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Creating an Effective Customer Value Proposition Process

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<p>The objective of the present study was to establish a Customer Value Proposition building process for the case company and to focus the company's sales and marketing operations through building a Customer Value Proposition to the company's most potential customers in selected new markets using the established concept. The case company operates in the IT industry and its market territory is limited to Finland. After numerous rather steady years, the owners have set very high targets for growth and profitability for the company. These break-through objectives require not only more efficient operations in marketing and sales but also new operation models and processes.</p> <p>The study was performed using an action research method and its four-step process to first define the context and purpose. This was followed by a building phase where actions were planned, performed and evaluated. Through this process, the study was launched by identifying the business challenge and objective for the study. The conceptual framework was created based on the results of wide-range research completed during the past few years, added with leading Geographic Information System -market specific knowledge of customer value propositions.</p> <p>The case company operates in several different industries. This sets high challenges for the company's sales operations to identify customer needs and demonstrate the business value for the customers. Therefore, a careful selection of the target customer is very important for successful business. The current state analysis phase was conducted to analyse the case company, its current use of customer value propositions and the selection of the target customer.</p> <p>The conceptual framework was used to build a Customer Value Proposition for the selected target customer so that the value can be clearly communicated to its target audience. The built Customer Value Proposition communicates clear benefits in three areas; savings, organizational benefits and future benefits. These are then presented using information products that delivers the value.</p> <p>The initial Customer Value Proposition was presented to the customer to gather feedback. Based on the feedback, the proposed Customer Value Proposition was adjusted and the final Customer Value Proposition was built. The Customer Value Proposition process is documented and can be used for other customers in the market accordingly.</p>	
Keywords	Customer Value Proposition, Customer Needs, Additional Value, Sales, Marketing

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1 Introduction

1.1 Business Context

The case company in this thesis is an IT company focused on location-based IT solutions. The company's core business is to distribute its parent company's software in its market area and provide consultancy and professional services to support successful implementation of these solutions. The case company's core business includes solutions for desktop, server, mobile and cloud environments as well as custom application development, extensive training, consultancy, maintenance and support services, analysis services, and custom application development projects. The market area covered is Finland.

Different organizations have been managing location and geography based information for various needs for decades. Geography in computer science was introduced in the early 60's and since then the use of computer mapping has been growing. (Greiner 2007).

The last big market evolution was in the nineties with the advent of cheaper and faster computers, developments such as network processing, and in particular new data capture techniques such as remote sensing and GPS (assimil8 2013). At that time the parent company gained lots of new markets and grew very rapidly. Finland's market also developed when large state departments started to extend their use of location solutions widely. At the time, most government organizations selected the parent company's technology as their technology standard. Still in 2013 more than 70% of the case company's revenue came from the public sector.

The case company was established in 2004. This happened when its predecessor was acquired by a larger IT company and a new distributor for the software was needed. In its early years in 2005-2006, the case company was considerably smaller, employing only 9 people. At the time it focused on selling the parent company's software licenses with the needed services (training and support). After suffering from its partner channels' poor performance in customer sites and bidding processes, and when its customers started to ask if the company could deliver projects as well, the strategic decision was made to enter into the project business.

At first the company was quite successful in small scale projects and constantly aimed at bigger and bigger ones. It experienced fast growth and at the same time won several large projects. The company grew fast, having only 17 employees in 2009 to 42 in 2011. The rapid growth combined with the lack of experience in managing big projects caused major problems as the project staff was not able to make precise work estimates for fixed-price projects. At the same time, the finance accounting had not stayed up to speed with the development and as the management did not have an understanding of what was happening in the projects, the company was not able to act before it was already too late. During that time these neglects caused some major setbacks.

1.1.1 Market Evolution

It is estimated that the next large market change in GIS and IT overall has already begun. The rise of the internet-age or so called 3rd Platform, will change our business as much as the personal computers did in the nineties. The shift to putting information on the internet has already and will increase user numbers dramatically.

1.1.2 Consumerization

The GIS Market has existed for over 40 years and for the whole of that time it has been used mainly by GIS professionals. People's awareness about mapping and the benefits of geospatial analysis have grown significantly in the past few years. They have been boosted by well-known consumer mapping applications such as Google Maps and Bing Maps. These applications concentrate on offering simple mapping capabilities to consumers and companies. People's expectations today are higher, and similar capabilities are sought for in business systems. This consumerization can create a completely new market with the enterprises' units (Palmer 2010).

1.1.3 Open Data

Open data is another single activity which can create a boost in the case company's business. The trend in Finland for opening public organizations' data started in 2009 and has significantly speeded up since. Today all major public organizations like Finnish

Lands Survey, Finnish Environmental Centre, Finnish Transport Agency and Helsinki Regional Transport, among many others have opened their data sources, including GIS data to the public. The trend not only gives valuable datasets for those who need them but can also generate new business, as it has been identified that there is a clear need for someone to turn this data to actionable information.

1.1.4 Cloud and 3rd Platform

Cloud services entered into the IT business heavily in 2010 and today most organizations either use or are planning to use them. The whole business has changed as the needed functionalities are completely or partly available from the web and the threshold to start using a new system or application is very low.

International Data Corporation (IDC) has published a white paper of the rise of the so-called “3rd Platform”. The document presents the current change as a digital transformation – a move to a new age of cloud, mobile, social, and big data technologies. (Gens 2013)

As illustrated in figure 1., the 1st platform touched millions of users and contained thousands of apps and solutions. It was built on mainframe and terminal computers. The 2nd platform already touched hundreds of millions of users and tens of thousands of apps and it introduced client and server technologies as well the internet. Today the 3rd Platform touches billions of users and millions of apps and solutions. Over the next 25 years, the 3rd Platform will represent the basis for solution development and business innovation. (Gens 2013)

The Three IT Platforms for Business Innovation

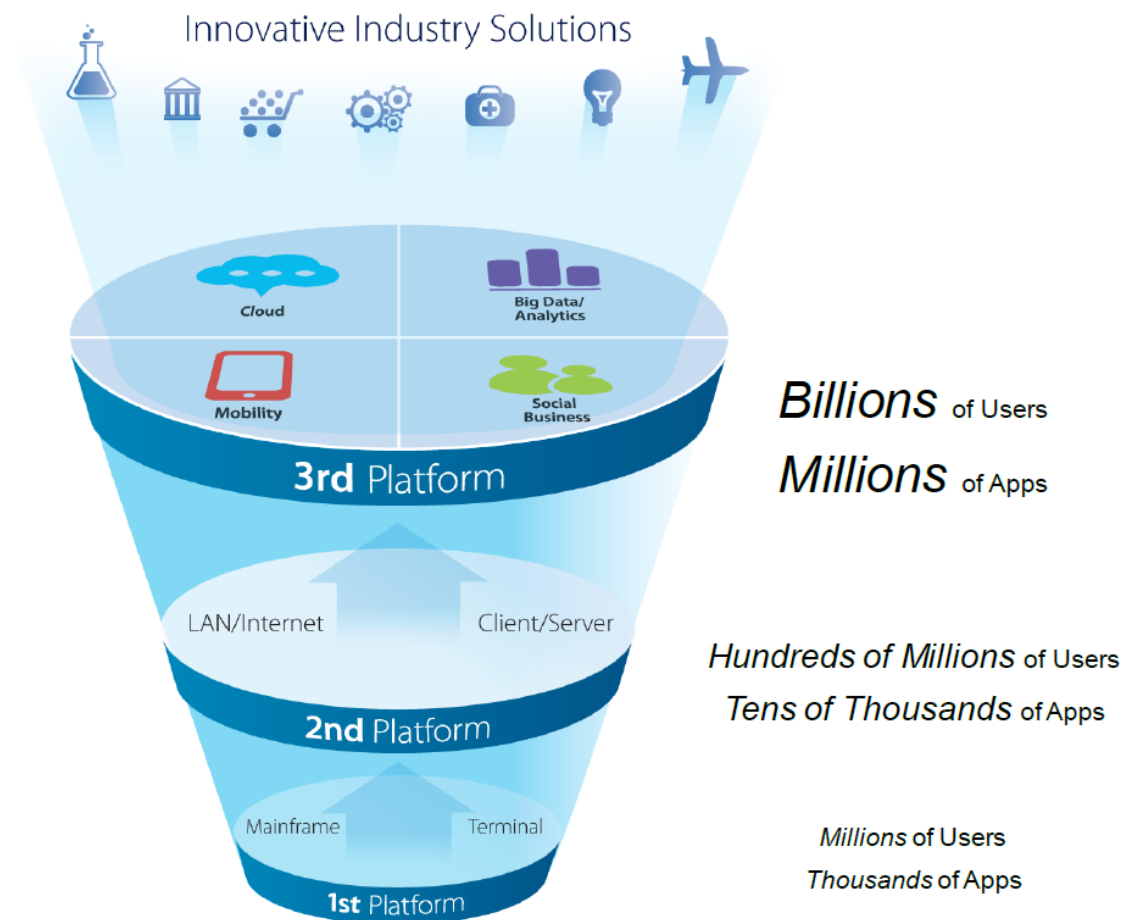


Figure 1. The Three IT Platforms

The parent company launched its cloud-based location information content management system in 2009. By now this online solution has become an essential part of the parent company's business. ArcGIS Online is a hosted environment allowing sharing and search of geographic information, as well as content published by Esri, ArcGIS users and other authoritative data providers. It allows users to create and join groups, and control access to items shared publicly or within groups (GIS Wiki 2013). ArcGIS Online also includes ready-to-use mapping applications that can be used in conjunction with business systems such as BI, CRM or ERP.

The development of ArcGIS Online and the whole ArcGIS System drives us towards platform thinking. As Shangeed Choudary describes in his blog:

The basic idea behind platform model is to allow users to create and consume value. At the technology layer, external developers can extend platform functionality using APIs. At the business layer, users (producers) can create value on the platform for other users (consumers) to consume. This is a massive shift from any form of business we have ever known in our industrial hangover (Choudary 2013).

The cloud and platform thinking calls for a new way of thinking. Instead of selling GIS solutions to the customers, we have to learn how to add value for their business with our platform.

This thesis focuses on improving the case company's sales and marketing activities and was therefore made in close collaboration with the company's sales and marketing departments. The case company's sales responsibilities have been divided based on customer segments so that the responsible sales person manages one or more customer segments and is responsible of everything from initial business planning to closing deals and taking care of after sales activities. The marketing department's responsibility has been to strengthen the overall visibility of the company and maintain customer communication.

The current operating model has led to the situation where the sales operations are not focused and performance has been poor. The situation will be changed by dividing the responsibilities between sales and marketing so that the marketing department takes the responsibility of finding leads from the target markets and qualifying them by set criteria. In order to be able to perform this, strong Customer Value Propositions (CVP) are needed for the target market segments and customers.

1.2 The Business Problem and Objective of the Thesis

The business problem presented in this thesis is that the case company's sales and marketing efforts are non-focused and do not match the true customer needs of different customer groups.

Given this, the objective of this study is to establish a CVP building concept for the case company and to focus the company's sales and marketing operations by building a CVP to its most potential customers in selected new markets utilizing the established concept.

2 Research Approach

This section discusses the selected research approach and introduces the research design used in this thesis. The section also covers the selected data collection methods as well as the analysis methods. Finally, it covers the data reliability plan and explains how data validity is ensured in this study.

2.1 Action Research as a Research Approach

The research approach applied in this thesis is action research (AR). AR is a research method that is especially used for problem solving by individuals working in the organization in question. AR is a systematic and iterative method for improving the current conditions or finding immediate solutions to practical problems. Shani and Pasmore have provided a more restricted definition:

Action research may be defined as an emergent inquiry process in which applied behavioural science knowledge is integrated with existing organizational knowledge and applied to solve real organizational problems. It is simultaneously concerned with bringing about change in organizations, in developing self-help competencies in organizational members and adding to scientific knowledge. Finally, it is an evolving process that is undertaken in a spirit of collaboration and co-inquiry. (Shani and Pasmore, 2010: 439)

Action research can be considered a particularly well suited method for this thesis - creating an effective Customer Value Proposition process, as the research is conducted by an employee of the case company and the research looks for a solution to a practical business problem. The research will have significant value for the case company, as the identified business problem has a major effect on the company's business and performance and is thus an important process of improvement.

In action research it is important to clearly define the used process. This study follows the four-step research cycle that is illustrated in figure 2. action research includes a research cycle which starts with a pre-step: defining a context and purpose. In addition, it has the following basic steps: constructing, planning action, taking action and evaluating action. (Coghlan, D. & Brannick, T. 2006). The next chapters will present an overview of all of these four steps.

