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Introducing purchasable technical service packages in a product-oriented organization
- A Go-To-Market Study -
Master's thesis

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ABSTRACT

This study examines the development of a go-to-market plan for service offerings in a product centric company. Servitization is a phenomenon where many firms see great potential to strengthen their market position and simultaneously create additional value to increase revenue. The company in the study has an existing range of services that are offered mostly free of charge to justify a premium price for its products. The company operates in a business-to-business market. To find partners willingness to pay for services, one must analyse the market demand and identify what services provides sufficient value for partners. The study is based on qualitative research methodology. The investigation includes both internal company and external data to ensure a greater understanding of the studied topic. Data was collected from the company itself, semi-structured interviews with second tier partners, as well as a best practice benchmark. Throughout the research process an abductive approach was used. In conclusion, there is a variety of service offerings (both existing and new) that show value which has potential to create packages that the company's partners are willing to purchase. Three different service package offerings are recommended in combination with stand-alone offers. The standard package is means to be free of charge to keep the company's competitive advantage and focus on delivering competence. Two premium packages are based on a subscription model in order to generate revenue and ensure delivery of service value through speed. In addition, to the large demand differences on the market, a stand-alone offer of services cope with flexibility and adaptation for the three packages.

Key words: Servitization, Marketing Strategy, Pricing, Go-to-Market Plan, Freemium

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LIST OF ABBREVIATIONS

B2B	Business to Business
B2C	Business to Customer
BBDs	Broad Base Distribution
CE	Circular Economy
FMO	Flexible Market Offerings
HPE	Hewlett Packard Enterprise
IoT	Internet of Things
PR	Public Relations
RMA	Return Merchant Authorization
SI	System Integrators
SLA	Service Level Agreement
TAM	Technical Account Manager
TOC	Total Cost of Ownership
TSD	Technical Service Department
VADs	Value-Added Distributors
VMS	Video Management System

1 INTRODUCTION

This chapter gives an introduction by presenting the background of the study followed by an introduction of the company, thereafter the problem is defined. Then the aim is presented. Lastly, the limitations are stated.

1.1 BACKGROUND TO THE STUDY

There are many trends affecting the worlds industries today, concepts like Internet of things, (IoT) and digitalization are increasing the importance of big data and cloud services (Wen & Zhou, 2016). Suppliers are in constant pursuit to develop their offerings. Increased global competition and customer awareness create a need to build a strong competitive advantage in any market. From an internal customer perspective, there are monetary incentives to extend offers and widen market opportunities to increase revenue flows. Services for product centric firms have been identified by many firms as a great potential for increased profit (Perona et al., 2017). Considering new business potential, more and more product firms undertake this transformation. Perona et al. (2017) state that services are moving towards the most prominent position in the global economy. Due to increasingly mature markets in many industries, diversification is key to stay competitive (Bustinza et al., 2015). The coined term for the transformation of a product selling company to a product and/or service selling company is called servitization. The study and practice of servitization has grown immensely where more and more effort and focus are placed on services (Baines & Lightfoot, 2014).

Servitization introduces numerous challenges for a company. Complex new processes need to be developed, customers must be transparently introduced, and existing structures might need to be adjusted. Even when well-managed, many risks in change process must be assessed, evaluated, and simultaneously mitigated to ensure a successful implementation of service offerings. Development of specific offerings, transparent communication, both within and outside the company, as well as assessing the marked demand are key. Therefore, it becomes important to consider a holistic picture. Market segmentation and marketing strategies can be used to identify needs that are present on the market (Sabou, 2014). Thus both existing service offerings in firms as well as potential new service offerings that deliver value to a customer. Sabou (2014) stat that studies have shown that changes must be carefully considered and developed in close cooperation with customers must be included. To closely and continuously monitoring customer value as well as market trends are needed to help organizations develop the right offerings. It is important to market each offering to the right target.

1.2 Camsky

Camsky is a Swedish based company that operates on a global scale. The company's main operations are focused on technology products which generate successful revenue through an indirect business-to-business model. As competition increases, the company is investing in research and development to assure its competitive market

position. Although the company is product centric, new business opportunities and potentials are seen within service offerings. The delivery of technical services that the company offers to its customers and partners via support service offerings build the company's competitive advantage and are available free of charge. Furthermore, development of new business ideas within the service field are to be developed. Service offerings that deliver value which a partner is willing to pay for is key to increase revenue and strengthening Camsky's competitive advantage.

The business model of Camsky contains four levels. The first level is Camsky, followed by their distributers at the second level. They distribute the products produced by Camsky to the third level called partners, which in turn sell Camsky products to the fourth level which is the end customers. Camsky's vision and one of the core values is to stay with the customers all the way, as a result they help their partners and end customers with the highest quality support possible. This is done by phone, chat, online helpdesk, and support web platforms. Due to their many years of market dominance, they have been able to offer free support to its partners and customers worldwide. Recent competition from low-priced Chinese competitors have enforced a strategy to investigate the possibility of providing different service packages to their customers and partners in accordance to their needs against a service fee. Thus, Camsky are currently working on developing different service offerings for their second-tier partners and how to construct them in an attractive form easily accessible on the market. This change is currently in the development phase.

The current process for Camsky lies in identifying which service that are needed for which customer segment and how to package them. There are three proposed service packages targeted at the company's resellers and system integrators (second tier partners in the business model), and the proposed partner target for this study concerns small and medium sized companies. Other areas to investigate include a price model, how to introduce the service packages to the market, and how to suit the different service packages to the different customers.

1.3   Aim of the study

The aim of the study is to investigate the possibilities of introducing new services, what value the services will provide, and partners willingness to pay for them. In this way, the study focuses on how to increase value by developing technical service support's offering and provide a go-to-market plan.

1.4   LIMITATIONS

The finalization of this project will result in a recommendation for the studied company on key factors to consider when introducing their new service offerings to their partners, however, the implementation phase will be excluded. The study includes about 20 partners located in the US- and North Europe- market, however, this is just a sample of the many partners Camsky has.

2 THEORETICAL FRAMEWORK

The theoretical framework in this chapter has been divided into six subsections. Each of the subsections end with a research question related to that specific section. Finally, all the research questions are summarized at the end of the chapter to provide the readers with an overview of how the theoretical framework is going to be used for analysis.

2.1 SERVITIZATION

Servitization can be defined as the shift in companies where sold value based in products goes towards an increasing focus on selling value based on services that are developed (Jacob and Ulaga, 2008). This subsection will give a brief introduction of what servitization is, followed by its advantages and disadvantages. Processes for its implementation will be presented, along with its many challenges.

2.1.1 Servitization background

Services move towards the preeminent position in the global economy in regard to value added and produced wealth (Perona et al., 2017). Jacob and Ulaga (2008) conclude that today's business markets are moving towards a world market characterised by services. In terms of servitization, it can be seen as a transformation process, usually occurring in product focused firms, where the goal is to embrace and develop a service-oriented environment with the objectives of fulfilling customer's needs, increase competitive advantage, and enhance the company's performance. The term servitization is still a new concept and there are many different definitions from authors. One description that unites them is that servitization focus on providing additional services to a tangible product to add value (Atos, 2011). Even though servitization is relatively new and Kowalkowski et al. (2017) argue that it is in a mature research stage due to its many practitioners, researchers, publications, conferences, and its growing community.

However, the early studies of servitization started in 1988 when Vandermerwe and Rada (1988) coined the term Servitization of business. Since then, it has been an increasing interest in the area and it is an empirical phenomenon. There are an increasing number of companies that are adding services to their core corporate offerings each year. This trend can be seen in almost every industry on a global scale. A common characteristic among the companies is a customer demand driven environment.

Suppliers need to constantly develop its offerings due to customers' demands. This has led to the implementation of value added services from suppliers to ensure and enhance their core product performance. During this process, suppliers realize that services could be an added platform of revenue stream (Atos, 2011).

Servitization has both internal and external drivers. External factors primarily come from demanding customers (Atos, 2015). Vandermerwe and Rada (1988) also explain that the movement of servitization is mainly fuelled by customers whereas internal drivers primarily originates from financial incentives (Atos, 2015). Prior business models focus on customer satisfaction whereas now the focus is to create and maintain successful relationship with its customer. The term derives from businesses that add services to their products to gain competitive advantage, increase turnover, and ensure market power (Kowalkowski et al., 2017).

2.1.2 Incentives

Each change can be meet with resistance from each participant involved, either if they are the decision makers or the affected ones. The subsections below describe different incentives for the organizational process of servitization.

Increased customer satisfaction. Customers demand more and more due to a growing customer centric awareness where business are challenged to adapt to these high standards (Atos, 2015). Bustinza et al. (2015) state that several competitive advantages derive from the implementation of servitization. During this process, a company will follow stages to conclusively be able to differentiate themselves from other product centric organizations as it is difficult to imitate services (Atos, 2015). Hence, they will be able to offer services that the competitors cannot mimic and if successfully executed they will achieve higher customer satisfaction (Bustinza et al., 2015). The competitive advantage is to be customer satisfaction, it is crucial for the services to be developed directly by the firm's different business functions.

Value added aspect. When the profit margin among products is increasing to a global competition there are greater incentives to introduce service offerings to find new revenue streams. Atos (2015) state that during economic crisis there are greater revenues for services than for products. When adding services, or transforming the products as a service offering, there is an opportunity to reinvent the entire product life-cycle to generate more value. New revenue channels are to be explored in addition to the product sold (Bustinza et al., 2015). Therefore, organizations seek to add value to improve profit margin and to differentiate themselves rather than competing solely on cost (Green and Davies, 2015).

Supplier-buyer relationship. With servitization there is an opportunity of reaching a sustainable competitive advantage by reason of distinguish oneself from competing on costs alone (Bustinza et al., 2015). This can contribute to a long-term advantage. Atos (2015) explains a lock-in-effect that can enable a high profit margin. Since a firm already sells a product, there are great opportunities to best develop, sell, and deliver the services right next to the product itself.

Dependency. A desired outcome of introducing servitization is to enable some sort of dependency from a customer. It can be challenging to establish dependency for a product intense firm. However, Vandermerwe and Rada (1988) suggest that offering

bundles for products with attached or added services increases the chances of greater dependency. The ideal outcome of introducing a set of services is to have a customer realize that a service providing firm operates in a much more efficient way then they could. The result of demonstrating one's capabilities and efficiency can lead to a service dependence that will ensure an additional platform of revenue stream while increasing customer satisfaction.

Loyalty Program. The usage of loyalty program is a great incentive process to maintain returning customers. By preserving customers, a company can sustain profit and relevant preferences on customers information (Blanco-Justicia and Domingo-Ferrer, 2016). Using customer as informants, one can facilitate a segmentation of customers while increase the customer loyalty (Turunen and Toivonen, 2011). It will enable a long-term relationship. Nonetheless, such programs have received some criticism for violating privacy, and facilitate an individual profiling (Tuttle, 2013). Blanco-Justicia and Domingo-Ferrer (2016) conclude that there are two main reasons for introducing a loyalty program: encourage customers to make more purchases and allow the loyalty program owner to profile the customer. By profiling the customer, one can conduct market research more thoroughly and segment the customers. For this exchange, it is important that the profiled customer gets something in return as a reward. It will ensure the commitment to the loyalty program and provide value for both parties (Blanco-Justicia and Domingo-Ferrer, 2016).

2.1.3 Implementation

Servitization can be regarded as a business model with the function of conducting an organizational change. The change involves the transformation of a product selling firm to an integrated product offering that consist of both goods and services (Bustinza et al., 2015). Atos (2011) emphasizes the importance of a clear communication plan at an early stage. There needs to be a fundamental communication strategy that considers the customers' needs and values in order to incorporate them in the design phase of the service arrangement. These are major changes, and it is a great challenge to implement them (Atos, 2011). It is important to remember that firms must create servitization strategies that are tailored to the specific environment in which it operates and consider its own unique value chain (Bustinza et al., 2015).

Internal elements. It is important to know that additional services might not generate more revenue. One crucial element to consider involves the firm's managerial environment and their ability to apply the appropriate strategy. Atos (2015) concludes that there is an increasing cost of developing solutions and services with a longer sale cycle. Lee et al. (2016) emphasize on the importance of making a thoroughly investigation before implementing servitization. To align firm performance with a proposed servitization plan, one must examine critical factors that can affect the relationship and find proper adjustments, for instance pricing practice optimization (Lee et al., 2016). In regards to how the internal development goes, Bustinza et al. (2015) argue that if differentiation is the objective for a firm, there should either be a specialist service unit or an external partner who develops the services on an advanced level.

Processes. Bustinza et al. (2015) define a three-stage process for servitization, where the first stage is to develop a series of advanced services to provide capabilities that results in value for the customer. Secondly, managers need to focus on organizing service production to make sure that certain organizational objectives are met. The last stage involves a differentiation process that can be accomplished when reinforcing a firm's core competence by servitization. All three stages need to be completed along respective units within the firm to contribute to greater customer satisfaction.

Precautions. Perona et al. (2017) point out that the study of servitization must be handled with caution, as findings shows that there are distinct discrepancies between servitization theory and real-world cases. There are two dimensions to consider for describing a servitization pattern, namely its approach and impact (Perona et al., 2017). This is based on the belief that other theories see the servitization process as a complete transformation when it is complete. Perona et al. (2017) found from several cases that exhibits an integrative effect, instead of a transformative effect. It was therefore suggested that firms with existing service offerings should rather focus on to integrating new offers instead of transforming present service offers. This will minimize the affection to traditional products and provide a more effective and smooth organizational change.

Bundled services. Vandermerwe and Rada (1988) conclude that in order to achieve a greater pricing strategy, companies best option is to bundle services together. Traditionally, the total value comes from the products itself and services are seen as a pure add-on to the products, whereas as of today they create value through the combination of both (Green and Davies, 2017). Some firms recommend a strategy where customers need to be able to choose the services they want and exclude the ones they do not need. However, it is still suggested to bundle them together even though it might not always be practical. If you knit the elements of the services tightly together it will enable an advantage by creating a tougher entry barrier for competitors (Vandermerwe and Rada, 1988). In relation to the pricing strategy, by applying a closely-knit service package, it will facilitate a greater need for incorporating the service cost/price into the price of the product and/or service.

New bundled services. Earlier scholars such as Johnson and Mena (2008); Vandermerwe and Rada (1988) argue that servitization has similarities to bundling since it can be described as a package consisting of both goods and services. Whereas Lee et al. (2016) differentiate this further by arguing that the services within servitization shall be strongly dependent on products. There are still similarities to the bundling, but this means that the bundling can be described as a product add-on, and these add-ons are not being sold before the main product has been purchased by the customer. In addition, Lee et al. (2016) state that it is the servitization of a product level that needs to be separated from bundling. Even though goods and services can be seen as an inseparable entity, they need to be distinguished so that their own characteristics can be found.

2.1.4 Service paradox

Kowalkowski et al. (2017) discuss the service (servitization) paradox as the process of investing in service growth when there is no return of value. Lee et al. (2016) has been researching the unfavourable effects of servitization related to inefficient investment. They studied over 10,000 firms and found that the manufacturing sector often falls victim for the service paradox when they receive a higher revenue, but somehow decreasing the profit, due to that a servitization strategy includes more working capital and higher labor costs. Besides having a monetary loss, Green and Davies (2015) mention the service paradox in terms of loss of value in organizational challenges and cultural differences. During the transition to a service minded organization, there is a failure to not neglect these challenges and differences. It can impact the firm negatively and eventually threaten the companies viability (Green and Davies, 2015).

2.1.5 Challenges

Kowalkowski et al. (2017) debates that there still seems to be a lacking common lexicon for the concept, and there are no well researched analytical tools to provide better structure or practice. Bustinza et al. (2015) emphasize on the importance of distinguish servitization and a firm's performance since it is not clear how they are related. New studies have analysed this relationship and come to the conclusion that there is a great complexity in finding and matching various performance measures with developed services (Bustinza et al., 2015). Another important factor that Jacob and Ulaga (2008) has identified is the lack of commitment from the management in charge. It is not the change process itself that is a challenge for companies. The challenge lies in the identification and implementation phase where top management is in charge.

Inhibitors for servitization. Negative aspects that can be derived from servitization is the fact that additional capital investment is often needed to procure service related resources and/or assets, and there might also emerge a lack of strategic focus since the firm's resources are being split (Lee et al., 2016). Perona et al. (2017) has found three common actions for companies who needs to finance their servitization project; (1) sell of corporate assets that do not offer the same value when servitization is implemented, (2) lay off all employees whose skills and competence becomes obsolete in a new service environment, (3) start to leverage on the scenario of new commercial service offers to potentially generate more cash. At the same time, one needs to be careful, and avoid an organizational conflict that might arise if a product centric firm starts to pursue a service-oriented mindset since they are formerly optimized for selling products (Atos, 2015).

Increased complexity. Additional service offerings increase the service portfolio, which makes the business orientation within this department more complex. Beyond that, there is also an alteration to transform a firm from a product centric organization to a service centric organization. This incorporates attitudinal and cultural changes. This type of environmental change could have subtle ramifications for the company, and for its network as well (Kowalkowski, 2017; Atos, 2015). A well-functioning

product centric organization might therefore hinder adaption of a service centric organization. Although, firms might overcome the drawbacks from the service paradox and gain financial profit there are still the attitudinal and cultural challenges to address. Kowalkowski (2017) state that changing the mindset of employees might be the main barrier.

Small and large firms. For product centric companies, the focus has usually been far within the company's internal processes. Nonetheless, the front stage is as important as the back stage, especially to the concept of servitization (Atos, 2015). The front stage is needed for sales, distribution, repairs, solution development and the training of customers. Hence, there is an organizational need to derive away from product thinking and towards system thinking. Atos (2015) further state that larger firms finds servitization to be more problematic since it is difficult to comprehend economy of scales. Whereas in smaller firms there is a greater chance of succeeding with servitization.

2.1.6 Research question with regard to Servitization

How a servitization change in a product focused company is taken to the market to increase customer value and business profit?

2.2   MARKETING STRATEGY

Marketing strategy is an approach used by companies to find a long-term plan to define aimed future achievements in order to obtain competitive advantage in the market they operate in (Sabou, 2014). Since the emergence of marketing strategy, the concept of marketing mix can be described as a continuation and key element of a company's' strategy (Kotler et al., 2009).

2.2.1 Marketing Mix

The original marketing mix model is created by Borden (1964) and later simplified by McCarthy (Eldh et al., 2015). As shown in Figure 1, it defines 4P's: product, price, place, and promotion; of a firm's offerings in order to further outline strategic objectives that aim for market advantages and diversification. The marketing mix theory uses those four elements to identify the right combination needed and adjusts different circumstances to allocate company resources in an efficient and sense-making way. All elements are interlinked and can vary accordingly to different customer segments that a company wants to approach in the market.

Figure 1: *Simplified Marketing-Mix Matrix (Adapted from Eldh et al., 2015)*

Optimizing the mix of the four pillars; namely product, price, place, promotion; involves identifying all possible combinations of the marketing mix to select the best suitable version that has the most impact on the market. Sabou (2014) rationalizes the optimizing process for a firm in four steps. First, a detailed description of the product or service that the firm is offering to the customer is needed. Second, a market study should identify customer needs and requirements. Third, a measurement of market reaction to action of a firm's marketing. Fourth, a pilot test of different mix models will help the firm to find the optimized solution for the final version. Further, in relation of developing the right marketing mix a company's decisions and activities are vital in the optimization process (Eldh et al., 2015):

- Product:
  - New product/service development and testing
  - Modification of existing products/services
  - Disposal of products/services that are no longer required
  - Continuously improve the resource management

- Place:
  - Analyse existing distribution channels
  - Analyse and optimize of transport and distribution methods

- Promotion:
  - Set promotional objectives
  - Advertisement and public relations (PR) strategy

- Price:
  - Competitor analysis
  - Implementation of the pricing policy
  - Identifying the method for the right pricing strategy
  - Conditions for discounts and loyalty programs

Due to digitalization, automatization, and the fast development of technology the human factor of the marketing mix becomes less and less important in order to produce products. However, when regarding services in the marketing mix theory there is a strong influence from the human factor. According to Grădinaru et al. (2016), not only skills and knowledge but also personality, appearance, culture, and relationship are aspects that influence the customer particularly with services. Often people with direct customer contact are seen as the heard of a company and regardless of digitalization, a certain amount of direct interaction between customers and employees will always be required. Hence, direct customer contact in combination with the right marketing mix aims to create satisfaction and loyalty. This relationship can have powerful and stabilizing effects on sales and profitability (Islam et al., 2013). In other words, when a company raises customer satisfaction through i.e. offering the right marketing mix, the loyalty factor increases, and future business becomes easier. Additionally, the word of mouth effect is to name, where satisfied customers can persuade others to purchase. Nonetheless, a company should not solely rely on customer loyalty since the customer might 'go bankrupt' (Islam et al., 2013).

Product. When referring to Product, the term includes both tangible (products) and intangible (services) offers that a business have for sale (Islam et al., 2013). The aspiration is to satisfy the needs or wants of a certain customer segment. Market demand is important for the company to monitor. Product-life-cycle management becomes fundamental to innovate new products or diversify existing products through adding value in the product mix once sales decline after the maturity phase in the product-life-cycle. In other words, companies must ask themselves the question of what they can do to offer a better product to a certain segment than the competition (Grădinaru et al., 2016).

The products/services can be categorized into four sections according to industry growth and market share of a firm (see Figure 2). Products/Services with low market share in mature markets are called 'Dogs'. Companies do not generate much profit but nevertheless such offerings can be important for the business, i.e. to keep customer loyalty. Products/Services with high market share in mature markets are called 'Cash Cows'. Such generates most of the profits of an organization by its strong market share and high revenue-to-total cost ratio. 'Cash Cows' are well established products/services upon which companies rely to fund innovation and development of other areas/product of their specific industries, cover administrative costs, pay off dividends to shareholders, etc. (NetMBA, 2002). Products/Services with low market share in emerging markets are called 'Question marks'. Such position is a starting point for most businesses and products/services have a potential to gain market share and develop to 'Stars'. Products/Services with high market share in emerging markets are called 'Stars'. 'Question marks' consume many resources and must be analysed carefully to identify worthiness and not allowing such products/services to degrade into 'Dogs'. They are, for example, innovations front-runners, and/or monopolistic. They still consume many resources and competition should be carefully observed. The aim is for the company to create a star into a 'Cash Cow' (The Economic Times, 2015).

RELATIVE MARKET SHARE

Figure 2: *Growth-share Matrix (Adapted from NetMBA, 2002)*

Place. Place and distribution differs greatly depending on the type of product/service to be marketed and its industry or even the segment it is in. The most common distribution channels are qualified as direct or indirect distribution. Direct distribution defines all distribution channels managed by the product owner firm/company itself. This type of placement includes business to business (B2B) and business to consumer (B2C) distribution without any third party involved (Ross, 2015). On the other hand, indirect distribution involves a third party or subsidiary responsible of distribution from producing company to end customer or from business to business. This distribution approach enables companies to avoid management of logistics associated with distributing their product (Ross, 2015). The central objective of place in the marketing mix is to position and distribute offerings and assure accessibility for potential buyers (Kotler et al., 2009).

Promotion. Promotion is an important component of the marketing mix as it enables firms to boost brand recognition and generates sales. Components included in this element are sales organization and promotion, key account management, advertisement, and public relations. Hereby, the company targets to find the right communication method and channel with its segment to build an effective customer relationship. This includes both paid and free promotion such as media, press, word of mouth, conferences, fairs, commercials, seminars, etc. The main difference between free and paid communication is the amount of control a company has over its promotion. Payed communication offers a great control over the message a company wants to send, whereas on the other hand free promotion offers a company only limited control over the communicated message (Kotler et al., 2009).

Price. The price in the marketing mix describes the amount that a customer has to pay for a product or service. Determining a price has great impact on a firms marketing strategy as it will greatly affect sales and demand, hence it is a difficult task. The

chosen strategy will highly depend on the other elements of the marketing mix as well as on the stage the product/service has reached in the life-cycle (Sabou, 2014).

2.2.2 Research question for Marketing Strategy

How do the augmented offered services match with customer requirements with regard to market differences?

