

Designing a Service Concept for Government Licensing

Case: Valvira's private sector licensing services



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Abstract

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All private social- and healthcare service providers have to go through a licensing process in order to operate in Finland. These licensing services are provided by two governing bodies, Valvira, which is the National Supervisory Authority for Welfare and Health, and the Regional State Administrative Agencies (RSAA's). This process can be long and cumbersome for the private service providers. For the government agencies, the process is also complex and passes through many hands before being completed.

The main objective of this thesis was to research the current state of the private social- and health care licensing services and to develop a new service concept proposal for the licensing services using service design. In the theoretical background, the thesis uses Service-Dominant logic to bring customer focus into the service concept development. It reviews some of the central literature and existing articles of value and co-creation, service development, service design and service concept development. As a service design process, it used the double diamond process developed by the Design Council (2014) and various tools and methods selected for the purpose of the study. The data was collected by numerous methods including interviews, focus groups and workshops where the services were defined and the current state of the service was studied. The new service concept was then developed together with the staff and customers and finalized to its final form. Business model blueprinting was used as a method to map the service processes and as a part of the service concept to describe different phases and action points of the service. The end results is a new service concept proposal for the licensing services through service design. The proposed changes in the new service concept could benefit both customers and authorities.

Governmental agencies are typically not very flexible nor customer oriented. However, the most notable improvement that this thesis brought as a result would be the discussion and change towards customer orientation among the social- and health care licensing services in Valvira.

Keywords

Service concept development, service development, government licensing service

Contents

1	Introduction	5
1.1	Background for the thesis.....	5
1.2	The purpose of the thesis and the development focus	7
1.3	Structure of the report and the delimitations of the thesis	8
2	Service Concept design	9
2.1	Defining a service and selecting the theoretical foundations	11
2.2	Value and co-creation	14
2.3	Service development	15
2.4	Using service design for service development	20
2.5	Service Concept development	20
3	Service design process for a service concept development	22
3.1	Workshops to define services and service process	24
3.2	In-depth customer interviews.....	25
3.3	Customer Focus Group	26
3.4	Business process blueprinting	27
3.5	Brainstorming to create ideas	30
3.6	Sharing insights and the new service concept through storytelling	31
3.7	Describing a Service Concept	31
4	Developing a Service Concept for Private Sector Licensing Services	33
4.1	Discovering the current stage of the service	33
4.1.1	Workshops to map the current and future state of the processes	35
4.1.2	Customer interview results and analysis	41
4.2	Defining the current state	51
4.3	Developing a New Service Concept Proposal	53
4.4	Delivering the results	62
5	Results	64
6	Conclusions and discussion	71
	References	76
	Figures and Tables	81
	Attachments	82

1 Introduction

1.1 Background for the thesis

This thesis was started for Valvira's and the Regional State Administrative Agencies (RSAA's) private social- and healthcare provider's notifications and application services' on the side of digitalization project. The digitalization project was initiated during the summer of 2014 and it aims to digitalize all private sector social- and health care licensing services through a new service channel that enables customers to access services for 24/7. It also aims to provide visibility for customers for their licensing information. The project also aims to reach substantial cost savings for Valvira and RSAA's. I am working for Valvira as a system specialist and my responsibilities among others include administering the private social- and healthcare provider's licensing register and managing the digitalization project mentioned above. In the fall 2014, the internal processes were researched and some underlying issues were found that could not be tackled by merely digitalizing the services. Some of the issues started to be apparent such as, there were several channels to access the service, many independently acting organizations were providing the same service and that it would be quite difficult to create a shared digital services in such situation. This demanded further research to get more holistic picture of the situation. The timing of this came at a point where I was still trying to find a suitable case for my thesis, so it was decided that it would be a good research topic and service design project to develop suggestions to fix the issues and to create a service concept proposal as the concept of licensing services was not clearly articulated beforehand. This thesis is, to some extent, a part of the digitalization project in a way that both go hand-in-hand and support and benefit from each other's results.

About the organizations

The National Supervisory Authority for Welfare and Health (Valvira) is a centralized body operating under the Ministry of Social Affairs and Health in Finland. Valvira's purpose is to supervise and provide guidance to healthcare and social services providers, alcohol administration authorities, and environmental health bodies and to manage related licensing activities.

Valvira states that it's most important task is to protect the right of all Finnish residents to a living environment that promotes their health and welfare and to assure their access to social and healthcare services that are both safe and adequate. Valvira also guides the six Regional State Administrative Agencies and local authorities in the areas of health and social care, alcohol administration and environmental health, including tobacco. Valvira's aim is to foster

similar guidance, licensing and supervision practices on regional and local level throughout the country. Valvira and the Regional State Administrative Agencies carry out their supervisory duties based on jointly agreed supervision programmes. (Valvira 2015a.)

On Valvira's strategic agenda it is mentioned that, it will promote self-monitoring as an effective form of supervision, will be active at the EU level and in international cooperation, deliver client-centered, high quality and effective public service, and will be considered a good employer to work for. (Valvira 2015b.)

Regional State Administrative Agencies (RSAA's) are regional government agencies in Finland whose task is to ensure regional equality by promoting legal protection and healthy and safe living environments. There are six Regional State Administrative Agencies whose jurisdictions are divided by the areal districts of Finland; Southern, Eastern, Southwestern, Western and Inland, Northern, and Lapland. The RSAA directs, licenses and oversees public health care services and health care services provided by private actors. The RSAA's contribute to implementing national health care policy. The Agency's activities in the field of health care are informed by the legislation, instructions from the Ministry of Social Affairs and Health and cooperation with other actors, including the National Supervisory Authority for Welfare and Health Valvira and the National Institute for Health and Welfare. The RSAA's tasks include direction and oversight of health care services, granting licenses to private health care service providers, supervising health care professionals, quality management, complaints, and discretionary and specified government transfers. The aim of the Agency is to make sure that high-quality health care services are available for the citizens. (Regional State Administrative Agencies 2015b.)

The RSAA's state that their mission is to promote regional equality by carrying out executive, steering and supervisory tasks laid down in the law. To this end, they aim to strengthen implementation of basic rights and legal protection, access to basic public services, environmental protection, environmental sustainability, and public safety and also to provide a safe and healthy living and working environment in the regions. RSAA's areas of responsibility include such as basic public services, legal rights and permits, education and culture, occupational health and safety, environmental permits, rescue services and preparedness. (Regional State Administrative Agencies 2015a.)

Licensing services for social- and healthcare service providers are provided by both Valvira and RSAA's. To clarify, private social- and healthcare providers are privately owned companies providing social- or health care services and in this thesis report they are also referred as customers or as service providers. Licensing service include both permit and notification services that are based in law that are the Act on Private Health Care (Finlex 2015a) and the Act on Private Social Services (Finlex 2015b).

Valvira and RSAA's are providing the licensing services based on the service provider's branch locations. Valvira is serving those service providers whose premises are in more than one district, meaning that they have premises in more than one State Administrative Agencies' jurisdiction. The State Administrative Agencies offers services to those service providers who only operate under one of the six State Administrative Agency's jurisdiction. To clarify further, there are six State Administrative Agencies and Valvira offering the same service for the service providers. Both Valvira and RSAA's have their own application forms, web-pages and guides for the services on how to proceed with the applications and notifications. All of these seven organizations are using the same registry administered by Valvira's IT-department.

1.2 The purpose of the thesis and the development focus

The purpose of the thesis is to study the current state of Valvira's and the Regional State Administrative Agencies licensing services for social- and healthcare service providers, make suggestions on how to improve the services, and to develop a new concept proposal for the services through service design. At the same time of this study, there is an ongoing digitalization project by Valvira and RSAA's that aims to digitize the services and enable customers access them for 24/7 and to improve efficiency of the handling processes. This research project aims to use service design process and assess the need for improvement of the service while reflecting the service design theories. Furthermore, as the digitalization project aims to gain efficiency, the service design research seeks for effectiveness (Lusch et al. 2008). The results of this thesis can hopefully be used by Valvira and the Regional State Administrative Agencies.

Five research questions were identified to reach the objectives mentioned above:

- What is the current state of customer service on private social- and healthcare provider's licensing service?
- What problems exist in the customer service?
- How could the customer service be improved?
- How does the interplay between the organizations work on private social- and healthcare provider's notification and application processes?
- Is the current service concept working and could it be improved?

As a student, my personal goals are to develop skills in service development through service design methods and processes.

1.3 Structure of the report and the delimitations of the thesis

The structure of the thesis starts by introduction, followed by the theory, which includes such topics as service, service design, service concept, service concept development and service development and service development in the public sector. Then used service design methods and the service design process are introduced, after which, the results are displayed and finally synthesized in the conclusions.

This thesis aims to develop a service concept for Valvira's private sector licensing services and takes a practical approach to develop it in the context of just one type of licensing service. Also as the scope is limited, so is the timeframe. Therefore, it focuses only to the theoretical frameworks seen useful for the case. Further development would be needed to create a service concept that could be adopted into other government licensing services. However, the used design process could be used to continue the work and could provide a model to develop other government services to adopt customer centricity in their development efforts.

2 Service Concept design

In this chapter, theories of about service, value and co-creation, service development and service concept development will be explored.

For any organization providing a service, it is important to satisfy the customer needs and to create value for the customer. As Grönroos (2008) argues, a service company's task is to support the customer's creation of value. However, when discussing about public services the issue is more complex due to the multiple customers and stakeholder that the service may have. Public services often exist to serve the general public within a nation on areas where no individual or a company would have enough interest nor a viable business model to run the service, but there is still a need or demand to have someone taking care of that function. These areas are where public services are set up such as private social- and health care licensing, where the service is two-fold, ensuring the safety and quality of using the private sector actors and at the same time providing licenses to the companies and showing their potential customers that the service is safe and up to the standards. Thus providing service to the general public, even if they are not directly in touch with the service provided. Another customer is then more obvious, the private sector companies, who are providing social- and health care licensing services.

Usually the service is co-produced in interaction between the customer and the service provider, but it is not always apparent that the customers and interactions are visible to the company (Heinonen et al. 2010). This viewpoint is especially important when developing public services where there might be multiple customers and from which some might not even take part in the service process. For example, the value proposition is to improve the well-being of the society as a whole. Even those customers who are in direct contact with the service can have multiple tasks to do before being able to start the licensing process with Valvira. Therefore, it is important to note that the customer value emerges mostly beyond the visibility of the service provider because customer value-in-use extends beyond the interactive service process, and that the value emerges in customers' context and practices. The service might also have a mental affect for the customer and customers' individual needs, preferences, habits and values and the earlier experiences are always present and affect value assessment. (Heinonen et al. 2010). Public services often consist of multiple public actors and therefore the service should be studied having a broader view than just the service provided by one public organization, thus finding out which other public actors the customer has to deal with in order to find out connections between the authorities as well. The main question lies what is the value, or outcome, that the customer is looking for when using the service. After the connections in the service to the customer between the public organizations are discovered, it is easier to see how different public services link to each other and how the service can be developed holistically.

Currently there are several drivers for service development in the Finnish public sector. Probably the biggest driver influencing the public sector service development is the current economic situation, most notably the government debt that is increasing due to bad economic development of Finland and public expenditure (Ministry of Finance 2015).

The second major driver is customer awareness where people are used to getting good service from the private sector. This drives public sector to improve as customers become more demanding and require the public services to provide a similar level of service as they receive from the private sector. The private sector is also incorporating new technologies into their service delivery and digital services are becoming a standard way of service delivery. Since the private sector is moving its services increasingly to the Internet. Organizations such as banks, insurance companies, grocery stores, retail businesses etc. are all providing their services in digital channels. People are used to ordering their products and doing most of their errands from their home through the Internet. This has changed peoples' behaviour and they are expecting the same service channels from the public sector which is still far behind from the private sector offering services online. This in turn generates a drive for service development in the public sector as digital services are being demanded by the customers.

A majority of service improvements would not be possible without advancements in technology and thus technology enables changes in service design and delivery. Technology works also as an enabler to achieve the efficiency goals that spring from the economical drivers. In private sector, innovation is driven primarily by achieving competitive advantage, but in the public sector the drivers for innovation are to achieve widespread improvements in governance and service performance, including efficiencies, in order to increase public value (Hartley 2005). However, the aim for efficiency drives to measure time and costs and this in turn will direct the design of the service process into a search for a single time- and cost efficient process that is a fit for all. Growing focus on efficiency turns organizations perspective inwards and place customer's perspective as a dependent variable which will not take into account that different customers have different preferences that should affect the design of the service - as customers should be a part of the service process to create value. For the value to emerge the customers' active participation in the service process is necessary and therefore focusing too much on efficiency can be problematic for successful process execution. Especially when developing public service, effectiveness should always be considered along the side of efficiency. (Gersch et al. 2011.)

2.1 Defining a service and selecting the theoretical foundations

There are numerous definitions for service and the underlying ideas vary depending on the definer's viewpoint. Kotler and Armstrong (2007) define service as any activity or benefit that one party can give to another and that they are essentially intangible by nature and therefore cannot be owned.

Zeithaml et al. (2009) define service as deeds, processes and performances that are provided or coproduced by one entity or person for another. Furthermore, all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produced, and provides added value in forms that are essentially intangible concerns of its first purchaser can be considered as a service (Zeithaml et al. 2009).

Service can be characterized by intangibility, heterogeneity, perishability and inseparability (Zeithaml et al. 2009). Service is intangible since it is a performance or action that cannot be seen, felt, tasted, or touched. They are heterogeneous because there is often human involvement in the production of the service and no two customers or service providers are precisely alike, thus the service also is always slightly different when provided or experienced differently by customers. Service is perishable since it cannot be saved, stored, resold, or returned. Service is also produced and consumed simultaneously and thus inseparable. Customers may also take part in co-producing or co-designing the service and might interact with other customers and affecting their service experience. (Zeithaml et al. 2009.)

Essentially products and services are different from each other only by how they are created. With products, the provider actions are largely carried out before consumption and with services, the provider actions are done simultaneously during the value delivery. Sometimes products and services are provided in a bundled package as a solution to fulfil customer needs and the separation of products and services make no difference from the value fulfilment point of view. Rather, they work together. (Zeithaml et al. 2009.)

Traditionally, services and products were viewed as a separate from each other and in the marketing literature there are many logics that take a slightly different viewpoint on how service is to be perceived (Fisk et al. 1993). In the following, four major viewpoints, or logics, from the marketing literature that all define services from slightly different perspectives are explored further. The logics are, Goods-Dominant logic (G-D logic), Service-Dominant logic (S-D logic) and Customer-Dominant logic (C-D logic) and finally Gummesson's (2007) balanced centrality that I call here a Network-Dominant logic (N-D logic). The Figure 1 below shows the different logics listed above.

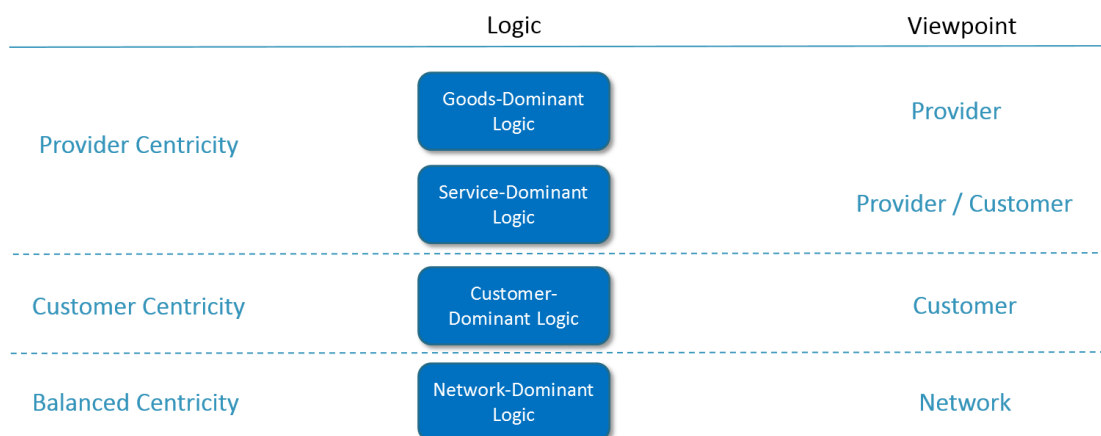


Figure 1. Different logics

In Goods-Dominant Logic the focus is on the firm as the producer of the outputs to be sold to customers and the output has traditionally meant tangible goods, intangible services or a combination of the both above. The main focus of the firm in G-D Logic is to improve its output by standardization and mass production. (Lusch et al. 2008.) Thus in G-D logic service is defined as a unit of output that are anything else than products and, often also referred in plural form “services” (Vargo & Lusch 2007). In G-D logic the efficiency of the organization to produce goods or services to the market is a crucial measure for the organization’s success (Gersch et al. 2011).

In the S-D logic, service is defined as the application of specialized competences (operant resources—knowledge and skills), through deeds, processes, and performances for the benefit of another entity or the entity itself (Vargo & Lusch 2007). The S-D logic was first introduced by Vargo and Lusch (2004) and according to them it focuses on the interaction between the firm and the customer rather than the exchange of the output, as well as in servicing the needs of the customer, as is experienced by the customer in the context of customers own life and purpose. S-D mindset seeks to understand customer experience, the effectiveness of responding to the customer’s purpose of contact. As service becomes effective, it also creates efficiency as customers’ needs are fulfilled. (Lusch et al. 2008.)

The third logic is the Customer-Dominant logic. In the C-D logic, service is naturally and inevitably embedded in the customer’s life, practices and experiences (Heinonen et al. 2010). The core of Customer-dominant Logic is to facilitate and enhance customers’ activities. (Heinonen et al. 2010.) Therefore organizations should try to find out what customers’ intentions and resultant activities and experiences are to see how the provided service fits in customers’ lives (Heinonen et al. 2010). Heinonen et al. (2010) argue that service dominant logic is production and interaction-focused as is the G-D logic. This is because the debate between the service-dominant and the goods-dominant logic has focused mainly on

distinguishing service in terms of process (S-D logic) versus outcome (G-D logic). Also because the research has focused on analyzing an individual service system from the company's point of view or on customer-provider interactions over time where the service is viewed as co-creation dominated by and from the service provider's perspective.

Heinonen et al. (2010) and Grönroos (2008) suggest that organizations should focus on what customers are doing with services to accomplish their own goals and then create service offerings through which the organization can take part and support the customer's processes. Services need to be designed based on the in-depth knowledge of customers and try to embed the service in customers' existing and future contexts, activities, and experiences in order to enable customers to better achieve what they want to, be it functional performance or quality.

The fourth viewpoint present in the marketing literature is Gummesson's balanced centrality. Gummesson (2007) claim that customer-centricity is too limited and can only be partially implemented in practice. Where the supplier-centric view focuses only on the supplier and value chain stops when a customer buys something. In SD-Logic value is co-created by the supplier and the customer where the supplier makes a value proposition and the customer can actualize the value (Gummesson, 2007).

As Gummesson (2007) argues, the value chains of the provider and the customer are different and by separating the two there is a risk in losing the view of the context and interdependency of the two. Therefore, he argues that instead of supplier or customer centrality a network-based stakeholder approach or as he names it, balanced centrality would be more sufficient as a service is created in a network of stakeholders performing multiple activities rather than just by the supplier and the customer.

The Figure 2 below shows the theoretical alignment used in this thesis in between S-D logic and C-D logic.

