Abstract

When and how do business models evolve in a fast-changing environment? As a mediating stage between technological innovation and firm performance, the business model is able to link two important dimensions of the firm: value creation and value capture. Yet, the construct suffers from fuzzy definitions, empirical silos, and a lack of theoretical development. Based on the existing literature, the current paper proposes a value capture framework that is able to facilitate comparisons across various types of business models. Using a historical case study of two initiatives to extend a product-service business model at a technology product firm, the current paper explores when and how the business model as a system of organizational routines evolves as the firm’s technology strategy continues to shift.