2.3 PRICING OF SERVICE

Defining the price for intangible products is not always a straightforward and easy process. First, a company should identify existing and potential service offerings that it is able to deliver. For existing services, a cost for delivering such service should be established. For potential new services a delivery cost can be estimated. Second, the customer value must be assessed, and an assumed value perception can be defined (Rapaccini, 2015). Offerings must be flexibly created to enhance a company's revenue (Chen and Bell, 2017).

The first subsection will present different pricing strategy concepts that can be used to determine a price. The following sub section will present pricing strategies and three frameworks of how to offer services on the market.

2.3.1 Price Strategies

Many different models have been defined by researchers to determine a price for a product or service. To attract a variety of different partners there are five main pricing models investigated in this study, and they are shown in Table 1.

The first two pricing strategies are value-based pricing and cost-based pricing. Value based pricing is the approach to establish a price for a product or service based on its perceived value by the targeted customer. Value can be perceived differently by different groups and prices since the same offer can vary. Demand can be controlled with flexibility, if resources are low the price can be increased and vice versa. However, the cost required might not be covered by the price a customer is willing to pay. The opposite is cost-based pricing, where the price is purely based on operational expenses plus an aimed profit margin. This is the simplest pricing method and competition can be taken into consideration. However, effects on demand are not considered in this strategy (Rapaccini, 2015).

The second group of strategies are prices build to skim the market (Skimming) and prices build to penetrate the market (Penetration). Both are approaches for new offerings and respectively, the price is set high to test market perception for new products or services, where the other strategy focuses to acquire as much market share as possible and sets the price as low as possible or even under value. Both approaches require the company to identify resource costs to examine future strategy changes. A skimming strategy is usually used for lower quality offers with a high price and

penetration and a penetration strategy is usually used by companies to offer quality at a low cost (Lind, 2017).

Lastly, target pricing is a method that determines the price by assessing what the customer is willing to pay. Competition can be considered during that process. Target pricing estimates a price that aims to achieve competitive advantage. Cost and revenue for the company are secondary and might not match with the willingness to pay for the delivered value of products or services. Both direct and indirect revenue flows must be taken into consideration (Essegaier et al., 2002).

Table 1: *Pricing strategies for products and services (Adapted from Rapaccini, 2015; Lind, 2017; and Essegaier et al., 2002)*

Value-based pricing	The price is based on perceived value by the targeted customers. *Pro:* segment differentiation, demand can be controlled *Con:* more complex to manage, cost and value might not
Cost-based (Traditional) pricing	The price is based on cost of production or delivery in consideration with aimed profit margins. *Pro:* simple and efficient, considers competition *Con:* effects on demand are not considered
Skimming	The price is set high for new products or services to limit the availability on the market.
Penetration	A low price is established for new product or services to acquire as much market share as possible.
Target Pricing	The price is determined by the customer and the competition, company cost for production and/or delivery are accordingly adjusted.

2.3.2 Strategic value offer for services

Delivering strategic value to customers is important regardless if an offer consists of tangible or intangible products. This subsection describes three different models in how services can be offered to match market needs with the strategic positioning of a company (Kotler, 2017).

A company has different types of partners and must manage different needs and values. Three different models are matched with three different customer/partner types in Figure 3. Customer/partner demand, the length of relationship and trust, as well as the value focus are factors that differentiate the customer type.
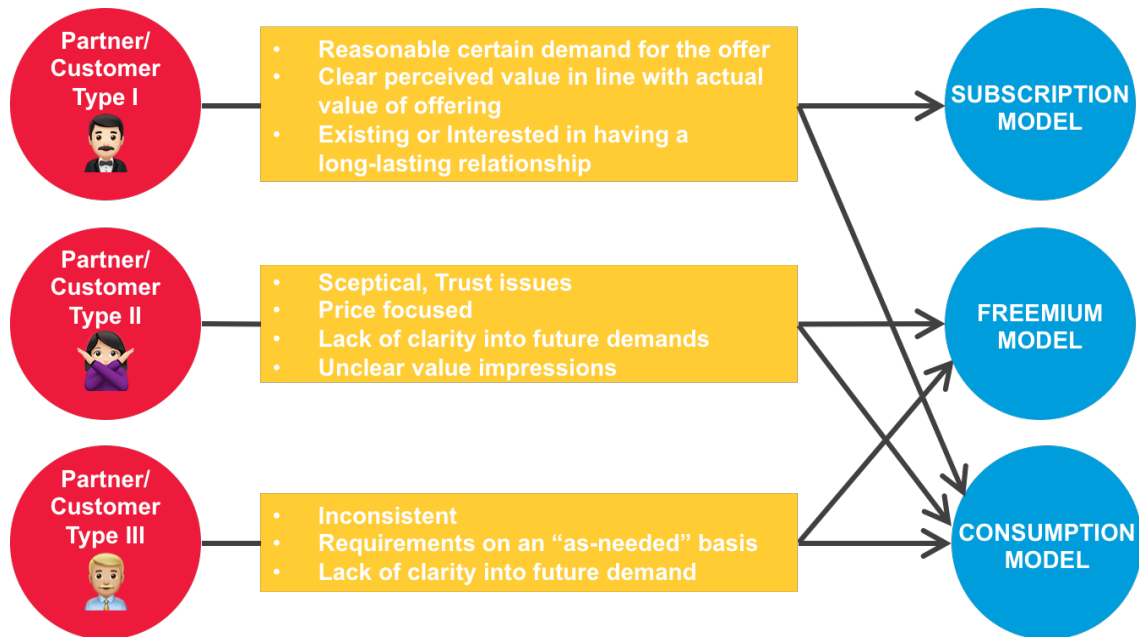
Figure 3: *Strategic value selection from partners and customers (Adapted from Bahl, 2013)*

2.3.2.1 Freemium

The Freemium model has its advantage of offering core services at no cost to the customers, with the addition to charges for offers that consist of more sophisticated components. Offering free components has the benefit to attract new customers and proof the worthiness for customers to purchase more advanced options (Bahl, 2013). As shown in Table 2, benefits and drawbacks can be defined for both the vendor as well as the customer.

Table 2: *Freemium strategic value offers*

	Benefits	Drawbacks
Customer (Partner)	• Minimal barriers • Free • Trial periods • Immediate benefits • Pay for what you need	• The wrong premium offer might be chosen • Limitations
Vendor Company	• Acquire a large user base • Simplicity • Flexibility • Learn from customers	• Difficult to define what is free • Risk that the customer underestimates the value of premium offers

The vendor profits from the potential to fast acquire a large customer base. Network effects can strengthen the vendors market position. If the correct value is delivered, considering the right limitations, then customers are drawn towards premium

purchasable offers such as subscriptions with long-term log-in periods to bind the customer (Bahl, 2013). Customer feedback loops can be created in order for the company to learn and continuously improve (Sharp & Wright, 1999). Free offers on the other hand cost resources for a company, and although difficult, it is important to determine an appropriate amount in the free offer. Customer conversion to premium offers might take a long time. The risk is that customers underestimate the value of premium offers can rise (Bahl, 2013).

Customer profit from minimal barriers when using free service offerings. Testing actual delivered values, often free use of limited features, allows the customer to minimize its own risk. The customer can meet some needs immediately and has the flexibility to manage its demand and pay for what is needed. On the contra site, the customer is limited when choosing free offers and has the risk of either focusing too much on free variables without considering premium offers, or the customer might choose the wrong premium offers (Bahl, 2013).

Freemium model variations allow the company to implement limitations in time, quantity, and accessibility. Time based limitations can range from free trial periods to daily, weekly, or monthly limitations. This assists the customer in the decision-making process whether a service is needed or not. Feature based limitations offer a restricted version to customers where not all features can be accessed. This is often used in software offerings. Lastly, use-case limitations allow only a certain group or segment to profit from free offerings. This helps the vendor to gain new customers from strategically chosen customers (Bahl, 2013).

2.3.2.2 Consumption

The consumption model gives customers the opportunity to manage their expenses to the precise quantum of value delivered by an offer. Vendors offer their services as one-time payments or in other terms stand-alone offers. Usually a vendor develops a variety of stand-alone offerings made available free of choice to a vendor. Reoccurring payments are not required, and vendors purchase offerings on a pay-as-you-go bases. Threshold based billing is also an available option. Hereby a customer purchases a certain amount of value that has the equivalent value to redeem when needed. Discounts and other incentives can be applied by the vendor to manage demand and increase sales. As shown in Table 3, benefits and drawbacks can be identified for both the vendor as well as the customer (Bahl, 2013).

Table 3: Consumption strategic value offer

	Benefits	Drawbacks
Customer (Partner)	• Flexibility • Limited commitment • Simple usage monitoring • Gives time to understand the value	• Long decision-making process, • Less efficient • Lower relationship development
Vendor Company	• Easy identification of market need • Company growth together with the customer	• Revenue fluctuates over time and is difficult to predict • Lower relationship development

Vendors can benefit from precise identification of market needs where statistics show what a customer is willing to purchase. The vendor will benefit from companies that grow and increase their demand. This mutual aim creates trust between customer and vendor. On the other hand, it is stated that relationships develop slower compared to other models. Further, this strategy negatively impacts the predictability of demand and revenue flow. Large demand fluctuation might be the result when the consumption model is used (Bahl, 2013).

Customer benefits clearly lie in flexibility according to the own demand and own usage can be monitored and managed effectively. Little commitment is required to a specific vendor and changes are simple. Drawbacks are that the customer must conduct many separate decisions whether to purchase or not. Furthermore, relationships are more difficult to manage and develop slower compared to models that include mutual commitments from both parties (Bahl, 2013).

2.3.2.3 Subscription

Subscription models are defined where a customer pays a certain price to gain access to a company's value offer periodically. Usual models allow customers to either choose between monthly, quarterly, annually, or longer. Payment frequency and log-in periods can be different and vary from case to case. Incentives can hereby be applied to bind the customer for longer periods and generate reoccurring sales. Different payment frequency forms have different benefits for involved parties. The shorter the period, the less upfront investment a customer requires. The company usually benefits from small but frequent payments because revenue streams are constant (Chen and Bell, 2017). Subscription strategies aim to build a long-term relationship and can also be ongoing without time restrictions. As shown in Table 4, benefits and drawbacks can be defined for both the vendor as well as the customer (Sharp & Wright, 1999).

Membership fees for loyalty programs that include valuable benefits can also be seen as a subscription (Hu, 2009). This method is also called perpetual licence where

customers are rewarded with various incentives. This form is usage dependent and through add-on components it can be offered to personalise and adjust the customer offer according to individual needs (Bahl, 2013).

Table 4: *Subscription strategic value offer*

	Benefits	Drawbacks
Customer (Partner)	• Cost savings for frequent use • Fixed payments are transparent	• Risk of not using the offering • Log-in period makes change difficult
Vendor Company	• Long-term relationship to customers • Predictable even revenue stream • Log-in periods	• Offer abuse if unlimited • Resistance management

Vendors are able to plan demand more precisely and efficient. Hence they have the opportunity to benefit in cost saving when demand is predicted and resources are managed accordingly. Log-in periods generate transparent fixed income and reoccurring revenue flows that enable efficient panning. Compared to one-time payments, long-term subscriptions can generate higher overall revenue for the same delivered value (Chen and Bell, 2017). Customer relationship management can be improved because the vendor has knowledge about active customer accounts and can build long-term relationships. Negative aspects include the risk of an increased level resistance when implementing subscription offers. Customers might see long log-in periods as sceptical. If the vendor includes unlimited use in a subscription offer, then the customer has the ability to abuse such offer (Bahl, 2013).

Frequent use of an offer can create long-term cost benefits for a customer. Fixed payments create transparency for customers accounting processes that allow precise management of financial expenses. Frequent reoccurring payments avoid large one-time investments. On the other hand, contra arguments for subscriptions include the risk of overpayment. In other words, a customer subscribes to an offer without fully using its potential value. Long-term log-in periods also present a risk if the own demand is changing (Samanta et al., 2008).

2.3.3 Research question for Pricing of Services

How can a company identify the right pricing strategy for services to keep its competitive advantage in its core product offerings?

2.4 CHANGE MANAGEMENT

During changes, it is suggested to adapt to a project-based work environment (Hornstein, 2015) where there are many aspects to consider for an organization during an implementation to ensure a successful change process. It is important for managers to stay active and be involved until the new change and procedures have become adapted and accepted into the organization (Levasseur, 2001). Erwin and Garman (2010) emphasize on the importance of communication and says that active participation is crucial for all parties that is affected by the change. The movement or transformation of a change will be more fluent once all the parties have understood the need for it, and thus show greater commitment to the transformation. It is most likely that changes come with some form of resistance, and for change projects resistance is the most common reason for failure (Erwin and Garman, 2010). Even though resistance can be seen as a root cause of any conflict, Waddell and Sohal (1998) state that resistance can be used as an advantage if utilized correctly during a change process. If managed appropriately it can prove to be a useful resource of information. Resistance deploy a critical mindset which could highlight some important feasibility questions. Turunen and Toivonen (2011) say that the transfer from a product centric business to a service centric business results in a tighter relationship between the seller and the buyer. This requires a deeper understanding of the customer preferences since valid information is needed for a convenient change process. Servitization and customer management can be managed as separate units and Turunen and Toivonen (2011) argue that there is no evidence of success by the separation of servitization and customer management. Whereas Ziaee Bigdeli et al. (2017) argue that organizations should have a separate service unit since it provides a greater commitment from managers towards delivering advanced services. In addition, an organization must discuss the separation between products and services during the change process in order to achieve service orientation.

2.4.1 Research question for Change Management

How to avoid risk when changing service offerings?

2.5 FLEXIBLE MARKET OFFERINGS

Market offerings are a combination of tangible and intangible products that are made accessible to satisfy customer needs and wants (Kotler, 2017). Anderson and Narus (1994) define flexible market offerings (FMO) as a marketing framework that brings variety and flexibility to offers on the market. It consists of two parts and describes how products and/or services are offered to customers mainly used in a context of a B2B market (Mencarelli, & Rivier, 2015). First, the offer builds the basic solution, which includes products and/or services that create value matching with all customer segments. In other words, this fulfils the purpose of a basic and standard offer to the customer. The company offering, the basic solution, should include a bare minimum uniformly for all customers at the lowest possible cost. The second part in the FMO is the optional offering or wrapped solutions. These products and/or services should be available only for customers that find value in such offerings to form competitive advantage. Often companies augment their core offering through value-added services. It is important to continuously reflect on actual customer value. These

separate value-adding offerings in the FMO framework aim to not only allow flexibility for both the customer and the company, they also enable the identification of the market need. This also allows the company to scrap offerings that are no longer required. Add-ons decrease simplicity and transparency for the customer (Anderson and Narus, 1994).

FMO's create simplicity as well as great customization for the customers. Hence, customers that value saving costs can acquire the products and/or services at the cheapest price (basic solution). It allows for other customers that find value in additional offerings to purchase such values. In other words, the customer can reflect on three main values *time*, *cost*, and *quality*. A focus on cost reflect mainly the basic solution and time and quality reflect valuable variables where the customer has the freedom to choose the required depth (Payne et al., 2017).

Creating such FMO discloses a risk addressing existing customers that might have to pay for offerings that previously had no cost. Hence, it is important to have a transparent dialogue with customers and explain the value gained for both sides and identify beneficial arguments for the customer. To avoid greater risks, new FMO can first be piloted with new customers or in less significant markets. Repackaging or renaming existing offers is another possibility to mitigate the risk of dissatisfying the customer (Anderson and Narus, 1994).

2.5.1 Research questions for Flexible Market Offerings

How can service offerings be made available to satisfy customer demands and increase a company's revenue?

2.6 CIRCULAR ECONOMY

Pearce and Turner mention the concept of circular economy (CE) in 1989 (Korhonen et al., 2017). Since the industrial revolution, manufacturing and consumption (including material flow models), have mainly been based on a traditional linear production model. Such process of resource flow includes extract – produce – use – dump (Korhonen et al., 2017), or as Spring and Araujo (2016) state: take-make-dispose. In the contrary stands the material flow concept of CE. As the name implies it is a non-linear model that is built on the notion of energy and material loops to minimize waste and leakage throughout the entire product-life-cycle. CE is a sustainable concept that can be defined as the process of combining the present needs without compromising the needs for future generations (Korhonen et al., 2017). Concepts such as 'Lean' have also been developed to reduce waste, and earlier scholars placed focus on the extract and produce phase of a products life while CE puts attentions to the entire cycle (Spring & Luis, 2017). CE also differs from pure recycling movements, in some way businesses focus more on reuse, repair, and durability. In other words, a cradle-to-cradle over a cradle-to-grave approach. Four different loop functions exist to reach a sustainable CE throughout the entire supply chain. Elements are as follows (Spring & Luis, 2017):

- Maintain products which can be achieved through extending the product life length and durability when quality improvements are implemented in the manufacturing, as well as when reparability characteristics are improved and planed for in the design of a product;

- Reuse, redistribute and share used products on a user level, hereby different platforms and providers can be used;

- Refurbish and remanufacture products in order to restore old products or to create variation of products where the purpose can be the same or different;

- Improving recycle capabilities by building products in a way that enhance remanufacturing and innovates the process for recycling.

Additionally, dematerialization and transmaterialization are concepts used both in sustainability and CE. Dematerialization means to use less resources and produce the same or similar quality and durability of products and/or to minimize and combine products to gain the same functionality. Transmaterialization is a method that innovates products using less harmful resources to reduce negative environmental effects.

CE stimulates new business opportunities through innovating a sustainable yet economic approach for businesses to operate. Valenzuela and Böhm (2017) identify the out-of-bound growth of capitalism crisis to be one of the drivers for a more sustainable reformation of growth such as the CE concept. However, this concept has also been criticized by academics, politics, and the business sector. The biggest mismatch described by Korhonen et al. (2017) is that the concept has been developed by consultants and policy makers not involving industries and companies. This lack of connection creates a difficult understanding and adoption rate for companies. Some other market challenges described are that the current incentives in many economies simply support the linear model (Valenzuela and Böhm, 2017). Another assumption by Valenzuela and Böhm (2017) is that the more companies that falsely advertise zero-waste policies, the more consumers become a guilt-free feeling resulting in increased consumption and waste.

2.6.1 Research question for Circular Economy

What is the contribution of a servitization change in regard to a sustainable aspect?

2.7 SUMMARY OF RESEARCH QUESTIONS

This section summarizes the previously mentioned research questions. Figure 4 below visualizes the different areas/themes.
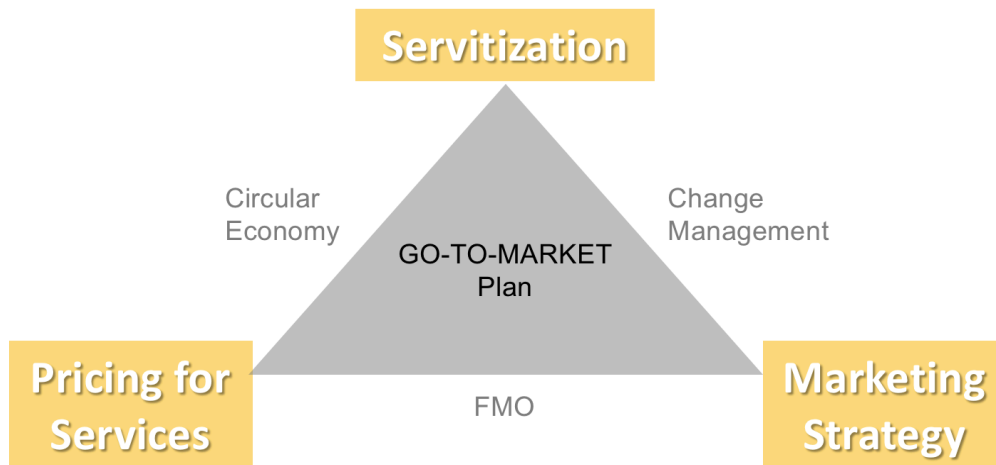
Figure 4: Triangle Model for analysis

The cornerstones of Figure 4 represent the themes containing the three major research questions, whereas the phrases between them operate as to link themes to establish connections throughout the model. The triangle models purpose is to provide a platform for analysis. The six areas in the theoretical framework section are connected to the research questions respectively. Table 5 combines the research questions with the themes for this study.

Table 5: *Themes from the triangular model connected to the research questions*

THEMES	Research Questions:
Servitization	• How a servitization change in a product focused company is taken to the market to increase customer value and business profit?
Marketing Strategy	• How do augmented offered services match with customer requirements with regard to market differences?
Pricing for Services	• How can a company identify the right pricing strategy for services to keep its competitive advantage in its core product offerings?
SUPPORTING THEMES	Research Questions:
Change Management	• How to avoid risk when changing service offerings?
Flexible Market Offerings (FMO)	• How can service offerings be made available to satisfy customer demands and increase a company's revenue?
Circular Economy	• What is the contribution of a servitization change in regard to a sustainable aspect?

3 METHODOLOGY

The methodology chapter presents, in three parts, how the thesis project has been conducted. First, the research process describes how the research process was progressed. Thereafter, the research design describes the strategy that was used in order to develop the methodology framework and data collection process. Finally, the validity and reliability are discussed, including ethical considerations.

3.1 RESEARCH PROCESS

The following section presents the research process of the thesis. It describes the type of information and material that was used to develop the research, and how the research project has developed over time. The purpose of this section is for the reader to be able to evaluate the quality of this study.

3.1.1 Data collection

The data collection method for this study is in accordance to a qualitative research described by Bryman and Bell (2015). This method includes two main processes to collect data, first, observations, and second, interviews. Both processes were used to collect relevant information to build the empirical findings. The company is called Camsky and due to confidentiality reasons, the name is fictional. Observations were conducted within the studied company (Camsky) in both a structured way in the form of meetings as well as unstructured in form of informal conversations during business hours at the office. After being present at the company for some time the aim and scope of the project became clearer. This enabled an appropriate frame of reference with theories that relate to conclusions and solid arguments. Furthermore, Oliver (2004) describes this process as triangulation, where more than one data-collecting method is used to assure credibility and validity of the outcome of the study. It means that the same data is collected from multiple sources, and it enables a greater understanding of the subject. Another advantage from triangulation is the fact that as the subject becomes more common, it creates a standardized definition (Oliver, 2004). Each source from the case study is analysed and compared with the aim to apply a cross-source function.

At a later stage, interviews with partners to the company were conducted in a semi-structured technique. A semi-structured interview process is a combination of predefined questions that built a guide for the interview and allows for new questions and discussions that arises during each interview (Bryman and Bell, 2015). This enables exploration of unforeseen aspects of the studied topic and improves the evolution of the interview process. Therefore, through the interview period, the content was continually updated and improved in order to assure the best possible outcome. Additionally, in order to increase data accuracy, the final data collecting was a survey send to the same partners that have been interviewed.

3.1.1.1 Data collection for frame of reference

The topic evolved from the challenge defined by the company and was adjusted to meet both, the university requirements, and students understanding and interests. After the topic was agreed upon and understood the first research phase included an extensive search of databases with applicable keywords in order to find relevant papers that include previous case studies as well as models and concepts. Keywords include: servitization, go-to-market, marketing strategy, change management, pricing for services, flexible market offerings, etc. Reviewing and studying a sufficient amount of existing literature enabled us to gain a better understanding of the subject and filter relevant information in order to fulfil the aim of this study. This enabled us to strategically develop a process to identify information, find relationships as well as dependencies in elements that were relevant to connect findings of the empirical study with the theoretical framework. Hence, we were able to build a recommendation of a go-to-market plan for developing technical service offerings at the company.

Throughout the process of developing the frame of references it was important to revise and reappraise relevant findings to acquire solid solutions and logical conclusions. This practice is described by Recker (2013) and assures an appropriate evaluation of theoretical parts and confirm relevance of the study. Further on, as the searched keywords were confirmed in relevance, headings were formed, and appropriate material was used in that section.

3.1.1.2 Data collection for empirical findings

The data that was collected for this study can be divided into three main areas: company internal, company external (partners), and benchmark. As described by Remenyi et al. (1998) methods to collect data for qualitative research commonly take many different forms. For each of the three parts, different forms have been chosen according to the relevance and performance of the method.