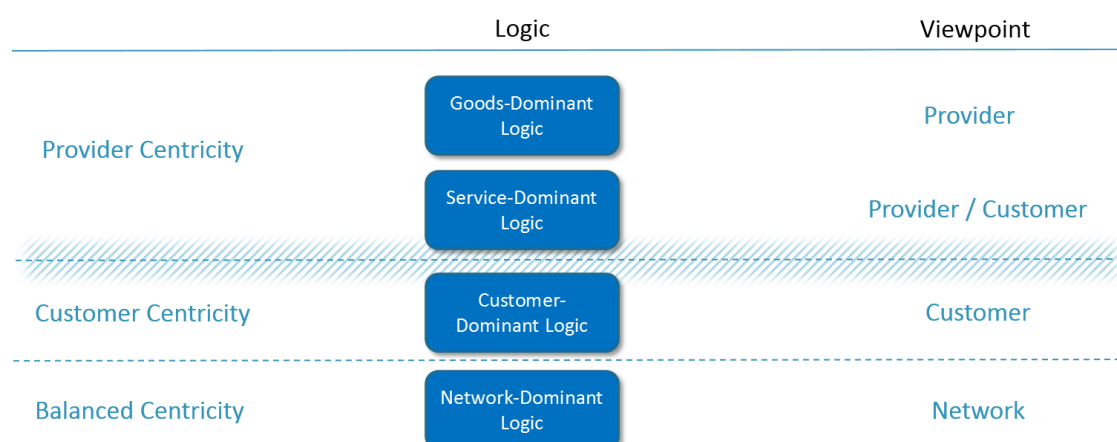


Figure 2. The theoretical alignment of the thesis

This thesis aligns its theoretical foundations in between the S-D- and C-D logic, by studying the processes and actions of the organization providing the service. It also studies and identifies the related activities and experiences of the customer but does not take into account the activities outside of the scope of the service provided. The alignment of the used logics relies on the notion that public services are, by the law, provider-dominant. This is because the law sets strict boundaries for the customer as well as the authorities thus making the service process primary and the customer is to follow any process defined in the law and enforced by authorities. Changes into the service need to be evaluated against and complying with the law. Changes that are not in line, need to be changed also to the law and that can be cumbersome process all in all.

2.2 Value and co-creation

When discussing about services, an important aspect of service is the value it creates for the customer and how the service creates value.

Lusch and Vargo (2014) define value as a benefit that increases the well-being of a particular actor. Vargo and Lusch (2008) suggest that value is always “determined by the beneficiary”, meaning that only the customer can define the value of the service, not the service provider. The customer is always a co-creator of value with the organization and thus the organization cannot create value on its own, but only create value propositions (Heinonen et al. 2010). Therefore, companies can only control their own value creation and the co-creation process but not customers’ value creation as value is created in the experience and the outcomes at the point of consumption and for each customer it can be different (Grönroos 2008; Heinonen et al. 2010; Johnston et al. 2012). According to Grönroos (2008), organizations can only facilitate customers’ value creation by assisting them in their value creating activities. For an organization providing a service it is crucial to understand how the service can help its customers to create value. After understanding what creates the value for the customers, the organization can develop the service.

It should be also noted that value can be seen through different viewpoints such as, value-in-exchange and value-in-use. Vargo and Lusch (2008) point out that the goods possessed by a firm can be traded for financial or other resources thus they have a value in exchange. As the value in exchange might represent the expected utility, it is not the actual utility (Vargo & Lusch 2008). Therefore, if the goods are not integrated with other resources, such as knowledge of how to use them, they have very little or no value-in-use, also referred as the actual utility, and can only be realized by and the context of the life of the customer (Vargo & Lusch 2008).

According to Heinonen et al. (2010), value emerges when the service provided is used by the customer, becomes embedded in the customer's context, activities, practices and experiences together with the service company's activities. This may include the service and all facilitating and supporting services before and after the service and even marginally related services. Thus, the service company's task is to support the customer's creation of value (Grönroos 2008). Furthermore, Heinonen et al. (2010) argue that value-in-use should be seen as everything that the company does that the customer can use in order to improve his life or business.

Co-creation and value creation of service are distinct hence in the service production customers can take part as co-creators, and value creation (Grönroos, 2008b). Customers might not need the service as they could perform the activities themselves or the service might not be very relevant to their lives and therefore they might not be interested in active participation in the service or in co-operation with the service company. (Heinonen et al. 2010 s.9). If the service does not have a clear value proposition for the customer or the value proposition is targeted only to one of multiple groups of customers, it makes it quite difficult to involve customers to actively take part in the co-creation of value. This seems to be the case in many public sector licensing services where the service attempts to create value for the general public, but neglects to provide a value proposition for licensee. Therefore, the value propositions should be clear for all customer groups, the direct customer as well as for the indirect ones, who are needed to deliver the value. For example, publicly built and maintained roads benefit the ones driving on the roads but also those who receive mail as the delivery of the mail is possible due to those roads.

2.3 Service development

As noted earlier, the service exists to create value. Often, a service provider is only a coordinator or an orchestrator for the value creation that may or may not be linked to a physical product. Instead of the supplier centred view of value in production and exchange, service developers need to view value as it is defined and used by the customer. (Williams et al. 2008.) The idea behind it is that innovative services enable customers to fulfil their personal needs and they might relieve customers from undesired activities (Michel et al. 2008). Therefore, Service development comes down to finding what customers value and to understand and foresee the changing customer needs (Matthing et al. 2004, 480). According to Vargo and Lusch (2004), companies need to adapt service-centered logic where value is defined and co-created with the consumer and determined by the customer on basis of value-in use. Organization exist to create value for their customers and therefore they should focus on what their customers' value, not to their internal operation and productivity of service production (Vargo & Lusch 2004; Gallouj & Djellal 2010).

Customer involvement

In service development, involving customers to the development process is crucial to the success of the service. According to Michel et al. (2008), the value-creation is done in co-creation among service providers and customers. Customers need to be involved for the value co-creation to occur or there are only value propositions by the provider. Value creation needs support and enhancement by the customer value co-creating activities and they do it by *altering their roles, improve their capabilities, and contribute their own resources to the process of creating value.* (Michel et al. 2008.)

Customer involvement is a process where the customer acts as an internal part developer in a service development program or project together with the service provider to recognize customers' latent needs and to develop the service to meet those needs (Matthing et al. 2004). Matthing et al. (2004) argue that customer involvement activities and processes that are designed to facilitate learning might lead users towards innovative thinking and that generative learning can be facilitated by customer involvement. An organization also needs to ensure that customer innovativeness can be used to create new services by constant involvement with customers and co-creating and co-developing those new services (Matthing et al. 2004). Customer involvement is beneficial for organization in many ways as, organizations are unable of employing all the smart people, and customers, thus interacting in their own networks can bring a multitude of knowledge and insights to the organization. To improve the integration of a customer's knowledge resources into value creation, the organization needs to increase its own, suppliers and customers capabilities. (Michel et al. 2008.) Organizations that are looking to involve customers in service development need to see that they have supporting structures, processes, skills, tools and culture in place. (Matthing et al. 2004.)

Discovering new services through customers' latent needs

Organizations tend to focus on satisfying expressed needs of the customer by researching how customers use their current services (Matthing et al. 2004). However, service development is about discovering what customers value and how to solve their problems thus fulfilling their needs and value gaps. Therefore, being able to find new ways of co-solving customer problems or to recognize gaps in the current value offerings, fully recognized or completely latent to the customer can lead to discoveries of potential places for new services or service development opportunities. (Michel et al. 2008.)

New opportunities with customers might be perceived in two ways according to Michel et al. (2008), first proposed solution to an already recognized need by an organization might be seen as superior, or to discover a way to fulfill an unrecognized need. Either organizations can create substitutes or to seek latent needs to enter unoccupied market space.

Customer involvement and integration is needed in the co-creation and co-development of services. This means that organizations need to get to know their customers and to discover what their potential customers' value in a service.

The knowledge acquired through customer involvement needs to be utilized in the company. As the integration of customers and other knowledge resources is essential part of customer value co-creation (Michel et al. 2008). Companies should change their customers' role in the service development to be part of the development and contributing knowledge, skills and experiences through frustrations, requirements, problems and expectations and customers' readiness to experiment and learn. This knowledge is then transferred within the organization for the service development. (Matthing et al. 2004.)

Innovating new services

After acquiring customer knowledge and enabling customer co-creation and co-design, innovating the new service can begin. Michel et al. (2008) mention two views on how service-logic innovation can be approached, an outside-in service-logic innovation and inside-out service logic innovation. In outside-in service-logic innovation, customer's role is changed which causes the organizations value creation. In inside-out service-logic innovation, the company's value creation changes and that encourages a change in customers' role. Later being the more traditional way to approach service development and it also bears a risk of creating a service that is not seen valuable enough in the eyes of the customers and for them to change their roles, thus making the service redundant.

An outside-in service-logic innovation looks to solve customer problems in new ways instead of trying to alter customers' role. Therefore, an outside-in service-logic innovation is more appealing as well as a safer way for an organization to approach service development.

Organizations need to involve the customers into the service development and get to know the customer and customer needs and values. (Michel et al. 2008.) For an organization to change itself to enable customer involvement and co-creation, understanding what a customer is requiring from the service, and to exceed customer expectations and making the service better is in the core of service-logic innovation (Michel et al. 2008).

However, finding innovative new services is not easy, since something that is novel and innovative for the organization might not be perceived as novel by the customer. To encounter this problem a user-based innovation is needed, where the person or organization who applies the end result of the innovation process in practice and benefits from it, the end user, is involved in the creation of a service. (Sundbo & Toivonen 2011.) Value cannot be created without the customer, since it is created at the time of service encounter and consumed at the same time (Vargo & Lusch 2008). Therefore, customer involvement is the key in defining what is truly innovative and purposeful for the customer.

Change drivers in developing services

Services are offered to customers to fulfill customer needs, but the service providers are doing it to achieve their own objectives. Objectives have an influence on the service development and based on the objectives of the service provider service design decisions are made. Williams et al. (2008) propose three fundamental service provider objectives, business objectives, technological objectives and interaction objectives that should be taken into account.

The most obvious business objective is to have financial benefits that usually in existing public service means savings in expenditure. No service will survive without making enough money to cover the costs of producing and creating some financial benefits. Pricing and funding decisions play in a big role in achieving the objectives. (Williams et al. 2008.)

Technological objectives play a large role in today's services, since in majority of services technology is a part of the service delivery and thus being an integral part of the outcome of the service. A lot of services would be impossible to make happen without technology.

Technology affects how the service is provided to the customer, how the service delivery processes can be designed, and how easily services can be changed. (Williams et al. 2008.)

By interaction objectives, Williams et al. (2008) mean the human-computer interaction and the experience a user gets when using the service. This can be used in non-digital services, since by nature services encounters need interaction between the service provider and service consumer and when there are encounters there are always experiences involved in the encounter. Organizations might have set objectives on the way a service is used and provided, thus affecting the design of the new service to create good experiences for customers.

Challenges in service development

Like in any development effort, there are challenges an organization will face when trying to develop a service. Challenges can occur in customer involvement, in the organization's ability to innovate, to integrate the newly acquired knowledge into the organization's service offerings, and to put supporting structures and processes in place for the service development as well as in its ability to get skillful enough people to develop its services.

Designing a service is often a complex endeavor and includes a lot of people, technologies, and channels. To get the service working to fulfill customer needs and value gaps an organization needs to include not only R&D department but also the whole value chain. All aspects of the service creation, including the disciplines on all levels of the organization as well as other organizations, especially in case of public services as responsibilities can be split between several different authorities, need to be involved in the design of a service to deliver great services. (Goodwin 2009.)

For an organization to get customers involved, appropriate set of customers need to be identified and to provide incitements for the customers to participate. Organizations also need to be able to capture the knowledge customers are offering. Organizations looking to involve customers in service development need to see that they have supporting structures, processes, skills, tools and culture in place. The need to make the change can come from market conditions, financial status and management. (Matthing et al. 2004.)

Idea generation plays an important role in the service development. Ideas and organization's ability to generate ideas is thought to have a direct causality to the organization's ability and likeness to bringing the idea to life (Matthing et al. 2004). An organization that is unable to generate any ideas should first focus on its ability in idea generation and the research the reasons why new ideas will not be raised.

Due to the traditional G-D logic of view, organizations are very concerned with their production costs and are therefore measuring productivity of their internal operation rather than customer benefits. There needs to be a shift from measuring productivity of internal operation rather than customer benefits, as the focus on productivity of production shifts the development efforts to the back-end leading to only improvements in old services and no novel service innovation will emerge. This way of thinking will also make it difficult for customer involvement and co-creation since it is difficult to measure. (Gallouj & Djellal 2010.) In my years of experience from the public sector, often only internal efficiency is measured and rarely customer benefits are accounted. This might also be the reason why in the public sector customer involvement and co-creation are occasional in the service development efforts. Organizations should change the focus of measuring into the outcomes rather than the insides. Only created customer value should matter. However, as customer integration into the value creation process (service) is important, Gersch et al. (2011), see both the efficiency and effectiveness equally relevant measures in the overall service process performance.

The last challenge in developing services is the functional organization. The organization should serve the customer and the procedures should be customer-oriented. Strict boundaries between the organizational structure are counterproductive and do not support the service provisioning as service is always co-designed and co-produced with the customer and each customer has its own individual needs. (Mager 2004.)

2.4 Using service design for service development

This thesis uses service design to develop the service concept for the licensing services. Service design is defined by Moritz (2005) as being an approach of planning and shaping useful, usable, desirable, effective and efficient service experiences.

Service design is a multi-disciplinary approach that combines knowledge, methods and tools from various fields, such as business, design, information technology and others (Moritz 2005).

The purpose of service design is to make the service useful, usable, efficient, effective and desirable as well as economically viable and technically feasible (Design Council; Moritz, 2005). According to Moritz (2005), service design helps to create understanding about the client, organization and market, identify and solve problems, develop ideas and translate them into feasible solutions as well as assist implementing them.

As mentioned in the previous chapter, so far services are mostly designed and produced from the provider perspective. Service design focuses on the client and on the organization to benefit the both. (Moritz 2005.) Thus, service design should minimize the form and procedures between the customer and the organization (Mager 2004).

This is probably the reason why service design methods are increasingly adapted to develop services as it takes into account the overall experience that the customers have with the service, including the tangibles, processes, and systems that are part in creating the experience.

Service design is used in this thesis to help bring customers and the organization together to develop the service concept. Also to help to create better understanding of customers lives and to bring that understanding to the organization to create better value propositions. This is achieved by using some of the design tools and methods that service design has to offer. Chapter 3 describes the process and the tools and methods used in this thesis.

2.5 Service Concept development

According to Edvardsson et al. (1997) the service concept defines the benefits a service offers to customers. A concept describes the important parts of a service and by describing service moments, customer journey and other parts of the service the concept makes the service process, structure and main phases concrete without having the service in production (Miettinen 2011).

The service concept is an attempt to create a clear, agreed, shared and articulated definition of the nature of the service provided and received, in order to ensure that the essence of the service is delivered (Johnston et al. 2012)

Because the service concept defines the benefits a service offers customers, it must therefore entail what the service provides. Johnston et al. (2012) refer this as the organizing idea of the service. Organizing idea according to them is what the customer expects from the service rather than just the elements of the service. An example of organizing idea can be such as experience of a lifetime for travel agency or stress free commute for a transportation company. (Johnston et al. 2012.) The service concept is a way of capturing the nature of a service in a way that customer know what they get and staff understands what they are providing (Johnston et al. 2012).

Thus the service concept has to include information about what the organization intends to do for a customer, how this is achieved, and what kinds of resources (Grönroos 2007). The service concept can also function as a prototype for a service to describe the customer experience and how the service should be delivered (Goldstein et al. 2002)

According to Johnston et al. (2012), a common issue with services is that over time managers and staff in a service organizations lose sight of what customers or users want and focus on their processes and outputs rather than the desired experience and outcomes for their customers. Also the nature of the service provided and required often reside only in the minds of the managers and staff and are seldom captured or articulated which leads to many different views of what the service should be and organization cannot set clear goals and direction is lost (Johnston et al. 2012; Grönroos 2007). Concepts also help to adjust to new strategies when changes in strategy can be articulated in the context of a service (Miettinen 2011).

Concepts are important to have, especially for organizations providing service. For their employees, the concept descriptions might be the only concrete things telling how customers should be served and what the service should be. The core of a concept is to describe the service idea and its customer benefit or value while specifying the experience and means to provide the service. A concept is also important for the organization in order to develop and to provide the service as it works as a starting point to evaluate and analyze the service. It is also easier to target development efforts when different parts of the service can be recognized.

3 Service design process for a service concept development

This chapter discusses the service design process, methods and tools used in this thesis.

To create a service concept for Valvira's and the Regional State Administrative Agencies private social- and healthcare provider's notification and application services using a service design, there needs to be a clear process that guides the work. A service design process begins by increasing the organization's understanding of its customers and customer experience. Especially important is to recognize latent customer needs, which show the customer requirements for the service and might bring new solutions apparent that the customers do not even know they need them or cannot imagine them. (Miettinen 2011.) Moritz (2005) defines six steps for service design process, understanding the customer, finding opportunities to serve, creating ideas, evaluating best ideas and improving them, visualization of service ideas, and conceptualization and development. Service design projects seldom follow all steps that Moritz defines and often appropriate process is chosen or adapted to suite the project at hand (Miettinen 2011).

Another widely adopted service design process is the double diamond process developed by the Design Council (2014). The double diamond process is divided into four phases that are, discover, define, develop, and deliver (Figure 3).

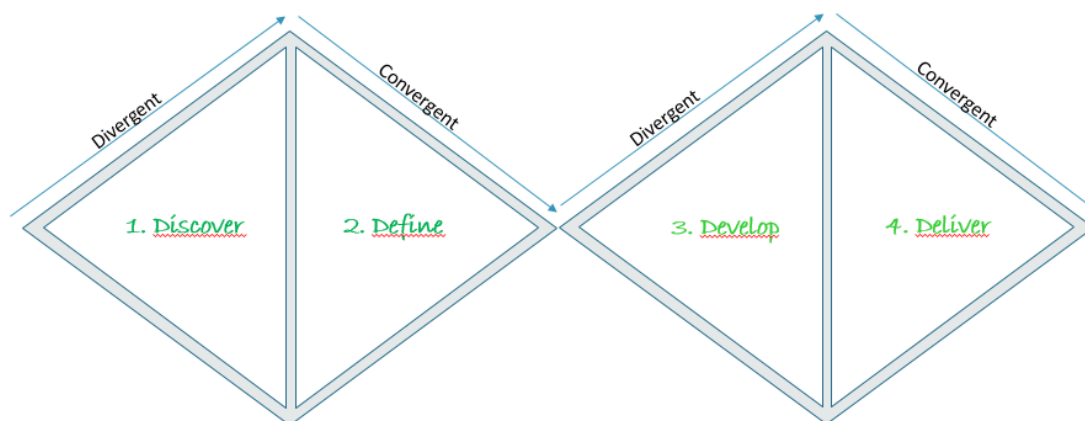


Figure 3. Phases of the Double Diamond Design Process (Design Council 2014).

The idea of the double diamond process relies in the notion of divergent and convergent thinking that follow each other. In the double diamond process divergent phases are found from the first phase where there are activities to broaden the view to discover inspiration and insights, identify user needs and get ideas (1. Phase in Figure 3). Another divergent phase is at the beginning of the second diamond when developing solutions and prototypes and testing, and iterating them to improve and refine the ideas (3. Phase in Figure 3).

Convergent thinking refers to activities to narrow the view and to focus. Convergent phases are found on the double diamond process after the discovery phase when defining to make sense of all insights, ideas from the earlier stage (2. Phase in Figure 3). And at the end in the final phase (4. Phase in Figure 3) to deliver a solution, product or service. (Design Council 2014.)

It is important to acknowledge that the service development processes are iterative in nature and the loops back to the earlier stage of the process provide feedback to alter an earlier decisions and to improve earlier outcomes of the process (Johnson et al. 2000). According to Johnson et al (2000) iteration is critical in service development because analyzing the intangible aspects of the service design is difficult.

