How and why do organizations utilize business model innovation?

Point of view: People

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The topic of this thesis as its purpose was to find out how and why do organizations utilize business model innovation. As the subject on its own was too wide I decided to focus my research on people. The aim was to find out how business model innovation affects customers and how value is created for the customer.

It is important to shed deeper light on how and why organizations utilize business model innovation because business model innovation is what will help organizations succeed and keep succeeding.

This thesis was commissioned by Differo Oy and it was executed with a Sprint method in three weeks. Eight other students executed this thesis with the same main topic but different point of views which were processes, spaces and people.

In this thesis, the background knowledge was gathered through literature review and net scouting. This was to get background information of the area and a general understanding of the topic. Qualitative methods were used to gain primary data for this thesis. The primary data was gathered through theme interviews.

The results of this thesis provide answers to Differo Oy or any other organization on why business model innovation is utilized, how is it utilized, how does business model innovation affect customers and how is value created. This thesis also provides knowledge of some of the main challenge's organizations phase with business model innovation and a suggestion of what are the main factors in order to have true innovation in an organization.

According to this thesis, organizations utilize business model innovation for four main reasons, because of a need, to gain understanding, because of an opportunity and because of a desire. The way it is utilized is to help their customers and find solutions which work better.

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1 Introduction

Business model innovation is a current theme between organizations and is starting to get more and more attention around the world. The world around us has changed enormously. If business models are not continuously developed success will end at some point. Earlier it was essential to concentrate in product innovation because it kept them on top of their competitors. This is still the case today but concentrating only on product innovation is no longer enough. Business models need to be innovated in order to keep up with time and keep up with other organizations. Before globalization the customer was not the most important part in the business model. Today many offer the same products for somewhat the same price. The competition is no longer in the product but in the service design and in the business models.

Organizations hold power in their hands, just by changing the way business is conducted. When an organization successfully innovates their business model, they can dominate a certain industry and bring power to the business. The product or the service of an organization does not change but the way they do business. For me that is interesting and the reason why I want to research business model innovation. Organizations can make a customer buy a product or a service, which they did not buy before the organization's business model was innovated.

Organizations have the power to affect customers and potential customers through service design and business model innovation. It is important to understand how and why do organizations utilize business model innovation. This will help understand how does business model innovation affect customers. As a customer and a consumer for many brands, organizations and companies, I feel that this is an important area to research because I want to know if organizations know how their business model affects customers. I want to know if organizations innovate their business models to fulfil a real need or is it just to create more artificial needs.

1.1 Research problem and aim

The aim of this thesis is to gain understanding of how and why do organizations utilize business model innovation (Figure 1). The aim is to find out how does business model innovation affect customers (Figure 1) and also to find out how value is created for the customer (Figure 1).

How and why do organizations utilize business model innovation?

How does business model innovation affect customers?

How is value created for the customer?
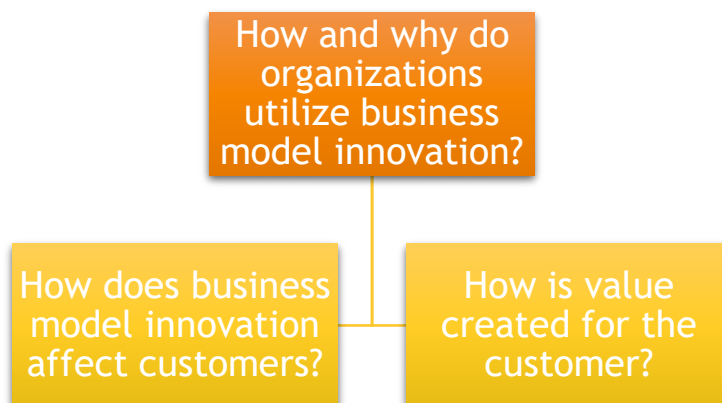
Figure 1: Research problem

1.2 Employer and Business Design #ThesisHack introduction

This thesis is commissioned by Differo Oy. Differo Oy was founded in 2010 and has now three offices in Finland, Tampere, Helsinki and Jyväskylä. Services Differo Oy offers are content strategy, content production, content marketing, websites, marketing automation, strategic recruitment marketing, coaching, sales and marketing transformation programme and content marketing for events. Iana Vesa from Differo Oy will serve as a mentor for this thesis.

Business Design #ThesisHack is a three-week intensive project 27.09.-14.09.2018 where 9 students will form their thesis. The #ThesisHack will be held at Laurea, Leppävaara. Jake Knapp's Sprint method will be used to execute this thesi. Kati Tawast will serve as the design sprint coach for this thesis. The thesis will research how and why do organizations utilize business model innovation. There were four different point of views to choose from, people, processes and spaces. The point of view I have chosen for this thesis is people.

2   Literature review

The core of service design is to define the user or customer, their needs and their values. Service design is about finding what the real problem is rather than thinking of a solution without knowing if it is a solution for the right problem. Service design is not about getting it right at the first time, it is about doing rather than thinking, trusting the structured processes of prototyping and testing to test and then to improve. (Stickdorn et al. 2018, 14) More organizations turn to service design and the innovation it brings because it is seen as the key success factor.

The terms service design holds many definitions but for this thesis I have decided to share only one which I think is the most proper. ''Service design helps organizations see their services from a customer perspective. It is an approach to designing services that balances the needs of the customer with the needs of the business, aiming to create seamless and quality service experiences. Service design is rooted in design thinking, and brings a creative, human-centered process to service improvement and designing new services. Through collaborative methods that engage both customer and service delivery teams, service design helps organizations gain true, end-to-end understanding of their services, enabling holistic and meaningful improvements''. – by Megan Erin Miller (Stickdorn et al. 2018, 20)

As time goes by, things change, people change, needs change, services also need to change. What worked 10 years ago might not work today. Organizations need to be able to adapt to the changing world and a changing society. This means old processes and ways of doing business need innovation in order to keep up.

Organizations no longer hold the information. Users have today more information available because of the Internet, they can easily make price comparisons and use different sources before deciding on a purchase. Ucers make decisions based on word of mouth more than advertising campaigns. Social media has also changed the business world and the relationship it has with customers. One person can make a difference on social media, which can affect an organization positively or negatively.

2.1   Business model

The definition of business model is still unclear because many organizations have their own way of interpreting it. Gassmann, Frankenberger and Csik (2015) give a

simple definition for it. ''A business model defines who your customers are, what are you selling, how you produce your offering, and why your business is profitable.'' Each organization's business model aims is to create and capture value.

An organization's business model consists of four parts as shown in the figure 2.

Figure 2: Magic Triangle, Business model   (Gassmann et al. 2015)

First part is the customer. At the center of an organization's business model should be the target customer. That will answer the question who (Figure 2). The second part is the value proposition. The organization must know what they are offering to their customer, what value does it give to the customer. That will answer the question what (Figure 2). The third part is the value chain. When an organization knows what they offer to the customer they need to have a way to produce it, which means going through processes and activities. This will answer the question how (Figure 2). The fourth part is the profit mechanism. This includes cost structure and revenue-generating mechanisms. It answers the question why, why the organization makes money and how does it produce value (Figure 2).

2.2   Business model innovation

For organizations the point is to understand and learn about how business models have been innovated before rather than copying them. Copycats will not be successful. A business model innovation that has worked for a certain organization does not necessarily mean that it will work for another; service or the product is

different, or the target group is not the same. There are many reasons why copying is not a good way to go. ''Beat your competitors without trying to beat them'', (Gassman et al 2015. 10). Gassmann, Frankenberger and Csik (2015) suggest that about 90 percent of successful business model innovations recombine existing business model elements. Existing patterns are been used as a source to learn from and then modified to fit an organization's business model in its own way.

Although organizations are turning to business model innovation there are challenges. One being that multinational corporations invest 90 percent of their innovation budget to product and process innovation and only 10 percent into business model innovation. The problem lays under three challenges; thinking outside of one's own dominant industry logic, the difficulty of thinking in terms of business models rather than of technologies and products, and the lack of systematic tools.

People tend to think about their past successes and this enables the blockage of new ideas, it makes it difficult to think outside of one's own dominant industry logic (Gassmann et al. 2015, 11). This comes to light when new employees enter an organization and start to question the organization's way of doing things. Organizations have a hard time changing their industry logic and way of doing business because that is how it has always been done and are unable to think that any other way would work. For innovation to have a palace in such industry the organization has to change their way of thinking and allowing integration of outside ideas.

Organizations put more time and effort in product and process innovation than in business model innovation. Organizations struggle in terms of business models rather than of technologies and products (Gassmann et al. 2015, 13). No matter how good of a product an organization has, it does not secure success. There is a need to see that the products are not always the key success factors rather than innovative business model.

What can block innovation is the lack of systematic tools or the unawareness of the available ones. Tools are needed in order for an adult to be able to be creative. Tools are methods to accomplish or approach something. There are different kinds of tools, which can help innovate an organization's business model. Because of a research conducted by an American scientist George Land it is a fact that non-creative behavior is learnt, and adults are less creative than children.

2.2   Reasons for using business model innovation

No longer is it sufficient to innovate organization's services or products, business models also need to be innovated. Innovation drives growth and helps to gain a competitive advantage. The need of business model innovation lays in increasing competitive pressure, globalization, new technologies, new competitive players and changing regulations. The world is becoming smaller because of globalization, things and people are changing and organizations must adjust (Gassmann et al. 2015, 5).

Let's take Netflix as an example. Before DVD rental companies where all over the place and when a person wanted to see a movie, they went and rented a movie from these companies. Today there aren't so many left because Netflix changed the business and the way users watch movies and shows in general (Netflix 2018).

Netflix started as a mail order DVD company in 1997. In 1999 Netflix switched to a subscriber model and by 2000 it was clear that the switch was a success. It had changed the industry because by subscribing users could watch movies whenever they wanted and as many times they wanted.

After the switch to a subscriber model came four phases that led to were Netflix is today. First phase was in 2000, Netflix launched the queue where the customer could make a list of movies, shows and documentaries they wanted to see and when one DVD was returned the next DVD was sent out automatically. The second phase was in 2006, Netflix launched the personalized recommendation system, which was based on the user's preferences and different algorithms.

