



Chapter 8

Innovative Business Models in Digital Firms: The Challenge of Sustainability

Patrizia Accordino

 <https://orcid.org/0000-0001-8798-2171>
University of Messina, Italy


Tindara Abbate

 <https://orcid.org/0000-0003-3706-5206>
University of Messina, Italy


Daniela Rupo

University of Messina, Italy

Raffaella Coppolino

 <https://orcid.org/0000-0002-7312-0922>
Department of Economics, University of Messina, Italy

Elvira Tiziana La Rocca

 <https://orcid.org/0000-0001-5064-0100>
University of Messina, Italy

ABSTRACT

The 17 Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda for Sustainable Development intends to improve efforts of governments, societies, and companies to deal with major social and environmental problems affecting contemporary societies. From a business perspective, companies can find a propulsive boost of innovation looking at different models of production and use of services/products. This new perspective is radically changing the ways companies and consumers interact, and the role of companies in supporting the achievement of SDGs through service innovation is becoming pervasive. In addition, the emerging digital economy represents a great opportunity opening up to sustainability-oriented service innovation and firms are developing their competitive advantage based on the introduction of new digital business models. This chapter explores this issue through an explorative case study based on the MyTaxi business model. Implications for managers and researchers and opportunities for future research are highlighted.

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INTRODUCTION

Over recent decades, the expansion of Internet and related digital technologies has strongly revolutionized the directions for the value creation of organizations and, in general, of the whole ecosystem (Moore, 1993), determining various business opportunities (Amit and Zott, 2001) and inevitable threats related to the volatility and unpredictable nature of technology (Trimi and Berbegal-Mirabent, 2012). Indeed, digital technologies have the potential of generating incredible new wealth, commonly through entrepreneurial start-ups and corporate ventures (Amit and Zott, 2001). However, the digital revolution has mainly imposed the definition of new business models to create, deliver and capture value (Zott et al., 2011) by addressing customer needs, providing new products and solutions to innovation problems and transforming the rules of competition for established businesses and new ventures in unusual ways (Osterwalder et al., 2005; Teece, 2010; Zott et al., 2011; Massa et al., 2016; Foss and Saebi, 2018). This vortex has involved a large set of industries and contexts in its continuous movement toward a “digital center” in which business models are strongly digitized (Bradley et al., 2015). On the other hand, the development of ways dedicated to value creation, delivery and appropriation has provided potential spaces for the definition and implementation of unconventional exchange mechanisms and transaction architectures (Amit and Zott, 2001) and, consequently, increased the opportunities of designing new boundary-spanning organizational forms (Zott et al., 2011). Specifically, these developments have revealed different horizons for the design and experimentation of e-business models (Osterwalder and Pigneur, 2003) by fostering firms to fundamentally change the way they organize and participate in economic exchanges, both within and across firm and industry boundaries in the context of highly interconnected electronic markets (de Reuver et al., 2007).

Although management literature is increasingly focused on e-business models, it is necessary to underline that contributions show various approaches to the business logic of firms characterized by ICT-driven innovations but less importance is dedicated to how innovations in the business models may contribute to create economic, environmental and social value (Evans et al., 2017). Notably, business model innovation is increasingly considered as “a potential mechanism to integrate sustainability into the business” (Evans et al., 2017, p. 597), suggesting that business models must be transformed, incorporating social and environmental priorities for sustainability (Carayannis et al., 2014, pp. 122-123). Indeed, new business models may help to develop integrative and competitive solutions by either radically reducing negative and/or creating positive external effects for the environment and society as a whole (Presenza et al., 2019).

With this in mind, the chapter intends to analyze the e-business model of a digital firm operating in the travel industry, where facing the challenge of sustainability is fundamental. The aim is to identify distinctive elements related to sustainability of the application of innovative digital technologies without neglecting recent developments linked to legal factors like the rules on fair competition and taxation.

The research question is: to *what extent do e-business models support sustainable innovations in a real context?*

To achieve the research objective, the study performs an explorative qualitative analysis based on a single case study, represented by MyTaxi, an innovative digital firm operating in the Italian travel industry.

There are several reasons for this choice. Firstly, the travel and tourism industry is facing the pressure of digital transformation. According to UNTWO, in 2018 it campaigned for tourism and digital transformation and propelled the industry into realizing the potential of digitization in destination management and marketing. Additionally, a growing number of companies is embracing sustainability and

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