WINNING THROUGH SPECIALIZATION: THE ROLE OF THE BUSINESS MODEL FOR VALUE CREATION

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ABSTRACT

This paper presents a case study of a recent venture in the enterprise application software market in Brazil. For the study, this paper reports a discovery journey into a promising consulting company that is experiencing great success and growth, in order to identify its business model and the relation of its business model and its performance. The paper aims to contribute to business model literature by bringing starting-point information that might both provide practitioners with more substance for a broader understanding of technology-based benefit generation, and open an avenue for further research on business model in the software industry.

KEYWORDS

Business model, value creation, enterprise application software
INTRODUCTION

The software industry has its origins back in the late 1950s and early 1960s. The entrepreneurial computer software and services companies have their business grown dramatically through the next decades, eventually becoming during the 1990s not just a market force rivaling that of the computer hardware companies, but also a major source of technical know-how that continually transforms the way of life of people and organizations (SI-SIG, 2012). One type of software, designed specifically for companies, is the enterprise application software. It is an integrated software package which purpose is to support most of the operations of an organization (PESSANHA, 2007). It has introduced in the market in the early 1990s, known as Enterprise Resource Planning (ERP). It is an evolution of the Material Requirement Planning (MRP) systems created two decades earlier. The enterprise application software comes to life when it is installed in the information technology environment of a firm.

The computer software companies (software houses, SHs, hereafter) are those that develop enterprise application software. In some cases, SHs are responsible for the implementation as well. Nevertheless, in the majority of the cases, specialized computer services companies (consulting companies, CCs, hereafter) are those in charge of the application software implementation in the customers. They are organizations or business units devoted to consulting services, activities that may involve business processes modeling (management consulting), enterprise application software implementation (implementation consulting), system development, and system maintenance services.

There are several CCs competing in the Brazilian market that, in spite of possessing similar organizational structure—they are all consulting firms—they differ in size (small to large), in geographic scope (local, regional or global), nationality, and technological coverage (providing services related to one or more SHs’ technology platforms). And, most importantly, they differ on performance. Are those differences somehow related to their business models? And, by the way, what are their business models?

The increasing adoption of enterprise applications software has attracted much attention in the practitioner literature, especially about the challenges faced by adopters to extract planned benefits from the technology that pay off, and the technologies (along with chain players, such as SHs, CCs, etc.) that are successfully promoting those benefits. However, it seems to be under-investigated (to my knowledge) in scholarly research. Even the business model literature is still in search for common definitions (e.g., DEMIL; LECOCQ, 2010; DOGANOVA; EYQUEM-RENAULT, 2009; MALONE et al., 2006; MORRIS et al., 2005; ZOTT et al., 2011). In response to this research gap, this paper reports a discovery journey into a promising CC that is experiencing great success and growth, in search of its business model identification and respective performance relation, thus bringing starting-point information that might both provide practitioners with more substance for a broader understanding of technology-based benefit generation, and open an avenue for further research on business model in the software industry.
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CONCEPTUAL BACKGROUND

Business Model

The topic of business models has become very popular in the academic arena since the emergence of Internet as a business platform in the middle of 1990s (DEMIL; LECOCQ, 2010). The construct is based on core ideas of business strategy and related themes (CAMISÓN; VILLAR-LÓPEZ, 2010; CASADESUS-MASANELL; RICART, 2010; MCGRATH, 2010; MORRIS et al., 2005), although scholars have not reached an agreement yet on what a business model is (ZOTT et al., 2011). The Academy’s efforts to deepen the discussion of business models have produced a diversified set of definitions, many with concern on the value creation (e.g.: AMIT; ZOTT, 2001; CAMISÓN; VILLAR-LÓPEZ, 2010; CHESBROUGH, 2010; DEMIL; LECOCQ, 2010; DUBOSSON-TORBAY et al., 2002; GAMBARDELLA; MCGAHAN, 2010; MORRIS et al., 2005; OSTERWALDER et al., 2005; RAPPA, 2010; TEECE, 2010; WIRTZ et al., 2010), but few of them identifying key performance indicators.

