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New Business Model for Mobile Services

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The objective of this thesis was to create a proposal for a new business model for mobile services at Suomen Euromaster Oy. The model, on which Suomen Euromaster Oy had been operating its mobile services and 24/7 breakdown services, was outdated and was resulting in dissatisfaction among customers. More so, the profitability of the business model was not at the expected level. The new business model would help sales and operations to better promote and execute mobile services at the customer premises in the future. Better management of the business would free resources at the service centres and mobile service vehicles to concentrate on their own businesses and in that way enable more growth for Suomen Euromaster Oy. Better management and a clear business model would also result in better customer retention and satisfaction.

This thesis was carried out using qualitative and quantitative research methods. This combination is called mixed methods research. While the qualitative part gave more depth to the analysis, the study’s outcomes were mainly derived from quantitative analysis. The current state analysis was based on the information that was gathered by interviews and data available in information systems. Some parts of the current state analysis were also based on process descriptions and International Organization for Standardization quality documentation.

The outcome of this study was a new business model proposal for mobile services for heavy vehicles. The business model was based on Osterwalder business model canvas. The new business model project was divided in four project streams. These were customer potential, service coverage, profitability and organisation of the services. This will create new possibilities for Euromaster to serve customers with a new service model and regain trust, profitability and control to the mobile services and tire services business. Mobile services are also recognised as a big growth lever for Euromaster in the coming years.

Keywords
Business development, New business model, Mobile services, Process improvement, Mixed methods research
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1 Introduction

Reaching the customers is the first thing in every business, including the Suomen Euro-master Oy. This is important because getting customers allows companies to be able to create revenues. And without a customer, there is no revenue and no business. The customers’ needs for products or services, is what starts the battle between companies. Who will get the customers’ business? Service is then given in a service centre, customer premises or via web shop – in this case the customer is in charge. In the tire business there is no real significant difference between the products or brick & mortar service centers between major players. All manufacturers distribute their products via various channels and tire dealer chains in order to be able to get as big footprint as possible for distribution. This means that products are available easily across the different players in the market with very similar pricing. Also, when we look to the service side, price differences between the biggest distribution chains are pretty similar. This is the place where rubber hits the road – in our terms, customer selects its business partner. Service delivery and customer experience is where customer-based business thrive.

1.1 Overview

Today, tires are a commodity and they can be purchased virtually from any tire dealer in the country and abroad. There are more than 200 domestic players in the market plus lots of internet web shops that can provide goods with lucrative prices. In this world of hard competition, the B2B customer’s decision is not always solely made against the price. Especially in the transport industry, where margins are low, time is expensive and revenues relies to the rolling machinery, there is a clear customer value also in availability, speed and service level – actual or imagined. These values have at least some weight in the scale when decisions are made. This area is a place to differentiate in the market. In this business, the level of the customer service defines the success of the company. The voice of the customer has a big role when customer makes the decision of where the purchase takes the place. Improving the customer service is mandatory for every company that relies their business in services and products. Answering better to the customers’ demand in service level and to make them want our services and products defines our place in the market.

1.2 Business Challenge
To be able to stay in the market and develop the business, the company must grow. The market is not in favour of conventional business and in order to gather more market share in a decreasing market, the industry, and specially us, need to develop a brand-new set of services for our current and future customers. Our customer has an expectation to be served anytime anywhere and want to focus in their own business and minimize the need of additional maintenance breaks and breakdowns. Additionally, they want to avoid visiting service centers because it is a time off from their core business. This is a big challenge that is presented from the voice of the biggest transportation customers. To be able to answer to this demand, we need to transform the tire services business from a conventional brick & mortar style business model to a mobile service centre business model and concept. We need to be able to be present at the customer premises with a full set of products and services.

At the same time, when our customers want to have more mobile services, the mobile services that we currently operate is not fully utilized and management of the business is not as efficient as it should be. Indeed, this business is not creating enough revenues and this is other a part of the business challenges we are facing today. We need to develop our service portfolio to the direction that customer expects and the direction in which customers are willing to invest a bit more to the quality, effortless service and the speed of the service. To do this, we need to develop the mobile services portfolio from a whole different angle. We don’t only need to make the services mobile, we need to make our whole thinking and service centers mobile. This thesis is all about the mobile service centre concept and the business model we need to run it.

1.3 Case Company

The case company is Suomen Euromaster Oy. Suomen Euromaster Oy is a tire specialist company. Suomen Euromaster is a part of the European Euromaster. Euromaster has activities in 17 countries in Europe. Our mother and owner, Michelin operates in all continents and is also available as a network extension if it is needed to ensure the customer services in other than Euromaster countries. This gives the company a strong foothold in Europe to give comprehensive offers to pan European fleets and customers. Even where Euromaster activities are local, the company and the group act global.

DNA of the company is and has always been in B2B customer segments. European wide revenue comes in 77% from B2B segments, including pure B2B, leasing (B2B2C) and wholesales (B2D). This illustrates pretty well the business Euromaster does in Finland in
regards to B2C vs. B2B segments. However, in Finland the Leasing and Wholesales business are a bit bigger than the average at Euromaster, but still 51% of revenue comes directly from B2B (compare to the European average of 59 %). Even so, the B2B business is the driver of the company in Finland and retail is an important, growing and profitable customer segment; therefore this segment needs more offers and services throughout our network in the future.

The Euromaster group was established as a brand in the early 90’s and was created to be a distributor of Michelin tires in Europe. Up until the early 2000s, this has been the reason for the existence of Euromaster. After 2003, the strategy has been to develop the network to cover as much area of Europe as possible. In 2012, the strategy changed and distribution of the tires was also opened for other dealers and as Euromaster gradually transition to a multi-purpose business. Part of the reason for this change was overproduction of the tires and therefore Michelin needed more distribution network than what Euromaster could offer. After the economic crisis and dropping in demand if tires, Euromaster needed to find new areas to grow the business. To this purpose, Euromaster started to launch car maintenance services throughout the network. At the same time some, additional services like MOT services for B2B segments started to be developed. Today, Euromasters offer includes a wide brand range of tires for all customer needs from small lawn mower tires to bigger than a man-sized industrial tire. At the same time, we have created a variety of services to our customers and today our services portfolio includes basic tire repair and change services, tire hotel offers extending up to mobile and total customer care services that include tires, car maintenance and even pickup and delivery services. The future of these services are is possible by guaranteeing total customer care services like MasterCare ™-service. In this kind of services, customer’s tire and maintenance needs are taken care so that the customer does not even need to think about tires or services – we take care of it. Second, there is a clearly growing demand of mobile services, especially in Finland. Mobile services function on a business model where all tire- and maintenance services are delivered to the customer premises and done there. Mobile businesses have always been a part of Suomen Euromaster Oy’s service portfolio, but they need to be restructured, reprocessed and reorganized. It is now time to have a mobile service 2.0 in place. Suomen Euromaster Oy has to create a new business unit that is solely responsible for the mobile services outside of the B&M network. After the new concept and business model is ready, we do not offer mobile services, we rather offer our service from our mobile service centre network.
1.4 Objective, Scope & Thesis Outcome

The objective for the thesis is to define mobile service centre concept and business model for Suomen Euromaster Oy. With a new way to do mobile business we are going to be able to serve our customers at their premises or proximity without extensively investing into B&M infrastructure.

Thesis scope is restricted to suggest a new business model for Mobile Service Centre concept and business model for truck segment customers.

The outcome of the thesis is to have a defined and documented new business model for the mobile service centre business unit.

1.5 Key Terms/Concepts

B&M, Brick & Mortar - Traditional outlet store for serving customers
CRM – Customer Relationship Management
ERP – Enterprise Resource Planning
CSA – Current State Analyses
B2B – Business to Business sales
24/7 service – Breakdown service conducted with mobile units. Service is available 24 hours a day 7 days a week.
FSA – Future State Analyses. A definition of the future business model, processes, KPI’s etc.

1.6 Thesis Outline

The new business model study is conducted by analysing the current services we offer via our B&M network and via our existing 24/7 breakdown service trucks and mobile service units. One part of the study is to get additional input for the new service model by interviewing internal and external key stakeholders in the current business. These stakeholders are our business unit manager, accounting, IS/IT department, service centre managers and customers. Part of the study is an analysis of the strengths and the weaknesses of the way we do business today – in order to get an idea of the current state. The purpose of current state analyses is to get a holistic view of the mobile services and the business around it, to be able to proceed with the gap analyses of the current state against the demand we face from our B2B heavy customers. Customer demand is surveyed from our customers by conducting interviews and by conducting a quantitative
survey targeted to a selected set of customers. After these surveys we were able to define clear business targets for the business including service definition, customer promise and pricing of the services. We call this to-be state of the business. After the to-be state is clear we proceeded with conducting the GAP analysis to find out the path we need to go and to define the full development project to reach our desired service level and business around the mobile services.

The current state analysis is collected by interviewing the key stakeholders and by analysing the case company customer related data from the CRM and ERP systems and case company internal documentation. To be – state is defined by the project team and it is revised and approved by the project steering committee. Data collection is done by interviews with key stakeholders and customers. The gap analysis is synthesized by exploring the current state analyses and definition of the to-be state. The GAP analysis is conducted by the project team in cooperation with controlling team to ensure coherency between all business lines and aspects including IS/IT and accounting.

