canvas

The Business Model Canvas we developed is added in Appendix A. In the following subsections, we discuss each of the building blocks separately. Together they form the Business Model Canvas for Digital Post in The Netherlands.

During the interview it soon became clear that when developing a Canvas for a multi-sided platform, there exists a strong linkage between three building blocks: the Customer Segments, the Value Propositions and the Revenue Streams. Each Customer Segment has one corresponding Value Proposition, which together link to a Revenue Stream. This relationship is drawn in the Canvas using a green and red arrow. The red arrow (which goes from the Value Propositions via the Revenue Streams to the Customer Segments) indicates the services provided with a loss to receivers. The green arrow (which goes from the Customer Segments via the Revenue Streams to the Value Propositions) indicates the revenue generation from prices per message/document.

Once we had identified the contents of these building blocks, we identified the two remaining building blocks on the right side, the Customer Relationships and Channels. After that, we went to the left side of the Canvas, where the platform itself was a very important aspect.

3.1.1 Customer Segments

There are two customer segments. On the one side there are big mail senders, which are the ones who will provide content for the receivers. These receivers form the other customer segment.

The pattern of a multi-sided platform becomes very clear at this point. There are receivers which want content and on the other
side there are organizations which provide content and want a digitally reachable audience. This is the core of the platform. The platform could be enhanced and extended by, for example, advertisers, payment services and app. developers. These groups will form new Customer Segments, Value Propositions and Revenue Streams. However, the core of the platform should first be realized.

### 3.1.2 Value Propositions

There are two important Value Propositions. For the large mail senders the platform offers a digitally reachable audience, through internal digital addressing services. This means that these large mail senders can reach receivers digitally. They can save costs by using the platform instead of having to use the paper mail variant.

The second Value Proposition concerns the receivers. They receive digital mail content and a digital archiving archive service. They have one digital mailbox, where they will receive all content, instead of having one inbox for each company.

### 3.1.3 Revenue Streams

The pattern of a multi-sided platform also becomes very clear at this building block. To solve the chicken-and-egg problem which often exists in multi-sided platforms, one Customer Segment often gets subsidized. As a result of that, this Customer Segment gets attracted, which in turn attracts other Customer Segments to get the platform running.

In this case, the receiver customer segment will be subsidized. Services (archive and letterbox) will be provided to them with a loss. “Freemium” means that customers can choose to pay to get more services, but they do not have to. This model is very successful in Skype for example. The large mail senders will pay a certain price per message/document to finance the platform. They are accustomed to such a model in paper delivery.

### 3.1.4 Customer Relationships

The senders who will be using the platform receive an automated service. They deliver their content to the ‘mailing houses’. After that the platform will make sure the content will be delivered to the right receivers.

The receivers on the other hand, will mainly have a self-service. When they want, they can log-in to collect their mail. After that they can access their archive whenever they want.

### 3.1.5 Channels

For the big mail senders the ‘mailing houses’ are important channels. The ‘mailing houses’ will be the ones which deal with marketing and sales towards the big mail senders. They will also deal with delivery and after sales for senders. The mailing houses will be ‘contact points’ for the big mail senders.

For the receivers, big consumer brands will be important channels. These organizations will deal with marketing and sales towards receivers. They will also make sure the mail will be delivered to their consumers. These big consumers brands will be ‘contact points’ for receivers. They will be providing the archive to the receivers.

### 3.1.6 Key Partners

The current initiative owner identified four Key Partners. One of the partners is the Dutch government. There are multiple reasons why the government could play an important role. First of all, the government uses an authentication system called DigID, which - in an improved form - may be applicable for the Digital Post as well. People may use it for authentication while collecting their mail. Secondly, the government might be one of the providers of a digital mailbox itself. Lastly, the government is a large sender of mail. To make the platform a success, a standard package of content (i.e. incoming mail) should be provided. The interests of receivers increases significantly, when government mail is part of the basic content package.

Next to the government, other content providers are also Key Partners. For example, insurance companies, door-to-door paper newspaper and advertising providers and pension funds. Providing storage is not part of the Digital Post initiative. Hence, parties providing storage are partners of the company.

When the platform is running, it can be further enhanced and extended. It may be realized that receivers can directly pay via the platform, they could also get personalized advertisements or third-party app developers may be allowed on the platform, for example. In time, this means that more Key Partners may be identified e.g. Payment Service Providers.