Third phase was in 2007, it was when Netflix changed things forever. Netflix moved to video streaming. It was not all at once but in 2007 video on demand started to be high. After 2007 it was a blow for DVD rental companies because they no longer had as many customers as before and the situation was declining.

In 2011 Netflix started to make exclusive content for its subscribers. Then there came the opportunity to watch as many episodes in a row, as the user wanted called ''binge watching''.

Netflix started from being a start-up mail order DVD company and is now today the most popular international movie streaming service worldwide. Netflix changed the world through innovation and that is why organizations utilize business model

innovation because it has the power to make change happen and change the world, one benefit is also to make a lot of money in the process and dominate a certain industry (Netflix 2018).

2.3   Ways of using business model innovation

To innovate a business model there are several methods to do it, but all methods do not work for every organization. For that reason, it is important to put effort in finding the right method. Service design and its tools help to serve as a common language for collaboration, so cross-functional teams work. Service design tools help to get the correct message through and to communicate better.

Using the magic triangle introduced in the part 2.1 any organization can innovate their business model. When using the magic triangle two of the four parts need to change in order to allow innovation.

2.4   Main tools

The general process of innovation is having an idea, from the idea a prototype is made and, in the end, tested if it works or not.
Some of the main tools are research data, personas, journey maps, system maps, service prototypes and business model canvas.

Research data is most commonly needed. Data is information which contains facts that can be collected, studied and help predict what is to come. There are two types of data: raw data which has not been studied and interpreted data which is the outcome of a researcher studying the data. Raw data can be collected in six ways, through text, numbers, photos and screenshots, videos, audio recordings and artifacts.

Personas are used to build a profile, which represents a group of people, for example organization's target customer. A persona should be based on real research. Making a persona it consists of seven parts: portrait image, name, demographics, quote, mood image, description and statistics. Portrait image is a representative photo or image of the persona. Name is what reflects the personas heritage and social environment. Demographics give more information about the persona, age, gender and geographics all help to add context and start to shape an image of a certain group of people. Quote puts together the personas attitude. Mood images are photos or sketches,

which bring context to the persona by showing the personas behavioral patterns, goals and motivations. Description is able to show the personas characteristics, personality, attitudes, interests, skills, needs, expectations, motivations, goals, frustrations, brands, technologies' the persona likes and background stories. Statistics summarize relevant quantitative information and help to bring reliability to the persona.

Journey maps visualizes users experience of a certain service during a certain time. Journey maps can be very general, and they can be very specific (Figure 3). It helps to find errors in customer experience and this way be fixed. The reliability and quality of a journey map depends on the quality of research data.
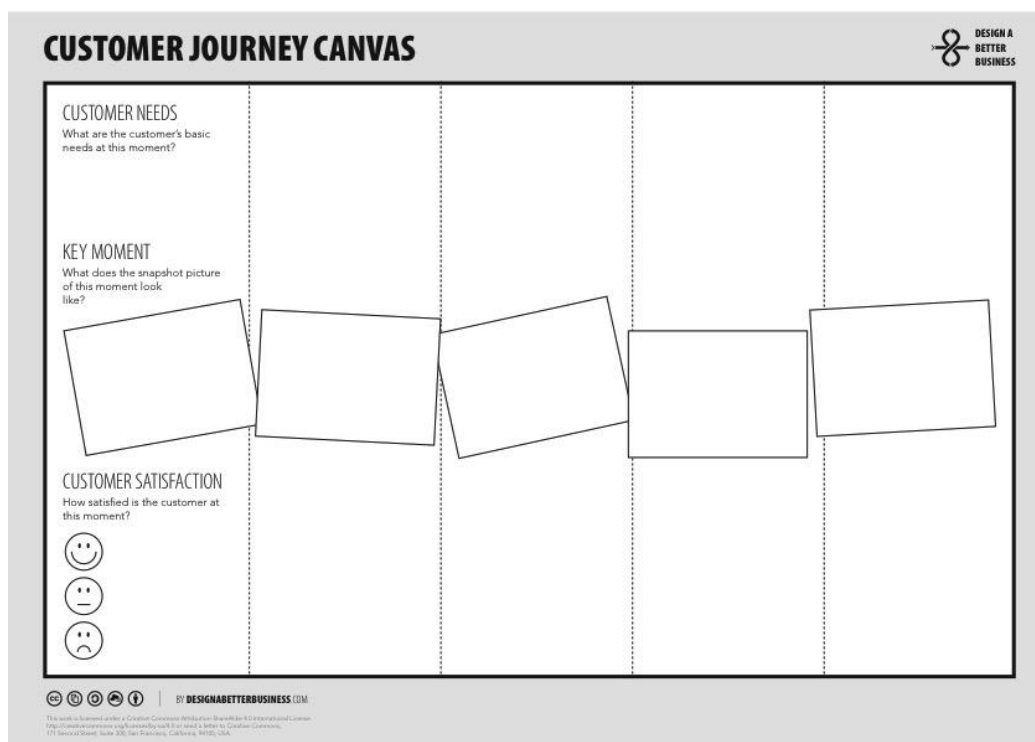
Figure 3: Example of a tool, Customer journey canvas   www.designbetterbusiness.com

''System maps is a visual or physical representation of the main constituents of the system in which an organization, a service, or a digital/physical product is embedded'' (Stickdorn et al. 2018, 58). System maps are normally visualized in one of three ways: on paper, as physical model or with real people. System maps have three types: stakeholder maps, value network maps and ecosystem maps. Stakeholder maps are used to identify the stakeholders who are involved and how they are connected to the organization. Value network maps is an extension of the stakeholder map. This map is used to get insight to the flow of values, which can be

money, goods, services, information or trust. Ecosystem maps is still more of an extension of the two maps. Ecosystem map is used to visualize complex systems that involve various parts.

Service prototypes are important when wanting to test if an idea works. Service prototypes are experiences and processes, which create an early experiential form of a service. Prototypes can be physical or visual.
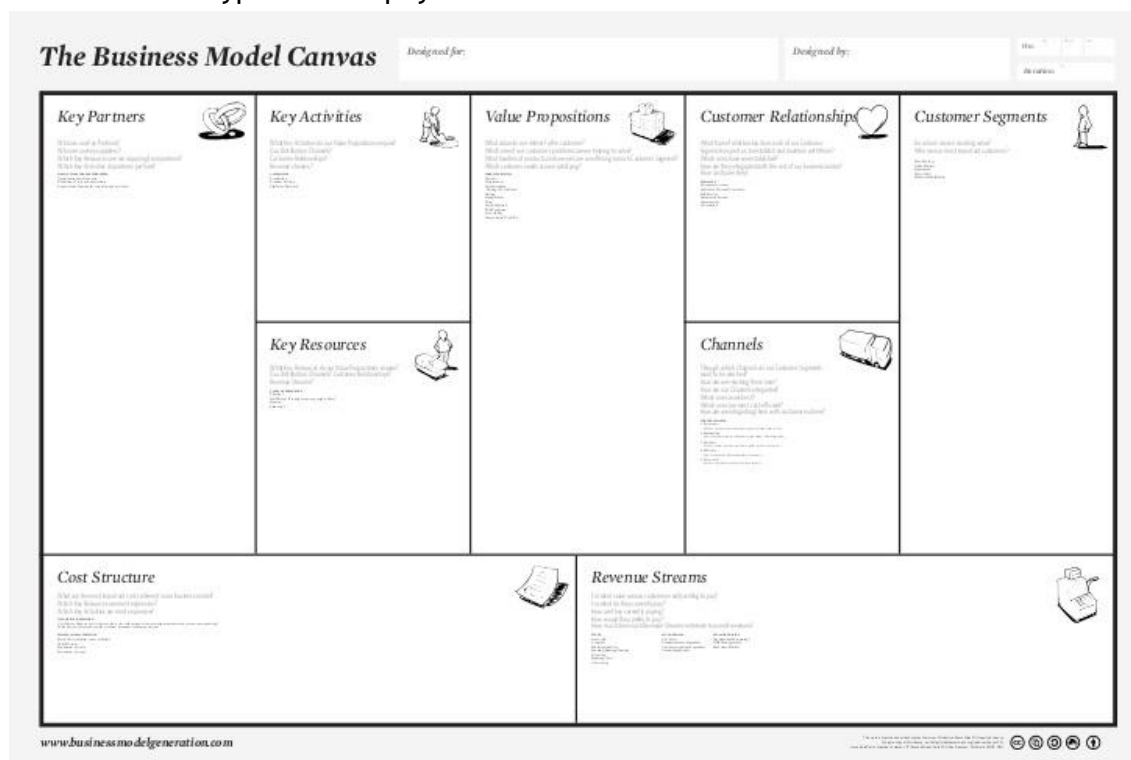

Figure 4: Example of a tool, Business Model Canvas

www.peterjthomson.com

Business model canvas (Figure 4) is a template, which consists of nine parts: value propositions, customer segments, channels, customer relationships, key activities, key resources, key partners, cost structure and revenue streams. It is used to understand the influence of different options on the employee and customer experience and the business impact. Value proposition puts together the offerings of the organization, this means services and products. Customer segment describes the organization's target group. Channels show how and by what the organization connects with the customers. Customer relationship clarifies the type of relationship an organization starts and maintains with its customer segment. Key activities are the most important processes in order to produce its products or services. Key recourses show what the organization needs to be able to supports its business. Key partners show the direct partners that are involved in the organization's business. Cost structure shows the main fixed and various costs. Revenue stream show how the

organization generates income. Figure 4 is an example of a business model canvas.

Service design and service design tools are to help organizations change and innovate their business models.

2.5   Human behavior

Behavioral economics says that people operate irrationally and are irrational, which differs from the idea of traditional economics that says people are rational beings. In my personal perspective people are irrational and make decisions based on emotions and Daniel Kahneman confirms this in his book Thinking Fast and Slow. Kahneman says that the human brain can be split into two separate systems. He calls them System 1 and System 2. ''System 1 operates automatically and quickly, with little or no effort and no sense of voluntary control. System 2 allocates attention to effortful mental activities that demand it'' (Kahneman. 2011, 20).