2 Research Design

This section of the thesis concentrates to explain the research approach, material and methodology used in the thesis. It also explains in more details the research design of the study. This section goes through briefly describing the reasons for selecting these research strategies for exploring the business problem and how the data was collected and what data was used in the thesis. The validity and reliability of the research study is analysed.

2.1 Research Approach

According to Creswell and Plano Clark (Creswell and Plano Clark, 2007), it is important to define the research approach because it is an effective way to increase reliability of the study. The research approach for this thesis has been developed with the goal of collecting as much information of the current state and desires as possible from all available stakeholders. All the available methods for data collection are also used. The research approach selected uses both qualitative and quantitative methods. This present research approach is based on a mixed research method design. According to Tashakkori and Creswell (2007 p.4), mixed methods research is defined as a research in which the investigator collects and analyses the data, integrates findings and draws inferences using both quantitative and qualitative approaches in a single research. According to Johnson, Onwuegbuzie, & Turner (2007), a mixed method research is a type
of research in which researcher combines elements of qualitative and quantitative research approaches to breadth and depth of the search (p. 122 - 123). Mixed research methods in this thesis includes quantitative survey, quantitative data exports from IS systems, qualitative interviews and internal ISO9001 quality system documentation research. There was also one future round table among business leaders to understand how the world is changing and what are the future challenges for the business. The selected quantitative research approach is found useful in this thesis to gather large quantities of responses from a large audience of customers. Qualitative methods were found extremely useful and they are used to get a deeper understanding of the current processes, the way we do the business and real needs in business to develop a solid and executable business plan. The mixed research approach is found very useful to add reliability of this research.

The research was done in two steps that fulfilled each other. The first step was to gather internal data and testimonials. The second step was to survey and interview current customers and future potential customers. If the research would have been done only with internal stakeholders, the perspective of the customers would have been missing from the data and analyses. According to Sicco Santema, Jeroen van de Rijt, (2005), the value of the resource of a firm is determined by the value of the resource as perceived by its customers. If research would concentrate too much on internal information and the internal stakeholders’ expectations of the business, the customer expectations might have been left too abstract and this would have been harmful for the result of the business plan. In the worst case, we would have developed a business that had no need among our customers.

2.2 Research Design

The research design consists of seven stages, as it can be seen in Figure 1. The study started with researching the perspective of the customer. We got feedback to our feedback system about the need for a mobile fitting services outside normal working hours. From this feedback we established a meeting with the target organizations at Euromaster. The aim was to find and resolve the true needs and object to fulfil the customers’ needs so that it would for the business model used by Euromaster. In this phase there was quite a big number of unofficial meetings with process owners, business managers and customers to explore the details of their needs. Information about the target of the development project quickly emerged during these meetings and is was clarified that we need to develop a new business model for in a larger scale. The scope was to develop
a new business model for mobile fitting services in order to satisfy our heavy segment customers.

Figure 1. Research design and data collection schema

2.3 Data Collection and Analysis

This chapter concentrates on describing how the data collection is analysed in this thesis. The data collection for the thesis is gathered in four stages. The data was collected following standards to ensure enough qualitative and quantitative data to have a good starting point for the current state analysis, for future state definition that includes expectation of internal and external stakeholders and to conduct a sufficient GAP analysis for the business development project.

The purpose of the first stage was to conduct a series of interviews with major stakeholders in order to gain a clear picture of the current state and to understand how we operate and serve our customers today. An important part of the interviews and was to get ideas from the stakeholders’ expectations of the to-be state and finally to grow the understanding on how the profitability of the new business model can be built. Interviews were done in a short interval to ensure that contents of the questions and relativity of the answers were easier to put together. All 10 interviews were done. Four of these were made to external customers with a separate set of questions. Customer interviews are constructed to ensure that there are three separate sections to focus on.
The first section of the customer interview is the current state portion. This is a section where the interview concentrates to gather information of the current state of the business and customer behaviour, current offered service coverage and current cost structures and actualized costs. The second section is to concentrate on the future state or to-be state. In this section we want to clarify what are customers’ expectations. In this section we also find information to clarify what are our own development needs for the business as a whole. One important thing is to get a concrete understanding what should our aim is in terms of profitability for the new mobile business. The third section concentrated to understand the potential of the new business model in customer volumes, service sales and how wide should our service coverage be in the future. Customer interview questions are in appendix 2. Internal interviews were constructed similarly, but question sets were different.

The second stage of the data collection was to launch a survey to our current, ex- and potential customers to find out more of our potential customers’ current working model with mobile services against brick and mortar needs. The first part of the survey was demographic data to understand the metrics of the customer, how many they have trucks and where are they situated. Also, we asked more details about tire needs and their dire budget. The second part was about the current behaviour and how customers see value of the given tire services in their business. The third part was to understand how customer would be ready to alter their consumption habits if the service was launched in their proximity. The fourth part was to get information on how our potential customers would see costs for this kind of services in different times.

The survey was launched in 28.2.2018 and it was sent to 126 customers or potentials. The survey was open for a one week to get the first answers. After the first week, on 9.3.2018, we had 28 answers and we sent a reminder to those customers that had not yet replied. After the second week, on 16.3.2018 we received 61 answers. As addition sales managers recommended customers to answer the survey. After the third week, on 23.3.2018, we had a total 73 answers and the survey was closed and the analysis of the data was finalized.

Through our procedure, we gathered ay valuable information on the current behaviour, desires and needs of the customers and ideas where and how the service could be first developed. We also got confirmation for our estimates for the invoicing models for the service in the future. Survey language is in Finnish. This might cause some difficulties to follow the analysis made. This was done due to the fact that our customers are mainly
speaking Finnish as their native language and it was uncertain that even part of the selected customers would fully understand the survey. By conducting the survey in Finnish, we ensured that data quality would be good.

The third stage was dedicated at extracting data for the analysis from our ERP system DäckData and other IS systems. This was done by utilizing our QlikView BI system for ERP data and Cognos BI for financial data. Customer data was extracted from Oracle CRM On Demand (OCOD) system directly to Excel. All this data was later analysed to get the current state of the sales and prices for the products and the services in different customer segments and different geographical areas. Expenses were extracted in the same way as financial systems. The extracted data was also used as a base for business case potential calculations. Data extract schema is described more in detail in Figure 2. Data analyses is described more in detail later in Section 3, Current state analyses.

The fourth stage was the documentation review. In this part all the documentation we had for our 24/7 breakdown services and mobile services we could find was inspected. Material consisted Euromasters’ standard operation guidelines and ISO quality documentations. As it was foreseen, there were not very much written material or documents in Finland for the business. I also reviewed other Euromaster countries for references and the best sources informing on the current ways to do mobile business was found from England. This material was useful to set the base for the business requirements and to-be state. Unfortunately, business in England is mostly built around light tires and vans. Business model in Finland needs to be built around heavy tires.

2.4 Validity and Reliability

Validity and reliability are often connected to quantitative research where the amount of the answers is bigger and the format of data collection are unified. Usually quantitative research is conducted by using data collection from firm and queries conducted by internet-based data collection forms. In this thesis, data collection is not done only in quantitative method but also some qualitative interviews are conducted to deepen the customer experience, needs and desires for the new business model. As it is previously handled in this thesis, this method is referred to as mixed method research. Today, validity and reliability are often connected also to qualitative research as an important phase of the research. Without careful consideration of the validity and reliability of conducting the data collection, it is not possible to comprehensively state that the result and outcome
from the development project is correct and is based on correctly collected information from the current state and what should be developed according to the customer needs.

Reliability refers to the consistency of the research methods and tools that are used in research. Validity refers to the contents of the research tools used. For example, validity takes into account the questions that are asked the research objectives and the scales that are used in to produce valid data. If data gives understandable results, it is valid. Therefore, it is important to consider validity of both quantitative and qualitative research and data collection methods carefully before gathering data from the research subjects. Usually data collection validity is tested with internal test subjects before interviews or queries are launched to ensure the validity of the questions and scales provided to give high validity.

2.5 Validity and reliability of the thesis

To ensure validity and reliability for the thesis, data collection form questions were carefully considered to provide subjects with answers that could provide insights on the stated research problem. Initial data collection was done in a small group to find out the correct format for the questions that would address the quantitative part of the survey. Survey questions where thoroughly tested with 5 participants from our own organisation and the data collected was analysed with Microsoft Excel to determine if the scales, answer options and free text sections have the correct scale data for analyses. The test showed that the questions were relevant for the research problem and the scales that were used to collect data are giving the right kind of answers for analysis. For the qualitative part, questions were divided for the interest groups so that questions were tailored separately for customers, specialists etc. to concentrate on the correct approach angle in their specialities. This way the qualitative part gives a broad view from specialists and business owners to the variety of customers and potential customers to get a deep understanding of the current state, business development needs, as this is relevant to get correct input to solve the research problem in hands.

3 Current State Analysis

The current state analysis is the most important stage of a development project. After all, how can we enhance or develop something if we do not know deeply how it works today. Usually a process, a product or a service consists in a high level of complexity and how it is executed. Usually things have evolved during time and usually documentation has not followed this evolution. This is why the current state analyses is a very important part
of a development project. Without a well-executed and documented current state analyses it is very difficult to create a solid and executable plan for development. Usually, a current state analysis consists of multiple streams that are discovered with different stakeholders. In the end these different investigation streams are gathered to form a one understanding of the current state. An analysis consists - at its best – of multiple stakeholder perspectives and multiple process owner views to be as objective as possible. During the process it is important to understand how the organization is working and to differentiate it from how it is supposed to work. Result of the current state analyses should be something that we already know. After the CSA everything is duly documented and described so that development is possible.