Internally at the company the main form of data collection was done by meetings and observations. This process was mainly conducted at the beginning of the thesis project aiming to enhance the problem definition and challenges that the company is facing. It also enabled us to understand the company culture and business model which was important for the holistic framing. Relevant people at the studied company in different departments were identified by our supervisors and meetings were booked by ourselves. Each meeting and observation that has been conducted internally at Camsky has been categorised into three major departments, namely; Technical Service, Marketing Intelligence and Education, and Global Sales. A total of 16 meetings were held with Managers, Engineers, and Employees within these four departments. During meetings and observations, mind notes were taken and afterwards written in a summarizing report. Company history, technical services and personal experience, project obstacles, as well as pros and cons were mainly discussed in meetings. At the technical service department observations took place and helped us to identify procedures and processes. Besides the data gathered from the meetings; internal documents, presentations, and reports were also shared by many of the Camsky employees to contribute to this study. Furthermore, our supervisors and the companies' intranet provided us with relevant data, in form of presentations and

reports, that were used in this report. Table 6 identifies the respondents at the studied company.

Table 6: *Camsky internal meetings and observations*

Department	Function	Date
Technical Service	Technical Service Engineer	31 Jan, 2018
Technical Service	Technical Service Engineer	31 Jan, 2018
Technical Service	Technical Service Engineer	31 Jan, 2018
Global Technical Service	Global Technical Service Manager	31 Jan, 2018
Market Intelligence	Director Market Intelligence	8 Feb, 2018
Global Partners and Business Development	Director Global Partners	12 Feb, 2018
Global Sales	Director Medium Business	13 Feb, 2018
Global Sales	Director Global Service	14 Feb, 2018
Market Intelligence	Competitive Intelligence Engineer	14 Feb, 2018
Market Intelligence	Competitive Intelligence Engineer	15 Feb, 2018
Partner Marketing and Education	Director	15 Feb, 2018
Technical Service	Technical Service Manager	15 Feb, 2018
Global Sales	Project Manager	28 Feb, 2018
Market Intelligence	Market and Customer Insights Manager	28 Feb, 2018
Global Sales	Director Industry Segment	1 Mars, 2018
Global Sales	Director Business Coordination Office	11 April, 2018

Externally we chose to interview partners as the main form of data collection method. This process started quite early with planning, but the actual execution of the interviews took place in the middle of the research process. A three-step interview process with partners to the studied company was conducted over a two-months period. Figure 5 describes the process.
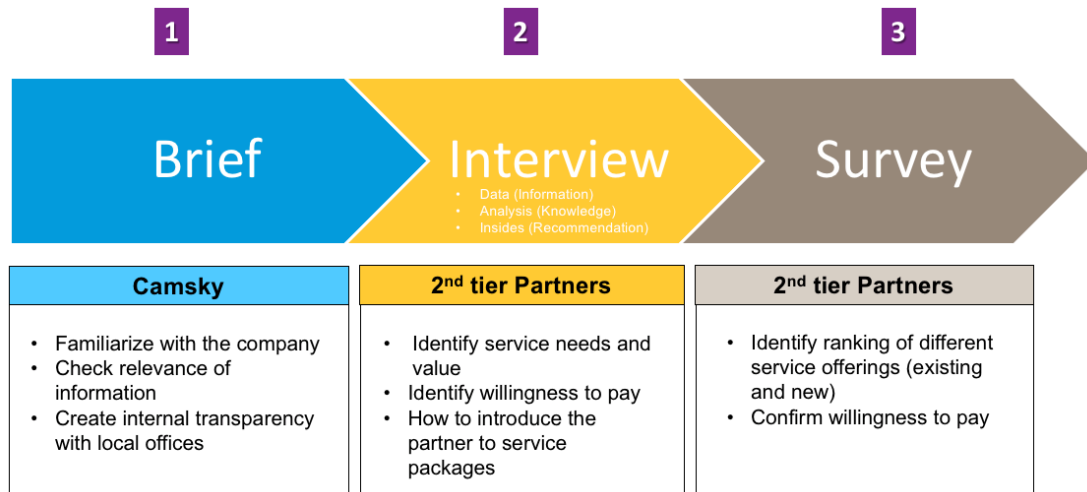
Figure 5: *Three-step interview process*

A deep understanding of the problem definition and the company goals were necessary in order to gain confidence to conduct such interviews. The development of interview questions was made in accordance with Bryman & Bell's (2015) guide for semi-structured interviews. The advantage with semi structured interviews gives a certain flexibility to ask follow-up questions in situations where more details are necessary in order to gain a deeper understanding of the answer (Saunders, et al. 2012). Recker (2013) also debates the advantage of semi-structured interviews of being more personal and resulting in more trustworthy answers. About 30 predefined questions were used as an interview guide for the partner interviews. Throughout the interview period such questions were also improved and changed accordingly. See appendix 1 for interview questions.

Following the three-step interview process, prior to the conducted interviews, an introduction email was sent to partners to inform about the brief content of the interviews without giving too precise information of the content. For transparency, all information sent to partners was discussed and confirmed. A total of 91 partners were contacted with the aim to book 36 interviews. Table 7 shows a detailed picture of the interview plan and outcome.

***Table* 7:** *Partner interview process summary*

Interview Progress	Conducted	Aim	Request
USA	8	12	34
DE	3	6	30
FR	2	3	10
SW	5	6	12
UK	1	6	6
Total	**19**	**36**	**91**

A total of 19 interviews were finally conducted with partners. Interviews were conducted with partners in five countries. Eight were conducted in the US, three in Germany, two in France, four in Sweden, and one in the UK. Nine of the interviewed partners were located in countries where English is the native language, and language barriers for interviews never occured. The other 10 interviews were conducted in countries where English is not a native language. The interviews ranged from partners that are operating on a local basis to partners that have multi regional and global operations. Interviewed partners serve many different end-customer segments and industries. The industries among the partners ranged between manufacturing and production, government, infrastructure and transport, agriculture, retail, healthcare and medical, and education. Therefore, the three most important segments for Camsky, manufacturing, retail, and education are included. Due to the widespread location of the partners all interviews were conducted via telephone and were on average 40 minutes long. During the interviews we defined important terminology in order to avoid miscommunication. We also informed the interviewee that all conversation is anonymous. According to Bryman & Bell (2015) anonymity increases the participants willingness to answer truthfully. Lastly, the three-step interview process involved a survey that was send to all participating partners, with the aim to strengthen our collected data. Table 8 shows detailed information about selected partners that data was collected from.

Table 8: Camsky partner interviews

Region	Company Size	Loyalty Program	Date
USA	Enterprise	Authorized	14 Mars, 2018
USA	Enterprise	Silver	14 Mars, 2018
USA	Enterprise	Gold	20 Mars, 2018
USA	Small/Medium	Silver	21 Mars, 2018
USA	Small/Medium	Authorized	27 Mars, 2018
USA	Enterprise	Silver	4 April, 2018
USA	Small/Medium	Silver	11 April, 2018
USA	Small/Medium	Silver	20 April, 2018
UK	Small/Medium	Authorized	27 Mars, 2018
Sweden	Authorized	Small/Medium	12 Mars, 2018
Sweden	Enterprise	Gold	21 Mars, 2018
Sweden	Enterprise	Gold	3 April, 2018
Sweden	Small/Medium	Silver	10 April, 2018
Sweden	Enterprise	Gold	17 April, 2018
France	Small/Medium	Silver	29 Mars, 2018
France	Enterprise	Authorized	5 Mars, 2018
Germany	Small/Medium	Gold	23 April, 2018
Germany	Enterprise	Gold	9 April, 2018
Germany	Small/Medium	Authorized	27 Mars, 2018

When gathering feedback from partners, one needs to be careful not to generalize, since selective information from some partners cannot represent all partners. The process of selection therefore aimed to choose partners evenly by their location, size, and partner loyalty level towards Camsky. Online research, study visits and other interviews were chosen methods for the best practice benchmark. Here, three companies were chosen that have successfully developed and integrated service offerings. The benchmark of servitization aimed to better understand the challenges and opportunities for a product focused company to sell services. The collected data was used to find best-practice examples and identify possible gaps, risks, and areas of improvement to help to create a valuable outcome of this study.

3.1.2 Case study

The many available methods for conducting a case study are used to develop a fundamental understanding to gain insight of a certain phenomenon that is not understood, or unexamined, or new (Shaban, 2009). In accordance to Oliver (2004), there are a few characteristics required for a case study to be complete. First, it does not manipulate or control the variables. Second, the phenomenon is studied in its natural context, in one of few sites. Third, qualitative techniques and tools are used for data collection and its analysis.

To keep the variables as factual as possible, any prejudice and biases will be minimized in order to keep a generic study, however, generalizations still cannot be applied to any specific entities, they can only apply as a broader perspective (Oliver, 2004). The purpose of a case study is to focus on a general topic from a chosen individual entity. It can be categorized as the process of understanding a singular research object without finding or looking into a broader perspective, or a greater amount of entities (Yin, 2013). The aim of this study is to study the impact of adding purchasable service offerings to an already existing product portfolio. The three most important cornerstones to consider for our investigated company is the area of servitization, pricing, and marketing strategy.

3.1.2.1 Case study design

A case study is not the process of finding the methodological choice, it is the choice of what needs to be studied (Wilson, 2016). In other words, it is not a matter of what methodology we choose, it is the case itself we aim to study. Yin (2003) defines a case study as being a type of research method, whereas Wilson (2006) questions that statement by asking if a case study is a method rather than a design. There is no clear answer to this, but it facilitates a discussion whether we should call it a method or a design. Wilson (2006), however, sees a case study primarily as a research design. This is why we will review our case study process as a design phase that is expected to change and develop during our study in accordance to an abductive logic.

Due to confidentiality agreements, the case study required us to remove the original company name. All data that could clearly identify the company was removed. The company itself was given the acronym Camsky. Additionally, when the company or the studied company is mentioned, it is referred to Camsky. When partners are mentioned then companies are referred to that lie in the second-tier level of the business model of Camsky. Furthermore, the benchmark study consists of a case study where the original company name has been changed to Guardstar, and one of the two best practice studies has been changed into Vidcloud. The HP benchmark name was not changed because no data was collected from HP internally.

In addition, the studied company, Camsky, provided us with a predefined aim to our study, however it was important for the company to avoid tunnel vision and allow as much freedom as possible within our research. The company provided support where needed and gave guidelines where possible for our investigations. In other words,

much of our procedures are appointed to cope with Camsky desire to keep them out of our decision process, meaning Camsky provided us with accurate data, and explained what they want to get out of our study, but they did not partake in our interpretations. This is due to that Camsky wants an outside perspective on the topic without too much influence by Camsky corporate culture. The appropriate approach for this study will be an exploratory research, as it aims at empowering an exploitation basic research (De Langhe & Schliesser, 2017). This is a type of research that provides guidance in determining the right data collection method, selection of subjects, and research design. Recker (2013) describes to collect and evaluate the right theoretical data as important. Furthermore, Fisher (2010) and Oliver (2004) outline the importance of variety when collecting data and, therefore this study is built upon information collected from the three previously mentioned sources. This allowed us to avoid a tunnel vision and assisted us to think outside the box.

We held many internal meetings with employees located in different departments. This was designed in order to construct a holistic perspective of the organization. Additionally, weekly meetings with our company supervisors were conducted in order to ensure transparency and clear communication to avoid any misunderstandings.

3.2   RESEARCH DESIGN

The following section describes the methods in regard to approach, strategy, and method analysis. What methods to choose and why this is appropriate are revised for this part in order to find the most suitable design for our academic aim, as well as for the company. The process was often revised between new findings and suitable theories, models and themes in order to efficiently balance the content and to improve the studies quality.

3.2.1 Research approach

The process of finding relevant literature to build the frame of reference was built on an abductive approach. This approach allows the parallel involvement of theory and data collection. With this design, the researcher goes back and forth between data and theory (Meyer and Lunnay, 2013). The abductive design begins with actual empirical observation which will contribute with data. Danemark et al. (1997) state that abduction is an analytical tool that can be used in critical realism, and it will give an illustration of a phenomenon (Meyer and Lunnay, 2013).

The abductive design provides understanding rather than explanation. While collected data and theoretical framework will complement each other, this study consists of three main data sources for the case study, internal interviews with suitable Camsky employees, selected partners to Camsky, and an industry benchmark section. While selecting and collecting case study data, a literature study was made simultaneously to assure that we have accurate theories for our sourced data. Since an abductive approach was used, we worked actively with adding and subtracting theories, models, and themes if we felt something was missing or was not suitable. All possessed data was instantly merged into our cloud documents to ensure a clear overview of any data

matches and mismatches. Extensive data collection was made to facilitate precautions, much due to Lu and Liu (2012): the abductive design might not account for a uniquely true answer, it can rather lead to multiple possibilities. Therefore, if we will conclude based on broad or multiple answers, we want to ensure high quality by collecting data from many sources to minimize any uncertain areas.

3.2.2 Research strategy

The choice of placing much focus on partner interviews was to provide a qualitative study, the issue, as stated by Polit and Beck (2010), is that qualitative studies often falls victim of generalization, it gets more controversial and complicated. This emphasizes the importance of extrapolation on any qualitative data since findings comes within a certain context. However, a qualitative research can be more than appropriate for exploring higher level concepts that are not locked into certain settings or particular participants (Polit and Beck, 2010).

Recent years have seen an increase of mixed method research, whereas a qualitative and quantitative research method can be applied in the same study (Bryman, 2006). It is still unknown if these two methods actually can be combined in a practical scenario. Some advantage comes in the forms of guidance, it outlines and explains the nature of any writer's intention or accomplishment (Creswell, 2003). The purpose of the theories, models, and themes used is to have a clear guidance to provide the readers with an explanatory study with clear description to show that we as authors have a deepened understanding.

3.2.3 Method Analysis

A triangle model is created to visually explain how the themes used in this study will be connected to each other. As seen in Figure 4, there are three fundamental cornerstones that build this model, and it is; Servitization, Pricing for Services, and Marketing Strategy. Within each of every cornerstone themes, there are three other sub themes connecting them, namely; Circular Economy, Change Management, and Flexible Market Offerings. All of these themes are connected to form and clarify the purpose of the study, a Go-To-Market Plan for services.
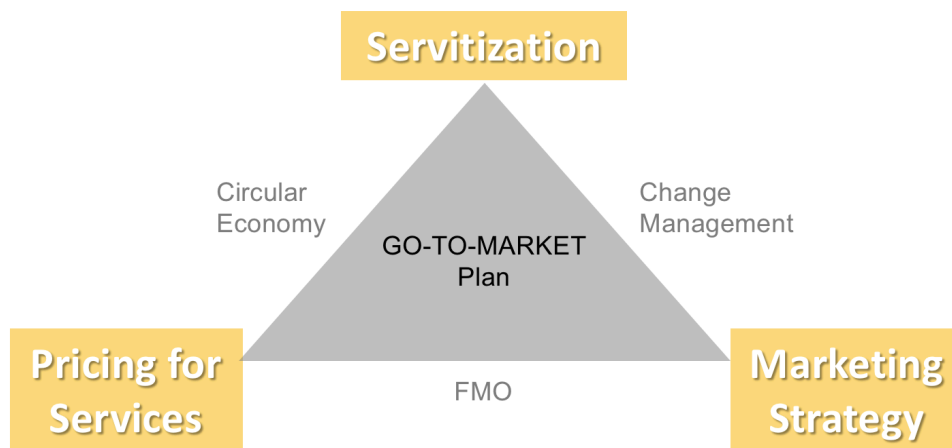
Figure 4: *Triangular model*

The chosen design for the study has been made in accordance with this triangle model, and besides creating a systematic plan for how to construct the themes, it was also made in consideration to formulate related and understandable research questions. With the purpose of well written academic study, and with the chosen research strategy, the well-organized triangle data collection model can be analyzed to develop conclusions to answer the research questions. Due to the three basic cornerstones, Servitization, Pricing for Services, and Marketing Strategy, each theme will contain its own related research questions. In addition, each sub theme in the triangle model will have its own related research question, meaning this report will have a total of six research questions, all of which will be connected to each other in the triangle model, were finally all themes are aimed to build a Go-To-Market Plan for the company. How the research question are formulated is of great importance. Horn et al., (2009) say that the research question shows guidance in the selection of methodological approaches, in addition, well crafted research questions facilitate a deeper discussion and helps identify useful information in the data collection to provide a greater analysis (Horn et al., 2009). Each theory, model, and theme are a tool to help organize the information, and ultimately identify and analyze elements needed for a recommendation to the company. Each suggestion is purposefully to define a potential improvement. In terms of the company's desires, several meetings has been conducted with departments related to services. And the purpose of interviewing partners on a global scale is to provide the study with macro-level of data collection. The analytical process will therefore consider aspect in accordance to the interests of internal departments, partners nationalities, and the characteristics of each partner of the studied company.

3.3   RESEARCH VALIDITY AND RELIABILITY

Research validity relates to the reliability of the data sources and credibility of the findings and results as well as the intended aim of the report (Remenyi et al., 1998). A researcher needs to define an appropriate scope that is in relation to time and quality constraints (Bryman & Bell, 2015). In order to accomplish a high level of validity and

reliability in research, we critically evaluated all collected data and attempted to find multiple sources when analyzing theoretical and empirical findings used throughout this report. Constant attention towards the aim of the study helped detecting and classifying relevant information. Furthermore, both the company- and university supervisors were respondents that reviewed drafts of the reports and were involved in constant reviewing processes.

The frame of references process involved researching and reading a large number of papers. The abductive research process will constantly re-evaluate the research progress in order to update and improve relevant sections. All theories, models, and themes used, were connected to research questions which build a framework that was followed throughout the report in order to construct a go-to-market plan as a recommendation. This progression in research is described by Holmén (2011) as a chain of evidence. Furthermore, this study is strengthened by the triangulation process described by Oliver (2004). Thereby, where possible, multiple sources of evidence are used for each part and many previous studies confirm the results and strengthen the reports external validity.

For the empirical findings all collected data was interpreted critically in consideration to background information of people and other influencing aspects. Communicating a sufficient amount of information is important when collecting data via interviews or meeting. However, according to Miles & Hubermann (1994), too much detailed information prior to data collection influences respondents. Hence, relevant information was communicated to avoid error and miscommunication but kept to a minimum.

Lastly, reliability requires the researcher to account for biases. This research process started with the gathering of data at the studied company, which influenced us as researchers to a certain extend. Consequently, unconsciously most case studies are influenced by the company (Guba & Lincoln 1981). To minimize this issue study visits and benchmarks were used to gain unbiased, outside perspectives.

3.3.1 Ethical consideration

Considering ethics in this study is an aspect of increasing validity. Transparent and appropriate conduct enables the outcome of research to be trustworthy and accurate (Bryman & Bell, 2015). To assure ethics we report all interviews and surveys on an anonymous and confidential base. This avoids the potential issue of privacy abuse between different parties. It assures that no facts or statements can be assigned directly to and/or against individuals. Additionally, all participation was on a voluntary base and no stakeholder was required to do anything against their will, nor was any physical or psychological harm done. During the interview participants have the right to not answer questions and proceed to the next one when they felt uncomfortable or have any other issues. All participants were openly briefed and informed about the intention of this study and how the collected data will be used.

Furthermore, we have treated all information received from the studied company with confidentiality. This ensures that not only the studied company but also, we as students and our supervisor are protected. Confidentiality and corruption agreements were also signed. In addition, particularly sensitive information has been presented in a way not to point to any specific individual. As required by Camsky, the original company name was also change.

4   CASE STUDY FINDINGS

This chapter presents the empirical findings. The case study in this paper has been divided into three main categories. First, Camsky internal data is presented. The second subsection covers Camsky partner data. Lastly, the benchmark findings are presented.

4.1   CAMSKY INTERNAL

First, the organizational background is presented in this chapter. Followed by the business model. Thereafter, internal meetings and observations are presented. Finally, this chapter includes the project background.

4.1.1 Organizational background

Sweden based Camsky is a market leading company in providing surveillance solutions on a global scale. As of today, 2018, the company has a worldwide total of over 2,900 employees, is present in 179 countries and continues to grow rapidly. Most of the companies 7,400 MSEK turnover comes from the products. The firm cooperates with over 90,000 partners to deliver the best possible quality to their large and wide spread market of end-customers. The main market lies within the North American and European area where the industry is rather mature. In contrast, less mature markets are Southern America and Asia where Camsky is emerging. In combination to all hardware offers, the company provides software mainly for small and medium solutions in retail, education, and manufacturing. Camsky operation in the security industry have far greater dimensions than simple surveillance techniques, the company's portfolio offers business intelligence such as people counting technology, facial recognition, cross-line and moving detection, access control, as well as a network radar solution for large area detection in various light and weather conditions. In the larger segments of enterprise customers, Camsky products are utilizing the possibility to be adaptable to other software solutions that partners offer.

Further, since 2007 the company has created 3 core values together with a clear vision and mission for the future, as illustrated in Table 9 and Table 10. This strategic positioning enabled Camsky such progression over the last two decades. In early 2015, the tech company Cannon acquired major shares of Camsky, however Camsky remains to be managed independently. The constant development of the firm ensures expanding into new business segments which leads to challenges that continuously must be dealt with.

Table 9: Camsky Vision and Mission (Adapted from Camsky, 2018)

Vision	Mission
"Innovating for a smarter, safer world."	"Together, we pioneer intelligent network technology, create unique possibilities for partners, end users, and employees."

Table 10: Camsky three core values (Adapted from Camsky, 2018)

"Always open"	"Act as one"	Think big
• We are helpful and act with team spirit • We have fun together • We commit to decisions • We show respect for others • We cooperate for the benefit of our customers • We are dedicated and take responsibility	• We see the big picture • We act today • We challenge ourselves and others • We push boundaries and set ambiguous goals • We achieve big challenges step by step • We make decisions and prioritize	• We are open-minded and innovative • We are honest and transparent • We are always available to our customers • We listen and respond • We embrace change • We think outside the box

4.1.2 The Business Model

Camsky has always strictly followed its business model selling through three different channels in the following chronological order; first tier distributors, 2nd tier resellers and system integrators, and lastly reaching its end customers. Such model is forthright and creates transparency for all stakeholders. Additionally, the objective with this business model is to reach a large number of end-customers in a geographically vast area. Hence, it is critical for all Camsky employees to comprehend this model since it display the overall structure of their business. Following this mode, a good relationship between all Camsky partners is essential. Now, Camsky business model includes 194 distributors and over 90,000 resellers and integrators that sell products and solutions to the end customer. A strong relationship between partners and Camsky is mutually critical for success in the market and it adds overall value. Dependencies assure quality and reliability for the end-customers and users. Loyalty, openness, and commitment to Camsky partners is very important for the company and it is connected to its core values. All of the three segments can contact Camsky for support (see Figure 6), but the greatest amount of communication within the business model takes place between Camsky and their second-tier partners since they are ones responsible for the end customers and their support. Out of the content in this report, much research and focus will be extracted from the second-tier partner, namely the resellers and system integrators. The outcome of the project will result around the second-tier partners and the interaction between them and the departments at Camsky. The following will briefly describe the functions and the value adding objectives of each tier in more detail.
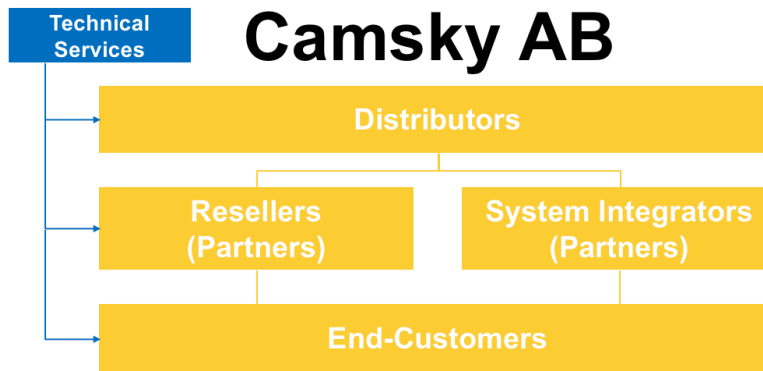
Figure 6: *Technical Support offerings in the Camsky business model (Adapted from Camsky, 2018)*

4.1.2.1   First tier Distributors

A distributor is defined as an entity that buys large quantity of products and goods from vendors, warehouses, and then sells them directly to end customers or indirect through resellers and integrators. Distributors often provide a range of value adding services to their customers, some include technical service support, after-sales services, and credit. Camsky is a company that has the non-exclusive right to purchase directly from the firm in order to resell products to resellers and system integrators. Hereby products and region predefined in the terms and conditions (Standard Distribution Agreement) and always linked between Camsky and second-tier partners, in other words, end-customers are never included in the selling process of a distributor. Further, Camsky divides its distributors in Broad Base Distributors (BBDs) and Value-Added Distributors (VADs). The core purpose of a distributor is to retain stock of products and provide availability on the market and invoice the 2nd tier partner. Additionally, second tier channels should be recruited. Value-adding services can include credit, product information, and pre-sales technical support.

