



Business Models and the Creative City: Amsterdam's *Knowledge Mile* in the limelight

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1. Introduction

Many attempts in measuring the pulse and potential of a creative city have been undertaken during the last decade or so. Popular notions like *Creative City* or *Creative Class* were coined and catered for policy-makers and urban developers, which try to explain how to create and retain prosperity and affluence by applying these concepts to actual city-making. It sounded like a magical formula ready to come true. Many decision makers in developed countries welcomed the work and efforts of Charles Landry and Richard Florida with open arms and adopted it to their urban development plans without delay. Florida has been renowned for his formula “technology, talent and tolerance” which can be found mostly amongst creative and knowledge-intensive workers who are making a decisive contribution to urban economic growth. Landry is showcasing hard and soft infrastructure of a city (e.g. buildings and roads vs. public spaces) as drivers for exchanging knowledge and creating businesses.

To get to the nitty-gritty, Amsterdam’s creative hotspot *Knowledge Mile* has proven to display both hard and soft infrastructure that harbours and harnesses creative and knowledge-intensive business activities. Though a good deal of the Amsterdam residents might still call Wibautstraat “the ugliest street in Amsterdam”, there are others who are in charge of turning this prevailing opinion upside down. Those people are taking an active part in culture, sports and recreation; accommodation and food service; real estate; public transportation; consultancy, research and other specialized business services; wholesale and retail trade; human health and social work; renting and leasing of tangible goods; manufacturing; banking and finance; information and communication; education; and construction. The Amsterdam Creative Industries Network has registered all these activities so far. What most of them have in common is the creation and exchange of knowledge with an inherent potential to reinvent this part of Amsterdam-Oost into a lively centre of creativity that lays the foundation for improving the quality of working and living in the future.

This begs a question that has not been asked yet in the context of creative city making and the creative economy: If companies, organizations or institutions are performing their daily business activities, what role is their business model playing in this creation of a creative hotspot? Little has been done to explain which business models do operate in a particular environment, what values their products or services add, whom they address, how collaborations between business partners are being done and how local products or services are able to climb the regional, national or even international stage. The research question will therefore be: “*What are business model characteristics in a creative hotspot?*”

The methodology of this paper follows a zoom-in effect from theory to practice. First, both concepts of the Creative City and the Creative Class are being introduced and reviewed. Then we apply the theoretical background to the city of Amsterdam. At the centre of our attention are social, cultural and economic pathways of the Amsterdam urban region and policy lines that came up with the rise of the creative and knowledge-intensive industries. After this step, we focus on the *Knowledge Mile* and examine business activities in a marked-out creative knowledge hotspot. In doing so we will arrive at the heart of this venture, namely the Business



Model Analyser toolkit which has been designed to spot the main elements of business activities; for instance target customers, value propositions, supply chain architecture and revenue streams. The toolkit includes a questionnaire and an interview guideline for students and researchers to find out business model characteristics. Three applied examples with creative or knowledge-intensive industries related companies will also be performed to introduce the methods of the Business Model Analyser practically. That way Q&A will help to identify the specific underlying business model. Eventually, recommendations for future action will round off this paper.

The approach can be seen as a kick-off for measurements on the development of business activities and the underlying business model elements for the years to come. An annual observation that includes a check-up of the progression and remarkable shifts within the *Knowledge Mile* might then lead to significant insights and conclusions with regards to the socio-economic life of this creative nucleus. The overarching idea is to present findings on on-going business activities with novel or already proven business model elements as well as unique entrepreneurial qualities to emphasize the role of Amsterdam being a creative city – in the case of the *Knowledge Mile* on one particular area as a pars pro toto.

2. Creative City making

As a matter of fact, most of us are already city dwellers. 54 per cent of the world's population lives in urban areas these days, a share that is expected to grow to 66 per cent by 2050 (UN 2014: 1). CEOs for Cities (2006) research on the performance of the 50 largest metropolitan areas in the US brought to light that 64 per cent of people favour location over job decision. As recently as twenty years ago, there were 80 per cent picking a city first and then the job. Plus, for more than 80 per cent of developed nations, cities are wealth creators that drive prosperity of whole nations (Landry 2008: xi). Thriving urban development, which brings together production and consumption as well as it boosts the quality of life, has become one of the most important global issues right now.

Cities are competing on a global scale. This is traceable to current globalised flows of finance, people, technology, media and meanings (Appadurai 1996: 33). These flows frequently go beyond the regulations of a national government and can best be generated and coordinated within city-regions. The questions are: how can a city call attention to its unique characteristics and draw in those who are the drivers of innovations and patents, of job and wealth creation, of openness and diversity? What can and shall municipal authorities consider for attracting and retaining talents? For urban planner Charles Landry, it is the ordinary people who "can make the extraordinary happen if given the chance" (2008: xxi). Creativity in Landry's city context is applied imagination using assets such as intelligence, inventiveness and continuous learning. These qualities can be found in anyone who approaches an arising issue inventively and future-oriented, be that a health-care practitioner, scientist, teacher, volunteer worker, gastronome, sales manager, social worker, scientist, designer, tourism professional, media expert or a public administrator.

Creativity, in the sense of Richard Florida and Charles Landry, is not reserved to artists. On the contrary, it is a feature of all occupations that are representing an ideas-driven knowledge economy (Landry 2008: xxii). Based on long lasting collaborations with municipalities Landry states that creative people need factors that propel their creativity, for instance good air connections, research capacity, arts and cultural precincts, venture capital investment or clusters of producers. The task for city policy-makers and urban innovators lays in a well-considered city infrastructure that appeals to talents and curiosity-seekers. It lays the ground for connections to happen, networks to be built and innovative combinations to be accomplished (Florida 2014: 189, Landry 2008: xxxix).

Charles Landry's notion of the 'Creative City' envisions a method of strategic urban planning where urban innovators are requested to reinvent the city as a lively centre of creativity that lays the foundations for improving quality of life. The concept is to inspire open-mindedness and activate imagination within a city to unveil hidden potential (2008: xxi). He encourages planners to change their thinking from an urban engineering approach to a creative city making agenda, where good atmosphere is the priority. Thoughtful planning also averts negative psychological effects of ugly or loveless buildings, precisely because they lower people's ability to flourish at work (2008: xxiii). According to Landry, the future success of cities depends on the combination

of hard and soft infrastructure, to engender a flow of ideas and inventions. Hard infrastructure is a legacy from the past and includes roads, housing developments, office and iconic buildings. Soft infrastructure, however, focuses on gathering places like cafes or public wireless zones to create a people climate within a milieu where they can meet, exchange ideas and network – often outside of workplaces, and of course for a mutual advantage (Landry 2008: xxiii). Investing in soft infrastructure not only paves the way for allowing personal and business networks to flourish; it also avoids fragmentation of knowledge (Kageyama 2009).

Landry's idea behind his Creative City book is to give an ethical framework for urban innovators and policy-makers to guide and direct the energy of human creativity with evidence from case studies. The blending of his theoretical approach with tried and tested ways of evaluating and realising the creative city idea, in cities like Bilbao, Perth, Canberra, Ghent and Freiburg, shape a holistic picture of his reflection on and implementation of the creative city concept. Landry's creative city index is structured in three phases: an internal self-evaluation by the city, an external assessment by Landry and his colleague Jonathan Hyams, and a self-completed online questionnaire (Landry 2014). A creative city, in Landry's point of view, includes a city centre which serves as a neutral meeting place for all other parts of town. He argues that publicly shared space enlarges the wealth of cities by stimulating interaction, connections, trade and urban activity. Furthermore, a city's openness to divergent thinking and manifold lifestyles, daily practised by its urbanites, unlocks hidden or neglected human potential and nourishes it. This positively affects the inhabitants' overall perception towards a city. When asked by Landry what kind of qualities great places possess, people mentioned not only powerful statements like "well-designed", "a compelling story of the future", "dynamism" or "entrepreneurial", but also an opposite set of words, such as "accessible", "walkable", "a heritage", "refuge", "slow" and "calm" (Kageyama 2009). We also have to take into account that a creative city is not only exposed to the 'analogue' world – it similarly competes in digital spheres, on a global scale, where knowledge exchange, innovations and technology transfers take place and lead to far-reaching transactions. This happens primarily in the copyright, patent, trademark and design industries.

That said, a city not only needs aspiring, creative people. It needs organisations that allow individuals to express their different values, goals and attitudes to keep up with urban change. Such ways of living and the freedom of expression make a city appealing and desirable to different audiences. Consequently, an open-minded city approach that deliberately considers the following domains of capital, creates an optimistic and a vibrant resonance of the city (Landry 2008: xiii, xviii, xlvi, xlv):

1. *Human capital*: talents, skills and special knowledge.
2. *Social capital*: relationships between organisations, communities and interest groups.
3. *Cultural capital*: identity and uniqueness of a place, incorporated in heritage and memories.
4. *Scientific and technical capital*: solving problems with technology by turning them into practical applications.
5. *Creativity capital*: connecting the apparently disconnected and harnessing their imagination.

6. *Democratic capital*: fostering a transparent culture of discussion and choice.
7. *Environmental capital*: protection of natural landscape and ecological diversity of an area.
8. *Leadership capital*: motivation and capacity to take responsibility and action.
9. *Financial capital*: expenses for services and infrastructure.

Landry's creative city idea coincides with Richard Florida's reflections in his book "The Rise of the Creative Class". With respect to the city, Florida emphasises that the new creative economy is moving from a corporate-driven to a people-driven system where liveability, accessibility and sustainability of the place matters. According to him, a city growth strategy needs a "people climate" based on the strength of weak ties, and aims at "attracting and retaining people, especially, but not limited to, creative people" (2014: 305).

Landry's and Florida's accounts are indeed helpful to get to grips with the term 'Creative City' although many attempts had been undertaken that were reviewing creative city making concepts and enhancing factors to measure the creative pulse of a city and its dwellers likewise (Hartley et al. 2012). It is outside the scope of this paper to present another creative city-making proposal. Rather is it a question of whether we can find a connecting link between urban development and the growing prominence of occupations that require problem-solving skills. In this way Musterd and Murie's findings in "Making Competitive Cities" come into play. Their work was developed on the basis of a large-scale international comparative research program ACRE (Accommodating Creative Knowledge) with the goal of finding out what makes urban regions more or less attractive for key economic activities. They applied four theoretical approaches for the understanding of urban economic development and put creative and knowledge-intensive workers centre stage (Musterd and Murie 2010: 7-8):

1. *'Hard' conditions (location theory)*: availability of capital and labour with adequate skills, proper institutional context, tax-regimes, up-to-date infrastructure and accessibility.
2. *Economic clusters (agglomeration economy)*: shared infrastructure, links to firms and same environment, benefits from the presence of each other and enhanced image of the cluster; also path dependence according to historical development of the urban region
3. *Networks (for decision-making)*: personal networks of employees, entrepreneurs and managers, ranging from very personal to business related, small to large, local to global. Networks are of highly importance for where to start as well as where to expand a business.
4. *'Soft' conditions (urban amenities)*: quality of life, quality of environment and urban atmosphere, well-functioning housing markets and factors of openness, tolerance, diversity.