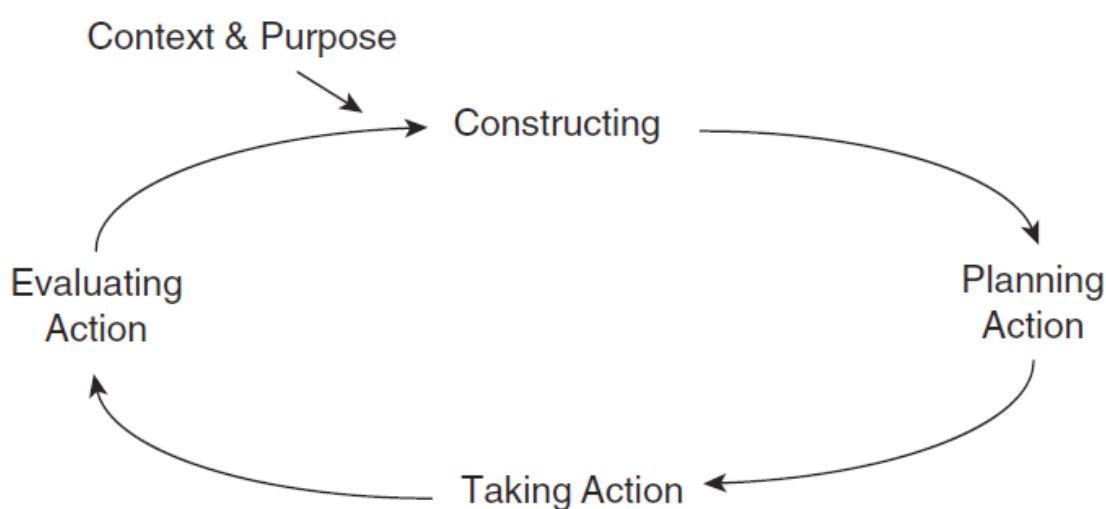


Figure 2. The Action Research Cycle

2.1.1 Context & Purpose

Action research starts by defining its context and purpose: why is the study needed and what is the justification for it? Both the external and internal forces affecting it need to be studied. It is critical to clearly point out the desired future state. (Coghlan, D. & Brannick, T. 2006)

2.1.2 Constructing

The first main step is constructing, which starts with stakeholders' dialogue. This is where the base information is gathered: what the issues are (however tentative, e.g. a working

theme), on the basis of which action will be planned and taken. This data collection creates the foundation for the latter actions and iterations followed. (Coghlan, D. & Brannick, T. 2006)

2.1.3 Planning, Taking and Evaluating Actions

The planning actions phase follows the actions of context & purpose and constructing. This is where the next actions are planned. As discussed by Beckhard and Harris (1987), the following questions are critical and needed to be answered as part of the plan (Coughlan, P. and Coghlan, D. 2002):

- What needs to change?
- In what parts of the organization?
- What types of change are required?
- Whose support is needed?
- How is commitment built?
- How is resistance to be managed?

The taking action phase implements the planned actions. This phase includes the planned changes that are followed in collaboration with the key members of the organization. (Coghlan, D. and Brannick, T. 2006)

Both the intended and unintended actions are evaluated in the evaluating phase. Evaluation is the key for learning, and the findings made in this phase are then used to build the next cycle. (Coughlan, P. and Coghlan, D. 2002)

2.2 Research Design and Process

In the study conducted, the research approach used is action research. This approach was selected due to its nature as a method for problem solving.

The research process consists of six basic steps which then form the research cycle of the study. Each step is tightly linked to one other, so it is not possible to handle them as separate parts. Quite the opposite, each step prepares and produces information for the following one. The process steps are presented in figure 3.

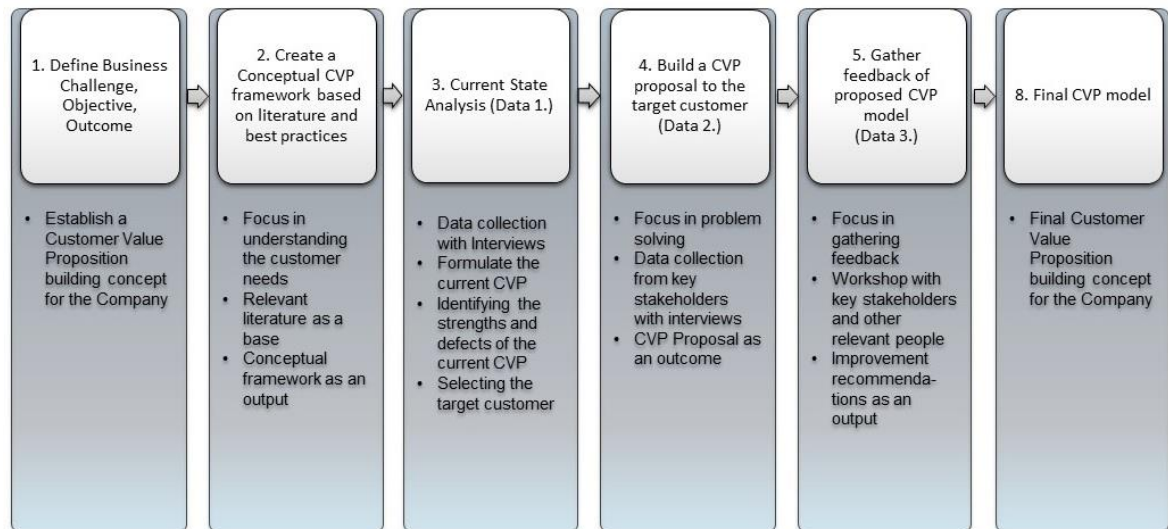


Figure 3. Research process

The study begins with clarifying the business problem. What is the actual problem under consideration, what is the objective of the study and what is then the intended outcome? After the first step is covered and crystal clear, it is possible to move to the second step where the aim is to establish a conceptual framework for creating Customer Value Propositions by leveraging relevant literature and best practices.

In creating the conceptual framework, the focus is kept tight on customer needs and how they can be understood most efficiently. This phase uses relevant literature as the base for the concept of crafting the ideal Customer Value Proposition. This is then complemented with best practises from the industry. The main sources for this information are articles and books that deal with questions such as value creation, Customer Value Propositions and sales theory. The output from this phase is a solid conceptual framework which can then be used in the next phases.

The third phase and the first data collection phase is current state analysis (CSA). This phase of the study discusses more deeply the current status of the organization's ability to create Customer Value Propositions as well as the strengths and weaknesses of the current model and CVP. It also includes the selection of the target customer that is used in later phases of the study. The CSA phase acts as the first data collection phase. The data for the CSA is gathered by conducting interviews with key stakeholders in the organization. The stakeholders are chosen from the organization so that different views

can be covered. The outputs for the following phases are in particular the improvement areas in the current CVP as well as the target customer which will be used in phase 4.

After the target customer for the study has been identified and chosen, the building phase begins. Here the target is to establish a CVP that is based on the conceptual framework built in the previous phase. This phase is also the second data collection phase where the customer information needed to build the CVP is gathered through a set of interviews with stakeholders and from customer information sources such as web sites and annual reports. The output from this phase is the first CVP proposal for the case company.

The fifth and last data collection phase is the evaluation phase where the feedback of the proposed model and initial CVP proposal is gathered. The feedback data is collected in a workshop which is organized for key stakeholders and other relevant people who may have improvement suggestions for the proposal. The focus of this phase is to gather feedback that can be used to improve the model and proposal. The outputs of this phase are the improvement recommendations.

The final phase is to form an iterated model of the CVP which the case company can use also with other customers as a repeatable CVP tool. The final model is presented to the company board and is approved by the senior executives. With this approval, the commitment of the top management will be reached and the use of the model in practise can begin.

2.3 Data Collection and Analysis Methods

This study used qualitative data as the base for the analysis which was gathered through several interviews and workshops. The target audience was selected from the case company and in the evaluation phase from the target customer's organization.

2.3.1 Interview as a Research Method

To conduct the interviews, the "standardized open-ended interview" method was selected as the interview technique. In this method, the interview questions are standardized for every interviewee but they allow for open answers. In this way, the respondents have the possibility to provide more extensive information on the topic. (Turner 2010:

756). The data collected with this interview method is rich qualitative data which allows for the researcher to attain a consistent result from the interviews.

For successful data collection, it is crucial to select the right candidates for the interviews and in this way provide the most credible information for the study. The best way to ensure this is to select candidates who share their knowledge and experiences openly and honestly. This can be ensured by conducting the interviews in a comfortable location where the interviewees do not feel uncomfortable or restrict their information. (Turner 2010: 757)

The data collected in the interviews needs to be transformed into information so that the researcher can make sense of what has been discovered. This is done by grouping the data with themes or codes. (Turner 2010: 757) In this study, the data is grouped on a higher level to categories based on what was discussed and then to groups depending on whether the answer designates problems, suggest improvements or recommends the current way of working.

The interviewee candidates for the study were selected based on who has the best knowledge on the current situation. In addition, each candidate needed to be in a position where they could provide a wide perspective of knowledge to the identified business problem. Table 1 below shows the background of the interviewees and the dates when the interviews were performed.

Data phase	#	Position	Experience	Date	Location	Duration
Data 1	1	Case Company Solutions Team Manager	In the case company for 14 years. In the industry for 17 years.	10th October 2014	Espoo, Finland	1h
	2	Case Company Industry Specialist	In the case company for 7 years. 7 years in the industry.	12th October 2014	Espoo, Finland	1h
	3	Case Company Account Manager	In the case company for 5 years. In the industry for 5 years.	12th October 2014	Espoo, Finland	1h
	4	Case Company Account Manager 2	In the case company for 1 year. In	15th May 2015	Espoo, Finland	1h

			the industry for 10 years.			
	5	Case Company Solution Specialist	In the case company for 7 years. 7 years in the industry.	15th May 2015	Espoo, Finland	1h
	6	Case Company Industry Team	A total of 25 years of experience in the industry	10th June 2015	Espoo, Finland	1h
Data 2	6	Case Company Solutions Team Manager	In the case company for 14 years. In the industry for 17 years.	17th July 2015	San Diego, CA	2h
	7	Case Company Sales Director	In the case company for 6 years. 10 years in the industry.	17th July 2015	San Diego, CA	2h
Data 3	8	Target Customer Service Manager	Worked at the target customer company for 2 years.	20th October 2015	Vantaa, Finland	1h
	9	Target Customer Property Development Manager	Worked at the target customer company for 12 years.	20th October 2015	Vantaa, Finland	1h

Table 1. Background of the interviewees.

2.3.2 Data Collection Process and Analysis

The research data for the first and second data phase was collected using “standardised open-ended interview” method. Pre-prepared fixed questions were used in the interviews which were then completed with probing questions if needed. In the third phase, a workshop was also organized to gather feedback from the initial proposal.

The first data phase; the current state analysis studied the current value proposition and its strengths and weaknesses. It concentrated on finding out what the current CVP is alike, whether there are any variations of it and what the strengths and weaknesses of it are. In addition, the focus was on choosing the target customer for whom the initial CVP proposal would be created. The results of the first phase were evaluated with the key

stakeholders in a group interview which evaluated the validity of the current state analysis.

The second data phase; the CVP creation concentrated on creating an effective Customer Value Proposition for the target customer using the conceptual framework. It was carried out by interviewing key stakeholders in the case company. The main objective for this phase was to test the conceptual framework so that it can be used to perform the Customer Value Proposition process in the case company.

The third data phase; a workshop was organized to gather feedback from the initial CVP proposal. The participants of the workshop were the case company's employees who work with the target customer. Finally, a service manager of the target customer was also interviewed. The result of this phase was a group of ideas for improvement for the initial proposal.

Data	Collection Method	Topic	Target	Desired Outcome	Nr. Of Responses
Data 1	Interview	Identifying the current CVP	Case company stakeholders	Current CVP identified and described	3
	Interview	Analyzing and describing the current CVP	Case company stakeholders	Strengths and weaknesses of the current CVP	3
	Workshop	Selecting the target customer	Case company stakeholders	Target customer selected	1
	Group Interview	Validation of the Current State Analysis	Case company stakeholders	Validate the Current State Analysis results	1
Data 2	Interview	CVP creation	Case company stakeholders	Create an initial CVP proposal based on the conceptual framework	
	Interview	CVP Creation	Case company stakeholders	Create an initial CVP proposal based on the conceptual framework	1
Data 3	Group Interview	Feedback on the initial proposal	Target customer stakeholder	To receive feedback for the initial proposal	2

Table 2. Data collection details

The workshop participants and interviewees presented in table 2. consisted of the case company's employees who had worked with the target customer. The workshop used the We-Me-Us technique which allows each participant to first study the question individually and form their answer. In the next phase, the participants work in pairs and finally the whole group works together. This way of working ensures that ideas also from the quietest people shall be discovered. (Kantojärvi 2012: 54-55) Figure 4. specifies the data collection process in more detail.

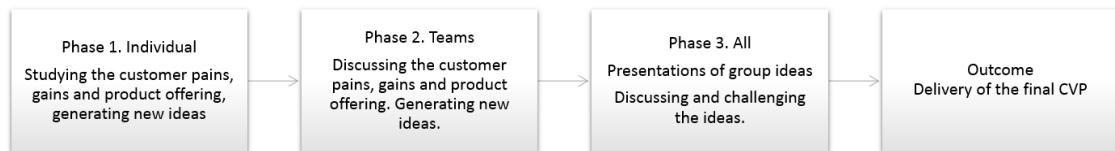


Figure 4. Workshop flow-chart

As stated above the workshop consisted of three phases. In the first phase “Me”, the participants were asked to study the initial CVP proposal made for the target customer. Then feedback was gathered; new ideas and comments were written down on sticky notes for later use.

In the second phase “We”, the participants were divided into two groups to discuss the new ideas and compare their results. The groups then prepared 10 recommendations to improve the CVP proposal and the results were documented on sticky notes.