4.1.2.2   Second tier Resellers and System integrators

The second-tier partner at Camsky consist of resellers and system integrators (SI), their responsibility is to handle the interaction with the end customers. In general, a reseller is defined as a company, also merchant, that purchases with the intention to resell goods or services, rather than to consume. The aim for the reseller is to profit from this transaction and value is created through, for example, sharing risks, warehousing, and market access.

At Camsky the main goal for the reseller is, similar to the one of the system integrator, to purchase from the first-tier distributor and then sell to the end customer. Functional differences are that the reseller does not build solutions and designs systems, the focus is purely on product sales. Resellers and SI are classified into small, medium, and enterprise segments. The following Table 11 gives an overview of the differences.

Table 11: *Difference between small/medium and enterprise business partners*

	Small/Medium	Enterprise
Complexity	Less complex systems with up to 100 cameras	Highly complex with more than 100 cameras per system → i.e. data analysis in connection to a POS system
Example	Retail shop	Airport
System difficulty	Relatively easy to manage, but since the partner is also smaller the technical service help is required from Camsky	Relatively difficult due to complex system integrations, so even if the EC has a skilled IT department the Camsky support is still needed but on a different level
End-to-end solution	YES with ACS	Not available with only Camsky products (Software), can be built with other software solutions → to many other components, so at the moment Camsky is not interested in developing own solutions (little value, since it already exists)
Partner competence	Low	High

4.1.2.3 End-customers

Camsky end-customers are individuals or companies that ultimately use the product, service and/or solution. In sales, a customer is described to be the recipient of goods and/or services obtained from a seller in exchange of a value transaction, often in financial terms. End user is another term used and they typically lack of holistic technical knowledge and therefore, value simplicity, effectivity, transparency and usability of products and solutions.

4.1.3 Internal company meetings and observations

Technical Service, Marketing Intelligence and Education, and Global Sales are case relevant departments at Camsky. Everyone has individual interests and input that contributed to this study. A correlation between all departments is present, where different service offerings are managed in each department.

4.1.3.1 Technical services

The Technical Service (TS) department contains activities that handle Camsky partners and customers, where the purpose is to support in installing and using the delivered products. TS is globally divided into the regions of EMEA, US, and Asia, each region are supporting their own partners, end-customers, and sales office in their specific region. The different regions are shown in Figure 7.
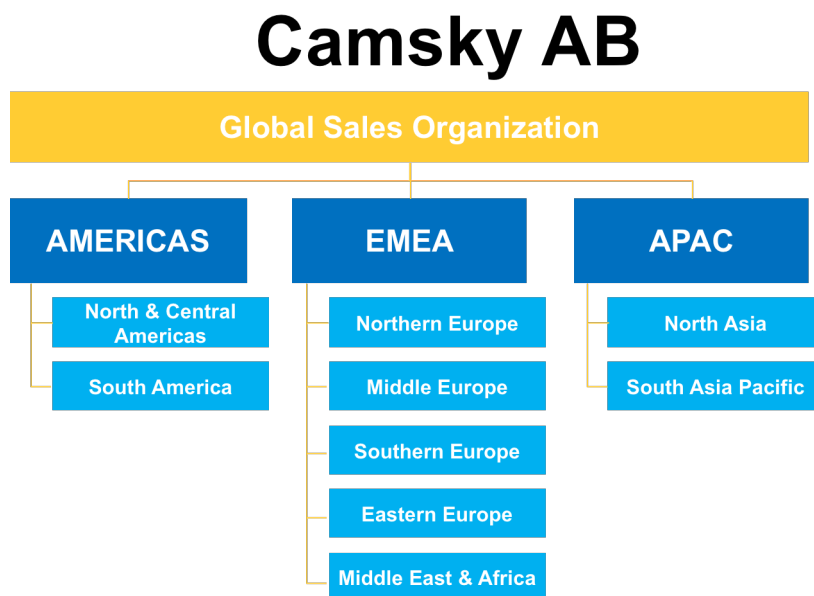
Figure 7: Camsky Global Sales Regions (Adapted from Camsky, 2018)

Besides providing technical information about Camsky products, TS often assists the customer to install products and solve configuration issues, troubleshooting on malfunctioning products/solutions, or faulty product administration and bug repairing. There are four main support channels to reach Camsky TS;

- **Online helpdesk and self-help**
  Support available through Camsky website, it contains a forum for partners to help each other, and educational videos showing support for hardware, software, and solutions.

- **Tickets**
  Tickets can be registered through an online partner platform and are issued for a specific personal issue, once a ticket is created it will enter a queue that Camsky employees follow to complete.

- **Chat**
  The chat support is the newest channel, and it is currently only supported in English. This channel is only available for registered partners.

- **Telephone**

Camsky's telephone support is available for every user in Camsky business model, and there is no verification required, everybody gets assistance for their problems.

From an earlier customer survey that TS made with one of its partner, it is identified that a service level agreement (SLA) is the most important factor from the partners perspective, and a TS manager stated that an SLA does not require much more capacity from the resources of the TS department. The same applies for introducing a technical account manager (TAM), however, it is understood that a TAM is only needed when the case is complex.

Other operations, such as troubleshooting, is not something that the partner wants to deal with alone, and since the company is expanding rapidly, the demand for troubleshooting support is increasing. On conducted trials with selected partners, Camsky has provided remote troubleshooting for its partners. However, it is not feasible for Camsky since remote troubleshooting requires a great amount of resources, and it is only a small amount of additional personnel capacity remaining that can support such service. One suggestion by Camsky, is to have the possibility to decline any partners desire to assist with a remote troubleshooting, and the answer to this is an SLA.

Camsky conducted a pilot for a project that is developed for small/medium business partners. It is a new type of service were the system integrator of a partner are in need of support and/or education. If a system integrator is unfamiliar with a new product or software portfolio, it can purchase a scheduled session with a Camsky employee who will provide support over phone and internet. The first pilot was tested with tremendous success. The system integrator was exceptionally satisfied, and they are able to do the job in only a few hours when it could have taken days if doing it alone.

Return merchandize authorization (RMA) is another well discussed service. It is the partners process of returning products to Camsky, and it usually involves products that malfunctioned before the warranty expired, or a product that was broken on delivery. It is concluded from the TS department that their RMA needs to be developed, it will add great value. Internal studies have shown that faster RMA processes are of great value and partners are willing to pay for such offer.

In regard to the idea of introducing an extended service offering, it is not suitable for a multi-regional partner to have a fixed annual service fee. Instead there should be a set of services customized to a large partners specific project, department, or region. This applies to large enterprises, and the thought is based on the fact that it is unfeasible to sell a service to a company that is located in many countries worldwide.

A common issue for the support team is when partners have modifications or third-party updates on Camsky products. This often creates complexities when companies that deliver compatibilities don't inform Camsky beforehand about these

modifications and updates. This will lead to a code malfunction, which will require work from both the partner and Camsky support. Another issue for the TS department is when an individual partners and end-customers issues a ticket, it is locked to whomever created it. Which means that the ticket is personnel and locked to the individual. If that person is absent for any reason, no one will have access to it, and this creates delays. A Camsky employee suggested a more developed self-service, were partners will receive access to Camsky internal system in order to solve the issue themselves. However, this suggestion requires a high partner competence to not worsen the problem. If successful, it would decrease workload and at the same time have the ability to offer partners or end-customers instant access to problem solutions. The idea of a developed self-service might help partners to install new software updates.

4.1.3.2 Marketing, Intelligence and Education

Marketing, Intelligence and Education are split into different departments at Camsky, however, to simplify the complexity, all are taken under the same heading. Even though the departments are separated, many tasks are overlapping and interconnected. Such responsibilities can be seen in the following areas:

- **Communication**
  The responsibility is to create a transparent communication channel between internal, as well as external stakeholders.

- **Education**
  The responsibility is to create a learning community to train, educate, develop relationships, as well as to sell.

- **Support**
  The responsibility is to maintain and encourage the organizational strategy with accurate and confident decision making.

- **Promotion**
  The responsibility is to market Camsky different product offerings, solutions, and activities.

- **Branding**
  The responsibility is to globally strengthen an equal Camsky brand image.

- **Competitor analysis**
  The responsibility is to identify market trends and collect and analyze information about the market insights, competitor insights and customer insights to assure the right future decisions.

Due to rising low price competition from Eastern countries in a mature market, high price products must include valuable add-ons to assure competitive advantage. The company has recognized the importance of expanding their core product offerings with augmentations such as services. The TS in this study is only one part of the

bigger picture at the company and is aiming to further understand dependencies of all variables and stakeholders involved. In the market intelligence department, it is intended to simplify processes to increase sales.

Trials and pilots are best conducted with small/medium partners to minimize risks. A monthly subscription for services works better for small/medium partner, rather than a large one-time payment. The idea of subscription services becomes more and more relevant since it has the potential to become beneficial for both the supplier and the user. One disadvantage is that the seller does not receive the full payment straight away, whereas one advantage is that the subscription usually culminates more revenue over time, while the purchaser often become a more faithful partner.

The price model presents challenges for the company because its business model involves distributors in the first-tier level, and their value addition has been criticized in terms of introducing services. Previous pilots on service offerings have been conducted on educational services. Partners have identified a need in educating end-customers. This creates value and an extra revenue stream for both Camsky and the partner. Specifically, in education services some end-customer segments have issues with high staff turnover which could also create issues.

Camsky offers an academy that trains and educates second tier partners and offers certificates on different training levels. Tests and assessments are required to identify the individual competence of partners. Hereby, partners gain value through knowledge and Camsky minimizes technical support that currently has many variables free of charge. Educating partner also assures Camsky quality standards delivered to the end-customer. Offers currently include self-help and education videos on the Camsky partner website. An online library is currently in development and will be accessible for partners, were completion of online tests are needed to move forward in the educational library.

During meetings with the employees at the department, three new service offerings are suggested. Firstly, cloud services to automatically update software and adjust settings remotely, which creates value in saving a large amount of on-site management (current development as Camsky guardian). Second, marketing sharing activities that partners can take advantage from. One example is to let partners gain value where Camsky promotes their brand on products or at events on fairs, etc. Thirdly, service level agreements are proposed to guarantee delivered response time and/or solution time to partners.

4.1.3.3 Global Business

Global Business focuses on the strategic development of the company and has the ambition to redefine and broaden opportunities in the market. Expanding product offerings and solutions with video surveillance as well as providing prospects for additional products and services to create efficiency and value are challenging for this department. Supporting sales, increasing growth opportunities, and expanding the

network importance as a vendor are the aims of global business. Core values in cameras are surveillance and business optimization. The departments' currently increases the focus towards the end-customer since they possess purchasing power.

Competition is also closely monitored by the global business department and a rise in both quality and technical features is commonly seen from the Asian market. Therefore, service offerings become more and more a justification of a premium price and creates a competitive advantage for the company.

Of the 90.000 partners, it has internally been criticized by Camsky global business managers, that the actual number of active partners selling Camsky products is smaller and remains, to some extent, unknown. Partners are internally classified in small, medium, and enterprise according to the amount of sales generated. The largest amount of revenue is generated from multi regional partners with an average of 14%. Nonetheless, the small and medium segment is recognized as the fastest growing segment. The key end-customer segments lie within retail, manufacturing, and education.

Not only market intelligence but also the global business department at Camsky is closely monitoring and observing market trends. Three main trends in B2B markets are identified. First, the rise of subscription services, which means that customers purchase service offerings on a frequent and recurring base and ownership of assets becomes secondary. A decrease in purchasing from different vendors has been recognized, in other words, customers tend to buy more offerings from the same company, rather than to mix and match purchases from different vendors. Secondly, the trend of digitalization, which is driven by cloud and big data offerings to improve business operations. Thirdly, Internet of things (IoT) is mentioned as major movement in many industries to increase connectivity.

When mentioning the development of service packages to the department, the primary focus is to create precise value for all involved parties to enable willingness to purchase. Change in current offerings must be transparent, clearly communicated, and constantly justified. Camsky challenge is to distinguish and evaluate the need of potential service offerings. It is said that challenges and tasks that partners cannot manage themselves crate value. Problems arise with 2nd tier partners that focus on service offerings themselves. For such partners adding value through service offerings from Camsky will be challenging.

During trials on purchasable service offerings system integrators have identified that it is difficult to motivate the end-customer. Resistance is suggested to overcome through education on maintenance value as well as on total cost of ownership (TCO). Through confident and quality service offerings Camsky sees the opportunity for partners to build trusted and long-lasting relationships. Further trials are proposed within the medium IT segment, where it is usual to purchase services and due to the size fail is stated to have less impact. Compared to the enterprise segment, the medium business segment at Camsky offers end-to-end solutions with minimum

component complexity. Trial in enterprise business should be considered and is reasonable as long as change is justified, communication is clear and transparent. Enterprise business is often project driven, and in comparison, to small and medium business, revenue flows fluctuate on a higher scale. The connected risk is always greater since enterprise partners generate a large amount of revenue for the company.

Segmentation is an important factor when offering services. Value differentiation between partners is key due to a variation in needs. The size and scope of the actors is one factor to consider. The smaller the system the easier it should be able to use, and vice versa the bigger the system the more important functionality, rather than simplicity, becomes important. Geographical markets for Camsky show differences. The US is a more homogeneous market where the European is much more differentiated in between different countries. A base service package could build a uniform offered and avoid issues with global acting partners. Another segmentation factor is the industry in which a system comes to use. For instance, reliability is crucial for airport security, but it becomes less vital for a small retail store. Cyber-security in all remote offerings, is another example which effects service offerings at Camsky, where some offerings will not comply with regulations of networks.

Identified service offerings that are discussed in meetings are co-branding, site design assistance with a designer, remote active health monitoring of systems, active sales in training and education through Camsky academy, smart tools such as automated software updates for complete systems, as well as developing cyber security tools. The right service offerings are seen to create value and enable a closer relationship towards partners and end-customers. Services function to improve the feedback loop within Camsky business model, however problems of delivering quality standards as well as revenue streams must be addressed. Further, it is mentioned that services should sell like a monthly service since there is a greater move towards an OPEX driven model, rather than CAPEX, and preferably with a license commitment for minimum one year. One issue with the service payment is to find a feasible process how to handle invoices with a large number of partners.

4.2   PARTNER INTERVIEWS

Reasons for why partners buy Camsky products are based on quality, innovative products, satisfaction, trust, durability, etc. Besides those reasons, Camsky outstanding service and knowledge is mentioned in many interviews. However, the requirement for Camsky technical support is varying on a large scale, ranging from as little as once in two years to daily support. On average, more frequent support is found to be needed within the enterprise segment, whereas the smaller the partner the less support is needed. Another correlation is found in the loyalty program, where respectively authorized, silver, and gold partners increase their support need the higher the loyalty becomes.

The following section will first identify the arguments partners find valuable within technical services. Secondly, the framework for technical services will be presented,

followed by a range of offerings. Then, the willingness and requirements for partners to purchase service offerings will be specified.

4.2.1 Values

The section below will follow a structure of presenting the values that the partner sees in different services. As for the fundamental valuables regarding Camsky technical service, in each partner region, around 40% of the partners concluded that competence from Camsky technical support is the most valuable characteristic, closely followed by time efficiency. Another less valuable, but still important factor, is availability. A 24/7 support office is not required, nor expected. Many partners understood that they cannot demand the highest support quality since it is free of charge. The majority state that there is no other competitor like Camsky, the support provided is state of the art, and since it is free, it is accepted to take some extra time occasionally. However, a few partners came to the conclusion, that a combination of the characteristics, or values, is critical. For example, offering fast service without providing the right competence or vice versa, exponentially decreases the partner value, hence a combination is key. It is therefore essential that the same quality is present in each segment, especially competence, time response, availability, and language.

4.2.1.1   Most common reasons for Camsky technical service

The reasons for why partners contacted Camsky varies, but RMA is the foremost common reason among all partners. The only assured distinction between S/M companies and enterprises are the level of complexity. The support questions arising from the enterprise segment are often more complex. One enterprise partner stated that their organization must have complete competence around the products they sell, so when any faulty products could not be fixed, the only action left is to return the product and either purchase a new or receive one from warranty. Table 12 and Table 13 below display the most common reasons for partner to contact Camsky Technical Service.

Table 12: Most common support reasons from partners for small/medium partners

Small/Medium Partners
• RMA
• Diagnostics
• Analytics
• Troubleshooting
• Integration
• Compatibility and capability
• Product support
• Functional errors
• Warranty

Table 13: *Most common support reasons from partners for enterprise partners*

Enterprise Partners
• RMA
• Firmware support
• Hardware issues
• Troubleshooting
• Warranty
• Product support
• Software support
• Business development
• Axis cloud (pilot)

4.2.1.2 Suggestion given by partners to improve technical services

Partners have many suggestions regarding how Camsky can develop its technical service department to increase partner satisfaction. One area to be improved is the problem with the lack of information from Camsky regarding their products. Many partners are not aware of the type of services that are available. Partners wants to have a better information flow for when products and components are changing, additional software upgrades, and new or upcoming features. Also, the partners want promotional information from Camsky on new products and features in order to build a stronger case for when they are selling their Camsky products. Due to increased competition on the market, information and communication on values becomes vital in the selling process between a partner and their customers. The lack of transparency puts the partners in a position of not knowing about the full potential of Camsky products. If there is a new upgrade or more efficient feature, people wants to use that rather than older versions. Both small/medium and enterprise companies made such claims. Other information, such as end-of-product-life, has more severe effects if partners are not informed in time. By knowing when a product is close to its end of life, the partner can make strategic decisions on whether they need to stock up or replace the product or related components.

Besides improving the products, many suggestions involved the process of how Camsky handles the technical support. In one case, a partner expressed dissatisfaction since each support case must go through Camsky support. After Camsky made an acquisition of a software company, every support contact regarding that software needed to go through Camsky own support, whereas this partner wanted to contact the software company directly. The chance of miscommunication and time spent increased since the dialog have three participants; Partner-Camsky-Software company.

Lead times is another common subject when discussing areas of improvement. Partners are dissatisfied with cases of long lead time for Camsky products, however, one partner often solved this by contacting other distributors to check if they have similar inventory ready to be shipped.

One partner wanted Camsky to develop their own product database, where one could look up common issues within products and product families. This would save time since no serial number would be needed.

4.2.2 Framework for technical services

Regarding the framework that is necessary to offer technical support partners define the most fundamental building block to be the offered channels where partners have the possibility to reach out for support from Camsky. All channels come with different features, benefits and drawbacks that will be discussed in this section. Availability, as well as language, are two additional options that are recognized to be important for support services.

4.2.2.1 Support channels

Four different platforms or channels for technical support channels are available for Camsky partners. The following Figure 8 shows the current offered channels and its popularity among the interviewed partners. Response time, time to solution, and quality delivered are important criteria when evaluating the channels.
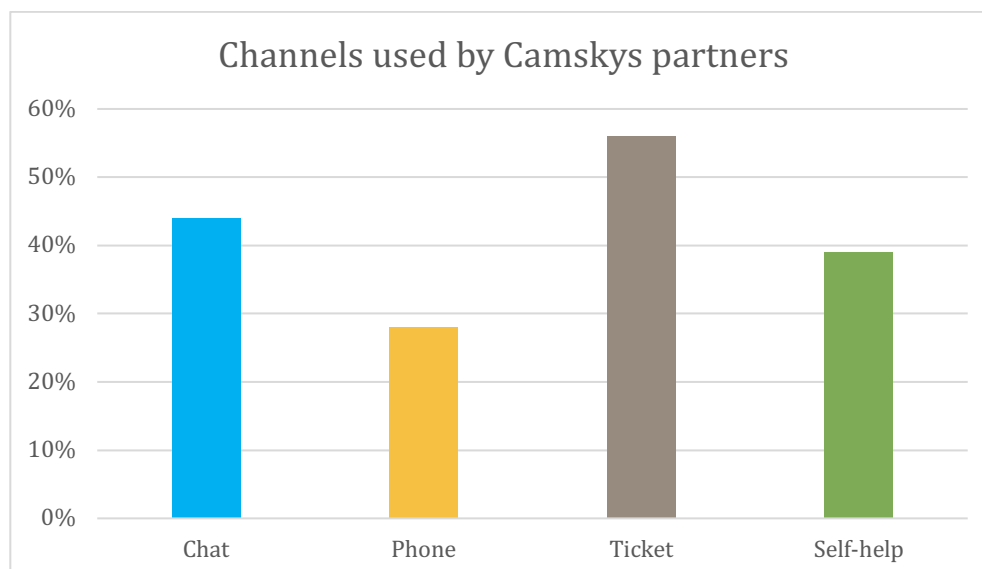
Figure 8: *Popularity of technical support channels among the interviewed partners*

Chat support

Chat support is live and connects the client to a support operator at Camsky via a web browser. Many partners value the speed of response that they receive via the chat channel. Transcripts are saved and can be used at a later stage to assist the same or similar issues that might occur. This channel is identified to be valuable for more basic issues. If issues are not solved after a certain amount of interactions, a ticket is created. One partner, using this channel frequently, has criticized that the response time has increased. Two partners are not using this channel at all.

Phone support

Clients have the opportunity to speak directly to a support representative over the phone and receive guidance regarding technical issues or other support related questions. Partners value the easiness to get problems across, the competence they receive from the technical support team, as well as the speed. Specific and unique issues are said to be beneficial via the phone channel. On the other hand, six of the interviewed partners explicitly did not use this channel because one cannot share files with the operator and no conversation record is logged. Some mentioned that it is difficult to find telephone numbers.

Ticket support

Ticket support is an online based channel that allows partners to register issues and problems with a support agent. This channel does not allow for immediate response but gives the Camsky support team more time to find appropriate solutions. Partners have identified an increase in competence. Similar to the chat channel, the possibility to receive transcripts is seen positively by many. This channel gives the ability to transfer files and is often used for RMA purposes. Two of the interviewed partners are negative towards this channel and criticized that this channel is time consuming. A few partners requested direct email.

Self-help support

Self-help is a diverse online platform for partners that provides support for frequently occurring issues and general questions. It provides videos and guidebooks for troubleshooting and self-education. Self-help is also used by one partner to train new employees, and another partner uses this channel to keep up-to-date with new product information. Five interviewed partners were not using this channel and commented that the current platform is inefficient and difficult to use.