We will get back to the above-mentioned part of Musterd and Murie's considerations when we put the city of Amsterdam under the microscope. Before doing so the following chapter is going to shed light on the people who are the key players for a flourishing creative and knowledge-driven city.

3. Creative and knowledge-intensive workers within the city context

To spot the creative minds that Landry and Florida are unrelentingly mentioning we have to start from Florida's point of view – the most referenced and coevally criticized person in the field of creative city studies. Richard Florida's discoveries in his renowned book "The Rise of the Creative Class" indicate that the metropolitan areas that are burgeoning also demonstrate high proportions of high-tech concentration, patents per capita and annual patent growth. They also show a great deal of occupations that generate innovative tangible or intangible products or services and are knowledge-intense. Additionally, those areas exhibit a high share of immigrants or foreign-born residents, gays and lesbians and thriving integration. Florida subsumes these observations on US metro regions as the renowned 3T's – technology, talent and tolerance (2014: 401-3).

Florida defines creative and knowledge workers as the 'Creative Class'. He discriminates between a 'Super-Creative Core' and 'Creative Professionals'. The 'Super-Creative Core' consists of members that are creating innovative tangible or intangible products or services (e.g. computer programming, architecture, engineering, science, education, research, arts, design, entertainment, sports, media). Knowledge-based workers represent the group of "Creative Professionals" (e.g. management, business, finance, legal, health care, technics, sales). According to Florida's observations on US metro regions, the 'Super-Creative Core' features at best a power of attraction to reach 'Creative Professionals' who can unleash the economic potential of the city.

The issue with Florida's definition lays in its elusive characterization: Who is actually part of the group and who's not? Can we apply Florida's Creative Class thinking convincingly in terms of numbers and facts to the city of Amsterdam and the Knowledge Mile accordingly? At this point it is of vital importance that prominent agents like Landry and Florida as well as other less received academics have something in common: they put knowledge-intensive industries on a level with creative industries to explain their concepts. The central reason therefore lays in the fact that while urban economies are showing a decline in manufacturing, they simultaneously are seeing growth in services where high-skilled employees are required (Musterd and Murie 2010: 3,45). By pointing at the significance of knowledge, scholars are trying to place the idea of a 'Creative City' into a larger framework where intellectual problem-solving skills are taken into account. Along with other urban and regional geographers, sociologists and economics, Musterd and Murie have provided a critical review of Florida's account and 3T conceptualization to measurably define creative and knowledge-intensive occupations in 13 European cities including Amsterdam. For the sake of clarity the paper will follow classifications of creative and knowledge-industries issuing from Musterd and Murie's investigations. Their conceptions of knowledge-intensive industries comprise:

- Information Communications Technology.
- Financial services.
- Law and other business activities.
- R&D and higher education.



Added to knowledge-intensive industries we are taking creative industries into our considerations based on the Dutch definition of the creative industries sector. According to the “Monitor creatieve industrie 2014” creative professionals are working within the following fields:

- Arts: fine arts, performing arts, cultural heritage.
- Media and entertainment: radio and television, film, music industry, publishing, games industry, live entertainment.
- Creative services: design, information & communication.

Backed by theoretical background and classifications on creative and knowledge-intensive workers we can now look at the city of Amsterdam to highlight features of a creative and knowledge-driven city.

4. Amsterdam and the creative and knowledge-intensive industries

To gain a bigger picture of the Knowledge Mile we ought to locate it within the city context of Amsterdam. Paying attention to social, cultural and economic dimensions of path-dependencies of the Amsterdam metropolitan area is helpful in understanding the city's history (Musterd and Murie 2010: 57-61, 63). Table 1 gives an overview of this.

In 2005, 9.2% of all employment in the Amsterdam metropolitan area accounted for by creative industries, 9.5% by financial services, 9.1% by law and other businesses, 2.8% by R&D and higher education, and 2.7% by information and communications technology. This resulted in a share of 33.6% of all employment accounted for by creative and knowledge-intensive industries in the City of Amsterdam (Musterd and Murie 2010: 46). Musterd and Murie based their facts and figures on data from Regiomonitor 2005. At this juncture it must be stated that the ten-year-old statistics urgently needs to be modified.

To maintain stringency in using and employing data we are mainly referring to statistics from Onderzoek, Informatie en Statistiek (OIS) Amsterdam. There was the option to use available data from the "Regiomonitor Amsterdam 2013" with nearly congruent numbers and sector definitions. Our focal point is going to be OIS for the reason that we will later work with statistics from the Chamber of Commerce Amsterdam for discussing business activities in the Knowledge Mile. The Chamber of Commerce Amsterdam therefore provided data that is classified after the OIS sector definition. Nevertheless, both OIS and Regiomonitor do not account creative industries for an independent sector in their statistics. Furthermore they allocate it to the extensive grouping "Culture, sports and recreation" and partly to other sections. This forces us to work with the whole set of "Culture, sports and recreation" where creative and knowledge-intensive industries are highly represented. By taking data from OIS Amsterdam into account, we arrive at the following results (creative and knowledge-intensive industries in bold letters) (Table 2).

215,799 out of 480,509 employees belong to creative and knowledge-intense related industries according to the sections and numbers of persons employed 12 hours or more. This represents a share of 45% in Amsterdam's total economy. As listed in the "Monitor creatieve industrie 2014", approx. 10% of all employment within the city was associated with creative industries in 2013 (iMMovator 2014: 89). This would result in a knowledge-intensive share of 35% employment in overall economy. Three facts have to be considered with respect to this rough equation: First, data from the OIS could only be broadly analysed. It is likely to find particular businesses in the sections, which are not creative or knowledge-intensive related and vice versa (so that there are businesses in other sections which would count for creative or knowledge-intensive industries).

Table 1: Amsterdam city history

1. <i>Economic</i>	2. <i>Events, decisions</i>	3. <i>Built environment</i>	4. <i>Institutions</i>	5. <i>Socio-demographic</i>
<ul style="list-style-type: none"> • Colonial trade (seventeenth to mid-twentieth centuries) • Economic innovations: stock market, multinational company, money exchange (early seventeenth century) • Long tradition as centre of culture and finance • Well connected globally, especially by air. 	<ul style="list-style-type: none"> • Liberation from Spanish empire (sixteenth and seventeenth century) • Extension Schiphol Airport 1967 • Changes to urban renewal strategy. 	<ul style="list-style-type: none"> • Canals (sixteenth century) • ‘City as monument’ instead of monumental buildings • Gentrification Jordaan (1970s/1980s) and nineteenth century areas (1990s) • Re-development old harbour (1980s-present) • New functions for warehouses, manufacturing and energy complexes (1980s-present). 	<ul style="list-style-type: none"> • Trading and entrepreneurial spirit (since founding of Amsterdam) • Reputation of tolerance since late nineteenth century • Bourgeois elite more influential than monarchy (Dutch Republic and after) • Colonial trading companies: East Indies Company, West Indies Company (seventeenth/eighteenth century) • National strategic planning policies: new towns (1960s-1980s), VINEX (1990s: massive new house development in outer city areas). 	<ul style="list-style-type: none"> • History as immigrant city (since late sixteenth century) • Recent migration waves: former colonies, Mediterranean, refugees • Suburbanisation 1960s-1980s, growth of suburb cities since late 1980s • Growing socio-economic differentiation within city of Amsterdam • Declining socio-economic differentiation between core city and city region.

Table 2: Employment by sections, 1 January 2013-2014

section/definition	1 January 2014	
	no. of businesses	employed persons
A agriculture, forestry and fishery	82	132
B production of minerals	11	60
C industry	2088	10363
D power companies	27	3243
E water catchment and waste treatment	51	3115
F building industry	4678	12517
G trade	12669	56789
H transport and storage	3012	19300
I catering industry	4498	30414
J information and communication	8888	32342
K financial institutions	3104	39068
L business and rental of real estate	1273	5976
M consultancy and research	26030	83556
N other business services	4425	23606
O government	153	27053
P education	4045	31385
Q health services and welfare	7873	67673
R culture, sports and recreation	12872	23472
S other services	4189	10302
U extra-territorial organizations	17	143
total	99985	480509

Source: OIS Amsterdam (2014)

Second, the “Monitor creatieve industrie 2014” assumes a total workforce of 554,732 jobs in 2013, whereas OIS enumerates 482,638 employees in Amsterdam in 2014. It is likely that the Monitor embraces Groot Amsterdam whereas OIS covers the core city. Third, the Monitor categorizes creative industries (arts, media and entertainment, creative services) differently than OIS (culture, sports and recreation; other services; information and communication).

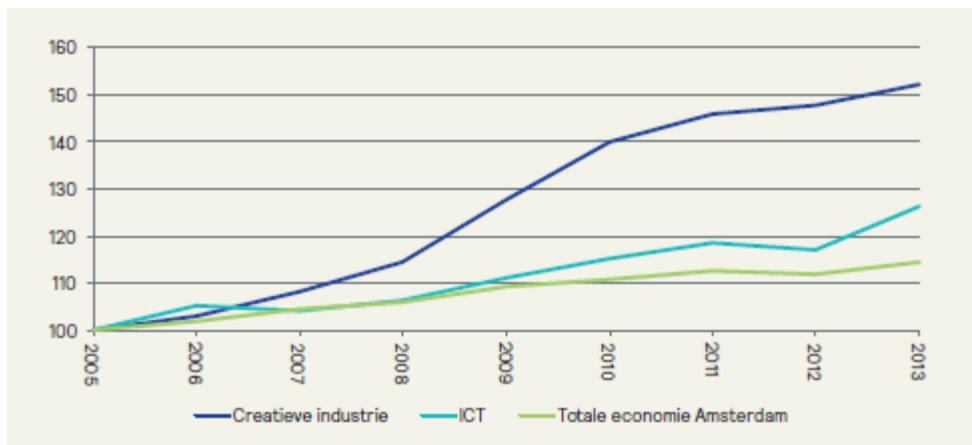
Yet again, not any means does this paper aim at quantitative accuracy with respect to creative and knowledge-intensive related employment. The differing figures and sector definitions do not allow such a detailed listing. It is far more of importance that employment in creative and knowledge-intensive industries has obviously been growing since 2005 and is anything but recessing or stagnating. And even if we leave out the vaguely defined OIS section “Culture,

sports and leisure” we’ll find those sections that refer to what Musterd and Murie have somehow classified as knowledge-intensive industries. These sections are:

- Information and communication: 32,342 employed persons
- Financial institutions: 39,068 employed persons
- Business and rental of real estate: 5,976 employed persons
- Consultancy and research: 83,556 employed persons
- Education: 31,385 employed persons.