Doganova and Eyquem-Renault (2009) have made a distinction of business models, classifying them into ‘essentialists’—when the business model is “a description, or representation, of a reality that exists beyond it: the firm” (p.1560); and ‘functionalists’, when the business model is the method of doing business, articulating the value proposition, targeting markets, and mounting cost and revenue structures. The essentialists, then, are business models that have the description of the business corpus, a static view of its components. Functionalists, for their turn, are those that provide a view of the dynamics of the components, expressed as functions, in action to make business. Table 1 shows a comprehensive set of business models definitions and respective characteristics.

Among the essentialists is the business model definition made by Osterwalder and Pigneur, in a work that came from the initial studies in 2002 and have got the final conformation in 2010 (DUBOSSON-TORBAY et al., 2002; OSTERWALDER; PIGNEUR, 2010; OSTERWALDER et al., 2005). The business model is defined as a description of the rationale of how an organization creates, delivers, and captures value. It has nine dimensions, arranged in such a way—called ‘Business Model Canvas’ by the authors—that can be “A shared language for describing, visualizing, assessing, and changing business models” (OSTERWALDER; PIGNEUR, 2010, p.18). The canvas starts with 1) customer segments, a way of grouping customers that have common needs, common behaviors, or other attributes; followed by 2) value propositions, which consists of a selected bundle of products and/or services that caters to the requirements of a specific customer segment; 3) channels, that describes how a firm communicates with and reaches its customer segments to deliver a value proposition; 4) customer relationships, pointing out the types of relationships a firm establishes with specific customer segments; 5) revenue streams, representing the cash a firm generates from each customer segment; 6) key resources, describing the most important assets required to make a business model work; 7) key activities, depicting the most important things a firm must do to make its business model work; 8) key partnerships, showing the network of suppliers and partners that make the business model work; and finalizes with 9) cost structure, describing all costs incurred to operate the business model. Figure 1 shows the Business Model Canvas.
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### TABLE 1 – Business Models definitions and major characteristics