4.2.2.2 Language and availability

Since Camsky has partners on a global scale, the support language is an important consideration. Most technical support is centralized in Lund, Sweden. Camsky offers support in 16 languages during business hours and the chat function has extended availability in English. Neither of the partners have stated language issues. However, the native language for partners in Germany and France are of great importance, especially for more complex issues. In Sweden, on the other hand, English is sufficient. Figure 9 below shows the language preferences.
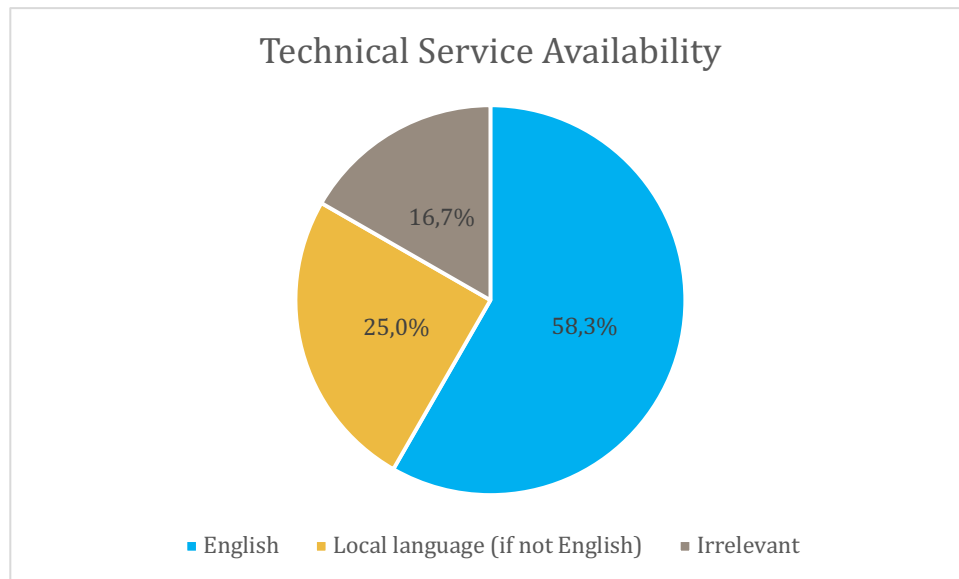
Figure 9: *Local language support for technical services*

The survey shows that availability for technical support is mainly requested during business hours. As the Figure 10 below shows 24/7 and 24/5 support are not requested by many. Although speed is identified to be an important value for partners the availability beyond business hours is rarely required and depends on the projects sensibility.
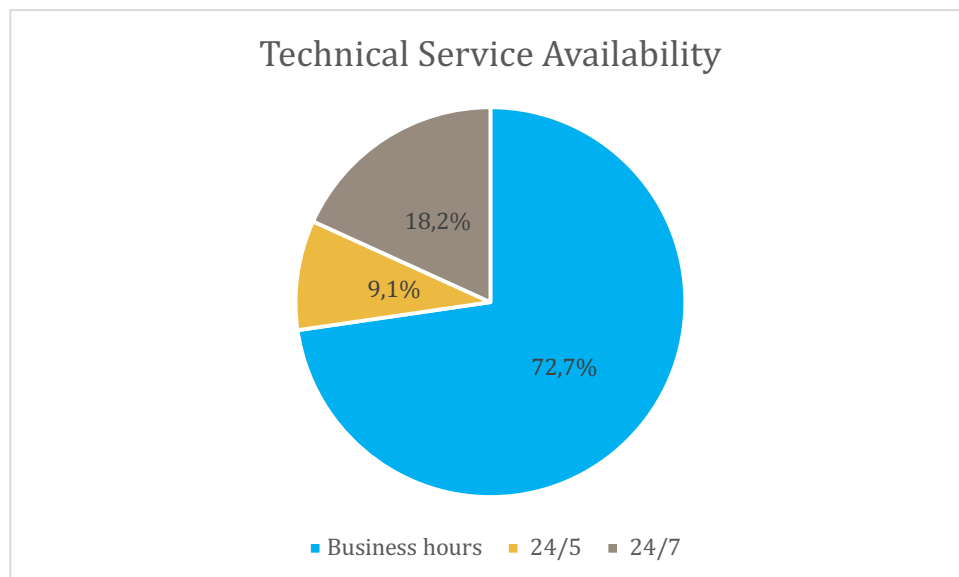
Figure 10: *The need of support availability*

4.2.3 Technical services

Technical services are offered to provide support and assistance for partners regarding all products and solutions offered. As Camsky currently develops its existing service

offerings opportunities and possibilities for new and improved service offerings are presented below. This part is divided into sections that reflects the services.

Overall there is a high level of satisfaction for the technical service offerings provided by Camsky. Many shared the opinion that the support team is friendly, transparent, and honest. Camsky is often seen as a close partner regardless of the loyalty level and this relationship is highly valued. An appropriate answer by the support team is given regardless if the problem is quickly solvable or if it requires extensive expert knowledge. In addition, Camsky high level of honesty is mentioned, when a problem is not instantly solvable it is particularly valuable for one of the partners that who state, "it is better to say if you do not know something then trying to assume something that is wrong". Many mentioned that much support is also given from the sales team.

Beside the satisfaction, there are some opportunities and challenges that the Camsky technical support is facing. One Camsky partner, although being very satisfied, mentions that improvements are always possible and needed to assure future progression of the company. The most significant improvement suggestion is connected to speed. Long waiting time for ticket response, increased ques in chat support, long RMA processes, as well as a time-consuming process of finding the appropriate contact number are common responses in the interview. Another aspect of dissatisfaction that is stated many times is associated with communication. Camsky should improve information sharing on new products, release notes, and features; website should be more transparent and easy to navigate; inclusions of software updates; and improving information on the delivery process are some comments given by partners. Lastly, the deactivation of inactive tickets after a short time is criticized.

4.2.3.1 RMA

Return merchandise authorization (RMA) is a process of returning products to the manufacturer in order to receive a replacement product, a refund, or to have a product repaired under warranty. Camsky currently offers a standard RMA service including advanced replacement where products are shipped before faulty ones are returned. 63,2% are satisfied with the current RMA process at Camsky. Common reasons are that partners value advanced shipping options to speed up the process. On the contrary, depending on the end customer segment, not all partners are in need of advanced shipping. Other improvement points stated are to simplify the RMA problem identification process, although there is an understanding of some RMA barriers in order to not exploit the service. There is in fact a automatic RMA pilot under development were partners only need to fill in the proper information once, and this service is prioritized. Temporary replacements if products undergo a repair process are also suggested as improvements. Figure 11 below displays the RMA interest among partners.
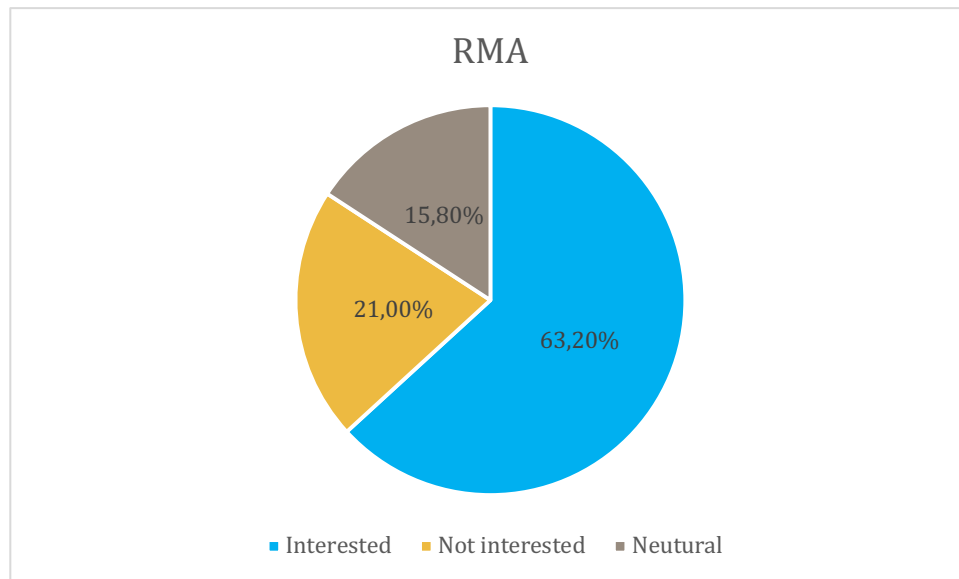
Figure 11: *RMA interest*

Further 21,1% of the partners are somewhat dissatisfied and 15,8% has no opinion to the topic. Critique is given to the process of being time consuming, complex, and involving too much paperwork. Furthermore, repair quality checks to assure functionality of the products are found to be lacking. One partner mentioned that it is difficult to update the product warranty ownership of a product.

4.2.3.2 Warranty

Current warranty is well received and consists of 3 years with the option to purchase an additional two years. There is only one interviewed partner who is dissatisfied with Camsky product warranty. As shown in Figure 12 the remaining partners, around 55% are genuinely satisfied. Long warranty is well received by partners while the competition offers less. Partners request the opportunity to purchase the extended warranty during the first three years. They would also like that Camsky reminds them that their warranty will soon expire. However, out of the interviewed partners, only 11.1% frequently purchase extended warranty.
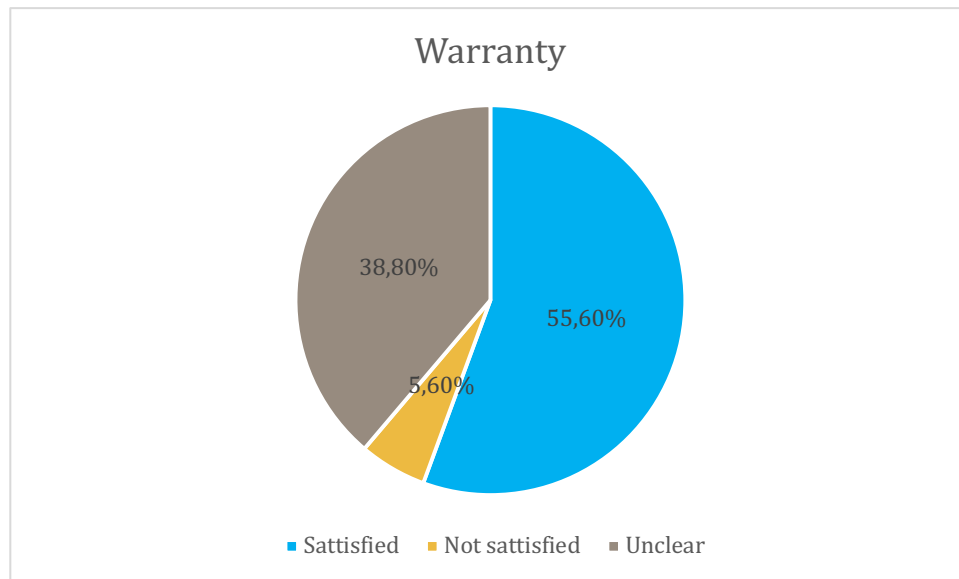
Figure 12: *Partners warranty satisfaction at Camsky*

Partners who are satisfied with Camsky warranty, are generally not interested in purchasing extra warranty, because it is too expensive. They do so if the end customers want it, but that is not very common. One partner says that the process of purchasing longer warranty is too complicated since each serial number on the product needs to be insert separately into the system. The many partners who will not purchase extended warranty have other suggestions. A partner state that five years warranty should be standard since some new camera surveillance companies offers it. Another says that partners of Camsky should have different warranty years depending on their partner level, higher level equals longer warranty. Partners also want to have updates included even after the warranty has expired.

One particular partner said that extended warranty is never purchased from Camsky, however, they still sell extended warranty to their customers. This is done, despite the risk, since Camsky products are so reliable, and it is unlikely that the products will fail after three years. The most common periods for failure is during the beginning of the product life cycle, and during those early years they already have the warranty included. The company has calculated the risk against the potential profit, and it is lucrative for them to sell extended warranty years even though they are the ones who would need to cover the costs if something were to happen.

4.2.3.3 TAM

A technical account manager is described as a personal contact at Camsky that partners can use for their specific support cases. A handful of partners recognized their regional sales manager as a post sales contact to fulfil functionalities of a TAM. Each time support is needed they contact this person, who will handle their request and solve it in a timely matter. One partner, who expressed great satisfaction towards the helpful Camsky sales contact, said that this is not how it should be. A sales contact is the one promoting new technologies and negotiate sales terms, that person's job should not include supporting existing partners. It shows great goodwill from

Camsky, but it is not preferred as a sales manager should not be a supporting the project manager. Figure 12 below displays the distribution of partner interest towards a technical account manager.
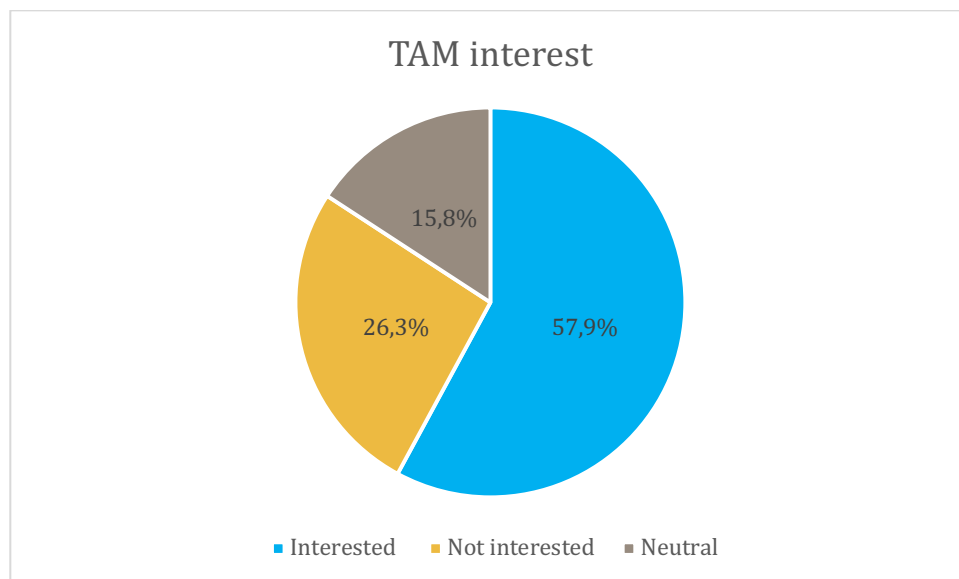
Figure 13: TAM interest

The partners who are not interested in a TAM mentioned that their issues are not complex enough or that their support frequency is to rare. This type of service is more commonly suitable for larger firms. Other critical statements from uninterested partners is that a TAM loses its value since it is only one person, meaning that if this person is unavailable, having a holiday or being sick, it will lose its value. Therefore, it is more desirable to have access to different experts in specific areas.

As for the interested partners, their greatest value identified comes from the increased support speed a TAM could bring as well as quick access to new information about technical development and new products. Other partners value a familiar face, better integration support, technical help, and the possibility of receiving help with pricing and projection. Some partners are already using similar service offerings from other companies. One partner states that if Camsky cloud services is growing, it is certain that a TAM will be of interest.

4.2.3.4 Troubleshooting (remote and onsite)

Troubleshooting can be defined in three different ways: normal assistance and problem solving; remote scheduled troubleshooting where an agent is booked at a specific time to assist on a project; and on-site scheduled troubleshooting where a Camsky employee is present at a specific site together with a partner.

Firstly, normal and everyday troubleshooting is a service currently offered by Camsky and it is for the most part free of charge. Partners value this included service offer and require Camsky troubleshooting for various reasons (see Figure 13).

Remote troubleshooting is a service were a Camsky employee will be present, either by phone or computer, to assist the partner in real time when solving issues, making new configurations or installations, or assisting any operation involving Camsky products. The partners who are interested in remote troubleshooting see the value by working in a proactive approach. Partners believe that they can learn more from Camsky, detect errors beforehand, and provide greater value for the end customer. It can be especially useful for larger projects, and one partner is already using it with Camsky R&D department.
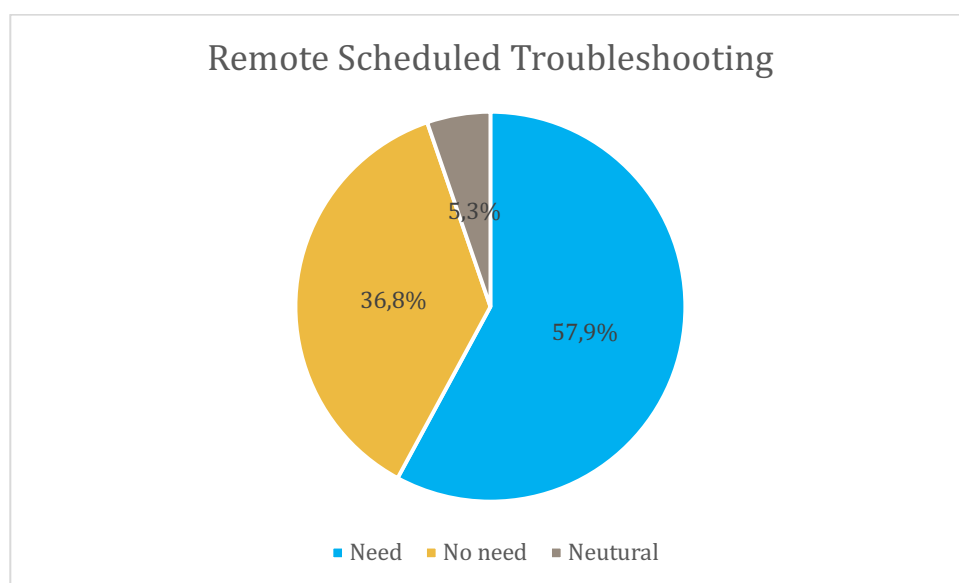
Figure 14: Remote troubleshooting interest

The major reason for why partners are not interested in remote troubleshooting is the possibility of cyber security threats. Many partners, especially in the US, is limited by governmental regulations. The areas, such as, traffic, infrastructure, marines, and governmental property neglect all online solutions to minimize threats and security breach from other organization and entities that might have harmful intentions. Besides the aspect of cyber security, partners did not see the need of these services since they mostly have hardware issues, or they think that they themselves should have the knowledge of the products they sell. Retail is one industry that showed greater interest toward this service, and some possible scenarios for why it would be useful would be for the proactive aspect, or during VMS solutions. Figure 11 above shows the distribution between S/M companies and enterprises for the interest of remote troubleshooting.

On-site troubleshooting is the process of having a Camsky employee present at the physical location and assist the partner with any support needed. Figure 14 below

shows the partner's interest for this service. One partner expresses interest in this service due to an advantage of providing his technicians with helpful support. Other than that, people did not see any value, and said that it is time consuming, little demand, and the pricing will be an issue since it is likely to be expensive. The occasions would need to be very complex if on-site troubleshooting would be worth it, and it might only happen once a year.
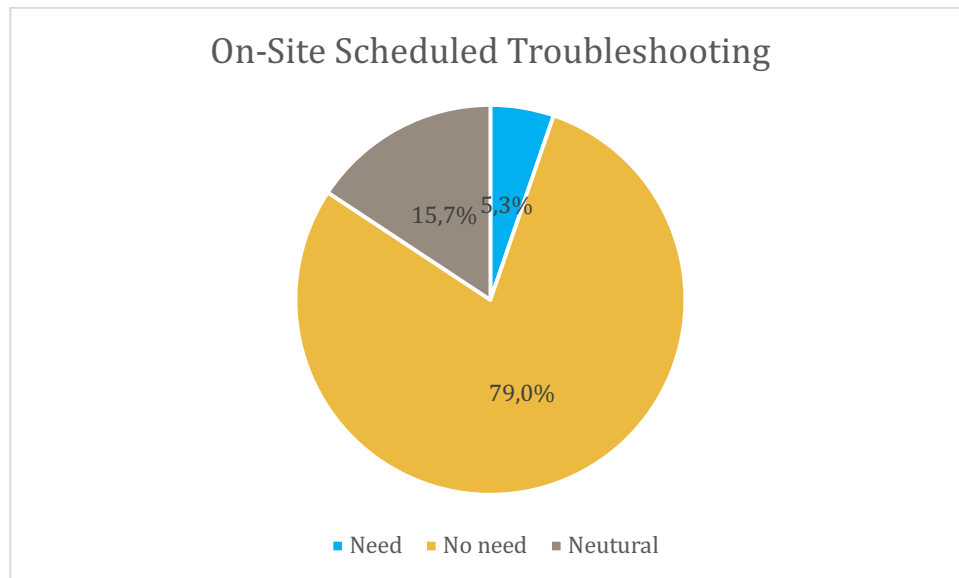
Figure 15: *On-site troubleshooting interest*

4.2.3.5 Cloud services

Just over 60% of the partners express interest in cloud services from Camsky, and the discussed values are, for instance, online storage for video content that means that instead of using local servers and storage, the data will be backed by Camsky provided cloud services. Another example is named to be a cloud analytical software service that provides analytical tools for video data. The majority of partners are aware of the growing global trend of cloud services, and the demand is increasing. Some partners are already using it from other providers or have the service under development themselves, others are waiting for Camsky to provide the complete service.

There are some concerns about the services due to the EU data protection law. In addition, if Camsky cloud service will be available in the market, it is important to align the quality of the cloud service along the same level as Camsky overall premium quality.

Projects for such cloud service are under current development, and a pilot is available to selected partners. One partner mentioned that they are using another cloud service provider since it has the same price as Camsky, but it comes with extra features. Some lacking features from Camsky are identified to be:

- The ability to jump to the next recorded activity.
- No quick overview of the video data recorder.
- No fast forward.

Lack of interest on cloud services from partners is also due to safety regulations, cyber security, and lack of bandwidth. Some end customer does not have the capacity to connect large camera network to the Internet, and since local storage is so cheap, many values the price difference. Figure 15 below illustrates the interest in cloud services between S/M companies and enterprises.
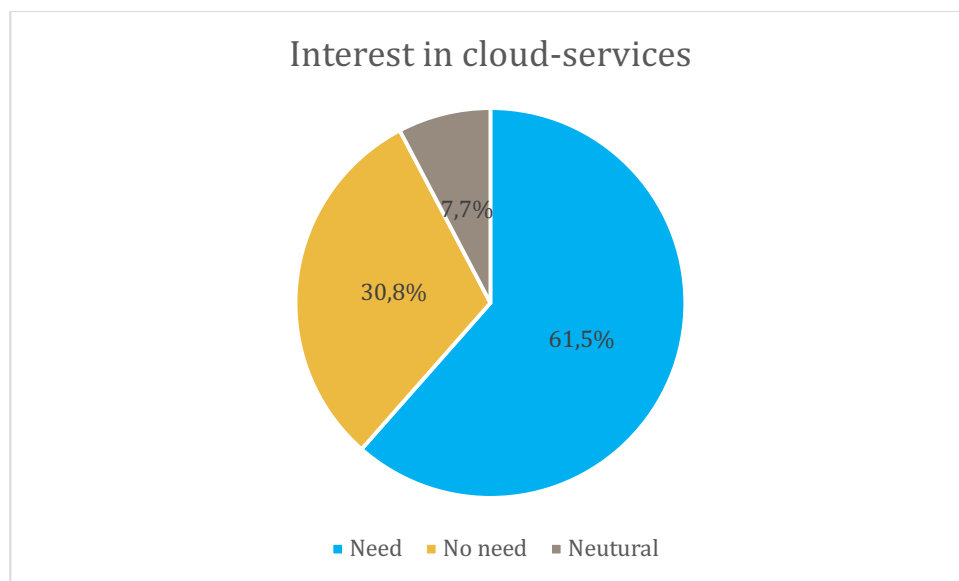
Figure 16: *Cloud service interest*

4.2.3.6 Repair reports

Repair reporting, or fault reporting, is a document offered following a conducted repair process by the manufacturer. It states the root cause of the issue as well as what has been repaired. This service document has a variety of different functions for the vendor ranging from internal quality improvements to providing fault proof for insurance purposes. Figure 17 below shows the partners interest in repair reports. Out of the partners 42,1% found this to be of value for their business, where 47,4% saw no need for such reports, and 10,5% have no opinion. Such reports could be useful:

- if an issue is out-of-warranty to justify costs to the end-customers,
- for insurance claims from accidents or natural disasters
- to be proactive in order to prevent future issues
- to gain information and knowledge on specific issues for educational purposes

Repair Reports

- Interested: 42,10%
- Not interested: 47,40%
- Neutural: 10,50%
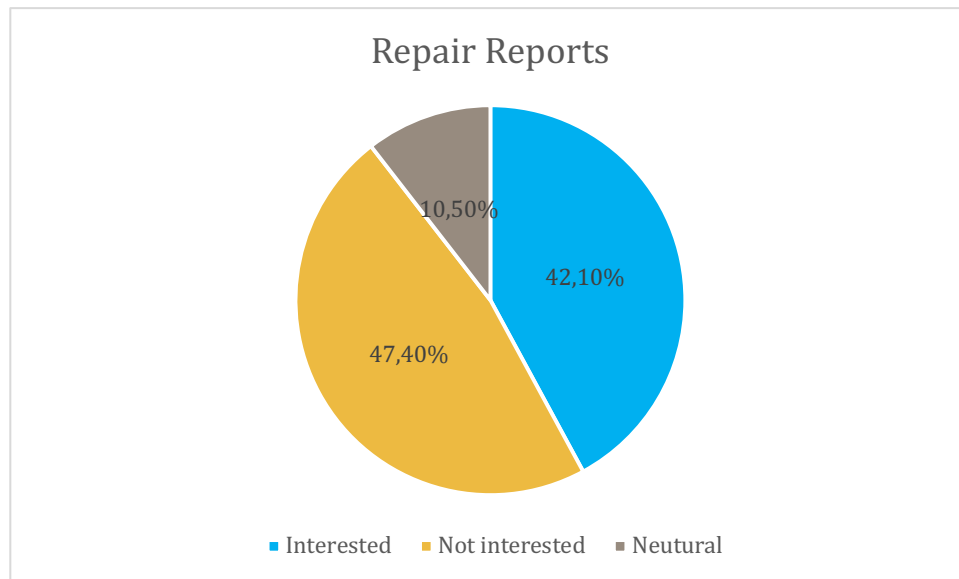
Figure 17: Repair Report interest

Further, some partners state that value is mostly seen for expensive product options. Another partner perceives repair reports as valuable but only as a free offer that adds justification to premium product prices. Partners that are not interested in this service offer have never received requests from their customers.