The last phase “Us” gathered the whole team together and each group presented their findings. These were then discussed to find the most important ones which should be taken into consideration when improving the CVP proposal.

3 Best practices of Building a Customer Value Proposition

This section offers an overview of what can be considered as value in business markets and how the concept of Customer Value Proposition has been built over the years. It also discusses the contents of effective Customer Value Proposition, the building blocks that are needed to form one and finally how this thesis' conceptual framework is formed.

The section is divided into five parts. First, it discusses the definition of value and how it is seen in business markets today. Secondly, it discusses how the building of Customer Value Propositions is seen in different publications. In the third section, it focuses on customer segmentation and how to discover the most potential customer groups. Next, it discusses customer needs and sets the question of how different needs can be discovered. Lastly, it presents the conceptual framework for this thesis.

3.1 Definition of Value

Traditionally the meaning of value has been defined as being the relation of costs and benefits to the customer. When the customer receives a greater benefit from the transaction than s/he sacrifices, customer value is created. (Rintamäki et.al. 2007). As Payne and Holt discuss (2001), the meaning of the term value has frequently been used to describe customer value, but it is also used from other aspects to describe the benefits for the organization. Vargo and Lusch (2004) mention that as value is determined by the customer, the firm providing the products and services can only produce value proposition of its offering, not value itself. Value creation is undeniably important to both parties in business, the firm selling its products and services and the customer buying them. Grönroos (2008) has taken a wider view, arguing that the customer is ultimately a co-creator of value, as instead of the value being embedded in goods or services, value is created when the customer is consuming them.

The meaning of value also has a wider perspective in literature. James Anderson has pointed out (1995) that the essential meaning engagement of a firm providing the goods and services to the customer to buy them, is to add value or reduce the costs. As this is happening, the meaning for each firm is to profit from this exchange (Anderson 1995). This means that value creation is an interactive process between the firm and the customer (Rintamäki 2007).

This study follows the notion of the customer being the creator of value and hence the firm is only able to produce value propositions until the customer has proven the value.

3.2 Building a Customer Value Proposition

This section presents the definition for Customer Value Proposition and how the term is used in literature.

3.2.1 Definition of Customer Value Proposition

In the past two decades, Customer Value Proposition has probably become one of the most used terms in business markets to describe how well companies are able to deliver their sales and marketing message to their target audience. Still today there is no mutual understanding in academic circles of what constitutes a Customer Value Proposition.

The beginning of value propositions is commonly traced back to the 1980's when Later, Lanning and Michaels (1988) defined value proposition as being a statement of benefits that are offered to a customer and the price the customer is willing to pay. At the time, this approach was called 'value delivery system' and it included a three-step process, where the first step was to *choose the value*, second to *provide the value* and third to *communicate the value*. Kambil et. al. (1996) has presented a clear definition for VP's: value propositions define how items of value (product and service features as well as complementary services) are packaged and offered to fulfil customer needs. (Kambil A. Et. Al 1997).

Despite the fact that there is no single approved version for defining Customer Value Proposition, many authors agree on at least two issues: Customer Value Proposition should always be defined from the customer perspective, demonstrating the customer value (Anderson et al., 2006). It also has a strategic role within the organization forming the competitive advantage. Kaplan and Norton (2004) compare strategy and Customer Value Propositions as:

Once a company understands who its targeted customers are, it can identify the objectives and measures for the value proposition it intends to offer. The value proposition defines the company's customer strategy by describing the unique mix

of product, price, service, relationship, and image that a company offers its targeted group of customers. It should communicate what the company expects to do for its customers better or differently than its competitors.

Based on the literature review, four Customer Value Proposition concepts are identified as the ones that examine the subject in depth: Kambil's (1996) theory of value maps, Lanning's (1998) view of 'delivery of value', Anderson's (2006) three alternative approaches for value proposition and finally Rintamäki et.al. (2007) who suggested the use of a three step approach: identify the key dimensions of customer value; develop the value proposition; and evaluate the value proposition for its ability to create competitive advantage. A more recent publication to add to the list is Osterwalder's et. al (2014) Customer Value Proposition Canvas, which presents an easy-to-use tool for creating Customer Value Propositions.

Barnes et.al. (2013) discuss the use of value propositions in their article and suggest that true value propositions can answer the following questions:

- Are we in the right business, focused on the right things for the right clients?
- What is the essence of what we do, with what benefits and at what cost, for whom?
- Are we pursuing the right sales opportunities? (This is increasingly important because, for service and solutions providers, the cost of pursuing opportunities is at an all-time high, and still rising.)
- And, from the opposite (procurement) perspective, are those companies that supply us aligned with our organization and values?

3.2.2 Value Maps

The theory of value maps for developing Customer Value Propositions was first suggested by Kambil (1996). In his theory, value propositions define how products and services are packaged and offered to fulfil customer needs. This approach uses the value frontier that positions the firm and its competitors using the maximum performance and represents the different segments offered to customers. A value map extends the value frontier offering three optional strategies: reducing costs and performance; increasing performance and price; and enhancing value without increasing the price.

3.2.3 Value Delivery

Lanning (1988 and 1998) introduced the value delivery system and later developed it to be more interactive, experiential and relationship-based. Here, Lanning defines value as resulting from experiences customers derive from doing business with the organization, as compared to the competitors' alternatives.

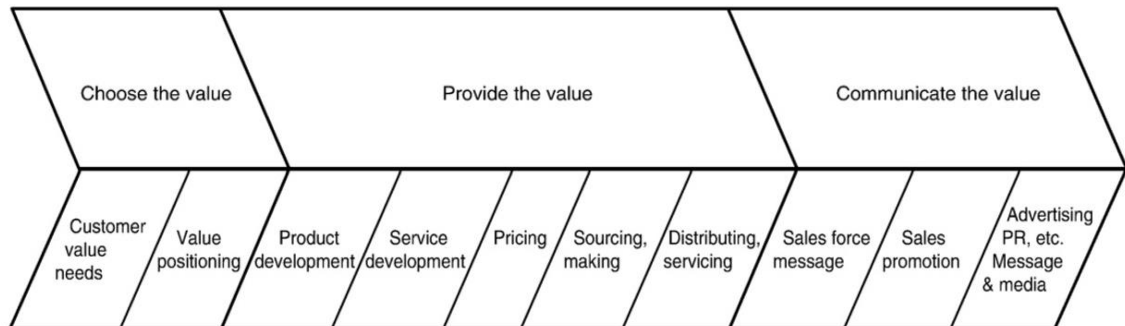


Figure 5. Value delivery system by Lanning (1988)

3.2.4 Three Kinds of Value Propositions

Anderson et al. (2006) performed a large scale research to understand what constitutes a Customer Value Proposition. They suggest that organizations typically adopt one of three alternative approaches: all benefits, where a company delivers all the identified benefits of its products and services to customers; favourable points of difference which underlines the benefits relative to competitive offerings; and the resonating focus that highlights one or two benefits which are truly valued by customers. In their research, Anderson et. al suggest that the third approach is preferable, as customers will perceive the supplier as highly focused on relevant benefits.

3.2.5 The Framework for Identifying Customer Value Propositions

In their research, Rintamäki et.al (2007) state that customer value is based on the total customer experience including the following four layers: economic value, functional value, emotional value and symbolic value. The competitive advantage is defined by the firm's ability to use its resources and competencies to produce customer value. Hence, what the firm believes the customer values the most is a strategic decision.

Figure 6 below presents the framework for identifying Customer Value Propositions using the four step process. The framework includes value dimensions that are organized hierarchically. The dimensions range from more objective to subjective, starting from 'economic value', then moving on to 'functional value', 'emotional value' and finally 'symbolic value' (Rintamäki et.al 2007).

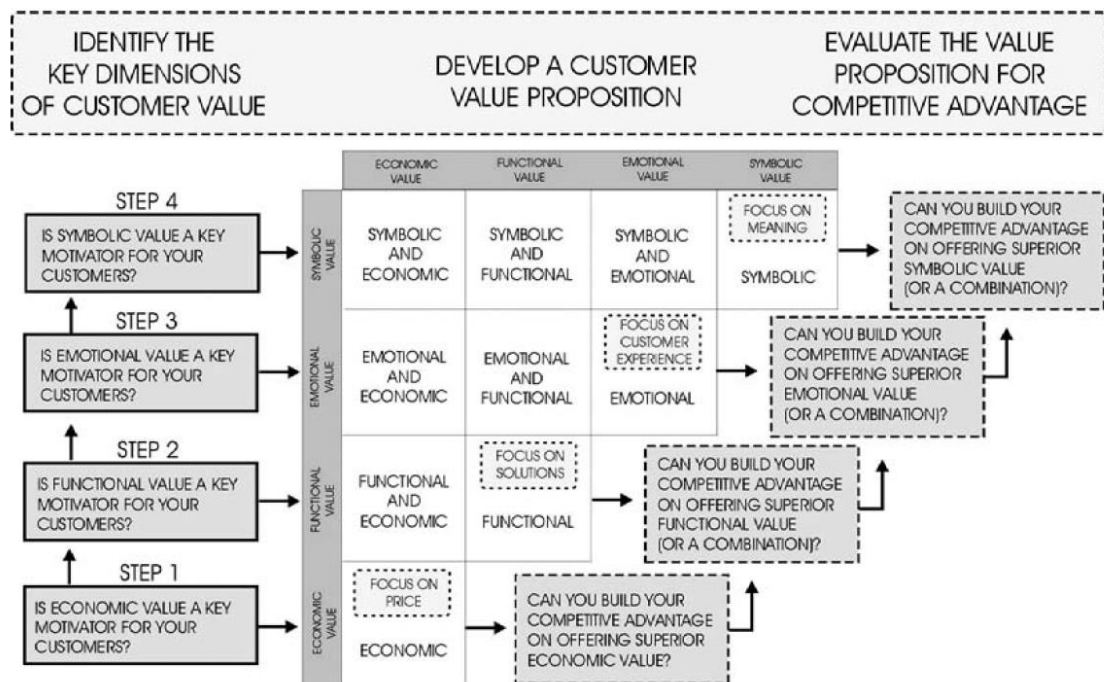


Figure 6. Identifying Customer Value Propositions

This framework can help firms' managers to identify, crystallize and implement competitive Customer Value Propositions for their target audience. It can also be seen to align a firm's operations, including marketing, resourcing and business in general around creating value for target customer groups. (Rintamäki et.al 2007).

3.2.6 CVP Canvas

Osterwalder et.al. (2014) discussed in their publication the importance of an effective process when designing Customer Value Propositions and the meaning of leveraging the skills and resources of the team. They presented a CVP Canvas which can help firms to create value for their customers through value propositions by linking the customer profile to the presented value. This means that by understanding the customer's environment such as the gains they are expecting, the job the customer is trying to get done

and the risks and obstacles they face or fear, the firm can connect these to the identified value within the same areas.

3.2.7 Monetary Value

When demonstrating value to the customer, documented monetary value should be included when possible (Grönroos and Helle 2010: 574-575). Leading firms demonstrate their value by presenting how their products and services offer cost savings for the customer. The data needed to perform this is often collected from the customer by working with their managers but it can also come from other sources such as other customers in the industry or associated studies (Anderson et.al 2006).

Vargo et al. (2008) offer a definition which also includes a comparison between different markets. When dealing in the business-to-business environment, demonstrating value over competition can be measured in terms of, for example, growth, premium pricing and/or cost savings opportunities created for a customer. However, in the business-to-consumer environment the benefits are often presented with softer values; as increased comfort, trust and attraction.

3.3 Focus Customer Groups

In business practices as well in literature there is a mutual understanding that in order to create a Customer Value Proposition that works, the right target audience first needs to be identified and selected. In their publication, Kaplan et.al (2004) state that it is the firm's manager's responsibility to identify and select the target customers. The common measurements to be used in the selection are for example satisfaction, retention, acquisition, profitability, market share, and account share.

Adamson et.al (2012) spent time working with nearly 100 high performance companies studying their star salespeople's work. They presented a scorecard which managers can use to coach their salespeople to discover the underlying sales potential the customers have.

1. Organizational basics	Yes	No	If either answer is NO, do not pursue a deal
a. Does the customer have significant current or potential spend?			
b. Is the customer financially healthy?			
2. Operating environment	Yes	No	1 point for each yes
a. Does the customer face external pressures to change, such as new industry regulations or loss of market position?			
b. Are there internal pressures to change, such as new management or a rethinking of strategic direction?			
3. View of the status quo	Yes	No	2 points for each yes
a. Is there organization-wide discontent with the status quo?			
b. Does the current supplier fall short of expectations?			
c. Is the customer unhappy with existing workarounds?			
4. Receptivity to new or disruptive ideas	Yes	No	3 points for each yes
a. Do internal stakeholders frequently share best practices?			
b. Do they attend conferences and other learning events?			
c. Do leaders look to the broader organization for ideas?			
5. Potential for emerging needs	Yes	No	4 points for each yes
a. Do stakeholders engage in constructive dialogue when their assumptions are challenged?			
b. Do they seek to continue conversations about industry benchmarks and trends?			
c. Is there at least one confirmed “Mobilizer” in the company?			
Total			
Scoring			
10: Consider not pursuing the opportunity			
10–20: Consider pursuing with limited resources			
20+ Consider pursuing with full resources			

Table 3. Prioritizing your opportunities (Adamson et.al 2012).