<table>
<thead>
<tr>
<th>SOURCE</th>
<th>DEFINITION</th>
<th>DIMENSIONS</th>
<th>INDICATORS</th>
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<tbody>
<tr>
<td>Camisón and Villar-López (2010)</td>
<td>The standard generated by the corporation to organize its processes and tasks with a specific internal configuration of its value chain, manage its assets, realize transactions with external agents, and determine the market in which it intends to compete. There are four types of business models: multidivisional, integrated, hybrid, and network-based.</td>
<td>Hierarchical structure, degree of formalization, degree of centralization, productive process, coordination mechanism, degree of diversification, degree of vertical integration.</td>
<td></td>
</tr>
<tr>
<td>Chesbrough (2010)</td>
<td>A business model fulfills the following functions: a) articulates the value proposition; b) identifies a market segment and specify the revenue generation mechanism; c) defines the structure of the value chain required to create and distribute the offering and complementary assets needed to support position in the chain; d) details the revenue mechanism(s) by which the firm will be paid for the offering; e) estimates the cost structure and profit potential; f) describes the position of the firm within the value network linking suppliers and customers; and g) formulates the competitive strategy by which the innovating firm will gain and hold advantage over rivals.</td>
<td>Value proposition, market segment, revenue generation mechanism, value chain structure, cost structure, and competitive strategy.</td>
<td></td>
</tr>
<tr>
<td>Demil and Lecocq (2010)</td>
<td>Description of the articulation between different business model’s components or ‘building blocks’ to produce a proposition that can generate value for consumers and thus for the organization.</td>
<td>Resources and competencies, organization, value proposition, volume and revenue structure, and volume and cost structure.</td>
<td>Revenue, costs, and margin</td>
</tr>
<tr>
<td>McGrath (2010)</td>
<td>Powerful idea for strategic thinking and strategic research, and allows to shift management focus from a pre-occupation with the resources a firm has, to the use to which those resources are put.</td>
<td>Basic ‘unit of business’ and ‘key metrics’ of process or operational advantages.</td>
<td></td>
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<tr>
<td>Osterwalder, Pigneur and Tucci (2005); Osterwalder and Pigneur (2010)</td>
<td>Conceptual tool containing a set of objects, concepts and their relationships with the objective to express the business logic of a specific firm. Therefore we must consider which concepts and relationships allow a simplified description and representation of what value is provided to customers, how this is done and with which financial consequences.</td>
<td>Customer segments, value proposition, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure</td>
<td></td>
</tr>
<tr>
<td>Amit and Zott (2001)</td>
<td>Depicts the content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities.</td>
<td>Efficiency, complementarities, lock-in, and novelty.</td>
<td></td>
</tr>
<tr>
<td>Casadesus-Masanell and Ricart (2010)</td>
<td>Business model is a reflection of the strategy carried out by the company. It is a set of choices (policies, assets, and governance), and consequences (price and scale) resulting from these choices governed by a theory.</td>
<td>Choices (political, governance structures, and assets), and consequences.</td>
<td></td>
</tr>
<tr>
<td>Doganova and Renault (2009)</td>
<td>Business model is an intelligent device in contexts of collective uncertainty. It works both as a narrative form and calculator in order to bring to life innovations.</td>
<td>Calculations, narratives, and circulation.</td>
<td></td>
</tr>
<tr>
<td>Morris et al (2005)</td>
<td>Business model is a concise representation of how an interrelated set of decision variables in the areas of venture strategy, architecture, and economics are addressed to create sustainable competitive advantage in defined markets.</td>
<td>Foundation, proprietary, and rules.</td>
<td></td>
</tr>
<tr>
<td>Teece (2010)</td>
<td>A business model articulates the logic and provides data and other evidence that demonstrates how a business creates and delivers value to customers. It also outlines the architecture of revenues, costs, and profits associated with the business enterprise delivering that value.</td>
<td>Technologies and features, benefits to customers, market segmentation, revenue stream, and mechanisms for value capture.</td>
<td></td>
</tr>
</tbody>
</table>

Source: prepared by Author.
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FIGURE 1 – Business Model Canvas

![Business Model Canvas](https://via.placeholder.com/150)

Source: Osterwalder and Pigneur (2010, p.44)

**Value Creation**

A significant number of business models definitions cite value creation as a major objective or purpose, but with different meanings: some are referring to ‘producer surplus’, the value generate for the producer of the product or service; others are talking about ‘consumer surplus’, the value created to customers (see PETERAF; BARNEY, 2003).

The value chain framework (PORTER, 1998) analyzes the value creation at company level (producer surplus). That analysis consists on company’s decomposition into strategically relevant activities in order to get perspective of the impact on cost and value (STABELL; FJELDSTAD, 1998). It requires for steps: 1) strategic business unit definition; 2) critical activities definition; 3) products definition; and 4) activities’ value determination. Value is defined by Porter (1985) as:

> “the amount buyers are willing to pay for what a firm provides them. Value is measured by total revenue, a reflection of the price a firm’s product commands and the units it can sell. A firm is profitable if the value it commands exceeds the costs involved in creating the product. Creating value for buyers that exceeds the cost of doing so is the goal of any generic strategy” (p.38).

Differentiation is one way for value creation, through activities that deliver products that reduce buyers’ cost or improve buyers’ performance. According to Porter (1985), product differentiation is a result of policy choices (kind of activities to be executed and resources to be employed), linkages (within the value chain or with suppliers and channels exploited), timing (when a firm began performing an activity), location, interrelationships, learning and spillovers (know-how), and integration (organizational cohesion). Barney and Hesterly (2007) have drawn on Porter’s work and have divided the differentiation into three categories: 1) product/service (characteristics, complexity, launching timing, and location); 2) customer relationship (customization, consumer marketing, and reputation); and 3) intra- and interrelationships (internal function association, partnerships and alliances, product mix, distribution channels, and customer care).