As a service design process, this thesis uses the Double Diamond Design developed by the Design Council (2014) since its simplicity and wide adoption amongst service design practitioners and it provided a clear steps to first carry out the research and then develop the concept and deliver it. As this thesis focuses only to deliver a service concept, the implementation of the concept is left out.

Iteration was incorporated into the double diamond process by adding iteration loops back to the earlier phases so that the results could be refined as more insights are gained. The process for this thesis is shown in the Figure 4.

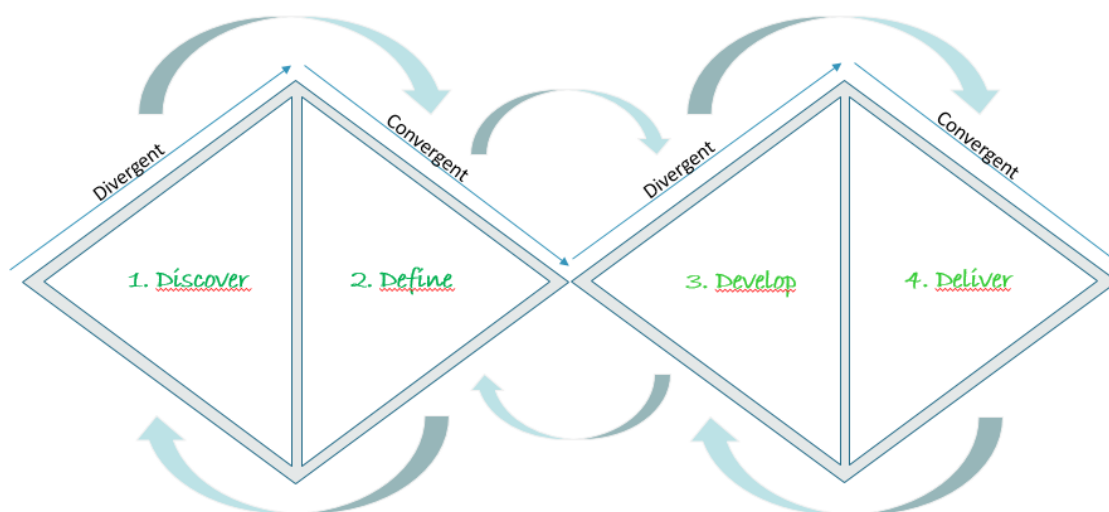


Figure 4. The service design process used in the thesis.

In the following, the process designed for this thesis is described in more detail.

1. Discover

In the discovery phase, background research, customer in-depth interviews and internal workshops were done. The background research was mainly done by searching information

about the services, organizations, stakeholders, and customers by browsing the organizations' web-pages and through other in-the-job activities as discussions with colleagues as I was working closely with the services on daily basis. The customer interviews and workshops with the internal staff provided information and insights about the current status of the service, service processes and the current service concept. During the internal workshop brainstorming was used to create ideas to fix the issues recognized during the workshop. The method is described later on in this chapter.

2. Define

The defining phase of the double diamond process included analysing the results that were gathered in the discovery phase. The current state of the service was also described by modelling the service processes and the current service concept.

3. Develop

In the development phase, ideas for a new service concept were generated and the initial new service concept proposal was defined. Then the service concept was presented and further developed with customer in a focus group.

4. Deliver

To end the process, in the delivery phase, the service concept was finished by analysing the results of the development phase and further refining the concept proposal to its final form. The delivery phase was limited to only deliver the concept proposal and the implementation of the concept was left for the organizations if they decide to go forward with it.

In the following, the methods and tools used during the process are explored briefly.

3.1 Workshops to define services and service process

A workshop was decided to be done to define the services under the research and to map the service process. The workshops were planned based on my earlier experience on process development and modelling. The workshops were initially part of Valvira's and RSAA's digitalization project and this thesis uses the results of the workshops to form more holistic view of the services under research.

The workshops start by defining the services and then move on to map the current stage of the processes. Then issues in the current stage process are identified. After issues, ideas to improve are identified and prioritized. The methods used for ideas are explained in more detail in 3.5. Then the workshop moves on to form a future stage for the process using the ideas formulated earlier.

3.2 In-depth customer interviews

Conducting In-depth interviews with the customers was selected as a method to discover the current status of the services and to discover issues and identify unmet customer needs related to the services under research. Hague et al. (2004) state that, interviewing is done when there are some questions needing answers, to bring some formality, structure and purpose to the understanding. In this case, some issues have been mentioned by the customers and staff, but no formal research was done to define them in detail.

After knowing where to focus on, depth interviewing should be done to test the concepts and to define those needs in more detail and conclude with (Hague et al. 2004). In-depth interviews can be almost like conversation or more structured and directed (Carson et al. 2001). Unstructured interviews are better where insights and exploration are required, leaving flexibility for the respondents to answer in their own words and being able to get off to the sidetracks to explore additional points, thus increasing the validity of the information collected. (Hague et al. 2004, 61-63.) In-depth interviews can also be used to identify current behaviors and identify unmet needs and to create an overall view of the market with key respondents with their expert knowledge (Hague et al. 2004, 63). All these factor influenced me to carry out the in-depth interviews for this research.

The interviews were semi-structured and conducted by using probes that would keep the focus during the interview on the service under the research. Each respondent was asked the same standard questions during a face to face interview at the interviewee's office to provide a comfortable setting for the interviewee. The questions formed the list of topics to be covered and questions to be asked, but naturally the interview was not limited to stay within those questions. The order of the questions could vary from interview to interview to make the interview feel more natural for the respondents. In some cases, some additional questions might be decided to be asked to get more information or to explore research objectives in more depth. (Saunders et al. 2012, 151-152.)

Face-to-face interviews enable to observe interviewees body language for additional clues to the responses and allow time to pace the discussion and to see where there could be more things to discover. Given its advantages, face-to-face interviews are time consuming and therefore expensive to set up and require often a phone prelude where the study is explained and schedules are set. (Hague et al. 2004, 64-65.)

After all the interviews and transcription were completed, the second step was to analyse and categorize the interview data. First, all issues that were identified were laid down on post-it notes. After which, all the similar types of issues were put on a board based on their

occurrence and then grouped together with similar types or closely related issues to do the abstraction and to identify major issue categories that needed attention - see Figure 5.

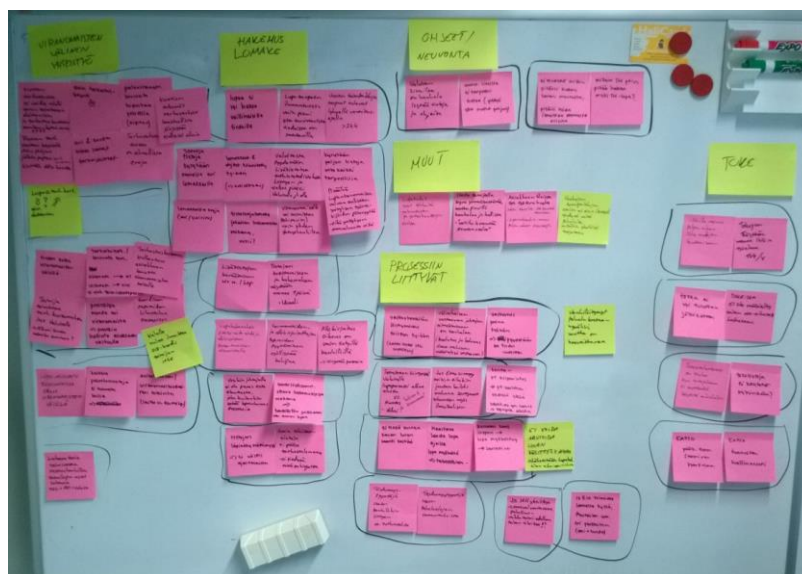


Figure 5. Interview data analysis

The outcome of the data analysis can be found in the results.

3.3 Customer Focus Group

As this study is on service concept development, a focus group was implemented in order to validate the findings and to test and develop the concept. A Focus group was chosen because it uses communication between research participants in order to generate data. Focus groups uncover real feelings and issues and provide richer and more profound information than personal interviews or surveys. Although, focus groups have some disadvantages such as when the topic is very personal or other vice controversial, the respondents might feel uncomfortable sharing their opinions or experiences. It is also possible that dominating individuals control the conversation so that the outcome represents the group only partially. It is also not so easy to get the participants to participate focus groups opposed to personal interviews, so they are likely unrepresentative. (Mack 2013.)

The roles of the interviewees and interviewer in this study are complex as there are representatives from a government agency supervising the other party that is the representatives from the companies providing social- or health care services. The companies are operating under the supervision of the agencies and therefore might affect the dynamics of the focus group. However, if the situation does not bother the participants the discussion can be very fruitful as both sides of the service are represented.

For the focus group interview, customer participants were chosen based on their company profile and services they provide as well as their position of being responsible for dealing with the permits or managing the company and being well aware of the permit and notification

processes. Representatives from the agencies were chosen for their position in handling or being responsible for the licensing service and their availability.

3.4 Business process blueprinting

Business process blueprinting was chosen to describe the service as it combines both the customer view and the service provider view of the service. In the following, business process blueprinting is explained quite extensively as it was one of the most important tools of this thesis and got iterated throughout the process. The business process blueprint that was created during the process can be found from the results.

A service blueprint is a diagram displaying the customer journey and the service system (Zeithaml et al. 2009). Service blueprints are a way to visualize all touchpoints, activities, events and actions of a service between all the parties of the service and their interactions and out-comes of those interactions. Essentially service blueprint draws together the user journey, service touchpoints, and backstage processes needed to deliver the service. (Polaine et al. 2013, 91-93.) Service blueprinting was first introduced by Lyn Shosack (1982; 1984) by displaying the service process from the customer's viewpoint and by showing customer actions along with service provider actions and the interaction between the two.

Traditional process modelling methods (EPC and BPMN to name few) show only customer actions, service provider actions and support processes and are usually targeted on the efficiency of the process and most notably on the costs and on the execution of tasks within and across functional boundaries from the organizations internal perspective, which shows the dominance of the G-D logic on these methods (Gersch et al. 2011). Focusing too heavily on the organization's internal perspective leads to neglecting the value co-creation between the organization and the customer (SD-logic).

Service blueprints however, show customer actions, touch points, service provider actions, support processes, physical evidence, and possibly even the emotional experience for customer. A blueprint also shows the line of interaction with the customer and the line of visibility where the actions of the provider are no longer visible for the customer to witness. (Curedale 2013.)

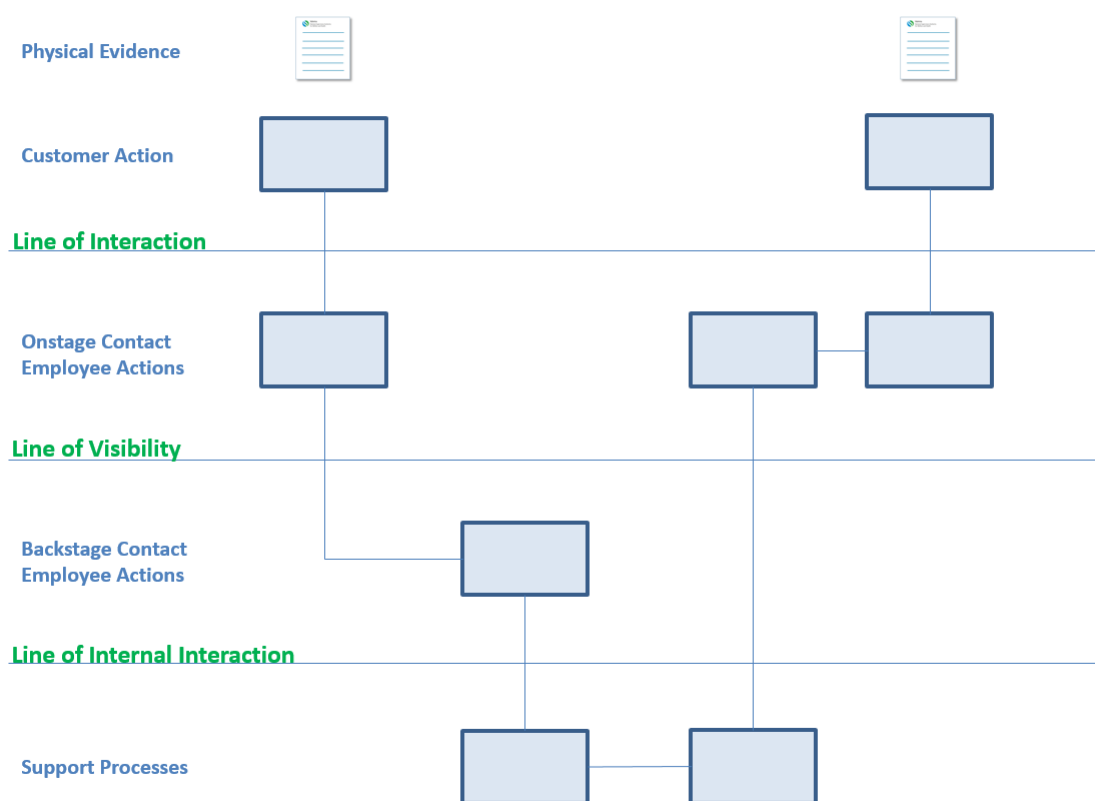


Figure 6. Parts of a Service Blueprint (Zeithaml et al. 2009)

Figure 6 shows the parts of the service blueprint and its different layers of interaction. The “Line of interaction” separates the activities of customer and provider. The “Line of visibility” separates the visible (onstage) from the invisible (backstage) activities from the customer’s view. The “Line of internal interaction” separates front office from back office activities. (Zeithaml et al. 2009.)

Service blueprints take into account both the internal and external view on the service process and other parties relevant for the service process (Gersch et al. 2011; Stickdorn & Schneider 2013, 204). Thus making them very useful in designing and developing services while having a customer oriented view as it helps to recognize different actions of the service and how the actions of others influence the whole service. As it shows the actions and specific parts of the service it makes it easier to divide the work between multiple parties and can provide a good tool to recognize problematic parts and to improve the process. Visualising the process make it also easier to discuss and focus on a specific part of the service. (Curedale 2013.)

Service blueprinting also takes into account the value-in-use as part of the value might emerge after the service process has ended. Thus, Service Blueprinting relies largely on the S-

D logic and has focus on the effectiveness and customer perceived quality. However, Service Blueprint leaves the organizations own process too vague to tackle the internal process issues. (Gersch et al. 2011.) To tackle this problem of internal process vagueness, Gersch et al. (2011) created a process management and modeling method that combine both the customer (external view) and the organization's (internal view) perspective called Business Process Blueprint (BPBP). BPBP attempts to take both efficiency and effectiveness into account while developing service processes. BPBP combines both the Business process modeling and service blueprinting in a way that all the parts of a service blueprint is shown in the model and then internal process in detail, helping organizations to see how the overall service process works and how customers are involved in co-creating the value. The aim of the BPBP is to improve both the efficiency and effectiveness. In other words to get the benefits of both the BPM and Service Blueprinting. (Gersch et al. 2011.)

"BPBP provides target-oriented analyzing, planning, designing and controlling of value creation processes with distinct service characteristics for high level customer integration. The BP2's goal is to structure processes appropriately to highlight customer interaction and influence, i.e. to reveal type, extent and progress throughout the process. As a result, key points in the process become apparent (most beneficial starting points for deeper analysis with additional tools)." (Gersch et al. 2011.)

In BPBP, all service activities are chronologically ordered horizontally on the diagram. The vertical axis is divided by the six activity levels that are line of interaction, line of visibility, line of internal interaction, line of order penetration, and line on implementation (Gersch et al. 2011). Gersch et al. (2011) model of service blueprint adds to the line of order penetration and the line of implementation to the service blueprint. The "Line of order penetration" is the dividing line between individual integrative value creation processes and autonomous supporting activities. And, the "Line of implementation" distinguishes between preparation activities, which are necessary for direct preparation of the service process, and facility activities, which integrate potential and consumption factors.

A review by Kazemzadeh et al. 2015, of Service Blueprinting and BPMN concludes that BPMN has more organizations internal view representing data input and output of activities and displays information view of service process where as service blueprinting is more suited to represent user experience and therefore to design a customer-provider interface. As at the beginning of this thesis, there were some issues acknowledged on the customers' side and after the first internal workshop some issues with the internal processes were discovered as well. These findings meant that efficiency needed to be tackled as well as effectiveness. As both views were important to consider in this thesis, using BPBP as a method seemed suitable as it takes both internal and external perspectives into account. However, this thesis uses

Zeithaml et al. (2009) model of three lines of visibility; the line of interaction, line of visibility, and the line of internal interaction.

Gersch et al (2011) use EPC-notation in BPBP, but for the purposes of this thesis a standard Business process modeling notation (BPMN) is used. This because, having a standard way to model processes helps in implementing the designed processes into IT-systems as well that is important for Valvira, as on the side of this thesis there is a digitalization project.

BPMN has been developed by the Object Management Group (OMG). As a standardized process modeling notation, BPMN attempts to become a notation that according to OMG (2011) is

“Readily understandable by all business users, from the business analysts that create the initial drafts of the processes, to the technical developers responsible for implementing the technology that will perform those processes, and finally, to the business people who will manage and monitor those processes. Thus, BPMN creates a standardized bridge for the gap between the business process design and process implementation.”

BPMN notation is used in the blueprint to show the actions and the flow of the process. The elements used in the BPMN can be found from the Object Management Group’s Web-site (The Object Management Group 2011).

3.5 Brainstorming to create ideas

To find ideas to improve, a brainstorming session was used. For the brainstorming session, there are post-it’s and markers to write the ideas. With a group where there were participants from different roles ranging from an assistant to a group manager it is good to generate ideas individually to defer judgement. In Aoki method described by Curedale (2013), all the participants generate ideas individually writing them on post-it’s for about 15 minutes and place them on the wall. Then each participant presents their own idea for the rest of the group while they can still continue to generate new ideas. When all the ideas are on the board, all ideas are gone through in the group and explained. At this point only the one who gave the idea can speak and others just listen to deter judgement for the ideas. Then the ideas are grouped in themes and prioritized based on their appearance.

Another way to prioritize is the bull’s eye method, where three circles are drawn within each other and the participants are asked to take the post-it on to the bull’s eye silently how they see their importance. The most important one’s in the middle and less important to the outer rim of the bull’s eye. (Curedale 2013.)

After all ideas are gone through, they are grouped so that certain themes can be identified. Then ideas are prioritized using the bull’s eye method, where three circles are drawn within

each other and the participants are asked to take the post-it's on to the bull's eye silently how they see their importance. The most important one's in the middle and less important to the outer rim of the bull's eye. If someone thinks that a post-it that is already placed on the bull's eye should be of more or less important, she or he can go and move it while still remaining silent. If now another person does not agree, they have to silently keep moving the post-it until they agree where it can stay on the bull's eye. After all ideas have found their place the prioritization is ready and the most important ideas for further development are in the inner circle and less important on the outer circle.

3.6 Sharing insights and the new service concept through storytelling

Storytelling was used to explain the new service concept proposal in the customer focus group. Storytelling is a method for sharing insights and new service concepts and to support the exploration of the service idea (Stickdorn & Schneider 2010; Service Design tools 2015). Storytelling uses a narratives from different aspects of the service. For example, a new service concept can be put in a context of a customer or the service provider and by using insights and ideas to tell how the concept works in their context and how the service experience for them would be. Using a narrative can make the service idea more compelling where insights and ideas can be linked to the story better than just a description of the new proposed concept. (Stickdorn & Schneider 2010.)

Storytelling make it easy to create better understanding of other vice difficult to explain complex diagrams such as business process blueprints.

