

From System to Service

Implementing Solution X to Finnish Market

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ABSTRACT

Bringing products to a new market is often challenging due to different local characteristics and alternating business environments. Still in order to grow and increase their international footprint companies need to find new ways to expand across borders. Quality products are always in demand but to be successful with internationalization it is mandatory to understand the meaning of customer value in a local context.

The study focused on how to implement a new type of product, Solution X, to Finnish market. The product is developed to support companies with high invoicing volumes to manage their debt collection activities better both locally and internationally.

By nature Solution X is an information technology platform but instead of digging into technical details and capabilities the approach of the solution was based on realizing the value it can create to clients and building a business model around that – transforming a system into a service.

The starting point was to investigate the product and its features thoroughly. After that the goal was to analyze the market and clients to identify how the product can create value and support the business of the targeted industries in a commercially sustainable manner. Finally, the key findings and suggestions were recapitulated to prepare for a market entry.

The study utilized the design research method, which was suitable for this internal development project. The theoretical framework was constructed around product strategy and customer value. In the process strategic tools such as Business Model Canvas and Value Proposition Canvas were used.

Keywords: Debt Collection, Customer Value, Value Proposition, Product Strategy, Market Entry, Business Model

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1 INTRODUCTION

The objective of this thesis is to find out if a debt collection solution designed for specific purposes can be introduced to Finnish market in a commercially sustainable manner. This question will be answered by examining both the technical as well as the business aspects. One of the key issues regarding this study is to find out how a system that is technical by nature can be transformed into a service that creates value to customers.

This thesis is constructed in a way that first introduces the topic which might not be too familiar to average reader. Then the theoretic part explains the framework of this study and what type of strategic models are applied in the process. After that the empiric part goes through the actual research and how it is performed. In the end finding of the research are presented and final conclusions are made.

The author wants to emphasize that one important fact for the reader to understand is that due to the business critical nature of many findings throughout this research the author is obliged to place all classified materials as appendices.

1.1 Background

During the early parts of 2018 the author of this thesis started to work as a product manager for Arvato Financial Solutions, a part of global conglomerate Bertelsmann group which originates from Germany. The key focus area for this position was order to cash services covering the entire value chain from risk management to debt collection and anything in between. One of the first tasks brought to the table was a system referred here as Solution X, a debt collection system build by Arvato's own IT department to enable effective data flows between various stakeholders. The system was already used in some countries and the high-level technical capabilities were rather clear but business-wise the setup for the Finnish market remained vague. Therefore the task on hand was crystal

clear; to investigate the Solution X system and define how and if it could be utilized in the local market.

1.2 Research problem

The research problem this thesis aims to solve is how and if a specific solution, in this case the Solution X platform, can enter the Finnish market successfully and what actions are required in order to do so. This research problem is rather broad and several internal and external factors must be taken into consideration.

Internal factors are things such as:

- Product capabilities
- Previous experiences
- Available resources
- Business logic
- Stakeholders

External factors are things such as:

- Value proposition
- Market situation
- Level of competition
- Time frame

This thesis approaches this above mentioned research problem through a customer perspective i.e. is looking to find out how this solution can create value to potential customers both on a technical and commercial level. However the ultimate purpose is to validate potential business models so internal factors cannot be ignored.

1.3 Research objectives and questions

In order to find a comprehensive answer to research problem this thesis must set clear research objectives. At first a thorough analysis of the

current Solution X system will be performed to fully understand the baseline and its pros and cons. After reviewing the solution it must be concluded what kind of value it can create to customers and the target organization respectively. Finally based on the acquired information it is determined if there is realistic business potential.

The author has identified three separate research questions that will support the process of reaching the objectives. Research questions are presented below (Figure 1).

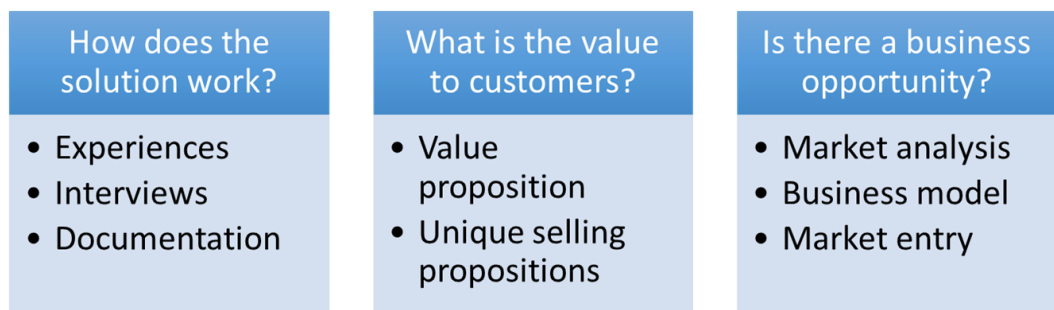


FIGURE 1. Research questions

1.4 Research method

This research is done for professional purposes with an actual employer and genuine demand. In her publication Vilkkä (2005, 11) points out that research in a professional field aims to combine theory, experience and professional methods (Figure 2) in a manner that enhances the practical skills of experts and stakeholders. This is also the baseline for this research; bring together both theoretical and practical aspects in a real life working environment to reach desired objectives.

The research will be primarily executed as an internal development project which aims to find answers to existing business related issues and that

way improve target organization's position. Therefore author has identified design research as the most suitable approach for this specific project.



FIGURE 2. Combining theory and practice in a professional environment (Vilka 2005, 11)

1.5 Knowledge base

Pivotal concepts considering this thesis are introduced in the second chapter *Theoretical framework*. Key concepts include for example product strategy and customer value. Additionally the author introduces several strategic models such as Business Model Canvas, Value Proposition Canvas, Fast Failure Method and Blue Ocean Strategy that are used in this research.

These concepts form the basis of this study and help the reader to become familiar with the knowledge base as well as understand how it is utilized in this specific context. It is also crucial in order to understand the actions that have been taken during the research project.

Theoretical framework chapter also includes definitions for the industry specific and other concepts that are often used in this thesis.

1.6 Thesis structure

This thesis includes five different chapters which are visualized below (Figure 3). Once again important notice is that due to the sensitive nature of this study, it contains abundantly business critical information, all the classified materials are placed as appendices. For example the availability of technical and commercial analyses of the product, use cases, internal interviews and documentation as well as business plans is restricted.

Firstly *Introduction* gives a brief overall outlook of the entire research as well as its objectives and methods. Second chapter is dedicated to the theoretical framework of the thesis explaining the key concepts and industry specific glossary used in this research.

Third chapter focuses on the actual research and how it was performed. It introduces the target organization going through the history, organizational structure and some of the key figures. It also briefly explains the Solution X system to reader including its potential uses. This chapter also describes the original development plan, how chosen research methods were used, how data was acquired and the timeline of the research project.

Fourth and fifth chapters consist of conclusions and final summary to round up the project and its key findings. Also potential topics for further research are introduced.



FIGURE 3. Thesis structure

2 THEORETICAL FRAMEWORK

This chapter introduces the key concepts and theories of this thesis which will be essential in order to understand the research process as well as actions that are taken during it. Theoretical framework is divided into five different sub-chapters which are:

- Product strategy
- Customer value
- Strategic models
- Other important concepts
- Summary of theories

Product strategy sub-chapter is built around product development, product differentiation and productization – all of which help to create competitive solutions that stand out in the market. Second sub-chapter *Customer value* focuses on how to create real value to customers and how that affects pricing. *Strategic models* goes through relevant models that were used for this research and how value propositions can be constructed by using tools such as business model canvas and value proposition canvas. Other strategic models such as the Outside-in strategy are also explained. Final part of the theoretical framework is a short introduction of other relevant terms and concepts that might not be familiar to reader. Another purpose is to put these concepts in context to help the reader to better understand the business environment. In the end theoretical framework is summarized in the fifth chapter *Summary of theories*.

2.1 Product strategy

2.1.1 Product development

Product development is a multilateral process that must take various factors into consideration. It requires technical, financial and commercial knowhow. It has to be managed in a competitive environment and often with limited time and resources. It is a crucial part of any business as the

products developed by a company are the foundation of company's ability generate revenue (Trott 2012, 378).

Cooper (2011, 9-10) considers new products vital to company's success. He highlights the importance of product development as one of the riskiest and yet most important tasks for any business. One example of product development especially brought up is Apple's iPod which was launched in the early 2000s and sold 250 million units in less than ten years completely changing the fortunes of the entire company.

Regarding this research, the Solution X platform is not a completely new product per se, as it is already used to a certain degree in some markets. However it is not implemented in the Finnish market and the compatibility as well as productization are not in place. For that reason strategic product development approach is required.

2.1.2 Product planning

Typically product development is executed in stages that may vary depending on the circumstances and environment. Trott (2012, 383-384) identifies product planning as the phase that takes place before large investments are designated to development project. It is closely aligned to organization's business strategy and considers factors such as development portfolio as a whole, what projects will be initiated and time scale of different measures. He points out that product planning typically happens in close cooperation with research and development and is linked to organization's technology portfolio.

Product plan defines the products that the organization is looking to develop and gains input put from several sources such as clients, marketing, research & development and product management. Plan is updated continuously to match the requirements of current business environment. (Trott 2012, 384.)

Trott (2012, 384) divides product development into four main categories that are:

- New product platforms
- Derivatives of existing platforms
- Incremental improvements to existing products
- Fundamentally new products

In this case we are on a technical level talking about incremental improvements and possibly some new features. On the other hand market-wise this is a completely new solution which puts us in the fundamentally new products category.

2.1.3 Competitive product strategy

In order to succeed in any contested market an organization must have a product strategy that is aligned with the company's overall strategy and steers the actions to a desired direction. A good product strategy explains how a company is going to solve customer's problem with their unique product. It is always customer-centric and focuses on customer's needs – without that need all offers are irrelevant. Product strategy must always take competitors into consideration and therefore differentiation is mandatory part of it. (Parantainen 2013, 70.)

Product strategy and the targeted market go together hand in hand. How the product is positioned in the market is the bedrock of product strategy. Strategy also includes the value proposition to customers which describes the benefits for the customers. (Cooper 2011, 320-321.)