The scorecard presented in table 3. is suggested to be used as an informative conversation starter, not inviolable checklist.

3.4 Customer Needs Analysis

Once a firm has performed the target customer selection and understands who its targeted customers are, it can move to the next phase, to identify the objectives and measures for the value proposition it intends to offer (Kaplan et.al. Strategy Maps 2004).

Focusing on customer needs before value propositions is seen as very powerful, as this way it is known in the design phase whether the value proposition resonates to the customer or not (Osterwalder et. al 2014).

Cranney (2014) discusses the Business Value Framework (BVF) which connects the customer's strategic drivers and business objectives to their needs and can then easily be linked to value propositions. This is presented to be the easiest way to help the potential customer understand that they should make a change. A similar approach has been widely used in business markets to present a structured process between business objectives and value proposition.



Figure 7. Example of value framework

Osterwalder's et.al (2014) CVP Canvas approaches customer needs through the customer's jobs, pains and gains. This can be seen as a three-layer feasibility study, as each area should be studied on a functional, emotional and social layer.

Customer jobs are the tasks customers are trying to get done. These can be functional such as when the customer is completing a specific task, for example devising a financial

report; or they can be social jobs such as when the customer wants to look good or get attention, for example approval from a supervisor; or they can be emotional jobs, such as feeling good or secure at work. (Osterwalder et.al. 2014)

Customer pains are things which annoy the customer when performing their tasks. They can also be risks with potential bad outcomes when working. The pain can be for example a solution that gives a false result or it can be a bad feeling related to performing some task.

Customer gains describe the outcomes the customer is expecting. The gains can be required, such as a specific function achieved with a solution, or they can be expected, for example user-friendly design in a user-interface. The gain can also be a desired one where it usually goes beyond what the customer would dare to ask, for example the integration of all their data sources. (Osterwalder et.al. 2014)

3.5 Defining Information Products

Information Product is a term that is widely used in the world of GIS and Business Intelligence. It is used to generally describe the embodiment of information used in business. Roger Tomlinson (2013) has described information products in his book as follows:

“The key undertaking of managers - and those who plan on their behalf - is to understand their business and identify what would benefit that business. From GIS, the fundamental benefit comes in the form of what we call information products.

An information product is data transformed into information particularly useful to you - for example, economic data analyzed in relation to a specific location - and delivered to you via computer, often in the visual form of a map. If it's something that helps you to do your work better, faster, more efficiently, then it's an information product. (Tomlinson 2013)

The original process introduced by Roger Tomlinson in the early 2000's relies on the notion that GIS is a horizontal technology that has a wide range of applications across the industrial and intellectual landscape. The first thing is to define which context is referred to and what the technology is used for. This is needed to perform a very detailed

definition, since a simple definition is often not sufficient enough to reveal the needs (Tomlinson 2013).

Figure 8. below presents a holistic model of a GIS system and the function which turns the data to information that is useful to a dedicated person. Through this, it can be understood how the different components of the system are linked to each other and finally produce the designated output (Tomlinson 2013).

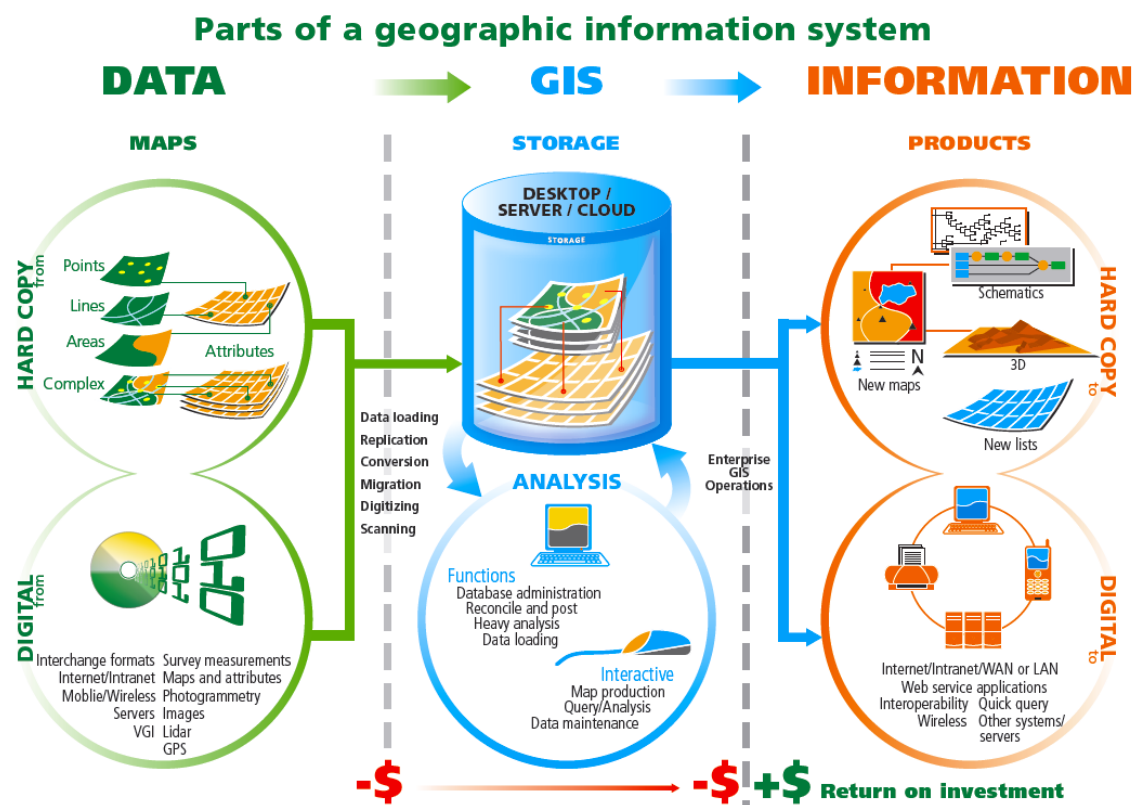


Figure 8. Parts of a GIS system

An important part of the delivery of the information systems is the technology used. As discussed in chapter 1.3.4, the technological platform that the case company is using to produce its solution covers the different areas to serve a modern enterprise's needs.

The benefits are an essential part of information products. Information products identified should always clearly benefit the organization's business. The benefits of GIS information products are usually expressed in two ways: how it will make one or more successful outcomes in the management accountability framework and what the fiscal benefits the information product will generate are. (Tomlinson 2013)

Tomlinson (2013) suggests to use the following steps when identifying the actual benefits of information products. The first step is to identify the line-item budgets that will be affected by this new information. This is followed by identifying the actual change in operation procedures in the subline-item budget that will result from the improved information. If possible, the resulting increased effectiveness of the new information should be estimated.

3.6 Benefits Message

The benefits gained are meaningless unless they are communicated to the audience. The communication is done by creating benefits messages and value-based message that consist of important, interesting and valued elements from the customer's perspective. (Barnes et.al. 2009)

Before creating the messages, their purpose, direction and objective are defined. This requires an understanding of the business and the underlying needs. The objective can be for example clarifying the offerings, increasing awareness or introducing a set of new services. (Barnes et.al. 2009)

Anderson et. al (2006) discuss the importance of communicating the concrete value by showing the amount of savings in dollars as a part of the value proposition. This is arguably the most efficient way to deliver the message to the target audience, but often the actual savings are very hard to calculate. (Tomlinson 2013).

Roger Tomlinson (2013) suggests that the benefits should be assigned to the following categories:

- Savings
 - o Savings in money currently budgeted
- Benefits to the organization
 - o improvement in operational efficiency
 - o reduction of liability
 - o effectiveness of planned expenditure
- Future and external benefits

Figure 9. shows an example of the information products' benefits message. The message includes all of the three categories and is approved by the head of department.

<p>Title: Sewer backup information product Required by: Engineering department Name: Gary</p> <p>Savings Current data compilation is time-consuming—100+ person hours for each flooding (fifty per year). This time could be reduced by 90 percent. Staff time savings of 80 percent per year on current workload.</p> <p style="text-align: right;">Benefit—\$120,000/year</p> <p>Benefit to organization Timing of product output will be improved significantly. Information provided on basement floodings just after the storm occurs. Solutions may be applied in time to verify the correction during the rainy season.</p> <p>The improved timing will make it possible to coordinate repairs with maintenance contracts currently under way, which would save considerable sums.</p> <p>Reduced liability. There is currently a backlog of ten court cases awaiting trial. The number of court cases increases as time goes on. Staff spends considerable time collecting data for court cases. Legal costs would be reduced.</p> <p style="text-align: right;">Benefit—\$60,000/year</p> <p>Future and external benefits By resolving basement-flooding problems, the environment is improved. To relieve basement floodings, sanitary sewers are pumped into the storm sewers, and there is an increase in pollution levels in freshwater streams and lakes. Sewage treatment costs would be reduced.</p> <p style="text-align: right;">Benefit—\$12,000/year</p> <p style="text-align: right;">Gary Jones <u><i>Gary Jones</i></u></p> <p style="text-align: right;">Department head <u><i>[Signature]</i></u></p>

Figure 9. Example of Information Product Benefits Message (Tomlinson 2013)

It is noted that often these benefits are not immediate and cannot be measured instantly. The time taken to realize the benefits depends on the nature of the benefit. Benefits should be reviewed at regular, pre-established intervals and coordinated with other budget reporting timelines. (Tomlinson 2013)

3.7 Conceptual Framework

The conceptual framework of this study is created based on the results of a wide range of research completed within the past few years, added with the leading GIS market specific knowledge of Customer Value Propositions. It consists of a five-step process which forms a holistic framework and creates a unique Customer Value Proposition for the case company.

The first step creates the foundation for the framework. Here, the target customer is selected from the case company's focus industries. The selection process is carried out using the case company's Account Designation fit criteria, which include profitability, the customer's external and internal pressures to change, their receptivity to new or disruptive ideas and the openness and willingness to share their ideas (Adamson et. al. 2012 "End of Solution Selling", Simons 2014)

The second step is to understand the target customer's business and analyze its needs in detail. This step starts by investigating what the most important jobs and processes in the customer's business are and the pains they are struggling with. In addition, the decisions that have to be made to make the change in business behavior to reach business goals are studied, as well as who makes these decisions and acts based on them. (Osterwalder et.al 2012, Barnes et. al. 2009, Tomlinson 2013).

The third step is to start defining the value propositions. This step uses the information gathered in the previous step to define which information products are needed to get the customer jobs done and pains relieved. By using the Value Framework, the organizational goals are linked to business requirements and finally to information products. Based on the information products, the corresponding measurable benefits are identified. (Tomlinson 2013, Cranney 2014, Porter M. 1996)

The fifth step is where the benefits of the value proposition are gathered and turned into a benefits message that communicates the value to the target audience. Mr. Tomlinson (2013) found out that in the world of GIS the most significant benefits come from the improvements in operational efficiency and in workflow, in reduction in liability and in the effectiveness of planned expenditure (less costs, better results).

Barnes et.al (2009) discuss the importance of value propositions to stand for truth and reality and not be assumptions or ideas that cannot be proven. The key is to extract qualitative and quantitative benefits from the augmented and potential rings, and map them for further refinement.



Figure 10. The conceptual framework of the study

Once all the steps have been successfully completed, the Customer Value Proposition is ready to be presented to the target audience – the customers.

4 Analysis of the Case Company's CVP's and Current Customer Potential (Current State Analysis)

This section describes the case company's current Customer Value Proposition, how it has been formed and analyses its strengths and weaknesses. The section contains three parts and in the first part, the background of the case company's use of Customer Value Proposition is described. In the second part, the current Customer Value Proposition is described and finally in the last part the strengths and weaknesses of the current CVP are analysed.

The data for the current state analysis was collected in three different interview rounds. The interviewees were selected based on their knowledge, experience and position in the company. It was identified that it is important to have the perspective of top management for the study to strengthen its validity.

4.1 Case Company Background

The case company is operating in multiple different industries covering a total of 30 different industries from *Natural Resources* to *Transportation* and from *Banking and Finance* to *Retail*. The high number of different resources has set high challenges for the case company's sales operations to identify customer needs and demonstrate business value for the customers.

Another important fact is that the case company's resources for sales and marketing are limited and hence it is crucial that the materials produced can be used in multiple situations within different customer groups. In order to be able to apply the CVP to the numerous customer industries described, it has to be rather universal to be easily transformed for different customer groups. Furthermore, it is then possible to address the customer's needs more precisely.

4.2 Description of Current Customer Value Proposition

The first interview round concentrated on identifying the case company's current Customer Value Proposition. As presented in appendix 1, all interviewees were very unanimous about the status and main contents of the current CVP. Some differences were detected between the interviewees regarding the other CVP's the case company currently has.

Based on the interviews, the details of the current CVP were described. Also, the way the interviewees see the current CVP as delivering benefits to its target audience (e.g. how good it is) were analysed.

Currently, the identified CVP totally relies on what the parent company provides and is based on technology only. The interviewees also agreed that one of the biggest challenges at the moment is the case company's inability to identify customer needs.