3.7 Describing a Service Concept

As described earlier in the section 2.4, the purpose of a concept is to tell firstly the people within the organization and secondly customers what the service is, what benefit or value it brings, its characteristics and how it should be delivered to provide certain experience for the customer. So it is important to have the concept described so over time the organization does not lose sight of what is was supposed to provide for its customers. There are different ways and models to describe a service concept, such as the service concept worksheet template by Bettencourt (2011) and service concept description by Johnston et al. (2012). For the purpose of this thesis I chose to use a model developed by Johnston et al. (2012) to describe a service concept, as it provides a clear way of presenting different parts of a service concept. The model is shown in the Figure 7. The description model includes information about the organization, organizing idea behind the service, the service concept statement made by the organization, information of the service provided, and the service received including both the customer experience and service outcomes.

Organization	Name of the organization
Organizing idea	The essence of the service bought, or used, by the customer
Service concept (summary)	An explicit statement made by the organization, inferred from either direct or indirect marketing information
Service provided	The service process and its outputs which have been designed, created and enacted by the operation using its many input resources, including the customer
Service received	<p style="text-align: center;">Customer experience</p> <p>The customers direct and personal interpretation of, and response to, their interaction with and participation in the service process, and its outputs, involving their journey through a series of touch points/steps</p> <p style="text-align: center;">Outcomes</p> <p>The results for the customer of the service process and their experience including 'products', benefits, emotions, judgements and intentions</p>

Figure 7. Service concept description (Johnston et al. 2012).

Often service consist of a set of service component or elements that together create value to the customer. The service concept should describe what the core of the service is and what kind of facilitating and enhancing elements are related or required in the service concept (Grönroos 2007). A way to describe and visualize a service concept is the flower of service (Figure 8) metaphor that can be used to represent the service concept comprising the core and supplementary services (Lovelock 1995). The flower of service provides a way of displaying the different parts of the service in a simple manner.

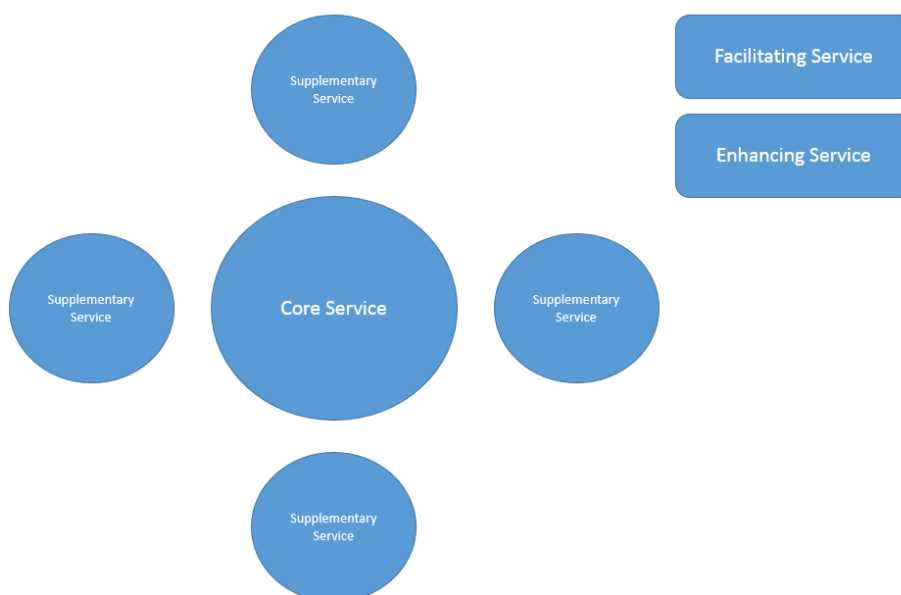


Figure 8. The Flower of Service

4 Developing a Service Concept for Private Sector Licensing Services

In the beginning of the thesis process, it was already clear that some issues exist with the private sector licensing services provided by Valvira and RSAA's. Customers had been actively telling about issues in the service, but no further research was done to find out the underlying factors that caused the problems. Similarly, some issues in the handling process were also recognized by the Valvira's and RSAA's but not yet analysed. Therefore the process started by discovering the current state. The discovery started by first defining the services that were in the scope of the project. Then several workshops were held to map the current handling processes of Valvira and RSAA's. After the internal view of the current state was formed by the results of the workshops, customer interviews were organized to find out how customers perceive the current situation and what kind of problems and issues there are currently with the service. After having both views from the customers and the organizations providing the services, the results were put together in to a business process blueprint and then analysed thoroughly. Then the results were gone through with the organizations and possible solutions to the issues were ideated and discussed.

Based on the findings from the analysis and the discussions a new service concept draft for the services was created. The service concept draft was then presented to the organizations and iterated with minor alterations to the original draft.

To validate the results of the customer interviews and the analysis and to test the viability of the new concept, a customer focus group was arranged. Then the concept was finalized based on the results of the workshop.

In the following section, the results of the empirical part of the thesis are presented following the phases of the double diamond process presented earlier.

4.1 Discovering the current stage of the service

The discovery phase started by studying and defining the services under the scope of the study. To define the services, information about the services was retrieved from the web-pages and discussions with the people working and being responsible of the services. There were also several small-scale workshops to precise the definition of the services. The services were defined more precisely and divided into easily recognized parts and named accordingly as only the main parts of the services were named before. The same services were in the scope of the ongoing digitalization project.

The permit and notification services are divided into three different groups based on the service providers provided services. The services are described below in the Table 1.

Table 1. Defined licensing services

Name of the Service	Description
Common for all services	
Information services	Basic service information provided about licensing and guidance on how to apply licenses on the Web-pages
Notification of ending as a service provider	A service to inform authorities about the ending of being a service provider.
Health Care Licensing Services	
Private health care licensing service	A service to apply for private health care licenses for providing health care services in Finland.
Change application for the private health care service license	A service to apply changes to already granted license.
Notification services related to the private health care license	A service to inform changes in the service provider's or service information that does not require a change to the license
Individual Health Care Provider's services	
Individual health care provider's notification	A service to inform authorities about starting to provide private health care services as a self-employed professional.
Notification for change in individual service providers service	A service to inform changes in the service.
Social Care Licensing Services	
Private Social Care Licensing service	A service to apply for private social care licenses for providing social care services in Finland.
Change application for the private social service license	A service to apply changes to already granted license.
Notification services related to the private social service license	A service to inform changes in the service provider's or service information that does not require a change to the license

By defining the services, it was easier to group the service offering to sub-groups according to what kind of handling processes each sub-group or what kind of function or value they provide to the customer. For example, services can be divided to new license applications, notifications, and to information updating services for licensed service providers. The services can also be grouped in more traditional way of the types of services the service provider offers, such as health care or social care services.

As the services are divided by the types of services that the service providers provide, the customers can be divided also into three different groups that are:

- Health care service providers
- Social care service providers
- Self-employed individuals offering health care services

The permit and notification services for social- and healthcare service providers are provided by both Valvira and RSAA's. The permit and notification services are offered based on the service provider's branch locations. Valvira provides permits to those service providers whose premises are in more than one State Administrative Agencies' jurisdiction. The State Administrative Agencies offers services to those service providers who only operate under one of the six State Administrative Agency's jurisdiction. To clarify further, there are six State Administrative Agencies and Valvira offering the same service for the service providers. Both Valvira and RSAA's have their own application forms, web-pages and guides for the services on how to proceed with the applications and notifications. All of these seven organizations are using the same registry administered by Valvira's IT-department. This horizontal split in one service offering creates a setting to the customer service where multiple separate and individual organizations offer the same service as shown in the Figure 9 below.



Figure 9. The current organizational setting

4.1.1 Workshops to map the current and future state of the processes

To map the current and future state of the internal service processes, workshops were arranged. The workshops were arranged at Valvira's Rovaniemi offices during October 22 to 23, 2014 to find out how the process currently works and how it should work from Valvira's point of view. The workshops were divided into two parts, health care- and social care service provider's application and notification services, since the services are provided by two different sub-units in Valvira. There was also a third workshop on January 23rd 2014. The workshop was arranged to map the process for independent health care service provider's notification services for the digitalization project. The notification services for the

independent health care service providers are only provided by RSAA's and are out of the scope of this thesis. However, the workshop included discussion about the health- and social care providers' service processes, since there were participants from the RSAAs' who are working with both services, thus providing input for this research as well.

In the first part of the workshop the current state of the process was mapped by placing a big paper on the wall. Then the triggering event for the process was decided (application form) and the ending event for the process (decision delivered to the customer) to help scope the process. Then workshop participants were asked to start placing all the activities that are done in the application process on the paper with post-it's. After all the activities were on the wall the participants were to place the activities in the order of which they are carried out. When all the activities were placed in a timely order, the roles of people needed during the process were placed on the left side of the paper to form the swim lanes. Then participants were asked to move the activity notes to the correct swim lanes. At this point the process starts to form and some problems and missing activities started to become apparent. Missing activities were added on the wall as they were noticed. In the next step, the process was walked through according to what was on the wall. At the same time as the process was walked through, activities were connected to each other by drawing a line between them and also adding information flows between the activities. The information flow was formed by asking what information is needed for an activity to be done and what information comes out of the activity as a result when it is done. The information coming out of an activity is usually the starting point or information for the next activity. In case the information flow is not matching with the task flow, then some important activities are missing and they need to be added in to the process. Having the information flow in the process also helps to link other processes, information systems and organizations for more holistic picture of the process.

In the second stage of the workshop the current stage process was analysed. The analysis started by going through the process step-by-step and the participants of the workshop were asked how much time is spent on each activity and in-between the activities. Then data or estimations of the average, medium, best-case and worst-case processing times were documented and drawn on the wall. The participants were also asked to write down issues in the process to a tiny post-it's and attach them to the wall where they best fit. Then the process was walked through again focusing on the times and problems that were marked on the diagram and finally the issues were further discussed with the participants to get more in-depth view on them. Completed diagram can be seen in the Figure 10 below.

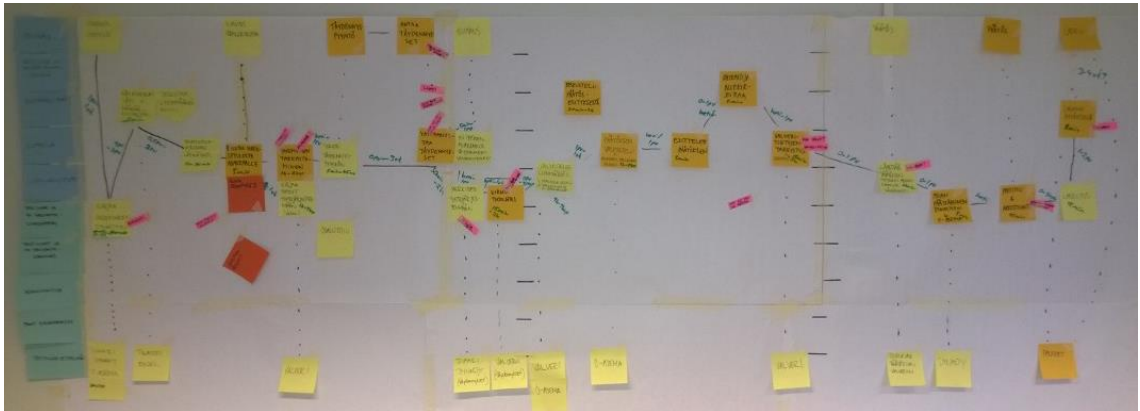


Figure 10. Process mapping in a workshop.

The third phase of the workshop was to ideate solutions to the issues discovered in the process during the earlier phase. To find ideas to improve, a brainstorming session was used. For the brainstorming session, ideation was done using the Aoki method, where all the participants generated ideas individually writing them on post-it notes for about 15 minutes and placing them on the wall. To do this, there were post-it's and markers to write the ideas. Then each participant presented their own idea for the rest of the group while they could still continue to generate new ideas. When all the ideas were on the board, all ideas were gone through in the group and explained. Then the ideas were grouped in themes and prioritized with the bull's eye method, where three circles were drawn within each other and the participants were asked to place the post-it notes on to the bull's eye silently based on how important they seem (Figure 11). If someone thought that a post-it that is already placed on the bull's eye should be of more or less important, she or he could go and move it while still remaining silent. If someone did not agree, they could, still without speaking, keep moving the post-it until an agreement of the position of the post-it was achieved.



Figure 11. Idea prioritization with bull's eye.

After all ideas had found their place, the prioritization was ready and the most important ideas for further development were found in the inner circle and less important on the outer circle. The problem with prioritizing the ideas was that they all seemed equally important and remained in the centre of the bull's eye. The list of ideas generated are displayed with their priority in the Table 2.

Table 2. Development ideas from the internal workshop.

Idea	Priority
License authority is determined automatically without customer having to know who handles the application.	1
Automatic registration of the case to the registrar's system and to the license registry	1
When decision about the license is done the information goes to the customer automatically through online services and to the other parties needing the information.	1
Online form that checks the application, such as required information is filled and the type of data is correct (postal numbers etc.)	1
As the form is sent, the system could send the same information to the municipalities' fire inspection, health inspection etc. so that customers would not need to send the same information multiple times to different authorities. They could also start their processes immediately to shorten the overall application times.	1
Utilizing existing systems to their full potential. Information from other authorities should be received automatically, for example from municipalities, Radiation and Nuclear Safety Authority (STUK).	1
Clarify the roles in the handling process	1
Removing duplicate activities from the process	1
Single license authority and	1
Single licensing process including all authorities	1
Clearer application forms and guidance	1
Online forms that check that personnel requirements are corresponding to the rules and notify the customer if there are issues in the information.	2
Simplify pricing of the licensing to ease invoicing. For example price per premises or based on the amount of the premises.	2
All license applications could go to a shared workspace where all license handling persons can pick a new application to start handling it.	2
When the application is handled the system could send information about	2

it automatically. Also if the application requires supplementary information, the system could re-open the application online and customers could go fill the information that is marked incomplete.	
Now all premises joined to the license application are insuperable part of the application. The structure of the application could be changed so that each premise could be individually handled and if for example only one premise has issues that require further attention, rest of the premises could be approved and the one that has issues is left for further handling. This way only the ones containing risk, would be left without a license.	2
Application can, and should, be editable by the customer until all required information are filled. After submission customer cannot change filled data without a request from the license authority.	2
Payment for the license could be charged before licensing.	3

In the fourth stage, the future stage of the internal process was formulated by following a similar pattern than in the current stage mapping. Figure 12 below shows the work in progress. The process of creating the ideal future state was the following. First the value-creating tasks were recognized and placed on the wall. Then the mandatory (based on the law) tasks were recognized and placed on the wall. Then other needed tasks (required for the process to flow and function etc.) were recognized and placed on the wall. After all the needed tasks were identified and placed on the wall, the flow of the process was drawn between the tasks. Then supporting IT systems were added to the drawing and information flow was linked to them. And finally the roles were added.

The idea behind creating an ideal future state handling process was that it would create a long term vision for service improvement and open up people's minds for development. When designing it, no technological or other limitations were to be considered in order to create truly an ideal and well-functioning process.

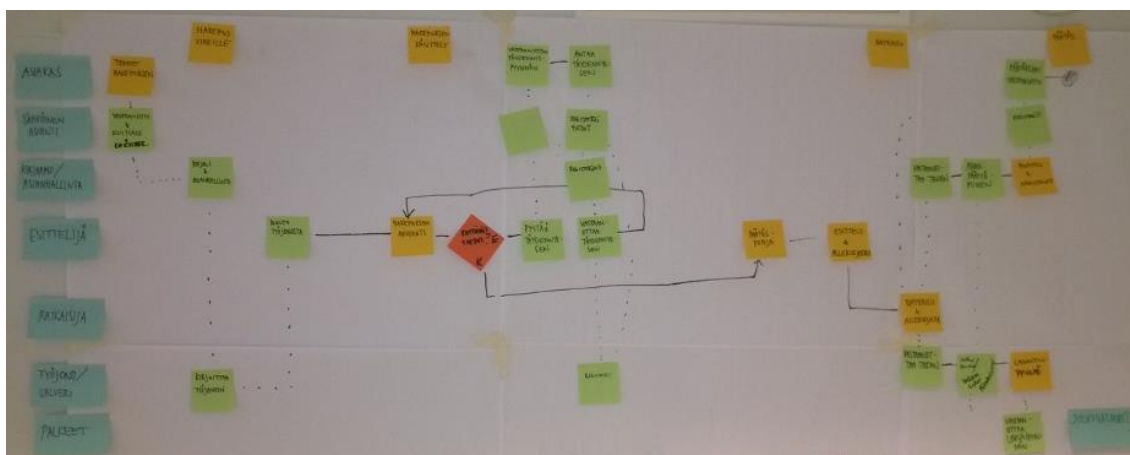


Figure 12. Future State Process Mapping

Based on the workshops, process diagrams were created that were used for the digitalization project and provided the starting point for the blueprints that would be created later on during the service design process.

4.1.1.1 Internal workshop results

The transcription was done shortly after the workshops but the overall analysis was done after all the data from workshops and customer interviews was available during the early spring 2015. This made it possible to benefit from the results of the RSAA's individual health care service process workshop done for the digitalization project.

Table 3 below lists the main issues recognized and analyzed from the workshops.

Table 3. The main issues recognized and analyzed from the internal workshops

Applications
The application forms submitted by the customers are inadequate and needed information is missing. Customers fail to add needed attachments or the information in the attachment are not sufficient. This leads to, in some cases to several, requests of additional information. Additional information requests are not always answered by customers or the information provided to them are inadequate that leads to prolonged handling times.
Division of labor
There are multiple tasks in the process and some roles have partly overlapping tasks. The application process is complex and same matter is handled by several authorities. The roles and responsibilities of carrying out different tasks are not always clear. For example, it was found out that it is not always clear who sends the notification of initiated application to the customer, who checks the applications, who registers the data to the registry, who receives and registers the additional information received from the customer, who sends the decision to the customer and who checks the correctness of the registry entry after the decision.
The use of archive
To handle the applications, old information is checked. To check the information is taking a lot of time, due to the visits to the archives. All information has not been successfully moved to the registry in the earlier data conversion projects.
Cooperation with other authorities
RSAA's have a long issuing times for inspection reports that are needed to process the applications prolong the permit handling time in Valvira. This is partly because the premises that need to be inspected are not ready to be inspected. There are no set deadlines for inspection reports (after the workshops handling times were set).
Permit application process
There are several authorities in the application process and therefore it is perceived

burdensome. Invoicing process is difficult and complicated and there are inconsistent methods for registering the applications to the registrar between Valvira and the RSAA's and within the organizations.

General observations

It was noticed in the workshops that with the handling the permits and notifications, some tasks are organized in such manner that there are multiple cases handled in batches, so that all the cases in a particular batch are moved onwards after all the cases have been handled. Team managers delegate the permit applications for the team. This way of processing the applications seem to cause some slowness to the handling time of a single permit application when it has to wait for the whole batch to be ready until it moves to the next phase in the process. All applications are on papers and moving the papers from place to place during handling process takes about 0 to 3 days depending on the case. The data is entered into the registry before making the decision, when current, still valid until the decision is made, data is overwritten.

To this end, it is good to mention that since the research was an action research, some of the internal issues were solved shortly after the workshop. Especially the roles and responsibilities of different tasks were checked and made clearer

4.1.2 Customer interview results and analysis

Customer interviews were conducted during the time period of 2nd of December 2014 to 31st of December 2014. There were three companies interviewed consisting of four people who were responsible of permits and permit applications in their companies. The interviews were in-depth interviews and all interviews were prescheduled via phone, during which the topic and goal of the interview was introduced for the interviewees. The interviews were held at the interviewees' offices and the interview was conducted with the help of an interview guide (Attachment 1). The interview questions for the customers were formed by the insights gained earlier from the internal workshops and by discussing and planning the interviews with the licensing representatives of Valvira. Based on the earlier part of the study, it was already obvious that some development for the service needs to be done but so far the customer voice was missing. The questions that were formulated are quite broad and open-ended so that there would be plenty of space for the respondents to answer in different ways, realizing that the services represented by the interviewees are different from each other. The interview guide formed the structure of the interview while allowing the discussion to flow naturally without letting the interview guide limit the flow of the interview.