These sections add up to 192,327 knowledge-intensive related occupations, which in turn display a share of 40% in Amsterdam’s overall economy. Compared to studies of Musterd and Murie (2010) where knowledge-intensive occupations account for 24.4% yet again this would illustrate remarkable job growth in ICT, financial services, law and other business activities, R&D and higher education. But be also reminded to treat the above-mentioned assessment with caution. It is best to consider the findings more as a trend or tendency towards knowledge-intensive job growth in the City of Amsterdam these days. No more, no less. On the contrary, proof of evidence for a clear job growth from 2005 - 2013 in creative industries and ICT can be attained from the “Monitor creatieve industrie 2014” (Figure 1).

Figure 1: Growth of jobs between 2005 – 2013 in Creative Industries, Information and Communications Technology, and overall economy in Amsterdam (2005 = 100)



Source: *iMMovator 2014: 88.*

Annual growth of jobs in Amsterdam’s creative industries sector from 2005 – 2013 made up 5.4%. The overall city economy shows a smaller growth with 1.7% during the same time period. 56,654 people were employed alone in the creative industries compared to 554,732 in Amsterdam’s overall economy (iMMovator 2014: 89). As already stated before, this is a share of more than 10% and certainly a considerable factor for future job creation as well as business opportunities to come.

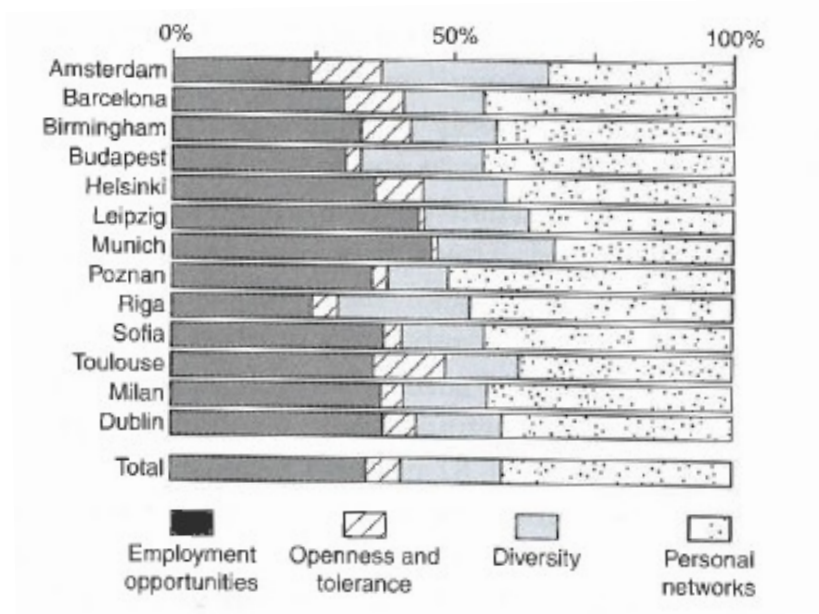
Nevertheless it tells little about the income situation of creative professionals (let alone the

knowledge-intensive industries where no comparable data could be found; for developments in the Dutch knowledge economy see “ICT, knowledge and the economy 2013”). Often creative professionals are confronted with precarious labour conditions, which are prompted by project-based work or short-term contracts. There is also the fact that cultural products and creative services are overrepresented; supply exceeds demand (Hartley et al. 2013: 72). Furthermore, a great deal of creative professionals operate within a system of monetary and gratuitous (mostly social capital enhancing) compensations. These circumstances should be considered as a side note.

Anyhow, what we can deduce from Musterd and Murie’s findings and our observations is an unambiguous significance of creative and knowledge-intensive workers in the City of Amsterdam. Expanding numerical importance of those workers with their effects on urban development along with the unabated popularity of “Creative City” and “Creative Class” concepts provide us with possible explanation attempts why policy-makers, urban developers and cultural economists won’t turn away their attention from creative and knowledge-intensive workers in the coming years. Reasons enough for examining their ambitions for picking Amsterdam as a place to live and work.

Researchers spotted essential living and working conditions of the creative and knowledge-intensive labour force. Behaviour and attitudes of higher-skilled employees in creative and knowledge-intensive industries had been examined in an ACRE survey in 2007 (Musterd and Murie 2010: 340-1). 221 interviewees pointed out that their most important considerations for living in Amsterdam are “Personal networks” (33%), followed by “Diversity” (29%), “Employment opportunities” (24%), and “Openness and Tolerance” (14%).

Figure 2: Relative share of respondents that ranked indicators as among the four most important from a list of 26 indicators, assembled in specific dimensions, per urban region



Source: Musterd and Murie (2010: 341).

The most important indicator Personal networks included conditions like “born there”, “family lived there”, “friends were nearby”, “studied there”. Diversity means a broad offer of leisure and entertainment as well as a cultural mixture. Employment opportunities were based on the statements “moved to the city because of a job”, “moved to the city because of a job of the partner”, “lives in the city because of good employment opportunities”. Openness and Tolerance is about openness to different people in terms of race, colour, sexuality or ethnicity.

Amongst the reviewed cities we can acknowledge prevalence in the importance of individual networks and of employment opportunities. According to the latter, Amsterdam falls through the cracks with diversity ranked number 2. Yet it has to be said that information about the actors in the ACRE survey was collected not only from managers of creative and knowledge-intensive firms and high-skilled and highly educated employees, but also from transnational migrants who are employed in the creative and knowledge-intensive industries. Amsterdam’s age-old reputation as a place of immigration and cultural blending might had an effect especially on the statements of transnational migrants.

Regarding Amsterdam’s path-dependencies, the prominence of creative and knowledge-intensive workers with their considerations for living in the city, we can conclude that policy-making around creative and knowledge-intensive industries is in demand of giving creative professionals and knowledge-workers a suitable political and economic framework to set up and run a business successfully. Therefore we shall not hesitate to consider policy lines especially designed for the creative and knowledge labour force as follows next.

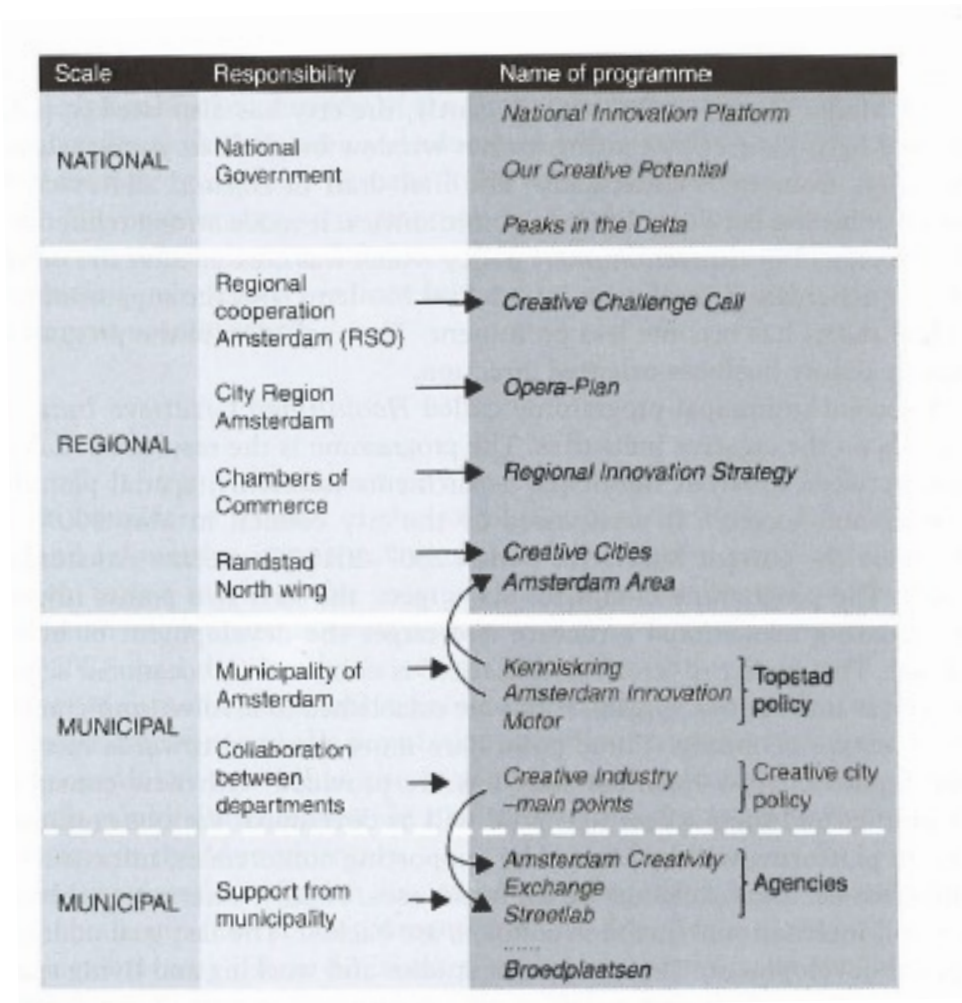
5. Policy lines for creative and knowledge-intensive industries in the Amsterdam region

Findings of Kloosterman (2004) and Bontje and Sleutjes (2007) have shown that 31 per cent of all companies and 26 per cent of all employees in the metropolitan region of Amsterdam are creative and knowledge industries related. While the attractiveness of the manufacturing industry as a provider of employment is shrinking, the service sector with dominance of small companies has grown. Especially ICT and CI companies saw major growth in the 90s (OIS 2013: 22), a trend that has not stopped yet and also induced first innovation-related policies. Furthermore, a fourth of all Dutch creative knowledge companies are located in the Amsterdam metropolitan area, which makes it a hotspot for the Dutch creative knowledge economy (Musterd and Murie 2010: 294). Amsterdam is renowned as the top location of financial capital, stock exchange activities and law firms. Besides these knowledge-related sectors, the city has built a strong reputation in film and advertising industry. We shall not forget the importance of Amsterdam's cultural institutions on a regional, national and global scale. Musterd and Murie are asking with good reason: "What is the secret of this success, and how have national and local policies contributed to the growing concentration of knowledge-intensive activities?" (2010: 295).