3.1 Current state data collection and analysis

As it was briefly discussed in research approach and research design chapters, the data collection for current state analysis is based on both qualitative and quantitative methods. Quantitative data collection was made by an internet survey that was sent to 100 biggest customers and 26 potentials that we had in our Oracle CRM system. In total, we received 76 responds to the survey. Process and invoicing data were collected from our ERP using QlikView – BI tool. This data included mainly customer purchase information. Dimensions in data are service centre, date and customer type. Extracted data included purchase information per article and service with purchase price and margin. Costs and expenses are extracted from Hyperion, which is our financial consolidation system. Hyperion dimensions are service centre and date. Payroll and human resources (HR) data was extracted to be included in data analyses in expense side. Mobile unit driven kilometres were extracted from TomTom – a system that uses GPS tracking to track driven paths with other metrics like petrol consumption, speed etc. Quantitative data collection produced significant data. Data collection and consolidation diagram is described in Figure 2.
Collected data had to be simplified and unified to get it connected together for reliable analyses. As we can see in Figure 2, in the data analysis stage, it was discovered that there is no common identifier between all the data that was extracted from different IS systems. It was possible to connect data from ERP and financial systems to get revenues and expenses reliably connected. Also, services at the service centers and mobile units were reliably separated. Sold articles were discovered and connected to service centers reliably. Unfortunately, HR and TomTom are systems data where designed so that they could not be connected directly to service centres and customers and as such the data was not reliable and add value. This data was discarded in the analysis, which was based on ERP and Hyperion financial consolidation data. The data was enough to determine current profitability, services provided and articles sold to each customer reliably. Also, data varied on weather services were produced at the service centre on via mobile unit.

The qualitative part was made by interviewing different stakeholders. In total 10 interviews were made, as it is described in Table 1. Specialist interviews were made to two service operators and two service centre managers. for the idea of these interviews was to find out the current state of the services that we provide today and also to find out how they see that services should be developed.
To find the right set of questions for each speciality was not an easy task. This took lot more time than was anticipated. To put more time to figure out right set of questions was anyway very important for the data quality and therefore it was decided to have more focus before interviews were conducted. Qualitative survey questions are listed in Appendix 1.

3.2 Current state business model

To better understand how Euromaster is currently working it is important to describe the current business model and identify those streams that are most important for the new business model development. This was done using the business model canvas template introduced by Osterwalder and Pigneur (2013). Mr Osterwalder is one of the world’s leading business model coaches and leader of the company called Business Models Inc. which concentrates on businesses of any size to design and enhance their business model. Since this model is recognised as a leading model to describe, visualise, assess and change business models, we ended up to selecting this method. The model was easy to implement because BMI has great tools and instructions at their website on how to implement the model to individual business (Business Models Inc., 2018).

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Table 1, Data collection plan and execution

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<th>Data Type</th>
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<th>Recording method</th>
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<td>Interview</td>
<td>Accounting 1</td>
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To get customers opinion and situation how they see their current need of the mobile services. How they use them today and who is the provider of the service. Also we survey what is the cost structure today

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<th>Data Type</th>
<th>Data Source</th>
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<th>Recording method</th>
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<td>Process definitions / Quality management system ISO 9001</td>
<td>Data extract</td>
<td>29.3.2018</td>
<td>Documentation</td>
</tr>
</tbody>
</table>

---
Figure 3. Current state business model

The business model visualisation was made in a team of 4 where logistics, finance, business owner and sales were represented and business model map was made. Initial business model does not contain only mobile services because that would not result to a big picture. Instead of this we described it as widely as we could. Current state business model is described in figure 3.

Later when the project starts to create a new business model, same canvas tool will be used to visualize the new business model. At this stage it is important to find those levers we need to investigate more in order to be able to build new business models for mobile services for heavy vehicle customers.
Figure 4. Selected development streams from current state business model

From the business model analysis we found four key streams that we need to focus on: first, find who are our customers and where can we find new customers; second to be able to offer the services in the whole country; third, to be more profitable; fourth, to organise the business so that it works without barriers at Euromaster. To be able to conquer all these challenges we formed four development streams. These four streams are also illustrated in the selected development streams from current state business model, Figure 4.
Figure 5. Current state analysis stream plan

These areas, that were pinpointed from the current state business model in Figure 4, we broke the fourth part in different enhancement streams as it is described in figure 5. These four enhancement streams will be processes later in the project from the current state analysis to future state definition. From these four main streams we can find the core for the new business model.

Interviews with information systems (IS) specialists and accounting specialists concentrated to understanding of system map of the information systems which are used at Euromaster. The interview intention was to draw a map of the systems that are in use today for the business and discover what systems are in roadmap for the near future. There were no clear needs to develop new IS systems to be able to make a pilot. There will probably be some information system related to needs before we go live in more locations to better control the order-to-cash process. From the accounting side interview, we gain understanding on how to collect and consolidate data from the current IS platforms for the data analyses. IS system map in whole is in Appendix 3.

3.3 Current state analysis overall findings

In this part of the thesis I concentrate to bring out overall findings from the conducted interviews, collected and analysed data from the IS systems, ISO9001 quality system materials and quantitative customer survey that where conducted. Findings are grouped into four sections or development streams as it is described in the Figure 5.
3.3.1 Customer base

Customers find mobile services as an important additional service from their tire services supplier. From the data analysis, we could directly find 47 customers that already use some mobile services and by fully utilising this potential we can base our new business model to a solid ground. Potential customers service count and turnover estimate is illustrated in table 2.

Table 2. Customer count and potential for business plan phase 1

<table>
<thead>
<tr>
<th>Potential</th>
<th>Customers #</th>
<th>Turnover estimate €</th>
<th>Services provided #</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>47</td>
<td>591 767 €</td>
<td>1649</td>
</tr>
<tr>
<td>Not in PH 1</td>
<td>2547</td>
<td>2 620 794 €</td>
<td>7746</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2594</strong></td>
<td><strong>3 212 561 €</strong></td>
<td><strong>9395</strong></td>
</tr>
</tbody>
</table>

Even if the existing customer potential would be only partially utilised, it would result into a profitable business. At the same time, we could free some resources at the conventional service centers to serve more new customers in retail and B2B. Calculations and estimations do not count for possible new customers via hunting sales in the area. When sales are active it will result to a business plus for mobile services. In table there is a significant amount of non-potential customers. This does not mean that they are not in a scope for the mobile business model, but rather they are not optimal customers for the phase 1, when services are in developing phase. With the information from our customer portfolio obtained during phase 1, we have obtained testimonials and success stories to convince the potential in 2547 customers that we left out from the phase 1.

3.3.2 Current usage of mobile services

According to the data analysis illustrated in appendix 4, figure 1, 75% of the surveyed customers already use mobile services to some extend while 8.5% would like to use mobile services, but they are not available at their area at the time. When looking deeper, customers today understands 24/7 breakdown services as mobile services since they also consist in mobile work. Customers that are using mobile services and are already using Euromaster breakdown services, we can find that already 78% of the customers use Euromaster services. This is illustrated in appendix 4, figure 2. This analysis reveals to us that customers already know that we are a player in the market and that there is already a great potential in our current customer base to develop our services further.
and to be able to serve current and future customers even better with a mobile service model.

Customers are generally satisfied for the current level of service as it is illustrated in appendix 4, figure 3. We find this fact interesting. This of course tells us that we are doing correct things, but it also leads us to the assumptions that are could over serve customers. All responders are satisfied, but leaves us a possibility to make them extremely satisfied. When looking into separate services we offer, we can find more variation in the answers. Specially pricing and reporting leave customers too often unsatisfied. This tells us that there is a great need to improve the service process and business model.

3.3.3 Service coverage

As customers pointed out in the interviews, they need to have full coverage in phase 1 in the capital area of Finland. This means Helsinki, Vantaa, Espoo, Kirkkonummi and Porvoo areas. Today our service coverage covers this area well as it can be seen in a Figure 6. Euromaster has 14 service units in this area to be harnessed for the first stage of the mobile business unit. As the survey revealed, there is a lack in total coverage today and this issue is covered in the future state section of this thesis more in detail.

MOBILE UNIT COVERAGE CURRENT STATE

Heavy service units are marked to map with red color and light units in blue.

Functional diameter is drawn to 80 km from the service center where unit is today located. 80 km is pretty much one hour.

Service gaps can be identified to Savonlinna, Viitasaari, Kajaani, Kuhmon and to Eastern lapland areas.

Figure 6. Mobile unit coverage
These mobile units are mainly equipped to provide the needed services for the first customers. Setup is not of course optimal since variety in the units and their equipment level varies too much to be able to give the same service in all areas at first stage without investments.

Biggest intake from the customer and service centre staff interviews is to establish a correct resourcing at the service centres. Service centres feel that they do not have enough resources to handle efficiently both, brick & mortar service centre activities, and mobile services with the same staff. This causes dissatisfaction at the service centre and also within the customers that are expecting service to be polite, reliable and fast. Sometimes we cannot meet the desires of our customers with the current way of doing business.