Normally a person operates with System 1 in the day to day life because System 1 is the primary response for everything. System 2 starts to operate when a task is too difficult for System 1 to complete. What makes people irrational is System 1 because it always aims to be satisfied or to satisfy a need. When the brain is operating with System 1 the whole process is subconscious and we are not aware of it. This also shows that the amount we can trust our own thoughts is little.

Affect heuristic is a behavioral pattern in human beings. It is a mental short cut, which allows a person to make quick decisions and solve problems. In problem solving and decision-making people take previous experience and intuition rather than careful analysis. ''The affect heuristic is when subjective impressions of goodness/badness act as heuristic.'' (Yudkowsky, E. 2007) Emotions play a large role, it is subconscious, and it happens automatically. This can lead to normal easy everyday decisions and also to irrational decisions in daily life as in business life. (Garofalo, S. 2016) When there is no time to analyze a situation the decision is normally made with how a person feels.

People are not only irrational but are also under the influence of several different organizations during their lifetime. We as people are not consciously aware how much or how little influence an organization or organizations have over us. The study of Sociology shows that an organization can change individuals and have power over them. An organization can be a school, a religion, a sports team, a hospital, a

company and a group of people. Each organization is different but there are similarities. Each have its own morals, what is right and what is wrong, it can help to make a change or prevent one from happening, there are rules, levels of authority, communication systems, goals, activities, it has physical and mental barrios. If an organization knows how to use its influence right they can make a person believe anything and manipulate them.

This shows that humans are vulnerable inside out. The System 1 part of the brain makes it hard to make rational decisions, our heuristics and intuition are not always right, and organizations can influence our life from the outside.

2.6 Customer experience

Most important question is knowing what holds the most value for the customer. Many aspects and processes affect customer experience. It is not just the end product that matters for the customer. Each step of the customers journey to the product matters.

Stickdorn, Lawrence, Hormess and Schneider (2018) showed a study where tens of thousands of patients where asked what had led to their satisfaction during their stay at the hospital. The outcome of the study showed that the satisfaction had little to do with the customer being healed, which is the primary reason to enter a hospital and more to do with how they were treated during their stay in the hospital. This means how the personnel of the hospital talked to the customer, how the information flowed, how complaints from the customer where handled, if the staff was empathetic and polite, including the customer in the decision making, pleasant environment and the feeling of being cared for. This shows that the core offering does not hold the most importance and value for the customer but everything that happens around it.
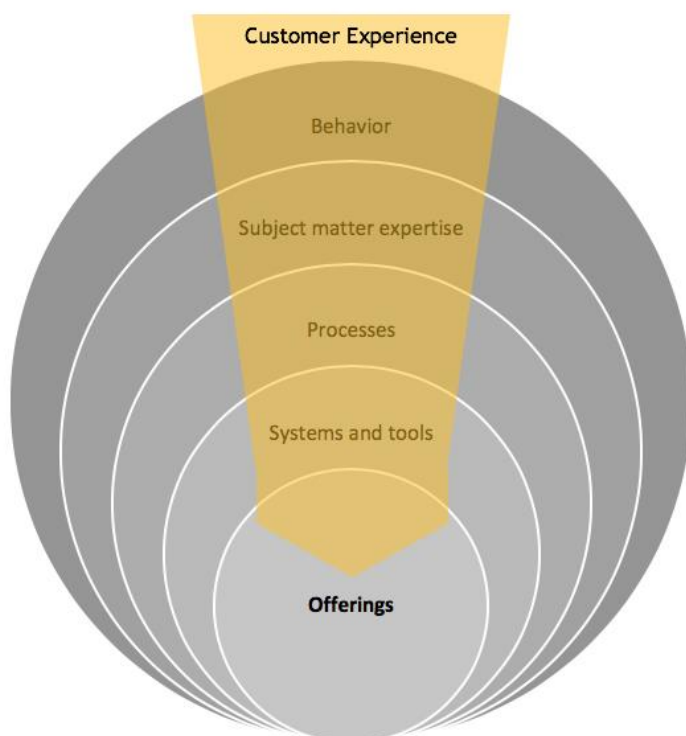
Figure 5: Customer experience

(Stickdorn et al. 2018)

Looking at the Figure 5 the first thing that affects customer experience is behavior, this is how personnel act in front of the customer. Then comes subject matter expertise, this means the personnel's knowledge of what they are offering and its operations. After comes processes, they are carried out by the personnel, which can be sales or refund routines. After processes is systems and tools, those are run by the organization, this means logistics systems, billing and point of sale systems. At the center is offerings and this is the product or the core service. Each of these parts contribute to the whole experience. If one of these parts do not function the customer experience is affected and make it less valuable.

2.7 The way business model innovation affects customers

The world today is materialistic and for the majority of people a good life means having, acquiring products and using services. When a business model is innovated this can have an effect on the customer, to change behavior and purchasing habits. Business Insider looked at research and found that people have 20 of most common

cognitive biases that can affect decision-making. To name a few, availability of heuristics is going with what is called the ''gut feeling'', bandwagon effect is believing what others believe and confirmation bias is searching for only the information one wants to find (Wood, J. 2015).

I believe that business model innovation takes those biases, studies them and uses the information to benefit the organization. Knowing how people's minds work, their certain behavior and their cognitive biases help organizations innovate their business models in a way that they create value for the customer and also create value for the organization. Through knowledge of human behavior business model innovation has the power to affect its customers (Wood, J. 2015).

3 Research methods

This thesis is conducted as an empirical research. Empirical research has real data which is collected through direct observation and experimentation. Empirical research can be divided into two research methods, it can be qualitative or quantitative. (Brandford, A. 2017.) In this thesis the research method will be qualitative. As the thesis focuses on organizations and how they see business model innovation it seems only natural to use a qualitative approach. The key element of this qualitative research is the interviews.

Qualitative research uses different approaches based on diverse theoretical principles. This means data collection and analysis that are non-quantitative. Qualitative research aims to investigate the reason how and why something is the way it is, explore social relations and give a realistic understanding of the area researched. (Adams et al. 2007, 26.) Qualitative research is taken straight to the source, meaning the people. Qualitative data will produce primary data that has not exited before this research.

An important part to acknowledge is the importance of the writer of this thesis, without active participation no data exits. For the writer there is no single reality, it is subjective and exists in the point of view of the observer. When the writer is involved, she/he gains an insider's view of the field and this enables the writer to pin point issues that are not always considered (Mcleod, S. 2017).

A qualitative research can be seen as a process when the research is done by a person, meaning the researcher itself, during the research can the focus and

knowledge progress, it can be seen as a learning process. When analyzing the qualitative research and when interpreting the data received, it can bring more interest points. The main point of a qualitative research is to find the main leading points by which research decisions are made (Raine Valli (toim.) 2018).

3.1 Reliability and validity

Reliability ensures that this thesis is conducted correctly. The reliability of this thesis has been ensured by not mentioning any names of the organizations nor the names of the participants. By not mentioning any names, it excludes being biased towards the representatives of the organizations who participated in this thesis. Without names it also allows the writer to write with more freedom and honestly, not having to air brush the results in anyway.

All the raw data gained from the interviews was transcribed and is available to be checked by the commissioner, mentor or coach. This gives the thesis authenticity and reliability, as there is no room to lie. The interviews were conducted in a manner that the interviewee had the freedom to tell stories and talk freely without being led. The structure of the interview is found in the appendix 1.

Before starting this thesis, the research problem was known and while conducting the literature review goals were set. Setting a target/goal, in this case the research problem is the target and being able to answer the research problem gives validity for this thesis. Researching the topic given and finding answers to the research topic secures that the research has concentrated on the topic and not expanded to other areas, which are not relevant for the research.

Validity can come also from the transparency. This thesis has been conducted as truthfully, transparently and by minimizing biases.

3.2 Data collection methods

In this thesis I have used more than one approach. I have used theme interview and net scouting to gain a deeper understanding to my research problem. The reason why I have used more than one method is to bring more credibility for this thesis.

Theme interview is a conversation between the researcher and the researched. A theme interview is semi-structured, and it has a predetermined meaning. (Adams et al. 2007) The structure of the interview is based on the research problem and holds

questions what could answer the problem. In any case the theme interview questions cannot be answered or predicted before the interview, that is why it is only semi-structured because there might come additional questions during the interview. During the interview the order of the interview questions can shift because each person interviewed shares their point of views and stories in their own way. A theme interview when it is held face to face it gives the opportunity for the researcher to analyze the person interviewed, their communication style, their thoughts, body language, emotions and experiences.

Net scouting has been the method I have used when gathering general background information for the research problem. I have been very accurate of what information I have used from the internet because it is important to maintain credibility and stay true to the research. To bring a more psychological aspect to this thesis I used net scouting to bring the point of view of human behavior and this way get inside a customer's mind or a person's mind. Net scouting was also used to be able to share past success stories of organizations, in this case I took Netflix and used Netflix's journey with innovation as an example for why an organization innovates their business model.

As this thesis is done by other eight students I have had the opportunity to brainstorm with them and exchange views and ideas. This has helped me to gain a deeper understanding and gain different point of views towards the research.

3.3   Research progress

On the 27th of August 2018 the Thesishack group came together at Laurea to present all their findings and to explain what they were going to do with their own Thesis. Our mentor Iana Vesa, our coach Kati Tawast and our evaluator Eveliina Hytönen were all present. Iana Vesa had put together a list of interviewees which the whole group could use for the research. All the interviewees were divided equally. It was also decided that the ones that had the same point of view would also conduct the interviews together. In my case I would conduct my interviews with Tiina Kosunen and Marjut Mäkinen because both of them shared the same point of view with me which was people. During that same day we put together with Kosunen and Mäkinen our theme interview. It was put together with a limited amount of time because the interviews would already begin the following day.

