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# HOW TO DEFINE BUSINESS MODELS FOR SOCIAL INNOVATION IN THE ENERGY SECTOR

**INFOPACK**

# HOW TO DEFINE BUSINESS MODELS FOR SOCIAL INNOVATION IN THE ENERGY SECTOR

SocialRES is paving the way towards energy democracy! We are researching new ways to empower citizens and foster their involvement within the energy sector. At the same time, we are promoting active collaboration and social innovation within key players of the energy transition: cooperatives, energy aggregators and crowdfunding platforms. This info-pack provides a methodology for designing innovative business models for social innovations in the energy sector. New business models can emerge by combining existing ones and by following specific criteria.

## A 4-STEP METHODOLOGY: HOW DID WE DEVELOP IT?

From a business model perspective, the analysis of social business models reveals four particularities:

- The interdependence of their social and economic benefits;
- Their social value integration;
- Their social value priority;
- Their social value community development.

A business model for social innovation works on social needs as well as products and services for the market, with profits being reinvested in socially innovative activities.

## HOW CAN YOU USE IT?

This methodology has 4 steps:

### Step 1: Defining the new value proposition

To define value proposition, this methodology proposes a brainstorm around 3 different strands, security, affordability and sustainability of energy:

- Security refers to the security of the electricity network;
- Affordability consists in training users to fight

- against energy poverty;
- Sustainability deals with the use of green electricity.

### Step 2: Defining beneficiaries, clients and owners

After brainstorming, you have to define a value proposition and different roles of the client, the beneficiary and the owner:

- The client is the person who pays for the service;
- Beneficiaries are the stakeholders who benefit from affordable energy;
- Owners are the people who own the property.

### Step 3: Analysis of different business models

In step 3, you have to decide how your product would work with different business models (social hybrids):

- Client, beneficiary, and owner are the same;
- Client and beneficiary are the same but the owner is different;
- Client and owner are the same but the beneficiary is different;
- Client, beneficiary and owner are different;
- Beneficiary and owner are the same but the client is different.

For each of these business models, you have to identify whether or not it works for you. If it does not work, you should identify which social innovations are needed:

- Automatic value spillover: social value is created without further intervention;
- Contingent value spillover: an intervention is needed in order to create a social value.

#### Step 4: Selection of activities to be implemented

Lastly, you have to determine specific activities for the value proposition chosen in step 2 with the identified business model chosen in step 3. For this purpose, the matrix below can help you.

For each combination of the matrix in Figure 1, more indications and examples are given. You can read them on <https://socialres.eu/wp-content/uploads/2022/06/D4.4-Report-on-new-business-models.pdf>.

Step 4 :

What type of new activities that can support innovative social value creation?

Social relation as social interaction

	Cooperation	Exchange	Competition	Conflict
Manifestation	Doing			
	Thinking			
	Organising			

Figure 1. Example of the matrix created. (FIGURE 14 IN D4.4)

The content of this info-pack has been re-elaborated starting from the Deliverable 4.4. For more information, references and case-studies examples about this topic please read the whole document: <https://socialres.eu/wp-content/uploads/2022/06/D4.4-Report-on-new-business-models.pdf>



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