3.3.4 Profitability of the services

Today it is not easy to understand the profitability concretely enough for each mobile unit. By looking at the big picture, we can determine that business as we do it today is profitable, but mobile units are connected to the service centre and part of the costs and profits are hidden in the service centre P&L calculations. Staff that is used to operate mobile units are connected to B&M, not mobile units, so costs from labour are estimated according to the information that was gathered from the interviews. I used a factor of 65% of the labour costs for mobile services. This approach was used because most of the time is consumed from mobile operators to prepare, execute and document their service trips.

3.3.5 Management model

According to interviews and available organisation charts, the management model of the mobile services today is not clear and it is a mix between brick & mortar and mobile services. Roles are not clear for workers and this causes misunderstanding and poor atmosphere at workplace.

Mobile service unit operators are mostly attached to the service centres. This means that they are also the operative supervisor at the service centre. Sometimes this causes problems that makes difficult to steer efficiently the work force between service centre works and to commit mobile service trips to customers. This causes dissatisfaction among the customers when expected mobile works are not committed in the planned manner and time. Also, the movement between service centres is not efficient due to the fact that the
mobile unit brings profit to certain service centre. Cross utilisation between service centres is today absent and sometimes causes long transit times and queues in the service.

3.4 Key Findings Current State Analysis

Positive findings in current state analysis to support new business model:

1. There is enough customer potential to go ahead with a business plan.
2. There are enough mobile service units to cover needed geographical areas and we can progress with a new business model without massive investments.
3. Profitability today is already positive. There is a clear possibility to increase profitability with a new business model.

Areas of development identified in current state analysis:

1. The way in which profits and costs are calculated today does not fully support new business model. This is not a show stopper, but the issue needs to be addressed during the project to identify how to allocate costs and book profits in the IS systems.
2. Mobile units are not equipped equally. This causes some discrepancies in their possibility to commit services at the customer premises. Vehicle base and how they are equipped needs focus and investments after the pilot phase.
3. Management models today is service centre centric. The way in which the organisation is built today creates barriers between areas and service centers. Organisation setup needs more focus and restructuring during the new business model built. This is not a show stopper for the pilot either

4 Existing Knowledge and literature

The existing knowledge review concentrates on existing information from previous projects and documents around mobile services that are done at Euromaster. This section also includes existing knowledge from interviews and ISO documentation are considered. There is currently not much material or projects around mobile services at Euromaster. Also, it was difficult to find similar projects from search engines since business development projects are usually not public domain. Nevertheless, I was able to find a project done in United Kingdom around mobile services from light vehicle tire fitting and services. Scrolling through this material was useful. Previously, also in UK, service vehicles were attached to certain service centre. In this project management, the model was changed to be more reactive and balance load better between service units. Today organisation in UK around mobile service units is constructed so that it is its own business
unit with P&L calculated only for the mobile services business. Mobile business in UK also uses service centre network to refill its stocks when needed. Stock refill is done so that any mobile unit can fill their on-board stocks from any available service centre. There is a marginal handling fee that mobile unit debits to service centre of the goods they get from the service centre. This way service production is really mobile and can rely on B&M infrastructure independently. More so, this allows mobile units to do more trips per day without driving excessively empty to get tires for next customer. This is something we need to consider also in our project.

ISO9001 quality handbook provided half page about mobile work and was focused more on our 24/7 breakdown service rather than the mobile fitting services. In this documentation, work safety procedures were explained in detail. This documentation is good to take as is also to the working procedures when working at customer premises with mobile service centers.

Already in CSA there were raised several issues that were listed in key findings that need further development in the project. We explore these issues through more in detail in the literature part to find suitable methods, best practices and theories to achieve a better understanding on how and where to get started with the development of the new business models.

4.1 Existing knowledge overall findings

Generally, the phase of finding current knowledge about the subject really opened my eyes about what challenge we are up against to develop truly a new way to do mobile business with the assets we have today and the way we are managing our business today. There is already a lot of internal knowledge among our own network in Finland and abroad. Unfortunately, this knowledge is not formally collected anywhere so that it would have been useful as in written format. We just have been doing services for our customers without really putting time and effort to consider real customer needs and profitability of the business. In this thesis process, a significant part of the internal information was gathered from various sources in the form of numbers from our IS systems to understand our customer potential and current state profitability and in the means of interviews to collect the know-how and current processes how we do the business today.

Investigation of current management model we have in place at Euromaster globally, I managed to find lots of similarities in the business processes both in Finland and England. Even if the English business model is designed for light vehicles it can be used as
a benchmark in the future what comes to profitability and the customer service. By investigating this model, we gain some good ideas on how to form business unit around the mobile services, how to describe the service model as a whole and how to create uniform pricing model for sales of the services.

During the investigating of the current known data, I was run multiple times to the supply issues and this was one interesting finding during the process. On many occasions, service could not be conducted efficiently due to the lack of tires, rims or accessories. Occasionally the problem was in the service delivery side. This opened a new path of thinking the business problem not from the assets and management side but rather from the supply chain point of view. To ensure an efficient supply chain of information and materials might be a real actor when developing the new business model.

4.2 Existing knowledge key findings

1. There is no real business processes at Euromaster today to manage mobile business
2. Most of the countries use mobile business in micro environment without understanding the bigger picture from the customer point of view
3. There is no real competition in virtually any country in heavy vehicle mobile services today that is professionally managed
4. Mobile services are heavily integrated to a seamless supply chain

4.3 Literature

Literature for mobile services in our company is very limited as I previously pointed out. Most of the knowledge is in people’s heads. There are some fragments of information about the safety standards for mobile work in Euromaster quality management documentation and Euromaster Operational Way (EOW) process manuals. After looking into the literature that is available at Euromaster it was time to look at other studies that concerned the thesis subject and the conceptual framework of the thesis.

The first entity of the business problem is to find out how to segment our customers to find correct potentials and to have tailored enough service offers for each customer segment. This was done by investigating the literature about different customer segmentation techniques. List of relevant literature is illustrated in table 3.
The second entity to resolve the business problem to geographically be able to provide the service to the areas our main customers and potentials are operating. How to do this in a proper way is not always an easy task. However, there is are many studies available that focus on the service coverage and service availability techniques. List of relevant literature is illustrated in table 3.

The third entity is to create customer-oriented price structures that are working hand in hand with our current brick and mortar pricing. This is done by looking into the service pricing and profitability techniques. List of relevant literature is illustrated in table 3.

The fourth entity is to look into a good command of the management structure and organization techniques to find a suitable way to manage the business structure and organization that is needed to provide to the customers the service they need without having a structural barrier within the company. List of relevant literature is illustrated in table 3.

Table 3. Current knowledge literature

<table>
<thead>
<tr>
<th>Area</th>
<th>Purpose</th>
<th>Literature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer segmentation techniques</td>
<td>Customer portfolios definition by segment</td>
<td>Market Segmentation: How to Do It, how to Profit from it, Malcolm McDonald, 1998</td>
</tr>
<tr>
<td></td>
<td>Potential customer base analyses</td>
<td>Customer Segmentation and Clustering, Randall S. Collica, 2017</td>
</tr>
<tr>
<td></td>
<td>Potential revenue calculation based on customer potentials</td>
<td>Blue Ocean Strategy, W. Chan Kim, 2004</td>
</tr>
<tr>
<td>Service coverage and service availability techniques</td>
<td>Service coverage map</td>
<td>Exceptional Service, Exceptional Profit, Micah Solomon, Leonardo Inghilleri, 2010</td>
</tr>
<tr>
<td></td>
<td>Vehicles and the vehicle equipment’s</td>
<td>The Customer Service Revolution, John R. DiJulius, 2015</td>
</tr>
<tr>
<td></td>
<td>Refill storage needs</td>
<td>Service Design for Business, Ben Reason, Melvin Brand Flu, Lavrans Lavlie, 2015</td>
</tr>
<tr>
<td>Service pricing and profitability techniques</td>
<td>Pricing of the service</td>
<td>No B.S. Price Strategy, Dan S. Kennedy and Jason Marrs, 2011</td>
</tr>
<tr>
<td></td>
<td>Flexible pricing</td>
<td>The 1% Windfall, Rafi Mohammed, 2011</td>
</tr>
<tr>
<td></td>
<td>Profitability analyzes and KPI’s definitions</td>
<td>The Strategy and Tactics of Pricing, Thomas T. Nagle and Georg Müller, 2017</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Value-Based Pricing, Harry Macdivitt and Mike Wilkinson, 2011</td>
</tr>
<tr>
<td></td>
<td>IS systems involved and development</td>
<td>Reinventing Organizations, Frederic Laloux, Ken Wilber, 2014</td>
</tr>
</tbody>
</table>

From a bigger perspective, of the development of this thesis has taught me that mobile services is much about creating a good supply chain of goods and services. For the
supply chain point, is a significant amount of research available. More so, the internet, academic journals and various researches are full of information and best practices for developing an efficient supply chains. The EOW documentation has lots of material around Euromaster supply chain to look into and better understand the business problem and resolution. One path of developing a new business model is to look into the literature about supply chains is important to gain better understanding of the supply chain, to develop a sustainable supply chain and to manage the supply chain for the mobile services efficiently.