4.2.4 Willingness to pay

Willingness to pay relates to whether or not it is feasible for Camsky to introduce service packages that the partners have the opportunity to purchase. Willingness to pay describes the motivation and need from Camsky partners to gain value through purchasing service offerings. This ranges from identifying the requirements Camsky partners have, to purchase service offerings to preferred payment options, service level agreements (SLA), and risks both for the partner and Camsky. Figure 16 below originates from the survey and visualises the interest of technical service offerings in comparison to the willingness to pay.
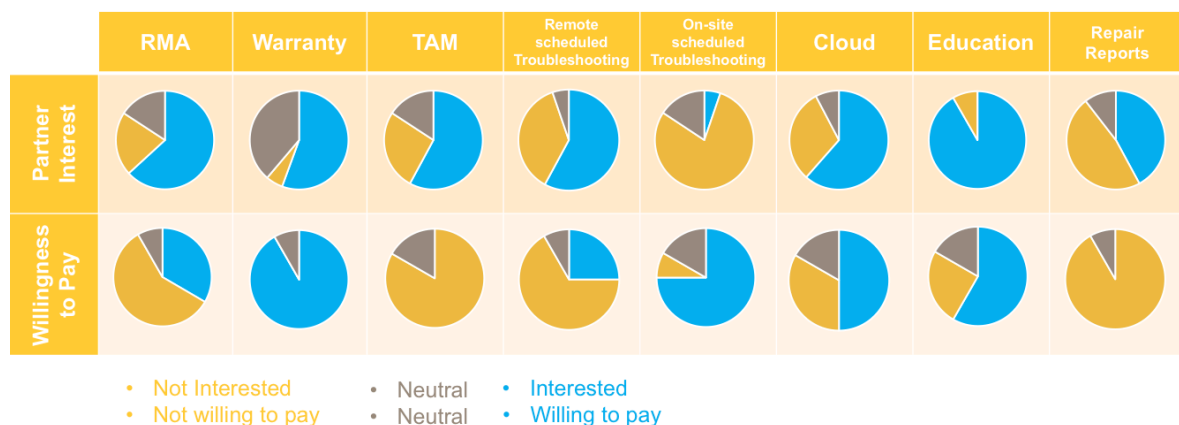
Figure 18: Service interest of partners in comparison to their willingness to pay

There is no specific correlation found between companies that are purchasing services and companies that are resistant to purchase services. More specifically, 70% of the enterprise partners are acclimated to purchase service offerings, and almost the same amount, 62,5%, of the small and medium partners purchase services. This results in an average total of 66,7% of all partners that purchase services from other companies. The most common services that companies are purchasing are video management system (VMS) services, analytics, software support agreements, cloud services, and support plans. Three of the partners specify that those services are obtained via subscription packages and one mentioned that they acquire custom build packages.

4.2.4.1 Extended service offerings

Regarding certain service requirements, partners list many areas of which they are willing to pay. Common support channels such as the chat should be free, but premium channels, such as telephone, require more resources and are identified to belong to a more premium service that is purchasable. The S/M partners gave the following examples of services they consider to be purchasable since they might add value:

- Technical account manager
- Cloud services
- Analytical video options
- Greater competence
- Improved support speed

However, three S/M partners claim that they will never pay for services, and with expensive products, such as Camsky, technical services should remain free of charge.

In comparison, some of the enterprise partners show resistance to pay for services. Scepticism results from the assumption that service offerings are difficult to sell to partners customers (Camsky end-customers). The following lists contains services that are suggested to offer increase partner value, they would adequately have the potential to be purchased by the partners:

- Faster and simplified RMA process
- Cloud services
- Software updates
- Firmware upgrades
- Deeper and more detailed support

Other areas to be improved for an acceptance of chargeable services is faster support, greater overall support value, and time requirements. There are analytical software

services that partners need to purchase from other companies, and if Camsky were to extend its software portfolio, there would be an incentive to purchase a complete set of products from Camsky. It is desirable since Camsky delivers great quality, and it is assumed that their software would be the same high quality. Further, a service price proportional to the amount of product bought from Camsky is also mentioned. In other words, a partner receives a price reduction according to the volumes of products purchased.

4.2.4.2 Basic services

Partners also reflect upon services identified to be free of charge. Not just Camsky perceives its current service offerings as its competitive advantage, there is also many partners who state that the current offered services are required for free to justify the premium price. Regarding the minimum provided service from Camsky, which ought to be free, some expect it to be the same as warranty, while others want the precise service offer as they receive today. One of the S/M partners clearly states acceptance and understanding that companies keep free service offerings to a bare minimum. Additionally, points identified on what S/M partners require free of charge are:

- Support for first time problem
- Tickets and Chat support channels
- Installation assistance

Many of the enterprise partners also expect the current service offering as free of charge, however, they tolerate that for more complex issues are chargeable. Some of the services they thought should be included as free are:

- Troubleshooting
- Advanced shipping.

One suggestion is the ability to test service offerings. In other words, a trial period should be offered, and if satisfied, it would be purchased. In addition, one partner says that partner levels should determine if the service should be free or not. A gold partner level should include free service, while silver and authorized will be chargeable.

4.2.4.3 Payment options

A payment is as an exchange of value, both through goods and/or services, from one party to another, whereby variables such as legal obligations must be fulfilled. Different forms and options are available and can be on-off or on recurring terms. Service subscriptions have been recognized as a trend that many firms use to augment their offerings. Partners often base their requirements on company regulations and procedures they have with other companies. The majority of partners prefers yearly paid subscription deals where discounts are given the longer a partner subscribes to an agreement. This is particularly seen in larger firms with greater liquidity that are able to afford a larger one-time-cost. One partner favour monthly payments, whereas many

others state that accounting policies prefer yearly payments. Regardless of monthly or yearly payments the subscription service is seen as CAPEX. A variety of purchase options, monthly, quarterly, and yearly has been requested.

Yearly payments for new services are perceived sceptic due to the risk associated with them, which will be presented in the next subsection. Introducing new offerings are suggested to have a trial period to avoid such risk. Others simply suggest using a pay-as-you-go, OPEX, option where partners with low service needs have the opportunity to purchase extended service offerings when needed or for example requested by the end-customer in a specific project.

4.2.4.4 Risk

The S/M companies have different views on related risks to consider when purchasing services. First, if services are purchased, the partner needs certainty that value is increased since the cost will be passed onto their end customer. It can be difficult to sell subscription services to traditional companies, and Camsky must be careful about starting to charge for services, since it has been free of charge since its beginning. In other words, Camsky brand image and value could suffer. Camsky must also be careful so the partner does not choose a more inexpensive competitor. One partner said that it is either one of the two parties that takes the risk, Camsky might be paid to little for the services provided, or the purchaser, in this case the partners, might not get its money worth. Another S/M partner express concerns regarding long term contracts, as a first-time purchase, no more than 12 months should be required.

Larger firms, such as partner enterprises believe that small partners might not afford to pay for services. They want a reasonable time of notice for the services purchased if the technological competence does not meet their expectations. Some partners even state that if the current free services are removed, they would immediately look for other camera suppliers.

4.2.4.5 SLA

Service level agreements (SLA) is an obligation or commitment that a service provider and a client decide upon in a contract. Delivered quality, responsibility, availability, and mean-time-to-response and repair commitments are examples of what can be included in an SLA. The current situation at Camsky for free technical service offerings does not offer SLA contracts and is based on best promise delivery of services.

The existence of an SLA is important when purchasing service offerings. A contract should equally cover the vendor, customer, and manufacturer. Some partners sell SLA to their customers where response time for support or up-time to cloud services are guaranteed. In the case of Camsky an SLA is mentioned to include precisely what the firm offers and what they do not offer on long-term bases. Such agreements are seen to further build the relationship between the involved parties. However, the need is different regarding the end-customer and industry segment that the partner operates

in. Since retail is mainly driven by cost it can be an example given where SLA would rarely be needed.

4.3 INDUSTRY BEST-PRACTICE BENCHMARK

Industry benchmark contains three examples. First, the industry benchmark presents a best practice on HPE. Second, a benchmark on Vidcloud is presented. Thirdly, the last subsection will cover a study visit at a key partner to the company named Guardstar.

4.3.1 Industry benchmark for best practice at HPE

The market intelligence team of Camsky conducted a benchmark study on the company Hewlett Packard Enterprise (HPE) and their B2B service offerings. A combination of information presented by a competitive intelligence engineer from Camsky and information found on HP's website is used. The company HP claims that businesses increasingly face maintaining IT environments issues and challenges. Over the last years the company has shown a strong shift from focusing on products to increasingly developing services to support such business challenges. The company has developed offers which consist of easy-to-understand levels as well as transparent packages that suit their diverse customer needs.

Within technical services, HPE offers "HPE Care" to improve the IT infrastructure of a business. Such offer is sold through partners and resellers but conducted directly by HP and is worldwide identical. Customers have a choice of three different service levels add-ons that build on each other. After the normal warranty level HPE offers the Foundation care package which acts as a reactive service and includes a variety of remote diagnostic and support services for both hard-, and software. Reactive can be understood as detecting a problem and subsequently finding a solution. Second, is the HPE Proactive care package which adds proactive support for specific solutions and environments for a business IT infrastructure. In comparison to reactive, proactive can be understood as early problem detection and solving issues before they occur. The final and most advanced level that customers can purchase is the HPE Datacentre Care package. This option adds tailored support for specific needs for solutions and business environment. In addition, each of the three package offerings from HP has variable elements that can be tailored to the customers' needs. For example, in the most popular HP Foundation care, the customer has the choice between Call-to-Repair, 24/7, Next Business Day, 4-hour Exchange, and Next Business Day Exchange (see Figure 17 for more detail). The intention of this structure is to identify and to simplify the most important choices for the customer. The price for the end customer is determined by three influencing factors: the response time, the coverage window, and the length of the SLA before renewal.
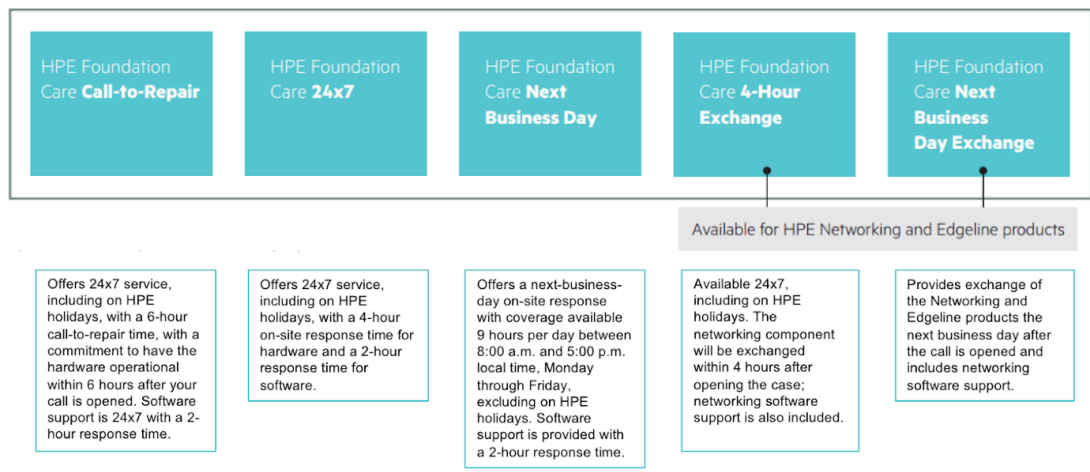
Figure 19: HPE Foundation Care service value offers (hpe.com)

All service offers are sold directly via HP or a business also has the opportunity to purchase such packages through authorized resellers. Through the latter option HP provides sales incentives to the reseller/partner, however the service in all levels is always provided and delivered by HP directly. Sales incentives for resellers and partners depend on the level of loyalty partner program, Business, Silver, Gold, and Platinum (see Figure 18). Incentives among others are discounts, priority, marketing funds, training, and business development support. The higher the partner level the more market access a partner is able to gain. In return, partners for the Silver, Gold, and Platinum level are required to pay an annual membership fee ranging from $5,000, $10,000 to $20,000 respectively. This allows HP to assure constant revenue streams through guaranteed sales and membership fees. HP transparently defines requirements for each level. For the first two levels of the HP partner program the two main influencing factors are revenue targets and the number and level of trained employees. Further, the Gold and Platinum level however are decided upon a HP invitation only and are based on loyalty, revenue, demand, expertise and enablement, as well as quality and reputation towards the end-customer.
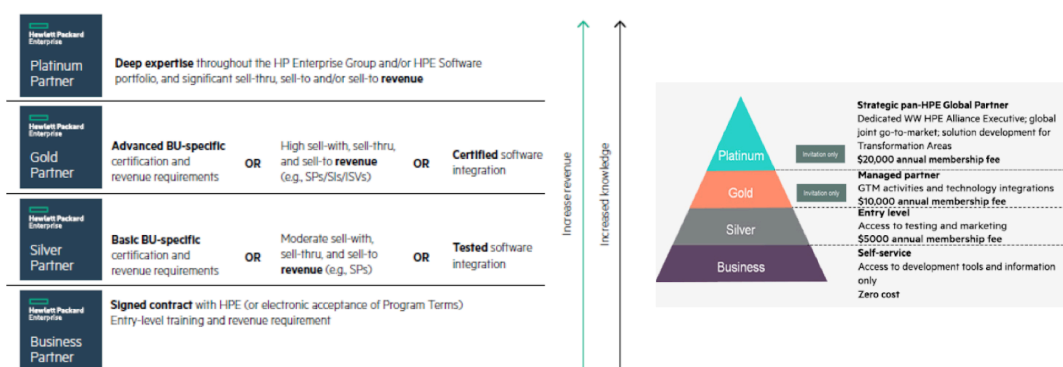
Figure 20: HPE Partner level program (hpe.com)

4.3.2 Industry benchmark for technical service support at Vidcloud

Vidcloud System provides IT video management systems (VMS) through on open platform. Their VMS is an open platform that can be combined with other companies' hardware and/or third-party software solutions. The product portfolio consists of video software that are sold via a channel system of certified partners. On Vidclouds behalf, their Director of Support assisted the authors of this report with inputs regarding their service department.

Vidcloud partners are valued in accordance to their competence and educational process, and the level of support given to them depends on their performance and how much training they have completed. If a partner performs great with high sales volumes, they receive better support. Vidcloud does not provide service directly to their end customer, it is only offered to their partners.

Each support request is categorized in three stages. Level 1 support consists of the most basic questions, and the channelled partner are often redirected to a forum or manual. 63% of Vidclouds service requests are classified as level 1. In the next stage of Level 2, the needed support becomes more complex and involves a closer effort with the channelled partner in order to solve the issue. This level stands for 32% of the total service requests. The final stage of level 3 consist of highly skilled technicians and consist of only 5% of total service requests reach this level. When a service request is received, an employee classifies the issue accordingly and if necessary redirects the customer to the next level. It is possible for customers to advance to the next level by completing certain training sessions.

As for Vidcloud's service offerings, they have four available packages, whereas the first is free of charge and the remaining three needs to be purchased. The packages are named Care Basic, Care Plus, Care Premium, and Care Elite.

The Care Basic service package has no cost associated and it applies to all participants in their supply chain, even the end customers. This package does not ensure that a problem will be solved. Phone support are still available, but that requires a care ID number. The Care Basic package includes:

- Chat support
- e-Learning
- User forum
- Access to driver packs, software, and new service releases

The Care Plus package comes with a percentage charge and is based on the sales volumes and educational level. Depending on the performance and training level, partners pay an annual fee calculated by Vidcloud. The package is only available for certified channel partners, and it includes:

- The Care Basic features
- Free updates
- New software (three times a year)
- Bug corrections

The Care Premium package costs are also based on a percentage costs based on performance and training. This service package can be applied to the whole organization, and also to a specific project or department within the customer's organization, and it includes:

- The Care Plus features
- Phone support 24/7
- Prioritization
- Committed response time
- Local support
- Case Management tool

The Care Elite package is the final package and is paid on a percentage of sales and training. It can be applied to the organization as a whole, but also as a project-based service package. This package includes:

- The Care Premium features
- Technical account manager
- Committed resolution time
- Elite Chat (Highly skilled technicians)

Vidcloud has a great acceptance of feedback, both internally and externally, and market demand shows that selling these packages as subscription brings most valuable. It is sold as a minimum one-year contract, but optional you can purchase up to five years at a time in order to receive discounts. There contracts are carefully written to ensure safety on both parties. When Vidcloud introduced these service packages, they were promoted as requested, whereby the key aspect is to highlight the potential value. It is believed by the Director of Support that the change has not resulted into any loss of customers associated with the implementation of these service packages.

One major issue with these packages is when large end-customers buy products from several different channel partners. This happened for Vidcloud when one large end customer wanted to purchase a very large order, but there is no partner that could supply such a large quantity. The end-customer then bought from five different partners to reach the total quantity needed, but they only bought service from one of the partners. In the end, the result showed that they purchased services for around 20% of the total order, but they could use the purchased service for the entire order.

Phone support is available for each package but Care Basic and Care Plus require an active care ID number to receive appropriate support. If there is no active care ID, the customer will be redirected to a sales person. Vidcloud sees this as a sales opportunity to promote their service packages by phone. This helps Vidcloud to identify who they bought the product from, in order to form a suitable sales offer that shows great value.

There is a current advancement with Vidclouds service packages. The Care Plus package has the greatest potential at Vidcloud. They are currently developing a promotional campaign for this package to reach more customers, and to better visualize what the package offers, and highlight the added value it will provide for their customers. The Care Premium package has room for more potential, but there is not much focus on developing that package right now. Lastly, the Care Elite package is not pushed since it is a complex package to sell, but it is available for customers who needs it.

	Basic	Plus	Premium	Elite
Annual fee	Free	●	●	●
e-Learning	●	●	●	●
Chat support	●	●	●	●
Knowledge base	●	●	●	●
User forum	●	●	●	●
Access to Service Releases	●	●	●	●
Access to new device driver packs	●	●	●	●
Trade-in value on software products*	30%	100%	100%	100%
Access to new versions		●	○	○
Customer Dashboard		●	○	○
24/7 Technical support **			●	●
Case Management Tool			●	●
Localized support available in select markets			●	●
Prioritized handling			●	●
Committed response times			●	●
Committed resolution times				●
Technical account manager				●
Known issues list				●

Figure 21: Vidclouds service packages (Adapted from Vidcloud)

4.3.3 Study visit at Guardstar

For the purpose of providing a deeper understanding of Camsky, a study-visit was made to one of their key partners. Due to confidentiality, the key partner will be named Guardstar in this case study. The visited company in this case is a premium global security service company that sell guarding and surveillance services through combined channels, such as technical surveillance security, monitoring, and mobile patrolling. The technical products they sell as services are often Camsky products. The following information were gathered during a meeting with two Guardstar employees who worked with Strategic Global Sales for end customers, and Senior Business Development Manager, respectively.

Guardstar barely sells any products, they are selling services. It is therefore a great cooperation between the two companies, they work closely together when meeting the end customer were they discuss cameras on Camsky behalf, and services on Guardstar behalf. As the cost for employing people as guards increased, Guardstar needed to make an organizational change in order to continue its profitability. The new strategy involved a technical movement to replace much of the labour with more inexpensive technical solution and the need for products such as Camsky increased. This change received great resistance since the employees of Guardstar thought they would be replaced by technical solution entirely. Much work is needed from Guardstar upper management to ensure the safety of the people's employment and decrease the camera threat. A hostility for technical solution is still something that they are trying to wash away even today. However, they are still employing as many security guards today as they did before the technical solutions entered. It is this combination of guards and technical solutions that makes them attractive for many markets.

The primary difference between the two companies is that Camsky is further away from its end customers, there is no direct relation nor money flow between Camsky and its end customers. Camsky dilemma is that they cannot choose who the end customer will be. The movement from selling only products to sell products and services might enable Camsky to interact more with its end customer. As of now, it is Guardstar that brings end customers to Camsky.

Guardstar growth has not been generic, they often make acquisitions. The former acquisitions consisted of security guard firms, whereas they now acquire technical firms instead. The two latest firms they purchased works as system integrators, meaning they now own business that installs the services they are providing. When they are entering a new market, mostly common in Asia, they are acquiring local security guard firms to establish a strong hold of the new market. However, these markets are not necessarily well suited for expensive camera products since the local labour is so inexpensive. The markets for Camsky products is therefore more suited where the local labour costs are high.

Guardstar sell their service packages with thoroughly SLAs, preferably long-term contracts. They start by having a customer meeting to specifically decide what kind of package suits the customers' needs. The physical technology consists of Camsky products while Guardstar provides the responsibility of security. Guardstar creates simple offerings by providing an easy read list of what function they can sell, but they don't disclose how. They want to sell guarding; hence, they don't tell the customer their specifics of used softwares, settings, and configurations. The customer clarifies what is needed, and Guardstar solves their request behind closed doors. This is done to ease on the customers options and reduce confusion. Guardstar are not given any discounts to its customers, if anything, they will expand the service offering instead. In addition, Guardstar values Camsky global position since they themselves wants to have the ability of delivering the same product worldwide. Another potential Guardstar has identified, is the large amount of data they are collecting. If it can be utilized with big data solutions, there are many potential services to sell to customers.

5 ANALYSIS

The triangle model will provide a fundamental structure for this chapter, and in accordance to the cornerstones of the triangle model, the analysis has been divided into three areas, namely the themes of Servitization, Marketing Strategy, and Pricing of Services. Each of the three themes will analyse its own research question respectively, whereas, the remaining supporting subthemes from the triangle model will be analysed throughout the whole chapter.

5.1 THE CHANGE TOWARDS A SERVITIZATION OF AN ORGANISATION

The development of services is a capital-intensive investment (Lee et al., 2016), but since Camsky have much of the services ready, and even capacity to grow it, they are in a great position to pursue towards servitization. Analysis shows that the industries of today are moving towards a world market characterized by services. Some partners who are in business with traditional companies are aware of the change in market trends, but they are dependent on their end customers and sometimes wait for a consensus to change together with them. It is not enough to convince the partners about the importance of servitization, they also need to convince their customers that servitization is the coming solution.

Since servitization is a transformation process, it is important to discuss the subject to any participant involved (Erwin and Garman, 2010). Camsky has already started their implementation of servitization by investing in research and development. Camsky motto is to stay with the customer all the way, it is therefore critical to be responsive of every partners input. Many surveys and studies has been made on Camsky partners, and they constantly work with new projects to gain greater performance and stay ahead of competition. Vandermerwe and Rada (1988) state that servitization is particularly common in markets were the companies are prone to be customer demand driven, and Camsky shows great prominent in changing according to customers feedback. Since the gathered information about partners cannot be accounted for all of them, Camsky might need to make further partner investigation to minimize the risk of making wrongful decisions that could be unfavourable for partners. In addition, it can also be useful to have the mentality and ability of reverting the new service implementation and/or adjust them if reception is negative by Camsky partners.

It is assumed that each level in Camsky business model might have time differences regarding how long it will take for them to implement the concept of servitization. Camsky is part of the yearly growing wave of companies that adapts to servitization. Since Lee et al. (2016) clearly state that the servitization concept enhances company's performance, it is likely to ensure a competitive advantage if implemented. Customer demand is constantly changing, and if demand can be meet, it will give competitive advantage. Servitization is mostly driven by financial incentives, and Camsky view servitization as an opportunity for another revenue stream. Since Camsky support has been offered for free, there has not been any cost calculation on their service offerings. It is therefore unknown how much each service channel cost, and how

much each service cost. An internal knowledge for how much each service costs at Camsky would provide useful information for how these service offerings can be developed.