### 3.1.7 Key Activities

The Key Activities all have to do with the platform. First, the platform needs to be developed. After that, the platform can be provided to the different customer segments. To make sure everything goes according to plan, it needs to be properly managed and maintained. Service should be provided when problems occur. Next to that, promoting the platform is also very important, to make sure customers adopt it.

### 3.1.8 Key Resources

The Key Resource is the platform itself. The platform can be divided in five smaller parts. The first part is the secure delivery of documents. The system should be made in such a way, that the authenticity of the sender and receiver is guaranteed. The integrity of the messages should also be ensured. Proof of delivery can be provided by logging and auditing.

The second part is an Identity Database, which serves as an ‘address book’. It stores a unique key, to make sure that one person can only have one digital mailbox. There are several ways to do this e.g. BSN or name and address in combination with an identifier of the digital mailbox the person is using.

The third part is a service which first extracts the identities of the users to which a mail item is addressed, which is then matched with the digital mailbox which belongs to that specific addressee. The fourth part is the content which the platform provides. There have been a lot of initiatives in the market place (e.g. Privver and e-Postbrief) which didn’t provide enough content to be interesting enough for receivers. By providing a standard package of content it should be interesting enough for receivers to use the platform.

The fifth part is storage. Consumers will have their own archives, saved in the cloud. This way, they will be able to access their mail from any location. This archive should have an authentication system, so the owner of the archive is the only one who can gain access.

### 3.1.9 Cost Structure

The Cost Structure can be divided into two parts, namely, fixed costs and variable costs. The fixed costs which will be incurred are the development and maintenance costs of the platform. Setting up the infrastructure and marketing & sales are also independent of the number of users and messages and thus fixed costs.
The variable costs are storage, application services, matching and the number of messages which have to be sent. The costs of this category will rise when more customers will use the platform.

3.2 Launch Strategy

A Launch Strategy is an approach for launching a new product. Hultink et al. [6] tell us the following about new product development.

“Decision-makers in the new product development (NPD) process must address five key issues: what to launch, where to launch, when to launch, why to launch, and how to launch. These decisions involve significant commitments of time, money, and resources. They also go a long way toward determining the success or failure of any new product. Deeper insight into the tradeoffs these decisions involve may help to increase the likelihood of success for product launch efforts.”

In the previous sections the questions what, where and why were already answered. The question ‘when?’ is answered with ‘as soon as possible’. It depends on how long it takes to realize everything that is necessary to successfully launch the platform.

Launching a new multi-sided platform requires a lot of thought. A multi-sided platform is much more complex than a single-sided market. To give a few examples; the platform has to be attractive for both sides of the customer groups, which is required for the platform to grow. Next to that, the pricing has to be just right to make the platform a success. If one side feels that prices are too high, they might leave, which will start a chain reaction until everyone is gone. And of course, the chicken-and-egg problem is a very important aspect. You need to solve this problem to start the catalytic reaction.

If attention is paid to the Launch Strategy and if all aspects are designed carefully, returns can be very high. Some of the world’s most successful companies e.g. Google, Microsoft, eBay, Apple and Mastercard, all run a multi-sided platform, which are very carefully designed.

3.2.1 Theoretical Framework

To develop a Launch Strategy for the Digital Post in The Netherlands, the first step is to identify the important aspects which make up the Launch Strategy.

In this section, we will shortly describe these aspects. Figure 1 gives a graphical representation of the theoretical framework. The Launch Strategy can be split up into six parts. Central is the multi-sided market, which is influenced by five main groups: crowd behavior, chicken-and-egg problem, tipping point, strategic aspects and financial aspects. These groups each exist of multiple aspects. These aspects together make up the theoretical framework for a Launch Strategy in multi-sided markets.

3.2.1.1 Understanding crowd behavior

For a multi-sided platform, adoption by society is very important. It allows the platform to grow, which in turn makes the platform more attractive to the other customer segment.

Within a society, people influence each other on all kinds of aspects, e.g. what food to buy and what clothes to wear. In the same way, people also influence each other to adopt certain practices; use the Google search engine, use an auction site, or in our case, use the Digital Post platform.

We draw an analogy by looking at crowd behavior. Wijermans [11] studied crowd behaviors and we use the relevant insights of her study to try to predict behavior of people adopting certain practices. Three elements of her book on crowd behaviors were of special interest to us, namely, Density, Leadership and Simulation.