4.4 Conceptual framework

This chapter concentrates on the construction of this thesis, the conceptual framework, how it was pre planned and how the execution of the final thesis should come out. In a research, conceptual framework sequence varies depending is the data collection done in qualitative or quantitative methods. In qualitative research question setting is done before the conceptual framework creation when in quantitative research question setting is done after this. Now that this thesis uses both qualitative and quantitative research methods, this evaluation and review of conceptual framework is done multiple times during the project for this reason. Conceptual framework is described in Figure 7 in details. Both quantitative and qualitative survey questions are based to this conceptual framework.

![Conceptual framework of the thesis](image-url)
Conceptual framework for this thesis is made by adapting Payne, Storbacka, & Frow (2007), *Conceptual Framework for Value Co-creation*. This framework is described in figure 8. This framework is loaded additionally with the need of Euromaster for the new mobile business model. Their work focused greatly to bringing more value creation to the customer service and product development. When creating a new business model which includes not only product delivery but also in a great extent service delivery, it is always important to keep customer focus and value creation for the customer in mind. This is why this approach where supplier and customer are co-creating new business processes, services and delivery methods is found most suitable for this thesis.

![Figure 8. A conceptual framework for value co-creation (Payne, Storbacka, & Frow, 2007)](image)

According to Payne, Storbacka, & Frow, (2007), it is a great opportunity for supplier and customer, to engage an interactive process for improvement. Even when their work focuses more into product development, same ideas and basics, on my opinion, are relevant for service development. It is a possibility and a learning curve for both parties, customer and supplier, when the aim is to create an interactive service and product delivery model. Also, data collection model supports for this conceptual framework approach where research is conducted by quantitative surveying to get a general picture of customers’ current behaviour and their future visions and needs. When this information reinforced with deeper interviews to find from specific bigger players in the market to get
insights for possible service needs it is real co-creation of a new business model where value is created to both the customer and Euromaster at the same time.

5 Future state definition

Future state is referred often as “To-Be” – state of the business in many publications and documents. A “to be” business process should define the future state of the business process and organization. Basically, it should state how things are done after the development project. Development project and the analysis goal is to put together the desired future state process. This is done to clarify how the business process are supposed to work, after the project is completed and project work is implemented to practice in the future. These changes can be almost anything that affects how the business can be made or how it is governed. These changes can include external demands from legislation, irruptive technology changes, customer behaviour changes or business process changes.

5.1 Future state Key Performance Indicators, KPI's

In every organisation, there are demands in business regarding the used assets and the profit that the business generates. This is why business needs a strategy and a vision accompanied with clear business targets that are S.M.A.R.T – Specific, Measurable, Attainable, Relevant, and Time-Bound. These correct KPI definitions are also important for future state definition phase, since it is not possible to say that we doing the right things and are we doing them correctly. With a great set of correctly set KPI's, this work is much easier.

Selecting the correct KPI’s is not always easy. When doing the business process, all the important key point should be identified and measured. At the same time, it is good to identify those points that are not that relevant for the whole process. It is also important not to have too many KPI’s. KPI setting can be done in three simple steps (Stacey Barr | Performance Measure & KPI Specialist, 2018):

STEP 1: Review your current KPI's against your business goals. KPIs should be attached to the goals, as they measure the progress towards the goals. First, the goals must be listed and the selected KPI’s must be linked to each business goal. If you can find solid links between a goal and KPI, it is a strong evidence that KPI is correctly set. If the link between KPI and goal is not strong, it should not be selected. Measuring just for measuring is not relevant.
STEP 2: Choose your three priority goals to achieve excellence. To achieve goals with excellence, it is not advised to have more than three primary goals. If you have more than three, it might be good to revise your business goals. Revising goals might also include bundling some goals together if they are similar. These three priority goals are the success factors of the business. Of course, there can be several secondary goals for the business, which makes sure the great service production and internal efficiency. You can move to these other priorities after the three priority goals are clear. These three priority goals are also referred as WIGS (Wildly Important GoalS).

STEP 3: For each priority goal there should be no more than three KPI’s. Many times, a business goal needs only one measure or KPI. As it was previously discussed that KPI’s should be SMART, this ensures that KPI’s are kept simple. Sometimes to make sure that business goals are met there might be a need for two or three KPI’s for one goal. For example, if your goal is complex and there is more than one stakeholder’s perspective on the goal. Important is to remember not to have more than three KPI’s per goal to keep it simple and doable.

Table 4. KPI’s, metrics, explanations and targets for mobile services

<table>
<thead>
<tr>
<th>KPI</th>
<th>Metrics</th>
<th>Explanation</th>
<th>Source</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue per service vehicle</td>
<td>Revenue / Month</td>
<td>Reported revenue per month per service unit</td>
<td>Hyperion</td>
<td>25 000 €</td>
</tr>
<tr>
<td>Margin per service vehicle</td>
<td>Contributive margin / Month</td>
<td>Reported contributive margin per service unit</td>
<td>Hyperion</td>
<td>7 500 €</td>
</tr>
<tr>
<td>Customers per service vehicle</td>
<td># Customers</td>
<td>Unique customer count served per service vehicle to understand coverage of the service vehicle</td>
<td>DäckData Sales</td>
<td>40</td>
</tr>
<tr>
<td>Visits per day</td>
<td># Visits</td>
<td>Measure visits per day. This indicates is the planning of the visits efficient and is there enough customers assigned for a service unit.</td>
<td>DäckData time booking</td>
<td>8</td>
</tr>
<tr>
<td>Installed tires per month</td>
<td># Tires</td>
<td>Follow up the tirecount installed by one service unit. This is used to analyse tire capacity in assigned service centers to be able to make needed refills during the service routes.</td>
<td>DäckData Sales</td>
<td>60</td>
</tr>
<tr>
<td>Service invoicing</td>
<td>Eur / Month</td>
<td>To follow up service / product ratio and steer service sales accordingly</td>
<td>QlikView Sales reporting</td>
<td>10 000 €</td>
</tr>
<tr>
<td>Product invoicing</td>
<td>Eur / Month</td>
<td>To follow up service / product ratio and steer service sales accordingly</td>
<td>QlikView Sales reporting</td>
<td>15 000 €</td>
</tr>
<tr>
<td>Driven kilometers per customer</td>
<td># Kilometers</td>
<td>Monthly driven kilometers divided by amount of customer visits per month</td>
<td>TomTom &amp; QlikView</td>
<td>10</td>
</tr>
</tbody>
</table>
When we consider our new business model and look closer to the goals we have loaded, we easily found three goals for the project and KPI's that are SMART. Selected KPI's are listed and described in Table 4.

Goal 1: Profitability of the business
KPI's: Revenue per service vehicle, margin per service vehicle, installed tires per month

Goal 2: Widen our customer portfolio
KPI's: Customers per service vehicle, driven kilometres

Goal 3: Focus more to customer encounters and sell more services
KPI's: Customer visits per day, service and product invoicing ratio

5.2 Research future state needs and findings

This section concentrates on findings from the customer survey that was conducted as it was described in section 2.3 and Figure 1. Quantitative research and data collection were conducted with the same survey with current state analysis data collection. The first finding from the analyses is that our customer base is already large and gives a great potential to grow the mobile business. What is interesting, according to the survey, is that 50% of the answering companies estimate that their need for mobile services will grow in the future (appendix 4, figure 4) and none of the answerers estimated that need will go down. This gives the business case a solid background.

A second interesting finding is that there are some customers that would like to use our mobile services, but they are not available in their territory. This fact should be analysed via our current coverage map and draw the areas where we do not have service coverage to understand those areas vital for our service offering.

The third finding according to analysis (appendix 4, figure 3), is that customers are not satisfied in the way we present our prices today, and how we report what we have done at the customer premises. These should also be one of the key points when we develop the new business model for mobile services. In the survey we asked from our customers how they would like to see and get prices for the mobile services. Analysis of this is in appendix 4, figure 5. The majority (58,3%) of the customers wish that mobile pricing is the same as it is at the service centre but added with a mobile services fee or as a
percentage to the basic price list, according to the service time. Also, customers were asked how much should the additional fee be in euro or percentage in different service hours. This analysis, which is illustrated in appendix 4, figure 6, reveals that in normal open hours customers are not ready to pay extra fees, but during the evening and weekends price flexibility is greater. When analysing answers from those who said that price increase should be illustrated as a percentage increase to normal price list, results are similar. This analysis is in appendix 4, figure 7. As a summary for pricing analyses, both of the analyses are showing similar results, and this gives a good base to start building customer-oriented pricing for the services for the workshops.

The analysis the current state showed that one aspect of dissatisfaction for the current way we work was the clarity of our reporting and invoicing. This was surveyed from customers who responded how they would like to see invoices and reporting in the future. This analysis is illustrated in appendix 4, figure 8. Analysis shows that the vast majority of them (75%) would be very satisfied for a basic invoice where all committed work is clearly separated to the invoice. We also asked if there a need for a portal where customers could find all committed work, but at the moment customers did not find value in this approach. This might be also due to the fact that there is no such service available today. If there was, it might give a new standard, how the tire services business should report to customers in the future.