The case company's current Customer Value Proposition originates from the parent company's resources from the mid 2000's, when they first started to use the concept of *four common patterns of business behaviour in enterprise organizations*. (parent company 2015) The concept is based on the notion that every enterprise organization, despite their industry, has the same patterns in their business behaviour.

At first this consisted of a total of four patterns, which were *asset data management*, *planning and analysis*, *field mobility* and *operational awareness*, describing the areas where the parent company's technology is able to benefit the customer throughout the whole organization. In 2012 the fifth pattern, *Constituent engagement* was added to the concept and finally in 2015, the latest pattern – *Location Enablement*. Figure 11. below illustrates the concept, which is then described in detail below.



Figure 11. The six patterns of common business behavior in enterprise organizations

Location Enablement

The first pattern – *Location Enablement* was included as part of the concept just recently, during the preparation of this study. Location Enablement is the outcome of so-called consumerization, which refers to the way different tools and practices are acquired in private life and then later on adapted to the working environment. In this context, it explains how people have learnt to use location-based tools as part of their everyday life and are now looking for similar workflows in their work.

This pattern is stated to be the most important one for the customer organization to be successful. It originates from the current trend of collaborating and sharing information, and brings up the notion that by being able to share location-based information and the

tools to produce it for every employee, the organization can act more efficiently, make better decisions and eventually save money.

Asset Data Management

Efficient *Data Management* is often seen as the base for a successful organization. The right tools and methods in data management ensure that the organization has reliable, up-to-date data that can be used widely in the organization and for several purposes. Data management also provides tools for sharing the data to users inside the organization as well as to the stakeholders in partner organizations.

It is said that more than 80% of the parent company's data contains location components. With efficient data management, these tools allow the organization to integrate information from a variety of sources, combine it and use it to increase e.g. business productivity and assist with security systems and administrative tasks. All this can be achieved with a single platform. (parent company 2012)

Planning and Analysis

The Planning and Analysis is the pattern that provides the tools and practices for organizations to change their raw data to actionable information. Planning and Analysis can be seen as critical for organizations as they plan their actions, for example how they manage their resources, or when they analyse the weaknesses or vulnerability of the organization or its assets. By analysing these elements, the organization can then produce plans on how to act accordingly and manage their resources most efficiently. Planning and analysing is often seen as the most beneficial part of a location platform. (parent company 2012)

Field Mobility

The importance of mobile capabilities has risen to be a mandatory part of an enterprise organizations' use of information. These applications connect the field workers to the office and the authoritative information based on data management with plans and analyses. With the applications, field workers can have access to the same information and symbology as users at the office. Field workers can also collect their observations which

are then simultaneously synced to the office and other users at the field. (parent company 2012)

Operational Awareness

Operational Awareness refers to the comprehensive understanding of the activities that affect an organization. It is configured based on the user's needs, whether it is the executive level looking for information on what the organization's capital budget is spent on, or the work manager needing to track how the departments assignments are taken care of or the knowledge of what the employees are currently working at.

Applying operational awareness supports collaboration and communication at the enterprise level. Reaching real-time status of each task and activity in the organization improves decision-making by providing each executive with the current operational status. (parent company 2012)

Constituent Engagement

For some time, governments have had growing needs to engage citizens better, deliver transparency in their acts and enhance policymaking. *Constituent Engagement* provides the tools and channels for constituents to get their voice heard. It combines the organizational data to real-time information and social media channels and by this, it provides the views and trends citizen have for decision makers. (parent company 2012)

Constituent engagement is also used by companies who have needs to interact with their customers and stakeholders. Different channels for collecting feedback or valuable information regarding the status of company assets are used widely.

Architecture

One important value that is presented to customers is that all of the above-stated can be delivered either as a cloud-based solution (as a SAAS - Software as a service) or on-premises so that everything is installed to the environment that the customer points out.

This is a very important element as currently a large number of organizations are looking for savings from cloud-based services but at the same time, it is highly important to be able to store their critical business data to a secure environment – to a private network.

4.3 Strengths and Weaknesses of the Current CVP

The strengths and weaknesses of the current CVP were gathered during the first data capturing in the interview session. The data from the interviews can be found in appendix 1.

4.3.1 Strengths

The current CVP has undoubtedly numerous strengths. The so-called “5 pattern CVP” integrates the different parts of what have been identified as the usage areas of location technology today. It can simultaneously show that the technology platform delivers all the needed capabilities for an enterprise organization’s needs while presenting a modulated system that applies for smaller audiences’ needs as well.

The 5 pattern CVP also clearly differentiates the case company’s offering from those of competitors being the only comprehensive technology platform available offering these functionalities out-of-the-shelf.

It also allows for the possibility to point out the clear benefits from each area connected to the customer’s business needs. Despite the customer’s industry, the needs are common across the verticals and only slight modifications to the benefits’ story is needed.

4.3.2 Weaknesses

The identified weaknesses of the current CVP were related to its universality and lack of measurability. As the CVP core message is the way it which it covers the different user patterns in an enterprise organisation, it hardly resonates any particular business line without deeper explanation.

It also does not clearly point out the benefits of any particular business issue on any customer vertical or group, and does not itself present any business value that could be measured based on monetary value.

- **Strengths**

- The current CVP delivers the Case Company's platform message
- The CVP addresses Case Company's unique solution portfolio that differentiates from that of competitors
- Works in any vertical/industry
- Covers the needs of the whole organization
- Gives the ability to dive more deeper when needed

- **Weaknesses**

- Universal; doesn't concentrate on any vertical/industry
- Doesn't focus on customer needs or business issue
- Is presented on a high level and doesn't address any business problems
- Cannot be measured monetarily
- Doesn't include any focused solutions
- Requires a lot of work before can be delivered to the customer

Figure 12. Strength and weaknesses of the current CVP

4.4 Analysis and Selection of the Target Customer

The case company's business covers horizontally multiple different verticals i.e. industries, a total of 42. Within those industries, five industries have been identified where the company currently focuses its marketing and sales activities. Future growth is seen as coming from these industries. In addition, the company has a number of valuable customers in other industries that are seen as a cornerstone for its operations showing financial, learning or strategic value.

The selected five industries are local government, retail, real estate, forestry and manufacturing. These industries can be seen to include emerging customers that represent new opportunities. Alternatively, they are industries where the case company has gained some ground and offer opportunities for very significant growth. These customers are called a "Major Growth" group, as it is seen that potential demand and an opportunity for significant growth exists there.

The research was carried out by selecting and prioritising customers from these groups based on opportunity and fit criteria. A set of questions was created in order to understand the true potential of each group and the data for the selection was gathered from interviews with case company Industry team members.

- How many existing customers are there in the specific industry?
- Are the organizations financially healthy?
- Are there existing opportunities in the industry?
- Does an industry offering exist?
- Is senior management open or interested in change?

	Local Gov.	Retail	Real Estate	Forestry	Manufacturing
Nr. of existing customers	35	4	15	2	1
Nr. of financially healthy organizations in the industry	40	100	150	50	200
Nr. of existing opportunities	20	5	25	3	5
Industry offering	Yes	No	Yes	No	No
Nr. of organizations having receptivity to change	5	4	25	5	40

Table 4. Industry selection criteria

By using the selection criteria presented in table 4., the group having the potential for demand and opportunities for fast growth was identified. Based on the analysis, this research is focused on the real estate industry.

The next phase is to prioritize the industry players, the companies within construction and real estate business in Finland. In the research, each of the industry companies was evaluated and ranked based on their future potential and some good judgment. At the top of the list are those accounts that could be star performers in the future and which may exhibit very strong growth. The prioritizing criteria was based on company revenue, number of employees, financial health and whether the company's business meets the

case company's industry offering. This phase was realised in the industry team's workshop where the industry team leader together with the industry expert carried out the prioritization of the list of companies.

Rank	Company name	Nr. of employees	Revenue k€	Meets industry offering?
1		3121	1143696	Yes
2		1726	728717	Yes
3		1814	708272	Yes
4		560	612975	Yes
5		1392	584013	Yes
6		1497	545572	Yes
7		2711	329329	Yes
8		756	315264	Yes
9		550	268013	Yes
10		1592	265469	Yes
11		567	246815	Yes
12		1250	246275	Yes
13		1191	169709	Yes
14		612	168842	Yes

Table 5. Real estate & construction industry prioritization

As table 5 shows, there are only 14 companies in the industry that meet the definition criteria. Within this prioritization, the largest company in the industry that meets the industry offering was selected to be the focus customer for this research.

4.5 Summary

The analysis of the case company's current Customer Value Proposition was based on the planned approach that constitutes a process that is presented in figure 13 below. The purpose of the five step process was to produce input for the research phase of this study, the design of an Effective Customer Value Proposition. With the needed input the strengths and weaknesses of the current CVP would be investigated and the target customer provided for the research.

The first phase of the process was to collect data from company stakeholders regarding the current CVP, its building blocks and the benefits it is seen to deliver to the target audience. During this phase, the current CVP with its benefits was identified based on

interviews. The three responses gathered from senior employees of the case company produced a comprehensive view of the current situation.

The second phase was to formulate and document the current CVP based on the gathered information. In this phase, another round of interviews was conducted where the current CVP was discussed in detail. As the purpose of this phase was to investigate the current CVP in a very detailed manner, only two interviews were carried out. The results of this phase were somewhat surprising, as the views from each interviewee on the current Customer Value Proposition were very similar.

The third phase of the process was performed to identify the strengths and weaknesses of the current CVP. This phase used the data collected in the second-round interviews. The results of this phase indicated that even though the current CVP is not sufficient alone to serve the case company in delivering its benefits message to the target audience, it includes such essential information of its offering that it can be used as a part of creating the effective Customer Value Propositions for the case company.

The fourth phase of the Current State Analysis can be seen as a critical part of the research. The core idea of this phase was to analyse the case company's customer base to identify the target customer for the research. The target customer does not mean automatically the most productive customer for the case company in monetary measures, but represents a large number of potential customers where significant growth exists through selling productized, repeatable solutions. Through this type of a target customer, it can be seen that an effective CVP process would produce the greatest value for the company. In addition to the company's existing customers, future growth comes from untapped commercial markets. In order to perform successfully and to be able to succeed in competition, all operations from marketing to sales, delivery and after sales have to perform efficiently and cost effectively. Focusing on the right customers - where the case company can via targeted marketing reach a group of customers sharing similar needs - it can perform its sales effectively with shorter sales cycles and greater income.

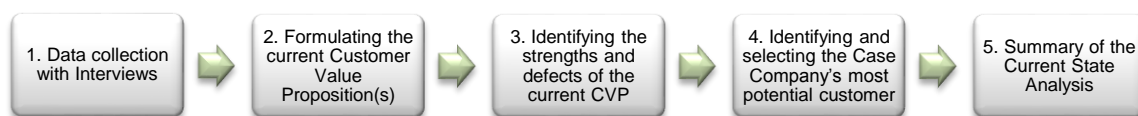


Figure 13. The Current State Analysis Process

The output from the current state analysis is used for creating the needed input for the CVP process.

1. Organizational basics	Yes	No	Comment
a. Does the customer have significant current or potential spending?	x		Current spending is low, but potentially huge.
b. Is the customer financially healthy?	x		
2. Operating environment	Yes	No	Comment
a. Does the customer face external pressures to change, such as new industry regulations or loss of market position?	x		The target customer has said that smaller companies in construction and infrastructure maintenance industry are threatening their market position and they need to find new solutions to support their business.
b. Are there internal pressures to change, such as new management or a rethinking of strategic direction?	x		A new CEO was appointed to target customer recently. Other C-level has also changed.
3. View of the status quo	Yes	No	Comment
a. Is there organization-wide discontent with the status quo?	x		Customer has told that they need to work to renew their processes.
b. Does the current supplier fall short of expectations?	x		Tietomekka Oy offers tailored solutions and does not provide access to data for the customer.
c. Is the customer unhappy with existing workarounds?	x		The Customer has told that they are unhappy to work with Tietomekka.
4. Receptivity to new or disruptive ideas	Yes	No	Comment
a. Do internal stakeholders frequently share best practices?	x		Target customer states in their vision that they want to be the trendsetter in their industry.
b. Do they attend conferences and other learning events?	x		Yes they do.
c. Do leaders look to the broader organization for ideas?	x		Yes they do.
5. Potential for emerging needs	Yes	No	Comment

a. Do stakeholders engage in constructive dialogue when their assumptions are challenged?	x		Yes, very much so.
b. Do they seek to continue conversations about industry benchmarks and trends?	x		Yes, very much so.
c. Is there at least one confirmed “Mobilizer” in the company?	x		Multiple known.
	Total	29	

Table 6. Opportunity Scorecard for target customer

The results of this section create the foundation for the study and the design process of an effective CVP model. In order to validate the current state analysis results, the industry team conducted a validation workshop that set up criteria to analyse whether the results of the analysis can be applied to further phases of the study. The validation was based on the opportunity scorecard that is presented in section 3.3 above. The team used the scorecard to validate whether the customer truly passed the test and could be used as a target customer for this study. The team discussed each question individually and used its knowledge and information from the internet to confirm whether the item applies to the target customer. The scorecard is presented above in table 6 and the analysis data collected during the workshop is presented in appendix 2.

Based on the analysis made with the scorecard, the selected target customer has the desired potential and can be used in further phases of the study.