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![Multi-Sided Market Diagram](image-url)  
*Figure 1. Launch Strategy Theoretical Framework*
Wijermans argues that, when the Density of people who know something about a particular subject is higher, more people will eventually get to know about it. This means, for example, that if one person out of forty thousand is using a particular application, the chance is not very high that someone else will meet this person and talk about it. However, if the density is, say, one out of three, people will talk about it far more often, since the chance they meet someone using that application is much higher. Other people will hear about it, which will result in more and more people that are going to try the application.

She also writes about Leadership. Leadership can be a very effective way to drive fast adoption. If someone with a lot of influence starts using an application, others will follow. This crowd behavior can be used to help stimulate adoption of a catalyst.

The last thing she points out is Simulation. By simulating, it is possible to further enhance your Launch Strategy. By simulating, you can see how people react to a certain product. This means that, without entering the market, it is possible to get a good view of what it will be like when you would enter the market at that moment in time. This will most likely result in some changes being made to the strategy, before introducing it.

3.2.1.2 Tipping point

We are looking for relevant aspects that will accelerate the growth of the platform. In the book ‘Tipping Point’ of Gladwell [5] aspects are described, which are important to reach the turning points after which a phenomenon will spread very fast. He uses epidemics as an example. The aspects identified below are aspects which may be very useful when launching a new platform.

Gladwell gives us insight in ‘The three rules of epidemics’. If you look at these rules more generally, you could also use them in the context of introducing a new product. The three rules are:

- The law of the few, the stickiness factor and the power of context.
- The secong type Gladwell identifies is the Maven. The maven is an expert or enthusiast who knows a lot about your product. They want to share their information with other people to help them make a decision. The maven is no persuader, he is an information broker. The last role is the Salesman. Unlike the maven, the salesman persuades people, he tells them to use the product, he convinces them. It is smart to think about these roles when launching the platform, since they can help gather customers for your product.

Gladwell’s second rule is the Stickiness Factor. This factor is about testing whether the product satisfies the expectations of the customer. If the customer is satisfied, they are likely to use the product again. To get the catalyst going, it is therefore very important to make sure customers are satisfied.

The last rule of Gladwell which is of interest to us is The power of context. This means stimulating the customers to go in the direction you want them to go. You could do this with incentives, e.g. give away discounts if they start using your product. This way, you stimulate customers to use your product.

3.2.1.3 The chicken-and-egg problem

Alstyne et al [1] did research in the area of multi-sided platforms and wrote a whitepaper specifically aimed at the Digital Post. In that whitepaper, three ways of dealing with the chicken-and-egg problem are described. This information is very useful to us.

Alstyne et al [1] identify three strategies to solve chicken-and-egg problem, namely, Seeding strategies, Marquee strategies and Platform envelopment. Very briefly said these strategies comprise the following. Seeding strategies involve attracting customers by seeding the platform with content or applications. Marquee strategies involve identifying key user groups or key developers and offer them attractive reasons to participate.

Platform envelopment involves using an existing platform to expand into adjacent platform markets. These strategies are very important when launching a multi-sided platform.

3.2.1.4 Multi-sided markets

Evans et al [3] describe all kinds of multi-sided markets. They give us insight in how these markets work and how they started.

This book helps us understand important issues and considerations when launching a multi-sided platform. It allows us to learn from history of other industries. Evans et al [4] wrote another book on this subject. In that book they also provide us with a catalyst framework, which describes all important issues you need to think of, when developing a catalyst.

Comparing a multisided business model with a single-sided model is another aspect of the Launch Strategy. By first launching a part of the business using a single sided model, you can stimulate adoption of that part. After that, it is less risky to extend it to the full business model which is two-sided.

Another aspect, which can be divided into five parts, is pricing.

Pricing is very important when launching a catalyst platform. It can make or break your catalyst and therefore a lot of attention should be paid to it. We will shortly discuss these aspects below.

First of all, separate prices should be set for access and usage. By setting access prices low, you stimulate adoption, which leads to fast growth of your catalyst. By setting usage prices low, you stimulate interaction between customer groups.

Secondly, prices should be set to balance demand from two sides. The side which is most valuable to your platform should be stimulated. You could do this by subsidizing that side.