The interviewees were chosen as they had an expert knowledge of either private social- or health care service provisioning. The interviewees', the companies they represent and the times of the interviews are listed below:

- Jarmo Karpakka and Jussi Lehtinen - Mehiläinen Oy (2nd of December)
- Jaana Santaholma - Stella (8th of December)
- Johanna Paavolainen - Mainio Vire Oy (31st of December)

The interviews with Mehiläinen and Stella focused on private health care- and individual health care service providers. Jaana Santaholma and Johanna Paavolainen are also individual health care providers, so they were able to answer the same questions from the individual health care service provider's perspective as well. Mainio Vire Oy is a private social care service provider, so the interview focused on the social care provider's perspective.

The initial list of interviewees had more people, but for scheduling reasons, they were not able to take part to the study.

All interviews were conducted by two persons, both asking questions, taking notes and observing the interviewee. The interviews were also recorded using a recording application on a smartphone to refer back to the interview while transcribing them. The recordings and notes were then transcribed on a computer documents which were then analysed and defined as results of this theses report.

Analysis of the interview results started by transcribing the interviews from notes written during the interviews and listening the recordings. After transcribing was done, all findings were gone through and listed while removing duplicates. Then the findings were grouped into themes as shown in the Figure 13.

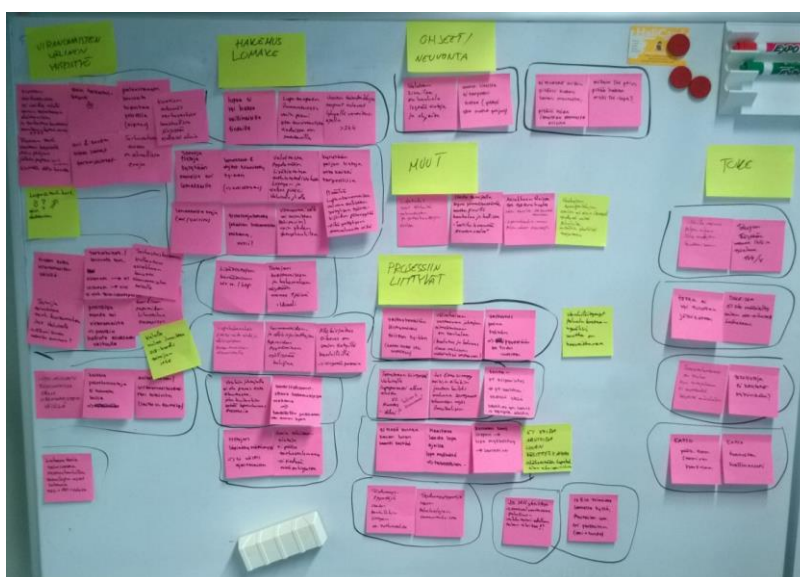


Figure 13. Interview data analysis

In the Table 4 below, the vast amount of findings that were discovered based on the customer interviews are listed by themes.

Table 4. Main issues from the customer interviews

Issues related to the cooperation between the authorities	
Statements given by different authorities	For social care service provisioning, municipalities' social care authority need to inspect the premises before the service provider can start offering service to its customers, and for the service provider to get the license, the report from the inspection done by the municipality needs to be attached to the license application. This leads to a stalemate situation, where neither the inspection nor the license application can be done without making an agreement with both the municipality and the license authority to be flexible with the process. Furthermore, getting a time for the municipal inspection can be challenging that in turn prolongs the process.
	Health care service providers premises are inspected by RSAA's, and finding a time for the inspection and waiting for the RSAA's to complete and send the inspection report takes extra time.
	The inspection report had sometimes gone directly from the RSAA to Valvira (when the case is handled by Valvira), but sometimes it comes only to the service provider and it then needs to be mailed to Valvira, even if Valvira is the only one needing the report. If there is something wrong with the report, Valvira asks a statement about the matter from the service provider.
	For the customers it seems that the RSAA's and municipalities are doing similar inspections.
	The municipal inspection authority might use the RSAA's inspection report template and often the inspection report goes first to the RSAA and after then it is sent to Valvira.
	On top of the inspections done by the municipalities' and the RSAA's health- or social care authorities, a fire inspection needs to be done, carried out by municipalities' fire-safety authority, usually under the fire- and rescue department. Most often the fire-safety authority will not inspect the premises if the service is not in operation or ready to be started. This again creates another stalemate situation that slows down the process since the report is needed for the license application.
	It was noted that there are a lot of differences between the municipalities with how the fire-safety inspection is done and at what stage of readiness the fire-safety authority will do the inspection.

Information flow between the different authorities	<p>Depending on the authority, the statements and reports are sometimes delivered between authorities but often the applicant has to deliver the reports and statements to Valvira. “Why won’t the municipality deliver them directly to Valvira?”</p>
	<p>The applicant coordinates the flow of the process between the authorities and makes sure that the documents between the authorities and the handling of the case is proceeding from authority to authority.</p>
	<p>After the license is processed and accepted, the applicant needs to inform the organization’s object identifier code (OID-code) to the Finnish Social Insurance Institution (Kela) to be inserted to their system to enable the reimbursement of treatment cost from Kela. The interviewees thought that this should be automatically transferred information between the authorities and not by them.</p>
The interpretation differences between the authorities in handling the cases	<p>There are differences on how different RSAA’s and Valvira interpret the law and regulations. For example, it was mentioned in the interviews that not all forms of service are recognized in the law and then interpretation is needed to solve the cases, where the reported differences occur. In a similar case, one RSAA might make a decision that varies from another done by another RSAA or Valvira, which for the applicant seems difficult because they might have thought that they would get a similar decision as they did before and might have prepared the starting business accordingly and need to make unexpected changes.</p>
Applying the license	
Timing of the application	<p>The need to set up a new premises come sometimes with short notice, especially when the premises are founded based on a public sector quotation where often terms are to start the operation within two months from signing the contracts and there can be sanctions on delayed start, that can lead to extra cost for the service provider if all the required licenses are not received in time and the operation cannot start.</p>
	<p>According to the interviewees, it takes approximately one to five days to complete the application for submission. First, it takes about one to two days to gather the needed information before the application can be first sent and about a full week of workhours to fill the application “perfectly”. The application is often sent to the handling authority before all the information is complete to “get the long process started” as early as possible.</p> <p>If there are additional information requested from the authorities, it</p>

	<p>takes on average about one working day to get the information and send it back to the authority.</p>
	<p>When the need for license becomes apparent, only small amount of information requested on the application is available.</p> <ul style="list-style-type: none"> For example, a detailed plan of the type of personnel is not always adequate and more exact list of named personnel is requested even if the whole operation is not yet existing and in the planning stage. This then requires the service provider to make preliminary and conditional contracts with future employees, stating that they will be hired if the license is granted. Often times if contracts cannot be made with conditions and the granting of the license delays the salaries of personnel start to run that lead to loss of profits for the service provider. <p>License application handling process is not started with incomplete information that makes the process difficult initiate especially to those with very little experience on the application process. For larger companies this did not expose a large problem, since they have a lot of experience on the process and know how things work.</p>
<p>Information on the application</p>	<p>The same information is asked many times in different forms, like the basic information of the service provider</p> <p>The application forms and information guides are targeted to services provided in predefined premises, they do not apply very well on service provided at the customer's home.</p> <p>Valvira requests additional information about diplomas even if the information should be at Valvira already through the health care professionals licensing. This was found very frustrating among the interviewees that existing information is not reused.</p> <p>There are a lot of information asked on the forms and some of the information seemed obsolete for the interviewees and they were wondering if all the gathered information is needed.</p> <p>Do license authority need to supervise the qualification of hired employees? Would it not be enough that the companies are making sure that hired people are qualified enough?</p> <p>There are differences between the RSAA's and Valvira's application forms</p> <p>In all applications for new premises by the same service provider, there needs to be a report on how the service provider deals with data protection. "Could this not be sent only once with the first license</p>

	application?”
	Service provider can only give information about one contact person (contact information)
	Plan of personnel needs to be attached in the application, which means that the service provider needs to hire people before getting the license.
	The rights to sign in the name of the company are only with few people in the company and reaching those people makes the process longer
Visibility to the registered data	The lack of transparency of the registered information to the authorities register makes it difficult to track the changes in larger companies, where there might be many people responsible for the services, and therefore makes it hard to know which changes have been notified and which have not.
	Information about the data registered by the authorities can be requested free of charge once a year from the license authority.
Information about the licensing and provided guidance	
Service information	It is difficult to find information and guides from Valvira’s Web-pages and there are not enough information on them. There should be as much as possible information put on the Web-pages.
	There is a lack of information when to apply change to the license
	There should be a possibility to inform changes afterwards if some things have been forgotten and noticed later
Guidance	It is unclear and there is not a coherent guidance on when a social care service provider needs to apply for the health care service providers license
Process related issues	
Person responsible for the service provider’s service	When the responsible person of the service providers services moves to another unit, all information of the person is asked again by the new license authority
	Naming a substitute responsible person is difficult when the education and experience needs to be identical to the specifications
	When then the original responsible person returns back, all information is requested again
Changes to the service	When the license authority moves from the RSAA’s jurisdiction to Valvira, the whole process starts again. For example a service provider who has had premises on only one RSAA’s jurisdiction wants to start another premise that locates on another RSAA’s jurisdiction the license authority changes to Valvira and the application for all of the service

	<p>providers licenses need to be re-issued by Valvira. This makes it unnecessarily expensive and burdensome for the service provider.</p> <p>If the parent company moves to a new location, all of the companies working in its premises need to notify changes as well</p> <p>In an acquisition situation, when all of the premises, personnel, customers etc. stay unchanged, the license application process need to start from the beginning.</p>
Service pledge and handling times	There is no information or estimates provided on how long the application handling process might take
	<p>It is challenging to get the license on time and if the license is delayed, there can be substantial losses when salaries, rents and other costs are running and business cannot start</p> <p>The interviewees estimated that the impact of delays in receiving the license are approximately 10 000€ per week. For a service housing unit rental costs are approximately 40 000€ per month and about 1000€ per customer is lost per month. If personnel have already been hired the costs are even higher.</p>
	If the service is based on an outsourcing agreement with a municipality, there might be sanctions in the contract that apply if the service is not started in a predefined point of time
Requests for additional information	There are often requests for additional information about the personnel, for example diplomas and job testimonials
	Additional information of the details of declared service sectors are also requested often
Annual reporting	
	<p>Independent health care service providers use a lot of time to collect the information to be reported annually to the authorities</p> <p>For a large service provider it takes about one month to gather up all required data</p> <p>There is no possibility to print the data from the electronic annual report service after the submission</p> <p>It has not been defined how the part-time service provisioning is calculated. Eg. What accounts as a part-time?</p> <p>“Annual reports are pointless when the information is reportedly not used to anything”</p> <p>It is difficult to get the KATSO-main user identifiers for the organization, which are needed to use the online annual reporting service, and it is difficult to manage organizations delegated</p>

	credentials with KATSO-service
Other issues	
	If the independent health care service provider becomes a limited company, the self-monitoring plan is required even if there are no changes in the operation
	If in the same premises, by the same service provider, there are services provided requiring a license and services needed only be announced by a notification, the changes to the services need to be sent to different authorities (RSAAs' and municipalities)
	The bureaucracy for the big service companies is more understandable, but for the small companies it is difficult and expensive when compared to the size and resources of the company. "Could there be a lightened process for small?"
	Operating a small service provider company, for example an occupational health care at the customers premises couple times a week, the costs of licenses are substantial and require a lot of time and effort

Analyzing the results from the customer interviews

By analysing the customer interviews there were several issues that were raised above others. Figure 14 shows which issues were most noticeable.

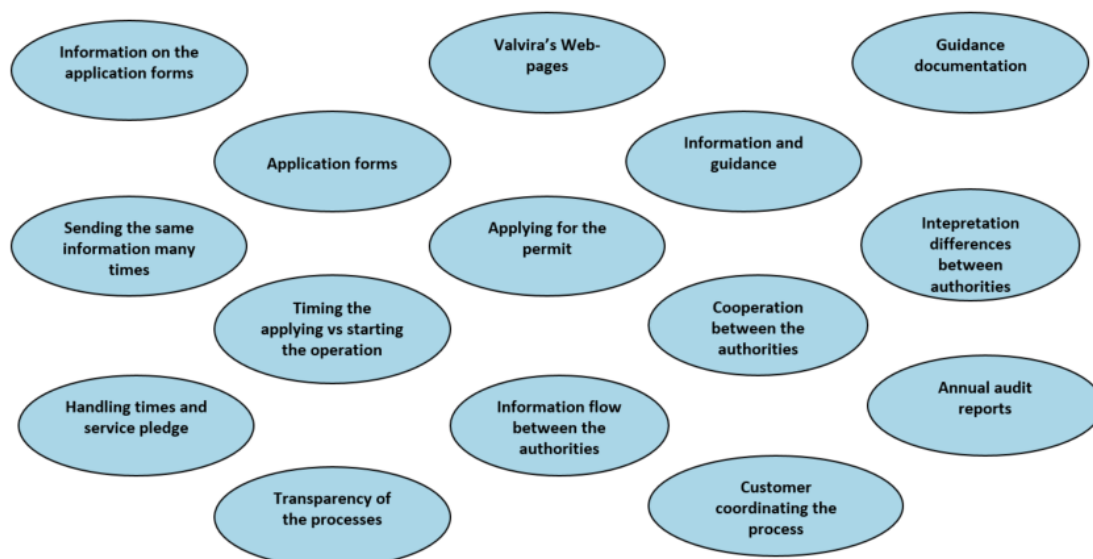


Figure 14. Problem areas discovered in the customer interviews.

In general, the customers perceive that supervision and permits for health- and social care service providers is needed and useful. However, they feel that the permit handling process is complicated and difficult in its current form. The ways different authorities handle permits are variegated and customers need to manage and coordinate the flow of the permit process between different authorities. Also the guidance was considered inadequate and finding information from the Web-pages of the authorities was regarded difficult.

Most controversial and discussed topic during the interviews were the inspection reports needed for the permit application from the municipalities and RSAA's. Based on the interviews, a stalemate situation is created where in order to get the permit, there needs to be documents attached to the permit application that can be received only after the municipality has done the inspections on the premises. Such inspection reports can be for example, a statement of the responsible authority of municipal's social care or an officer assigned by it, a statement of the municipal's health care officer, a statement of fire inspector, and a decision or registration certificate from the Radiation and Nuclear Safety Authority (RNSA) (if devices needing a decision from the RNSA are used in the service). The stalemate situation occurs when municipality's authority requires the service being operational before making a statement from it. However, the service cannot be started before the permit has been granted and permit cannot be granted if the statement is not attached into the permit application. The interviewees were also wondering why municipalities and RSAA's are doing the same or close to same inspections.

One of the recognized issues in sending the application was providing a signature on the application prior to sending. This proved difficult especially for larger companies. This occurs when the permit application is done by one person, who often needs to collect the information from multiple people in the organization and then get the signatures from the people holding the legal rights to sign in the name of the company. Organizations can decide who has the rights to legally sign for the company and often there is only one person who this right has been delegated. Some companies have internal policies that require two signatures to approve contracts and this sometimes, in most urgent cases, leads to “signature hunts” where the signatures need to be fetched from different parts of Finland and papers are mailed from place to another. Another issue that customers were frustrated is where same, already submitted, information needs to be filled to applications and notifications. For example, after applying a license and getting the application approved, general information about the company is asked again if new premises are added under the license.

Service providers felt troublesome, because authorities could not provide estimates or service pledges on license application handling times. Partly because of this, they felt that it was very difficult to time the sending of the application, especially when the information of the new service location comes with a short notice. Service providers would send the first application as early as possible even if they are lacking needed information as their intention is to speed up the handling time by getting the process started earlier. This was largely because the lack of information about the handling times and no service pledges. If there are delays receiving the license, there can be major financial losses for the service provider. For example when the company has hired personnel and the service cannot be started before getting the license.

Even if there was no questions asked about the annual reporting during the interview that is mandatory for all service providers to do, there was a lot of comments brought up about them by the service providers. Reporting to the authorities annually about the service was considered very frustrating and they were eager to know where that information was used. As there was no certainty and information about the use of annual report data, the service providers consider them useless as gathering data and sending it require a lot of their time. They also felt that the current electronic identifiers used in the online service for annual reporting are challenging to use in the companies.

As the interviews were focusing on the permit services provided by multiple organizations, not all of the issues described above apply for all organizations providing the permit service. There is a vast variety in quality of service between the authorities and for the customers. This was mentioned as a major issue when they cannot really expect a certain level of service or there might be differences on how things are interpreted between the authorities.

4.2 Defining the current state

In the define phase of the service design process, a business process blueprint was used to visualize and analyse the current service. The first drafts of the blueprints were created during the internal workshops based on their results, focusing more on the internal actions, contact points visible to the authorities and the back office as well as supporting actions for the service. After gathering information from the customers through the interviews, the blueprints were refined to show customers actions and touchpoints as they were in reality and also show other actors that were part of the customer process to get the permit. The blueprint is shown below in the Figure 15. A larger diagram can be found from Attachment 2.

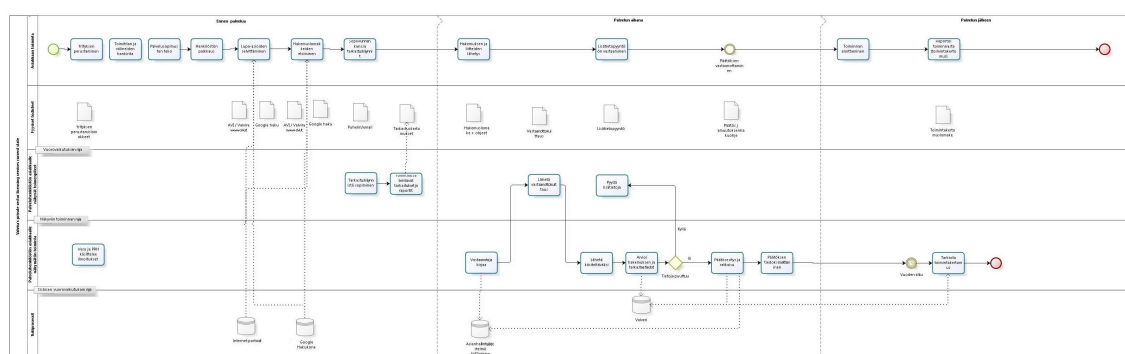


Figure 15. Business Process Blueprint - Current Stage.

Only one blueprint was created for all services as during the digitalization project it became apparent that they were almost identical with each other's with just minor differences. The blueprint shows only the main actions and does not go into too much detail about each step of the process. By having a higher level of modelling the business process blueprint made it easier to unify the processes into just one blueprint. Having just one blueprint in turn made it easier to analyse the overall service process and to identify the main problem areas.

Based on the blueprint and the results, the service could be further analyzed. In the interviews it became clear that there was an issue with the alignment of the service process to customer actions. To visualize this, a birds-eye view of the process phases was created (Figure 16) to show how the timing of required actions by the service provider aligns with the service process currently.