All the interviews were conducted on week 35 of 2018 and were held in a suitable places for the interviewee, most of them where held at their place of work. Each interview lasted an hour and was recorded with two devices, which were transcribed with the consent of the interviewee. The transcriptions were divided between Kosunen, Maäkinen and I. In addition of the interviews held with Kosunen and Mäkinen, I had an extra interview, which followed the same structure as the other interviews but in which I went more in detail to my perspective.

The structure of our theme interview is found in Appendix 1. The theme interview had three themes by which we asked interview questions. These themes were chosen together to fit all of our research problem. First theme was generally about the business, second theme was management and work community's role in the innovation process, and the last theme was communication with the customer.

All theme interviews were semi-structed. Each interview varied, and the structure changed depending on who was interviewed. There were some questions asked, which were not in the interview questions. The aim of each interview was to give for the interviewee a chance to share their stories and talk freely of what they knew about the subjects. To start each interview off the interviewee was asked to share about themselves and about their position. The structure of the interview went from general questions to specific.

In total I had seven interviews, six interviews were held with Kosunen and Mäkinen and I had one alone. The transcriptions of the interviews held together with Kosunen and Mäkinen were divided equally, each one transcribed two interviews. It was decided together that we would give our consent of using all those six transcriptions for our own thesis. As I had one interview alone I transcribed in total three interviews. For this qualitative research I have 75 pages of transcription and approximately 420 minutes of interview material of the seven interviews conducted.
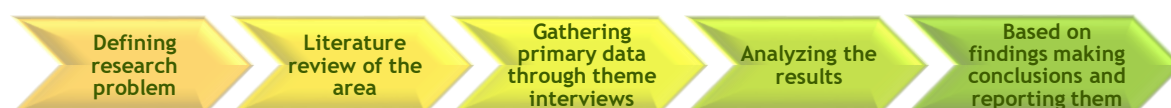

Figure 6: Research progress

I want to finish this part of the thesis with a figure of how the research progressed (Figure 6). To simplify it, I have divided it into five different parts. First part was defining the research problem (Figure 6). After knowing what I would research came literature review of the area (Figure 6), gathering already existing data to serve as a base for this thesis. Having a base could the gathering of the primary data begin (Figure 6). Primary data was gathered through theme interviews. The data received from the theme interviews then had to be put together in one place, so it could be analyzed (Figure 6). After analyzing the results could I based on my findings make conclusions and answer my research problem (Figure 6).

4   Research results

Before getting into the results I will visually introduce the interviewees from which all of the primary data has come from. In the Figure 7. is introduced the interviewees whom were a part of this thesis. I have only mentioned their position in the organization. All the interviewees were from Finnish organizations and each held an important position. Six of them were men and one was a female.

Figure 7: Interviewees and their position in their organization

www.iconfinder.com

4.1   Business model as a term

I want to start my results from what the interviewees had to say about what is a business model as a term. Each interviewee was asked to share their thoughts about what business model meant to them as a term. They vary but the customer was in the middle for all of them.

Lead innovation/designer said, ''I think it is a way to carry out those strategical goals which the organization has set up or the main areas, how they go forward and are implemented, how are result made, what kind of processes we use so that the customer can get their value and organization their profit, because each organization seeks it.''

Chief executive officer said, ''It is probably some type of frame in which a certain idea is taken forward, that is it a frame for how we act. It is a wide concept, but it is probably who are our customers, what we sell them and what is the frame in which we execute it.''

Executive director said, ''It is how we get the funding and how does it serve the vision or where this organization wants to go, in practice it is the organization's offerings and the balance that comes from it, but a business model answers bluntly to how we get this profitable and growing.'', she continued ''in a nutshell I would say that it is a plan by which we assure that the organization is profitable.''

''I think a business model includes starting from who are our customers, which customers we serve, how do we serve our customers, how do we encounter our customers. It also includes in what we sell to our customers, how do we develop our product which we sell to our customers and how do we manage those customers services.'', ''We need to know in which market we are, in which customer segment we are, so what type of customers we serve.''
- *Head of professional and business services*

Human recources, recruiting process developer said, ''It is probably a combination of methods which produce value to the organization as for the end customer.''

Lead service designer said, ''That a business model exists, money or some other value needs to travel.'', he continued ''that it immerses in the customers world and

the need, and from there to start thinking of how we can find solution for this problem.''

Head of new business said, ''Many times we have thought about the need, what is it that the customer needs that they still don't know that they need.''

Similarities in their responses were, who are their customers, what they sell for their customers, the way value is given for their customer, it is a way of operating, it has processes and it is a way to assure that the business is profitable.

4.2   Reasons for utilizing business model innovation

All of the interviewees shared the point of view that the reason why they utilize business model innovation is because there is a need for it, the world around is changing, the customer and technology (Figure 8).
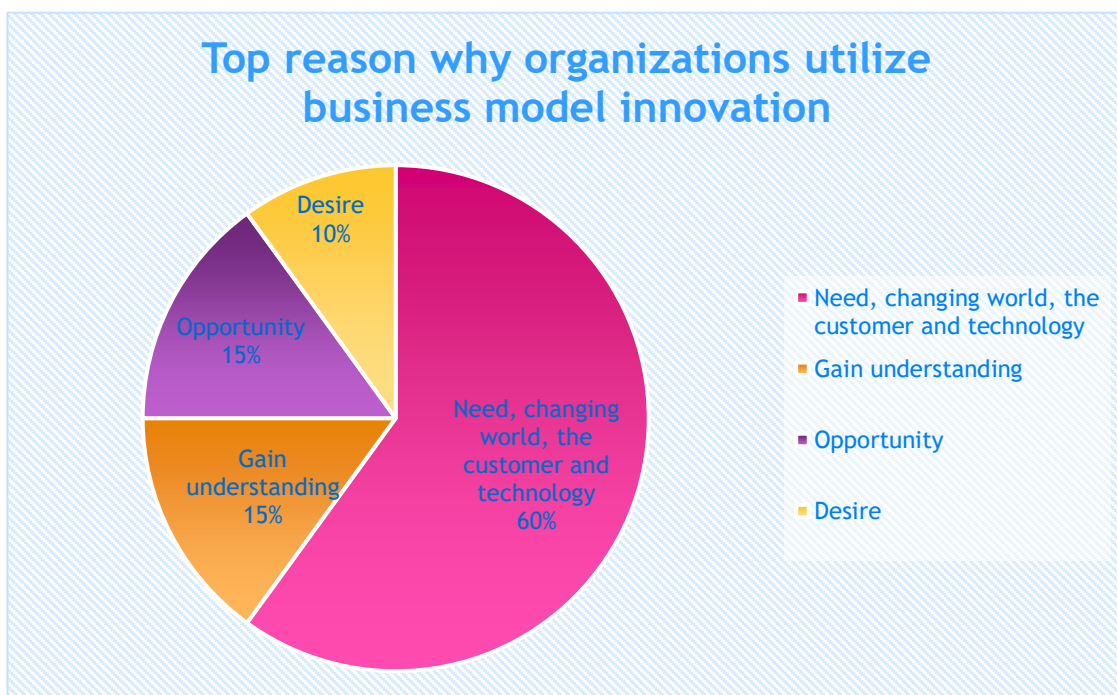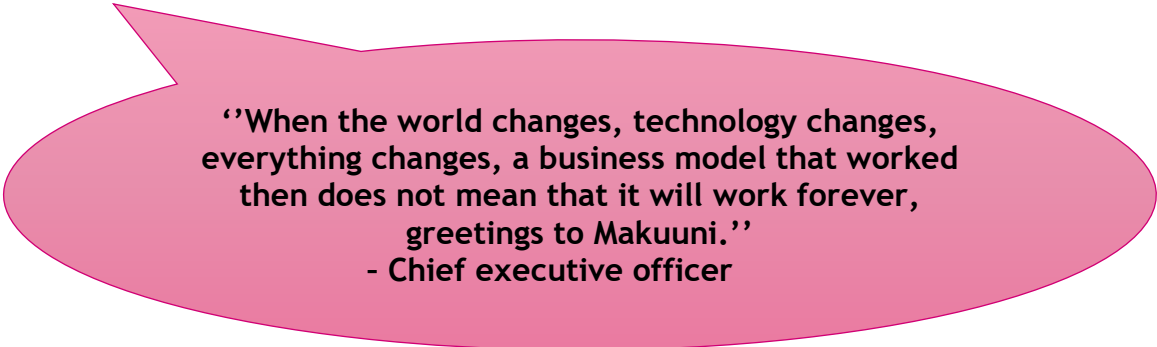

Figure 8: Top reasons why organizations utilize business model innovation

A need to utilize business model innovation can be linked to each of the reason why an organization utilizes business model innovation but mostly the need for business model innovation comes from the changing world, the customer and technology (Figure 8).

''When the world changes, technology changes, everything changes, a business model that worked then does not mean that it will work forever, greetings to Makuuni.''
– Chief executive officer

Lead innovation/designer shared that when an organization's business model is surrounded by selling only one type of a service/product there comes a point when the organization simply needs to start innovating and constantly innovate, because of the knowledge that the service or product will lose its value at some point. One product or a service is not enough in a long run. Executive director talked about a similar situation. She director had noticed that 70% of the organization's yearly revenue comes from one event and that was a red flag for her, ''in my point of view it is a big risk, because what then when the work environment changes? All of a sudden it can mean that no one no longer goes to events and if 70% of the yearly revenue comes from that event, you have to pull a real trick from your sleeve to compensate it.'' Here it became clear that an organization simple cannot have only one service, one product or one event, more is needed.

Chief executive officer talked about the need of noticing new technology and the need to show it to the customer because if the person who notices it does not do it eventually someone else will do it and then it will be a loss for the organization. There is a need to stay on top of things. He said, ''someone invents new technology and it is ground breaking, it is then beneficial for us to change the already existing business model towards that.''

Executive director said this after been asked why it is important to utilize business model innovation, ''simply because the world changes all the time.'', she continued ''if there is happening big changes in the industry the organization's business model has to be able to react to it.'' Then she added, ''there are famously sad examples of organizations whom were not able to critically examine their own business model when the world around them was changing and got into massive difficulties, like Kodak and Polarioid.'' Kodak and Polaroid were organizations who said that digital photos would never go through.