Thirdly, prices should be set to grow slowly – at first. It is important to have the pricing structure right, before getting big. A lot of catalysts have failed, because they wanted to get big too early. If the pricing structure is right, the catalytic will ignite and provide controlled growth.

Fourth, sometimes, it is smart to pay customers to belong. A lot of successful catalysts do not make money from at least one significant side. Getting that side on board generates enough profit from another side to be profitable.

Lastly, price for long term-profits. At first, it is important to make sure your platform grows, not setting high prices to have short-term profits. Building your platform is the most important activity, at a start.

Promoting interaction is another aspect worth considering, when thinking about a Launch Strategy. By having a bonus system or discount system, customers are stimulated to keep using your platform. They keep interacting, which means they
are more likely to stick to your platform and tell other people about it.

**Use forecasts to enhance profitability.** By forecasting, you think about how long it will take your platform to become profitable. It might take two years for your platform to take off and to be profitable. It is important to know this up front. This way, you know how much funding you will need. Next to that, it also gives you insight of when to stop, when for example, after three years your platform is still not profitable.

**Anticipating competitor actions** is important to keep doing, especially during the Launch. If a competitor has a new technology, it is important to embrace this technology, before it destroys you.

The last aspect is **controlling growth.** It is important to set out a strategy for growth. You must remain in control.

By studying industry history or catalysts in similar businesses, lessons can be learned as well. However, it is important to realize that catalysts in other industries do not give you any guarantee that they will work in yours as well [4].

### 3.2.2 Launch Strategy Digital Post

In this section we will describe the Launch Strategy according to the insights of the current initiative owner. The plan is to introduce the Digital Post in phases. Instead of introducing it nationally, the plan is to introduce it in smaller geographic areas. By using this strategy, adoption rates will be higher since people will talk about it to each other. If you would introduce it nationally, to the same amount of people, adoption rates will be lower. By doing it this way, you can also control growth. It is much easier to keep an overview within a couple of cities than in the whole country.

By having prominent persons, e.g. community leaders to use the Digital Post, other people in that community will be enticed to follow that person and do the same. These prominent persons could for example be the mayor, or a director of a sports club or a musical society.

In most villages there are some people who know almost everyone within that village. The idea is to enthuse those. If you are able to do this, they will influence a lot of other people. That way, the platform is able to grow very quickly. Next to that, other people may become so excited about this new platform that they love to tell about it. Of course, there will also be people who are hired to persuade people to use the platform.

After gathering your customers, it is very important to keep them. It is much harder to get new customers than to keep existing ones. Therefore, it is important to keep your customers satisfied. Another result of satisfied customers is ‘the positive feedback effect’. People will tell about their positive experience and entice others to try the platform. To make the platform for Digital Post in The Netherlands a success, customers need to be satisfied from the start.

By promoting the platform in a way that customers receive discounts or bonuses, adoption and usage is stimulated. In the specific case of the Digital Post, this can be done, for example, by giving away extra storage space in the customer archive if they join now. External parties could also have a campaign to stimulate digitalization, by showing it as a durable, modern approach. Giving away discounts or bonuses if the number of messages sent exceeds a certain threshold is a way to promote usage.

In the case of Digital Post, seeding the platform is very important. It will make or break the catalyst. There needs to be enough content available for the receivers to be of interest. If customers would only receive one mail in two weeks, they will not be very motivated to use the platform. We plan to solve this by providing a standard package of content right after someone’s account has been activated. Marquee mail senders e.g. the government and insurance companies will be attracted. They should be provided with attractive reasons to join the platform e.g. discounts. If they join, the catalytic reaction will attract even more receivers and as a result of that, more senders.

Another way to get the platform running is to use an existing market to expand to the Digital Post. Since the initiative owner is planning to create a start-up company, we will need a partner to do this. This could for example be ANWB, Air Miles or an Internet Service Provider.

To reduce the risk that accompanies the launch, a single-sided market could be launched first by providing a digital archive to users for a price, without a link to the Digital Post. Later, existing content could be added to the archive and after that it could be linked to a letterbox in which mail can be received. Not everything has to be introduced at once. Next to that, a price can be asked for the digital archive, which will not be done for the letterbox, to stimulate adoption.