Considering product development competitive strategy can be either short-term or long-term. It can be used as a quick fix for defending market positions by for example varying existing products with minor adjustments in order to respond to competitor's actions. In the long-term use it can strive to develop completely new product categories or target new customer segments. (Trott 2012, 386-387.)

2.1.4 Product Positioning

Product positioning means how the potential buyers will see the product compared to other alternatives. It includes both product differentiation and market segmentation. In order for company to succeed in the market it is vital that product positioning can be clearly stated. (Cooper 2011, 320.)

Parantainen (2013, 140) points out that if your product is similar to those offered by your competitors then the customer will immediately focus on price. To avoid this unfortunate situation where price is the sole decisive factor he suggest to differentiate the product in a way that it cannot be directly compared to other alternatives. By offering unique features that attract certain customer segments company can maximize its' market share.

As pointed out above segmentation supports product positioning. For business markets segmentation is somewhat different compared to consumer business. Factors such as demographics, operating variables, how purchasing is organized and supplier relations play a huge role. (Kotler & Keller 2009, 266-267.)

In order to be attractive any market segment must fulfil the following requirements i.e. it must be:

- Measurable
- Substantial
- Accessible
- Differentiable
- Actionable

The size of the segment must be metrizable and large enough to justify investment. It must be reachable without major distractions. Segment must also be differentiable to other segments and respond to different type of actions. Also segment must be actionable i.e. it is possible to effectively execute required marketing actions. (Kotler & Keller 2009, 268.)

Organization's product strategy determines how it strives to separate itself from the other players and get a desired market position. Potential buyers must see new products as attractive and understand the value they can bring to the table. It is also critical that this value is seen as high enough by the customers for them to get interested. Product differentiation can be based on price i.e. cost less than the next product or higher quality i.e. offer somehow superior performance compared to others. (Trott 2012, 390.)

In the Finnish and also Nordic debt collection markets in general the level of competition is substantially high and the industry is heavily regulated by authorities. For that reason differentiation is extremely difficult but can offer enormous business opportunities when achieved.

2.1.5 Productization

According to Parantainen (2013, 113-114) productization is a performed work which turns a utility, software, proficiency or combination of those into an entity that can easily be bought. Productization is mainly a task for product manager.

Apunen (2010, 13) present three examples how to define productization:

- Product is an easy-to-buy proposal for your customer
- Product solves a major problem of your customer
- Product makes your customer's life easier

One of the key elements of productization is that after it has been executed the outcome is something concrete such as clear strategic choices, sufficient documentation and sales materials, finalized information systems and so on. Productization is a process that transforms raw materials and initial plans into something tangible which is easy to understand. Anyone responsible for productization should pursue comprehensive solutions to customer's critical problems. (Parantainen 2013, 114.)

2.2 Customer value

2.2.1 Value creation

Kumar & Reinartz (2016, 36) encapsulate that any business is based on value creation. Before anything else long-lasting companies must create value for customers and only after that extract some of it to create value for the company. The customer value comes first and only after that they can provide value back to the business.

Value creation paradigm focuses on creating value way beyond the actual sales transaction. It emphasized long-term planning and customer relationships over short-sighted decision making often pressured by economical objectives. It supports innovation and differentiation. Value creation strives for mutually beneficial solutions instead of self-interest. (Sheth & Uslay 2007, 303-304.)

Mahajan (2016, 1-2) also highlights the importance of long-term strategic approach in value creation. It prioritizes employees and customers over shareholders which eventually creates value for the company and guarantees its longevity. According to him for example Apple and Amazon have utilized this approach with remarkable results.

Value creation creates value to all stakeholders instead of focusing on one specific group:

- Employees
- Customers
- Partners
- CEO
- Society
- Company
- Shareholder

All stakeholders are equally important in this arrangement and none should be neglected. (Mahajan 2016, xxiii, 9.)

Customer perceived value is not equal to offering's quality or benefits. It is a combination of customer's positive and negative expectations towards the object (Figure 4). In order to be seen as positive offering's pros must be perceived larger than cons.

$$\text{Customer Perceived Benefits} - \text{Undesired Consequences} \\ = \text{Customer Perceived Value}$$

Figure 4. Formula of customer perceived value (Kumar & Reinartz 2016, 37)

2.2.2 Value proposition

Kotler & Keller (2009, 53) define value proposition as the benefits offered to customers in order to meet their needs. Value proposition is intangible by nature but can be transformed into physical offering which is a set of product, services, knowledge and experiences.

In business organizations planning takes place at three different levels:

- Corporate level
- Division or business unit level
- Product or market level

However competitive planning always happens at product / market level. This is where the company decides how they want to compete. Critical factors are current value propositions and desired value proposition. Company also needs to plan how they will achieve the intended position. (Reidenbach & Goeke 2005, 3-5.)

Value is fundamental to organization's profitability as it determines if current customers can be retained and new ones acquired. Every

business has an existing value proposition that depends on how the market evaluates quality, price and image provided by the company. Value proposition is always reliant on the competitors and their offerings. Competitive value proposition is a critical asset to any business, it defines how attractive the offering is for the market, but often not adequately managed or understood. Intended value proposition is another objective that a company must determine. It indicates how the company want to position itself and what type of value their future offering should provide. When this is determined the company must also plan what type of action is required to achieve the objectives and how the progress can be measured. (Reidenbach & Goeke 2005, 8-11.)

2.2.3 Value based pricing

Macdivitti & Wilsinson (2012, 9) state that “value is the core driving force underlying every business decision”. They see that once an organization focuses on value it becomes customer centric and aims to really understand what the customers desire which helps to build long-lasting relationships (Macdivitti & Wilsinson 2012, 12-13).

According to the *Value Triad*, a model developed by Macdivitti & Wilsinson, value consists of three elements:

- Revenue gains
- Cost reduction
- Emotional contribution

Revenue gains are increases to revenue customer gets one way or another by acquiring a product or a service. Cost reductions are decreases to expenses the customer achieves through a product or service. This does not necessarily mean lower prices but also for example increased efficiency or reduced capital expenditure. Emotional contribution is more related to human feelings instead of concrete financial figures. Still emotional standpoint can override other factors also in business decisions. (Macdivitti & Wilsinson 2012, 13-15.)

One important factor considering pricing is the timing of product launch as market price decreases over time. Especially for products that are difficult to replace it is better to execute the market introduction as early as possible. After implementing a solution customers are reluctant to consider competing alternatives as it always creates costs. Early introduction offers several advantages such as gaining more customers, improved customer loyalty and longer product life cycle. When a customer decides to purchase it also creates a momentum for additional sales. (Prasad 1997, 133-136)

In the end customer always defines the value. Axia valgorithm is a strategic level audit process that is developed to critically evaluate the value created by company. Axia valgorithm includes four different stages that are *Baseline*, *Benchmarking*, *Brainstorming* and *Business Plan* (Figure 5). In the *Baseline* phase customers' current use of company's products is analyzed, pros and cons included. *Benchmarking* phase examines how well company's own view of their offering reflects with the one demanded by customers. In the *Brainstorming* stage supplier's stakeholders work together in order to remove the gap between customer expectations and the actual offering. Finally *Business Planning* includes follow-up of the previous actions and plan implementation of the required improvements for the whole customer base. (Macdivitt & Wilsinson 2012, 99-102.)

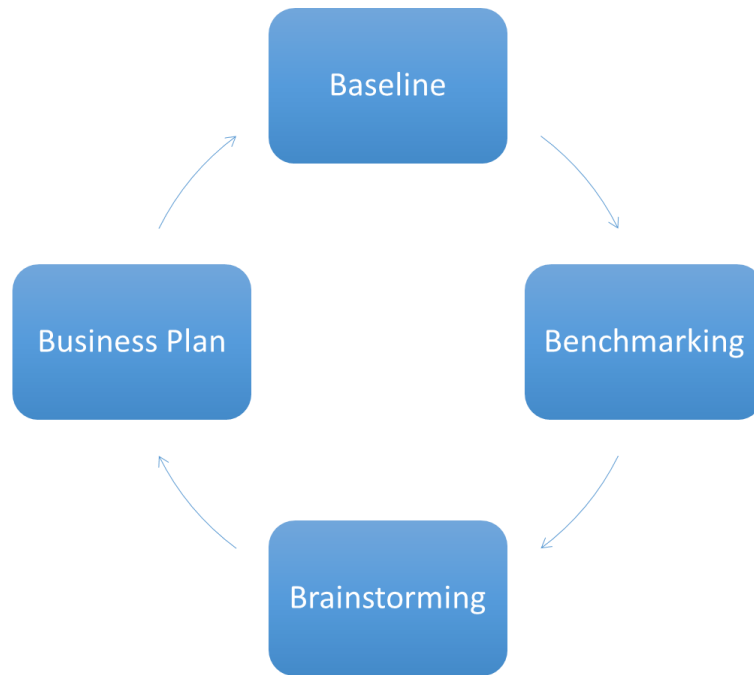


Figure 5. Axia Valgorithm (Macdivitt & Wilsinson 2012, 99)

Traditional pricing methods do not understand the value created by unique and high-quality offering which focuses on delivering outstanding, differentiated solutions to customer's business challenges. This often leads to situations where sellers and buyers have very different standings considering the price and value. This is a scenario that cannot lead to a mutually beneficial outcome. Value-based pricing strives to prevent this by identifying the value that a service or a product creates and reaching a mutual agreement on that basis. However value is not evaluated on a gut feeling – it is measured as accurately and objectively as possible utilizing available factual data and *Value Triad* approach. Value-based pricing is motivated by delivering exceptional value to customers but simultaneously capturing decent share of that value to the supplier – when customer understands and appreciates the received value the price is not an issue. (Macdivitti & Wilsinson 2012, 105-107.)