Three programs for creative knowledge industries were developed: Peaks in the Delta (2004) aimed at combining spatial investment and regeneration strategy with key sectors in the creative knowledge economy to support the 'Randstad' in international competition (Ministerie EZ 2004). Our Creative Potential (2005) fostered business interactions between creative industries and other economic branches (Ministerie EZ and Ministerie OCW 2005). National Innovation Platform (2006) was designed as a platform to stimulate interaction between public and private actors in education and entrepreneurship (Innovatieplatform 2006). In a nutshell, national policy addressed business-driven programs.

The issue with regional initiatives lies in the fact that there are no formal government institutions at the regional level. This meant that governance-agents had to mingle and go beyond municipal borders to start programs (Musterd and Murie 2010: 296). Regional cooperation Amsterdam (RSO) encouraged local and regional governments plus public and private actors to apply for the nationally funded Creative Change Call program. City Region of Amsterdam, a cooperation of municipalities and the Chamber of Commerce, came up with the Opera-Plan to foster a better access of the Amsterdam region by air and water through the use of technical networks. Amsterdam's Chamber of Commerce was also involved in developing Regional Innovation Strategy along with the Chamber of Commerce Flevoland and Gooi en Eemland. Together they created links between regional clusters by generating networks and organizing events to foster innovation in ICT, life sciences and creative industries. Moreover, several municipalities and chambers of commerce in the North Wing of Randstad applied successfully for Peaks in the Delta to develop a regional agency for the creative industries (Musterd and Murie 2010: 296). Again in a nutshell, collaborations of economic and municipal agents at a regional level lead to the subsidy of creative and knowledge industries with the purpose of creating spillover effects as well as to improving the urban development.

Figure 3: Policy lines for the creative and knowledge-intensive industries in the Amsterdam region



Source: Musterd and Murie (2010: 297).

Two municipal policy programs have been relevant in recent years, which are addressing creative and knowledge industries. The goal of Topstad was clearly stated, namely to place Amsterdam among Europe’s top five business locations (Gemeente Amsterdam: 2005-2008). Kenniskring is part of this program. The idea is to nurture relations between knowledge-intensive businesses and research institutions and an expansion of the ICT infrastructure in the city. Being part of the Topstad policy too, IAmsterdam not only assists in promoting the city as a brand but furthermore it is involved in managing events like the Amsterdam Fashion Week and the Cross Media Congress (PICNIC). The second program Hoofdlijnen Creatieve Industries was dedicated to the Creative Industries. Part of the program was enhancing human capital through the implementation of creative education in vocational schools and universities. Organizations for involving immigrants in the creative economy had been formed. Start-ups were provided with easier access to both capital and consultancy. Communication platforms for cross-sectoral



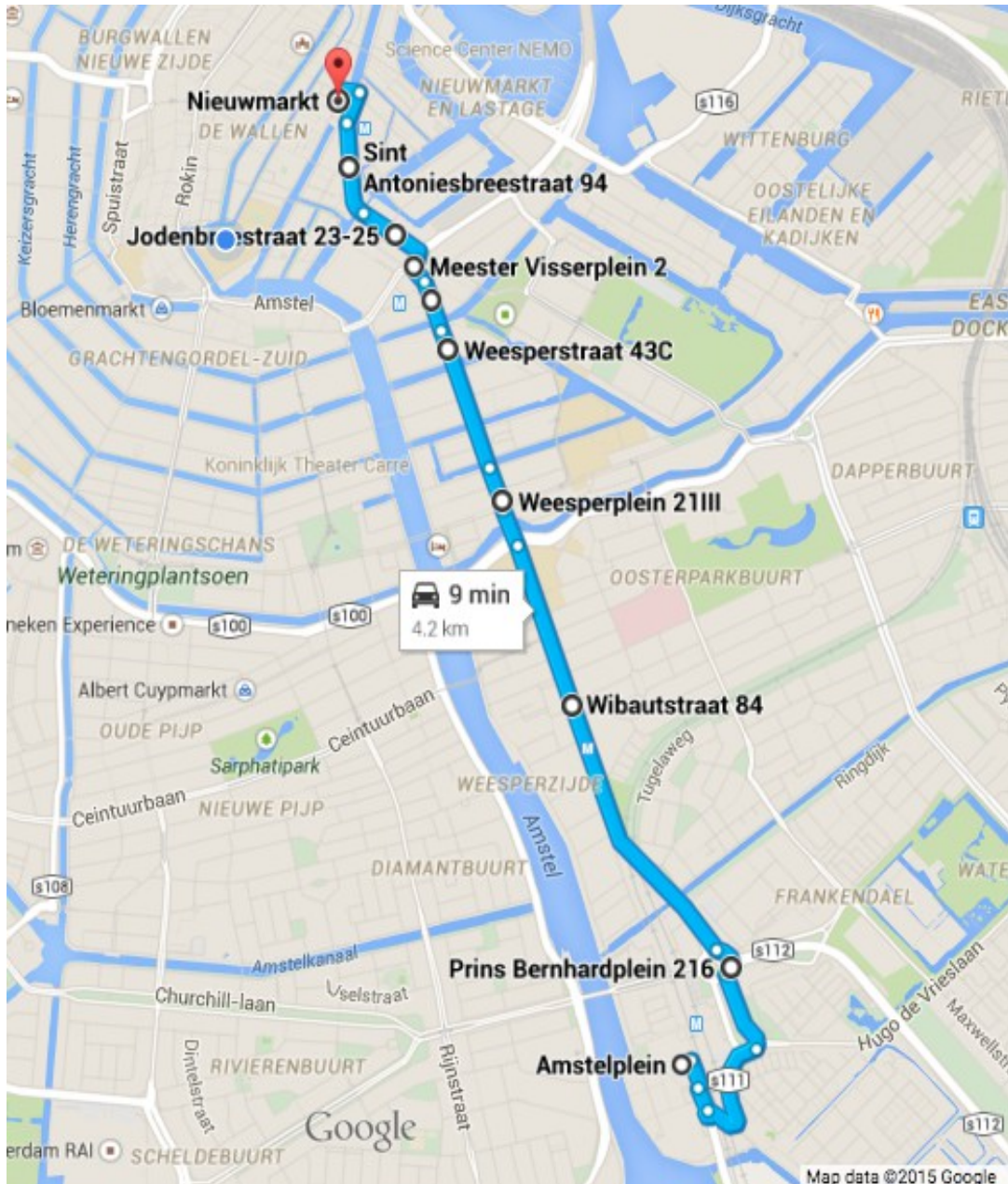
business exchange or conferences had been created. Spatial development (studios, working spaces for creative professionals) was also on the agenda to promote Amsterdam as a worthwhile living and working area (Gemeente Amsterdam 2007). Additionally, the municipality provides creative knowledge workers with organizations and agencies to find affordable working space Broedplaatsen or to improve IT skills (Mediagilde).

At the municipal level, creative knowledge policy was an early bird in cross-sectoral policy approaches: “Departments such as culture and education which used to cover individual needs are now more open to make links with a changed business environment” (Musterd and Murie 2010: 299). As far as we have seen, all policy lines put business activities in creative and knowledge-intensive industries at the forefront of their deliberations. A strong creative knowledge sector leads in return to investments of public actors and boosts entrepreneurial spirit, job creation and finally urban (district) development. This brings us to a point of getting to know more about how creative entrepreneurs and knowledge-workers, no matter what size (one-man-business, small and medium enterprises etc.), are performing their daily businesses. We now shift our attention to Amsterdam’s Knowledge Mile, a 4.2 km stretching area from Amstelplein up to Nieuwmarkt. The Knowledge Mile serves on the one hand as a test bed for smart solutions regarding Amsterdam’s urban issues. On the other hand, we are going to witness the high representation of creative and knowledge-intensive workers. With their mind-sets, skills, services, know-how and products, they are in charge of the lion’s share in business activities in this area of East Amsterdam.

6. The Knowledge Mile

When we zoom into the Knowledge Mile, a percentage of even 17.7% is creative industries' related. Approximately 118 out of 667 companies and institutions located around Wibautstraat are performing their daily business activities based on creative or cultural products and services (Chamber of Commerce 2015).

Figure 4: Route of the *Knowledge Mile*



Source: Google Maps 2015.

Creative professionals are working within the fields of arts (fine arts, performing arts, cultural heritage), media and entertainment (radio and television, film, music industry, publishing, games industry, live entertainment), and creative services (design, information & communication). Their business activities are shaping the character of a city or a certain city quarter respectively. Hence the co-existence of diverse creative industries in a city context can represent a milieu, which is rich in market interdisciplinarity, characterized by a high amount in sharing as well as exchanging ideas and resources. The crucial point here lies in the co-mingling of creative agents in open places and spaces like which might then lead to a mix “of the social worlds of work and lifestyle that is a distinctive dimension of creative-industry clusters in larger cities” (Knox 2014: 197). The Knowledge Mile is not characterized by a single-sided orientation towards a creative sector. Thanks to premises in the Volkshotel, many music professionals took up residence. The HvA provides young and upcoming professionals with higher education at the Amsterdam Fashion Institute. Nonetheless, financial institutions, consultancy and research are the top represented economic sectors in this area – and highly knowledge-intensive.

To justify the Creative City idea in the Knowledge Mile area, we need to consider both its creative and knowledge-intensive occupations, and emphasize examples of hard and soft infrastructure. Again, hard infrastructure is a legacy from the past and includes roads, housing developments, offices and iconic buildings. When we look at the Knowledge Mile, these features could be attached to:

1. Wibautstraat as the gateway for commuters coming from the south to Amsterdam’s city centre.
2. Amsterdam Amstel as important railway station that is used daily by approx. 50,000 train and tram passengers.
3. Development and upgrading of the Amstel campus including education and housing facilities for students.
4. The transformative power of Volkshotel: a former publishing building that has been reorganized by squatters and attained new meaning through co-working spaces and businesses.
5. The symbolic capital of Rembrandt tower, the city’s tallest skyscraper.

Soft infrastructure focuses on gathering places like cafés or public wireless zones to create a people climate within a milieu where they can meet, exchange ideas and network – often outside of workplaces, and for a mutual advantage. The following places for instance are in line for the Knowledge Mile:

1. Amstelplein and Nieuwmarkt as remarkable hot spots with frequent movement of persons
2. University campuses (Hogeschool)
3. Unique and recognizable amenities like “Canvas” on the top level of Volkshotel – an all-in-one bar, restaurant, club, event space and 360 degree viewing platform of Amsterdam. Leisure areas such as the strip along the Amstel river where people can walk, rest and meet outdoors.