During the launch, access prices will be set to zero or subzero (pay customers to belong). In other words, we may initially pay customers to receive their mail online. You want as many customers as possible to adopt your platform. If the platform is running, access prices may be introduced. Usage prices will be on the side of the senders. For each message they send, they will have to pay a small amount. Since using the platform for Digital Post is much cheaper than the alternative, paper mail, we expect that this will not be a problem. Senders will naturally prefer to shift to the Digital Post due to cost savings. Of course, this will only be the case if there are enough receivers available. For receivers, there are advantages, but these are not as big as to senders. So the receiving side will have to be stimulated, which will be done using the Freemium model. Basic services for free and higher level services against a fee.

For the Digital Post it is important to not go too fast. The pricing structure has to be right for the catalyst to survive. It should focus on getting it right, before growing big. If the pricing is right, the platform will become a large player soon enough. Pricing for long-term profits is very important. It is almost inevitable to launch the platform and incur some losses at the start. Prices should be set to ignite the catalytic reaction, not to create short-term profits. Catalysts are for the long-run.

Simulation will be done for the Digital Post in The Netherlands. By simulation it can be verified whether the assumptions that were taken are correct. Problems in the business model or Launch Strategy may be discovered. Next to that, user tests will also be executed. That way, we can see whether users like the platform and whether they will come back.

Forecasting is a very smart thing to do. How long will it take the Digital Post platform to be profitable? This gives you insight in the amount of time you should continue to make a loss, before realizing that the platform does not work as planned and it is better to pull the plug.

For the Launch Strategy, a lot can be learned from similar industries. Although no guarantee for the Digital Post industry, lessons can be learned. Looking at Dropbox for example, learns us that the Dropbox user 1) hears about Dropbox, 2) didn’t realize he needed it, 3) it actually works, 4) is unexpectedly happy and as a result of that he tells his friends about it [7].
This teaches us that positive feedback is very important. Things can be learned from other initiatives in the Digital Post as well.

3.3 Evaluation and validation of the Canvas

In this section the results are presented of our evaluation and validation of the Business Model Canvas for the Digital Post in the Netherlands. These strengths, weaknesses, opportunities and threats are not only the result of an expert interview, but also of the approaches pointed out in the book of Osterwalder [9].

First of all, the Customer Segments could be specified a bit more precisely; instead of Consumers/Citizens mail receivers is more clear.

Next to that, there are a lot of opportunities in the ‘other’ category. The expert that was interviewed said that he wouldn’t be surprised if the Payment Service Providers (PSP) would eventually become the main source of income for the Platform. If the platform receives a compensation from the PSP for each bill, this could become a very profitable business.

Leasing directed advertising space is a big opportunity as well. As Google shows, businesses are prepared to pay for advertising space, especially if they are aimed at the right customer group. The App. developers might be more of a long-shot.

The expert recommended us to divide the rest category and develop a Value Proposition and Revenue Stream for each of the categories.

We did not do this at first, because we saw these categories more as an addition, not as the core of the platform. However, in time these rest categories may generate the most income, so we decided to change this.

The Value Proposition we offer to the advertisers is directed advertising space. They will be prepared to pay for this space which is the Revenue Stream. For the PSP the Value Proposition is offering more transactions from which they generate revenue. They will in turn pay the Digital Post a small amount for each transaction, which is the Revenue Stream.

The application service providers are offered a community, for which they can develop new applications. They will be able to make a profit out of that. The Revenue Stream that goes together with that are royalties.

The Value Proposition for the sender can be sharpened a bit more as well. For the senders, you do not only offer a Digital reachable public, you also give guarantees about delivery. That is one of the reasons to create the platform in the first place.

Another point that came forward during the interview was that there is a very subtle choice to be made concerning your customers and channels. You can choose between mailing houses and large mail senders as your customers. If you choose for the first one you will have fewer, but larger customers. If you choose for the second one it is important to think about the role the mailing houses fulfill. Are they your partner? What is in it for them? A similar issue can be identified on the receiving side. Do you see the big consumer brands as partners, which will distribute the mailboxes, or are they your customers?

To get this clear, a value network was developed. Figure 2 shows the value network for the Digital Post in The Netherlands. Customer Segments are shown in green (the five most highest ellipses), Key Partners in orange (the six most lowest ellipses, without the Digital Post Platform) and the platform itself in blue (the central ellipse). At the associations between the platform and the Customer Segments, the blue text (highest at each association) shows the Revenue Stream and the purple text (lowest at each association) the Value Proposition.