2.3 Strategic models

2.3.1 Business Model Canvas

Spencer (2013, 3) defines business model as a tool that helps you to realize the value your capabilities can create to customers and simultaneously achieve a positive economical outcome for your business. Business model provides a framework that enables organizations to convert possessed assets into concrete products and services – create an offering with real customer value. Value proposition, how a company provides value to customers, is the core of business model. For business model to be successful value must be created adequately so that there is enough for the supplier and the buyer. In order to thrive over time a company must monitor, analyse and reshape its business model. Updates are mandatory as circumstances and environment are never static. (Spencer 2013, 3-4.)

Business Model Canvas is a strategic tool developed by Alexander Osterwalder (Canvanizer 2018). It is a user friendly template that includes nine different components all of which are essential for running a business (Figure 6). The template helps the user to fit all different aspects of a business plan in one page and see how they interconnect. (Greenwald 2012.)

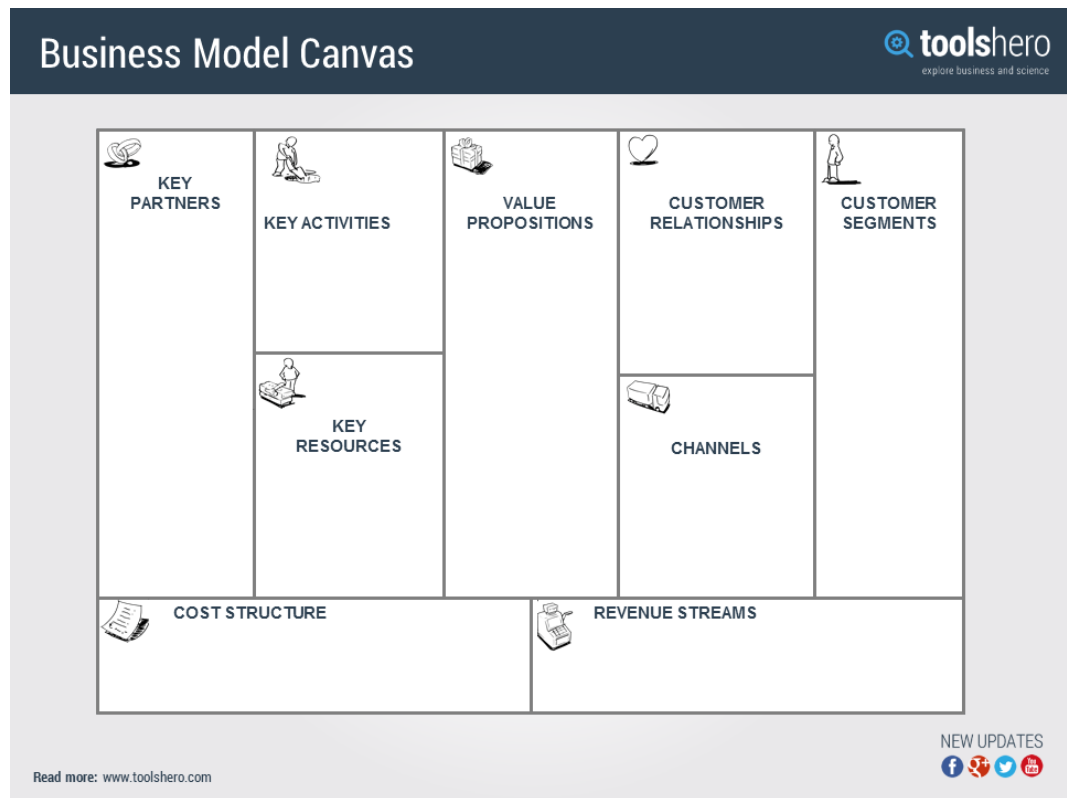


Figure 6. Business Model Canvas (ToolsHero 2018a)

Osterwalder (2010, 15) himself describes business model as “a blue print for a strategy to be implemented through organizational structures, processes, and systems”. A business model consists of nine different blocks.

1. *Customer Segments* defines the target groups that the company is aiming to do business with. Customers are separated into segments depending on their needs, distribution methods, required relationships, earning capacities and willingness to pay.
2. *Value Propositions* describes the products and services that are offered to a specific segment in order to create value. It is supposed to solve customer’s problem or satisfy a need in a way that makes the offering more attractive than competitors’ equivalents.
3. *Channels* include the methods a company utilizes to reach desired customer segments. Those are used for providing customers with the right value propositions.

4. *Customer Relationships* defines what type of relationships a company builds with different customer segments. Relationships are used for e.g. acquiring new customers, keeping current customers and upselling.
5. *Revenue Streams* explain how a company gains income for each customer segment. Each customer segment may have one or more revenue streams.
6. *Key Resources* describe what kind of critical assets are required to launch and run a business model. Resources can be physical, financial, knowledge-based or human depending on the type of business.
7. *Key Activities* are the actual actions that must be taken to make a business model work. Typical activities can be production, problem solving and network.
8. *Key Partnerships* include the important partners that are required to run a business. These can be for example suppliers, subcontractors and strategic partnerships.
9. *Cost Structure* defines the different costs that are needed to operate a business model. Cost structure varies depending on the business model and whether it is driven by value or costs,

Together these nine aspects form the *Business Model Canvas* and can be used to describe how a business model is constructed. (Osterwalder, Pigneur, Clark, Smith, & Pijl 2010, 15-42.)

2.3.2 Value Proposition Canvas

Value Proposition Canvas is a strategic tool developed by Alex Osterwalder together with Yves Pigneur (Figure 7). It is designed for constructing compelling value propositions. The focus is on customer's requirements and the tool can be used together with the Business Model Canvas. (Mulder 2017.)

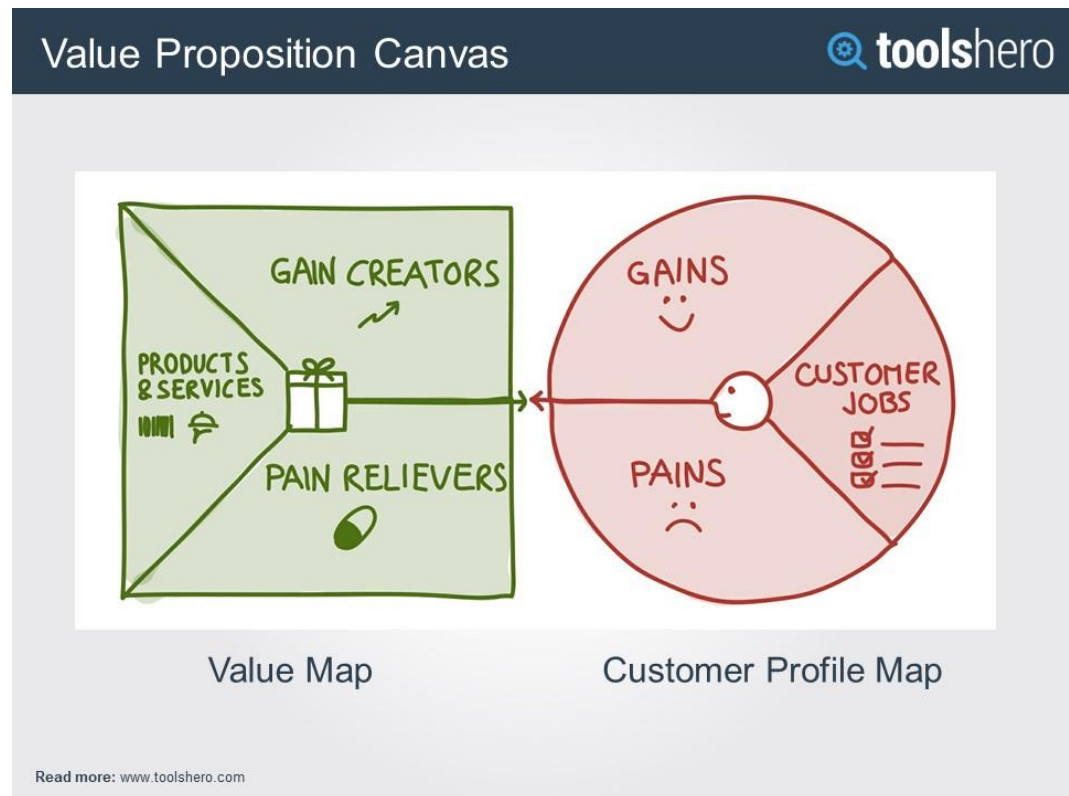


Figure 7. Value Proposition Canvas (ToolsHero 2018b)

Value Proposition Canvas is divided into two different component. *Customer Profile* side describes a certain customer segment whereas *Value Map* explains the offered value proposition in a detailed manner. (Osterwalder, Pigneur & Papadacos 2014, 3, 8-9.)

Customer Profile includes three separate fields (Figure 7). *Customer Jobs* describes things the customer is trying to get done or solve in a priority order. These can be tasks, problems or needs that require attention. In order to be successful in value creation it is important to truly understand the jobs from the customer's perspective. *Customer Pains* are thing that prevent the customer from getting a job done or make it somehow difficult. They also include risks that may jeopardize a job execution partly or entirely. Customer Pains can be for example financial issues, performance related challenges or emotional burdens. *Customer Gains* are positive outcomes and benefits the customer desires. Some gains are considered standard but others can be positive surprises as the customer gets more

than was expected. It is recommendable to open up gains and make them as tangible as possible to fully understand how the customer measures those. (Osterwalder et al. 2014, 12-16.)

Value Map is also broken into three fields (Figure 6). Here *Products and Services* is a catalogue of the organization's offering that constitute the value proposition. They help the customer to perform the required jobs as effectively as possible. Important notice is that products or services do not create any value if they are not matched with the right customer segment. *Pain Relievers* describe the exact manner how company's offering enable the customer to reduce or remove the experienced pains. On a value creation perspective it is highly important to focus on the most pressing pains because often not all issues can be resolved. Finally *Gain Creators* represent the methods how organization's products and services help the customer to achieve gains. They explain on a detailed level how this will be carried out. Just like with pain relievers it is critical to identify the most important gains and put effort on those. (Osterwalder et al. 2014, 29-33.)

