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CSO business archetype: A new business model from “original ecology”

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A B S T R A C T

In the prevailing background of informatization, globalization and (vendee-centered) marketization, more and more importance is attached to “customization”, “system-integration” and “outsourcing” in current business activities, therefore a high-end business model—CSO business archetype emerges. Characterized by core-competencies, system integrations, cost savings and high-end guiding effects. The archetype can be outlined and depicted by employing a system-dynamic model and is suitable for interactive operations among the downstream customers, upstream suppliers and intermediate integrators. Furthermore, it is especially suitable for high-end international enterprise businesses. This implies that some Chinese enterprises can rely upon the mode, or strategy to seek major offshore outsourcing deal and therefore go abroad.

Introduction

The world’s largest telecommunication network solution supplier in China, Huawei Company, has experienced a set of transformations from sales agent to build new R&D centers for itself and set up joint R&D laboratories with large companies such as Texas Instruments and Motorola. Huawei also sold Avansys, which was its non-core company, to Emerson followed by a joint venture with 3Com and Siemens, thus transforming from a standardization manufacturer to a company that provides

customized system solutions to customers. As a result, Huawei has won a series of outsourcing projects from overseas such as Emirates Telecommunications Corp, Telfort and British Telecom. Furthermore, it has got six of seven National Broadband Network projects. The rise of Huawei is not only for its advanced technology but for the business model which can adapt to the changes in the market quickly and provide customized system solutions by its core business. In addition, compared with

traditional business model it presents varieties of transformation sign or indicts certain tendencies, that is production to service, manufacture to research and development, standardization to customization, self-made to outsource, distribution to integration, 1:N to 1:1. Nowadays, more companies are seeking similar transformation, especially the high-end companies. Besides IBM, the world's top 500 Gdf Suez, Novartis, Cisco, Ingram Micro, Schlumberger Secretary, Accenture and even China's Huawei Technologies, etc., have all achieved such a turnaround (Table 1); at the same time, there are more high-end enterprises joining the transition, such as Hewlett-Packard, FedEx, Dell, Mckesso, NEC, UPS etc. Does it indicate that a brand new business model is emerging? If so, what is its "structure form?" And how to describe (portray), evaluate and apply it?.

Exploring these issues aims at making a necessary theoretical summary, induction and extraction about the certain tendency in the domestic and international business activities, closing the theory with reality, and enriching theories of economics, management and other related. All of these have a certain academic significance. On the other hand, it aims to applying the theory, which is derived from practice, to guiding companies to follow up the evolution of the contemporary business model, so that boosting our (especially high-end) companies to go out better, which implies certain practical significance. Of course, the concept and mechanism of transformation of enterprise aforementioned may be fairly complex, and the analysis of business archetype change is only one perspective of observation and analysis of problem.

Overview

Business model (also known as commercial pattern, profitability models, etc.), has long been a research hotspot at home and abroad (e.g., Timmers, 1998; Ostenwalder et al., 2005; Luo, 2005; Yuan, 2007), and has been given various interpretations and definitions by different researchers. Among them, Timmers(1998) claims that business model is a complete system of product, service and information flow, which includes every participant and corresponding role, as well as the potential benefits of every participant and their corresponding incoming sources and methods. This article is more inclined to the popular representation of the business model, which is how to find a path and realize revenue by providing products and services to the market. Maybe the business model is designed by entrepreneurs, management expertise, or business model laboratory in pre-development stage, for instance, the bind charge of triple play; or it is born from business practice, and then discovered and abstracted by researchers, for instance, "low tourism fare + purchase rebate "of travel agency .In order to highlight the nature of its "originality", the latter can also be interpreted more precisely by an English word "archetype", which is derived from Ancient Greek. "The Fifth Discipline" (Senge, 1990) names a common set of thinking and behavior patterns, which is identified by the writer from the management practice, as "system archetype". Given that the specific business model in question already exists in reality and is not "pre-designed", to "discover" and "recognition" just from the domestic and international business practices is sensible enough, then it can be called "business archetype ". In other words, the business archetypes, is just a source form of business

Table 1
The sample enterprises for transformation and its ranking in the world 500of 2011