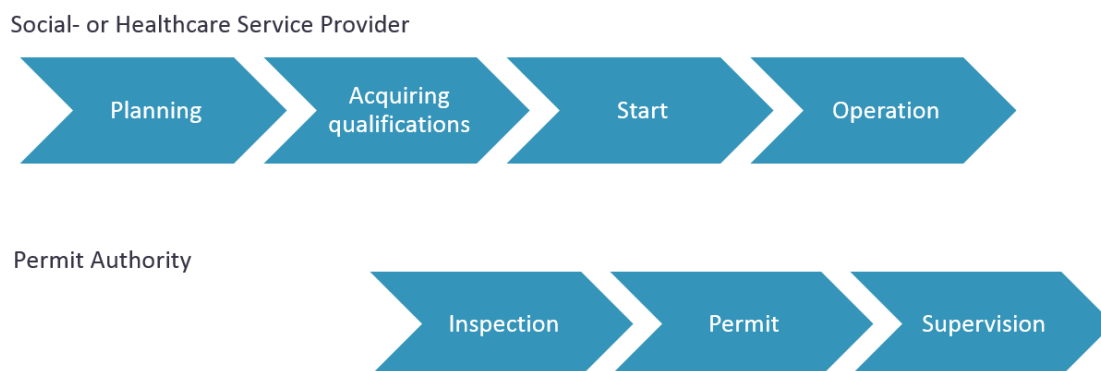


Figure 16. Main phases of the service process - Current Stage.

In the current model, when a company wants to set up new social- or health care service business with one or two business units where the services are offered. The company starts the process by planning the business. After the initial plans are done, they start getting all the necessary things needed to run the business according to the business plan, such as premises, equipment and so on. To be able to start providing services to the customers, the service provider needs to obtain a permit from Valvira or one of the RSAA's depending if it is planning to have one or more premises and where they are located. In order to apply for a permit, the operation and premises need to be inspected by a municipal social- or health care officer. For the municipal authority's inspection, the premises and the service needs to be all set and everything ready before the inspection. After the inspection is done the inspection report is to be attached with the permit application that is sent to the permit authority. The company needs to determine which authority it needs to send the application to. If the business extends to more than one RSAA's areal jurisdiction the authority is Valvira and if the business operates in only one RSAA's areal jurisdiction the authority is that RSAA. Then the application is handled and if everything is in order the permit is granted and the service provider can open its doors to customers. As can be seen from the Figure 16 and the description above, the service provider needs to do a majority of the investments before even starting the permit application process, thus having to bear a high risk in case there are some problems getting the permit or if a lot of changes need to be done to parts of the service already set up before the beginning of the permit application process.

As the licensing services are provided by both Valvira and RSAA's, based on the service provider's branch locations, where Valvira is serving those customer providing services nationally and RSAA's those providing services in just one area. This means that there are two authorities with seven organizations providing the same service within Finland. Even if the aim of this theses was not to study the organizational structure behind the service, it became impossible to avoid the issues it causes for the service since the organizational structure is a fundamental part affecting the whole service delivery. Also, in the interviews customers

reported issues that seemed to be largely existing due to the current organizational structure behind the licensing service. Having six State Administrative Agencies and Valvira offering the same service for the service providers seems to cause a lot of unnecessary overhead while both organizations create material about the service being provided such as application forms, web-pages and information guides. On some level there are shared supporting services used as the information system to register the licenses. The way licensing services are organized impose challenges in service provisioning and keeping the service cohesive across the RSAA's and Valvira. As shown in the results there are points where the customers' service experience differs depending on which organization is providing the service. This setting where licenses are handled by two different authorities and by seven different organizations should be reconsidered, since it reportedly causes an issue for the customers and does not seem the most efficient and adequate way to organize the service delivery and should be reconsidered. Therefore, overlapping functions should be removed and duplicate organizations merged to create coherent service experience for customers or at least the licensing service processes between the different authorities (RSAA's and Valvira) should be unified so that customers could expect similar service experience regardless of the organization providing the service.

Overall, there is place for improvement. In the current state the service is not fully responding to the customers nor the agencies needs. There were several issues pointed out by both the customers and the officers working for the agencies. Most of the issues seem quite quick and easy to change but others require more work and change to the processes.

4.3 Developing a New Service Concept Proposal

The development of a new service concept proposal started by creating an initial draft of the new concept with the help of the blueprints that were created earlier in the defining phase. The first draft was created together with my colleague, Johanna Koskenkorva who also worked as a project coordinator in the digitalization project and had been facilitating the workshops with me and participating in all of the interviews. Drafting the concept was done by creating a wall sized blueprint with post-it's (Figure 17) where the whole service process could be seen and then discussed while referring back to the results of the current state and the ideas from the interviews and workshops while trying to get the process better aligned with the customer actions. The first draft was decided to be done this way because it created a starting point for discussion and further development with people responsible for the service and customers. Having the whole service mapped on a service blueprint enabled people to better understand the challenges in the current state and the initial draft proposed a discussion starter to find appropriate solution to fix the issues discovered in the earlier

phases. Having a service blueprint made it also easy to use storytelling to see how certain case would go through the newly designed process.

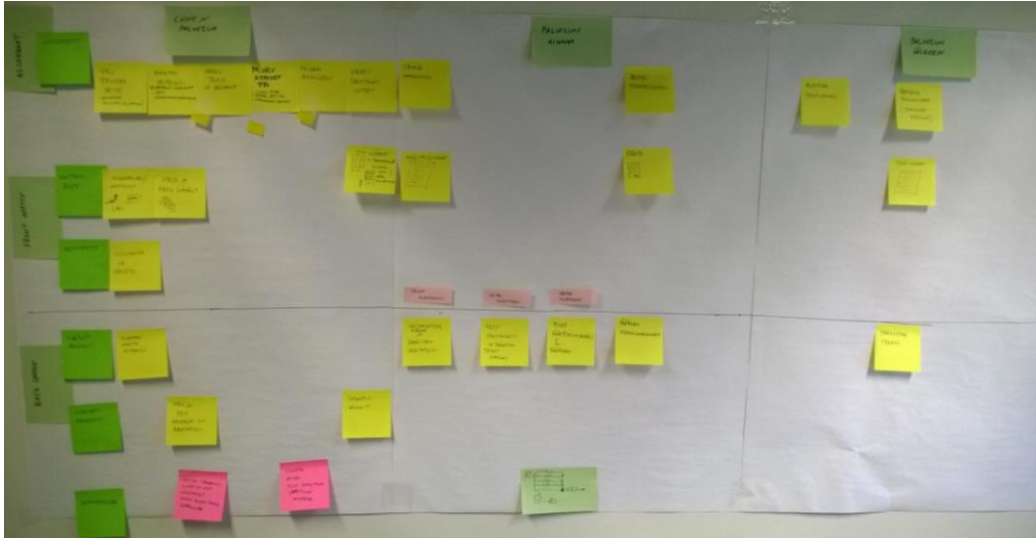


Figure 17. Working on the new concept proposal blueprint

After the post-it version was finished the initial new service concept was formed in a form of a business process blueprint (Figure 18) with a software called Bizagi. Having it modelled on a diagram helped to present the changes and ideas to Valvira's and RSAA's domain experts and discuss them further.

In comparison to the current stage, all the internal actions, or the backstage actions remained, but the whole process was divided into four phases instead of three. The phases are planning, acquiring qualifications, start, and operation. The difference to the current stage is that the license is applied before any investments have been done based on the business plan. This alters the backstage process as no inspections are yet needed, just the license handling process. The license is handled by the plan by evaluating the plan against the requirements set by the law. If things are ok, then license can be approved and then the service provider can start setting up the business. After everything is ready for operation there is a final inspection that checks that everything is according to the license and if so, service can start operating. Then in the operation phase, the annual reporting is done as in the current stage. The idea is further explained later on in this chapter.

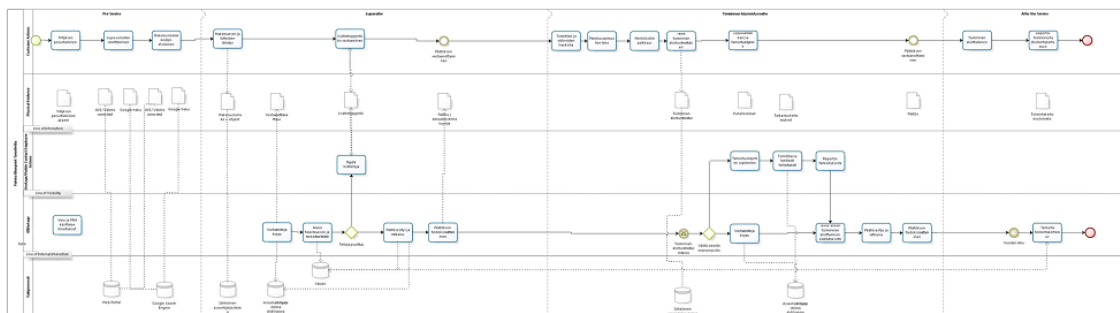


Figure 18. The initial draft of the new concept proposal blueprint

As the initial service concept drafts were created in the IT department, it was then presented, discussed and further iterated with the service digitalization project team and specialist from different fields from both organizations, Valvira and RSAA's, such as process development managers, development managers, substance specialist, and IT specialists. There were several internal discussions about the concept proposal and alterations were done to the initial draft. After going through the internal discussion, it was agreed that the concept idea should be tested with the service providers.

As in the earlier stage and for simplicity's sake, the main phases of the processes were drawn on a diagram to show how the process aligns with the customer's life (Figure 19).

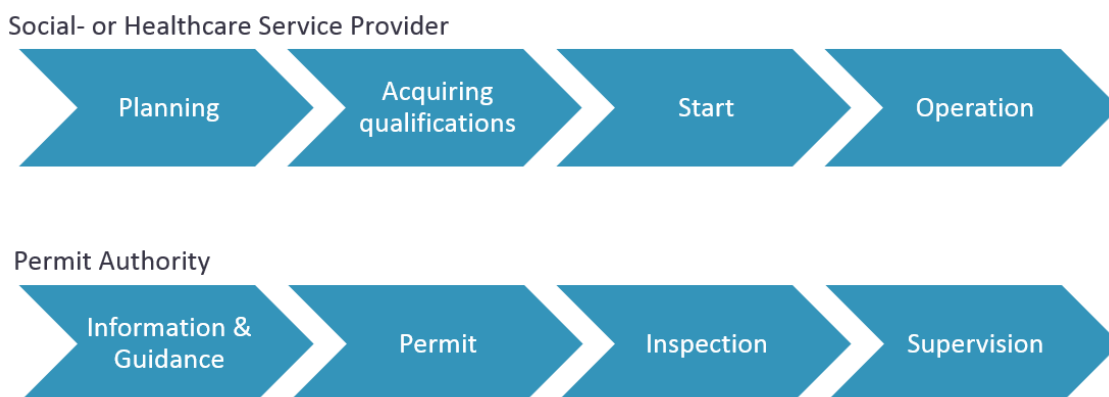


Figure 19. Main phases of the service process - New Service Concept

During the process it became clear that all the elements of the new service concept were already there, just not aligned with the customers actions and thus not supporting the customer needs. The way the service is organized and how the current process is designed, it is not ideal for the customers and causes considerable problems for the bureaus themselves due to this misalignment of service provider and customer processes. This leads to customers trying to adapt their actions to work with the service leading to situations where both the customer and the service provider (authorities) suffer as a result. One example was when the service providers try to speed up the handling of their permit applications by sending application with partial information. However, applications cannot be handled with partial

information and requests for more information are asked from the authorities. Handling partially filled application leads to the need to send requests for more information from the service providers and this burdens and prolongs the handling process even further.

The general idea behind the new concept is that the service process is better aligned with the customer actions and needs in a way that both parties benefit from the changes. Realigning the service process attempts to solve the stalemate issues reported in the interviews and also solve some of the issues on the handling side. In the new service concept, when the service provider starts to plan how the operation and the business should work there is guidance and information services to help finding the right information such as, applicable laws that should be followed and other information that help in planning and forming the business plan into the phase where the service provider can start applying for permits. At this point there is still no need for any premises nor other business activities from the customer, just actionable plan on how the business is thought to be operated. In the new service concept, there are information and guidance services offered for the service provider by Valvira and RSAAs' to help the planning process and to bring information on how to improve the quality of the planned business and what are the minimum requirements that need to be filled in order for the business to get a permit.

When all plans are done, the service provider can fill and submit the permit application. Then the permit is processed, based on the laws and regulations and the evaluation of the permit application is done from the appropriateness and feasibility point of view and no check-up or personnel check-ups are needed yet in this phase. The permit is granted based on what was told in the application and the plans. After the permit has been granted, the service provider can start setting up the operation by acquiring the premises, needed equipment and making contracts with the employees, and other service providers such as cleaning services, security services, catering, and most importantly, with the customers. When everything starts to be ready, the service provider sends a notification of starting to provide services to the Valvira or to a RSAA. The notification is taken into processing and an inspection is arranged at the premises to see that the business is set up according to the permit and plans and all the needed actions, equipment and personnel is as was in the permit and required by the permit. In the current state, there is several different inspections done by different public entities. One of the ideas in the new concept is to get all the different parties who need to carry out inspections come for the inspection at the same time. This prevents different parties from performing the same inspections and giving overlapping statements and reports of the same premises and operation. If things are in order and according to the permit, the service providers business can start the operation and start receiving customers. After the business is running there are regular follow-up and reporting practices that the service provider need to do. The post-supervision should also provide direct feedback for the service providers so that gathering and providing the information would feel worthwhile.

Even if the service is organized between two authorities having seven different organizations, the organizational aspect was not taken into account when designing the new service concept proposal, as the organization is only seen as the means of delivering the service efficiently and should be re-evaluated when changes to the service are made to have the optimal setting for an effective and efficient service delivery. The blueprints are done with the predisposition that the same organizational setting would exist. However, the designed service concept tries to stay at such high level that whatever the organizational setting might be, the concept should not change due to it.

Concept validation with a customer focus group

The results of the interviews, the model of the current state and the new service concept was validated in a customer focus group containing both customers and licensing experts from Valvira and RSAA's. The focus group was held at Valvira's office on May 20th 2015 and lasted for about three hours. In the Service Providers' workshop there were four service providers out of six invited that were able to take part to the workshop. The participants of the focus groups were the following:

- Karri Wiren - Cityterveys Oy. Head of Legal Affairs
- Kimmo Saarinen - Pihlajalinna Terveys Oy, Medical Director
- Eija Kosunen - Invalidiliiton Asumispalvelut Oy, Director of Housing Services
- Juhana Olkkola - Espero Care oy, Director - Personnel and Law
- Maija Gartman - RSAA Southern Finland, Leading Officer, Private Social Care Licensing
- Johanna Kamunen - Valvira Private Sector Licensing and Social Welfare Supervision Department, Assistant - Main user of the Private Sector Registry
- Toini Lantto - Valvira Private Sector Licensing and Social Welfare Supervision Department, Senior Officer
- Johanna Koskenkorva - Valvira IT Department, Project Coordinator

The aim of the focus group was to validate the results from the customer interviews, to gain better understanding of service providers' actions, to identify more of their activities prior, during, and after the permit application process, and to recognize other authorities and organizations that service providers need to be in contact when setting up social- and health care business and affect the permit or notification process. The focus group started by first introducing the two projects, the digitalization project and this thesis, and how they were supporting each other. Then the focus group started to discuss the current state of the permit and notification processes by introducing the results so far. Introducing the results sparked a lot of discussion about the current issues. As one of the goals for the focus group was to discover the customer actions before, during and after the permit process that might have

been missed in the interviews and to bring those back to the blueprints (Figure 20). For this wall papers were used to map the customer actions. Having four different types of organizations using the same template was a bit challenging but having things written on a post-it's that were attached on the wall for everyone to see facilitated a good discussion among the participants. The second part of the focus group was about the new concept, where it was first presented to the participants and discussed. The second part was to see if it would solve some of the issues found during the first part of the focus group and earlier customer interviews. The group interview was recorded using a recording function on a video meeting equipment.

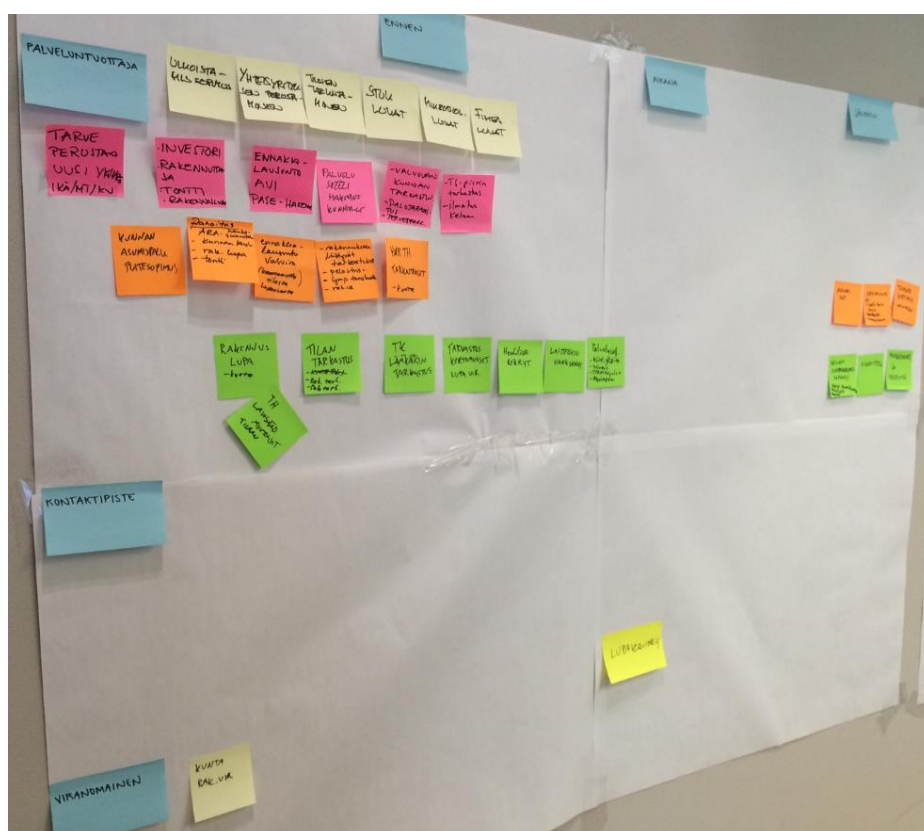


Figure 20. Customer actions on a wall in the customer focus group

The following issues in the current stage (Table 5) were mentioned during the customer focus group discussion:

Table 5. Issues in the current stage - Customer Focus Group

Pre-Permit and handling process
The need to do deal with both Valvira and RSAA's is difficult as the rules and requirements are constantly changing. Companies hope to get their licensing services through only one authority instead on multiple authorities whose process varies from each other's

<p>In social care round-the-clock operation, there are occasions where a municipality has provided a social care service in the same premises where later a private social care service provider wants to set up services, but is not allowed. License will not be granted for the private service provider for the same premises. Supervision is too focused on the private sector and rules seem stricter in the eyes of the private side service providers.</p>
<p>Before applying for the license, some service providers call for prior statement or opinion about the planned service and premises from RSAA even if at the end it will apply license from Valvira. Others call for prior statement from Valvira.</p> <p>Prior statement or opinion about the premises is not official or binding. By giving statements authorities only give guidance for the service provider to act in a right manner.</p> <p>There are a lot of differences between RSAA's decisions, for example, the location of the premises will affect the possibilities to get a permit.</p> <p>In a case where the service provider needs to know if a certain kind of service unit can be built into a given location, it asks from the municipal authorities and then from RSAA or Valvira, before starting to plan any further or to apply licenses</p>
<p>Municipality and a RSAA do the inspections that are required for Valvira's license application. These inspections can only be done when the new premises are completely done and operational. Then the finished health care unit waits for the license process. Esperi Care has the same design and model for most of its premises, but even then all premises are inspected separately.</p>
<p>With social care service licenses, municipalities sometimes require all the same documents that have already been sent to Valvira with the license application.</p>
<p>There are several authorities doing inspections and making inspection reports, depending on the type of project, that are required during the license application process. The ones mentioned were:</p> <ul style="list-style-type: none"> Building inspection Fire safety inspection Senior physician from the municipal health care <p>If there is a meal service attached to social care housing services, there is an inspection done by environmental health authority (food safety).</p>
<p>Personnel and all necessary equipment should be existing before the permit application process is started, as in the reality the whole service is just at its planning or acquiring stage</p>
<p>The interplay between the different authorities does not work. Service providers hope, that Valvira would coordinate the interplay between the different authorities.</p>
<p>There are major differences in how and how throughout inspections are between different municipalities</p>
<p>After receiving the license, the service provider contacts the local Kela to get a contract</p>

<p>for being eligible to provide its customers direct Kela reimbursement for the care. Kela needs a copy (pdf) of the license, but sometimes service provider needs to pay a visit to the Kela office.</p> <p>Valvira also delivers the information to the Kela main offices</p> <p>Kela doesn't necessarily approve the service provider for direct reimbursement, especially if the service provider is new, but follows the operation for a while and then reconsiders eligibility.</p>
<p>When a social care service provider receives approved license, it starts to make contracts with customers, creates a self-assessment plan, and a medications plan. These should be done earlier on in the process.</p>
<p>In health care service providers' license application the self-assessment plan and medications plan need to be attached already to the license application</p>
<p>Service provider cannot organize a press-release or a press conference before the license is granted. Marketing and communications can be started only after the service is in operation. Service providers do make plans beforehand for marketing and communication, but they cannot market for example prices before the license is granted. According to the service providers, it would be good if the service provider company could start marketing its services already before getting the license.</p>
<p>The information systems of the service providers do not provide the needed information for the annual reports required by the license authorities and therefore submitting the reports require a lot of manual labor. This is largely because the requested information keeps changing annually and therefore service providers cannot prepare to start collecting the data as they are unaware of the required data.</p> <p>All actors send annual reports independently even though the companies would be working in close affiliation with each other's, such as individual service providers working under and in a larger service providers premises.</p>
<p>Changes to social care permits require often a lot of the same information to be resubmitted that were in the original permit application, even if there are only minor changes.</p> <p>Service providers wish that only changed information could be submitted when making changes to the permits.</p> <p>In health care, adding a new service to an existing premises is considered easy</p>

The general feeling amongst the service providers was that the permit service is too focused on the physical premises rather than the service being provided, since a majority of the inspections focus on the premises and physical evidence of the service rather than the actual service.