2.3.3 "Fast failure" approach

"Fast failure" is an approach that allows organizations to experiment and learn from the mistakes. According to Newman (2017) license to fail plays a crucial part for any business to succeed as it thrives innovation by challenging the status quo and giving individuals the freedom to think outside the box. It also helps to gather information and construct a knowledge base that supports future success as long as risk levels are manageable (Newman 2016).

Schrage (2014, 3) emphasizes the importance of simple experimenting over thorough analysis and planning. Better results can be achieved faster and with less resources by actually exploring different approaches instead of focusing on ponderous and expensive projects. This gives organizations new possibilities to be more cost-efficient without sacrificing innovation.

Parantainen (2013, 133) notes that if a product is to fail it is much better that the outcome becomes obvious sooner rather than later. He states that there is no evidence that product development must be costly in order to be successful.

Creating minimum viable products (MVP) is also part of the Lean Start-up methodology that emphasizes learning as part of product development. The idea is to create new products and offer them to public as soon as possible, even if the product is not fully finalized, in order to observe what how they react and adjust the product accordingly. This enables product development with minimum time and money as the customer feedback will immediately be available. (Agile Alliance 2018.)

2.3.4 Blue ocean strategy

Blue Ocean Strategy is a differentiation strategy that strives to find unrivalled market space. According to Blue Ocean Strategy the market universe has two separate market spaces: the *Red Ocean* and the *Blue Ocean*. Red Ocean includes all the currently known industries, products and services whereas Blue Ocean is yet to found – it is the untouched business area with unlimited potential. Blue Ocean Strategy pursues to exploit the uncontested business space instead of fighting over diminishing markets. (Kim & Mauborgne 2018a.)

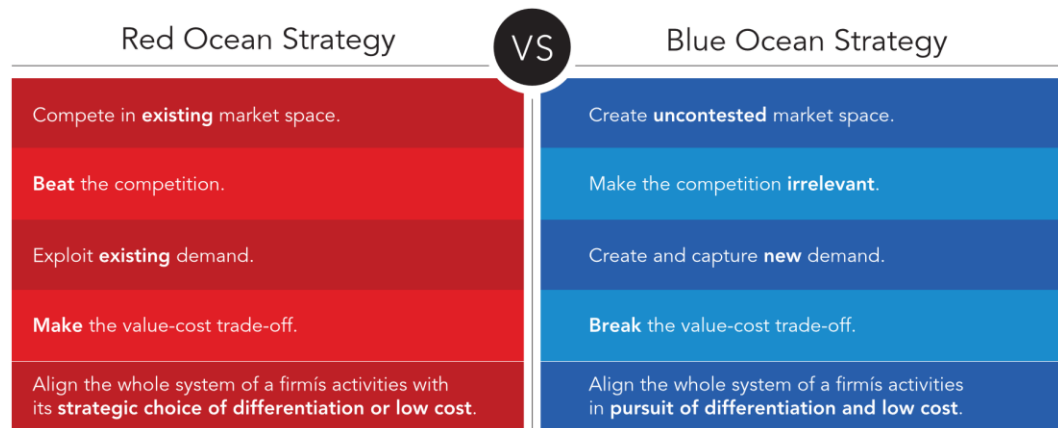


Figure 8. Red Ocean Strategy vs. Blue Ocean Strategy (Kim & Mauborgne 2018b)

Blue Ocean Strategy has often been successfully utilized as a business-to-consumer strategy by companies such as Dell, YellowTrail and CNN but its suitability for business-to-business (B2B) market is not as obvious (Cirjevskis, Homenko & Lacinova 2011, 201). According to Leavy (2005, 20), interviewing W. Chan Kim & Renée Mauborgne, Blue Ocean Strategy is applicable for any industry and for B2B orientated companies it offers even greater possibilities because the market in general has been less innovative. Long supply chains also support Blue Ocean Strategy - even if the direct customer is not the obvious prospect for innovational approach the next one in supply line might be.

2.3.5 Market entry strategy

In order to successfully enter new markets or introduce new products to foreign markets a company must define a market entry strategy. It is extremely important to make conscious and well-informed decisions regarding the market conditions while entering a new market (Feng, Jiang, & Liu 2018, 334).

For established companies the key issue with market entry is how to realize the business opportunities that are available and utilize their

existing capabilities. The right market entry strategy depends on the company and there is no common solution that would suit all situations. (Hollensen 2012, 217.)

The most critical factors for a product to succeed in a competitive new market are quality and price. Some suppliers go for the low-cost strategy and try to gain market share by offering their products for a cheaper price than key competitors. Another approach is to keep the prices on a higher level and invest in product quality to make company's offering more attractive quality-wise compared to rivals. Required product quality has a huge impact on market entry strategy as high quality products are more difficult to develop which affects the timeframe of the market entry. (Feng, Jiang, & Liu 2018, 334.)

For service companies market entry strategy is often dependent on the nature of the offering. Services can be divided into soft and hard services. Soft services are less tangible whereas hard services involve concrete physical products. Companies working with soft services typically prefer more controlled market entry. This results from the need to have more frequent customer contact and to achieve better understanding of customer perspective. (Blomstermo, Deo Sharma & Sallis 2006, 222.)

In order to be successful in a market companies must have high quality information available considering the competitive environment and customer behaviour. Without relevant and sufficient information it is impossible for a company to create plans of any sustainability. Therefore it is crucial that planning is based on facts and not on individual opinions. (Reidenbach & Goeke 2005, 11.)

2.3.6 Outside-in strategy

Outside-in is a strategic approach which emphasizes the customer perspective and tries to reverse the business approach accordingly. Instead of focusing on organization's internal objectives and visions it is based on the requirements set by the environment (Figure 9). By taking

the outside position it tries to find ways for the company to match the customer needs in a best possible manner and by doing so becoming successful. (Matheson & Matheson 1999, 29.)

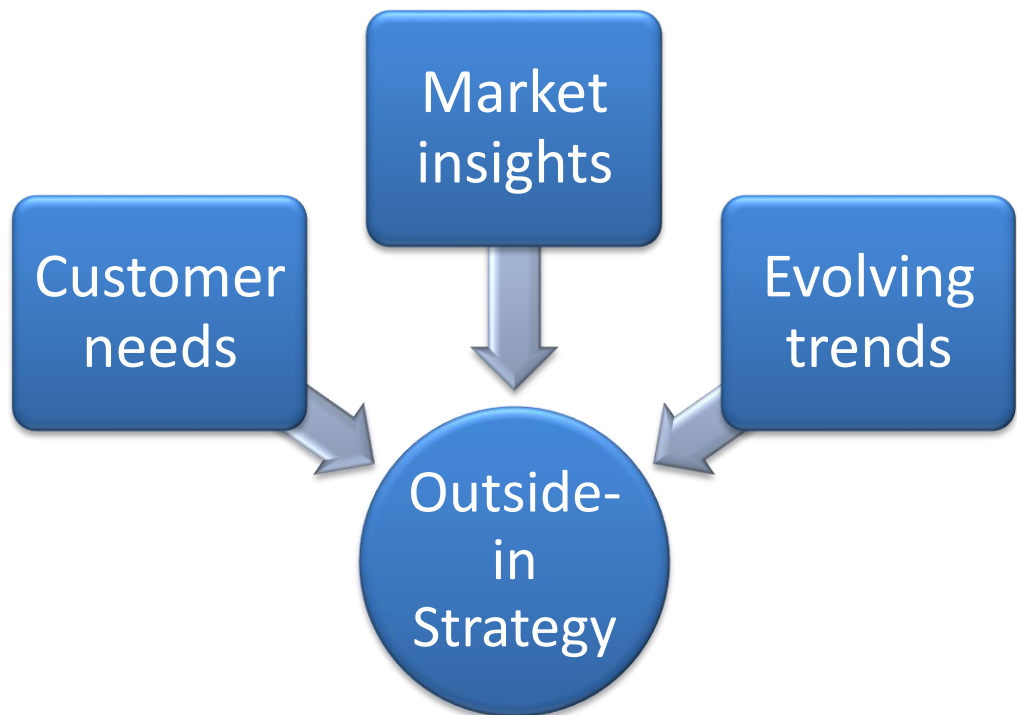


Figure 9. Outside-in Strategy (Matheson & Matheson 1999, 29)

This reversed perspective is essential for a company to understand the customer value and who they are competing with. Often the fiercest competition does not come from the obvious rivals within the industry but from someone who has identified a new solution for customer's problems or needs. Inside-out thinking often prevents companies from seeing which way the market is heading and consequently making fatal business decisions. If an organization is solely focusing on their own agenda it easily becomes short-sighted and fails to realize what the customer desires. Inside-out thinking ultimately makes companies stagnant and self-absorbed whereas outside-in strategy values evolution and external influence. (Matheson & Matheson 1999, 30-31.)

Companies that have been successful are not secured from turning inwards and losing the customer perspective. Success can create complacency and self-importance that will soon turn against the organization. In this case the company stops evolving and long-term vision is lost. Maintaining achieved market position with less investment and higher margins becomes the priority over development. Eventually the company drifts too far from their customer base to understand their needs. Outside-in strategy on the other hand concentrates on the essence of any business: customers. This sometimes conflicts with the company's short-term financial figures or shareholders profits but creates sustainable value for all stakeholders in the long run. (Day & Moorman 2011, 23.)

2.4 Other important concepts

2.4.1 Benchmarking

Benchmarking is a method where organizations or parts of organizations compare their respective performances. Typically one organization identifies an organization with a higher competence in order to learn from them and use them as a baseline. The purpose of benchmarking is to improve the performance on a specific area. The target organizations can be either from the same field of business or from another industry. (University of Eastern Finland 2018.)

2.4.2 Business to business

Business to business, or B2B, means business transactions conducted between two companies. This type of transaction does not involve private consumers like business to consumer, or B2C, commerce. B2B trading takes place for example in supply chains and service industry where one company provides services to another in order to support their business. (Investopedia 2018.)

2.4.3 Debt collection and international debt collection

Debt collection can be defined as a repertory of measures that are executed in order to receive payment on overdue debt. It is regulated by the Act on the Collection of Debts. (Ministry of Economic Affairs and Employment of Finland 2018.)