The value creation for services companies can be analyzed from their value chains. Stabel and Fjeldstad (1998) have designed a value chain model—the Value Shop—more suitable for services companies, once Porter’s model was considered a perfect match for production and manufacturing companies, but lacked on capturing the essence of value creation of companies that “rely on an intensive technology to solve a customer or client problem” (p.420). In value shops, value creation is the problem-solving service that drives the customer to a more desired state. The service differentiation occurs by...
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mastering the value information asymmetry; tailor-made deals (configured to deal with unique cases); activities that are cyclical, iterative and interruptable (not linear flow); significant sequential and reciprocal interdependence between activities; multiple disciplines and specialties intertwined in activities cycles; problem-independent information acquisition; expertise leveraging; coprformance of support and primary activities; and reputation and relationship (STABELL; FJELDSTAD, 1998). Figure 2 shows the model structure with its primary five activities: 1) problem-finding and acquisitions, those related to recording, reviewing, and formulating of the problem to be solved and the choice of the general approach to solving it; 2) problem-solving, activities associated with the generation and evaluation of alternatives for the solution; 3) choice, that is the selection of one alternative; 4) execution, activities related to communication, organization, and implementation of the chosen solution; and 5) control and evaluation, activities associated with measuring and evaluating the outcomes against expectations.

In terms of customer value (consumer surplus), it is defined by Woodruff (1997), as:

“a customer’s perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer’s goals and purposes in use situations” (p.142).

Woodruff’s definition allows the identification of one source of value generation specific for information technology (IT) consumers: the IT uncertainty mitigation. IT uncertainty is the risk that an investment made in IT assets (computer hardware, software, communication infrastructure, etc.) may not meet the planned performance targets in a timely way. The risks include a) implementation difficulties that prevent obtaining anticipated IT results; b) implementation costs higher than planned; c) implementation time longer than planned; d) technical performance below what was planned at the outset of the investment; and e) hardware and software incompatibility (BARNEY; CLARK, 2007). The mitigation of mentioned risks can facilitate (or avoid difficulties to reach) the achievement of planned performance targets in a timely way.

DATA AND METHOD

This is a short-term project that aims to consolidate business model knowledge discussed at classroom sessions. The research strategy has an exploratory approach in order to bring information about the role of the CC’s business model in creating value for all three parties: customers, SHs, an the own CC. Drawing on the literature about case study research and qualitative methods (COLLIS; HUSSY, 2005; FLICK, 2004; YIN, 2010), the research strategy was structured to provide descriptions of a Brazilian CC’s business model of technology (enterprise application software) implementation services. The exploratory approach is considered appropriated because the business model literature is still forming its theoretical foundation (COLLIS; HUSSY, 2005); the case study aims to contribute for its materiality and use.

The first step of the research process was the interview of the founder in order to get raw information about the business model related to the technology implementation services. Along with the interview, other data sources were accessed (internal documents, published data, company site, etc.). The collected information, then, was consolidated and analyzed under the perspectives of the business model structuring (DUBOSSON-TORBAY et al., 2002; OSTERWALDER; PIGNEUR, 2010;
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OSTERWALDER et al., 2005). The last step is the discussion on the clarification of the CC’s means and flows of value creation.

FIGURE 2 – Value Shop Model

In Search of Value Creation

SHs believe their innovations can generate value (producer and consumer surpluses) by making organizations more productive, better managed, more sustainable, and more innovative, through the use of their software technology. CCs have the same perspective about their services. However, none of them, alone, can widely make their innovations a source of value creation for customers, partners, and for themselves: SHs might deliver implementation services, but in a small scale due to resources limitation; CCs may bid for implementation opportunities in the open market, but the number of opportunities is decreasing since customers are finding more attractiveness (especially in terms of IT uncertainty mitigation) on value propositions that embrace the entire project instead of separated bids for their pieces. Therefore, SH-CC partnership is an important condition for value creation, and that is why the case study’s CC is a firm that has a formal partnership with an SH.