The result of the current state discussion was that the outcomes of the earlier interviews were in line to what was discussed during the focus group discussion and the participants agreed that the current state analysis described the situation quite accurately. However, the focus group discussion provided some details about customer actions that were not covered by the interviews and were later added to the blueprints. The updated current state business process blueprint can be seen from the Attachment 3.

Discussion about the new concept

In the second part of the focus group, the focus moved into the new concept proposal. The new service concept idea was presented to the group. During the discussion there were many good ideas that were presented by the participants and they are listed on the Table 6.

Table 6. New concept idea - Focus Group discussion results

Idea
Customers suggested a common online workspace, where all authorities have access so that they can retrieve the necessary information from there. This way the customer nor another authority does not need to send information to one another.
The license application should be designed to consider different types of situations, for example licenses related to newly constructed buildings as opposed to existing buildings should have different set of questions and some information such as a list of personnel could be delivered right at the end, before starting the operation.
Some information could be reduced from the license application, such as information about the personnel. Instead of exact list of people and their background, could just planned amount of personnel and their roles be enough information for the license application. Over the lifespan of the service providers operation people will be changing anyhow.
The amount and the level of detail of the information for the applications was discussed as well. One example was a housing services where a license has been applied for a unit with 15 customer places, but the building can be operating with just half of the maximum capacity of customers for a long time Even if there are just half of the maximum capacity used, there still needs to be a full list of personnel for the application that is required when operating with the full capacity. The supervision of the actual patient/caretaker ratio should be done in the annual reports rather than in the license application.
The inspection for the premises by permit authorities should be done after the license has been granted to check that the operation is run according to the license.
Licensing authorities should trust the plan for the service that is included in the license application and licenses should be granted according to the plan. Then an inspection should be done when the service is about to start, if there are issues that require attention the inspector could revoke the rights to start operation or gives some time to fix the issues. This would prevent high financial losses for the business.

In the discussion it was pointed out that by pre-inspecting premises problems and issues are not discovered by the inspector. Often the post-inspection finds issues when the service provider has been started to provide its services and have operated for some period of time. Inspections should be more focused on the service, people and processes rather than to premises.

The actions and service quality of the service providers service is under constant examination by municipality's, RSAA's, Valvira, customers, customers relatives, and media. Therefore the threshold for wrongdoings is quite high for the service providers.

To conclude the results of the focus group, it was discovered that having just one predefined path or process for the permit service is not adequate to solve all of the issues with different kinds of service providers. Each service provider is different in type and depending on the service the permit is applied for, creates several different needs for variety of different permit process paths. Although the proposed service concept and process for the permits was not perfect for all service providers, it would help the service providers' application process considerably. In the current and also the in the new concept, a human contact is in most parts missing and more focus should be put to service encounters and interaction with the customer (service provider). In the current concept, changes during the application process are impossible due to the inspections and their timing in the process, especially with municipal health care authority's inspection whose inspection is really difficult to schedule. Municipal health care authorities were told to be so busy that scheduling is very difficult and inspection times usually need to be booked months in advance.

The result of the discussion amongst the participants was that the suggested new service concept would solve a majority of the issues, especially those that can cause considerable financial losses for the social- or health care service provider. The participants hoped that the results of the focus group go in use and changes are done to the permit services.

Surprisingly, the new service concept was considered to solve the timing issues on the authorities permit handling process and possibly reduce the handling times.

4.4 Delivering the results

After transcribing the results from the customer focus group and analysing them, the concept proposal was iterated once more to form a final concept description proposal. Based on the feedback and discussion in the workshop the new concept proposal did not need a lot of refining to reach its final form. The biggest changes to the earlier, were the added customer actions that were added to the blueprint. As there was no clear description of the service concept done so far, the concept was described using a service concept description model by Johnston et al. (2012). Then a flower of service was created to describe the different elements of the service and to visualize the parts of the service. The main phases of the

service process were also adjusted based on the discussion in the focus group to better show how the phases should be lined up with the customer process. The service process blueprint was also re-iterated after the focus group to finalize it. Finally a list of issues and suggested actions to improve the service was created to provide a clear list and possible action points to improve the service. The outcomes of the delivery phase can be found from the results.

The concept was then presented to Valvira on 18th of November 2015 at 15pm and lasted for about an hour. The following people from the organization were taking part to the presentation:

- Eine Oinas-Soudunsaari - Head of the Private Sector Licensing and Social Welfare Supervision Department
- Vesa Mettovaara - Head of IT Department
- Petri Huovinen - Development Manager
- Johanna Koskenkorva - Project Coordinator, IT Department

The presentation covered the whole process from the beginning to the end and focused on the results and conclusions. The presentation and results received a good reception and spurred some discussion about other services in the organization and that there could be need for other similar projects. The most difficult thing to proceed in the organization was thought to be the mindset and changing the culture to be more customer oriented.

The empirical part of the theses formally ended to the presentation and the decision on how to use the results of the thesis was left for Valvira to consider.

5 Results

As the aim was to develop a service concept proposal, this part presents the results of the thesis. The service concept proposal developed during the thesis consists of a concept description, a flower of service, a diagram of the main phases of the service process, and a service process blueprint.

Service Concept Description

The service concept is described using a service concept description model by Johnston et al. (2012). The service concept description is shown in the Figure 21 below.

Organization	Valvira / RSAA
Organizing idea	Promote and supervise the safety and quality of care among private social and health care providers
Service concept (summary)	To promote the quality of care through information, guidance, licensing, and pre- and post supervision. Being a licensed provider shows customers that the operation complies with the national laws and regulations.
Service provided	Guidance Licensing Pre-checkup at the premises Post-checkup by collecting annual operational data Publication of licensed social- and health care providers Information about permits
Service received	Customer experience Flexible service, professional advice, licensing makes us trusted organization in the eyes of our customers Outcomes Equal, transparent and predictable licensing procedure

Figure 21. New concept description.

The new service concept's organizing idea is to promote and supervise the quality of care among private and health care providers. In the concept, the idea is to promote the quality of care through guidance, licensing, and pre- and post-supervision. By doing this and granting licenses for the customer (service providers), they can show their customers that their business complies with the national laws and regulations and thus it promotes trust amongst their customers.

As the licensing service is not currently very well aligned with the customers' lives, it is seen more as a burden than a valuable service in the eyes of the social- and health care service providers. As the service should provide value for customers, the idea with the licensing

service is that the value for the licensee should emerge from the trustworthy status that the licensing brings in the eyes of its customers. And for the general public, the value proposition is that knowing that the health care company is licensed makes it safe to use their services. Thus providing a value proposition for both customers.

The service is offered flexibly and professionally providing equal, transparent and predictable licensing procedure. Flexibility was mentioned during the customer interviews as a good thing in that exists already in the current service. Professionalism is required to provide licensing that is highly regarded among the general public and the service providers. Equal, transparent and predictable procedure is required as the law provides same rules for everyone and transparency and predictability is needed for the service provider to be able to plan the business without a high risk of financial or other losses.

A flower of service

The service consists of six elements that are shown in the Figure 22 in form of a flower of service. The elements are divided into facilitating and enhancing services.

Facilitating services are billing, inspection, registrar, and supervision. Billing makes sure that licenses are invoiced after being granted. Inspections confirm the validity of the service provider to obtain a license. Registrar's service makes sure that all applications and documents are received and documented appropriately. Supervision ensure that the quality of the service is obtained within acceptable level.

Enhancing services are information, guidance. Information is also facilitating service as it provides basic information about the licensing activities and the overall purpose of the licensing, and enhancing as it provides information about the licensed service providers. Guidance is provided for service providers seeking a permit.

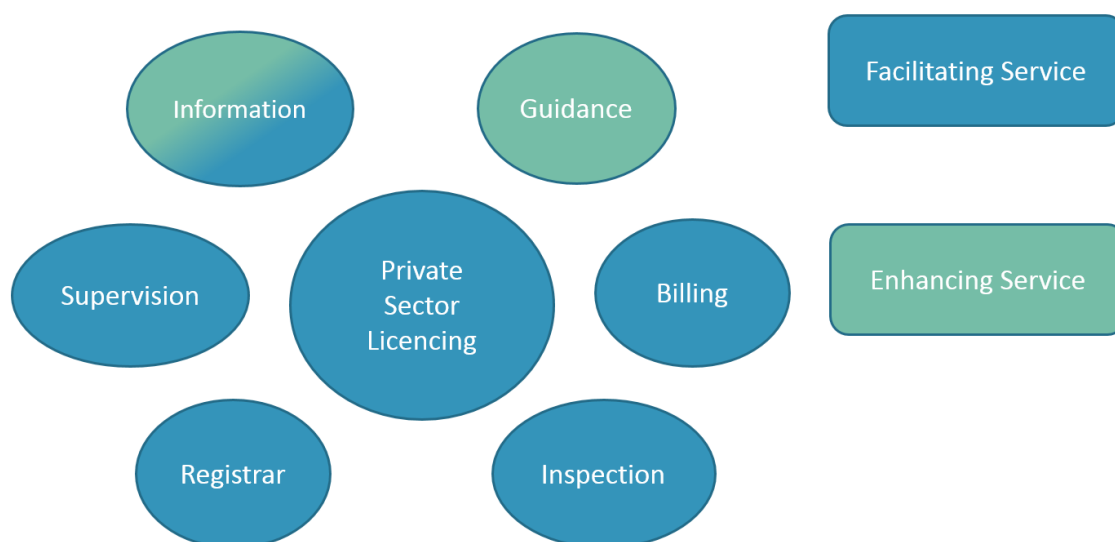


Figure 22. The flower of service - new service concept proposal

Main phases of the service process

A lot of issues could only be solved by better aligning the timing of the service actions with customer actions. The Figure 23 shows how the main phases of the permit process should be aligned to improve the service.

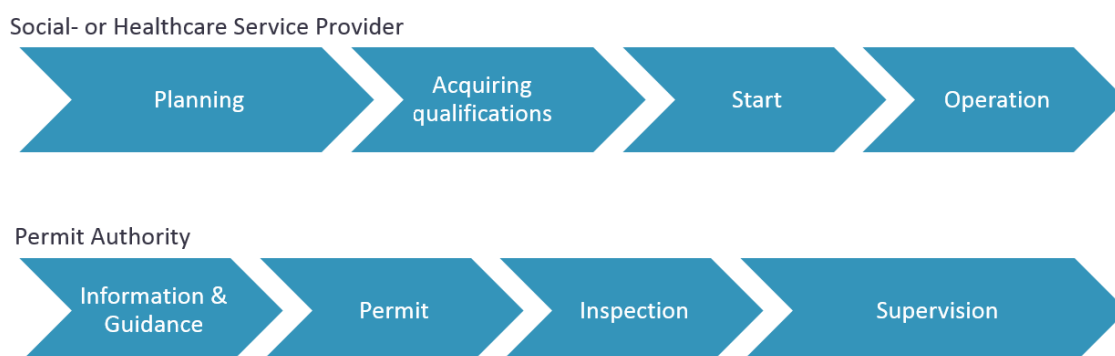


Figure 23. Main phases of the service process - New Service Concept

The timing of the inspection in the current process needs to be moved to be done after the permit application is processed and approved. This way the service provider can initiate the permit application process already in the planning phase and resources are not tied up in form of investments that can be very risky without being sure of getting the permit for the business. Moving the inspection to later also enables to inspect and verify that the service is organized appropriately and according to the granted permit. Inspection should be the point where the final permission to start the service offering is given. If everything is set up according to the permit, the inspector gives a green light to start operation. This can be linked to the information services, where all service providers that have a permit are published online. The information can also be linked to the national electronic prescriptions system, granting the organization the rights to prescribe drugs (Valvira 2014). After approved inspection the service provider can start the service provisioning and the permit process ends and supervision begins where the level of service quality is ensured through gathering information from the service providers annually and by reacting to any changes in the quality of service.

Service Process Blueprint

The service process blueprint was also checked and small adjustments were done to it after the focus group to finalize it. The service process blueprint (Figure 24) shows what customer actions are needed to get the permit as well as all front- and back-end actions, supporting systems and physical evidence. It provides a starting point to Valvira in further developing the service concept for implementation.



Figure 24. Finalized Service Process Blueprint.

As the service process blueprint is quite small in the picture above the full-sized and readable version can be found in the Attachment 5.

The main question of the thesis was if the current service concept was working and if there is place for improvement. As it was discovered during the process, the current service concept is not working ideally and causes unnecessary delays in the handing of the licenses and at worst losses for the service providers. The service concept should be changed to solve some of the issues in the service.

At the current moment, there is no guidance service, or at least it is not seen fully part of the service and therefore not offered openly to the customers. In the new service concept, guidance is an integral part of the service and provided at an early stage when the customer is just planning to start the business to defer the possible problems and misunderstandings in the permit application process. In the new service concept the license is applied first based on the information on the application and granted if the requirements are fulfilled. After getting the license, the service provider can start setting up the business and getting ready for operation. Before starting the operation a notification to start is sent that initiates the final inspection that checks if everything is according to the license granted earlier. This way the license application is handled first and then the businesses is set up according to the permit. It also lowers the risk of starting a social- or health care business and could also support the current strategy of proactive supervision where customers contact early, before starting to set up their service and open questions and problems could be solved together with the customer before any problems exist. There is more possibilities to affect the plan before service is already set up and less trouble for all parties if changes to the plans are required.

A list of issues and suggestions for improvement

As a last result for the thesis work, I gathered all the issues into a table (Table 7) and made a suggestion how the service could be improved to solve the issue. The issues listed are not sorted in any way and the ideas are based on the results of the thesis and my own thinking that bases on experience of the services through working closely with them on day to day

basis as the private sector license registry system administrator and digitalization project manager. For implementation, each idea should be considered and their feasibility evaluated.

Table 7. A list of issues and suggestions for improvement

Issue	Suggestion for improvement
Several authorities providing licensing service - complicated service provisioning	Reorganization
The same service information is found from multiple sources	Unify service information to only one source
It is difficult to find the right information	Redesign the information services of the service, do search engine optimization
There are multiple contact points for the same service	Reorganization
Customers are not submitting all required information when applying permits	Guidance, digitalize forms and force to fill required information
RSAA's inspections are difficult to book or times are months away	Measure, service pledges and manage
Inspections need to be done before applying and premises are not ready for inspections before the beginning of the application process	Redesign the process
Inspections by different authorities are done independently and take a lot of time	Arrange all inspections at once
Customer needs to coordinate the process between different authorities	Redesign the process, check roles and responsibilities
Customers often need to deliver inspection reports from other authorities to the permit authority	Improve information sharing between authorities related to the licensing process, involve all needed authorities to service development, apply holistic thinking and customer centricity
There are differences in interpretation between RSAA's and Valvira	Create a decision archive where similar cases can be found, reorganize
Gathering all the required information for the application takes a long time and some information is asked multiple times	Redesign the application forms, see if all required information is necessary or can be received from other authorities. Create online workspace where different authorities can access the information.
Only small amount of information is available when the need for a permit occurs and	Define the minimum set of information needed for the application, improve the

application process is not started with incomplete applications	application guidance
Permit process takes a long time and handling times are not predictable, thus making it difficult to plan following business activities	Give service pledges, improve handling process, increase the visibility of the handling process
It is challenging to get the permit on time and delays are costly	Measure and manage the handling times against the service pledge
Application forms and guides are not applicable for services provided at customers home	Update application and guides
Information about diplomas are requested even if Valvira is responsible for health care professionals licensing	Improve information sharing within and between authorities
Providing detailed information about personnel seems unnecessary for the customers	Clarify why information is collected and how it is used
Only one contact person information can be provided	Add possibility to add more contact persons
Signing the application can be burdensome when only few people have right to sign in the name of the company	Digitalize service and enable customers to delegate the rights to send the application digitally
There is lack of transparency to the registered data about the company	Digitalize service and enable customers to view their own data registered in the authorities register
There is not enough clear information about permit changes	Check guides and add information
It is unclear when a social care service provider needs a health care permit	Add guidance
When the person responsible of the services changes units information is asked again	Check and redesign the process
When permit authority is changed the process starts from the beginning	Reorganize, redesign the process to remove unnecessary administration
If the owner of the services change the permit process needs to be started from the beginning	Redesign the process
When an independent health care service provider changes a company type to ltd while the services keep unchanged, more information is required	Make clear instructions about the responsibilities for different types of service providers
If same service provider provides services requiring a permit and others requiring just a	Reorganization

notification it might need to send them to different authorities	
Annual reporting takes a lot of time and seems pointless	Clarify why the information is gathered and how it is used, provide feedback to the customer based on the information
Not possible to print the annual report after submission	Redesign the service
All terms are not clearly defined	Add definitions, gather feedback continuously to find missing information
The digital identification system is difficult to use	Add clear instructions
There are variation in handling times	Measure and manage
There are overlapping tasks in the handling process	Check roles and responsibilities
Visits to the archive during the handling process take time	Digitalize archives
Invoicing process is difficult for the authorities	Redesign the process / automate invoicing
There are inconsistent ways of registering the applications to the registrar by the authorities	Create internal guidance and train personnel
Paper applications are processed in batches that increase handling times	Change working habits and digitalize handling to remove issues related to paper handling
Municipalities and RSAA's are doing similar or same inspections	Check and remove overlapping roles and responsibilities
Licensing service is too focused on the physical premises	Redesign the service

6 Conclusions and discussion

The purpose of this thesis was threefold; to study the state of Valvira's and the Regional State Administrative Agencies licensing services, and to develop a new concept proposal for the services and to make suggestions how to improve the services through service design. The following research questions were defined and during the thesis process all of them were answered at least on some level.