Ran king	Company Name	Home country	Operating income	Profits	Transformation before and after the core business
38	Gdf Suez	France	111,888	6,114	Infrastructure construction →Energy and environmental solutions
52	IBM	USA	99,870	14,833	PC making →IT and business solutions
164	Novartis	Switzerlan d	51,561	9,794	Pharmacy →Pharmaceutical and healthcare solutions
215	Cisco Systems	USA	40,040	7,767	Network equipment manufacturers →Internet solutions
264	Ingram Micro	USA	34,589	318	Logistics services →Technology products and supply chain solutions
351	Schlumbe rger	USA	27,447	4,267	Oil field →Oil and gas field services and solutions
352	Huawei Technologies	China	27,356	3,509	Communications equipment production and sales →Telecommunications network solutions
422	Accenture	Ireland	23,094	1,781	Management Consulting→ Customer Relations / e-commerce / supply chain management solutions

Sources: http://www.fortunechina.com/fortune500/c/2011-07/07/content_62335.htm.

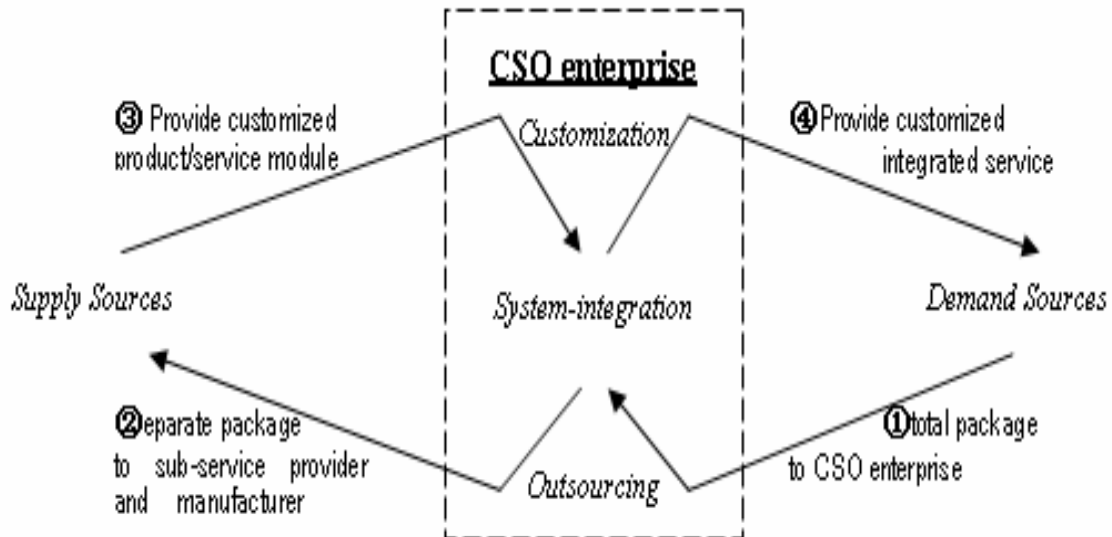


Fig.1. The operating route of CSO business archetype

model, that is to say, the original ecological business model.

On the specific form of business model or business mode, often used in practice and some literature addresses (Li, 2006) are the direct supply-type, the proxy standard type, joint sales style, warehouse type, proprietary type, composite type and B2P type, B2B type, B2C type, membership standard type, finance leases type, shift the cost of style, advertising revenue type, 5R tense type, bait and hooks type style mouse type and Mortar type, mixed supermarket(Hypermarkets) type. Here what we should particularly mention are:

Customization type: this business model, "tailor product " according customer's special needs, appeared long ago, but it hasn't attracted much attention until Pine II (1992), who worked at IBM, foresaw a "massive" change from standardization to customization in his book ,titled as<Mass Customization: the New Frontier of Business Competition>. Since then, Customized Marketing (Wind & Rangeawamy, 2001), Customized Services (Norberg, & Dholakia, 2004), Instant Customization (Ma & Chen, 2004), and other concepts have frequently appeared in the commercial practices and theoretical studies .

System-integration type

Integration is a necessary coordination or combination in the pattern of labor division. With the spread of system theory and information technology, a series of concepts, integrated marketing (Francis, 1997; Luo, 2011), Integrated Management (Wu, 2004), and the generalized system integration (Davies et al., 2007) and so on, appeared in business and academia.

Hansen (1998) also names large R&D production or infrastructure, which entails large investment, high technology, single or small batch customization, as complex product system (CoPS), and names the enterprises that produce CoPS as system integrators.