The new business model also needs a new way to handle customer orders so that Euromaster would be able to schedule customer visits efficiently. For this, customers were surveyed how they would like to make the orders from Euromaster. It was an interesting discovery that our customers are very conventional, and they want to make orders by phone to their own account manager or service centre customer service. This analysis is illustrated in appendix 4, figure 9. If we would have a service portal where customers can order independently service visits, only 16% of the customers would like to use that as a preferred method.

5.3 GAP findings from current state to future state

During the future state definition, the gaps regarding the current state and future state were also considered. Gaps were approached from 5 different angles. Four of these are the streams we have been working from the beginning as they are illustrated already in figure 3, in the current state analysis. On top of these four, we identified a fifth important stream which is IS/IT systems and the needs there. Even though IS/IT is part of the fourth
stream, management model, we feel that it is not getting the attention it requires if it is not separately handled.

5.3.1 Customer base

Our customer base is very big and from it we are able to make all needed analyses, segmentation and prognoses to be able to find the needed customer base for the phase 1 of the new mobile services. For hunting new customers data is not as good as it is what we have for our current and ex customers. This data needs to be enriched with a Trafi vehicle owner data. Trafi is governed by the Finnish transportation ministry and they have all registration and vehicle owner data that can be utilised to enrich existing customer and contact data. This means that there are no significant gaps from the customer data point of view and regarding the new customer data enrichment, task is easy to update customer data with vehicle data from Trafi.

5.3.2 Equipment

According to the equipment list we gathered in the CSA phase, we found out that our vehicles are mainly getting old and when the new business model is introduced, the majority of our current vehicles are in need to be replaced with a standard equipment. Luckily this mainly concerns the equipment we operate outside the big cities. There is a big difference in the equipment age and condition when comparing big cities and countryside. In big cities like Helsinki, Vantaa, Espoo, Tampere and Turku vehicles are new and suitable for conducting demanding jobs already today. With a small adjustment and small investments to tooling and work safety equipment, these units fulfil the needs of the new service offering and the business model. In the phase 1 for the new business model there is no need to invest into new vehicles, so in this point of view there should be no issues to start to implement the new business model in capital area.

5.3.3 Service coverage

In the analysis there were identified white spots in our service network area. Mostly these white spots are in the areas that are not very densely populated, and the business potential in those areas is not too great. Perhaps it is wise not to invest too much at this stage to cover these white spots but rather utilise our partner network if customer need is targeted to those areas.
Perhaps the first need to patch these white spots is in Southern Karelia area where customer density according to customer database is most dense. Eastern Lapland is practically empty regarding the customer potential for mobile services. There is a need for 24/7 breakdown service, but that is possible to arrange also via partners in that area.

5.3.4 Organisation

The organisational working model of today shows clear lacks when compared to the future needs for mobile services business units. The organisational model must be lean and easy to be able to steer the business efficiently. CSA showed that mobile service units are calculated as a service centre resource, and cross functional work between service centers and areas are basically absent. Organisational model needs to be changed and clear business unit with its own profit and lost responsibility.

5.3.5 IS systems

Information systems are identified as a possibility to further develop this mobile business. Business can be managed with the current tools we have, but it will never be streamlined to disrupt the mobile services without creating a new order to cash management process and IS environment around the business that ultimately supports customer engagement and self-services. It is understood that at this stage it is not possible to develop new ERP around mobile services, but to do so would lead even better customer retention, service and in the end of the day, to best profit.

5.4 Future workshop and results

After conducting the survey and interviews, current state analyses and future state analyses, we established a future workshop. Purpose of this future workshop was to define our big picture of the future state of the business. Workshop took a one full day, and all relevant stakeholders were present from the business, management, IS and accounting. We also had one customer representative present in the workshop to give relevant customer view and opinion into the discussions. Workshop had available the findings from customer survey, added with findings from the customer interviews. Agenda for the workshop was the future state definition map in figure 9. To establish each outcome described in figure 9, workshop concentrated in 3 major topics:

1. Pricing and invoicing
2. Service coverage and service hours
3. Order management and organisation
All phases of the plan were handled via the previously pointed three major topics. Outcomes for each are detailed in the next chapter.

5.5 Future state workshop results summary

Customer and potential base where analysed carefully and we found out that the potential is even bigger than it was first thought. The workshop found 1586 customers that are potentially able to utilise new mobile services or are new customers for us. By utilising the mobile approach, possibilities to expand the mobile business seems to be greater than possibility serve with the current assets and investment plans in hand.

In the workshop we found out that there are no obstacles to change our pricing model from current model to the direction that our customers want the invoicing to be. In invoicing we found some steps that needs to be done as also we need to change some of our internal practices and documentation to meet the challenge to detail enough the committed works at invoice level. We also had a great discussion around digital tools to offer these reporting services in the future for our customers. This is a clear need that came out in all these major topics that we need a customer service portal where we must integrate all customer order, invoice and service data. This is identified as a major development need for the future.
In the workshop a coverage map was updated to identify clearly our gaps in the means of the service. Updated coverage gap map is in figure 10.

**MOBILE SERVICE COVERAGE GAPS GEOGRAPHICALLY**

Blue road sections illustrates road sections that are currently covered with our mobile units or 24/7 service trucks. Most vital main roads are basically covered.

Red road sections illustrates road sections that Euromaster cannot currently offer sufficient road side assistance or mobile services.

Figure 10. Coverage gap map

Lastly, an important entity for the workshop was the order management process and organisation informing how the business should be managed in the future. The outcome for this is to make separate service centers of each mobile unit in order to be able to follow profits and losses per each mobile unit. They would act in the accounting and IS systems as a separate service centre. This would also allow new mobile business to report their profit and losses as a business unit. From the organisation point of view, it is clear that organisation must be lean and short. One mobile services manager should govern the whole mobile service centre network. For assistance, this business unit needs back office services for order taking, customer service and invoicing. It was found suitable to propose that this back office will be established during the project. Suggested organisation is described in figure 11.
Even though the workshop did not provide very concrete models informing how these topics should be treated in the future, it was very beneficial for the overall project. It enabled to get everybody in the organisation on board to the change and different stakeholders got to give their input for the project and bring out their point of view on how these major topics could be handled and what obstacles we have today. After the workshop, it was clear that what project organisation needs to do, to create the new business model for mobile services.

6 Business model proposal

The business model proposal is synthesised from the findings of future state needs, future workshop work results and from the conducted survey analysis. The business model is illustrated back to the form where the creation starts, the Osterwalder business model canvas. The proposal with all stream findings and proposals is demonstrated to the Euromaster management team for feedback and acceptance to be the model that Euromaster is going to implement. Acceptance is also needed to proceed with the investments and implementation for new business model for mobile services at Euromaster.

6.1 Business model proposal

The new business development project and new business model creation is concentrated to four major streams as we have learned throughout the project. Model proposal consists 4 essential parts as they are described in business model proposal, figure 12.
Figure 12. Building the business model proposal

The first part is customer segmentation policy so that we can find potential customers for the new mobile business. This work was mainly done in the future workshop where customer potentials were calculated. This data was analysed more in details to find a correct segmentation method and to have a correct focus in most interesting customer segments. Segmentation is proposed to do as following:

Segment A: Customers with more than 40 heavy vehicles  
Segment B: Customers with more than 20 heavy vehicles  
Segment C: Customers with 20 or fewer heavy vehicles

6.2 Customers

As we learned from the survey, half of the customers feel that they will increase their usage of the mobile services in the future. No one of the customers had an intention to use fewer mobile services. This gives a good basis for the business case and to calculate business potential for mobile services development and sales. We also need to keep in mind that our customer data is not 100% accurate and those that we were not able to calculate potential vehicle amounts were left out from the analysis. By understanding this fact, it makes the potential for mobile services even greater.
With a proposed segmentation method, our first intention is to contact customers in A segment. We can find 313 potential customers in this segment. In segment B we have already more than 529 customers. In C segment there are 827 customers. In our own CRM system, we have 925 customers without information of the fleet size and in lead lists 9678 pre-defined heavy vehicle operator leads to verify.

Table 5. Customer segmentation and potential for mobile services

<table>
<thead>
<tr>
<th>Segment</th>
<th>Number of customers</th>
<th>Estimated potential total</th>
<th>Estimated mobile share</th>
<th>Estimated potential mobile services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment A</td>
<td>313</td>
<td>12 520 000 €</td>
<td>8 %</td>
<td>1 001 600 €</td>
</tr>
<tr>
<td>Segment B</td>
<td>529</td>
<td>21 160 000 €</td>
<td>15 %</td>
<td>3 174 000 €</td>
</tr>
<tr>
<td>Segment C</td>
<td>827</td>
<td>33 080 000 €</td>
<td>5 %</td>
<td>1 654 000 €</td>
</tr>
<tr>
<td>Potential not identified, own</td>
<td>925</td>
<td>37 000 000 €</td>
<td>5 %</td>
<td>1 850 000 €</td>
</tr>
<tr>
<td>CRM</td>
<td>9678</td>
<td>387 120 000 €</td>
<td>5 %</td>
<td>19 356 000 €</td>
</tr>
<tr>
<td>Total customers</td>
<td>12272</td>
<td>490 880 000 €</td>
<td></td>
<td>27 035 600 €</td>
</tr>
</tbody>
</table>

With the segmented customer portfolio analysis, which is detailed in table 5, we can see that there are 1669 customers in our CRM database of whose potential is identified. Then if we look to the research analysis and survey analysis in appendix 4, figure 4, we can find out that 50% of our surveyed customers are intending to have more mobile services in the future. If we extrapolate the survey results to our recognised customer potential, we can find the estimated potential to be at the level of 1669 customers and their mobile services potential turnover is at the level of 5,8 Million euros annually. In the table 5 there are both currently recognised customer and potentials leads. If the same extrapolation method is used to the entire customer and lead population, business size is approximately 27 million euros.