The Company

Founded in 2006 by three entrepreneurs, the CC is a local, Brazilian private firm specialized in business processes consulting services that include business processes modeling and their enablement through enterprise application software implementation. The firm has in its body 225 expert consultants with more than 15 years of experience in the business process development and technology fields. It serves large national and international customers (Johnson & Johnson, Arcelor Mittal, Itaipu Binacional, Votorantim, Gerdau, among others) that are present in the Brazilian market from the offices located in three different states in the country. CC plans to close current fiscal year with net revenues of US$ 25 million, and is preparing its structure for having the numbers doubled at the end of 2015.
The company has grown as a specialized company. Since the foundation, Finity has a deep knowledge on Financial Services area, characteristic that has successfully transformed the company as the ‘last mile’ of management consulting services’ implementation, enabling the adequate technology that could promote the proposed organizational changes. The growth has allowed Finity to expand its portfolio of services, entering in other industry segments; and has started the software license sales business, which in turn have generated more growth, but this time at expense of specialization.

Specialization is still the core strategy, indeed. Employees are key resources for achieving Finity Consulting targets, so there is an explicit concern on professional growth, focusing on knowledge sharing and expertise building that encompasses technical, business, and soft skills in order to deepen the specialization in all industry segments covered. Consequently, it will create “real and sustainable” value for its customers through business processes enhancements and developments that will eventually contribute to the growth of their companies. Also, it will keep establishing strong and durable relationships with partners and customers, that for the CC should be based on ethics, respect, and high-quality deliverables that generates growth and profitability for all parties (FINITY, 2012).

But now, the complexity of the organization requires higher level of management maturity. Growth analysis takes in consideration not just organic development, therefore market share expansion might include acquisitions.

The Business Model

The identification of the Finity’s business model uses an essentialist approach (DOGANOVA; EYQUEM-RENAULT, 2009), having Osterwalder and Pigneur's (2010) study as the conceptual lens. For this CC, the nine dimensions are composed by:

**Customer segments.** Figure 3 shows the declared business segmentation. However, it seems to be the portfolio of service offerings. The firm is internally organized by what it calls ‘industry’, e.g. Financial Services, Manufacturing, Automotive, etc., and for each ‘industry’ there are consultants specialized in the business processes of that industry, and in some technologies that have perfect fit. In order to express the true customer segments, Finity should prepare one set of service offerings for each ‘industry’ segment.

**Value propositions.** New service (Osterwalder and Pigneur’s (2010) ‘newness’) offerings that are highly specialized and customized, and promote customer’s performance transformation. At the same time, the service offerings aim to bring innovation (high added value) and lower prices than competitors. Also, the services related to software implementation offered aim to reduce the IT uncertainty (BARNEY; CLARK, 2007).

**Channels.** Finity has two types of channels: direct (owned) and indirect (contracted). The direct channels take care of sales of software and services, and services delivery. But services can also be sold indirectly, by contracts established with SH and other CCs.
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Customer relationships. One of the characteristics of the enterprise application software market is the long-term relationship that the players establish with their customers. Finity devotes dedicated ‘personal’ assistance (OSTERWALDER; PIGNEUR, 2010) to its customers, establishing relationships with customers longer than two years average (some of them are as old as the firm). The delivery of the services in general requires heavy customer participation (at least 60% of the time), but there is space for co-creation (OSTERWALDER; PIGNEUR, 2010) just during the services’ architecture phase; delivery is pure execution.