Eventually, we came to the conclusion that the ‘mailing houses’ and big consumer brands are Key Partners. In the Business Model Canvas we created, they were our Channels. However, the internet is the Channel to reach your Customer Segments. We improved this, and all other suggestions and added the improved version of the Business Model Canvas in Appendix B. In this model we left out the arrows, since the model would become messy if we added arrows for all five of the combinations of Customer Segment, Revenue Stream and Value Proposition.

Figure 2. Value Network Digital Post
The receiving side (the red text or second from above) is the only side which is not profitable, all other Customer Segments generate revenue for the Digital Post in The Netherlands.

3.4 Evaluation and validation of the Launch Strategy
In this section we evaluate and validate the Launch Strategy for the Digital Post in The Netherlands. This evaluation is done by carefully analyzing the Launch Strategy. We checked whether it’s in line with literature approaches and whether there are inconsistencies to be found. At this point, it is hard to analyze the specific strengths, weaknesses, opportunities and threats associated with the developed Launch Strategy.

When we compare the aspects identified in the theoretical framework to the Launch Strategy developed with the insights of the current initiative owner, we see they have much in common. If you analyze the two closely, you will see that each aspect recurred in the Launch Strategy with the exception of ‘Anticipating competitor actions’. This may be a weakness of the Launch Strategy; not enough attention is paid to protect its position. Others will build on what you have learned. It is important to make sure no one is able to copy your business. Examples to do this are: locking in senders, which means they will only use your platform, but also by embracing new technologies at the moment they become available [4].

The Launch Strategy for the Digital Post in The Netherlands is in line with literature approaches and is consistent. We could not find any contradictions. It also solved the chicken-and-egg problem by attracting marquee mail senders, seeding the platform by providing a basic content package and applying platform envelopment with partners.

4. CONCLUSIONS
A Business Model Canvas for the Digital Post in The Netherlands was developed according to the insights of the current initiative owner. The resulting Canvas is added in Appendix A. We evaluated it by using the work of Osterwalder [9], by consulting an expert and by analyzing the Canvas and checking it on consistency. We improved the Business Model Canvas after this review and added the improved version in Appendix B. The core of the Business Model are the three building blocks: Customer Segments, Revenue Streams and Value Propositions that are linked together. The receiving side will get subsidized. The other Customer Segments will pay to use the platform.

Next to the Canvas, a theoretical framework for a Launch Strategy for a multi-sided business was developed. We did this to get insight into all aspects of importance when launching a new catalyst. After that, a Launch Strategy for the Digital Post in The Netherlands was developed using the insights of the current initiative owner. We evaluated it by checking it on consistency and comparing it with the theoretical framework. We saw that it was consistent and in line with literature approaches. We came to the conclusion that anticipating competitor actions requires more attention.

We have developed proof for the hypothesis we formulated: ‘We can develop 1) a Business Model that deals with the identified issues and 2) a Launch Strategy for the Digital Post in The Netherlands that addresses the chicken-and-egg problem’. The Business Model deals with the identified issues. It does not have the three-party model that failed for other initiatives (Privier, e-Postbrief) and deals with the problems that the email channel has. The Launch Strategy solves the chicken-and-egg problem by using Seeding Strategies, Marquee Strategies and Platform Envelopment.

4.1 Further Research
To make the Digital Post platform a success, more research is required. We developed a structure for a Launch Strategy and applied this to the Digital Post. However, we could not go deep into each aspect. The reasons for that are not only time constraints. At the point this paper was written, it was too early to come up with a thoroughly designed forecast.

In the Catalyst framework in the book of Evans [4] other important aspects are identified to be considered when developing a multi-sided market. We did not look into those aspects, because they were not relevant for the Launch Strategy. Nevertheless, further research is needed in these areas. Examples of follow-up research questions are: ‘What does the forecast look like for the Digital Post in The Netherlands?’ and ‘In what ways can we prevent competitors from copying our business?’

5. ACKNOWLEDGMENTS
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6. REFERENCES
Figure 3. Business Model Canvas [10]
B. IMPROVED BUSINESS MODEL CANVAS

Figure 4. Improved Business Model Canvas

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[Diagram of the Improved Business Model Canvas showing various elements such as Customer Segments, Value Propositions, Partner Relationships, Channels, Customer Relationships, Revenue Streams, and Cost Structures.]