As we have noticed earlier in this paper, investing in soft infrastructure paves the way for allowing personal and business networks to flourish, and it avoids fragmentation of knowledge. By pointing at the importance of knowledge, scholars are trying to place the idea of a “Creative City” into a larger framework. While urban economies show a decline in manufacturing, they simultaneously see growth in services where high-skilled employees are required (Musterd and Murie 2010: 3,45). Such knowledge-intensive sectors like Information Communications Technology, Financial services, Law and other business activities, R&D and higher education play an essential part not solely in theory. Amsterdam’s Knowledge Mile consists of roughly 46.8% of those knowledge-workers. Taking together with creative industries (17.7%), creative and knowledge-intensive occupations add up to some 64.5% of all on-going business activities (Chamber of Commerce 2015, Annex A). These numbers give prove of evidence to the promising name behind it and the impetus to look at business modelling first and later on how creative and knowledge-intensive businesses in the Knowledge Mile actually operate.

7. Implementing The Business Model Analyser Toolkit

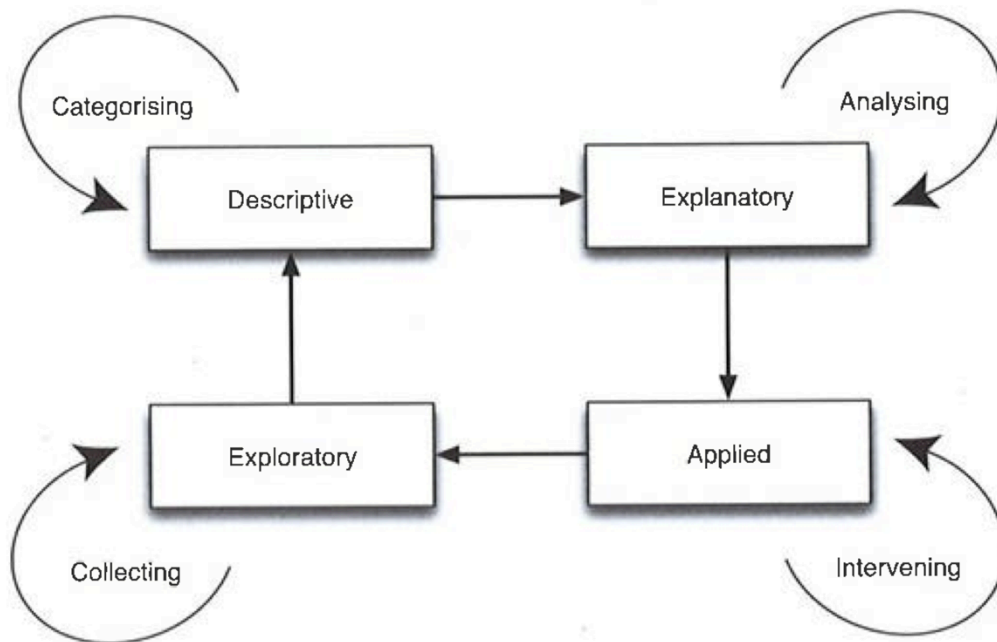
“A business model describes the rationale of how an organization creates, delivers and captures value”, define Osterwalder and Pigneur in their applicable companion Business Model Generation (2010). Admittedly, a business model is not “an isolated thing” (van Vliet 2014: 53). Only the inclusion of a firm’s strategic and operational organization, context (e.g. competitors, legislation, technologies, consumer behaviour), and the relationships between internal components of the business model can inform us knowledgeably about the external behaviour of a specific business or enterprise (van Vliet 2014: 53-62).

Baden-Fuller and Morgan (2010: 157) distinguish two different ideas of business models. Scale models describe certain details or mechanisms of a business organization, whereas role models (well-known players like Amazon, Google, McDonalds, etc.) are exemplar case business models that are real-life examples to study. Baden-Fuller and Morgan also question what sort of things business models are: “they have the characteristics and fulfil the roles of ideal types: they are based on both on both observation and theorizing” (2010: 162). Strictly speaking, there are ideal types derived from statistical measurement and analysis of firm characteristics or from exemplary cases and their analysis as models (2010: 161). An interesting discovery is the analogy of business models as recipes. By studying and following role models, firms might be able to successfully implement a new set of ingredients to reinvent their own operations and to see new business opportunities, too.

Osterwalder and Pigneur (2010) and Gassmann, Frankenberger and Csik (2013) have dedicated their work to business model innovations. The widely known and practically applied Business Model Canvas works as a strategic management tool. It allows entrepreneurs to describe, design and to experiment with their business model. The Business Model Navigator takes in a different angle in calling attention to business model innovation. Gassmann, Frankenberger and Csik (2013) looked at 250 business model innovators and identified 55 repetitive patterns that are responsible for 90% of all innovations. These innovations are recombinations of previously existing ideas, concepts and technologies. Gassmann, Frankenberger and Csik’s findings sound promising. They point out that business model innovations are at an average of 6% more profitable than innovations in products or processes over a five-year period (2013: 4).

In developing this toolkit for analysing business models both the Business Model Canvas and the Business Model Navigator have been called in to give this research project a methodological and practical, real world tested foundation. Goal of the “Business Model Analyser” is to display the logic and dynamics of creative knowledge businesses in the Knowledge Mile and to use it as a consultant-instrument for finding novel ways to transform internal components of a firm’s organization if desired.

Figure 5: Research phases as a reference model for business model perspectives



Source: van Vliet (2014: 52).

Approach for Business Model Analyser:

1. *Observation and classification*: Creating a common language for discussing occurrences - developing a questionnaire on a basis of a mutually shared toolkit based on Business Model Generation and The Business Model Navigator
2. *Analysis and explanation*: Attaining knowledge about the operations of a firm – responses from analysing the businesses online through web-based information and conducting personal interviews
3. *Application and intervention*: Moving from model-based description to a real-life service – Business Model Analyser as a toolkit for helping to improve or innovate a firm's business model building block (e.g. customer segments, revenue streams, value propositions etc.)
4. *Exploration*: Detecting new business model elements, finding 'blind spots' and making new discoveries in business model research through qualitative and quantitative methods

How does the Business Model Analyser practically work? Two approaches were designed to make conclusions about a firm's internal and external behaviour. First is the '*Outside-In Approach*'. Based on *The Business Model Navigator*, 55 questions could be deduced that are connecting them to a specific business model (see Appendix 1). A B2B/B2C orientation is also listed.

Examples: Question: Value proposition emotionalised through shopping experience?
Business Model: Experience Selling (B2C)

Question: Are other firms allowed to sell a foreign produce under their own name?
Business Model: White Label (B2B)

Question: Can customer determine a price at its own will?
Business Model: Pay What You Want (B2C)

In a next step, the 55 business models from The Business Model Navigator were classified into 20 categories.

Examples: Category: Promotion of a third party (B2B)
Business Models: Affiliation (B2B), Hidden Revenue (B2B), Two-Sided Market (B2B)

Category: Using Economies of Scale and/or Economies of Scope (B2B/B2C)
Business Models: Cross Selling (B2B), Integrator (B2B), Super Market (B2C)

Category: Integration (B2C)
Business Models: Experience Selling (B2C), From Push-To-Pull (B2C), Self-Service (B2C), User Designed (B2C)

What is needed to detect a firm's business model is a convincing set of available information. This requires investigations in available homepages and social media channels of a firm, keyword search in searching engines and the inclusion of data from the Chamber of Commerce. In analysing the firm we refer to the aforementioned categories. In doing so we confront the firm systematically with closed questions that either does or does not connect their business operations to the particular category.

For example: Category No. 1: Basic (+x) product or service (B2B); Answer: Yes/No. If we can exclude a connection between the firms business operations and the category we can continue with the next category. There is no need for asking questions about the business model falling into category No. 1 for instance. Category No. 2 is: Subscription (B2C); Answer: Yes/No. In this case we receive positive feedback. Now we can continue with asking questions about the specific business models falling into category No. 2: 1) Unlimited consumption by fixed price? (Yes/No) -> Flatrate (B2C); 2) Free basic version plus fee required premium version? (Yes/No) -> Freemium (B2C); 3) Does the customer pay a regular monthly or annual fee? (Yes/No) -> Subscription (B2C)

It is likely that firms are operating not only with one business model but also rather with elements from several of the 55 models. A certain model can also fall into two or more categories.

Examples: Business Model: Freemium (B2C): Free basic version plus fee required premium version?
Categories: Basic (+x) product or service (B2C), Subscription (B2C)

Business Model: Self-Service (B2C): Is a part of the value chain given in the hands of proactively engaged customers?
Categories: Customer effects on added value (B2C), Integration (B2C)

We can acknowledge that the same model is applicable to two categories without conflict. To avoid any fallacies we therefore have to go through all categories to find out the elements of a firm's overall business model. Only then we can make valid statements and spot new business models or business model elements where appropriate. A Business Model Innovation template based on *The Business Model Navigator* is attached to get a clear picture of the business model architecture from each of the 55 business models (see Appendix 2).

Second is the '*Outside-In Approach*'. The Outside-In Approach helps us to find quantitative information about a firm's external behaviour. (In fact, a best-case scenario would additionally contain qualitative insights of a firm's internal behaviour.) The design of the Inside-Out Approach refers to Osterwalder and Pigneur's practical and dynamic representation of the firm sketched out on the *Business Model Canvas*.

The Inside-Out Approach requires entrepreneurs willing to be interviewed. The idea is to spark off a discussion with open questions, which are addressing the nine building blocks of the firm's business in the interview. With due respect to the privacy of the firm's business partners, revenue streams and cost structure, it is advised to keep the hands off delicate topics ("How much do you earn", "Are you operating in the black or red?") that might be inconvenient to both the interviewer and especially the interviewee.

During the interview the following topics shall come up:

1. *Customer Segments (For whom is value created?)*
2. *Value Propositions (What value is delivered to the customer?)*
3. *Channels (Through which channels are customer segments reached?)*
4. *Customer Relationships (What type of relationship does each of the customer segments expect the firm to establish and maintain with them?)*
5. *Revenue Streams (For what value do the customers currently pay?)*
6. *Key Resources (What key resources do value propositions, distribution channels, customer relationships and revenue streams require?)*
7. *Key Activities (What key activities do value propositions, distribution channels, customer relationships and revenue streams require?)*
8. *Key Partners (What key partners do value propositions, distribution channels, customer relationships and revenue streams require?)*
9. *Cost Structure (What are the most important costs inherent in the business model?)*

After the interview is finished, the interviewer can subsequently bring the answers in line with concrete attributions that allow a reviewable comparability between the interviewed entrepreneurs. Even if we haven't conducted an interview, we can nevertheless allocate certain attributes to a business model block of the examined firm according to the following principle.