FIGURE 3 – Finity Consulting’s Declared Business Segments

Source: Finity Consulting (2012)

Revenue streams. Revenue comes from software and services selling. Software is a licensing type of business, where the CC sells licenses on behalf of the SH, and it has a fixed price, like an ‘asset sale’ with ‘list price’ (OSTERWALDER; PIGNEUR, 2010). Services are sold as projects in the majority of the cases (70%), have their prices fixed (in the 70% of the cases), and the payment is done upon delivery ‘milestones’. The remaining 30% of the projects have floating prices, related to the consumption of consulting hours (called by practitioners as ‘time material’; to Osterwalder and Pigneur (2010) it is ‘usage fee’). It is rare but possible to have projects mixing fixed and floating prices. Also, services can be sold as ‘outsourcing’ of customers’ operation segment that represents 30% of Finity’s revenue. It has characteristics similar to a ‘subscription fee’ (OSTERWALDER; PIGNEUR, 2010), where customers pay a certain amount per month to have Finity’s resources operating and maintaining an IT system, for instance.

Key resources. The business in which Finity is in is intellectual capital intensive, thus the major resource is skilled, expert people that can manage people, projects, change, and relationships. Along with people, financial resources are required to make the firm running and growing.

Key activities. Finity sells enterprise application software and services related to them, from business consulting services (especially business process modeling) to implementation services, with specialization in financial services, business intelligence,
and governance, risk and compliance. In terms of services, then, they are problem-solving, customized ones that drive the customer to a more desired state (STABELL; FJELDSTAD, 1998).

**Key partnerships.** With SAP, a giant SH in the enterprise application software space, Finity has two formal partnerships: as SAP’s services partner—the most important in terms of its revenue generation—focused on the software implementation services, and as SAP’s software channel, therefore responsible for selling SAP software. The CC has the same kind of partnerships with Software AG, this time related to business processes modeling software. Besides, there are some enterprise application software implementation services partnerships with other CCs, in areas where there is complementary fit, once Finity is very specialized in some areas of SAP’s technology portfolio.

**Cost structure.** It can be considered ‘value-driven’ cost structure, once “Premium Value Propositions and a high degree of personalized service” (OSTERWALDER; PIGNEUR, 2010, p.41) are clearly characterized. However, due to market pressures, there is a tendency to blend it with ‘cost-driven’ approach for part of the business in order to promote differentiation. The phenomenon can be observed through some offerings and, specifically related to cost structure, in their components: there are cost centers dispersed along internal business areas, controlling each of them production costs, pre-sales and sales costs, idle costs (consultants that were not allocated), and operational and non-operational costs.

**The Value Creation**

The business model literature emphasizes the value a firm creates for itself (e.g., AMIT; ZOTT, 2001; CASADESUS-MASANELL; RICART, 2010; DEMIL; LECOCQ, 2010; MALONE et al., 2006; MORRIS et al., 2005; OSTERWALDER; PIGNEUR, 2010). For the service business the CC is in, the value creation processes for the firm and for the customer are interdependent. Problem-solving services (STABELL; FJELDSTAD, 1998) that reduce technology risk for customers, therefore are delivered in a way that a) overcomes implementation difficulties and obtain anticipated IT results; b) keeps implementation costs as planned; c) keeps implementation time as planned; d) achieves technical performance at the level or upper of what was planned at the outset of the investment; and e) assures hardware and software compatibility (BARNEY; CLARK, 2007), along with intellectual capital transfer, eventually will facilitate customer’s goals and purposes achievement (WOODRUFF, 1997), and therefore strengthen CC-customer relationship, and enhance CC’s reputation, establishing a differentiation in the market (BARNEY; HESTERLY, 2007). The revenue that accounts for getting the job done is the short-term, Porterian value created that only satisfies firm’s short-term necessities. The door for sustainable, long-run growth has reputation—“a set of economic and non-economic attributes ascribed to a firm, inferred from the firm’s past actions” (GEMSER; WIJNBERG, 2001, p.565-566)—as its key.