Debt collection can be divided into voluntary collection and judicial collection. Voluntary collection includes actions such as collection by letter, outbound collection i.e. phone calls and payment plans. Judicial collection covers methods like application for a summons, recovery proceedings and bankruptcy collection. (Lindström 2011, 3.)

International debt collection requires specific approach due to diverse legislation, payment terms and time concepts. Typically payments behaviour tends to be precise in the Nordic region and more stretchable in the southern Europe. Any organization involved in foreign trade should define credit policy, payment terms and collection procedures for foreign customers. If company is not able to recover receivables by itself then it is advisable to employ an external collection expert i.e. a debt collection agency or a law firm. Agents specialized in foreign collection can be either local or from the target region. In order to achieve desired results it is critical to choose an agent that is both reliable and professional. (Lehtonen 2017.)

2.4.4 Recovery rate

Recovery or solution rate is a debt collection term to describe collection performance. According to Investopedia's incisive definition recovery rate is "the extent to which principal and accrued interest on defaulted debt can be recovered, expressed as a percentage of face value" (Investopedia 2018).

2.4.5 SWOT Analysis

SWOT Analysis was developed in the 1960s and it is still one of the most widely used strategic tools. SWOT covers four different aspects regarding company's position:

- Strengths
- Weaknesses
- Opportunities
- Threats

The idea is to compare company's internal strengths and weaknesses with opportunities and threats created by the business environment. This will help to build a solid overall picture considering the company's strategic position. It also enables better advised decision making. SWOT analysis requires thorough understanding of the company and its competitive environment. (Vuorinen 2013.)

2.5 Summary of theories

This research is most of all about product strategy and customer value. Therefore these have been specifically highlighted in this framework. Another crucial aspect is how different theories can be implemented in actual business environment. This has been covered by introducing various strategic models and tools. Finally the author has explained concepts that are otherwise important. Some of those are also rather industry specific and possibly difficult to understand without relevant experience.

By going through the different theories and key concepts the author wanted to provide the reader with a solid foundation to follow the theoretical approach towards the project. In order to fully understand author's reasoning further on it is advisable to carefully study the introduced framework.

3 RESEARCH

3.1 Target organization: Arvato Financial Solutions

The target organization for this thesis is Arvato Financial Solutions which is a business line of larger Arvato business entity. Arvato on the other hand is a subsidiary of global Bertelsmann group. Arvato has approximately 70.000 employees globally located in more than 40 countries. Arvato provides services for variety industries like utility, telecommunications, e-commerce, banking and insurance. (Bertelsmann SE & Co. KGaA 2018a).



Figure 10. Bertelsmann at a glance (Bertelsmann SE & Co. KGaA 2018b)

Arvato's business portfolio includes services such as customer relationship management, financial services, supply chain management and IT.

Combined business volume of Arvato in 2017 was 3.823 billion euros leading to an EBITDA of 320 million euros. In the field of financial services Arvato performed some 170 million credit assessments and processed

debts worth of more 3.2 billion euros. (Bertelsmann SE & Co. KGaA 2018c.)

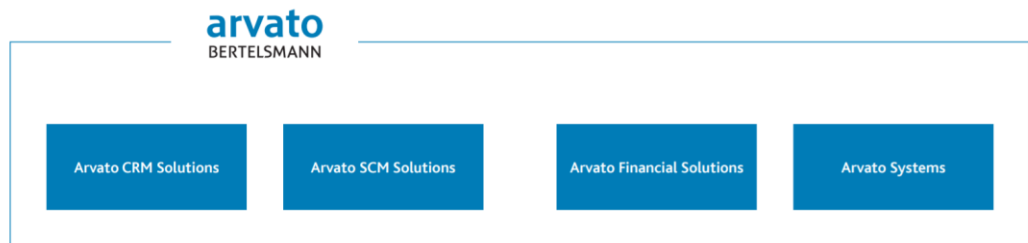


FIGURE 11. Arvato is organized into four Solution Groups (Bertelsmann SE & Co. KGaA 2018d, 7)

In Finland Arvato officially operates under the company name of Gothia Oy and uses Arvato Finance as an auxiliary business name although most of the marketing and brand building utilizes Arvato's international brand. Gothia Oy is mostly presented as a debt collection brand and other services such as business process outsourcing and financing are offered under Arvato's name. The same setup also applies for other Nordic countries i.e. Sweden, Norway and Denmark but not for other markets which have different organizational structures. Currently Gothia Oy has roughly 80 employees in Finland and a yearly revenue of 26.3 million euros. Company has two offices which are located in Helsinki and Turku. (Gothia Oy 2018.)

Gothia Oy is a member of the Association of Finnish Debt Collection Agencies (Suomen Perimistoimistojen Liitto) which is an interest group that strives to develop the industry without compromising the interests of group members and their clients. The association was founded in 1981 and currently has 11 member organizations (Figure 12). Typical actions for the association are dictums to authorities and research regarding collection legislation. One important mission is to help determining the

good debt collection practice in cooperation with other stakeholders.
(Suomen Perimistöimistöjen Liitto 2018a.)



FIGURE 12. Members of the Association of Finnish Debt Collection Agencies (Suomen Perimistöimistöjen Liitto 2018b)

Arvato's service portfolio in Nordics is presented below (Figure 13). It contains the whole order to cash value chain from invoice administration and factoring solutions to debt collection and purchase of non-performing loans. Considering this study the focus however is very much on debt collection side which is one of the company's traditional strongholds. The Solution X platform is a specialized system for debt collection both locally and internationally and therefore other areas of the service portfolio are more or less irrelevant for this research.



FIGURE 13. IFS and Debt Collection – Nordics (Gothia Oy 2016)

The Solution X platform is developed by Arvato's IT department in Germany for both international debt collection and debt collection related benchmarking purposes. The overall solution is called Global Debt Portfolio Management, or GDP Management in short, and the aim is to help clients manage their international receivables in a more effective, harmonized and transparent manner. Alternatively Solution X also enables benchmarking by splitting the collection case volumes between several agencies to optimize recovery rates and provide competition. (Kürpick 2018.)

Solution X platform and its features are comprehensively presented in appendices (Appendix 1).

3.2 Research methods

This research is integrally related to an internal development project regarding a topic that is not thoroughly understood at the time of the study. Considering the circumstances it is practically impossible to predefine what roads the research will take as information is acquired and level of

awareness rises. For that reason the author has decided to use design research as the preferred research method.

Design research, or applied action research, is a method that aims for a change and produces functioning practical solutions. Companies and organizations constantly develop various aspects of business such as procedures, processes, products and services. Design research is a way to make the achieved results visible. It combines development and research in a cyclic process (Figure 14). Design research is motivated by a demand for change. In order to be considered a research it must always include research item and produce a research report as an outcome. (Kananen 2015, 33.)

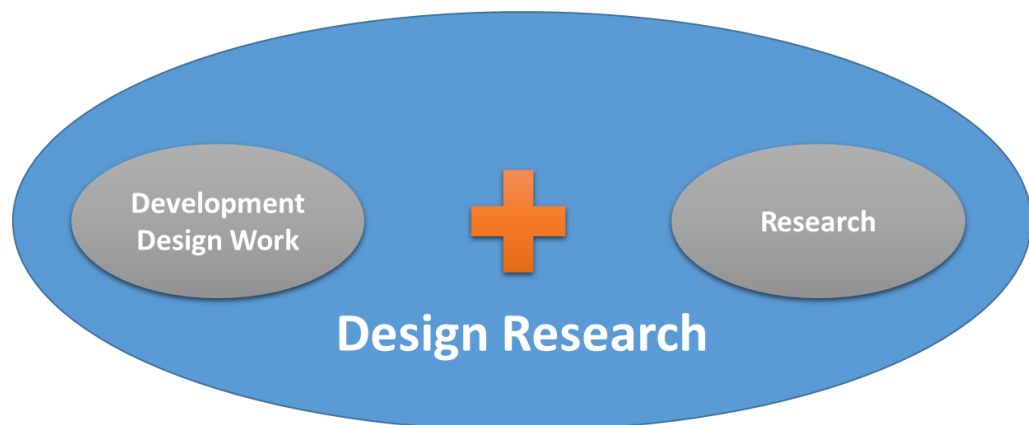


Figure 14. Design research combines both development and research (Kananen 2015, 33)

Design research is either a combination of qualitative and quantitative research or solely the first-mentioned. In qualitative research, a method which applies to this specific study, the researcher explores the phenomenon by discussing and inquiring it with stakeholders who provide information through their own framework. In the process the researcher gains better understanding of the phenomenon which creates new questions. By repeating this cycle the researcher little by little builds an

overall picture of the phenomenon including its structure, factors and connections. As an outcome it produces a structural description of the phenomenon that applies to that particular case. (Kananen 2015, 34-35, 39.)

According to Kananen (2015, 40) design research is more than a traditional research because it also removes the research problem. As presented below (Figure 15) design research is a cyclic approach that is driven by change. In design research the research cycle and change cycle go hand in hand.