Examples from Osterwalder and Pigneur (2010):

1. *Customer Segments: Mass market, Niche market, Segmented, Diversified, Multi-sided platform*
2. *Value Propositions: Newness, Performance, Customization, "Getting the job done", Design, Brand/Status, Price, Cost reduction, Risk reduction, Accessibility, Convenience/Usability*
3. *Channels: Direct service online/offline, Indirect services (sales through partner shops online/offline)*
4. *Customer Relationships: Personal Assistance, Dedicated Personal Assistance, Self-Service, Automated Services, Communities, Co-Creation*
5. *Revenue Streams: Asset sale, Usage fee, Subscription fees, Lending/Renting/Leasing, Brokerage Fees, Advertising; Fixed pricing: List price, Product feature dependent, Customer segment dependent, Volume dependent; Dynamic pricing: Negotiation, Yield Management, Real-time market*
6. *Key Resources: Physical, Intellectual, Human, Financial*
7. *Key Activities: Production, Problem Solving, Platform/Network*
8. *Key Partners (Motivations): Optimization and economies of scale, Reduction of risk and uncertainty, Acquisition of particular resources and activities*
9. *Cost Structure: Cost driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing), Value driven (focused on value creation, premium value proposition).*

8. Business Models in the *Knowledge Mile*: The Business Model Analyser Toolkit in action

Canvas (@Volkshotel) – Restaurant, Bar, Event Space

The “Canvas” is a multitrack enterprise that unites a restaurant, bar, meeting room and a club for dance and live music beneath the same roof. It is located in Wibautstraat 150, at the top floor of the Volkshotel. “Canvas” is providing us with convenient information that can be found mainly on the webpage www.volkshotel.nl/canvas but also on social media channels that are accessible through the Canvas webpage.

We start first with the Outside-In approach to analyse the business model characteristics of the “Canvas”.

1. **Basic+X (B2C): O**
2. **Subscription (B2C): O**
3. **Digital Processes (B2C): O**
4. **Customer Data (B2B/B2C): O**
5. **Agency (B2C): O**
6. **Price Determination (B2C): O**
7. **Flexibility/Risk Reduction (B2B/B2C): P**

Guaranteed Availability (20): Customer pays for permanent availability of a product or service? **O**

Pay Per Use (35): Is each usage being individually charged? **P**

Fixed end prices for all services and products: entrance fees, food, drinks, space rental

Performance Based Contracting (38): Performance-based or results-oriented compensation involved for offered service? **O**

Rent Instead Of Buy (40): Can service or product be rented for certain duration? **P**

Space rental for “Petit Canvas”, made for occasions including marriage reception and private dinners

Solution Provider (47): Consulting and service features attached to the offered value proposition? **O**

8. **Exclusive Customer Segment (B2C): O**
9. **Welfare (B2B/B2C): O**

10. Collaboration (B2B/B2C): O

11. Advance Payment (B2C): O

12. Sharing in Results (B2B/B2C): O

13. Stakeholder (B2B/B2C): O

14. Acquired Usage Rights (B2B/B2C): O

15. Customer Effects on Added Value (B2C): O

16. Integration (B2C): P

Experience Selling (14): Value proposition emotionalised through shopping experience? P

Experience Selling in this case means entering the doors of an all-in-one event/entertainment area and meeting point respectively. The “Canvas” attracts customers by proposing an almost 24/7 availability for B2C (foodies, clubbers, cocktail connoisseurs, space rental for private matters) and B2B (conferences, ceremonies) activities with a 360 degree view of Amsterdam.

From Push-To-Pull (19): Does the customer inspire innovation in the existing value chain?
O

Self-Service (45): Is a part of the value chain given in the hands of proactively engaged customers? O

User Designed (54): Can the customer both be inventor and consumer of a product or service? O

17. Component of Product or Service (B2B): O

18. Promotion of a Third Party (B2B): O

19. Using Economies of Scale and/or Economies of Scope (B2B/B2C): P

Cross Selling (7): Products or services from a different industry sector added to supply? O

Integrator (23): Is the company in control of all value creation-related resources and activities? P

To some extent the “Canvas” uses its facilities to cater for several business activities. This leads to a high and effective utilization of available space.

Super Market (49): Large variety of products ready for takeaway? O

20. Other

Aikido (3): O

Barter (5): O

Long Tail (28): O

Orchestrator (34): O

Secondly we used the Inside-Out approach to analyse the business model characteristics of the “Canvas”.

1. Value Proposition: What do you do?

Three ventures in one space – newness.

Location on the 7th floor of Volkshotel, 360 degree view of Amsterdam, Bar/Restaurant/Club/Meeting room all-in-one, reasonable low market conform price, creative characters drawn to Canvas for having lunch or meeting.

2. Customer Segment: Whom do you help?

Several segments – diversified.

a. Restaurant Canvas:

Morning (7-11h): breakfast for hotel guests (40% Dutch, 20% German).

Lunch: Neighbourhood, Business.

Dinner: Locals, Hotel guests.

b. Club (Disco) Canvas:

Younger target group between 20-25.

c. Meeting Room “Petit Canvas” (for 60 persons): For occasions including marriage reception, private dinners, conferences, workshops, business meetings.

3. Distribution Channels: How do you reach them?

Website: Blog, Agenda (“What’s On?”), Newsletter.

Social Media: Facebook 11,300 likes, Instagram 1,500 followers, Twitter 770 followers, Google+ 560,000 views, Pinterest 10 photo-boards (history, interior, media coverage).

Plus: Volkshotel wwwContext (Hotel, Werkplaats, Doka, Broedplaats).

Workers: Main ambassadors through word-of-mouth.

4. Customer Relationships: How do you interact?

Dedicated Personal Assistance: Service staff, Back Office.

Personal Assistance: Reservations via Phone, Mail & Web-Request.

Self-Service: Bar.

Experience-driven: Disco, Live-Shows.

5. Revenue Streams: For what value are customers willing to pay?

Club: Usage Fee, Fixed Pricing (Product feature dependent, DJ and Live acts).

Restaurant: Asset sale, Fixed pricing (List price).

Meeting room: Usage Fee, Fixed pricing for rent, dynamic pricing for rent with food/drinks (bargains for great number of drink/food orders).

6. Key Resources: What do you need?

Physical: Space in Building, Electricity, Waste Water System.

Intellectual: Customer Database (through Social Network Services), Volkshotel as 'Trademark'.

Human: Operational staff (12 cooks, waiters, security, door), Back office (Finance, Marketing, Sales); 40-50 employees including part-time.

7. Key Activities: How do you do it?

Platform development: Website & Social Network Service Update.

Operations: Booking, Room Management.

8. Key Partners: Who will help you?

Volkshotel (infrastructure), Key suppliers for food and drinks.

9. Cost structure: What will it cost?

Fixed Costs: Salaries, Rent.

Variable Costs: Events, Music (fees for DJs and live acts).

Conclusion: "Canvas" operates in an architectural environment that is of historical importance (former Volkskrant building – transformed into "Volkshotel"). The "Volkshotel" possesses enormous symbolic capital in the Amsterdam-Oost area and contains highly entrepreneurial impulse from within, stemming from various creative industries related one-man-businesses or SMEs. The unique selling proposition of the "Canvas" is its flexible business model that is propelled by high utilization of premises. Successfully targeting different customer segments at different times with different services (Restaurant/Bar/Room renting/Club) along with the prime location on the 7th floor of the "Volkshotel" paves the way for enlarging the diverse customer segments. It also affirms a new way to execute a viable business model by combining gastronomy, live entertainment and spatial solutions (= rent).

Squla – Learning Software

Squla (www.squla.nl) is a web and app based educational learning program for preschoolers and schoolchildren. The company is based in Rhijnspoorplein 22 and has branches of business in Poland and the U.S., too. It was developed by educators and gaming experts to cultivate learning in and outside the classroom. Squla features interactive games, quizzes and activities

with multiple subjects such as language arts, grammar, reading comprehension, math, science and social studies.

Outside-In:

1. Basic+X (B2C): O

2. Subscription (B2C): P

Flat Rate (15): Unlimited consumption by fixed price? P

Squla enables everyone who signs up for a time-bound membership with unlimited access to content. Free 30 day trial version available.

Freemium (18): Free basic version plus fee required premium version? O

Subscription (48): Does the customer pay a regular (monthly or annual) fee? P

Squla offers three different plans: 4 month membership / 6 month membership / 12 month membership. Price varies within the plan if customer decides to make use of Squla for more than one child (possible up to three children). Example: 6 month plan for 1 child: 9,95 euro per child per month / 2 children: 7,50 euro per child per month / 3 children: 6,67 euro per child per month.

3. Digital Processes (B2C): P

Digitization (11): Addition of a digital variant to main value proposition? O

E-Commerce (13): Are all sales directed by online channels? P

Payment via iDeal, Machtiging, MasterCard, Visa, American Express. No cash.

4. Customer Data (B2B/B2C): O

5. Agency (B2C): O

6. Price Determination (B2C): O

7. Flexibility/Risk Reduction (B2B/B2C): O

8. Exclusive Customer Segment (B2C): O

9. Welfare (B2B/B2C): O

10. Collaboration (B2B/B2C): O

11. Advance Payment (B2C): P

Cash Machine (6): Upfront payment by customer to finance production, delivery or storage costs in advance? P

All payments are made upfront. Members pay in advance for several (4/6/12) months to come.



Crowdfunding (8): Financial outsourcing to a crowd of investors via Internet? O

12. Sharing in Results (B2B/B2C): O

13. Stakeholder (B2B/B2C): O

14. Acquired Usage Rights (B2B/B2C): P

Fractionalized Ownership (16): Sharing of a right of use amongst a group of owners? O

Franchising (17): Licensing of a brand to local franchisees/operators? O

Licence (26): Intellectual property licensed to other firms? P

Board and card games available as ancillary products, licensed to game publisher
"Identity Games".

15. Customer Effects on Added Value (B2C): O

16. Integration (B2C): O

17. Component of Product or Service (B2B): P

Cross Selling (7): Products or services from a different industry sector added to supply? O

Ingredient Branding (22): Is a selected brand integrated into a product and advertised? P

Squla promotes the usage of "Cito", one of the world's leading testing and assessment company. "Cito" works for educational institutions, governments and companies, with learning performance as central point. In multiple Squla games, quizzes or activities, the "Cito" logo is being implemented to show the quality that is attached to the company.