Outsourcing type

The origin of outsourcing can be traced back to the 1950s and 1960s in Japan's "subcontracting". Since American scholar Prahalad & Hamel (1990) put forward the well-known concept of " core competencies", the two concepts of outsourcing and core competitiveness have complemented each other well. Therefore, outsourcing can also be defined as a process, where in order to focus on resources and technology to enhance the core competitiveness; activities originally completed in-house are outsourced by signing contract with external order takers. (Quinn & Hilmer, 1994) ". Nowadays, outsourcing has swept across the world and presented with the trend of mainstreaming, servicisation, systematization and offshore (Dai, 2004).

However, any concept presented above could only reflect one aspect of the existing business model which emerges in the transformation enterprises IBM and Huawei. Indeed, this archetype is a "complex" combination of customization, systems-integration and outsourcing. Theory and practice calls for a brand new concept which can perfectly reflect its panorama or precisely express essence! For this reason, we composed the logically relationship among the "structure-conduct-performance" into the SCP (analysis) paradigm, and named the business model which based on" customization, system integration, outsourcing as CSO (high-end)

business archetypes, in light of the industrial organization theory (Bain, 1959).

Identification

Based on the fact that CSO business archetype has already existed in reality, we use identification to replace the commonly used words modeling, formulation and design, we apply the system dynamics model which was used in modeling the system archetype in "The Fifth Discipline".

Identification of the CSO business archetype from operating route

In 2012, Chinese enterprise Huawei lost an Australia's National Broadband Network (NBN) project ,whose total investment reaches \$ 35.9 billion or about \$ 37.8 billion, 235 billion yuan (\$ 43 billion or about \$ 45.3 billion, 280 billion yuan), due to government intervention of the host country. In fact, Huawei had already won eight similar projects, including the United Kingdom, New Zealand and a large number of other outsourcing single, leading to enjoy a revenue double-digit growth for years and rapidly ascended to the Global 500.

From which it is not difficult to find: (1) Such business is a "big deal", a single trade can be equal to actually "More Money Than God"; (2) The "big deal" is characterized as high-uncertainty (so-called "benefits is equal to risks"), thus "victory or defeat is common occurrence"; (3) The supplier is faced with a single or a few large customers, and transactions convert from 1 -N to 1 -1 , and this conversion is based on mutual understanding, interaction and mutual trust;

(4) Competition for single job is a key link in the whole complex process, and the cost performance of the program is the main focus of parties to game and win; (5) The project has a large span of time and space, which combines the customization, systems integration and outsourcing; (6) Its operating starts with submitting to the demand-side solutions to seek for big outsourcing sheet, then decomposes the project to the sub-service providers and product manufacturers (or buy from them), and then integrates a variety of modular products and services from the latter, and finally provide products to customers and provide continuous operation and maintenance, upgrades and other services (Fig.1).

The CSO business archetype, from the perspective of circulation route of the input and output elements and products / services (Fig.2), includes three kinds of business-based mode: (1) Bilateral flow of information, namely, the CSO enterprises need to communicate with the demand sources as well as supply sources at the same time. (2) Ascending flow of cash.

The CSO enterprises obtain operating income from the downstream customers, meanwhile pay the set / procurement costs to multiple subcontractors or suppliers, obviously they occupy a favorable position of clutching the purse of the large customers and leading the nose of some service providers and manufacturer as well. (3) Descending flow of output. On one hand, the CSO enterprises obtain modular products and services from the upstream suppliers according to the contract; on the other hand, they submit overall results and customized services to the downstream users after integrated processing.