- What is the current state of customer service on private social- and healthcare provider's licensing service?
- What problems exist in the customer service?
- How could the customer service be improved?
- How does the interplay between the organizations work on private social- and healthcare provider's notification and application processes?
- Is the current service concept working and could it be improved?

The work started by going through literature and selecting S-D logic as a theoretical standing for the service concept development. After which the service design process was designed and the methods used in during the process were selected.

During the process the current status of the service were discovered and based on the gathered insights a clearer picture of the situation was formed and then analyzed. Having a good idea what were the major issues, the new service concept was drafted and developed together with the customers. The created concept was then finalized and the results of the work were delivered to Valvira for further decisions.

The service design process started with more of an inside out service-logic innovation, focusing on the internal processes and then moving on to customer interviews to see how they experience and perceive the current services. As for any organization providing a service, it is important to satisfy the customer needs and to create value for the customer. As noted earlier in C-D Logic, the service should be part or to support the customer's process to create value for the customer. Based on the customer interviews it became quite clear that they did not quite see how the current service benefit them and what use comes out of all the required information gathered by the agencies. This showed that there is a high risk that customers become reluctant to take part in the service co-creation. This in turn means that since the service is co-created with the customers, the whole service might become redundant if the value of the service cannot be seen by the customers and they are not taking active part in producing it.

Even if the amount of customer interviews were limited, the quality of data was surprisingly good and the results from those interviews were good based on reviewing the results against

the results from the focus group. Therefore it is safe to say that the validity of the results are quite good considering the depth of the study.

After analysing the results of the discovering phase in the defining phase of the service design process, a business process blueprint was done to create the first draft of the new service concept. The service concept was then iterated multiple times with representatives from both Valvira and RSAA's after which it was decided that it can be tested and further developed in a customer focus group. The result of the focus group was that the proposed new service concept would solve a majority of the issues. Surprisingly, the new service concept was also told to solve the timing issues on the permit handling process and possibly reduce the handling times as well. Based on the results from the focus group, the new service concept model could benefit both the customer and the service provider even if it was designed having more the customer perspective in mind. The service concept was then finalized to its final form, after some minor improvements were done to form the new service concept proposal for the private sector social- and health care licensing service. Finally the results were presented to Valvira and the decision to implement the suggested new service concept and improvement ideas were left for Valvira to consider.

To answer the first question about the current state of the two authorities' customer services' required several discussions, internal workshops and customer interviews. By analysing the outcomes from the above it seemed that having two authorities providing the same service caused some trouble for the customers, also the service process was not suiting the customer very well as the order of actions required from the customer meant that customers' lives were becoming more difficult. On top of the structural and process related issues, there were several other issues that were discovered and the current situation of the service was not looking too good. In the current service concept model, the business needs to be set up before the license application can be put in because the inspection is required prior applying the license. As already shown in the defining phase, this cause a considerable business risk for the service provider in case the permit is not granted.

As it is mentioned on Valvira's strategic agenda (Valvira 2015b), it aims to deliver client-centred, high quality and effective public-service. It is fair to say, based on the results of this thesis that the client-centred service delivery does not quite apply when discussing about the private social- and health care service providers licensing services at their current state. Overall, there is place for improvement. In the current state, the service is not fully responding to the customers nor the agencies' needs. There were several issues pointed out by both the customers and the officers working for the agencies. Most of the issues seemed minor and easy to fix but others were major and will require more effort.

The second research question was answered during the discovery and defining phase along with the first question. The interplay between the organizations did not work quite the optimal way at the time of the study. The organization of the service delivery is not optimal and causes problems. It is difficult for the customers to understand why the service is split between seven organizations and causes confusion in finding the right organization to get the service. The issuing times are also long when there are many different public organizations involved (7 registration/permit handling organizations and over 300 municipalities in social care related notifications). The organization of the notification and permit services should be changed and simplified radically. This would make it easier for the customers to find the service, and ease the creation of service materials, information, forms and guidelines for the customers as now they are all done seven times in the worst scenario. It is quite obvious, that simplifying the organization there would be considerable savings that could be achieved by reducing the overhead of creating material multiple times for the same service.

The main question of the thesis was to see if the current service concept was working and if there is place for improvement. As mentioned above, the current service concept is not working ideally and causes unnecessary delays in the handing of the licenses and at worst losses for the service providers. The service concept should be changed to solve some of the issues in the service. At the current moment, there is no guidance service, or at least it is not seen fully part of the service and therefore not offered openly to the customers. Guidance should be seen and integral part of the service and provided at an early stage when the customer is just planning to start the business to defer the possible problems and misunderstandings in the permit application process. If the service could be changed according to the proposed service concept where the permit is applied first based on the information on the application and then a notification is sent before the start of operation, it would ease the life of all parties. Also it could support the current strategy of proactive supervision where customers contact early, before starting to set up their service and open questions and problems could be solved together with the customer before any problems exist. This way the permit application is handled first and then the businesses is set up according to the permit. There is more possibilities to affect the plan before service is already set up and less trouble for all parties if changes to the plans are required. Then after everything is ready for the operations to start, municipal health official makes the inspection according to the permit that was granted for the business. The new service concept proposal puts more effort to the guidance that might also speed the handing times as applications would be filled properly the first time. The focus for the service would also change more towards helping the customers' business to thrive while complying with the laws and regulations. This implies a change in how the agencies perceive the customer to be as a partner to promote and create health and wellbeing with the help of the agency rather than the customer being only a subject that is supervised.

Studying the current situation brought up the issues in the customer service and while developing the new service concept the issues were listed and some suggestions were created to each to improve the situation. The most notable improvement would be to change the concept to provide more value to the customers. The changes in the new service concept could not only help with the current issues but can bring better quality of private social- and health care businesses in Finland by bringing the information acquired by working with all service providers to the benefit of the whole social- and health care system. To change the service concept to the suggested new concept model there needs to be a further evaluation of the applicable laws and see what changes should be proposed to them. Even if there was a good representation of the different types of customers who took part in the interviews and the customer focus group the new service concept should be still tested in practice by selecting some service providers for a proof of concept project where the minimal set up of the service is tried with the piloting customers. If the results seem promising, a wider implementation of the new service concept should follow.

Another important improvement that should be studied further would be the structures behind the service. Many of the problems could be dissolved by just simplifying the organization of the service provisioning. The current way of organization seems overly complex and issues springing from the organizational structure cannot be fixed without changing the structure. As this thesis did not evaluate the efficiency of the organization to provide the licensing service, further study should be done to design appropriate structures.

As it was shown in the results, the customers do not perceive the current services very valuable. Therefore, it is foremost important to be able to continue close customer co-creation of the service to be able to create value for the customers. Because, if the value is not perceived by the customers the service will eventually become obsolete. Customer benefits should be in the core of all operation and the focus of measuring should be targeted to the outcomes rather than the insides, as only created customer perceived value should matter.

As finalizing the reporting took quite a long time, the results of this thesis could be seen to be taken into account in Valvira's and the Regional State Administrative Agencies digitalization project. As the organizations under study were involved during the process, many of the issues discovered had already been removed since once they become apparent people tend to change their behavior.

Another thing that was noticeable at the end of the thesis process was the change in the mind-set of people who took part in the process. They could now see the life of the customer better and associate to the issues discovered during the process and use that to improve the

service. During the thesis process it was sometimes difficult to discuss about services and service development, since there still lies a strong culture of “governing” rather than “serving” in the government. In order to move from that mindset of governing to serving there needs to be initiatives for culture change in public organizations. Further involvement of customers is needed to develop and create innovative public services.

As a researcher, I hope the process and the outcomes of this thesis brings improvement to the services and for Valvira to continue service design efforts in other areas as well. For myself, I set as goals to develop skills in service development through service design methods and processes. Now reflecting my learning and experience at the end, I learned to use few service design methods in practice and gain experience in applying service design tools in real life project. The project also gave me confidence to bring forth customer centricity in organizations, since based on the results and experiences of this thesis I believe it helps improving both the customers’ lives and the organization providing service. The process however might not always be as clear in practice as presented in this thesis and theories let to understand and changing the way people act and think take time.

This thesis tackled only one service from Valvira’s offerings and it would be highly recommended to integrate service development processes and service design methods to all service improvement activities throughout the organization.

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Figures and Tables

Figures

Figure 1. Different logics	12
Figure 2. The theoretical alignment of the thesis	13
Figure 3. Phases of the Double Diamond Design Process (Design Council 2014).	22
Figure 4. The service design process used in the thesis.	23
Figure 5. Interview data analysis	26
Figure 6. Parts of a Service Blueprint (Zeithaml et al. 2009)	28
Figure 7. Service concept description (Johnston et al. 2012).	32
Figure 8. The Flower of Service	32
Figure 9. The current organizational setting.....	35
Figure 10. Process mapping in a workshop.	37
Figure 11. Idea prioritization with bull's eye.	37
Figure 12. Future State Process Mapping	39
Figure 13. Interview data analysis	42
Figure 14. Problem areas discovered in the customer interviews.	49
Figure 15. Business Process Blueprint - Current Stage.	51
Figure 16. Main phases of the service process - Current Stage.	52
Figure 17. Working on the new concept proposal blueprint	54
Figure 18. The initial draft of the new concept proposal blueprint	55
Figure 19. Main phases of the service process - New Service Concept	55
Figure 20. Customer actions on a wall in the customer focus group	58
Figure 21. New concept description.	64
Figure 22. The flower of service - new service concept proposal.....	65
Figure 23. Main phases of the service process - New Service Concept	66
Figure 24. Finalized Service Process Blueprint.	67

Tables

Table 1. Defined licensing services	34
Table 2. Development ideas from the internal workshop.	38
Table 3. The main issues recognized and analyzed from the internal workshops.....	40
Table 4. Main issues from the customer interviews	43
Table 5. Issues in the current stage - Customer Focus Group.....	58
Table 6. New concept idea - Focus Group discussion results	61
Table 7. A list of issues and suggestions for improvement	68

Attachments

Attachment 1. Customer Interview guide (In Finnish).....	1
Attachment 2. Current State Business Process Blueprint (In Finnish)	2
Attachment 3. New Service Concept Business Process Blueprint (In Finnish).....	3
Attachment 4. Iterated Current State Business Process Blueprint (In Finnish)	4
Attachment 5. Finalized New Service Concept Business Process Blueprint (In Finnish).....	5

Attachment 1. Customer Interview guide (In Finnish)

Haastattelun tavoite:

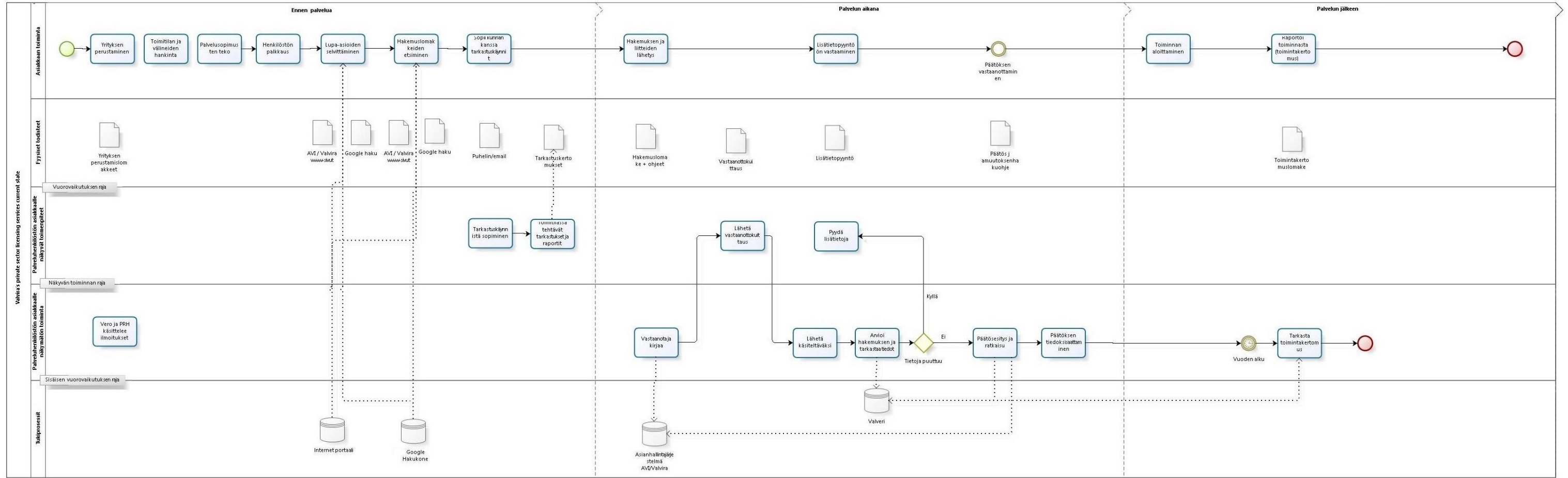
Käsittelyprosessin kuvaus on tehty, mutta tarvitaan tietoa asiakkaan hakemusprosessista ja toimintatavoista ja tarpeista hakemus- ja ilmoitusprosessin aikana ja ennen sitä ja sen jälkeen.

Tavoitteen luoda palvelu joka nopeuttaa asiakkaan luvan hakemista ja vähentää sen hakemiseen käytettävää vaivaa.

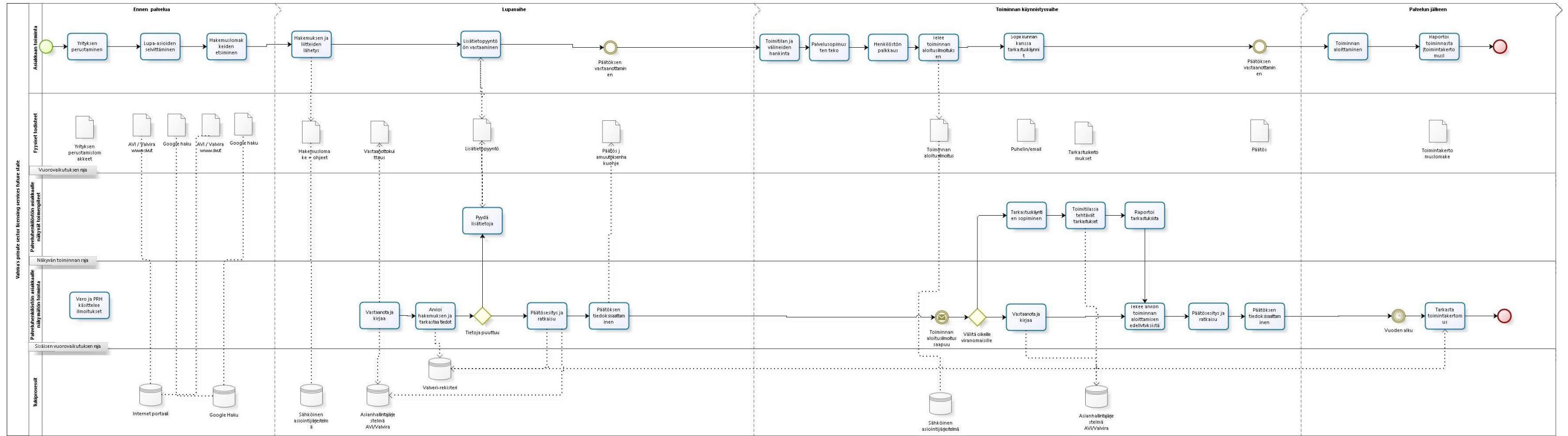
Kysymykset:

- Kerro miten hakemusprosessi kulkee yrityksen näkökulmasta
- Mitkä ovat hakemusprosessin aikaisia kontaktipisteitä?
 - Miten päätyy AVI:n/Valviran sivuille?
 - Mistä saitte tiedon/osasitte hakea lupaa?
- Onko hakemuksen/ilmoituksen täyttäminen helppoa?
 - missä asioissa tarvitset apua tai mitkä ovat epäselviä kohtia
 - keneltä pyydät apua lupiin liittyen?
 - Onko hakemuksessa pyydettävät tiedot helposti kerättävissä?
 - jos ei niin mitkä ovat haasteellisia?
 - Onko luvan saannin edellytyksistä saatavilla riittävästi tietoa?
 - vastaavan johtajan koulutus ym...
 - Oletteko joutuneet pyytämään tietoa asian etenemisestä luvan käsittelyn aikana?
- Mitä hyvää hakuprosessissa on?
- Mitä ongelmia hakuprosessissa on?
 - Mitä vaikutuksia niillä on yrityksen toimintaan?
 - rahassa / ajassa mitattuna?
 - Kuntakierros ja muut kunnalta tarvittavat kertomukset/lausunnot?
 - Mitä mieltä olet sähköisesti lähetettävistä lisäselvityspyynnöistä?
- Miten hakuprosessia tulisi kehittää?
- Miten haluaisitte saada tiedon päätöksestä
 - Onko lupapäätöksellä/paperilla merkitystä teille?
- Miten erotatte ilmoituksenvaraisen toiminnan luvanvaraisesta toiminnasta?
- Mitä mieltä olet sähköisistä palveluista yleensä?
 - vahva tunnistautumisen?

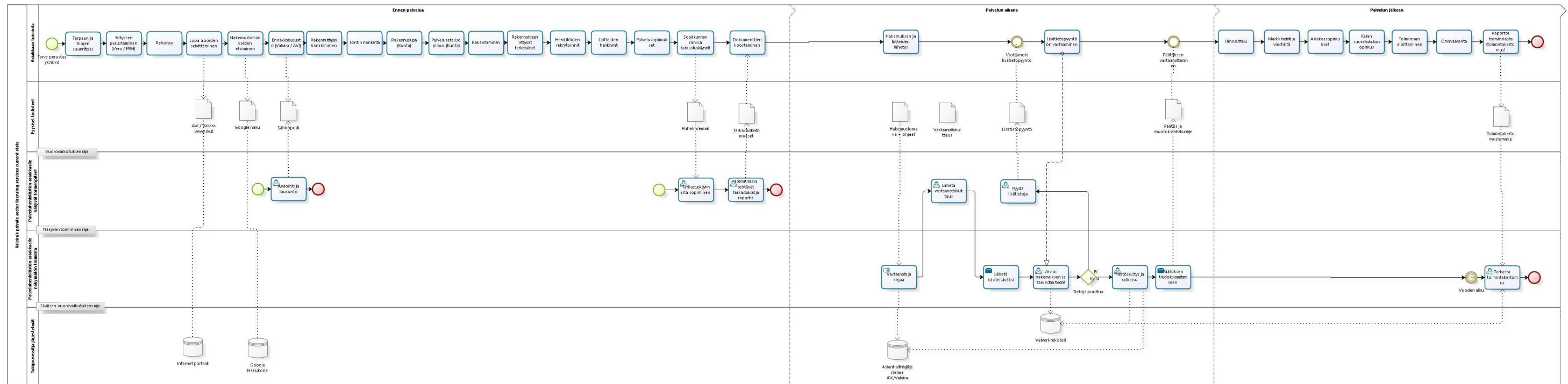
Attachment 2. Current State Business Process Blueprint (In Finnish)



Attachment 3. New Service Concept Business Process Blueprint (In Finnish)



Attachment 4. Iterated Current State Business Process Blueprint (In Finnish)



Attachment 5. Finalized New Service Concept Business Process Blueprint (In Finnish)