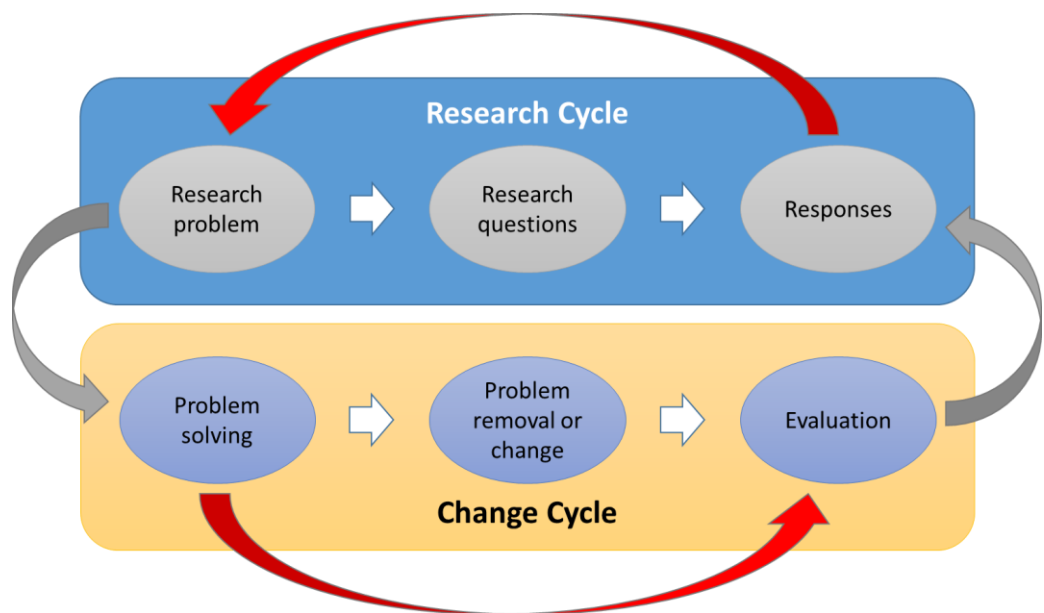


Figure 15. Different phases of design research (Kananen 2015, 40)

Design research is closely related to action research (Kananen 2015, 34). Action research utilizes known research techniques to describe the impacts of taken action. It follows the steps of action inquiry cycle which is a generic portrayal of a process where development is achieved by following action with analysis before taking next action (Figure 16). Constant process of planning, implementation, documentation and

evaluation enables the researcher to learn from practice as well as the inquiry itself. (Tripp 2005, 2-3.)

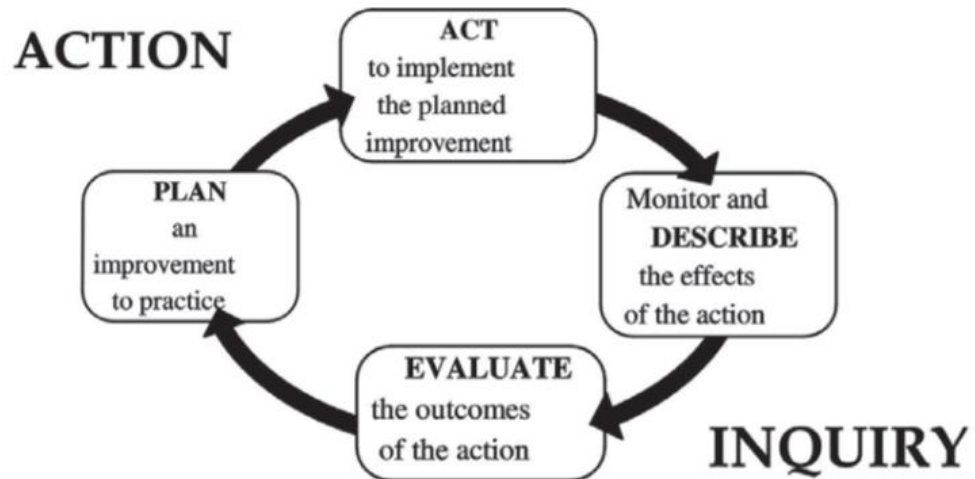


Figure 16. The 4-phase representation of the basic action inquiry cycle (Tripp 2005, 2)

According to McNiff & Whitehead (2002, 4) action research aims for better professional performance by gaining deeper practical understanding of work and creating ways to improve it. During the process data is gathered to substantiate that actual development has been achieved. Action research can be either personal or collective when involving multiple stakeholders.

Typical data acquiring methods for qualitative research are:

- Interview
- Query
- Observation
- Data gathered from documentation

These can be used either alternatively, together or in combination depending on factors such as research problem and available resources. (Tuomi & Sarajärvi 2018.)

For this specific research the most suitable data acquiring methods are interviews, observation and use of existing documentation – all of these methods can be considered mandatory. Interview is fit for the purpose as it offers the opportunity to identify individuals who have insight and experience regarding the phenomenon. Observation respectively is suitable method to gather information if the phenomenon is relatively unknown or data is otherwise difficult to get access to. One crucial aspect is to get as realistic input as possible and therefore some of the data acquiring will be done anonymously. (Tuomi & Sarajärvi 2018.)

This project is as much of an innovation process as it is a research and that must be addressed from the very beginning. Also notable facts are the tight time scale and limited resources regarding the project which drives the process to be as lean as possible. For example the market study will be executed on a more superficial level rather than as a profound survey. This affects the research in a sense that the so called fail fast methodology is utilized – different approaches are tried during the process and the ones looking more likely to bring results will be promoted.

3.3 Research plan

Walliman (2011, 30) explains that the framework of any research project can be constructed by answering four fundamental questions:

- What is the subject of research i.e. what is going to be done?
- Why is it done i.e. what makes the subject important?
- How is it going to be done i.e. what methods will be used?
- When is it going to be done i.e. what is the time frame?

As mentioned in the *Introduction* chapter this thesis project started in March 2018 when the author started to work as a product manager for the target organization. Soon after the initial idea of the research topic and

problem area was brought up. At the time the Solution X platform had been identified as one of the possible growth products by company's top management but the local strategy was not yet decided. All in all many factors were unclear which affected how the research plan was build.

After the topic was determined the author started to plan the upcoming research. Relevant literature and theories were already studied during author's previous work assignment, the industry was similar, although at that point the thesis topic naturally remained open. However it gave a backbone to the early phases of the study.

At starting point the internal awareness of the research topic was limited so the first thing was to form a plan and gain insight. Soon it became obvious that the research would be a continuous process of action, evaluation and planning where the outcome of next action could always point to any direction. Therefore design research was identified as the best possible research method.

In order to construct a solid plan and schedule for the research project the author utilized a model created by Nicholas Walliman (Figure 17). There he has comprehensively described the basic structure of a research project starting from finding the problem area, defining research problem and building a research project based on that. It was also suitable for this case because in addition to solid step-by-step model it offers possibilities for continuous development as well as further research depending on the achieved results.

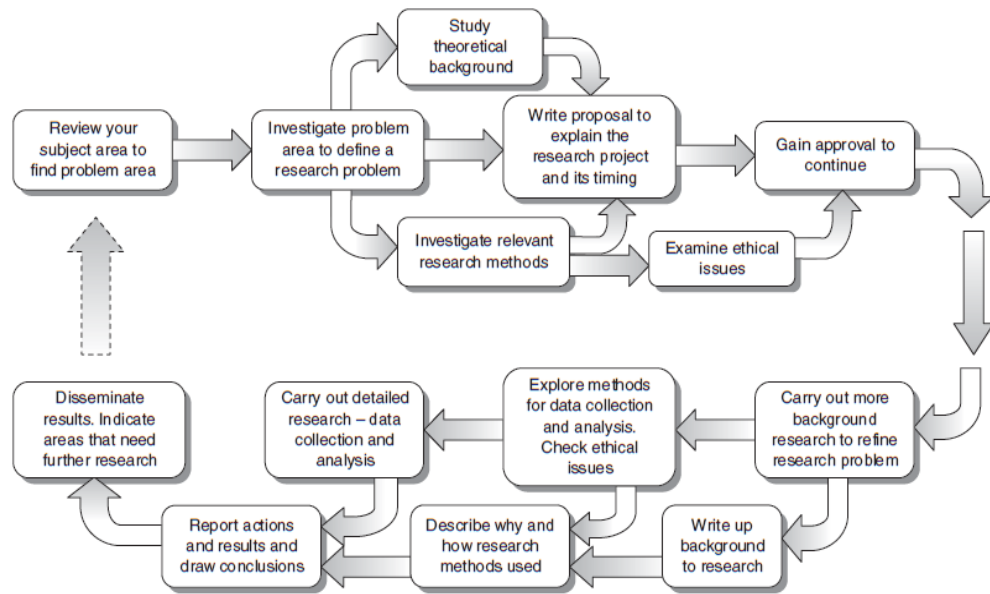


FIGURE 17. Structure of a typical research project (Walliman 2011, 31)

According to Walliman's model the author structured a scheduled research plan for this specific case that is shown below (Table 1). First fundamental questions were to find the problem area and determine the research problem. After sufficient clarity regarding these questions would be achieved the author would start to focus on research methods and define what approach to use for this project. That being said the author reserved the option of adjusting the approach before making final decisions. During the entire process theories and literature would be studied to support the research and get new insight.

TABLE 1. Research plan phases and time scale

| | 2018 | | | | | | | | | | | | 2019 | | | |
|------------------------------------|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|----|----|----|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Q1 | Q2 | Q3 | Q4 |
| Project phase | | | | | | | | | | | | | | | | |
| Find problem area | | | | | | | | | | | | | | | | |
| Define research problem | | | | | | | | | | | | | | | | |
| Find and study relevant literature | | | | | | | | | | | | | | | | |
| Investigate research methods | | | | | | | | | | | | | | | | |
| Define suitable research methods | | | | | | | | | | | | | | | | |
| Study theoretical background | | | | | | | | | | | | | | | | |
| Write project plan proposal | | | | | | | | | | | | | | | | |
| Refine project plan | | | | | | | | | | | | | | | | |
| Approval of project plan | | | | | | | | | | | | | | | | |
| Execution of research project | | | | | | | | | | | | | | | | |
| Reporting and analysis of results | | | | | | | | | | | | | | | | |
| Follow up period | | | | | | | | | | | | | | | | |

According to research plan the first version of the detailed project plan would be available in May 2018 and it is refined during the summer which in business world is otherwise a challenging period to proceed with any projects due to summer vacations. In Finland during the summer season, especially from Midsummer to early August, it is typical that companies tend to turn down operations and there is significantly less resources available. This had to be considered a challenge project-wise.

The actual research would be mostly executed after the holiday period but some background information and internal interviews could be done during the more quiet days providing that key personnel are available. Also previous cases and documentation available can be analysed.

Once the business would return to normal during August the research project also kicks off at full throttle. At this point a series of internal interviews and workshops would be started that would run through the autumn. The aim is to fully analyse and understand the Solution X platform and what kind of value it creates. At the same time a small scale market study will be initiated to investigate the business environment. After the data is available there should still be sufficient time for analysis, conclusions and planning of market actions.