5 Building the Customer Value Propositions for the Case Company’s Selected Customer

5.1 Initial CVP

This section presents the building of the initial customer value proposition for the selected customer. The findings from Current State Analysis are used as a base for building the initial CVP. The building process is based on the conceptual framework presented in chapter 3.6. Each process step is explained in detail and the results of each phase presented. The section is finalized with a summary of the initial customer value proposition.

5.1.1 Customer Need Analysis

The target customer for the study was chosen in the previous chapter, which analysed the potential of different industries and finally identified the case company's most potential customer. The target customer is now further analysed to find out the different needs the customer's business has. In order to understand where the potential value creation area is, we need to find answers for the following questions:

- How is the target customer's business structured and what operations do they have?

As table 7. below shows, the target customer's business is divided in three different divisions of which Housing Finland and CEE produces the greatest revenue: 778 Million EUR and the best operating profit: 7,2%. Based on the rule that largest business segments get the greatest attention, our study is focused on Housing Finland and CEE.

	Housing Finland and CEE	Housing Russia	Business Premises and Infrastructure
Revenue MEUR	778	266	607
Profit %	7.2	4.1	3.6

Table 7. Target customer's financial figures per business division

To further understand the business needs of the target customer, the way their company is managed and operated need to be examined. The target customer Housing Finland and CEE's division is divided into six different business lines that operate under senior management. The business lines are:

- Development
- Marketing
- Sales
- Investments
- Construction
- Maintenance

Each of the six business lines has their tasks and duties that the business line exists and operates for. Each business line then operates according to the company strategy and targets. To understand the underlying needs of the case company's solutions and services, the study identified the most important jobs, pains and gains of the target customer's business lines. The data was collected in a group interview within the case company's sales team. The workshop was internal, as it was considered that the sales team has all the needed business understanding of the target customer company's structure and needs. The results of the workshop are presented in table 8. below.

	Jobs	Pains	Gains
Development	Find the areas for space	Information is hard to reach	Area specific Information is easy to reach
	Choose the right product for the area	Analyzing the right spots is laborious and costly	Price detail for specific area exists
	Create new offerings	Developing right offerings requires deep understanding of customers	Planning details are stored within the same system
Marketing	Find the right target audience	Hard to find the right people	Customer segmentation information exists in detail
	Deliver the right message	Requires understanding of the behavior of customers	Easy way to present offering to target audience
			Right target audience identified for each offering
Sales	Determine the right price level	Price level determination requires information from multiple sources	Determine the correct price more effectively and reliably
	Choose the right product for the customer	Data gathering process is laborious and costly	Improve the utilization rate by following the measures regionally
	Find new customers	Marketing does not produce proper leads	Offer interested customers the proper product based on services, demographics and other attributes of the area
	Upsell to existing customers	Difficult to attract existing customers with the right offering	Don't lose customers to competition
Investments	Find the right investments	Comparison of different targets requires time and effort	Choose your investment targets based on regional information available
	Manage product portfolio efficiently	Product portfolio information is hard to present to stakeholders	Manage your portfolio effectively and inform stakeholders

			Improve the use of valuable time to optimize the visits
			Streamline information sharing by collecting necessary information from the field
Construction	Manage the construction	The construction information is stored in multiple systems	Be able to effectively follow and manage construction phases Get real-time financial information from the construction sites to follow the budget
	Manage construction logistics	The logistics are inefficient. The costs of logistics are too high	Manage and plan construction site logistics effectively
	Plan construction phases	Construction phases are managed manually	Guide the construction work in real-time
			Be able to follow the assets and costs of construction
Maintenance	Plan and manage maintenance duties	Maintenance planning is done manually and is inefficient	Comprehend the overall picture of the status of maintained sites
	Optimize the maintenance work	Maintenance work is managed manually and inefficiently	Plan and optimize resources, competences and assignments effectively
	Serve the customers well	Reacting fast enough to customer requests is challenging	Monitor and lead assignment progress in real time
	Increase customer satisfaction	Not enough resources to increase customer satisfaction	Perform maintenance work more efficiently
Management	Make decisions that are in line with company strategy	Lack of necessary information to make the right decision	Be able to follow the status of business in real time
	Identify the business KPI's and follow them	Lack of necessary systems to follow KPI's	Be able to access the needed information easily
	Grow business profitably	Lack of necessary information to grow	React quickly to changes that affect your business

Table 8. The Jobs, pains and gains of the target customer's business lines

The workshop organized in this phase turned out to be a very effective way to gather the underlying needs for location-based solutions and it can be seen as a workflow to be used as part of customer work in the case company. With this type of an approach, it is possible to gather the customer's executives, managers and experts into the same room

to share their needs and pains openly and through this be able to effectively propose the right solutions for them later.

5.1.2 Defining the Information Products

As the business understanding has been reached through the gathering of jobs, pains and gains, the next phase is to start defining the information products that help the customer get their job done more efficiently, relieve their pains and support them in reaching their gains.

The information products discussed in chapter 3.5 could be defined using only the results from the previous chapter where the target customer's jobs, pains and gains were identified. But in order to reach the top management's attention, this study uses the Business Value Framework which was introduced in chapter 3.4. The BVF (or BVA as Business Value Assessment) is used to define the solution that fosters an organization's strategic goals – those that drive all the operations in the organization. When the solutions, or as in this study, the information products can be linked to the organizational goals through their business targets, the value can be easily communicated to all levels in the organization, from the top management to experts.

In this phase of the study, another workshop was conducted with the industry team, this time in order to carry out the work needed to create a Business Value Framework for the target customer's selected business line. Due to its rather heavy and very detailed nature, the workshop was realized with a smaller team consisting of only the industry experts. The first version of the BVF was made using MS Excel, but as the manner of presenting the results was not considered satisfactory, an MS Powerpoint template was created to present the results. The Excel spreadsheet version is presented as appendix 3.

Figure 14. below presents the Business Value Framework for the target customer's housing business and its strategic target to make the business profitable. The BVF's focus is on the rental apartment business' property development department. The business goal reported by the customer is to increase their investment value with 10 Million EUR during 2016. In the workshop, four different operational needs were identified in which action needs to be taken in order to reach the target. By using the data gathered in the previous

chapter, the team was able to define a set of information products that was considered to create value for the business.

Each information product identified requires both generic GIS data and the organization's own business data, as well as the use of analytical tools to transform the data into actionable information that can be shared throughout the organization with those who it concerns.

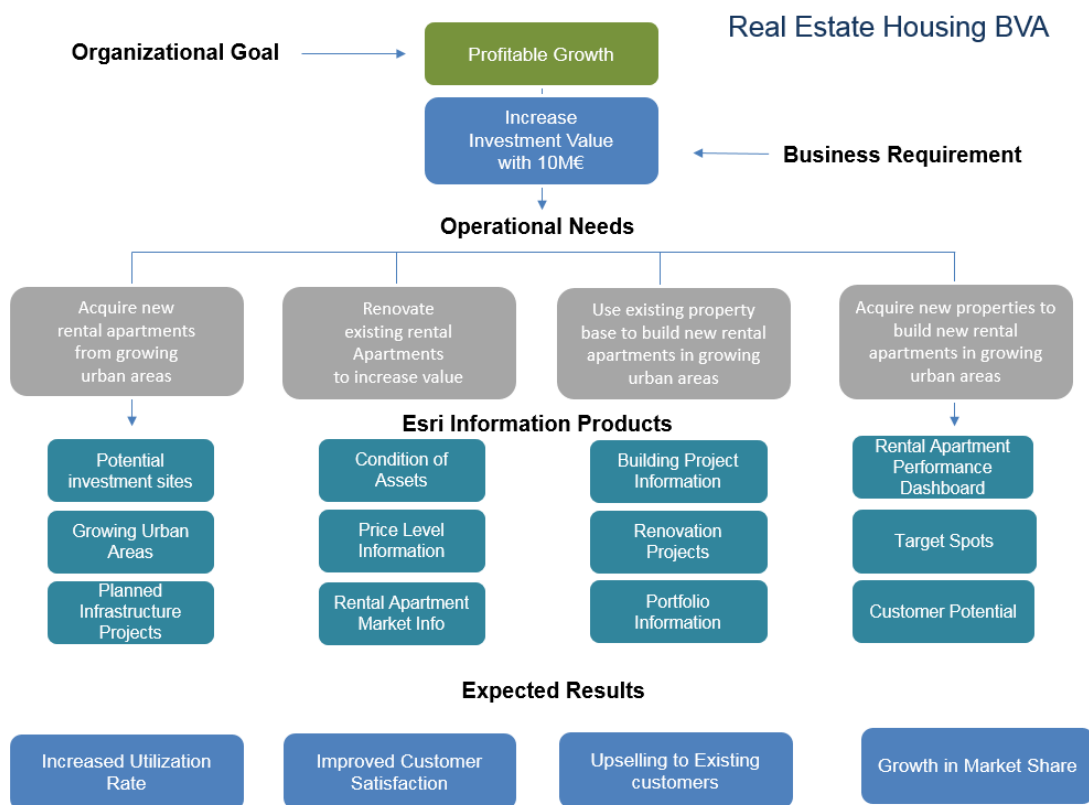


Figure 14. Real estate property development Business Value Framework

The real benefits of an information product are either qualitative, such as being able to complete a work process faster or quantitative, such as a monetary benefit. Each information product should then be tested by asking the question: what benefit does the product produce and to whom?

Table 9. below presents the information product based on the BVF results. The information product is called "Property development information product" and it contains the asset information of the housing business' rental apartments.

Information Product	Content	User of the Information Product	Value to the Business
Property Development Information Product	<ul style="list-style-type: none"> - Existing property with the related asset information - Real estate boundaries - Service areas - Analyzed renovation needs - Proximity areas - Demographic data with customer potential hotspot areas 	<ul style="list-style-type: none"> - Property Development Director - Property Development Manager - Investment Manager - Real Estate Analyst 	Helps decision-making when the exact information of which assets are profitable is known as well as where to target investments
			Exact information to make investment analysis
			Different data sources combined - no need to gather information
			Developing new housing offerings is easier based on exact customer information

Table 9. The property development information product's users and benefits

The asset information includes information such as the age of the property, performed and planned renovations, equipment, resident profiles, rent prices and utilization information. This information is then combined with the online data served by the solution: maps, satellite imagery, road and traffic information and demographic data. Through the analytics, this data is transformed to actionable information such as customer potential, investment targets and renovation needs.

5.1.3 Benefits Message

The next phase after defining the information products is to develop the benefits message that communicates the value to its target audience. The selected objective of the benefits message in this study is to clarify the market offering to the target audience. The market offering is a solution that consists of a comprehensive set of tools to be used in the real estate and construction businesses. These tools are built on top of the case company's technological platform and served to employees in different roles with the most suitable interface.

As part of this study, the industry team created a set of benefits messages which aim to resonate with both the decision-makers at executive level and the managers running the business operations. Each benefits message line was built using the results from the previous chapters. Table 10. below present the benefits messages that were created for the target customer's housing division's property development department.

Category	Benefits message	Value to the business
Savings	The Solution offers improved planning scheme information	Having all the essential information combined in the same solution means that analysts can perform their daily operation 10% more efficiently. This multiplied by 40 planners and analysts equals 150 000€ annually. Part of the workflow can be automated which would increase the number up to 25%.
Savings	The Solution improves customer service	Customer service request response time is reduced by 30%. The reduced response time produces great savings as 20% less field workers are needed to carry out the assignments. Savings 350 000€ annually.
Benefits to the organization	The Solution improves customer service	The reduced response time produces increase in customer satisfaction.
Benefits to the organization	The Solution improves decision-making in the real estate business	Having the essential information regarding the status of all of the organization's assets and the analyzed information of all investment targets reduces the needed time for decisions up to 400%, from two weeks to one day.
Future and external benefits	The improved information handling process increases operational efficiency	More accurate price offer calculation in large tenders. Improved chances of success.

Table 10. The benefits messages of the solution

Since the study had already produced very comprehensive background information for the messages, the process for creating the benefits messages presented in the above table was seen as straightforward and simple. The messages were created using the results from chapter 5.1.1 and 5.1.2 by analyzing the property development department's jobs, pains and gains, combined with the information process' benefits and business process' information from the industry team members. Using its business expertise, the team created benefits messages that communicate monetary savings, the benefits to the organization via the improvement in the efficiency of operations and future benefits.

5.1.4 Documented Customer Value Proposition

Before the Customer Value Propositions are communicated to the target audience, they need to be documented and saved for possible later use. By documenting all the value propositions in the same format and in the same storage, it can be ensured that the value

propositions can be leveraged later on as well. The case company uses MS Sharepoint as their document directory for finalized documents. MS Sharepoint was thus selected as the storage for the documented value propositions.

The documented value proposition consists of two components: firstly, the information product fact sheet that describes the users, user interfaces and content of the information product and secondly, the benefits of the information product. This type of documentation was selected as the most informative way to document the information product value propositions in order for them to be used in the future in other situations as well.

Tables 11. and 12. below present the documented value proposition that is ready to be communicated to its target audience. The first page communicates the content, users and user interfaces of the solution.