The customer was the one that stood out the most, it was mentioned many times because at the end of the day the customer is in the middle of it all, the reason an organization keeps on making revenue.

> ''This is very good, this is what the customers need'' and then it is packed and taken to the market. Only after to realize that ''oy yeah, no one actually really needs this.''
> – **Lead innovation/designer**

The need in many cases starts from the customer, because without the customer there is no business. Business models fail when the organizations have not grasped what is it that the customer wants, need, values, is ready to pay, their likes and dislikes. Business model innovations is utilized in order to find that out. In order to do so the whole concept needs to be taken closer to the customer and have contact with the customer itself and find out from them what is it that they really need.

Let's go back to the Chief executives quote where he sent greetings to Makuuni. ''2013 they said that Netflix was niche, and no one would use it because peoples free time was a limiting factor. They were probably completely right but Netflix and others had a better solution for people's limited free time than Makuuni, which still demanded of the limited free time four times 15 minutes when you walked to the store and when you had to return it.'' Makuuni could not solve the customers' needs as well as Netflix did and that is why Netflix is dominating the industry. Netflix put the customer in the middle of the business model and wanted to find out what was the factor customer really needed. In order for an organization to succeed or keep succeeding the organization needs to be aware of what are the customers values and needs and find ways to answer those needs and values.

> ''Okay we have a service, ok let's put a price tag on it and out, and let's see what happens,'' then nothing might happen or then it becomes a hit, but we don't understand why it became a hit.''
> – **Lead innovation/designer**

Other main reason why business model innovation is utilized is to gain understanding (Figure 8). Understanding can be knowing why something works as lead innovation/designer said. To gain understanding can be linked also to the customer. In order to have and functional business model the organization needs to understand their customer, the customer experience, the way value is given to the customer, the market and the technology. It is mostly linked with the customer because in the middle of business model innovation is the customer.

When an opportunity presents itself is also one of the reasons why an organization utilizes business model innovation (Figure 7). When the world changes and new technology arrives to the market, it presents opportunities to innovate business models, some grasp that opportunity, and some don't. Executive director continued as she talked about Kodak and Polaroid, ''..digital photos will never go through and they sort of did not take the opportunity.''

The reason an organization utilizes business model innovation can also simply come from a desire (Figure 8). A desire to change the working culture, the desire to be a pioneer in the industry and to lead the way for other organizations.

4.3 Ways for utilizing business model innovation

Each of the interviewees brought new points of how they utilize business innovation but there were three points that stood out, to bring extra value and benefit for the customer, making customers life easier and bringing better solutions to things that don't work well.

Figure 9: Important points of how an organization utilizes business model innovation

www.wordclouds.com

The figure 9 sums up the most relevant points and the most important points of how an organization utilizes business model innovation. Lead service designer said, ''people appreciate easiness more than owning.'' Business model innovation is utilized to find out how to make customers life easier because that is what they value, customers want things to be easy, they appreciate fast and effective services.

He continued, ''I represent strongly customer-oriented approach and first we need to find relevant problems, recognize worlds needs which do not still have good solutions.'', he continued ''I see the potential now in rising and little bit in the hiding corners, how can we operate in a different way than before and implement a new business model, new way of earning and the position in the value chain.'' Finding new ways to operate, serve customers and offer the service are ways business model innovation is utilized in the Lead designer's perspective.

Business model innovation is used to make a service more personal and individual for the customer. When an organization knows the customers' needs and values, they can offer through their business model value for the customer, but the extra value and benefit is when something more is offered. In this case it is to make it personal, so the customer feels that it is just for him/her.

Head of new business said that it can be utilized to find real things to do, to make fast jumps to the market and try and see if something works, if it doesn't it will just be thrown away and if it does then make it a real business model and start. He also said that it can be utilized to work together, meaning to work with the whole organization and also to work together with the customer. Chief executive officer said that it can be used to become a pioneer in an industry. Lead designer said that it can be utilized to know where to invest, to help the organization in day to day business and also to change the business to a more customer-oriented approach. Executive director said that it can be used to lead the business forward.

4.4 Ways of creating value

As each of the interviewees were mostly from different companies and the way they bring value for their customer varied. Through the interviews I found four main ways of how value is created.
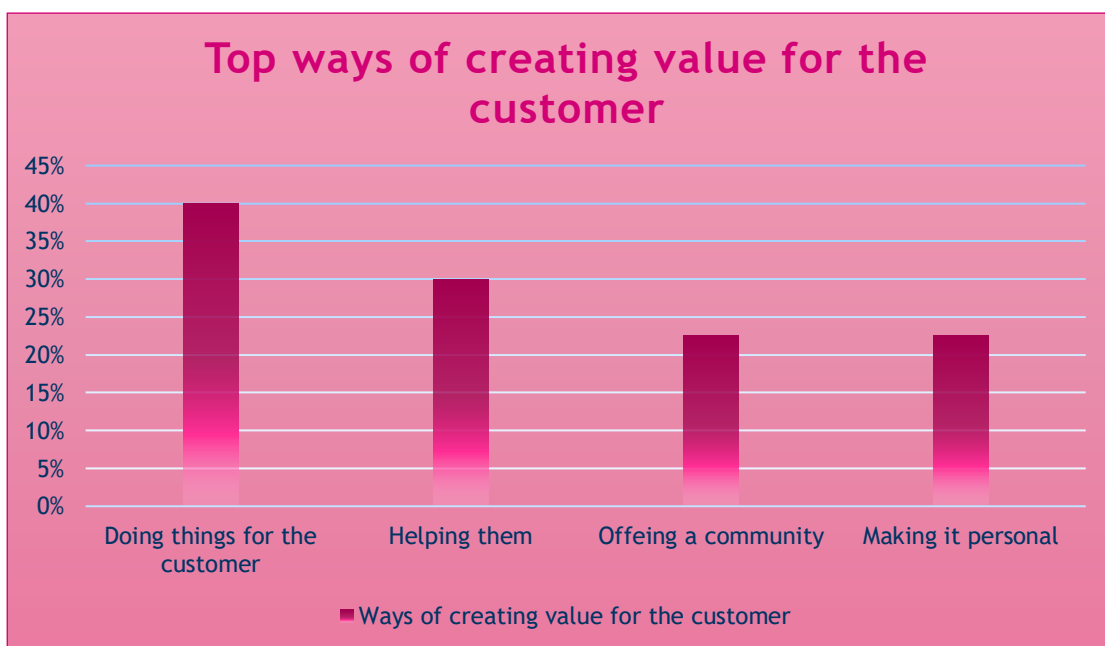

Figure 10: Top ways of creating value for the customer

Most important way to create value for the customer is to do things for the customer (Figure 10), so that the customer can concentrate on exactly what they need. Chief executive officer added to the point that it is also to do things the customer simply cannot do. This means not having the sufficient expertise, knowledge to do something. It is to give for the customer something they do not have themselves and

it is something they need. Head of new business had the same idea, ''We enable customers to concentrate on their own thing.''

After doing things for the customers comes helping them (Figure 10). Chief executive officer said, ''Our business idea is to help the customer.'', he continued ''we make complicated things simple and we simplify.'' By helping the customer and simplifying things for them the customer has time for something else. Executive director said that the way they help their customers is by bringing the connections they have to the customer, giving them concrete benefits such as discounts and this way creating value for them. Head of professional and business services help their customers by providing them with services which help with the communication of the customers own customers.

Then comes offering a community. What brings value to the customer is that they feel that they are a part of something. Executive director said, ''to be a part of that community, that there is this sense of community, the ecosystem and the development of the ecosystem, that together we can rise better than everyone trying alone and trying to get by.'' This goes with general human behavior, people want to feel and to be a part of something, when a organization knows how to offer this to a customer, it gives great value for the customer.

The last top factor of creating value for the customer is making it personal. When an organization offers through their business model a personalized service it creates value. Lead service designer said, ''when the selection is optimized for the customer, that we know what they buy, we know demographics, what age, where they live, what works and what does not.'' With data can an organization create value for the customer and offer just the things the individual seeks. Lead innovation/designer talked about a similar point, he said that when you give the customer the liberty to choose for example what they want to watch, the organization is in their way making the service individual for the customer.

 There were also other points mentioned, because value can be created in many ways, it can be created when an organization is inspiring, when they answer basic human needs and that the product or a service is easily accessible. It was also said that value can come from being able to offer a way to enjoy life more. Other way can be by making a process faster and giving time for the customer, that the value is not the process but what comes from it, saving time.

''Leading a business is in a way very business drafted where values can become very thin, when you only chase maximum profit and then bringing the value for the customer can become blur.''
- **Lead innovation/designer**

Lead innovation/designer was the only one who mentioned a problem an organization can have when wanting to create value for the customer. The bigger the organization, the more money driven it is and the bigger the threat of losing sight of what the customers values are.

4.5 Customer loyalty

Creating customer loyalty is one step down from creating value for the customer, they have a lot in common and they are connected.

''In the good and in the bad is being straight, being open and being honest. If things have not gone the way they should have, you bring it up and it is gone through and you do not denigrate the picture bright or the other way around. We are just people who do the work here.''
- *Head of new business*

www.pexels.com

The quote above is when the head of new business talked about why the customers choose to stay, how they become loyal customers. For him it is about fulfilling the promise to the client and even going over the customers' expectations. If things do not go the way it was planned the organization should be honest with the client and tell him/her how it is. It is about keeping one's word and doing what is promised. People respect honesty, openness and being straight as the head of the business said.

When an organization is those things they get loyal customers, in the perspective of the head of new business.

Lead innovation/designer and executive director both opened the conversation by saying that it is the biggest challenge. Executive director continued by saying that ''the crucial part is that they feel that they are getting more in return than what they are investing'', to give that feeling for a customer is not so simple. She continued ''they have to feel that they have got something concrete from us like contacts, visibility, tips to some direction and then biggest being the feeling of the community.'' Chief executive officer said that it has a lot to do with chemistry between two people and if the customer's and the organization's chemistry's match, why would you want to change. He added that it has to do with keeping the customer satisfied, offering services the customer really needs so that they get their value, to offer something new and a new point of view. Human recourse recruiting process developer said that it is about the positive customer experience and positive feelings.