One notable fact was the restricted time scale of the thesis process. Due to the schedule it was inevitable that some important phases like follow up period and further analysis of the research results would have to continue after the actual thesis process was finalized. Also the forthcoming business results can only be seen after substantial period of time.

3.4 Execution of the research

3.4.1 Data acquiring methods

In the *Research methods* chapter the author briefly explained the preferred data acquiring methods. Here those are covered in the context how they were utilized during the research. Different possibilities for data acquiring in design research are described below (Figure 18). For this specific research the author utilized documentation, observation, participative observation to be precise and interviews as data gathering methods.

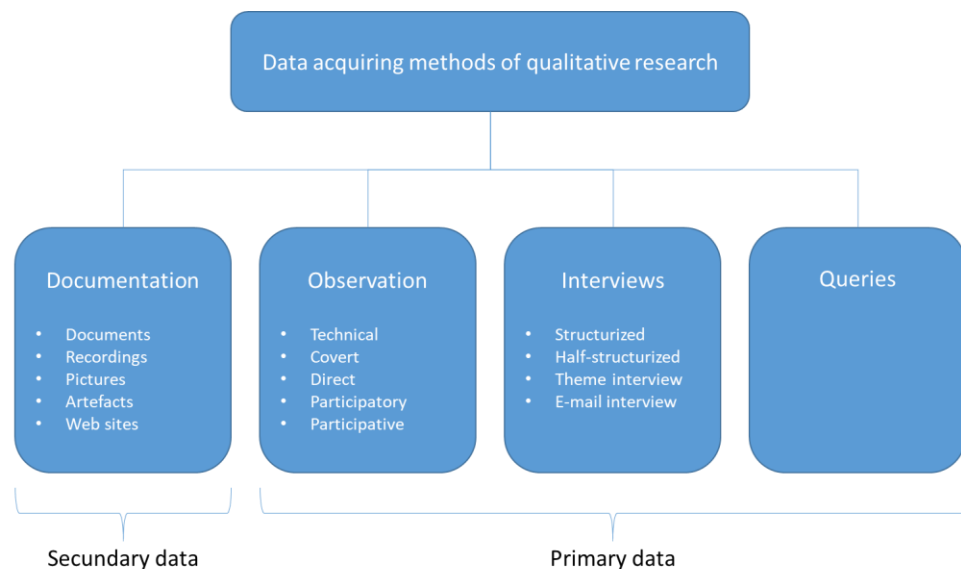


Figure 18. Data acquiring methods of qualitative research (Kananen 2012, 76)

First of all interviews were used to gather basic information and insights regarding the phenomenon from internal stakeholders who have been working with Solution X. These stakeholders were:

- Technical experts with understanding of the Solution X platform
- Account management professionals who have been working with Solution X clients
- Business and sales personnel with experience and expertise of the value Solution X can create

As this study is part of the internal development project most of the interviews were carried out as teleconferences. This was also suitable method considering that the participants were often geographically located in different countries. The author documented the interviews and converted them into memorandums. Transcribing was done at proposition level which as a technique means that only the core of the message is documented (Kananen 2013, 121). In order to guarantee highest possible authenticity all information gained in interviews is kept anonymous.

Chosen interviewing method was half-structured interview. In the beginning of the research project there was a reasonably good idea what kind of information was required and therefore relevant topics could be defined before interviews. However the phenomenon was somewhat vague and for that reason the author did not want to put too strict boundaries on the possible subjects during the interviews.

In addition to interviews the author used participative observation in the data acquiring process. It is a method where the researcher is physically present and has an active role in a research situation (Kananen 2013, 105-106). This research method was used in workshop situations where the phenomenon was processed. These workshops were organized in order to understand how the phenomenon was perceived by the stakeholders and gain their input regarding the subject. Workshops were documented by making notes, taking photos of the outcomes and writing down memorandums.

During the research project documentation was used as a secondary data source. It however turned out to be a vital part of the process of understanding the phenomenon. Utilized documentation was primarily internal PowerPoint presentations, e-mails and technical descriptions about the Solution X platform. Without this quality documentation it would have been much more difficult to get an outlook on the topic. For market research purposes secondary data was the main source of information. Web sites and public databases were exploited to gain better understanding of competitors and potential customers.

3.4.2 Research process and schedule

This thesis project and the associated research process was divided into phases in accordance with the research plan which is presented below in Figure 19. Respectively more detailed descriptions of the research phases and the time scale are described below in Table 2.

After the research problem was addressed and defined the first task of the actual research was to understand the fundamentals of the phenomenon. This was mostly done by examining the documentation that was available at the time. The author also had a possibility to participate in Solution X presentation meetings before the actual thesis process started (Figure 19) which proved to be helpful. However more and updated documentation, sales presentations and sample reports for example, became available during the process and naturally was immediately scrutinized. Documentation mostly consisted of PowerPoint presentations (Appendix 2), sample reports (Appendix 3) and e-mails. The amount of documentation was limited in the beginning but still gave a good impression about the phenomenon i.e. Solution X platform at least on a higher level.

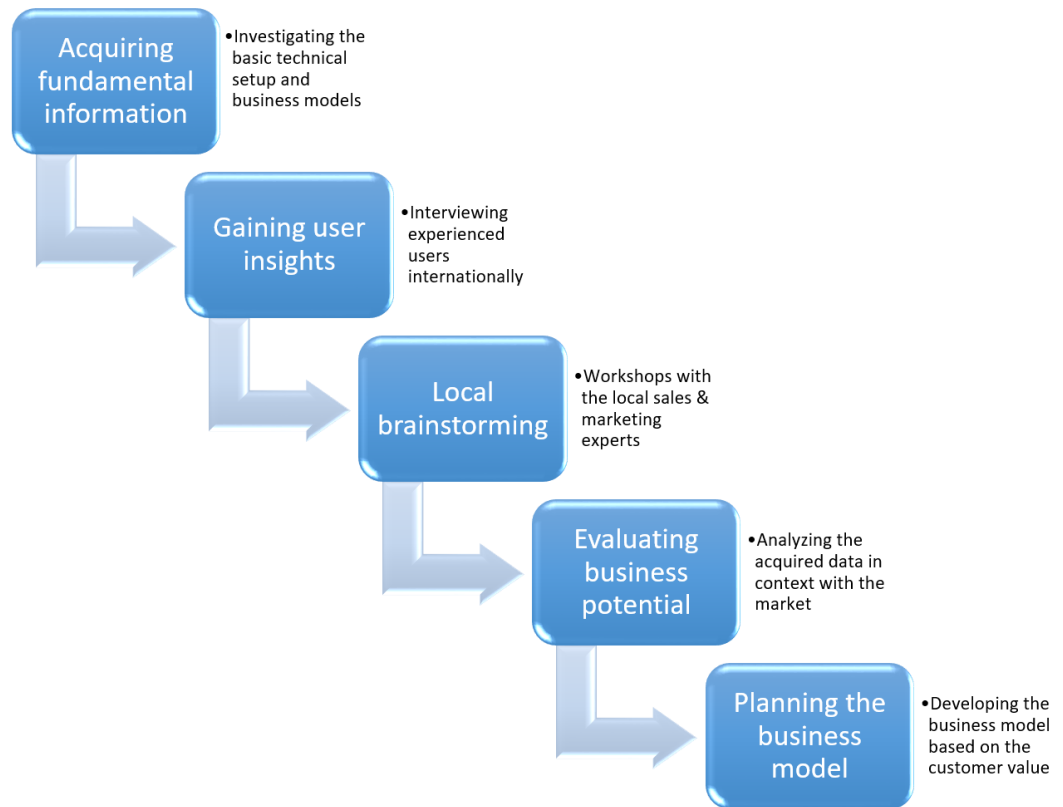


Figure 19. Different phases of the research process

Table 2. Research phases, methods and schedule

| Phase | Description | Working method | Time scale |
|-----------------------------------|--|-------------------------|----------------------------|
| Acquiring fundamental information | Investigating the basic technical setup and business models | Examining documentation | June 2018 |
| Gaining professional insights | Interviewing experienced users internationally | Interviews | June-October 2018 |
| Local brainstorming | Workshop with the local sales & marketing experts | Workshop | October 2018 |
| Evaluating business potential | Analyzing the acquired data in context with the market information | Examining documentation | October-November 2018 |
| Planning the business model | Workshop with business development professionals | Workshop | November 2018-January 2019 |

After the available documentation was analysed the author proceeded to next phase of the research and started to identify stakeholders that could help to understand the Solution X better. Considering that the solution was

not really used in the Nordic countries this proved to be somewhat of a challenge. It turned out that technical expertise about the solution, this also applies to documentation, was much easier to gain access to than to find professionals with deep commercial insights. However after initial struggles the author managed to organize a few interviews with sales and account management professionals who had relevant experience of working with Solution X clients on a European level. All in all three individual interviews and two separate discussions with multiple participants took place (Figure 20). These discussions proved to be fruitful and provided new insights, some positive and some critical, regarding the phenomenon. As mentioned the applied method was half-structured interview where the topic was predefined but agenda loose which gave the interviewees maximum room to express their views.

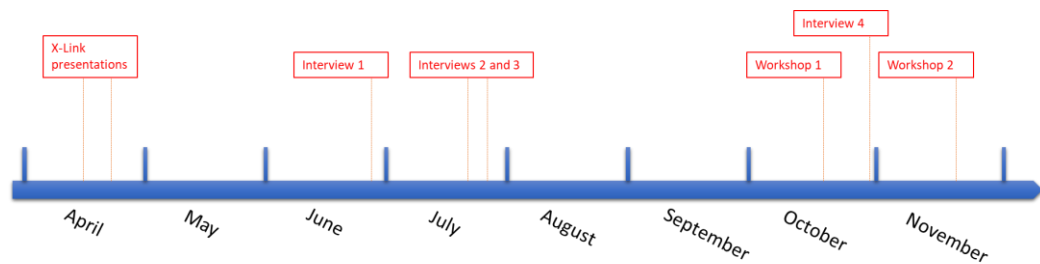


Figure 20. Time scale of interviews and workshops

After acquiring sufficient information by examining documentation and interviewing professional it was time to take a closer look at the local market. In order to gather market insight and play with the idea of implementing Solution X in Finland a workshop was organized by the author. The participants were local sales and marketing professionals who were happy to brainstorm with the idea and provide invaluable opinions. This workshop provided the baseline of the local Solution X insight and understanding. Opinions and views brought up are also presented in appendix 1.