6.3 Service coverage

As we learned from the current state analyses and future state workshop, there are white spots in Euromasters’ service coverage. These white spots are mainly in the areas that are not highly populated. Areas that will not be covered by Euromaster mobile services can be served via partner networks that Euromaster has already today.

In regards to the service coverage our proposal is to keep the current coverage as it is. At the same time, we believe that a goal is to increase the amount of the service vehicles in capitol area due to the high number of potential customers. Regarding the equipment we are using today, it is believed that the focus should homologating vehicle setup and
equipment so that in the future we would be able to serve all mobile services customers equally despite customers' location.

Service coverage also includes the equipment we need to have in the service vehicles to be able to commit all the work needed to satisfy customers' orders. The proposal also includes a standard set of equipment that are needed in every service vehicle that is operating under new proposed business model. To define this standard set of tooling and equipment a second workshop was established with the task to come up with a needed standard tooling and equipment proposal. This proposal should also include safety gear and setup in the vehicle so that the operator can easily shift from one vehicle to another and can find all necessary tools easily.

6.4 Profitability

Profitability is, of course, a key factor for a successful business. In our proposal one key aspect is pricing of the services. We learned from customer surveys the type of pricing model that customers want and how the invoicing should be done. For this goal, the proposal includes a pricing model that is based on regular service centre pricing with an addition of euros per service visit. Additional service visit price is depending on service time and weekday. If the services are done in the evening or weekends, service visit price is higher. In proposal there is no additional service fee for regular working time service visit. Service price lists are not attached to this thesis due to their confidential nature.

In the profitability proposal, other parts are investments and running costs. This is an essential part of the profitability. In the business case calculations there is a minimum amount of services provided that are followed with the defined KPI's. There is also a theoretical maximum of services one service unit is able to do. When customer amount and services requested are approaching this threshold, it is time to look to invest a new unit to the selected region. The proposal also suggests using funding options like leasing for funding the investments. This way initial investment into the business is not too big, and we are able to control better when we need to invest to a new service vehicle and staff.

During the workshop work for pricing and profitability there were some aspects informing why the proposal could not be optimal. These reasons came mainly from our ERP –
system and financial system integration issues. Suggestion from the future pricing model is to create standard price lists that can be used both in the brick and mortar service centers and in mobile service units. This allows customers to understand that this is not a separate service but it is rather an extent to our current services which are more convenient for many customers when they can order services to their depos. Additionally, in the mobile services there is an additional service fee for services conducted outside the normal service hours. This was found to be the most suitable solution for invoicing, reporting and seamless visibility for our customers.

Recognised potential according to the analyses shown in table 5 for the mobile services is very high. According to the survey results, services needs are showing a growing tendency. This service model is recognised to be a big growth lever for Euromaster in the future.

6.5 Management model

Managing the business is vital for efficient operations. For this purpose, it is essential to keep the management model easy and lean. Decision making must be easy and quick to ensure fluent ramp up of the business and sales. For this reason, we propose following future workshop idea to establish a separate business unit to manage mobile services. This would significantly reduce the threat of non-profit time we are facing in the way we do the business today by having a holistic picture of each service unit utilisation and workload. An additional proposal for the management model is to have a more flexible workforce between service centres and mobile nosiness units. If there is not enough work in mobile services for some unit, resource should be able to be assigned to a service centre for mounting and servicing duties. Also vice versa, when there is a need for additional hands for a service visit, this resource could be appointed from a nearest service centre where resource is available for that time.

An suggestion is to establish a separate customer service back office for mobile services. Function for this back office should be mainly in customer service and sales. Duties includes receiving orders from customers, to plan needed inventory for service centers according to customer needs and to handle all paperwork, reporting and invoicing that is not possible to do from a service unit with current IS systems. There is no real possibility to change our IS systems that are described in appendix 3in order to adapt them to the new business. In the future there is a clear need for customer service portal and the proposal is to have this in the IS development roadmap in 2019. Otherwise, the current
IS systems supports all the needed functionalities to get the orders manually in DäckData and schedule them accordingly to have this information available in each service unit. Additional reporting is needed to produce P&L calculations for customers and internal accounting needs.

6.6 Business model

As it was discussed earlier, the Osterwalder business model was used to visualise our business model because it has many benefits to investigate the business model from different perspectives. We ended up to make the same business model canvas to assist with the understanding of the new business model in a visual form. It is important to present deep facts from the four development streams, and it is equally important to re-create a holistic picture of the mobile business to better understand all the factors that might influence the business.

![Business model for mobile services](image)

Figure 13. Selected key streams outcome in business model canvas

All results from the four streams are carefully placed to the business model canvas in Figure 13. If we compare this to the original Euromaster business model in Figure 3, we can find same things from the canvas, but importance as a list order has significantly changed. Biggest overall changes are definitely in customer segmentation and cost structure.
When filling the whole business model canvas, the importance of certain activities was also changed. We found out that the actual partner network is totally different from where our original business model started. The entire partner network and model will probably need more focus in the future when business is well up and running. The business model proposal visualisation is in Figure 14.

7 Validation of the Proposal

Validation of the proposal was done in an additional management meeting 14.6.2018. Proposal was introduced by project manager and all management team members were present.
Validation presentation was done stream by stream and described in figure 14. This way the management team could verify that all aspects for the goals of the project are achieved. Key differences between the original business model and new mobile services business were explained in detail using survey analysis outcome, customer segmentation findings, and profit & expense calculations. As an addition, a very good visual illustration of the change was done by comparing business model figures 3 and 14 to give a holistic picture of the needed change in the way business is conducted. This method helped us to verify that all needed aspects were handled and that the outcome of each stream and the whole business requirements are met for the new business model.

7.1 Final proposal

The final proposal for the new business model includes all the aspects that were defined in the business model proposal. One addition is adding marketing communication plan and budget. This aspect was not carefully considered and described in the business model proposal.

7.2 Recommendation for Implementation

Customer potential for the business according to the potential analysis shown in table 5 and quantitative analysis together shows clearly that there is a need to further develop mobile services. This means that the project needs to be forwarded and the resources it
requires must be provided. Also ramp up of the services should be fast due to the potential in the market.

It is recommended that the implementation of the services should start with a one-customer pilot study in order to test the business processes and organisation setup. Expanding the project to a larger scale will be decided after the pilot. The pilot phase is agreed to last until 1.1.2019 and further development and investments will be decided then. The pilot study will start in the capital area with one selected and pre-agreed customer 1.8.2018. These services are to supply mobile services with two existing mobile units. Customer depo locations are Espoo, Vantaa and Helsinki. Needed Organisation must be in place before the pilot starts.

Investments for new service units will be decided in more details after the pilot phase. Before new investments are made, a deeper investment plan is required from the business owner. An investment plan for new vehicles must include three different offers from three different providers. This is in Euromasters standard purchasing policy and it is made to make sure that purchase prices are at the correct level, before investment permission is given. More so, a separate business case per vehicle must be presented before investment permission is given. Funding of the investments will be done by using bank leasing.

Tools and equipment proposal where are also made and approved. There were also 3 separate offers for tooling and equipment from where to choose the most suitable combination to be installed into the service vehicles. The list of tools also included safety gears and beacons to be able to secure the working location enough for work safety. The full list of equipment and tools is not attached to this thesis due to its confidential nature, but in the list are all standard tooling, compressors, tire removal equipment, balancing machine, grooving machine and different kind of jacks for lifting heavy vehicles.

The first marketing of the new service model is done in Alahärmä, Power truck fair in end of July 2018 to raise interest among the visitors. Marketing communications material must be ready before this and launch of the service must be visible. Marketing and communications team is also harnessed for this task to have materials ready before the fair.
8 Discussion and Conclusions

The last section of the thesis discusses about the new business model creation overall. Gathering together the research and summarising the thesis work. This section also includes reflection of the thesis and gives an idea of what went well and what was not as successful as it was intended to be. In this section there are some ideas also for next possible ideas for business development around mobile services and perhaps ideas for future thesis.

8.1 Summary

When the idea for this thesis came up at Euromaster, we were struggling to serve our mobile customers with our 24/7 staff and equipment. Usually, service trucks were not available when customers would need them. This caused lots of dissatisfaction among our customers. At this stage, it was already clear that we must come up with a new solution and business model to serve efficiently our customers that are not able or are not willing to come to our service centers. Also, at this stage we realized that this might be an opportunity for a whole new business model since we could not identify any company that are doing their business in mobile way in structured manner and in the whole country.

The research approach in this thesis is based on a mixed research model where a small part of the customer data collection was made based on qualitative interviews and a larger part was made with quantitative methods and a web-based survey. This approach was found useful to first find out the big picture about current state and customer needs and then drill in to the details to gain a deeper knowledge and needs from selected bigger customers. This was very useful, especially to understand better the pricing model customers find useful and available service times that customers really are interested in.