4.6   Communication with the customer

Communicating with the customer is a crucial part in shaping the customers opinion of the organization and also it plays a role in creating customer loyalty. Communication can be executed in several ways, through the interviews four points became clear.

Majority of the interviewees talked about being there for the customer, being present, which is the first of the four points. Chief executive officer said, ''communication with the customer is very essential, being close and having conversation with them.'' Head of professional and business services said, ''we have to be in the same conversation as them.''
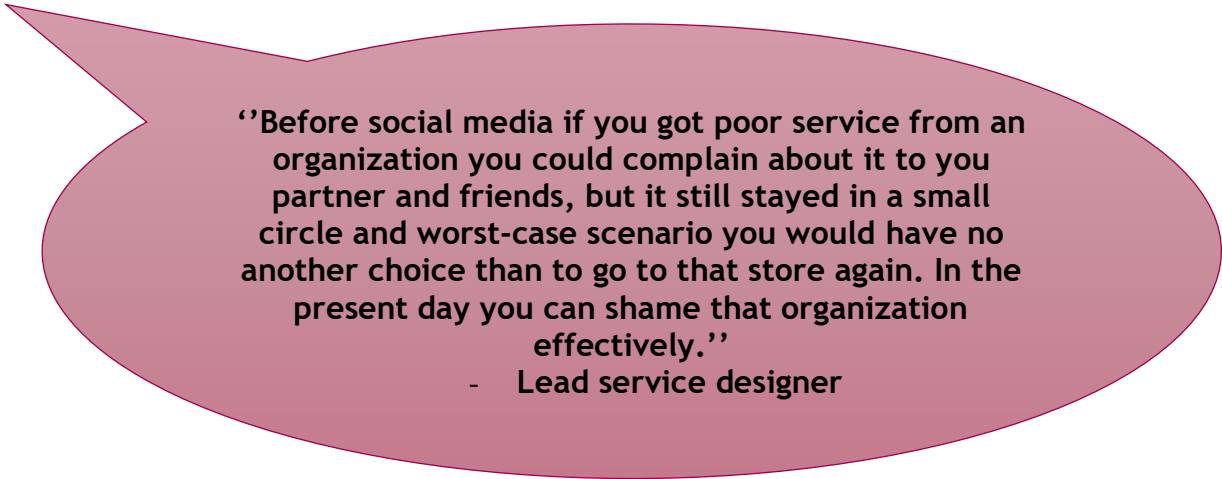
Second main point which came up, to actively communicate with the customer. ''We are active towards our customers, we tell them our views, where the market is going and what is it that we will offer'', said head of professional and business services. Chief executive officer said, ''we aim to constantly be in contact with our customers.''

Third point was maintaining a personal relationship with the customer. Chief executive officer and executive director both talked about maintaining it personal

for the customer. To have some type of a relationship with them, to see them, to go to lunch with them or involve them in workshops.

Last point was communicating through branding with the customer. Lead innovation/designer said, ''there is the branding and on top that we built through advertising of what type of organization we are.'' He gave an example of one of their marketing campaigns, were the message was that if a customer had a problem their organization intervenes and wants to improve it. He said, ''that is pretty strong representation of what kind of customer service organization we are.'' Lead service designer said that they communicate through social media, they also communicate through their organization's values, which are being responsible because they are aware that customers are now interested knowing how responsible organizations are.

''Before social media if you got poor service from an organization you could complain about it to you partner and friends, but it still stayed in a small circle and worst-case scenario you would have no another choice than to go to that store again. In the present day you can shame that organization effectively.''
– **Lead service designer**

Lead service designer brought up in the quote above another point of view why the communication with the customer is important.

4.7 Including customer in the business model innovation

I wanted to find out how is the customer involved in the business model innovation or how does the organization involve customers. There were three views that were repeated (Figure 11).

Ways of including the customer in the business model innovation

Interviewing (the customer) 25%

Starts by going to (the customer) 50%

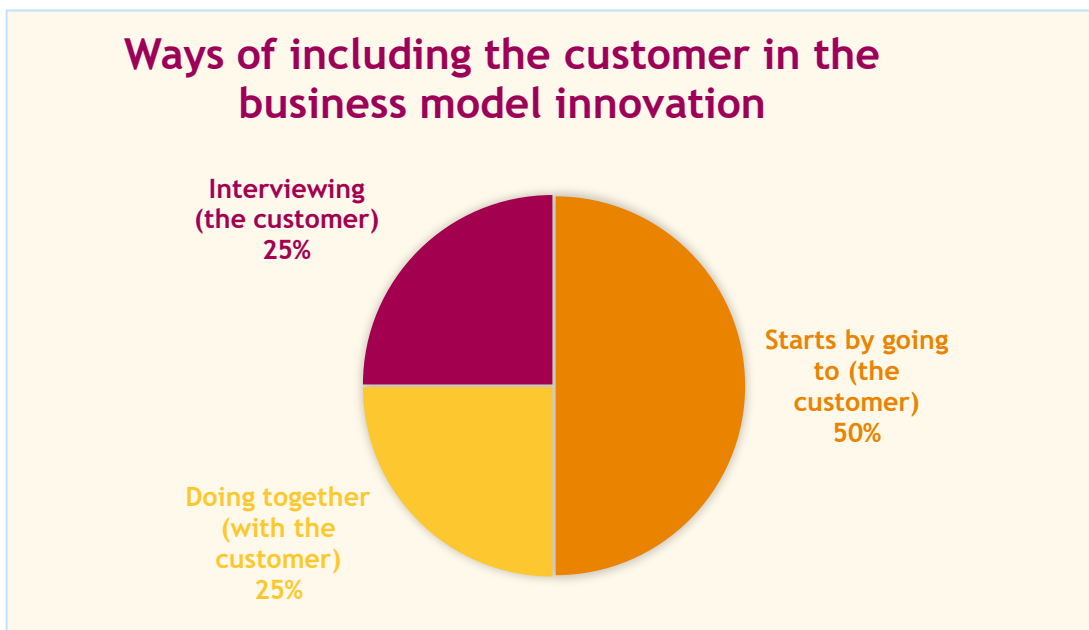Doing together (with the customer) 25%

Figure 11: Ways of including the customer in the business model innovation

Lead innovation/designer, Chief executive officer and head of professional and business services all said that it starts from going to the customer first (Figure 11). Before any step is taken, the customer should be included to be a part of it. Lead innovation/designer said, ''It starts from going to the customer and asking them what is it that they want.''

''It would be best to involve the customer in the initial phase, gather information of how they work and how they see the future, after that with the information gathered connect it to some other information and that manner start thinking of business model possibilities.''
- **Chief executive officer**

Head of professional and business services said, ''It is very important that we dare and understand to go to talk with the customer as soon as possible. It does not take much, one phone call or an hour meeting.'' In their perspective nothing can happen before involving the customer.

Through interviews can the organization find out what he customer wants and needs (Figure 11). Each interviewee talked at least about talking to the customer, the word ''interview'' was not mentioned by every interviewee but the definition of an

interview is a face to face meeting between two people. Lead innovation/designer said, ''We interview customers, we can interview very broadly like for example all the people of Finland.'' Head of new business said, ''we hold workshops together with our customers.'' Head of professional and business services said, ''we ask our customers that this is what we are doing and is this in your perspective the way to do it.''

One way of including the customer is simply to do it together with the customer (Figure 11). Head of new business already said that they hold workshops together with their customers, he continued ''or any type of sessions where the customers wishes are heard.'' Executive director mentioned, ''creating together'', and continued ''giving them the power and authority serves the best end result.'' By creating together, it assures best outcome, it also makes it easier to test the business model or the prototype with the customer and see what it still needs.

4.8   Tools

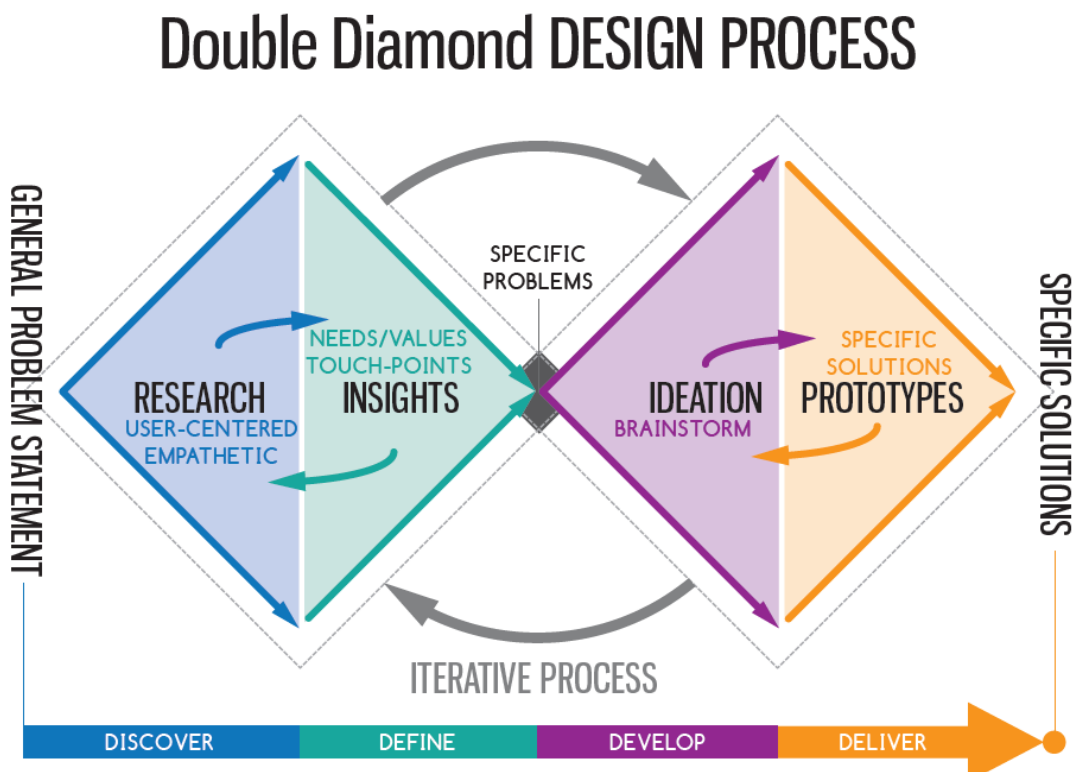Each organization has their tool set for innovation. Some are general and some are more specific.