Layer Player (24): Is the company specialising on one value-adding element of different final products? O

Make More Of It (29): Does a company make internal know-how available to other companies? O

Shop-In-Shop (46): External company integrated in salesrooms of hosting firm? O

White Label (55): Are other firms allowed to sell a foreign produce under their own name? O

18. Promotion of a Third Party (B2B): O

19. Using Economies of Scale and/or Economies of Scope (B2B/B2C): O

20. Other

Aikido (3): O

Barter (5): O

Long Tail (28): O

Orchestrator (34): O

Inside-Out approach:

1. Value Proposition: What do you do?

Interactive, game-based educational program for tablet or browser use; designed for 4-12 year olds in the Netherlands. Supplement to formal education plus curriculum-based. Allows teachers and parents to interact with pupils/children to playfully improve performance in school. Customization is possible for each individual young learner. The more kids play, the more games, activities and rewards they will be able to access and earn.

2. Customer Segment: Whom do you help?

Diversified: Squla addresses children through integration of teachers and parents. Based on collaboration between educators and gaming experts, children can learn with a fun way at home which will prepare them for success in school. Software is for free in public education, parents pay fee for usage.

Teachers: Squla offers a learning program with curriculum-based subjects to prepare pupils for success in school. Teachers can use Squla to foster curiosity outside the classroom. Teachers also use Squla for online competition between classes throughout the Netherlands.

Parents: With the Squla app, parents are able to track their child's progress. The app helps parents to be more involved in their child's education and helps motivate them.

Mass Market: Squla reaches an audience of 90,000 children out of a 1.5 Million potential target group (7% in total).

3. Distribution Channels: How do you reach them?

Direct online sales.

Website: Access to content via login.

Apps: for tablet (Android/IOS) use.

Social Media (accessible through homepage): Facebook 14,000 likes with regular updates, quizzes, videos, contests; Twitter: 3900 followers; Google+ 200 followers; flickr: 9 photo albums (e.g. Leuk Leren Week 2014, Making of TV reclame 2014).

Teachers: Very important ambassadors through word-of-mouth.

4. Customer Relationships: How do you interact?

Personal Assistance: Newsletter, Customer contact form, Call centre.

Experience-driven: Learning via mixture of games and technology including multiplayer

games, bonus games, virtual rewards (e.g. children can earn virtual coins that are worth 2 euros and then donate for WWF – based on a partnership-program of Squla and WWF).

5. Revenue Streams: For what value are customers willing to pay?

Subscription fee for access.

Fixed price: List price for different monthly plans plus the option for choosing between 1-3 children.

Licensing fee: Squla has licensed its concept to a card and board game manufacturer – marketing effect ‘offline’ -> Card and board games are used during holidays.

6. Key Resources: What do you need?

Physical: Space in Building.

Intellectual: Customer Database (to spot and satisfy customer needs).

Human: 30 permanent employees; majority programmers, but also game designers, product managers, 4 educators, back office with HR and sales.

7. Key Activities: How do you do it?

Platform development: Improving and updating games, quizzes, interactive assets that allow teachers and parents participation in the child’s learning progress.

Operations: Booking, Room Management.

8. Key Partners: Who will help you?

Investors, teachers, CITO (as a semi-government organization most important partner with know-how and resources; CITO develops all the assessments for pupils), contact with Ministry for Education to raise awareness for game-based learning.

9. Cost structure: What will it cost?

Fixed Costs (major part): Salaries, rent.

Conclusion: Squla uses business model elements such as Flat Rate, Subscription, E-Commerce, Cash Machine, Ingredient Branding and License to aim at children as target group with the effect of drawing in teachers and parents as customers. Squla is of nationwide interest with potential to climb international stage (see the follow ups in the US and Poland). Growth potential arises from (brand) recognition amongst young users, parents, teachers and authorities likewise.

We the City – Creative city making

“We the City” is a one-man-business located in Tweede Oosterparkstraat. Jesse was trained in developing concepts to improve urban sustainability. He worked for the City of Amsterdam

(including Bureau Art Factories, Placemaking Oosterpark, Art & Culture Amsterdam North but also empowering the civil society) and for Stream Photo Asia in Bangkok as a coordinator of the educational program and curator of a photo festival. After working for Voor je Buurt at Kennisland (crowdfunding platform that encourages neighbourhood projects) as a project leader, Jesse decided to start his own company “We the City” (www.wethecity.nl). Jesse is tackling urban challenges by implementing creative solutions and has a strong network of creative he can get aboard (example project: www.wethecity.nl/FLOATING-MARKET). Jesse analyses the existing potential of urban areas and provides proposals for action to policy makers (example project: www.wethecity.nl/URBAN-ROOFTOP-CAMPING); furthermore he is initiating place-making (www.wethecity.nl/PLACEMAKING-OOSTERPARK) as well as co-creation processes with organizations like Bureau Broedplaatsen (www.wethecity.nl/LAB-ART-FACTORIES).

Outside-In approach:

1. **Basic+X (B2C): O**
2. **Subscription (B2C): O**
3. **Digital Processes (B2C): O**
4. **Customer Data (B2B/B2C): O**
5. **Agency (B2C): O**
6. **Price Determination (B2C): O**
7. **Flexibility/Risk Reduction (B2B/B2C): P**

Guaranteed Availability (20): Customer pays for permanent availability of a product or service? O

Pay Per Use (35): Is each usage being individually charged? O

Performance Based Contracting (38): Performance-based or results-oriented compensation involved for offered service? O

Rent Instead Of Buy (40): Can service or product be rented for certain duration? O

Solution Provider (47): Consulting and service features attached to the offered value proposition? P

Jesse underpins his consulting features by enlisting all projects he had done and by the way he performed them (analysis, presentation, elaborating urban development plans after consulting him).

8. **Exclusive Customer Segment (B2C): O**
9. **Welfare (B2B/B2C): O**



10. Collaboration (B2B/B2C): P

Crowdsourcing (9): Problem solution by anonymous crowd via Internet? P

Partly. Jesse promotes his projects via Social Media Channels to empower customer engagement. Without support of the crowd, many projects would not have been accomplished.

Open Business Model (32): Importance attached to collaborative creation of value with externs? P

The performative scope of Jesse's projects often rely on the professionals he is drawing in.

Open Source (33): Does an open community mutually develop the project? O

11. Advance Payment (B2C): O

12. Sharing in Results (B2B/B2C):

Crowdfunding (8): Financial outsourcing to a crowd of investors via Internet? O

Revenue Sharing (41): Revenue shared with stakeholders who contribute to extended value creation? P

When Jesse proposes projects to policy-makers, firms or institutions he points at his far-reaching network comprising photographers, artists and other creative professionals.

13. Stakeholder (B2B/B2C):

Crowdfunding (8): Financial outsourcing to a crowd of investors via Internet? O

Revenue Sharing (41): Revenue shared with stakeholders who contribute to extended value creation? P

Consulting other professionals bears the consequences that Jesse has to split his revenue shares with them.

14. Acquired Usage Rights (B2B/B2C): O

15. Customer Effects on Added Value (B2C):

Mass Customization (30): Can customer receive an individualized final product that is compiled via mass production? O

Self-Service (45): Is a part of the value chain given in the hands of proactively engaged customers? O

User Designed (54): Can the customer both be inventor and consumer of a product or service? P

When Jesse is inviting an anonymous Internet crowd, by-standers and friends who are showing up at the event, he regularly invites them to participate and therefore to create the event mutually. The act of co-creation makes the parties concerned to integral

component of the process. After they finished their part, inventors can make use of the results.

16. Integration (B2C):

Experience Selling (14): Value proposition emotionalised through shopping experience?

From Push-To-Pull (19): Does the customer inspire innovation in the existing value chain?

Self-Service (45): Is a part of the value chain given in the hands of proactively engaged customers?

User Designed (54): Can the customer both be inventor and consumer of a product or service?

Due to his integration into the genesis of end results, the 'customer' is considered as part of Jesse's target group (=people of an urban area).

17. Component of Product or Service (B2B):

18. Promotion of a Third Party (B2B):

19. Using Economies of Scale and/or Economies of Scope (B2B/B2C):

20. Other

Aikido (3):

Barter (5):

Long Tail (28):

Orchestrator (34):

Inside-Out approach:

1. Value Proposition: What do you do?

Jesse is tackling urban issues on-site. He strives for empowering people how they can use their public space. Designing a new concept for the usage of public spaces or redesigning found cityscapes is Jesse's goal.

2. Customer Segment: Whom do you help?

Diversified: Jesse has different customer segments. First, he works with housing corporations, funding organizations, social organizations, provinces and the municipality. Jesse comes up with own ideas to address urban challenges in which he gets financially backed by these institutions. Second, Jesse's attention is directed to the inhabitants of a particular district in Amsterdam. His aim is to get them aboard to fulfil his undertaking in

coming up with suitable solutions for using public space in an unprecedented way.

3. Distribution Channels: How do you reach them?

Direct service online and offline.

Social Media: Facebook 720 friends.

Word-of-mouth recommendation with help from friends and collaborators.

On-site presence when projects take place in public spaces.

4. Customer Relationships: How do you interact?

Dedicated Personal Assistance: Personal conversations with possible collaborators and investors.

Communities: Jesse is embedded in a far-reaching network of creative professionals; he fosters his network constantly.

Co-creation: Real-time implementation of Jesse's prior elaborated plans with help from crowd.

5. Revenue Streams: For what value are customers willing to pay?

Fixed Pricing: Volume dependent, customer segment dependent.

Dynamic Pricing: Negotiation.

Jesse presents his project ideas to institutions, firms, and the municipality. Volume of fees is depending on the workforce of creative professionals he wants to enrich his work. Income depends on Jesse's negotiation skills and the will of opposite side to wrap up the deal.

6. Key Resources: What do you need?

Intellectual: Partnerships and social network.

Human: Project-based related; every project is unique and needs a special workforce.

Financial: Subsidies and tax reliefs for entrepreneurs from government/local municipality.

7. Key Activities: How do you do it?

Problem solving: coming up with new solutions to urban challenges (knowledge-intensive).

Network: Both social (media) network and professional network are the basis on which Jesse builds his projects.

8. Key Partners: Who will help you?

Municipality and government: subsidies, tax reliefs ("Kleineondernemersregeling", "Bureau Broedplaatsen").

Creative Professionals: performing the task properly.

Investors: generating revenue streams for Jesse.

Crowd: making more of public spaces as joint venture between Jesse and the public.

9. Cost structure: What will it cost?

Value driven: costs vary with services and creative professionals included.