Fig.2. The circulation route of CSO business archetype

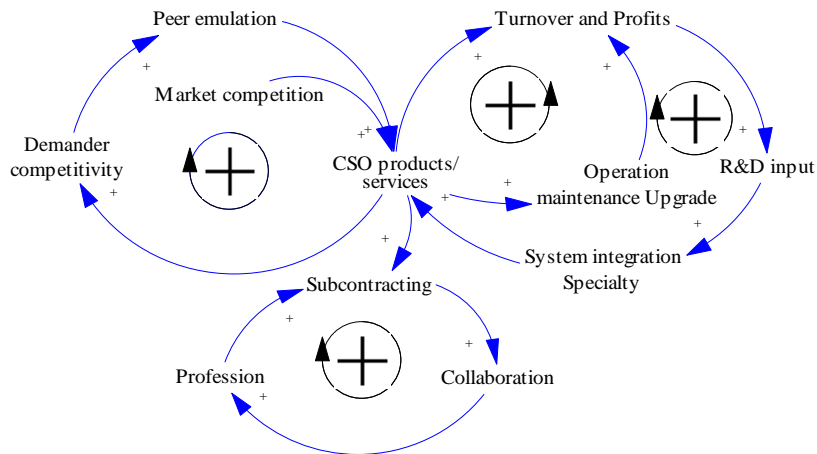


Fig.3. The causal loop of CSO business archetype

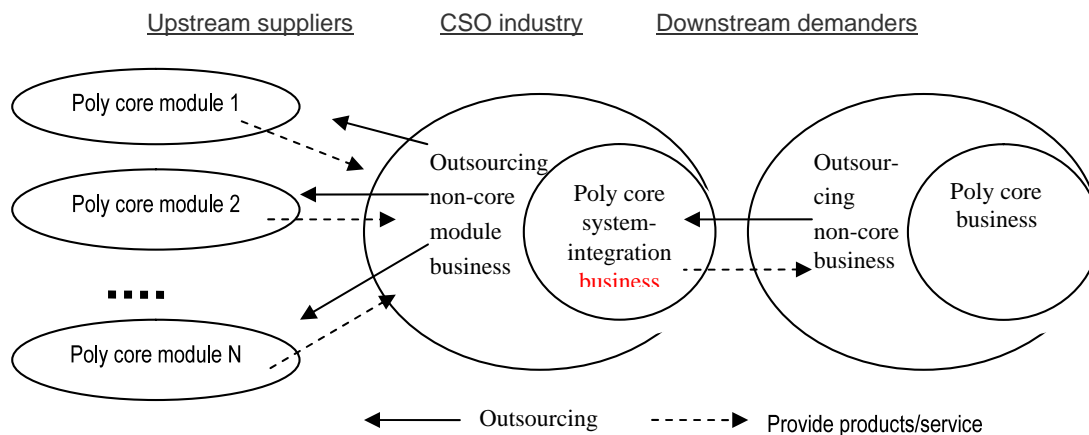


Fig.4. The triple "poly core" effects of CSO business

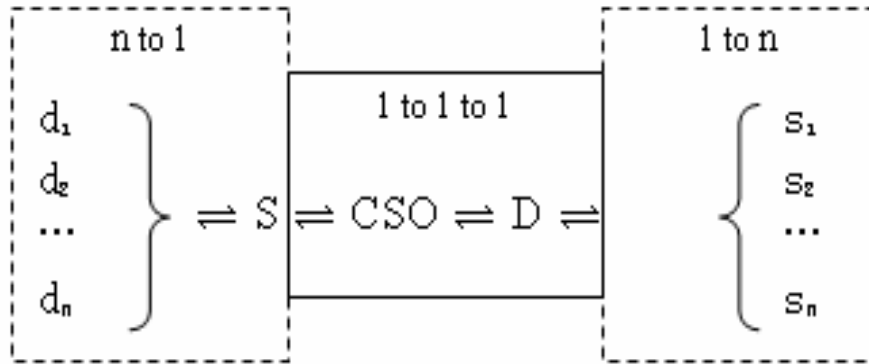


Fig.5. Transactions simplification from 1 to n to 1 to 1 to 1

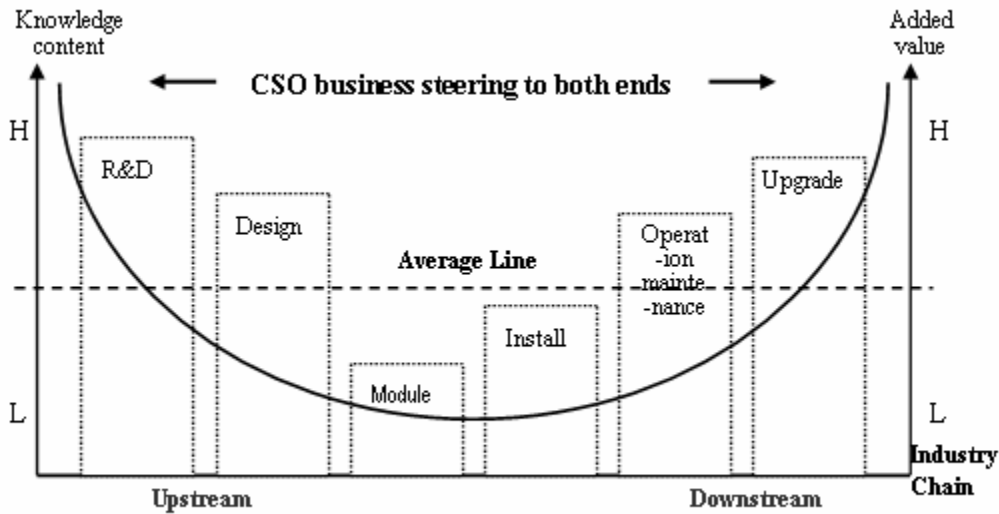


Fig.6. Distribution of knowledge content and added value on industry chain

Year	Employees	Total assets	Net profit
2000	3000	808.3 billion	0.843 billion
2011	7626	6252.3 billion	45.6 billion
Growth multiple	1.5	6.73	53.1
Data sources: Annual report of China Development Bank from 2001-2012			

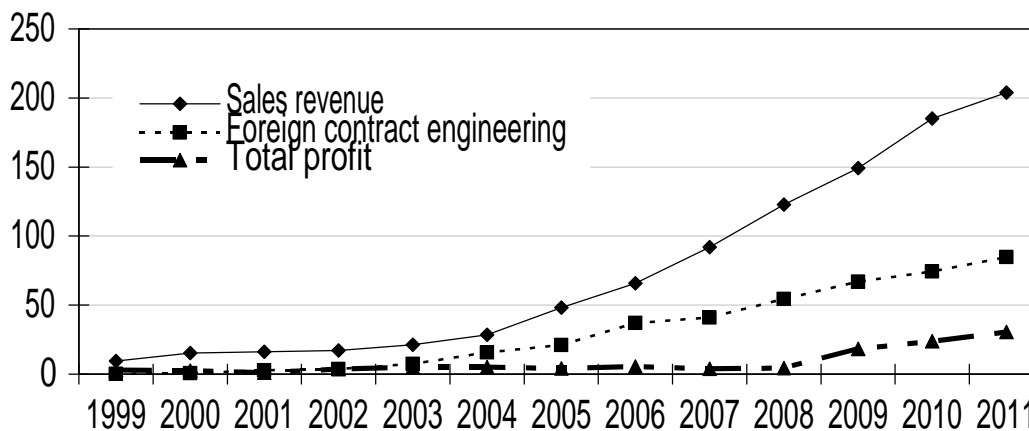
Table3
Part module products/services of Huawei company

Company	Module products/services supplier for Huawei	Comment
Lattice Semiconductor Co.	field programmable gate array design	sales had risen by 7% in last 4 years
Spansion Semiconductor Co.	flash solution, wireless base stations, exchanging router, set-top box	world's largest manufacturers of NOR flash
Watchdata Data Co.	Solutions based on SIM, OTA, DNA, HomeZone	sales figures was 1.45billion in 2011
Shanghai Belling Co.	power management, communications products and audio power amplifier	sales figures was 35.1million in 2011
Albertsons Communications Technology Co.(Shenzhen)	integrated cable service(the most improved company in integrated cable of china in 2011)	parent company is the Global 500
TDK-EPC Co.	Surface element, Inductors, capacitors, RF module and resistors	sales figures nearly 1000 billion Yen per year
CommScope Co.	electric cable, encapsulation equipment, smart software and network design service	sales figures about 1 billion dollars per year
Xian potevio antenna Co.	on-the-move antennas	top3 microwave antennae supplier in the world
SUNNY OPTICAL Co. of Ningbo	high-resolution of CCM	sales figures about 2.5billion in 2011

Sources: <http://www.huawei.com/cn/>