Figure 12: Double diamond

www.stanwick.be

Lead innovation/designer gave a specific tool they use in their organization when innovating. He said ''in the beginning of this year we have taken as a method the double diamond.'' Figure 12 represents visually what the double diamond looks like and what it holds inside. He continued, ''it is a design process frame, it was developed in the 90's in Britain as a design process model, it consists of two diamonds/salty liquorices and which would help those projects and the organization to work in a certain manner, to go forward step by step. The double diamond does not still lock any singular tools, but it steers in to the directions of getting background information, to collect insight and to interview customers.''

Figure 13: Coco cosmos

Chief executive officer said that in their organization they have used Coco Cosmos service design game. Figure 13 is a picture of the board game and the cards it has. He explains it like this, ''it is something we can utilize to find out the starting point, so that we get out of the customer that what their situation is. It can be used in a way when there is some type of an idea, different parties and stakeholders can describe the way they really see the idea. When you have an idea of how something goes in your head, you can easily assume that everyone thinks of it the same way, but the truth can be something else and when you put people with a board game to describe it, they can look very different, it can become very interesting.'' He continued, ''visualization is in a way better than talking because it helps to point out what we are talking about. Many times, we think that we are talking about the same

thing but actually are on different levels and sometimes we think that we are talking about different things when we actually are talking about the same thing, that is the reason it is essential in some way to visualize.''

Chief executive officer also said that the Coco Cosmos game is one of their tools, but they also have internal hack days, he said, ''internal hack days where it has a theme, or it does not have a theme. Working time is difficult for creativeness so then there is this one day when you have time to do it. Itself there is no major innovation, but it is the crashing of ideas that a. there is time to study and b. when it is time to present the ideas someone else can snatch it and start pushing it forward, that is one way.'' Then he talked that they also have a ''cake day'' when a cake is brought to the office and one hour more or less of time is given during which someone always presents something. It is always about something technical. These two happen at the office regularly irregularly.

Executive director talked about a self-development day. She described, ''Every month there is this self-development day. The rules are, no emails, no booked meetings, no phones, no skype, nothing. That day is used to familiarize yourself with something new that is relevant in some way with a wide range spectrum to what we do here or it is used to familiarize yourself deeper to something we are already doing from where you feel all the time that you should read more about but because of the normal daily hustle you have not been able to or then the situation requires for you to learn something completely different that has nothing to do with the work or reading that novel what you have wanted to read for a long time. It is a day to concentrate with permission on one thing.'' She continues, ''you don't have to think that you should take that call, read only for half an hour, you have the whole day and the next time when we meet with the team everyone can briefly what they learned that day and share it to others.''

Head of new business talked about having general tools like doing workshops where there is organization's involvement. Then he told that in their organization they have a team of digimentalists, he said ''we have digimentalists in our digiteam, they do very fast takeoffs to the market and then it is tested and seen if it works, if it does not work it is thrown to the trash and if it does work it is implemented.'' The digimentalist team is used as a tool to innovate new business models and innovate in general. He also added that they have this virtual ''ball pond'' that is how it is called, and it is a place where ideas can be thrown, when someone likes an idea the

ball starts growing. Putting ideas to the ball pond is also a way to test if an idea is good or not.

4.9   Challenges

During the interview's challenges came up. Many had different type of challenges, but one was common, recourses, meaning money. If an organization was big or if it was small each had the same obstacle, money. To know where to invest as it is always limited. To take the risk towards a more innovative working environment or not. It is always a challenge to choose when talking about money, without it the organization cannot function. Lead service designer said it shortly, ''there is a limited amount of money and what is the most critical place to put it.'' Chief executive officer said, ''challenge is in the organization's recourses, small organization does not do spinoffs and different kind of experimentations.''

A challenge that was also common was the lack of a clear processes, channels to put innovation ideas and to know how and idea goes forward. This falls also into the category of the lack of management in innovation. Lead innovation/designer said, ''what is missing is the innovations management.'' Head of new business talked in a similar way, he described ''the lack of a person who tracks ideas and moves them forward, or should it be automatic or is the responsibility who sent that idea his/hers to move forward.''

Executive director talked about the working culture being a challenge. She said, ''the culture has not been that, hey this thing should be done, do your best, I trust completely the way you do this as long as we reach the goal or for you to try your best. I think is has been more like, I see that this should be done like this, can you execute it. There is now need for this, hey I can, and I am able to do this, now I made a bad decision and I leant from it, that the only thing is that you execute someone's plan.'' With the working culture like this there is lack of self-confidence and a lack of trust through experience.

5   Analysis of the results

For this thesis seven people were interviewed, all of them holding an important role in their organization. It is the reason why they were good for this qualitative research because they hold the power to make decisions. The goal of the interviews was to gather information and answers to the research problem. The interviews were

theme interviews. Thematical interview was chosen because it would give a deeper insight of what the interviewee thought, knew or did not know.

Three of the interviewees where from the same organization and four of the interviewees where from different organizations. The organization's size varied, some were big and some smaller. Generally, all of the organization's values were to make the world a better place, to help people and generate less waste.

With the result of the interviews, I will analyze my findings through Figure 14. It is a wrap-up of the gained results which concentrate on my research problem and my point of view, people. The Figure 14. consists of four parts, reasons why an organization utilizes business model innovation, how is it utilized, how is value created for the customer and how does business model innovation affect the customer.

Reason for business model innovation
- A need
- To gain understanding
- An opportunity
- A desire

How is it utilized
- To bring extra value and benefit for the customer
- Making customers life easier
- Brining better solution

Value for the customer
- Doing things for the customer
- Helping them
- Offering a community
- Making it personal

Innovations affects on the customer
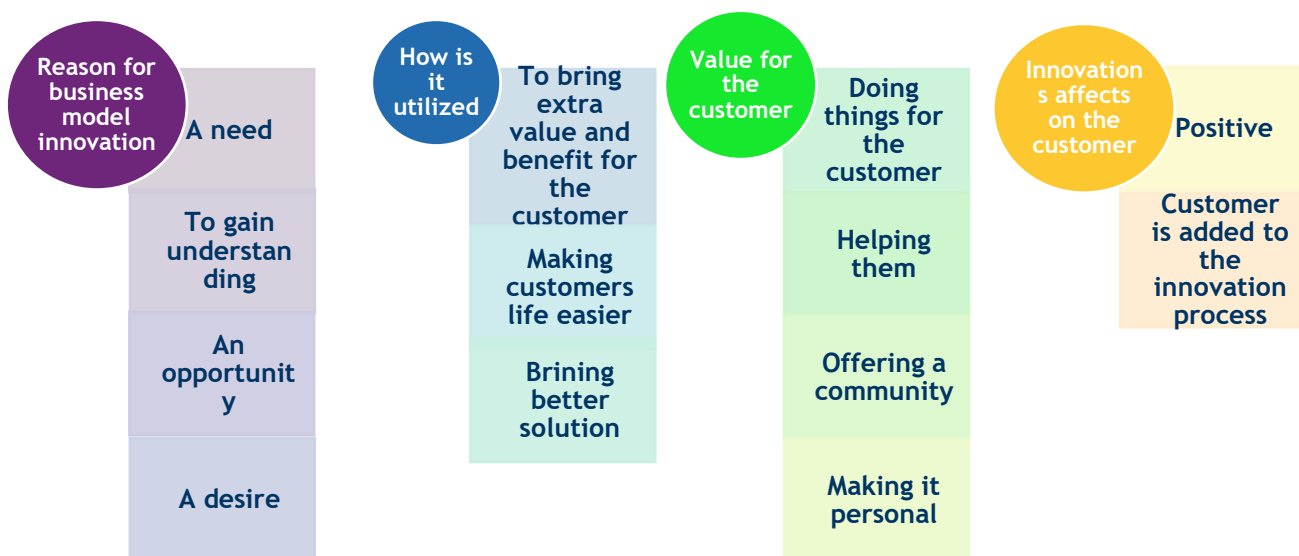- Positive
- Customer is added to the innovation process

Figure 14: Wrap-up of the results

The need was a crucial point for the reason why an organization innovates their business model. The biggest need came from the changing world, the customer and the technology (Figure 8). In order for an organization to keep up with time they need to innovate their business models because the way business is done today might not be done in the same way in the future, what worked then does not work

anymore. Interviewees gave examples of organizations whom could not keep up with time or failed to innovate their business model because the world had changed.

Technology plays its own role, with new technology the world changes and when the world changes old business models do not answer the needs of customers. The world is constantly becoming more advanced with new technology and organizations need to be aware of that if they aim to keep succeeding.

The customers role for an organization to innovate their business model was large. Everyone is aware that without customers there is no business. The customer should be in the middle of each business model, it has not always been so but through the interviews it is clear that it is going now to that direction. Organizations care more about the customers and having them in the middle of the business model. Taking the business model towards the customers and starting from them by gaining intel, views and opinions. This way organizations can offer in a better way what the customer needs. Customers are the reason why businesses change, shift and innovate their business models because where the customer is that is where the organization tries to be. The reason why the customers play a large role for organization's business model innovation is because the customers today hold more power mainly because of social media. Organizations are aware of the impact one customer can have and it is a reason to aim to keep customers happy by offering them what they need.

There are three main ways business model innovation is utilized. It is utilized to bring extra value and benefit for the customer, making customers life easier and bringing better solutions. As seen from the results and the comments from the interviewees, what customers want is for organization to make their life easier, business model innovation is in this case a way to do that. With business model innovation the organization is able to find ways to make customers life easier and also this way bring extra value and benefits for them. For a customer to feel that they are receiving extra value and benefits, this pushes them to become loyal customers which secures a future for the organization.