Industry:	Real Estate and Construction
Title:	Property Development Information Product
Required by:	Property Development Department
Name:	N.N
Organizational Content	Online Content and Service
Asset Information	Basemaps
Real Estate Boundaries	Satellite Imagery
Service Areas	Municipality Boundaries
	Postal Areas
	Building Information
	Demographic Data
	Road Network
	Real-time Traffic
	Weather Information
	Conservation Areas
	Spatial Planning Information
User Roles	User Interfaces
Real Estate Analysts	Desktop
Investment Managers	Web/Mobile
Property Development Manager	Web/Mobile
Property Development Director	Executive Dashboard/IBM Cognos
External Users	Web/Mobile

Table 11. Documented value proposition – information product fact sheet

The second page gathers together the identified benefits of the selected information product.

Industry:	Real Estate & Construction
Title:	Property Development Information Product
Required by:	Property Development Department
Name:	N.N
User Interfaces	
Real Estate Analysts	Desktop
Investment Managers	Web/Mobile
Property Development Manager	Web/Mobile
Property Development Director	Executive Dashboard/IBM Cognos
External Users	Web/Mobile
Savings	
The Solution offers improved planning scheme information	Having all the essential information combined in the same solution means that analysts can perform their daily operation 10% more efficiently. This multiplied by 40 planners and analysts equals 150 000€ annually. Part of the workflow can be automated which would increase the number up to 25%. Property development service request response time is reduced by 30% The reduced response time produces great savings as 20% less field workers are needed to carry out the assignments. Savings 350 000€ annually.
The Solution improves customer service	
Benefit to organization	
The Solution improves customer service	The reduced response time increases the operational efficiency of the organization as a whole.
The Solution improves decision-making in the real estate business	Having the essential information regarding the status of all of the organization's assets and the analyzed information of all investment targets reduces the needed time for decisions up to 400%, from two weeks to one day.
Future and External Benefits	
The improved information handling process increases the chances of succeeding in future tendering	More accurate price offer calculation in large tenders. Improved chances of success.
Signature	

Table 12. Documented value proposal – benefits of the information product

Having the owner of the information product sign the document is very important. This way, it can be ensured that the person signing it takes responsibility for developing the information product into what the organization really needs. (Tomlinson 2013)

5.2 Summary of the Initial CVP

The initial CVP building process was built following the process presented in chapter 3.7 as the conceptual framework for this study. The input for the process came as a result from the current state analysis that analysed the case company's most potential growth customers in the selected industry. The initial proposal was then built in four different steps which produce the initial CVP. First, the target customer's needs were analysed by selecting the most profitable business division and analysing the most essential jobs, pains and gains of each business line. In the next phase, the information products were produced that foster the target customer's strategic goals and at the same time assist in getting their jobs done, relieves their pains and helps them reach their gains. The information products are seen as the ultimate benefit creators that the GIS system today can bring to its users. In the third phase, the benefits messages that communicate the value of information products to their target audience were created. Only one information product was selected in this phase, as the analysing and calculating of both the monetary and organizational benefits of an information product is a rather heavy process. The fourth and final step was dedicated to documenting the CVP in a form where it can be easily used for different purposes, such as producing sales and marketing material.

The documented CVP's purpose is to work as base information when communicating the value of a proposed solution to the target audience. The documented CVP can then be used for multiple purposes, such as a communicating the value as a part of sales in different phases, as lead capturing, presenting the solution, proposing and negotiating. It is highly important that the CVP is based on concrete benefits that are substantial for the audience and resonate with the business needs of the target audience.

The whole process was performed with internal stakeholders and no external feedback was gathered in this phase. The internal team consisted of industry expertise from the selected industry with customer knowledge of the target customer, so no external help was used at this point. For further validation of the initial CVP, the participation of external stakeholders is seen as mandatory. The process used was particularly created for the

study and it had not been used elsewhere before. This notion sets a high uncertainty over the process and its usability. Therefore, it needs to be piloted in its natural environment – with the customer.

6 Getting Feedback on the Proposed CVP's

6.1 Overview of the Feedback Process

The purpose of the pilot was to gather feedback from external stakeholders regarding the initial CVP and thereby to improve it accordingly. The pilot of the initial CVP was done in close cooperation with the external stakeholders who represent the target customer's property development department. The feedback from the initial CVP was gathered by interviewing two customer representatives.

The results from the first feedback round are presented in table 13. below. The questionnaire produced very valuable feedback that enables the improvement of the initial CVP.

Topic	Question	Answer/Suggestions for improvement
Feedback of the Business Value Framework	Does the organizational goal match your business?	Yes, the organizational goal matches.
	Does the business requirement match your business?	The business requirement is about right. The number is slightly different, but not remarkably.
	Do the operational needs match your business?	Slight correction: Our company only builds new rental apartments, we do not acquire them in any other way. I could also think of quite a few operational needs more.
	Is some needed information missing?	The Value Framework should also include metrics, i.e. how the change or actions are measured. Only then can we be assured that the action is really desired. The concrete benefits should be shown with the Business Value Framework.
Feedback of the proposed Information Products	Do the information products match your needs?	Analyzing them would require expertise from my team, but I would say yes, they do. All the information products are seen useful, but prioritization should exist. Not all are applicable at once.
	What improvements would you suggest?	The information products should be identified together with experts. In this way the commitment is ensured.

		It would help if we had more understanding about what would in general be possible with your solution. It seems that the whole organization could benefit from using the system.
Feedback regarding the benefits message	Do the benefits messages match your business?	The benefits message highly resonates with the business. Especially the monetary values are something that cannot be bypassed. The organizational benefits are also important, but wouldn't justify the investment on its own.
	What improvements would you suggest?	The benefits presented require customer cases or other evidence to be proven right.
		The benefits message lacks examples to concretize the value, a demo or adequate.

Table 13. Feedback for the Initial CVP from the target customer

The questionnaire gathered feedback from three different areas: The Business Value Framework created in the study, the information products created as a result of the Business Value Framework and the benefits messages that were created from the selected information product.

6.2 Conclusions of the Feedback Process

The gathered feedback gave the study its most important message: that the direction of the process was right and the initial CVP was delivering the right message to its target audience. The gathered feedback encourages the team to carry on defining the information products further so the CVP's can be documented accordingly. This is not only considered to create data for sales and marketing work but seems to have a clear connection with increasing sales opportunities.

The feedback for the initial CVP delivered certain clear improvement areas. These were noted when adjusting the final CVP, although not all improvements were done as the external stakeholders suggested. This was mainly because some of them were already taken into consideration when building the initial CVP, but also because as a spearhead and a first of its kind, some of the improvements were not present in this phase. The prioritization of information products is a natural element of the process, as the benefit

messages are created based on prioritization. Therefore, the property development information product was the first to be transformed into a CVP, as the need for it was identified as the most essential.

6.3 Final Version of the CVP

The final version of the CVP was created based on the feedback gathered. This was used to improve the initial CVP accordingly. The final CVP includes three elements, the Business Value Framework, the content of each information product and the benefits message. The feedback received from the external stakeholders did not propose any improvements to the content of the information products or the benefits messages, so no modifications were made to the initial CVP.

Figure 15. below illustrates the final version of the Business Value Framework. The final version includes the added elements of actual business value and the metrics on how to measure the value. With this information, the BVF does not only link the organizational goals to information products but also communicates the value that each area delivers to the business.



Figure 15. Improved Business Value Framework

Appendix 4. presents the documented Customer Value Proposition that can be used as a part of marketing and sales. Also, a customer specific demo is a fixed part of the final CVP. The demo presents the proposed information products in an environment that can be further tested in the customer's operations. Based on this CVP, needed content for marketing and sales can be further created.

When the final version of the CVP is produced, it can be used as a part of the sales process in customer engagement. Appendix 5. shows the sales process progress from meeting the customer until delivery. The CVP is used at every phase of the process. First, the CVP is used in a customer presentation that presents the useful information products as a part of the proposed initial solution. The initial solution is then introduced to the customer with a demonstration that uses the information products defined and actualises the benefits by offering a real-life user experience. In the proposal phase, the CVP is used to indicate the actual value the proposed solution offers. Lastly, the CVP is used during the delivery phase by identifying the customer need further and defining more information products.

6.4 Impact on the Organization's Operations

The study process both used and revealed elements and lessons that can be considered as useful for an organization's operation and can be adapted for use in both the organization's internal and customer work. The study taught a new way of thinking that can be seen as customer-centric instead of product-based thinking. The following section presents the most essential findings that can be adapted to the case company's operations.

6.4.1 CVP Design Concept

The concept created as part of this study can be used in customer work as such. It was tested in a business environment during the project and it has proved its benefits. The CVP process consists of individual steps that can be used separately. For example, the Business Value Framework is a valuable tool on its own but the greatest value is created when it is used as part of the process.

6.4.2 Discovery Workshops

During the study, the benefits of the workshops could be clearly seen. They were kept internal, but based on the feedback gathered for the initial CVP, it can be concluded that the greatest outcome would come from organizing the workshops in the form of Discovery Workshops. These would focus on identifying the useful information products with the customer and their key stakeholders.

These workshops focus on the customer's strategic goals and key initiatives in order to identify how business benefits are produced and matched to the customer's business architecture. The result of the discovery workshop would be a plan to move forward, which includes a prioritized list of information products to be deployed and the project plan for implementation.

6.4.3 Result-driven Activities

Another area of operational lessons is result-driven work which the study taught to the case company. In every phase of the study, the work was conducted in order to reach a specific target and as good a result as possible. Especially the work performed to identify the concrete benefits to business introduced a type of mind-set that can be adapted to the customer's business. This can be seen as a set of activities that is driven by the expected result. In real life, it can form a new base for team work, as the team members working in different roles all have the same result-based target.

6.4.4 Strategic Thinking

The third major impact for the organization as a whole is the comprehensive strategic approach used in the study. Instead of only focusing on features and functions of a solution or software, the study introduced a strategic framework that links the customer's strategic goals to information products through the operational needs. By using this type of an approach, it is possible to speak the customer's language from the first meeting onwards and with that produce value for the customer from the start.

The Business Value Framework the study introduced gained a large interest in the case company. It is predicted to have a major impact on engaging the customer in the future.

6.5 Impacts on the Organization's Results

The study process presented some signs that can be interpreted as having an effect on the case company's results. The actual impacts can be seen in the long run, roughly after a year or two, but already at this phase it is appropriate to estimate their effect.

6.5.1 Growth in Proposal Backlog

Sales cycles are shortened through better customer engagement and the ability to present the value of the proposed solution more efficiently. The salesforce is also able to proceed to the proposal phase faster. In this way it is seen to have a major impact on the case company's proposal backlog. The backlog is the key performance indicator the case company follows. It states the total worth of proposals sent and waiting to be closed.

6.5.2 Improved Customer Satisfaction

In the past, the most common feedback from the case company's customers has been that there is a lack of understanding of their actual needs. This is no surprise as without really understanding customer's strategic targets and business goals, it is very hard to find out what the pains are that they are facing.

Through the improved customer relationship management, the case company is able to increase especially the customer satisfaction of their existing customers. By really focusing on their business needs, the relationship is taken to a completely new level, where it can be described as being a partnership.

6.5.3 Increased Order Intake

The ultimate impact on the case company's business is business growth, more precisely increased order intake. By following the normal business rules, the grown proposal backlog and improved customer satisfaction will eventually result in orders from the customers. By adding in an improved sales process where the salespeople are able to close deals in a shorter time and with a better close rate, the increment is estimated to take place within only six months after the process began to be used.

6.6 Summary

The final CVP can be seen as a start for a deeper customer relationship. One important lesson of this study has been that even though it is possible to communicate benefits for a larger audience, eventually each customer's needs need to be studied individually. In this way, it is possible to create the trusting relationship that is needed for a partnership. It should also be noted that the process for creating effective customer value propositions is rather heavy, so it is important to validate the customer potential precisely, as the CVP's are created only to the customers who have sales potential.

A very important finding was also the potential for the different products that the final CVP created. As the process defines the useful information products for the target customer, the potential to leverage them in different phases of customer engagement is very high. The typical areas of use are value-based marketing (also known as content marketing), lead capturing and validation, sales suspect follow-up, sales opportunity development, customer interaction, sales presentations, sales demonstrations, proposals, negotiations, sales opportunity closing, upselling on assignments and after sales. Basically the CVP covers the whole customer life-cycle with all its phases.

7 Conclusions

This section summarizes the project and discusses the approach and outcome by evaluating and validating the results. The section also gives suggestions for further actions for the case company.

7.1 Short Summary of the Project

The project focused on creating a new and effective way to create Customer Value Propositions (CVP) for the case company's needs. The CVP's are needed to boost sales and marketing activities, but also to find new ways to grow the case company's service business.

In the past, the case company's business has been focused on the geocentric field, on organizations that use maps and geography every day in their operations. In this field, the needs have been rather obvious, so it has been easy to get the customer to understand the benefits of the proposed solutions. However, companies also outside of this group would increasingly benefit from the same solutions and the demand is rising. These people are not geographers and they do not know their needs nor the solutions or benefits. This requires completely new ways of communicating the value to the target audience and new tools for identifying the sales potential for this group of customers.

Based on the challenges faced in new sales, the business problem of this study was identified as the inefficient sales and marketing efforts that do not match the customer needs of different customer groups. Based on this, it was concluded that the objectives of the study were to develop a CVP building concept and ensure that the sales operations are focused on the case company's most potential customers. During the study, a CVP was created for the selected customer which represents their sales potential in new markets.