Fig.7. Some economic index of Huawei company in recent years (Billion RMB)

Data sources: INFOBANK <http://www.bjinfobank.com/>;The value of foreign contract engineering was converted from US dollars at the time.



Identification of the CSO business archetype from casual loop

The interaction between CSO enterprises and source of downstream demanders, upstream suppliers forms a causal chain system (Fig.3), which contains 4 subsystems loops. (1) Demand enhanced loop. On condition of limited resources, in order to focus on core business and enhance core competence, demanders will seek to outsource non-core business to an external provider. Therefore, a demand for the CSO product / service, or in other words, the demand for system solutions and customization services forms emerges. With the appearance of demand for "poly core "effect and enhancement of its core competence, other peers will seek to emulate, causing a strong growing needs of the entire market for the CSO product / service. (2)Supply enhanced loop. The operators, who adapt to changes in market demand and make timely transition, increase revenue and profits by providing CSO products/services. This allow them to further increase investment in R&D and play their specialty of system-integrity, which in turn will attract other companies to embark on the transformation , resulting in the increase of the CSO product / service supply. (3)Follow-up enhanced loop. The customized system solution is so called as "Knowledge Set" which is complexity, high-end and professional, its lifelong maintenance and updating has become a follow-up business for the CSO operators, a source of stable revenue , and a main content to establish strategic alliances with customers as the change of demand and upgrade of new knowledge and application of new technologies. (4) Peripherals enhanced loop. CSO enterprises need to obtain part or all of the modular products/services from suppliers or subcontractors in order to provide the large