Business model innovation is also utilized to bring better solutions to already existing solutions which do not work well enough. Innovations help make solutions more effective with a better customer approach bringing solutions customers really need.

From the interviews I was able to gain knowledge of the main ways an organization can create value for the customer. The most important one being doing things for the customer, this goes together with finding solutions to make the customers life easier. When an organization is able to do something a customer cannot do, it automatically brings value for the customer because without the organization the customer would not be able solve their own problem. After doing things for the customer comes helping the customer, being able to simplify difficult tasks for them, that does not only make their life easier, but it also saves time and time can also be money.

Offering a community creates value. People are emerged during their lifetime in different communities and organizations because of the desire to be a part of something, people want to feel that they belong. Feelings play a large role in this and are important. When customers feel that they are a part of something, that is when they have the sense of receiving value and this way becoming a loyal customer as well.

Making a service personal for the customer creates value. Customers want to be treated personally and want personalized services, they want to feel that they are acknowledged as individuals and that a service can be adjusted for them. Again, feelings have a role in this. When a customer feels that they are getting personalized services or that they are heard, it creates value.

In this case and thesis, I found out that business model innovation it affects customers in a positive way. When organizations innovate their business models it is a type of morality check for them because in order to start innovating it needs to be taken to the customer and start the gaining of data from them, by finding out directly what is it that they need, what problems there are and what needs fixing. Simply put, the customer is set in the middle of the business model. This is the most secure and effective way of being able to solve customers' problem. When an organization goes straight to the customer it will have a positive impact on the customer as for the organization. When the organization offers to the customer something they want and need, the organization gets revenue out of it.

Another way it affects customers is that they are given the opportunity and the possibility to be a part of the innovation process, that their ideas a heard and valued. This has not always been the case, before the management chose what product or service would hit the market and there was not much of asking customers opinion

about it. Organizations offered what they thought customers would need without really knowing all the details. In the interviews this type of working was familiar to most of the interviewees.

It is important to point out that the interviewees were from conscious organizations who are eager to improve the world by bringing better solutions and services customers really need. If the organizations representatives would have been from ''old school'' corporations the answers in my personal opinion would vary. The answers would be different because corporations are money making machines which hold no moral, corporations are not interested in optimizing the customers services and products according to the customers' needs and values.

Today the purchasing need is created through branding, marketing and through influencers. For example, fast fashion goes to the same category, their idea is to create fast fashion which means todays fashion is tomorrow yesterday's news. In order to create fast fashion, products need to be fabricated at the lowest price in third world countries, in order to be sold at a cheap price so that customers can buy a lot and get expendable clothes without knowing the real cost of the purchase. Business model innovation should not only affect the buying customer but also the organization itself. Business model innovation should be used to find real needs but this in my own opinion is not always the case. There are organizations who take advantage of business model innovation and use it to affect the customers for their own benefit and create revenue. For future research it would be interesting to interview representatives from these kinds of organizations and compare how the answers would be different.

An aspect that I found out is that business model as a term still holds many definitions, the interviewees shared similarities in their answers, but none were the same. Some of the interviewees could not grasp the idea of a business model. This did not come as a surprise because it is known through literature that the definition to business model is still blur and that it is not always easy to describe one's own business model.

Through the interviews it became clear that it does not matter if the organization is big or small each one of them face the challenge of recourses. They struggle with the fact of being afraid where to invest resources, it is the feeling of failure that keeps organizations from investing more in business model innovation. Being afraid to put

money in a wrong investment is natural and it is good to be afraid until to a certain point, but when it keeps an organization from evolving and from trying to develop is when it starts to go wrong. This has to do with the working culture, if the whole base of the organization starting from the leadership and management expect employees just to execute plans and have no trust in the employees, it creates an environment where creativeness cannot exist. It creates an environment where taking risks or investing in something new or something like a business model innovation seems out of the question. The reason for this is that the working environment is built on employees following orders and not in a way that it would allow employees to pitch new ideas to help the organization, help find better ways for processes or to make something better.

The ever-changing world means new opportunities. Business model innovation should not be something special as it is still today, it should be a part of every organization's way of executing their business. We live in a word which changes constantly, customers change, values change, everything changes. Business model innovation should be built in the base of the whole organization, this means that the whole working culture needs to change, old ways of working make business model innovation a hard step to take. The working culture is important, if an organization is built in an openminded way, which holds trust in both ways that the organization trust the employees and the employees trust the organization, it already allows the step towards a more innovate working culture.

Figure 15: Key points which should exist in each organization

In order for innovation truly to exist in an organization I saw key points that should exist in each organization. Figure 15. is my personal representation and my personal idea of what an organization needs in order to implement innovation as a part of the organization and not as something external. Each part is as important. Everything start from the leadership and management (Figure 15), the people in charge should be trusting and encouraging for the employees, they should set an example and create and innovative working culture. If management does not succeed there cannot be an innovative working culture.

Innovative working culture (Figure 15) is the general encouraging atmosphere, that everyone feels that they are accepted as an individual and that their efforts are considered and remembered. Innovative working culture can also mean that when an employee fails it does not seem as the world is ending, but as an opportunity to learn from the mistake and improve. This falls to the tasks of leaders and managers, to assure the employee of this.

One of the challenges organizations faced was the lack of clear processes (Figure 15). When an employee has an idea, they should know how to put it forward, which channel to use, what steps to take and to be able to follow the process. Organizations should have clear tools (Figure 15) when innovating for example the

double diamond which came up from the interviews. Without clear tools, there cannot be clear progress.

Lastly there is the customer (Figure 15). It should be automatic that when an organization starts to innovate the customer should be included and be a part of it. This is simply because the customer is to whom the product or the service will be provided. This also helps the organization to find the real needs of the customer.

6   Conclusions

After gathering my results and analyzing them in a deeper level can I provide some answers for my research problems. My research problems were, how and why do organizations utilize business model innovation, how does business model innovation affect customers and how is value created for the customer (Figure 1). Through qualitative research was I able gain understanding.

Organizations utilize business model innovation for four main reason, because of a need, to gain understanding, of an opportunity, of a desire and the biggest reason being the need to innovate. The need consists of three parts, the changing world, the customer and technology. This supports the claim made by Gassmann, Frankenberger and Csik (2015) which says that the need of business model innovation lays in increasing competitive pressure, globalization, new technologies, new competitive players and changing regulations. There are three main ways business model innovation is utilized. It is utilized to bring extra value and benefit for the customer, to making customers life easier and bringing better solutions.

The reason why it is utilized and how it is utilized is clear. The reason it is utilized is so that organizations can stay in the game and keep up with time. The way it is utilized is to generally help their customers and find solutions which work better. This all serves the purpose of bringing customers the products and the services they really need and value.

Value is created for the customer through four main ways (Figure 8), doing things for the customer, helping the customer, offering a community and making it personal. The most important being doing things for the customer. When an organization does things for their customer, they solve their problems. Creating value has to do with how the customer feels, when they feel that the organization is doing things for

them, helping them, making them feel that they are a part of a community and that they are getting personalized service, that is true value for the customer.

Business model innovation affects the customers in a positive way because at the core of business model innovation is the customer. When innovating a business model, the customer should be involved in the process as soon as possible in order to get the best result. When the customer is involved this enables for the customer to give their view, their thoughts and the possibility to tell what they need. This also gives the opportunity for the organizations to find those real needs.

It seems today that business model as a term varies depending on who is defining it. In the interviews the interviewees answers had similarities but were still different and for some the definition of what is a business model was unclear.

Main challenge organizations face with business model innovation is the lack of resources, in this case meaning money. Organizations are afraid of investing their resources in business model innovation because it is such a new thing for them and because it has not been a part of how they execute their business. For this to change the whole organization and the working culture needs to change. I have given my idea in figure 14, where in my personal point of view there are four parts that should exist in an organization in order for innovation to truly exist. Figure 15 is the outcome of the interviews, the answers, stories and thoughts from the interviewees. The leadership and management of the organization should be trusting and encouraging. The organization should have and innovative working culture, meaning an encouraging atmosphere and to be accepted as an individual. The organization should have clear processes and tools for innovation. Lastly and most importantly the customer should always be a part and involved in the innovation.

Maybe the core thing to be taken out of this thesis is the importance of the customer. Without the customer who pays for the products and services, there is no business. Without involving the customer in the business model innovation, the organization cannot find out what the customer really needs and especially values. A business model innovation does not work if the customer is not in it.

With this research it is clear the business model innovation is touching more and more organizations and its importance is starting to be recognized. Only time will tell how much it will affect the organizations in the long run. Hopefully more

organizations would utilize business model innovation because it does not only help to bring to the customers what they need but it also helps them internally be more creative and have a more open working culture.

7 Recommendations for future research

The topic which was researched in this thesis, is very current at the moment. Business model innovation is towards which organizations are going for, but still need a bigger push. There is not a lot of past researches done in this area, so there is a lot of ground to cover for future researches. This thesis concentrated more on the customer point of view and how the customer fits in business model innovation.

It became clear the importance of who to choose to interview while conducting this thesis. It matters who you interview, because the primary data depends totally on the person who is interviewed. It is important to choose the right people.

For future research it would be very interesting to interview organizations whose values are not to better the world but to maximize revenue and have customers buy products without having any real need for them. The results would be very different but then a comparison could be made, and a balance could be found. Another future research possibility would be only to concentrate on the challenge's organizations phase with business model innovation and try to find a better solution for it.

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8 Figures

9 Appendices

Appendix 1. Theme interview

Generally about the business

What is your organizations business idea?

How does your organization create value for the customer?

How do you understand the term business model, what does it mean in your point of view?

What type of business models does your organization use? Describe them.

Management and work community's role in innovation processes

How is the working community involved in the innovation work?

What kind of feature do you hold important in innovative employees?

What type of tools do you have in order to develop a business model?

Communication with the customer

What type of information do you want/get from your customer and how?

How is the customer included in the business model innovation?

In what ways does your organization affect customers opinion of the organization? How is the purchasing need created for the customer?

How do you get new customers and how do you keep the old?

Do you study consumer behavior?

Do you still want to say something?
Thank you!