The study was carried out using the action research method where the research process consisted of six process steps that led the project towards its objective.

The first step defined the business problem and the objective of the study. In the second step, the conceptual framework for crafting the CVPs was created. This step focused on

the customer needs, and by utilizing the relevant literature the conceptual framework was defined as an output of the step. The conceptual framework was further used to build the CVP creation concept and the first CVP proposal.

The third step focused on formulating the current state of the case company's CVP work and customer engagement. During this step multiple interviews were carried out in order to collect the needed data for the analysis. The current state analysis studied the current CVP, its strengths and weaknesses and its use with customers. Finally, the target customer for the study was selected as part of the current state analysis. The selection was based on identified customer potential in the case company's new markets.

The fourth step concentrated on building the first CVP proposal to the selected customer. This was performed by organizing workshops to first identify customer jobs, pains and gains and further to create useful information products that get the customer's jobs done, relieve their pains and help them to achieve their gains. The third workshop created benefits messages for the CVP proposal. With the data gathered in the workshops, the initial CVP proposal was created and documented.

The fifth step's purpose was to gather feedback on the proposed CVP in order to produce an improved one. The feedback was gathered from the target customer's representatives via a group interview. Based on the feedback, in the last phase the final CVP was produced which can be used to streamline the case company's operations and improve their results.

The final CVP consists of three sections: firstly, the Business Value Framework, which links the defined useful information products to the target customer's strategic goals and business objectives, secondly the content and users of the information product and finally the benefits message of the information product. The CVP data is stored to a document library for later use in customer engagement work. During the study, the following benefits for the organization were identified:

- More efficient potential customer identification
- The CVP designing concept ensures customer focus in sales work
- Through deeper customer engagement customer satisfaction will improve

- Marketing department can create content for value-based marketing using the CVP's
- CVPs support the sales process at each step of the process
- CVPs can be used for upselling in existing assignments
- Growth in proposal backlog
- Increased order intake

7.2 Practical Next Step Guidelines for the Case Company

The initial purpose of this study was to create an effective customer value proposition design process that can be used to create CVP's for the case company's customers in different markets. The natural next step is to put the designed concept to use and modify the operations accordingly.

The marketing and pre-sales team is advised to name two new roles to the team. A person responsible for content marketing who creates marketing content with the designed concept to selected markets and a lead manager who is responsible for qualifying the captured leads.

The sales team is advised to put the concept to use as a natural part of its sales process. The CVP concept is owned by the marketing department and the industry experts are responsible for creating the CVPs for their target customers.

The professional services team is responsible for all service deliveries to customers. The team is advised to use the documented CVPs as part of their upselling tendencies during assignments.

The continuous services team is advised to use the documented CVPs as part of their work with the support and maintenance of customer solutions. The CVPs can reveal new areas of use for existing customers.

The following table (table 13) recommends the following actions to be completed immediately in the case company.

Recommendations for further actions	
1.	Create an action plan, including the steps to be taken in each team in order to put the designed CVP concept into use.
2.	Arrange a CVP seminar to introduce the concept to the case company's stakeholders.
3.	Set up metrics for each team to measure the improvement the CVP process creates.
4.	Set up pilots with each industry team (sales team's operated operational teams).

Table 13. Recommended actions for the case company's progress

The benefits for the case company are considered to be so extensive that the created CVP concept is recommended to be put to use immediately. By following the recommended approach, the benefits can be exploited without wasting any time.

7.3 Evaluation

The following sub-sections evaluate whether and how well the outcome is achieved against the targeted outcome. In addition, the reliability and validity are discussed.

7.3.1 Outcome vs Objective

The objective of this study was to establish a CVP building process for the case company and to focus the case company's sales through building a CVP to the case company's most potential customer in new markets utilizing the established concept. The outcome of this study is a process for creating effective CVPs for the case company's new markets. The CVP process was built through multiple phases that included data capturing, validating and analysing. The main stages of the study were building the conceptual framework, performing the current state analysis and building the customer value proposition for the target customer.

The study began with a literature review that gathered the most essential information and best practices from the fields of value creation, customer value propositions and how to communicate the value to target audience. In addition, the focus was in understanding and identifying customer needs. This part of the study produced the conceptual framework which can be considered as the first objective of the study, the building of the CVP concept. The conceptual framework includes the process steps where firstly, the target

customer was selected based on the selection criteria. The next step was to understand the customer needs in detail. The identified needs were then fulfilled with useful information products that produce clear benefits to the target audience. The benefits were identified and transformed into a benefit message that communicates the value. The objective was achieved in creating a CVP concept that can be used in various markets.

The next phase of the study was to analyse the case company's current CVP and customer potential. The current state analysis was the first data capturing phase and it was conducted with multiple interviews. The data from the interviews was used to identify the current CVP, its focus groups and benefits and it was analysed to understand customer potential and furthermore select the target customer for the CVP creation. The objective of this phase was to investigate the need for effective CVPs and identify the target customer of the study. This objective was achieved completely.

The third stage concentrated on building the initial CVP by following the conceptual framework of the study. The objective was to create a first, initial CVP and with that prove the usability of the conceptual framework. The outcome of this phase was a documented initial CVP that was ready to be further processed and used. This matched the objective entirely.

The fourth phase gathered feedback from the external stakeholders, i.e. the customer representatives of the initial CVP. The feedback was gathered in a group interview. The CVP was modified according to the gathered feedback in order to create and document the final CVP. The objective of this phase was to understand how the initial CVP communicates the value to its target audience and understand where it should be improved. The final CVP was then devised accordingly. The objective was achieved as the feedback received was very encouraging and the interviewees were even giving out buying signals during the interview sessions.

It should be noted that the target audience used in the study was very narrow, as only one target customer and their specific business division was selected as the target for the CVP. The narrow sampling can create uncertainty to the results. Still, during the study, it was noted that the CVP concept is so universal that the customer market or environment does not have an impact on the results.

Throughout the study, the objective and outcome were continuously evaluated and compared. As a conclusion it can be said that the objectives set at the beginning of the study were met. It is recommended for the case company to further evaluate the success by defining the right metrics and measuring them.

7.3.2 Reliability and Validity

In the field of research, there have always been certain concerns on whether the study conducted is made according to the right methods and is trustworthy. In qualitative research, the trustworthiness of the research is often questioned by positivists as the addressing of reliability differentiates from that of naturalistic work. However, scholars have been able to conduct methods that comply with these issues and prove the validity and reliability of these kinds of studies (Shenton 2004: 63). Also, the role of the researcher is emphasized especially when producing qualitative research which is dependent on honest and forthright investigations. To achieve this, self-criticism is required, as well as a strive to constantly search for alternative explanations. (Whittemore et.al. 2001)

To ensure the validity and reliability of this study and to make sure it is conducted rigorously, the four criteria of the trustworthiness of qualitative research by Guba (1981) are applied here: credibility, transferability, dependability and confirmability. The aim of this section is to provide assurance of the trustworthiness of this study.

Credibility tests how well the findings meet with real life, which is seen as one of the most important factors in establishing trustworthiness (Shenton, 2004: 64; Lincoln and Guba, 1985). The credibility in qualitative research is equivalent to internal validity of quantitative research (Holloway, 1997, pp. 160). Below, table 14 presents the measures of credibility by Shenton (2004) and how well they are met in this study.

Measures of credibility	Applicability in this research
Adoption of appropriate, well recognized research methods	Action research used as a research method. Data gathered using structured interviews (single and group interviews).
Development of early familiarity with culture of participating organizations	The researcher and the interviewees involved in the building phase were employed by the case company. The initial proposal was tested with the target customer stakeholders. Based on this, it can be assessed that the stakeholders had deep familiarity with the culture of the participating organizations.

Random sampling of individuals serving as informants	Not applied. All the interviewees were carefully selected based on their role and competence within the field of the study.
Triangulation via use of different methods, different types of informants and different sites	Survey and interview data. The interviewees from the case company represented a relatively uniform group.
Tactics to help ensure honesty in informants	During the interviews the comfort of the interviewees was ensured and the questions reformulated and re-asked if any kind of doubt or untruthfulness was suspected.
Iterative questioning in data collection dialogues	The interviewees' eagerness to respond to pre-determined questions was monitored during the interview and iterative questioning was utilized if needed.
Negative case analysis	Not applied.
Frequent debriefing sessions between researcher and superior	Seminars were attended and one-to-one sessions organized with the thesis supervisor.
Peer scrutiny of the research project	The thesis was reviewed by the company representative before the final release. Some suggestions for corrections were received.
Description of background, qualifications and experience of the investigator	Not applied.
Member checks of data collected and interpretations/theories formed	The result of the current state analysis phase was provided to all participants. The findings from the literature review and the formed conceptual framework were presented to and discussed with the case company stakeholders. The initial customer value proposition was presented to the case company stakeholders and target customer stakeholders for feedback.
Thick description of phenomenon under scrutiny	The descriptions are provided in this study in sections 1.1, 1.2 and in the literature review.
Examination of previous research to frame findings	Existing theories and processes were reviewed in the literature review section of this study.

Table 14. Credibility measures of the study

Transferability in qualitative research corresponds with external validity and generality of quantitative research (Holloway, 1997, pp. 161). It can be assured by carefully describing how the data collection has taken place in the study (Lincoln and Guba, 1985, pp. 316). Table 15 below presents the measures of transferability defined by Shenton (2004).

Measures of transferability	Applicability in this research
The number of organizations taking part in the study and where they are based	The organizations taking part in the study were the case company (1) and selected target customer (2). Both are based in Finland.
Any restrictions in the type of people who contributed data	No restrictions within the study.
The number of participants involved in the field-work	Data collection details are presented in section 2.3.2. A total number of 12 responses from the interviews.
The data collection methods that were employed	Standardized open-ended interview.
The number and length of the data collection sessions	7 interview sessions, 45 minutes to 1 hour each, 2 customer value proposition construction sessions about 2 hours each.
The time period over which the data was collected	Data 1. October 2014-June 2015. Data 2. July 2015. Data 3. October 2015.

Table 15. Transferability measures of the study

Dependability in qualitative research corresponds with reliability and is mainly a question of whether different researchers would come to the same findings if the same research would be repeated by someone else. The suggested methods to increase the dependability of a study are triangulation (Lincoln and Cuba, 1985) and reporting the research process in detail (Shenton, 2004). Table 16 below presents the dependability measures defined by Shenton (2004) and how they were met in this study.

Measures of dependability	Applicability in this research
The research design and its implementation, describing what was planned and executed on a strategic level	The description can be found in section 2.3: Research Design and Process.
The operational detail of data gathering, addressing the minutiae of what was done in the field	The data collection details are described in section 2.3.2 and were followed in practice.

Reflective appraisal of the project, evaluating the effectiveness of the process of inquiry undertaken.	The effectiveness is discussed in sections 6.4 and 6.5.
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Table 16. Dependability measures of the study

Confirmability is the qualitative investigator's comparable concern to objectivity. It ensures that the findings and results of the research are based on the experiences and ideas of the informants, rather than that of the researcher. (Shenton 2004 p.72). Table 17 below presents the measures of confirmability by Shenton (2004) and how they were met in this study.

Measure of confirmability	Applicability in this research
Triangulation to reduce the effect of investigator bias	Data collection interviews and feedback sessions together with discussions with the supervisor were used to reduce the investigator's possible bias.
Admission of researcher's beliefs and assumptions	During the research, the researcher was able to stay in the role of researcher and only participate in the planning of needed actions. The implementation of the proposed actions was conducted by the operational teams in the case company.
Recognition of shortcomings in study's methods and their potential effects	The research theory was created based on a literature review and the best practices encountered from the research area. The study followed the theory very carefully by conducting the process step by step. No shortcomings in study methods were recognized.
In-depth methodological description to allow integrity of research results to be scrutinized	Description of research design and process in section 2.2, conceptual framework in section 3.7 and target customer analysis in section 4.4.
Use of diagrams to demonstrate "audit trail"	The research process is described in section 2.2.

Table 17. Confirmability measures of the study

The reliability and validity of the study are based on the measures proposed by Shenton (2004), which the study was measured against. Each of these measures was satisfactorily fulfilled in the study. Correspondingly, it can be expected that this study has reached an adequate level of trustworthiness.

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Research Interview 1

Case Company Solutions Team Manager. 10th October 2014

The data has been removed for confidentiality reasons. The material has been available for instructors to review.

Topic of the interview discussion	Question	Answer
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Research Interview 2Case Company Industry Specialist. 12th October 2014

The data has been removed for confidentiality reasons. The material has been available for instructors to review.

Topic of the interview discussion	Question	Answer

Research Interview 3

Case Company Account Manager. 12th October 2014.

The data has been removed for confidentiality reasons. The material has been available for instructors to review.

Topic of the interview discussion	Question	Answer
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Current State Analysis validation data

The data has been removed for confidentiality reasons. The material has been available for instructors to review.

Business Value Framework spreadsheet

The data has been removed for confidentiality reasons. The material has been available for instructors to review.

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Documented Customer Value Proposition for marketing purposes

The data has been removed for confidentiality reasons. The material has been available for instructors to review.

Customer Value Proposition in Sales Process

The data has been removed for confidentiality reasons. The material has been available for instructors to review.