Conclusion: “We the City” stands and falls with the penetrating power of its head Jesse Jorg. Jesse not only comes up with ideas to tackle urban issues (in St. Gallen Navigator lingo: Solution Provider). He uses his potential to take in further professional roles such as moderating events (e.g. Dutch Design Event). Moreover, Jesse has to organize a whole ecosystem including investors, collaborating professionals (Revenue Sharing) and a willing public (Crowdsourcing, User Designed) to enforce his ventures. Additionally, he has to nurture his private and professional network here in Amsterdam plus looking for external subsidies. The “We the City” case is a proof of evidence that policy-lines for one-man creative businesses are important for profiting from them to some extent. It also confirms the outcomes of Musterd and Murie’s study, namely that personal networks are the decisive factor for creative and knowledge-intensive workers in which environment they operate in.

9. Conclusions and recommendations for action

Goal of the paper was to create a connection between creative city making and business activities in Amsterdam's Knowledge Mile. Theory was helpful to point out decisive factors for economic development in cities or cultural quarters respectively. Hard (e.g. policies), and soft conditions (urban amenities), personal and private networks as well as economic clusters turned out to be facilitators for urban economic development – creative and knowledge-intensive professionals the weighty forces behind it.

While the City of Amsterdam can already show a high number of creative and knowledge-intensive professionals that is growing since the 1990s, the Knowledge Mile stretching as a belt from the outskirts into the core of Amsterdam displays even a greater share of creative and knowledge-intensive professionals. Analyses of selected businesses in this area has resulted in a clear picture of which business model elements these firms or one-man-businesses are applying and how they operate when personally asked in scheduled interviews.

We have seen that with the Outside-In and Inside-Out approaches it is possible to analyse individual business models in the Knowledge Mile and check them against each other. Both approaches can also be used as an intervening consultant-tool to advice firms on businesses model innovation. By no means does it mark an end in further investigation. The findings will allow us to gain valuable knowledge about the below-mentioned points that can be carried out as research questions:

1. *In which creative and knowledge-intensive sectors can we spot similar business model elements? Which sectors show the most different business models?*
2. *According to prevalence of one-man businesses and rising self-employed persons: What can we get to know about project-based work and knowledge spillovers?*
3. *For whom are the value propositions created? Do the customer segments have to purchase the products or services on site or via wireless communication? Are people actually entering the business facilities and therefore getting in touch with the Knowledge Mile area?*
4. *Are Customer Segments, Key Partners, and Distribution Channels mainly to be found locally, regionally, nationally, or globally? Are there digital business model trends, e.g. multi-sided platforms?*

Giving answers to these questions equips us well to give proof of evidence to the contributions of creative and knowledge-intensive entrepreneurs to the economic development of the Knowledge Mile.

Appendix 1: Questions 55 Business Models

Numbers before business models refer to St. Gallen Business Model Navigator.

Nr.	Name	Question
1.	ADD-ON (B2C)	Can customer optimize basic product or service with additional payments?
2.	AFFILIATION (B2B)	Does a third party get compensation for acquiring customers (from pay-per-sale or pay-per-display)?
3.	AIKIDO (B2C)	New value proposition introduced to unallocated/vacant markets?
4.	AUCTION (B2C)	Product or service purchased by auction?
5.	BARTER (B2B)	Exchange of goods without transaction of money?
6.	CASH MASHINE (B2C)	Upfront payment by customer to finance production, delivery or storage costs in advance?
7.	CROSS SELLING (B2B)	Products or services from a different industry sector added to supply?
8.	CROWD FUNDING (B2C)	Financial outsourcing to a crowd of investors via Internet?
9.	CROWD SOURCING (B2B)	Problem solution by anonymous crowd via Internet?
10.	CUSTOMER LOYALTY (B2C)	Incentives for lasting loyalty towards the company?
11.	DIGITIZATION (? B2C?)	Addition of a digital variant to main value proposition?
12.	DIRECT SELLING (B2C)	No intermediaries that drive additional costs?
13.	E-COMMERCE (B2C)	Are all sales directed by online channels?
14.	EXPERIENCE SELLING (B2C)	Value proposition emotionalised through shopping experience?
15.	FLAT RATE (B2C)	Unlimited consumption by fixed price?
16.	FRACTIONALIZED OWNERSHIP (B2C?)	Sharing of a right of use amongst a group of owners?
17.	FRANCHISING (B2B?)	Licensing of a brand to local franchisees/operators?



Nr.	Name	Question
18.	FREEMIUM (B2C)	Free basic version plus fee required premium version?
19.	FROM PUSH-TO-PULL (B2C)	Does the customer inspire innovation in the existing value chain?
20.	GUARANTEED AVAILABILITY (B2C)	Customer pays for permanent availability of a product or service?
21.	HIDDEN REVENUE (B2B)	Is a third party – not the customer – responsible for revenue? Main revenue by commercialisation of advertising space?
22.	INGREDIENT BRANDING (B2B)	Is a selected brand integrated into a product and advertised?
23.	INTEGRATOR (B2B)	Is the company in control of all value creation-related resources and activities?
24.	LAYER PLAYER (B2B)	Is the company specialising on one value-adding element of different final products?
25.	LEVERAGE CUSTOMER DATA (B2B)	Is the company exploiting collected customer data for internal usage or providing it to third-parties?
26.	LICENSE (B2B)	Intellectual property licensed to other firms?
27.	LOCK-IN (B2C)	Customer tied to a product or service through exclusively designed complementary products or services?
28.	LONG TAIL (B2C?)	Niche products in vast numbers offered and sold?
29.	MAKE MORE OF IT (B2B)	Does a company make internal know-how available to other companies?
30.	MASS CUSTOMIZATION (B2C)	Can customer receive an individualized final product that is compiled via mass production?
31.	NO FRILLS (B2C)	Is scope of supply reduced to a minimum for serving a wider group of buyers?
32.	OPEN BUSINESS MODEL (B2B)	Importance attached to collaborative creation of value with externs?
33.	OPEN SOURCE (B2C)	Is the project mutually developed by an open community?
34.	ORCHESTRATOR (B2B)	Does the company coordinate and couple activities that are performed by specialised manufacturers or service providers?



Nr.	Name	Question
35.	PAY PER USE (B2C)	Is each usage being individually charged?
36.	PAY WHAT YOU WANT (B2C)	Can customer determine a price at her own will?
37.	PEER-TO-PEER (B2C)	Is the company providing a platform for transactions between private individuals?
38.	PERFORMANCE-BASED CONTRACTING (B2C?)	Performance-based or results-oriented compensation involved for offered service?
39.	RAZOR AND BLADE (B2C)	Basic product plus consumable articles existent?
40.	RENT INSTEAD OF BUY (B2B/B2C)	Can service or product be rented for certain duration?
41.	REVENUE SHARING (B2B)	Revenue shared with stakeholders who contribute to extended value creation?
42.	REVERSE ENGINEERING (B2B?)	Are competitor's products combated by cheaper imitations?
43.	REVERSE INNOVATION (B2B?)	Are inexpensive products designated for and produced with threshold countries also sold in developed countries?
44.	ROBIN HOOD (B2C)	Serves the purchase a charitable purpose?
45.	SELF-SERVICE (B2C)	Is a part of the value chain given in the hands of proactively engaged customers?
46.	SHOP-IN-SHOP (B2B)	External company integrated in salesrooms of hosting firm?
47.	SOLUTION PROVIDER (B2C)	Consulting and service features attached to the offered value proposition?
48.	SUBSCRIPTION (B2C)	Does the customer pay a regular (monthly or annual) fee?
49.	SUPERMARKET (B2C)	Large variety of products ready for takeaway?
50.	TARGET THE POOR (B2C)	Lowest-income customer segment addressed?
51.	TRASH-TO-CASH (B2B/B2C)	Recycling as revenue-driver of used products?
52.	TWO-SIDED MARKET (B2B)	Are two distinguishable user groups using the platform/service?
53.	ULTIMATE LUXURY	Highest-income customer segment addressed?



Nr.	Name	Question
	(B2C)	
54.	USER DESIGNED (B2C)	Can the customer both be inventor and consumer of a product or service?
55.	WHITE LABEL (B2B)	Are other firms allowed to sell a foreign produce under their own name?

Appendix 2: 20 categories of Business Models

Nr.	Name	Contains
1.	Basic+x (B2C)	Add-On (1) Freemium (18) Lock In (27) No Frills (31) Razor and Blade (39)
2.	Subscription (B2C)	Flatrate (15) Freemium (18) Subscription (48)
3.	Digital Processes (B2C)	Digitization (11) E-Commerce (13)
4.	Customer Data (B2B/B2C)	Customer Loyalty (10) Leverage Customer Data (25)
5.	Agency (B2C)	Auction (4) Peer-to-Peer (37)
6.	Price Determination (B2C)	Auction (4) Pay What You Want (36)
7.	Flexibility/Risk Reduction (B2B/B2C)	Guaranteed Availability (20) Pay Per Use (35) Performance Based Contracting (38) Rent Instead Of Buy (40) Solution Provider (47)
8.	Exclusive Customer Segment (B2C)	Target The Poor (50) Ultimate Luxury (53)
9.	Welfare (B2B/B2C)	Robin Hood (44) Trash-To-Cash (51)
10.	Collaboration (B2B/B2C)	Crowdsourcing (9) Open Business Model (32) Open Source (33)
11.	Advance Payment (B2C)	Cash Machine (6) Crowdfunding (8)
12.	Sharing in Results (B2B/B2C)	Crowdfunding (8)

Nr.	Name	Contains
		Revenue Sharing (41)
13.	Stakeholder (B2B/B2C)	Crowdfunding (8) Fractionalized Ownership (16) Revenue Sharing (41)
14.	Acquired Usage Rights (B2B/B2C)	Fractionalized Ownership (16) Franchising (17) Licence (26)
15.	Customer Effects on Added Value (B2C)	Mass Customization (30) Self-Service (45) User Designed (54)
16.	Integration (B2C)	Experience Selling (14) From Push-To-Pull (19) Self-Service (45) User Designed (54)
17.	Component of Product or Service (B2B)	Cross Selling (7) Ingredient Branding (22) Layer Player (24) Make More Of It (29) Shop-In-Shop (46) White Label (55)
18.	Promotion of a Third Party (B2B)	Affiliation (2) Hidden Revenue (21) Two-Sided Market (52)
19.	Using Economies of Scale and/or Economies of Scope (B2B/B2C)	Cross Selling (7) Integrator (23) Super Market (49)
20.	Other	Aikido (3) Barter (5) Long Tail (28) Orchestrator (34)

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Erich Renz

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