5.1.1 Customer satisfaction

There is a global growth in customer centric awareness (Atos, 2015), meaning many companies are compelled to adapt to its customer requests, the difference with Camsky is that their partner and customers are already very satisfied. It is therefore essential that the partners, in this case, is presented with an offer were great value for their own business can be seen. If Camsky can provide unique service offerings, they will benefit from competitive advantage since it is proven to be difficult for competition to imitate service offerings (Atos, 2015). In Camsky situation, they already have an extensive service department that fulfils their customers demand, and in contrast to Perona et al. (2017) suggestion about introducing new service offerings to ensure a steady organizational change, Camsky needs to carefully execute their servitization process to minimize the negative effects and prolong the customers satisfaction. In addition, since it is a transformation process, it is crucial for Camsky to let new service offerings evolve around continuing changes. It is important to also reward the participants, in this case the partners, to ensure customer satisfaction. As Waddell and Sohal (1998) suggest, resistance does not always need to be fought of, one can actually benefit from it by welcoming it. Camsky should therefore not neglect the partner resistance entirely since some questions from partners might raise awareness in areas that Camsky forgot. It could therefore provide Camsky with a more proactive transformation towards introducing new service offerings. It is known that a close relationship with end customer provides essential information. These service offerings are therefore an opportunity to take advantage of the end users. The gap between Camsky and the end customer can therefore be shortened, in order to create an overall increase in Camsky customers, both partners and end customers.

5.1.2 Services

A lock-in-effect means that there is a great opportunity for companies to increase profit margin by developing, selling, and delivering extended services right next to the product itself (Atos, 2015). Since servitization can develop a service that is interlinked with a product offering, Camsky can utilize this framework. One example is that Camsky currently develops a cloud-based service together with one of its key partners. Since many of the partners express interest and willingness to pay for such services, Camsky can further explore the possibilities of its cloud service. By making it as desirable as possible, and exclusively for Camsky products, it can contribute to the lock-in-effect, which further strengthening the partners relationship through dependency and add an additional revenue channel.

It is known that Camsky sales contact often acts as a TAM, it might be necessary to include the sales department in the servitization process. It might help Camsky to further understand the needs and values of their partners since it is important to create servitization strategies tailored to the environment it operates in. As Bustinza et al. (2015) clearly state, if customer satisfaction is a competitive advantage, it is essential

that services are to be developed by the firm's different business functions, hence, include the sales department. Each business function can still work as a team operation and be aware to not obliterate any department.

Critic against Camsky has been given towards the lack of communication and information sharing. A common belief for this issue is the extensive after sales support given by Camsky sales managers to partners on technical issues. In other words, sales managers use their capacity to support technical issues rather than promoting and communication products as well as new technologies, features, updates, and future developments.

5.1.3 Camsky Partners

Besides overviewing the services that Camsky would like to offer, one might also consider the differences among the partners. Besides language barriers, there is no particular regional difference that could be found among them, but the size of the partner plays an important role. Enterprises are more project driven with volatile sales, while S/M runs more even. Hence, there are incentives to focus expensive project packages at Enterprises. Similar to Vidcloud, the expensive service alternatives are the ones that can be purchased as projects, which is more common for partner enterprises. Camsky, on the other hand, express an interest in developing services for the S/M companies since they see more potential. It is therefore more suitable for Camsky to promote and develop less expensive service offerings that is suitable for S/M companies. Since the technical service department of Camsky claims that there is no feasibility to sell a service on a yearly fee to an multi regional partner, and that services should be sold in packages for enterprises as projects, there are incentives for Camsky to develop services as projects for enterprise partners.

This observation leads to the assumption of carefully evaluate what S/M companies value versus what enterprises value. A service distinction between what S/M and enterprise requires is found, and it will help Camsky to categorize the most common services in accordance to the partner size, and from there, make them as valuable as possible for each partner. Camsky will not gain any value by offering services that do not provide value for the partner, any redundant service might therefore be excluded to make sure that Camsky resources are used to create value, gain competitive advantage, or make a profit. In the partner case study, it is found that small/medium companies are more likely to ask for competence related questions, whereas enterprises are more likely to need help for solving issues that competence cannot products that are broken, i.e. RMA services.

This might be the result of the different level of technical competence at S/M and enterprise partners. S/M have a smaller staff and might not have the resources to employee a large technical department, whereas enterprises are likely to have more resources in each department. The point is that the services required from an enterprise are possibly more expensive than the services for a S/M partner. During the transformation of servitization, one need to consider the functional departments at Camsky when the services are being designed.

An enterprise key partner to Camsky demonstrated a great example for a successful relation between Camsky and a partner. The strong and trustworthy relationship has been developed for many years, and a fundamental investigation for key factors that makes it so successful can provide Camsky with great knowledge needed to establish future relationship with potential partners. If the current relationship is studied documented, it can act as a practice or framework between Camsky and other partners. Although, it requires much resources to maintain a relationship like this. It is therefore important to make a selection of important key partners, in order to provide a valuable base and to test and receive feedback for new service offerings. One outcome off working closely with a key partner resulted in a pilot for cloud services, and this service is not locked between the two parties. It is therefore a possibility to take the base of that pilot and apply a new Camsky service of its own. This is one of the possible outcomes that could generate from a close partner relationship, and in this case, it turned out to be a great result. In summary, the objective of a process like this is to ensure and sustain an organizational climate that obtains customer satisfaction, so the company stays profitable in the long run.

5.1.4 Service Development

It is suggested to bundle services together to establish greater dependency (Johnson and Mena, 2008). The idea of bundle services also establishes more simplicity. A customized solution might provide partners with more accurate services suited to their needs, but since Camsky works on such global scale, it seems highly unfeasible to let the partners customize their own bundle of services. Vandermerwe and Rada (1988), and Vidcloud suggest that there is a greater advantage by combining services in packages. The important thing for Camsky will be to know what services to include in what package. Since most services has been identified as essential, many partners states that they would leave if Camsky would start to charge for them. There is, however, a minor consensus on what services Camsky could charge for. Each partner states that they are willing to pay for some services, and there is a minor difference between S/M partners, and enterprise partners. When evaluating Camsky service offerings, and how to make them as acceptable as possible, one can consider the many services Camsky offers, the variety or partners, and the partners characteristics and preference. Therefore, it seems suitable to offer an array of service packages, where one package will be free of charge and contain the most basic and necessary services.

Camsky will not fall victim of the financial aspect of the service paradox, since they have the service support well developed. Camsky even have some capacity over for additional services, such as TAM and SLA. The service paradox is often revolved around the financial aspect, but there are also other aspects to consider, such as loss of value (Green and Davies, 2015). Some partner expresses a negative response when asked about payment for services, and since it is now free, there are no limitations for what type of service the partner can receive. Vidcloud solved the limitation of support by applying three levels of service. If a customer asks for a certain type of service that is not part of their problem level, they will be redirected to the sales team to either purchase the service or a service package for that problem level. Since Camsky has great pride for their high rate of customer satisfaction, it is important that their

resources instead are be utilized to develop a well-received service offer that still reflects Camsky core values and prevail its customer satisfaction. It is therefore not suitable to implement problem levels, where partners are inquired to purchase answers to a problem coming from Camsky products.

There are many partners who do not know which partner level they are part of, due to this, they are unaware of which services or benefits that is included in the level. It is therefore necessary for Camsky to market their partner levels program to assure that the partners are aware of what services they can receive in order to know what potential value they can gain. Furthermore, there are some criticism from Camsky regarding the current loyalty and discount programs that they offer to partners for products and solutions. The structure is said to be intransparent and benefits are confusing. A business coordination manager gave the example that different existing discount models work counterproductive to the current loyalty program. Individual one-time discounts can be given when partners put large orders for projects. This means that some lower level loyalty partners can receive more discounts than partners with a higher loyalty level. When implementing service offerings at Camsky, a clear and transparent program is needed. To make the loyalty program more valuable for the partners, Camsky can reward the partners depending on their sales performance, and on their educational level. A suitable reward could be a reduction in service price. How much worth of Camsky products and/or how many cameras one partner sell defines their sales number, and their educational level depends on how much training they have completed at Camsky academy platform. As Tuttle (2013) state, if implemented successfully, it can provide a positive and long-term relationship with great value for both Camsky and their partners. This can help to overcome resistance and disinterest that partners have expressed towards paying for services. Tuttle (2013) discuss the negative aspects of loyalty programs, therefore, Camsky needs to be careful during the transformation process in order to not create a counterproductive and unfair environment for individual partner needs. If anything, it might be an incentive for partners to share more information if they feel special and understand that they are likely to receive better and more accurate support.

5.2   MATCHING MARKET REQUIREMENTS WITH THE MARKETING STRATEGY

This project is part of a long-term strategy of servitization and aims to strengthen market advantage and diversification through expanding their core offerings with added service offerings. The assessed technical service departments from the case study of this report helps to build a fundamental ground in order to test the perception of services by Camsky partners.

Eldh et al. (2015) describe the 4P method for analysing market requirements to build a feasible marketing strategy for a company. The company's core products are of physical nature and related to video network surveillance. All offered products are clearly defined in a marketing strategy that identifies all components. Technical services can be seen as an augmented offer that adds value and competitive advantage to the core product. Table 14 will provide an overview of all P's for the augmented offer of technical services and afterwards a detailed analysis of each component will

be given. As Eldh et al. (2015) state, finding the right combination of all possible options is the key and an suggestion will be presented in the Conclusion & Recommendation section 6.

Table 14: Marketing Mix for Camsky technical services

Product	Technical service offerings to compliment its core products
Place	Distribution channels available for technical services (Ticket, Phone, Chat, Self-help, …)
Promotion	Business model to distribute technical services
Price	Willingness to pay for service offerings

5.2.1 Product

As described by Rapaccini (2015) and Anderson and Narus (1994) technical services build an intangible and augmented offer to the core products of Camsky. The offer consists of a variety of different services that add value for partners and end-customers, including time, quality, and cost benefits. The points below are different services with the connected values according to the marketing mix by Eldh et al. (2015).

RMA. The value of offering a fast and effortless RMA service is requested by many partners. Some partners already benefit from advanced shipping for replacement products and appreciate the time and cost benefits they gain form that offer. Automating and simplifying the process further would require a certain level of trust and might not be suitable for all partners. Therefore, a long lasting and stable relationship between parties is necessary. Alternatively, contracts and monetary deposits could act as additional security to prevent misuse was suggested by Vidcould and interviewed partners. As product returns are inconvenient for partners, and rather costly for Camsky, it is beneficial for either party to prevent RMA's. Tools such as active health monitoring, education, and transparent information flow may be useful.

Warranty. This service is regulated differently between countries. Long warranty periods can be seen as a sign for quality products that can build trust between parties. Camsky offers a base product warranty of three years and gives the option to purchase an extension of this offer to a total of five years. Many partners acknowledged this service but only two out of the partners frequently purchased extended warranty. Making the process more flexible and transparent as requested by partners has the potential to increase the willingness to purchase. Enabling a purchase period as well as provide a time of notice for the warranty expiration date are some empirical examples identified. Since trust and long-lasting relationships are of high value, an alternative option for Camsky is to include extended warranty for some higher loyalty

partners. The three-year basic warranty could remain for lower loyalty partners, while providing them with the option of purchasing extended warranty.

TAM. This service offer creates a personal relation and a deep knowledge base regarding individual accounts. It provides value that requires much resources from Camsky, the service of TAM is more valuable for larger enterprise partners that are in frequent need of technical support rather than for small/medium partners. An analysis and classification of incoming support needs from partners enables Camsky to identify which target groups would value this offer. Alternatively, to a TAM, there is the value of having access to specific experts with specialized knowledge in different areas. Regardless of the two described ideas, such responsibility cannot lie within a regional sales manager duty since the service is identified in the case study to be valuable and resource consuming. Therefore, a TAM could form a separate service offer available for partners.

Troubleshooting. This is a service currently conducted through all four support channels; phone, ticket, chat, and the self-help platforms. This has been identified by both Camsky and its partners as a competitive advantage and is a justification for the premium price products. Here, a classification in the support level can be managed, where not only the difficulty of the issue is assessed, but also the given support can be limited according to the specific partnership level. Stated by Levasseur (2001), a company should be careful to change existing offers, to not risk its competitive advantage. Especially current free offers need to be carefully reconsidered and cannot be changed too drastically. Adding a limitation to the free services could be one option. Trouble shooting provides great value for partners, and the two common reasons for demanding it are; a lack of knowledge for problem solving, or lack of time.

> **Remote scheduled troubleshooting.** (Camsky quick-start). Partners have the opportunity to get live Camsky support with configuration, set-up, or other network issues. Knowledge as well as time savings are the biggest values through this service. Generally, a lack of interest from enterprise partners could derive from the fact that larger organizations have the knowledge needed, meaning they don't need assistance with remote scheduled troubleshooting. Additionally, a limitation from some end-customers due to cyber security concerns is found to be an obstacle. Therefore, this service is more favourable for partners of small and medium size that address less sensitive end-customer segments.

> **On-site scheduled troubleshooting.** Similar to remote scheduled troubleshooting, the interviews identified a lacking interest in this offer. A general consensus of the value is recognized by partners, but it is not feasible due to an association of high cost. In turn, this resulted in almost no interest in this service offer. Feasibility from Camsky resources is also questionable.

Cloud services. This service value is recognized by many partners and the industry trend with digitalization points in the same direction (Wen & Zhou, 2016). Offers can be built on both storing large amount of data in a remote cloud as well as analysing data and controlling complete systems remotely. Partners of complex solutions and systems will have the opportunity to benefit on time, and therefore save money. Long-term subscriptions can be beneficial for Camsky if partners are satisfied with the delivered quality of the service and Atos (2015) lock-in effect is established. Hereby, regulations and cyber-security aspects are hinders for some segments.

Repair reports. As identified, such repair reports assist a partner for self-education, proactively preventing future issues, justifying additional cost to customers, and/or are used for insurance purposes. Values here are differently depending on its usage and range from time- and cost savings to quality improvements. A reasonable number of partners are interested in such statements, although the willingness to pay for such service is almost non-existent.

SLA. Service level agreements are a valid form to define which service offerings that are included as well as excluded. Commonly, response time and/or solution time for different service offerings are part of an SLA contract. Depending on what is written in the contract, the level of service is decided upon, and the cost varies accordingly. This would allow Camsky to manage and plan resources more efficiently. It would allow the service providing company to refuse requests, but on the other hand it would also bind the company to fulfil the inclusions of the written agreements. However, moving best promise service delivery to an SLA can work counterproductive towards quality of delivered services. When contracts would bind Camsky to deliver certain services to partners then such pressure could have negative effects on quality. Here, especially time promises are seen to have such effects.

Software updates & Firmware upgrades. Continuous improvement and adaptation are key for both Camsky and its partners. From Camsky perspective, large amount of resources are required for software updates and firmware upgrades. Partners expect functioning products and systems where software updates and firmware updates are a necessity. The empirical data shows acknowledgement towards the importance of such service offer. Functionality of products sold is a basic need, not only through a product life-time, but also under the warranty life-time that a partner receives. This needs to be carefully assured by the Camsky. Updates, such as increase functionality and features are subject named by partners to build extended, premium offers. Such offers need to meet the company's quality requirements in order to give the opportunity to generate extra revenue and satisfy the partner.

Communication & Information sharing. Not only is communication key in change management, but it is also an important service factor when sharing new information to potential buyers (Turunen and Toivonen, 2011). This is a basic service, and it is likely to create interest and awareness. Not only the will Camsky profit from transparent information communication in greater sales, but also the partner will benefit by gaining valuable knowledge of opportunities and possibilities for how to

improve and potentially expand current systems and processes. Time, quality, and cost are factors that can be enhanced through this intangible offering.

All intangible product ideas in the marketing mix have to be assessed to match with partner's needs. A few offerings are found to have very little value and close monitoring should arise future consideration of removal. Such offers included the service channel forum, where partners saw little value. Secondly, although the new service idea regarding on-site troubleshooting proved to have the least identified value. Demand in on-site troubleshooting is perceived as sceptical due to associated cost. Hence, further development should consider the financial factor carefully. Lastly, the product section in the marketing mix needs to be managed adequately and continuously improve the resource management for both existing and for new offerings. Resource management at Camsky addresses both the framework, such as offered channels, and actual value-adding service offerings. For example, market differences between regions shows an increased popularity in phone support in the US where in Europe, more resources are placed into the Chat support.

5.2.2 Place

The current business model is built on B2B indirect distribution and its company policy has always been promised and strictly followed. Although, many identified distributors do not directly provide value adding service offerings, partner account management can still be considered. The current distribution system in the business model has the advantage of managing a large- and widespread-partner base. In the current distribution model, information, promotion, and delivery of service offerings could go directly from Camsky to the 2nd tier level partners. Thereby, appropriate communication and a high-quality level can be assured. Revenue flows however, could go via distributors and simplify the account management for Camsky. Distributors would receive a share of the revenue generated. Value-adding distributors could also be allowed to promote service offers and consequently receive a bigger revenue share.

In comparison to indirect distribution is direct distribution (Ross, 2015). Although the studied company has guaranteed all involved parties to be included, such promise can be interpreted to focus on product sales alone. Differentiation between products and service offerings were suggested during the benchmark study visit and it was stated that this might allow the company to change its business model and revenue share without disturbing involved parties. A new model would, according to Ross (2015), decrease the shared revenue and therefore increase the company's revenue. However, direct distribution of services is seen highly critical from Camsky because risks of losing important distributors needs to be eliminated. Otherwise, if service offers are made available at a cheaper cost, greater acceptance and interest from partners can be achieved. Transparent change management and justification for potential irritated partners become vital.

Whatever decision is made between direct or indirect distribution, risk should be assessed. There is one major risk associated to each option. First, if the current

business model is followed by the company then the opportunity of implementing changes to the model at a later stage decrease. Therefore, trial periods need to be planned appropriately from the very beginning. Second, if the current model is changed to a direct distribution the risk of dissatisfaction increases which might create threats to existing processes where the company could lose valuable distributors and partners. The aim is to evaluate both risks and select the most appropriate option to create accessible service offerings.

5.2.3 Promotion

Current promotion of services differentiates according to the level of the loyalty partner program, where the higher the level the more benefits and services a partner receives. In a similar way, new service offerings can be promoted. If, as analysed in section 5.2.5 FMO, the offers are formed into packages were the same principle is applicable. In other words, the higher loyalty program a partner is registered in, the more revenue that partner generates, the cheaper a service package can be offered. The objectives of such services need to visualize the benefits for the partner and show what value gain there is to achieve with each package.

Services ought to be promoted directly from Camsky to the partners or via distributors. One benefit for the company is its brand recognition, which stands for quality and reliability. This, along with long relationships, enables trust in what the company offers, which increases the opportunity for new service offerings to succeed. The chosen business and revenue model to promote services are important. Advertisement and PR strategies will help for a transparent and clear change when introducing new offers, either for flexible service packages or free-standing service offers. Developing only the latter is considered to be less effective. In other words, packaged offerings are seen to be easy to understand for partners and values are more transparently promotable. Camsky academy is also a channel that has been identified which can enable service promotion.

5.2.4 Price

The price will depend on the offered service and how much value is included in specific services. Each offer might be perceived with different value by different partners. Further, the demand for technical services is fluctuating between partners on a high scale. This requires the company to create a certain amount of flexibility in service offerings to justify the cost for partners with received value.

A differentiation between S/M and E business is identified, where the smaller the partner, the more fundamental the service needs. This will have an effect on the value perception according to the partner size. Prices for services needs to take this variable into consideration.

Lastly, loyalty and the level of knowledge are factors that can be reflected upon, to set base conditions for discount of offerings. This means that not only the value determines the price for a service offered, but also loyalty, education, and revenue.

5.2.5 FMO

Two main offers are mentioned by Anderson and Narus (1994), and are aimed to be constructed in this chapter, the basic solution and the wrapped solution. Identified services from the empirical chapter are analysed in the marketing mix and will now be formed into packaged service offerings.

The first offer, the basic solution, is a basic and standard package that matches with a large majority of partner needs from various segments. It is identified that the current technical service offer is seen as such basic solution. Nonetheless, many partners have acknowledged that Camsky technical service support requires many resources, and many partners understands that there should be a support limitation. The definition state that this offer includes the bare minimum offer to fit all, in other words, as little as possible. Here, one can consider the company background and its position in the market. Since free support is one of company's competitive advantage, a freemium model for the basic solution can be of relevance, it will provide the customers, who do not want to pay for support, with a great service free of charge. For those who wish to purchase extended services, there will be an option for that. Due to the importance, included services can be carefully evaluated and perhaps extend the bare minimum that is necessary to keep the companies' market position.

Secondly, the wrapped solution is made available to all partners that find value and need. It can assure a high-quality standard to strengthen competitive advantage for the core product. While analysing the empirical data, it shows that the company needs to develop current service offerings to stay competitive in the market. At the same time, it can develop services that increase partner value in a way that the partner is willing to pay for the offerings. This can both be offered in packages as well as one-time payable services. According to Anderson and Narus (1994), a combination of both will help to offer the wrapped solution to be valuable for different partner needs.

Both the basic as well as the wrapped solution, stated by Anderson and Narus (1994), need to be adapted to the companies need and are taken into consideration of various aspects. Figure 20 visualises aspects for FMO solutions for service offerings at Camsky. The basic solution will later be called "Standard" and includes points identified that are required by all partners. The wrapped solution will later be called "Premium" and includes points that reflect value for some but not all partners. The following three paragraphs will then elaborate service offer variables, service offer support channels, as well as the services itself.
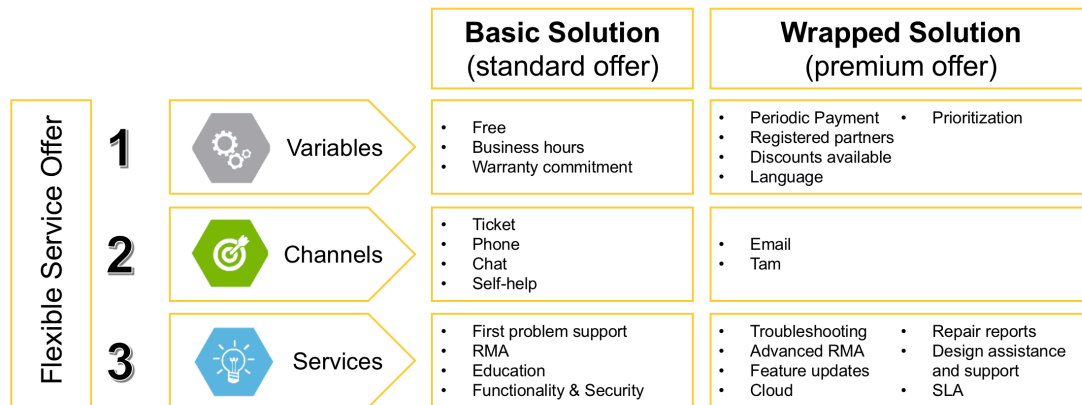
Figure 22: *Aspects to consider for FMO solutions for service offerings at Camsky*

Variables. Variables are defined as a framework around the offer, including value aims and pricing strategy (Anderson and Narus, 1994). Variables also determine the company's capacity that assures the delivered quality. Access limitations can be implemented to control the number of partners that are able to acquire certain offerings. Then it can be established how the service offer is sold. It needs to be decided whether or not an offer is directed to a partner as a whole, or if such offer is based on a specific project. Hereby, the partner size as well as the service offer are used to decide on feasibility. Further, the price for each partner is established according to requirements such as loyalty, generated revenue, and number of certified employees, as well as the knowledge level and education.

Channels. Available channels are platforms by which a partner can get in contact with the company to receive required assistance and technical service support for various issues. Apart from the currently available channels, a need for email is established. A TAM could also be classified as a support channel since it's a direct contact for partners if support is needed. Limitation between different service offerings are useful to differentiate between the delivered value. Wide availability and a large variety of offered channels build a good and lasting relationship between parties. Availability, priority, and language are settings that can be used to limit offers.

Services. The final and most important aspect is the service offer itself. This defines the actual value gain that is included on delivery. This is an important factor that is part of the willingness to pay decision. As mentioned previously, not all services can be sold, some needs to remain free of charge to justify the premium core product price. Both packages and one-time payment offerings can be build. A combination of both will simplify offers to the partner but assure a maximum flexibility to match diverse partner needs.