After the workshop was held the author took some time to organize and go through all the acquired information and gather it in one product review document (appendix 1). This was a demanding task as there was a lot of information to process. The fundamental idea was to form a clear picture what Solution X is and what it can do for the customer. Additionally a brief analysis of the competitive landscape and potential customers was attached to the document.

Finally with all the relevant data acquired and presented in an understandable form it was time to consider what type of business model would work with the product in best possible manner. In order to achieve this the author organized another workshop session, this time with business development professionals, to work with the business model utilizing tools like business model canvas and value proposition canvas. Due to limited time during the first session another workshop, this time as a teleconference, was organized but could only take place in early 2019. The outcome of these workshops can be found as appendices 5 and 6. Based on the information and insights gathered the author finally produced a report that concluded the findings and pointed out suggestions for next actions (appendix 6).

3.4.3 Conclusion of the research

Although the process can appear on paper like a constantly progressing flow where one phase follows another, in real life it turned out to be anything but. As mentioned design research is a cyclic process by nature and this was the case for this study also. In every phase of the research process new questions were raised along with the new data which forced the author to dig deeper and return to previous data sources for additional information. It was rather typical that after one action was taken the author would come back with more questions later on. Considering this the actual process would have arrows and connectors pointing everywhere if described in detail.

The initial plan of how to build from the scratch and move forward as the understanding of the phenomenon increases worked out rather well in practice. Obvious challenges such as time frame and available resources affected the research but did not jeopardize it at any point. All in all it can be argued that the plan was solid enough to withstand some moments of unexpected factors and incidents.

Design research proved out to be a suitable method to support the process, probably the only real option, and it provided the required structure throughout the research. With that theoretical background the author was able to steer the process and keep it going even though the demands of the professional environment placed some stress upon it.

Looking at the process and the outcome as a whole it is evident that the research was a successful one. Still there were definitely many things that could have been done better, such as time management and project planning, but in the end those issues did not harm the study too much.

4 CONCLUSIONS

4.1 Accomplishing research objectives

The goal of this research was to study the Solution X, analyze the customer value it can create and identify whether it could be offered in the local Finnish market. It can be said that all of this objectives were reached during the process. At the same time a comprehensive documentation was created by the author to support any future analysis that might be needed.

Research objectives were met especially well considering the understanding of technical solution and its features as well as the value proposition. The author however feels that given more time and resources the market analysis and entry plan could have been prepared further. This was not the principal aim of this research but still something that was at least partly in the scope. More detailed market analysis, prospecting and market entry planning could be a topic of another study in that regard.

All in all the research achieved the most important objectives that were set and it will be the backbone for product implementation.

4.2 Key findings of the research

This chapter includes a thorough report of the Solution X product, constructed by the author, which describes the solution both on a technical and commercial level. It also includes SWOT analysis based on stakeholders' experiences and insights that were available from different markets. Information was mostly gathered through interviews and workshops. As mentioned in previous chapters one of the most crucial and defining factors considering Solution X's potential is the market situation including clients, trends, business environment and competitors. Therefore the author prepared a small-scale analysis of the Finnish market. It is important to understand that all the above mentioned studies were done based on the previous knowledge but did not necessarily decide the future

business models. Due to the business critical content of this study the product review is only presented as an appendix (appendix 1).

Chapter also includes key findings that have been made during the research. Additionally the author has also recommended future actions that should be taken when proceeding further with the Solution X project. On top of that there is a small scale case study regarding a real life client. These findings have also been placed as an appendix because of their confidential nature (appendix 6).

4.3 General findings

Although the above mentioned information is not available in public author's general conclusions can be offered. As mentioned time and time again this study has been about how to bring a new type of product to a new market. During the research process it became obvious that the markets in Central Europe and Nordics, Finland especially, are very different considering business-to-business services. The study clearly showcased that the business landscape varies a lot regionally which affects how certain products and services should be offered. A solution that is prepared for a certain market needs to be carefully analyzed, an action which was taken during this study, before preparing for market entry. If a product is originally developed for a certain market then all the features and expected customer value are based on those requirements.

One notable difference between Central and Northern Europe is the size of the market and more specifically the amount of major international enterprises. Any solution that is primarily developed to support large scale international organizations needs to be tweaked in order to fit the more limited markets – this became evident during the study. It also requires that the organization understands the situation and appreciates the unique market circumstances.

This study approached the problem space of fitting a product to a new market through customer value. For that reason strategic tools such as

Value Proposition Canvas and Business Model Canvas became the mainstay of this research. Analyzing customer value proved to be an excellent way to understand the differences between business environments and adjust the product offering accordingly. Based on this experience it can be argued that this type of outside-in approach brings real value to both customers and the organization itself.

Those above mentioned tools, Value Proposition Canvas and Business Model Canvas, are already widely used in many organizations. However still many companies are not familiar with such tools or are not actively using them. Considering the importance of customer value and different factors affecting a business model it should be highlighted that methods are utilized on a regular basis. Implementation of this in a working environment could even be a topic of another thesis project.

Customer perceived value was one of the key concepts of this research. As previously described it reflects the value what is achieved after undesired consequences are deducted from the benefits customer is gaining. In general customer value, value creation and value proposition are concepts that are often used in company presentations but not necessarily realized when conducting actual business. Thorough analysis of customer perceived value is not a simple task as it is not something that can easily be measured. For this specific research the best way of understanding it was having active communication with customers to gather information. As presented in appendix 6 there was an actual client case that was underway during the research which enabled the author to test different approaches and ideas in real life environment. Co-creation and “Fast failure“ approaches were utilized there in order to find out how the market reacts to certain signals. It must be addressed that often these discussions with clients brought in much more valuable information than any internal workshop or theoretical discussion could have done – one of the key findings of this study.

Part of the theoretical framework of this research was the Blue Ocean Strategy which strives for differentiation. In the interviews, workshops and

analyses that took place during the research this aspect was strongly highlighted – how to separate oneself from all the competitors? The market for debt collection services is highly competed and regulated so differentiation is easier said than done. Therefore a company must really invest time, money and energy on innovation in order to find unique value propositions and position products optimally. Advanced product strategy and product development should fully focus on this in order to build long term success. This is not a simple task considering the challenging environment of modern day business but underestimating the importance of Blue Ocean approach can be fatal. It seems clear that tomorrow's success stories are not build on bulk products and copycats.

4.4 Validity and reliability

Kananen (2012, 162) identifies scientific methods, correct application and reliability of utilized information as the basis of any scientific research. He also points out that for a design research the most important factor is change, obviously to the right direction, and therefore outcome is equally essential as scientificity. However lack of scientific approach may compromise the research results or make validation impossible.

In order to be considered valid and reliable a research must be comprehensively documented in a manner that showcases the connections between research results and conclusions as well as the reasoning behind decisions made. Therefore an academic research is evaluated based on this criteria where validity describes that correct matters are measured and reliability reflects stability of results. This applies also to design research where starting point, process phases, outcome and different research methods must be documented. (Kananen 2012, 164-165.)

This specific study utilized design research as a research method and data was gathered by interviewing various stakeholders, exploring documentation as well as organizing internal workshops – all suitable methods for this type of research. Gathered data was sufficient in order to

understand the phenomenon and it was also thoroughly documented by the author. The starting point and end result were described in detail. Unfortunately the research results are for most parts considered confidential and therefore not available to public. That being said the author feels that the research process from one step to another has been well documented to guide reader through the different phases. Also the research was able to provide new information according to set objectives which is crucial.

Reliability is more of a complex matter as the circumstances during the research evolved and considering the cyclic process it would be difficult to replicate actions taken. Still the author suggests that the findings that were done reflect the actual situation reasonably well and there would not be major alterations if the research would be repeated.

5 SUMMARY

This thesis project was a challenging experience right from the start. As often occurs in the business world you should not expect anything but the unexpected – a proverb that turned out to match the reality more often than not during this project. The planned time scale of finalizing the project during 2018 was ambitious considering that the actual project just barely got off before the summer season, a notoriously quiet period for Finnish businesses, and therefore the start cannot be described as flying. The summer of 2018 was mostly dedicated to work in the background such as data acquiring and processing.

The project as well as the thesis process really get going only in fall 2018 when crucial business resources became available enabling enhanced cooperation with different stakeholders within the organization. After initial struggles the progress was continuous and required documentation, both professionally and thesis-wise, started to take shape. Although the project gathered some speed during the fall it still failed to reach the initial schedule of completing before the turn of the year. This became evident in late November 2018 and the author was forced to adjust the process accordingly.

Early 2019 the last steps of the thesis project were taken and after that it was more about the documentation of the findings as well as enhancing the final paper. As mentioned most of the documentation are considered classified information and not available to public. This obviously affects the reader's experience while going through the general version. However there was no other option as this was primarily a business project with a clear purpose.

One good indication of the usefulness of this research is naturally the clear business value that has been achieved. It is a strong argument considering both validity and reliability of the research that the findings can be applied in actual business environment. This is a true evidence that the crucial objectives have been achieved.

All in all the project proved to be fruitful although the outcome did not come easy. Many of the obstacles could probably have been avoided with better planning and more flexible schedules – the usual situation in that sense. Also the ever-changing business environment heavily affected the process especially during the early phases. Still from day one the most important goal was to answer the main question: what is Solution X and could it work in Finland.

Mission accomplished.

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APPENDICES

APPENDIX 1 – Product review (Confidential)

APPENDIX 2 – PowerPoint presentation (Confidential)

APPENDIX 3 – Sample reports (Confidential)

APPENDIX 4 – Business Model Canvas (Confidential)

APPENDIX 5 – Value Proposition Canvas (Confidential)

APPENDIX 6 – Final report (Confidential)