Research data analyses started with the current state analysis to draw a clear picture what is our service possibilities and service level today. CSA also pinpointed the pain points we had at that stage what comes to customer service, pricing, service availability and invoicing. CSA also included investigation of current knowledge in the company. This was done by looking into the data, documented procedures, ISO documentation and by interviewing key stake holders. In the CSA phase it was already clear that there is a great need to clarify our processes. In this stage it was also clear that we are in great need for a structured new business model for mobile services.
Based on the current knowledge gathered during the data collection, we were able to collect enough information, ideas, data and literature to work with the future state definition. In the end, the future state definition came out pretty easily during the future workshop work and after a careful work during the current state analyses and data collection phases. Even there were no ground-breaking discoveries or disruptive business opportunity findings done regarding the new mobile business model at this stage, with found a bunch of great business development proposals for the new business model. We believe that Euromasters mobile services business model will be a unique way to serve customers, at least for some time, before competitors are ready to publish their respective offers. I would estimate that we have at least year head start in this business.

8.2 Evaluation of Thesis

The purpose of this section of the thesis is to take a look back to the objective of the thesis and look to the outcome that was detailed earlier. In this section is also personal reflection of the thesis work and ideas for further development of the work.

8.2.1 Outcome vs Objective

The objective for this thesis was to develop a new business model for Euromaster mobile services for heavy vehicles. Doing mobile services for Euromaster has always been one essential part of the service offering. This work has always been the responsibility of the service centres. Distributing resources has been difficult to ensure steady customer service and this has been reflected heavily in our customer satisfaction and retention. The profitability for this part of the business has been in jeopardy.

From the beginning of the project, it was clear that the objective is well constructed and justified. Our objectives did not change during the project. Creating a new way to manage and operate our mobile services gives the business an opportunity it deserves to grow and gain back the customer trust that has been starting to decline in the most recent times. Being a professional, clear, affordable and available service provider for our customers is one of our key competences in this extremely competed market.

The outcome of this thesis gives well answers to the business problem stated in the beginning of the thesis. The outcome obtained from the work is a new business model proposal with all four streams of outcomes. These fore streams are definitions of customer base, service coverage proposal, profitability scenarios and pricing proposals and the management model with proposal for organisation structure.
8.2.2 Reflection & Afterword

Work at Euromaster around the mobile services development project started during early 2017. I was driving the needed changes to our business model and the way we manage it. The idea for this thesis came up later, in midst of 2017. The decision to proceed with the project was then already mentally done at Euromaster, but starting of the thesis work made the project advance significantly. It is obvious that without the thesis work, this new business model creation would not have been as thorough as it is now. By the time I am writing these last words, I feel proud to see the pilot working with success in capitol area with one very satisfied customer and even prouder of the team work given the fact we already have some additional customers in the queue, waiting for our launch commercially for other customers in the beginning of year 2019 as planned.

Project and collaboration with internal and external stakeholders were fluent, and information was shared during the whole project very openly. I think that this in a fact has been one of the greatest success factors of the project. Of course, it was at least as important that Euromaster management gave pretty open hands to move forward with the project with a minimal interference to the project work itself. Management’s role was overall surprisingly big during the midterm evaluations and the input they gave to the issues were out of the scope of the project team, for example in regards to the structure of the organisation. Decisions came quickly, and there were practically no delays due to the lack of decisions.

If I need to find something to take as a learned lesson from this thesis work, I would consider more about how big subject should be selected for the thesis. In many points, the work around this seemed overwhelming, since there are so many variables flying around during a big project like this. The second lesson taken from this would definitely be to reserve even more time for the ground work and data collection work, as making sound business proposals and driving proposals to decisions is so much easier when the background of the proposal is in order and decisions can be based on facts rather than feelings.

Development ideas during the project were almost without exceptions process and IS related. There are great opportunities to make this business disruptive with a technological development approach. This would include re-engineering of the whole order to cash process and to wrap it around a seamless IS system that produces customer data as the services are committed at their premises. This path of thinking opens many possibilities
to find leaner and more profitable models describing how the work can be organised. I think this would be a great development aspect and even a thesis subject for the future.
References


Appendix 1, Specialist questions

QUESTIONS FOR SPECIALISTS

Customer base and potential

How many customers do you have today?
Who are your main customers?
What is your average customer size as a fleet size?
What services do you do ‘mobile’ today?
What is your average invoicing per service trip?
Explain a common customer profile you serve today?
Do you have customers that are only served as mobile?
Is so how many?
Do you know some customers our competitors are serving mobile today?
Do you know any customers that have pointed interest in mobile services to you? If so Which ones?
What is your biggest challenge serving these customers?
How does service in the service centers differ on your opinion from mobile services?
How does 24/7 service differ from mobile services?

Service coverage

How many units do you have in your service center?
What equipment do you have in the service truck?
Do you have at your service center enough mobile service units?
What would be optimal amount of service vehicles in your area?
How big area can one service vehicle operate efficiently?
How many operators must there be per service vehicle?
Explain how does the ordering process from customers work today?
Explain what works and what does not work.
Explain how ordering process should work to be as efficient as possible.

QUESTIONS FOR SPECIALISTS

Prices and costs

What kind of price lists do you have today?
Is pricing simple for operator and customer?
Do you get claims from customer about invoicing?
Are pricelists same for every customer? If not, how do they differ?
How do you report time used in mobile service trips?
Please describe the process.
How do you make invoicing to your customer? Please describe the process.
How much work do you do at the service center before you can start your service trip?
What activities do you have to do at the service center?
Please describe.
How much time you consume at the service center after the service trip? What activities you have to do. Please describe.

Organization and resources

Who is your boss? Do you have clear image of the organization you work in?
What cost center code do you use at the service center?
How about in mobile services?
Do you know is mobile services profitable today? How do you know this? Please describe.
Do you have a clear role at the service center? How about in mobile service unit work?
How long days you work in average?
How many people are in the mobile and 24/7 ring at the service center today?
Is it optimal amount? If not, what would be optimal?
Can you get more customers to be served in mobile with current resources?
How could you be more effective around mobile services?
What kind of organization would help you to be able to concentrate better to mobile work?
Appendix 2, Customer questions

CUSTOMER QUESTIONS

Section 1, current state
Customer name?
Customer fleet size?
What is customers annual tire and services spend (approximately or as a percentage of the turnover)?
How many locations does customer have today where they operate?
Does customer have their own workshop? If is, what services they do in house?
How many people does customer have in their maintenance work in average?
What kind of mobile fitting services your company uses today?
What is the availability of the services today?
How much in advance your company makes service orders today?
How does customer order the work?
Is ordering easy?
How does the services provided fulfill the needs today?
How many operators does customer use today? Why?
Is pricing of the services made easy for the customer? Is it reasonable?
How invoicing is done?
What are main reasons customer wants to use mobile services?

CUSTOMER QUESTIONS

Section 2, To Be state
What services should be available in mobile services?
What is in customers mind the most important services?
What services would be still done in house?
What services would be still made at the service centers?
How should ordering of the services made?
How should pricing be presented to the customer?
How customer would like to receive invoices, reports etc of the services done?
Where customer would use mobile services if available (geographically)?
What kind of expectations does customer have regarding service prices at different times?
What kind of reporting does customer need from committed services?
What would be the most important thing to shift from in house work to outsourced work?
What would be the most important factor to shift from the service center to mobile services?
What is customers biggest obstacles not to use mobile services?

CUSTOMER QUESTIONS

Section 3, potential
According to section 2
What would be the volume of the services we could shift from current business model to mobile?
What would be the services customer would shift in first phase? How about in second?
How much additional cost would customer be willing to pay when service:
- is conducted during the day at their premises?
- is conducted during the evening at their premises?
- is conducted during the weekend at their premises?
- is conducted during the night at their premises?
What other services could mobile operator do in the future? (refills, small repairs, cleaning etc.)?
Does customer know other transport companies that might be interested in this kind of service?
Appendix 3, Information systems map
Appendix 4, Survey analysis

FIGURE 1.
Do you currently use mobile tire services from any service provider?

- Yes we do: 75.3%
- No we don’t: 16.4%
- We would like to but they are not available: 8.3%

N=73

FIGURE 2.
Do you currently use mobile Euromaster mobile tire services?

- Yes we do: 78%
- No we don’t: 22%

N=55
**FIGURE 3.**
How satisfied are you your current mobile services?

![Chart showing satisfaction levels for various mobile services aspects]

N=55

**FIGURE 4.**
How do you see your usage of the mobile tire services in the future?

![Circle chart showing usage predictions]

N=73
FIGURE 5.

What would be the best way to price mobile services?

N=72

FIGURE 6.

What would be suitable additional service fee per hour for a service trip at following service time?

N=24
FIGURE 7.
If our current service fee at the service centre is 100%, how much more you would be willing to pay additional service fee for mobile services done at you premises at following service hours?

N=18

FIGURE 8.
How would you like to see the work documentation and the invoice of the services in the future?

N=72
FIGURE 9.

How would you like to make service orders from Euromaster in the future?

I want to book time from Euromaster website or service portal
I want to book time by sending an email to my Euromaster sales representative
I want to book time by calling my Euromaster sales representative
I want to book time by visiting a Euromaster
I want to have a separate offer presented by Euromaster every time

N=72