outsourcing single. This strategic partnership of cooperation is beneficial to suppliers and sub-contractors to focus on their core competence, improve their business and technology and enhance level of professionalism and efficiency. In turn, this is also beneficial for them to get more orders or sub-business from the CSO operators.

This shows that CSO business archetype is an original ecological high-end business model, whose bulk income and super profit is realized through providing customized service to response and meet growing market demand, taking advantage of system-integration to seek for outsourcing deals, and occupying favorable competitive edge through connecting while combining and controlling supply and demand sources. It also indicates that CSO business archetype is an integration and sublimation of various business archetype of customization, system integration and outsource. As a business archetype, its value proposition is "to create and provide new solution for client", so as to get rid of complex non-core business and concentrate on the development of core ability; its revenue model is a case-oriented and differentiation compounded model which is fused with various traditional model(constant field A) and innovation model(variablesX)—A+X model; its main body, CSO archetype, is a complex of "customized service supplier +system integrator +bilateral outsourcer".

Effects

The vitality of a business model depends on its intrinsic economic rationality and external environmental adaptability. CSO business archetype has been able to spontaneously emerge and gradually become predominant in the field of IT

technology and now extend to more and more areas. The reasons probably lie in the following advantages or positive effects:

Poly core" effect

"Poly core" effect means that the role and effect of CSO business archetype mode in promoting the involved parties to focus on developing their core business, core specialty and core competence .The effect stems from the reinforce of profession as the result of labor division by CSO business archetype (Fig.4). First, CSO business archetype encourages the downstream demanders to outsource their non-core business to specialized CSO enterprise, which help the former to free up resources, time and energy to focus on developing their core business.

Second, CSO business archetype promotes the upstream sub-contractor or manufacturer to establish a long-term stable cooperative relationship with the CSO enterprise, specialize in modular hardware manufacturing, software development or service provision, and develop its complementary expertise and core competencies in specific segments. Third, the externalization, independence, and specialization of customized system integration business have bred a burgeoning "super" industry and the main body of the industry is the CSO enterprise, whose core output is customized service and system solutions. Meanwhile, system solution is a high-end complex product across time and space, which is based on individual needs and covers from development, design, financing, manufacturing (ordering/procurement), logistics, construction, installation, sales, finance to the operation ,maintenance and upgrading.

Integrated effect

The integrated effect means the complementary role and effect on labor division by the CSO business archetype. Labor division promotes specialization, which improves production efficiency, but it also brings out some drawbacks, such as diversification, disorder, limitations and cutting the functional segmentation in the modern organization (Senge, 1990). This requires integration and collaboration, so to compensate for the defects brought by the labor division. As systems theory champion Qian (1990) said, "The only effective way to deal with open complex giant system is an integration method which combines the qualitative and quantitative, and integration is a process in which some isolated things or elements concentrate together by certain ways and constitute an organic integrity." Integrated effect of the CSO business archetype is reflected in both the supply and demand. On the one hand, the CSO industry "develop" and "design" customized product/service by integrating the downstream customers personalized multi-level complex needs; on the other hand, it "complete" and "realize" customized products/services by re-integrating through subcontractors, producer, acceptance of each module. The integrated effect enhances the cooperation and collaboration between upstream and downstream of the supply chain, increases the compatibility and alternative between the various modular products/services, thereby enhancing the competitiveness of the entire supply chain.