Finity starts the preparation for the value capture very early in the process. The CC analyzes the market in search for opportunities, that are derived from economic conjuncture (economic downturn increases demand for financial and risk management, for instance), technological tendencies, and recurrent necessities from the technology
installed base (such as processes enhancements, changes as result of regulations, new software versions, etc.). Offerings are designed, and related investments on intellectual capital are made, making the firm able to build customized value propositions that have, up front, major project targets supported by quantitative and qualitative indicators, that eventually will define the capture of the value, both Porterian after delivering the project milestones, and reputation, after delivering on time, on budget, and on value.

The business relationship between CC and customer is governed by a formal contract (90% of the occurrences). Projects below US$ 50,000 are allowed to be supported only by the proposal documentation.

The Performance Indicators

Performance indicators can seldom be found in business model literature (see DEMIL; LECOCQ, 2010; MALONE et al., 2006; MORRIS et al., 2005 for indicators examples). Osterwalder and Pigneur's (2010) study, for instance, does not identify performance indicators.

Finity Consulting has 15 performance indicators. The major 10 indicators were distributed across the business model dimensions, presented in the Table 2.

**TABLE 2 – Business Model’s Performance Indicators**

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<tr>
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<thead>
<tr>
<th>DIMENSION</th>
<th>INDICATOR</th>
<th>DEFINITION</th>
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<tbody>
<tr>
<td>Customer Segments</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Value Propositions</td>
<td>Win Rate</td>
<td>Number of projects sold over total number of project proposal made</td>
</tr>
<tr>
<td></td>
<td>Sales Cycle</td>
<td>Total time consumption from deal prospection to closing</td>
</tr>
<tr>
<td>Channels</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Customer Relationships</td>
<td>Customer Life Cycle</td>
<td>Duration of active relationship</td>
</tr>
<tr>
<td>Revenue Streams</td>
<td>Total Revenue</td>
<td>Sum of all revenue streams</td>
</tr>
<tr>
<td></td>
<td>EBITDA</td>
<td>Earnings before interest, taxes, depreciation and amortization</td>
</tr>
<tr>
<td></td>
<td>Project Revenue</td>
<td>Revenue monitoring by project</td>
</tr>
<tr>
<td></td>
<td>Net margin</td>
<td>Net profit over total revenue</td>
</tr>
<tr>
<td></td>
<td>Equity Per Share</td>
<td>Total book value divided by number of shares</td>
</tr>
<tr>
<td>Key Resources</td>
<td>Idle Rate</td>
<td>Number of consultants not allocated over total number of consultants</td>
</tr>
<tr>
<td>Key Activities</td>
<td>Project Delivery Performance</td>
<td>On time, on budget, and on value projects delivered</td>
</tr>
<tr>
<td>Key Partnerships</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Cost Structure</td>
<td>Project Costs</td>
<td>Costs monitoring by project</td>
</tr>
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</table>

*Source: prepared by Author.*

**DISCUSSION**

The rapid pace of technological developments in the enterprise application software industry coupled with the increasing adoption of such technology have given rise to business transformation in many economic sectors all over the world. As a consequence,
it has occupied much of the practitioner literature, discussing challenges faced by adopters to extract expected value from such technology that in the majority of the cases is implemented by CCs.

In this paper we have attempted to identify how CCs generate value for customers and for themselves by drawing on literature of business models and strategy and applying the concepts in a study of one promised Brazilian CC in its local market, Finity Consulting.

Specialization is a clear strategy of Finity Consulting for sustainable growth. Finity consultants’ deep knowledge on business processes of a set of industries allows the firm to provide customers with problem-solving services that overcome the challenges to get expected value, by reducing technology risk for customers and transferring intellectual capital. In other words, business models are responsible for the translation of strategy into action. Using the Business Model Canvas, it was possible to identify how the CC is structuring its operations for value generation.

The analysis of CC’s strategy and Business Model Canvas led us to see business model as the bridge that connects resources to strategy, aligning them in order to transform strategy statements into activities.

REFERENCES


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