Cost saving effect

The cost effect means the role and effects of production and reduction of transaction costs that CSO business archetype promotes. On the one hand, through its

triple poly core effect, the CSO business archetype strengthens the chain of the occasion of the division of labor and specialization, improves productivity and reduces production costs of the whole supply chain . On the other hand, it reduces transaction costs through simplification of transaction procedures, with the full participation of customer and the application of modern information technology. As shown in fig.5, in the traditional business model, the demand side D has to face to n suppliers / service providers(s1, s2...sn) , experience the search ,bargaining power, choice, decision-making in n times, and produce the corresponding transaction costs(sc1, sc2...scn) ; Meanwhile, product / service providers S also need to face to n demand users(d1, d2...dn) , experience the search ,bargaining power, choice, decision-making n times, and produce the corresponding transaction costs(dc1, dc2...dcn) .While in the CSO business archetype, the demand side D and supply-side S only need to contact with CSO industry 1 to 1, therefore transaction costs occurs only one time(sc or dc) , which simplifies the transaction process and saves costs to some extent (such as 1, 2).

$$sc < \sum_{i=1}^n sc_i (sc_i = sc_1, sc_2 \dots sc_n)$$

1

$$dc < \sum_{i=1}^n dc_i (dc_i = dc_1, dc_2 \dots dc_n)$$

2

High-end effect

The high-end effect means the role and effect that CSO business archetype promotes the industry to continually pursue high-end knowledge and value. "High end"

combines high knowledge intensiveness and high added value , which implies "two sides of the same item": They act sufficient conditions for each other respectively. On the one hand, in order to increase the odds in a fierce competition of the market, CSO enterprise committees itself to apply customized system solutions, which covers the multi-disciplinary knowledge and involves many fields of science and technology, so it tends to form a high degree knowledge-based development ;

On the other hand, it has to make efforts to separate, give up, and outsource a variety of the relatively low-end non-core business modules, and continue to deviate and "polarization" the both ends of industrial chain where has more added value space, so as to concentrate its limited resources and energy to develop its core systems integration expertise as more as possible, therefore it forms a trend of high value-added(Fig.6). In this sense, the CSO business archetype is only the "high-end" in numerous business models, and the CSO enterprise is the "outstanding" in numerous enterprises

Indeed, as with anything, CSO Business archetype also has its disadvantages and limitations. For example, it has a limitation in industry applicability, since it fits more better to the areas of service-oriented and engineering properties, such as the information technology (IT), service process (BP) and infrastructure, but this limitation is breaking in practice. As another example, it's easy to create a monopoly because the CSO industry is excessive "hub" and highly concentrated of knowledge, information, customer resources, which easily led to general industry attaching to them and unfair competition.

Application

What is the practical value and application prospect of CSO business archetype which has been identified above? We can evaluate and demonstrate it from the perspective of downstream demanders, upstream supplier and middle stream CSO enterprise.

Applied to demander's outsourcing choice

The CSO business archetype provides a choice for downstream demanders, which allows them to replace internal arrangement with outsourcing, scattered purchasing of standard products with integrated purchasing customized services.

Take the China Development Bank (CDB) for example, it has cooperated with HP in IT service outsourcing since 2003. Based on the customized system solutions provided by HP, the China Development Bank signed a treaty with HP, stating that the IT hardware and software of the whole operation and management would be outsourced to HP, and HP would provide comprehensive, long-term, serial, integrated IT services, which includes 7 big service module such as site-support, one-stop hotline, equipment management and entrust procurement, customer training, new technical consulting, outsourcing management and equipment outsourcing. Subsequently the bank outsourced its network service to China telecom and China Netcom, the business software development and system integration to the Digital China Holdings, etc. In this way, the bank steered to the one-off custom long-term and stable IT service, instead of depending on the traditional business mode, which need to built huge IT department, purchase series of IT standardized equipment, operate and maintain physical confused IT system all on its own. Operation results showed that the overall IT

cost was reduced by 30% or so and it also has a further space and necessity in integration of CDB (BYTE, 2009). Long than ten years of good growth performance (Table 2) is not unrelated with the choose of outsourcing and the use of CSO business archetype (in fact). Nowadays numerous CSO applications cases as the China Development Bank, can be found among the long string of downstream customer list of transformation enterprise both at home and abroad, including telecom operators, financial institutions, high speed highway network, industrial and mining enterprises, scientific research institutes, media, government, army, universities, hospitals, and communities, etc.

Applied to supplier's marketing choice

CSO business archetype also provides a choice for upstream suppliers, which allows them to use system solutions and integrated marketing solutions in 1to1, to replace the traditional marketing model which is in 1to N. The traditional business model, which suppliers mainly rely on opportunism expected, batch production of standardized products, large-scale stock and frequent scheduling inventory or other ways to adapt the changing demand of the market, is confronted with both high marketing cost and market risk. With the former mode, suppliers seek to establish a long-term 1to1 cooperative relationship with CSO enterprise, based on the system solution they provide for the CSO enterprises. In this way, suppliers can not only provide modular product or service according to their specific needs, but also focus on developing their own core competence and expertise, reducing market risk and marketing costs. Take Xian Putian Antenna for example, the company is positioned to provide modular products and services for

large customers, and this strategy has won matching supply large sheet both at home and abroad, such as China telecom, China mobile, China Unicom, China Netcom, Shenzhen Huawei, Shenzhen Zte, Shanghai Bell and HARRIS STRATEX, NEC, FUJITSU, ERICSSON, NOKIA, NERA, CERAGON, MILLIMETRIX, NORTEL and SAGEM, furthermore, it had edged itself into the top three microwave antenna suppliers in the world, and was awarded "the Outstanding Supplier of Huawei" in 2008. Now, a large number upstream suppliers like Xian Putian Antenna which supply products to CSO enterprises in domestic and overseas (Table 3) can be easily found, and most of them have a satisfactory and stable performance.

Applied to the choice of going out for high-end enterprise

The CSO business archetype makes it possible for high-end enterprises to go abroad by "offshore outsourcing", instead of traditional way. The high-end companies who make such choice will thus become CSO enterprises in the international business dealers. Enterprises who select to go abroad are aiming at making the most use of external markets and resources. If the first way of going out is international trade, the second is the international direct investment (FDI), the third must be the "offshore outsourcing" (including licensed production, outbound M&A, etc.). From onshore outsourcing to nearshore outsourcing, and then offshore outsourcing, outsourcing is a main trend in the international business activities. Getting big foreign deal of outsourcing through offshore outsourcing has become a high-end model for multinational companies to enter foreign market and achieve global expansion. Its significance can be seen from one NBN project case mentioned

above, whose value reach up to 200 to 300 billion yuan. Therefore, IBM, HP, UPS, Novartis, Accenture, and other foreign companies have achieved their expansion in China, likewise, Huawei, Shanghai Electric, Shanghai Bell, Dongfang Electric, ZTE and other Chinese companies have achieved their overseas expansion. Take Huawei for example (Fig.7), the amount of its foreign contracted projects (in fact, the CSO Business) has been growing over 70.4% per year. Among the enterprises whose turnover of foreign contracted projects ranked top 50, Huawei topped the list with its turn over of \$8,789,610,000, accounting for 1/7 of the 50 companies' total turnover, and the primacy degree is as high as 1.9637 (ie, nearly 1 time more than the second). In 2011, its foreign contracted engineering services contracts amount to \$1,162,694, and the primacy degree is as high as 1.5046. Dramatic development of offshore outsourcing led Huawei's sales revenue to increase at average 25% or more during the 1999-2010. It has successfully ascended itself into the Global 500 (2011, Ranking352), and its products and solutions have become popular over 140 countries around the world, serving 45 of the 50 powerful service operators worldwide and 1/3 of the world population.

Due to the limitation of data, the above-mentioned application cases are mainly chosen from the IT industry. But in fact the CSO element has penetrated into many areas and is changing our business patterns and habits. That can be evidently concluded because the 'system solutions', original terms of IT industry, is more and more widely used, such as supply chain system solution, consumer credit system solution, alternative energy system solution, vegetation restoration system solution, sustainable livelihoods system solution, cross-border river water allocation system

solution, park development and system solution, transformation of villages system solution etc. Just as "the next Industrial Revolution" (McDonough & Braungart, 1998) said: chemists and chemical factory rather sell pesticides and fertilizers to farmers causing pollution than provide the latter with crop conservation systems solutions and services.

Conclusions

This study stems from the tracking, observation and perception of the real business model evolution. Indeed the "New Model" has already taken shape, and any concept related alone cannot reflect its whole picture or essence. Instructive attempt to synthesize three basic elements to create the concept of CSO Business archetypes has been made in this article. It is a primitive form of high-end business model, which can be identified respectively from the operating route, circulation route and causal loops, and "outlined" by the system dynamics model. With the "poly core" effect, integration effect, cost saving effect and high-end guidance effect, it is suitable for downstream customers, upstream suppliers and intermediate integrator to carry out interactive operation, especially for high-end enterprises who are engaged in international business activity. Clarifying these issues may contribute to close contract economic and management theories and business practices, furthermore it may provide a new path selection and strategy reference for Chinese enterprises to go out.

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