5.3 PRICING OF TECHNICAL SERVICES OFFERINGS

After having identified service offerings, the value for each is identified and measured. Further, offers are created in form of packages, namely the basic and wrapped solution. Now a strategic assessment of both is examined. It is important to create strategic value. Since technical service support is an augmented offer, the right packaging is important to lastly determine an appropriate pricing strategy.

Freemium. Delivering free services has been one of the most important requirements for justifying premium core product prices in this report. In other words, value in standard offerings is seen as high, but it is critical for the standard offer to be developed as a freemium package (Bahl, 2013). This aligns with the Camsky values to stay with the customer all the way when selling its core product offerings. This consideration mitigates the risk to lose competitive advantage and keep the current market position. Since delivered services require company resources, a fair limitation of free offerings is intended for the standard, basic offer. Hereby, all current contact channels would remain free but can be limited in use. Limitation examples build on the base of Bahl (2013), are as follows:

- Feature based where customers have limits in features that can be classified in support intensity. Specialists could be excluded in the standard package. Another feature could be implemented in the partner log-in page, where various differentiation can be added. Additionally, education is a service that can be seen as a win-win situation for both parties, however higher levels can also be limited to fee paying partners.

- Time limits can be applied to the phone channel, where depending on the loyalty level, partners receive a certain amount of free time to receive first assistance via phone or chat.

- Capacity limits can be set according to the partners size or project size. This correlates with time limitations that would already set appropriate limits. However, the empirical data show that the stronger the perceived relationship between partner and Camsky, the less capacity limits will be accepted. Partners believe that the service level should increase according to the partner/project size.

- Use case limitation can be applied to identify specific segments that should receive free services. Here, a limit could be applied with registered partners only. However, this might conflict with the company's policy to stay with the customer all the way.

Since free technical support services needs to be offered, it can be considered as a target pricing model described by Essegaier et al., (2002). Although the service is identified to remains free for the partner, the company needs to assess what value is required by the customer in order to decide upon the content of the standard freemium

package. Thereby, the delivered customer value is high, but the studied company does not receive any direct revenue. Revenue flows can be seen as indirect through the core product that is sold in combination with the service package.
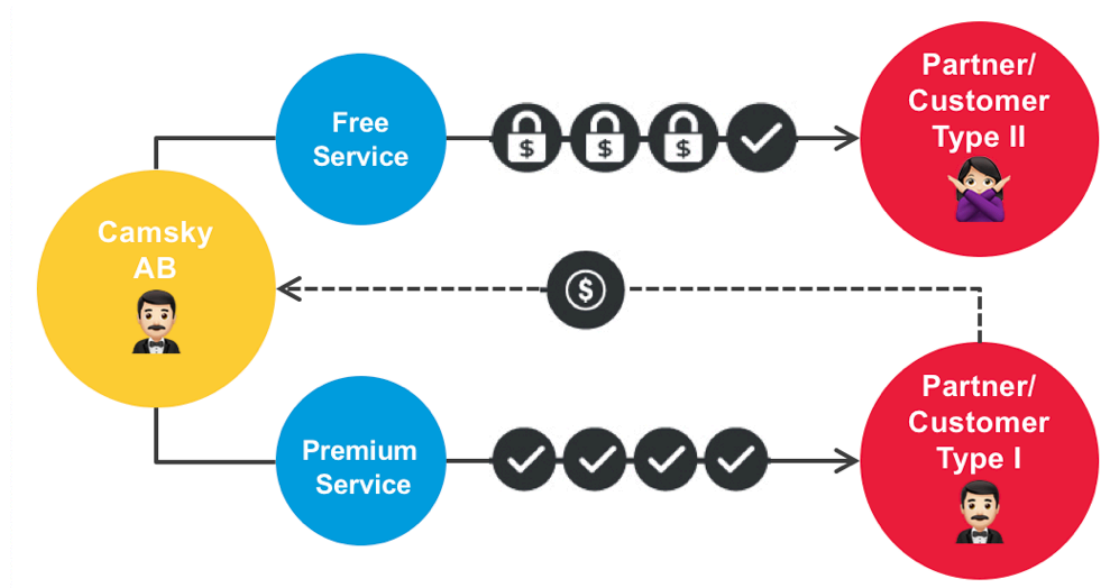

Figure 23: *The freemium model*

Figure 21 visualises the model from Bahl (2013) applied to Camsky. The type two partner will only value free service offering where the type one partner purchases premium offered services. The aim for a company is to transform type two partners to paying type one partners. Apart from time and competence, education and remote troubleshooting were identified by partners to have the biggest value that would increase Camsky's value offer to change type two partners to type paying type one partners.

Subscription. Additional to the freemium offer, subscription offers give partners the possibility to purchase extended services to increase value. Subscription service offers consist of all support that is not included in the standard offer and are packages that are built according to the most requested services. Most importantly, these extended offers are available to purchase for partners. Building different, but few packages give simplicity and flexibility to the Camsky's partners. Similar to the standard package this package can also be personalized through add-ons. Lock-in periods for offers are usually a minimum of one year with the option to receive discounts when longer periods are purchased. Payment for such subscriptions are described by Bahl (2013), to be offered flexible, in periods ranging from monthly, quarterly, and yearly options. Offering flexibility was stated by Bahl (2013) and confirmed by interviewed partners to increases the partners willingness to pay. Figure 22 visualizes the connection between Camsky and the partner in a subscription model. Depending on the chosen revenue model, the Distributor can be integrated, with a revenue share from the periodic payments between the partner/customer and Camsky.
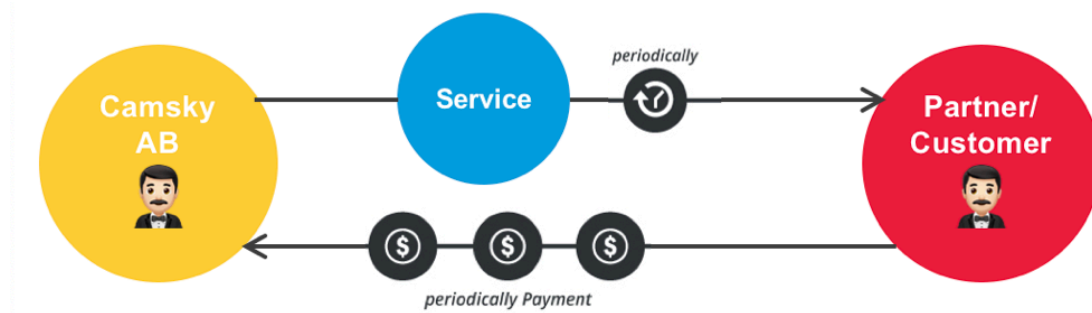
Figure 24: *The subscription model*

While this offer consists of both existing services that have been limited in its free availability as well as new service offerings, three different pricing strategies are most suitable. According to Rapaccini (2015) and Lind (2017) such are penetration, skimming, and cost-based pricing. Purchasable subscriptions are usually built into two-three different packages with different target groups. Penetration pricing is one option for lower level packages, where a low price attracts many potential buyers (Lind, 2017). The risk for partners might decrease, and willingness to pay increases. Since current offerings are mostly available without charge, penetration strategies also mitigate the risk of misperception and resistance. The empirical data have shown that most, but not all partners, understand the servitization development and are willing to pay for valuable service offerings. Moreover, there are higher level packaged services that require a different pricing strategy. The skimming strategy sets a high price for this package to closely control the demand and efficiently manage the resources available (Lind, 2017). Only partners with high demand are addressed and appropriate revenue gains ensure the feasibility to offer such services. A cost-based strategy where the profit gain is set high, can also be used and will have similar effects (Rapaccini, 2015).

Consumption. The freemium package is aiming to fit all, however, some segments will require extra services that will not be included in this package. Flexible one-time purchase offers will add precise value to those that do not need a subscription plan due to little support demand or other reasons. Add-ons can also be valuable for service offerings that the partner first wants to test before subscribing to a long-term plan. According to Bahl (2013) the service provider can also benefit from one-time add-ons. For example, when testing demand for new service offerings. The price is flexible and can be adjusted according to the loyalty level of the partner. Incentives in form of discounts can help the company offering services to manage demand. One-time offers might not be feasible for all identified services, but services could include advanced RMA, on-site troubleshooting, cloud storage for a certain period, project design assistance, and extended warranty. When volume sale discounts are added, simplicity and transparency will decrease as stated by Anderson and Narus (1994). Figure 23 visualizes the connection between Camsky and the partner in a consumption model where partners/customers can freely choose from a list of service offerings made available from Camsky. Here, the Distributor can also be integrated, with a revenue share from the one-off payments between the partner/customer and Camsky.
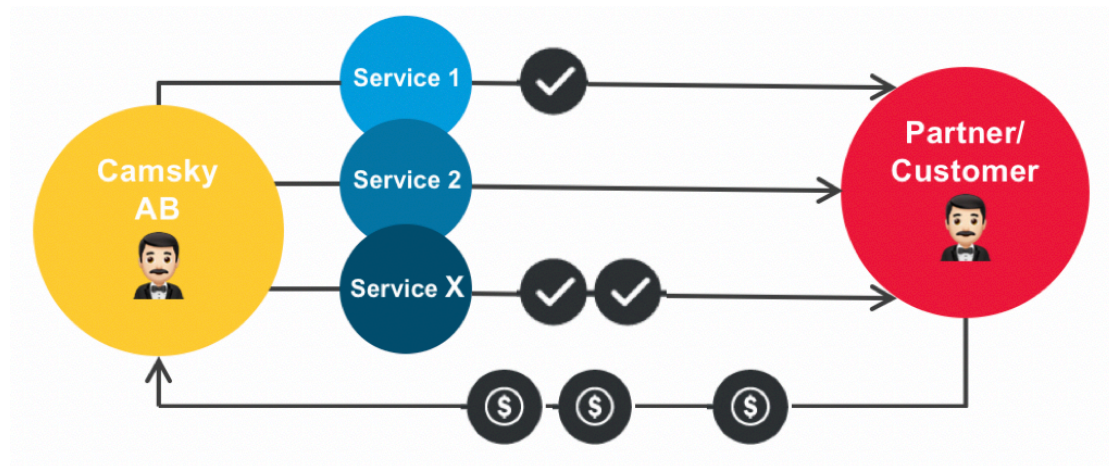
Figure 25: *The consumption model*

Pricing strategies for one-time service offerings can follow a traditional, cost-based model according to Rapaccini (2015). Each service can closely be assessed and the total cost, including all resources, plus a reasonable profit margin will set the price for each service offer. Thereafter, certain one-time service offerings can benefit from value-based pricing to increase and better control its demand (Rapaccini, 2015). This strategy is particularly valuable for labour intense offerings such as on-site troubleshooting and project design assistance. Further is to mention, that advanced RMA for high loyalty partners, are identified by partners to have value that creates competitive advantage for loyal partners. Camsky should consider advanced RMA to remain free of charge when partners with higher loyalty decide to stay with the standard freemium package. On the other hand, advanced RMA is a service that could be considered a main driver for partners to purchase advanced packages. Trials can be considered with both options.

6 CONCLUSIONS & RECOMMENDATIONS

This chapter provides conclusions and recommendations. Conclusions relate to the aim of the study and the research questions. Recommendations for Camsky enable guidance for how to take existing and new services to the market, with consideration of mitigating the risk of losing competitive advantage.

6.1 THE NEXT STEP FOR CAMSKY: TAKING NEW AND EXISTING SERVICES TO THE MARKET

Camsky already has a well-developed technical service department which creates a unique market situation. Previous research of servitization commonly focus on pure product centric companies with no prior extensive knowledge about services but ambitions of introducing services as another revenue stream. As for Camsky, they have already several service offerings available. Therefore, this study considers how these current services can be developed to create a willingness to pay for them among Camsky partners. Besides repackaging of the current services, new services must be added in order to provide such incentives for Camsky's partners. A service package offer is thus developed for Camsky that enables taking new and existing services to the market and generate income in relation to servitization.

The study focuses on 2nd tier partners, whereas distributors have not been investigated. The analysis shows that the distributors are not well suited for selling service since they will not add any value. However, one must still evaluate the distributors impact, although services are not something they will handle, as to get an overall understanding of the market situation for Camsky. Camsky must make sure that they have the capacity for operation of the service packages. The distributors enable Camsky to reach a vast market as it requires great resources to handle 90,000 partners. Therefore, it is crucial for Camsky to assign resources to handle the extra work of providing service packages to its many partners.

Packaged offerings have the great advantage of making offerings simple and transparent. Add-ons and one-time purchase offerings create flexibility. Both options are suitable for Camsky to address as many 2nd tier partners as possible. Through the freemium model Camsky protects its competitive position in the market and partners with little service need can benefit from one-time purchase add-ons. Partners with high service needs have the possibility to purchase packaged premium service offerings. Differentiation between the various locations is not seen as essential, although not all regions of Camsky are included in this study and offers might need to be differentiated. The following package suggestions are aimed to be provide guidance for Camsky to introduce various packages to the market and provide an overview and transparency for Camsky partners. Risk mitigation is the strongest argument for the freemium model, where the two premium service packages are designed to deliver extended service value for partners. Table 15 below illustrates the suggestions and recommendations for Camsky regarding service packages.

Table 15: *Service package recommendation*

Package	Standard	Premium	Premium+
Value Aim	Reactive	Proactive	Analytical
Focus	Offer most basic needs	Most sales focus	Keep exclusive
Access	All registered partners	All registered partners	Upon decision together with Axis
Purchase		Partner based	Partner based or Project based
Price	Free	Depends on: - Partner loyalty program, - Generated revenue, - Education level	Depends on: - Partner loyalty program, - Generated revenue, - Education level, - Axis capacity
Payment	One-time payment for add-ons	Monthly, quarterly, annually subscription	Monthly, quarterly, annually subscription
Commitment	Warranty period	1-5 years (increasing discount)	1-5 years (increasing discount)
Pricing strategy	Target pricing	Penetration pricing	Cost-based (traditional) pricing, Skimming
Channels	Ticket	Ticket priority	Ticket priority extra
	Phone with limitations	Phone unlimited	Phone priority (special phone number)
	Chat	Chat priority	Expert chat
	Self-help	Self-help	Self-help
		Email	TAM & Email
Language	all offered if available	all offered if available	Local language prioritization
Service	First problem support and assistance	Full troubleshooting and assistance	Remote scheduled troubleshooting
	RMA (Advanced shipping for Gold Partners)	RMA with advanced shipping	RMA with automated process
	Academy basic	Academy expert	Academy expert (End-Customer education platform)
	Warranty (3 years)	Warranty (5 years)	Warranty (5 years)
	Firmware updates (Assure functionality & Cyber security)	Software updates (New features & functionality)	Software updates (New features & functionality)
	Automated account information	Automated account information	Automated account information
		Repair reports	Repair reports
		Committed response time	Committed solution time
		Active health monitoring	Active health monitoring
			Cloud services
			Design assistance
			Co-branding

Standard package

This service offering is free of charge and justifies a premium product price. The Standard package will continue to deliver value to Camsky's partners. In comparison to the company's current offer, the standard package will limit certain service offerings that Camsky offers for free today, but at the same time, keep the policy and stay with the customer all the way. The standard offer is built to be reactive, where Camsky offers support for partners with the most basic support needs. First-problem assistance and support via the current channels is suggested and helps the partners to find solutions. The value offered to the partners is Camsky competence when problems/issues occur. The difference in comparison to today's offer is that time limitations for the phone channel will apply (time per problem/issue). Hereby, time consuming and complex issues will be redirected into the ticket system. Partner problems will be solved when extra capacity is available, and no prioritization will be applied. When expert knowledge is needed outside the normal situation; a one-time purchase option will be made available to the partner. RMA and warranty are suggested to be kept on current standards. Education services are seen as a win-win situation where partners certify their knowledge and Camsky minimizes basic support with 'easy to solve problems'. Competence delivered in the standard package are suggested to be kept on a basic level. Lastly, the standard package contains software and firmware updates that assure functionality and cyber security for the products and solutions used by partners. However, new features and extended functionality should be for premium partners.

Premium package

The first service level extension is designed to deliver a proactive approach to partners' products and solutions. This Premium package offer is made available for purchase to deliver extended value to partners. Such value includes different service offerings that provide not only competence, but also time benefits through prioritization. In addition, peace of mind is achieved through an included five-year warranty period, as well as cost benefits through different proactive service offerings such as active health monitoring and end-customer training.

Extended value creation that extends the current offerings relate to certain features. For a large majority of partners, speed in combination with competence provide the highest value. An efficient priority system, in both the ticket and chat channel, as well as a possible SLA that guarantees a response time, is seen to create such value.

Additionally, a new email channel was identified to be of value for partners. For premium packages the email channel is to be implemented. Regardless of the level of difficulty to find a problem solution, a direct approach for each case is handled by the Camsky operator. Further, advanced shipping for RMA is integrated for all cases in this package. Camsky academy is activated to educate the partner on an advanced level and partners have the opportunity to offer online education tailored for end-customers and users. End-customer education by an online platform allows partners to save resources from their perspective. Add-on services that are not included in this package should be made available as a one-time purchase option to personalize partners' need. Lastly, this package is suggested to be offered as an annually binding

subscription with the option for partners to pay monthly, quarterly, or yearly. The price among partners should be based depending on three factors: the loyalty level, generated revenues, and the number and level of educated employees at the partner. A penetration price strategy, in other words a premium offering at a low price, is suggested to make this service offering as attractive as possible for partners and increase their willingness to pay for this package.

Premium+ package

The Premium+ package includes everything from the premium package. In addition to having an upgrade on each service, for example, extended priority and more expertise in channels, there are additional services offerings with the Premium+ package. Remote scheduled troubleshooting and TAM are considered valuable for partners. However, since they require great resources from Camsky, there must be some limitation of them. The greatest distinction will be that it is not up to the partner to purchase the Premium+ package, it must be agreed upon by Camsky. It is due to the vast amount of resources some of the services require and it would not be feasible to make every service available for all partners. The ability for a partner to purchase the Premium+ will be based on factors such as available capacity at Camsky, partners loyalty, and Camsky profitability of the partner. A stronger partner relationship provides a greater opportunity for Camsky to explore new ideas and develop pilots. Since trust will already be established, the risk will be mitigated. Gold partners expect free advanced shipping, but there is still constructive feedback for the process of RMA. The Premium+ package can include the new automatic RMA process to provide more value to the package. Future services, when ready in a large scale, are cloud solutions. There is great interest and willingness to pay for such service among the partners. However, as a Camsky product, cloud solutions must have the same quality as the rest of Camsky product portfolio to not devalue the brand image of Camsky towards partners and end customers.

One-time service offer add-ons

In addition to the previously mentioned service packages, there will be another alternative that can be added with all service packages. Table 16 contains a list of seven services that are seen as valuable add-ons for partners. All the services are described as one-time services and they are optional to any partner. Loyalty and other considerations should not affect the listed service offerings; however, discounts can be considered. The list is not absolute, each service should be evaluated by Camsky to make sure that it is a feasible service proposal, and the list must be evaluated continuously to make sure that it is suited for the partners demands.

Table 16: *One-time payment consumption service offerings recommendation*

One-time service add-ons
advanced RMA
On-site troubleshooting
Cloud storage (time limited, on-going)
Project design assistance
2 years extended warranty
Specialist help
Co-branding

6.2 A GO-TO-MARKET PLAN FOR A SERVITIZATION DEVELOPMENT: LEARNINGS FROM THE CAMSKY STUDY

This subsection is aiming to address the six research questions. Each question will be briefly answered. Table 15 is the concluded table that shows the recommended package offerings based on the findings.

(Servitization) *How a servitization change in a product focused company is taken to the market to increase customer value and business profit?*

To adjust current- and to develop new extended service offerings are crucial for a product focused company to create attractive service offerings that match market needs and increase customer value. Although this development will face resistance from partners, the study shows a need to increase value in current service offerings to keep the companies competitive advantage. In addition, many of the existing services should be packaged in a freemium offer that will keep the company's satisfied partners and offer purchasable extended services to them in need. Limitations in the free package will allow for efficient resource management without compromising on delivered competence and make purchasable premium packages more attractive. The lock-in-effect should be utilized to ensure long-term profit growth.

(Marketing Strategy) *How do the augmented offered services match with customer requirements with regard to market differences?*

The study shows which services a basic solution should include, and how additional service offerings will be packaged to provide value according to the FMO theory. In addition to the product section, promotion, place, and price have been taken into consideration. Market differences were found to limit some service offers. A company can manage them with the implementation of different service packages. Each package includes add-on options to adapt the offering to individual partners.

(Pricing for Services) *How can a company identify the right pricing strategy for services to keep its competitive advantage in its core products offerings?*

The study shows that the identification of competence is the biggest value required by all partners, and this has been developed into a freemium package. Such a package is similar to today's service offering but it includes certain limitations. Staying with the customer all the way is an important company value that was considered while building different service packages. A convincing percentage of partners are willing to pay for services as long as the right value is delivered. Further, a framework for how to determine a price and how to determine a different pricing strategy was suggested for each package.

(Change Management) *How to avoid risk when changing service offerings?*

Change management addresses the issue of resistance as to mitigate risk associated when implementing a new strategy for delivering services. Resistance from partners during changes can be used as a firm's advantage to advance a successful transformation process. In addition, before introducing new changes to the external parties, such as the partners, Camsky must establish a consensus between all the functional departments that will affect or be affected by the new service packages.

(FMO) *How can service offerings be made available to satisfy customer demands and increase a company's revenue?*

Customer demand will always be a volatile parameter, and this study concludes that the service offerings will be formed into service packages, that can be customizable with the service add-ons. In order to ensure a profitable solution for Camsky, resources for each required service needs to be assessed to weight the value against the cost. It will therefore consist several service limitations.

(Circular Economy) *What is the contribution of a servitization change in regard to a sustainable aspect?*

A sustainability aspect is assured through the servitization concept. Offering services, both free of charge and by paid support, ensures the development of quality, long-lasting core products. A product centric company benefits from short lived products since the customer needs to purchase new products once they break. Whereas a company that sells services wants to prolong the product life cycle and add service since they profit from selling additional support. This ensures less profit for Camsky in the beginning, but in the long term it enables a stable income that will be more profitable in the end. The products will live longer and increase sustainability, which will be beneficial for partners, end-customers, as well as Camsky.

6.3   NEXT STEP FOR CAMSKY

The idea of servitization is fairly new at Camsky, and there are still many issues to investigate before implementing the service packages. Before implementation, it is important to consider; resources, available capacity, top management support, and the consensus among Camsky functional departments since they are many key factors in a project like this. In addition, before making any final decisions one must note that the study consisted of around 20 partner interviews, and one cannot assume that those answers represent the interest of the 90.000 partners Camsky have globally. Trials and pilots for the service packages are therefore essential to make sure that Camsky have the opportunity to change their service packages if they are not well received by the partners.

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APPENDIX 1: LIST OF INTERVIEW QUESTIONS

PARTNER BACKGROUND	
Camsky Competitive Advantage	Why do you choose Camsky?
End-Customer	What industry segments (end-customer) do you mainly deal with?
Regions	What geographical areas are your customers located in?
Partner Size	If a small solution is between 1-10 cameras, a medium between 10-100, and an enterprise more than 100 cameras; where do you see your main business?
Partner Loyalty Program	Are you in the Camsky loyalty program (Authorized, Silver, Gold)?
Technical Support Need	How often do you require Camsky support? What are the main reasons that you need technical support?
End-Customer Need	Do you see any opportunities to provide better service for the end-customer?
Product/Solution Combination	Are you combining Camsky products with other software/solutions?
TECHNICAL SERVICE SUPPORT	
Time, Cost, Quality	What aspects do you most value with Camsky technical support? Save time, Peace of mind, Save costs, or others.
Dissatisfaction	Are you dissatisfied with anything from Camsky service support?
Services not used	Are there any service offerings that you don't use?
Channels	What technical support channels at Camsky do you most use? Phone, Chat, Tickets, Self-help (Forum and video). For what reason do you use the different support channels? Should there be other channels? Are there channels that you don't use, and why?
Language	How valuable is the support language for you in different channels? Is the English language sufficient?
Channel Value	How do you value; availability, priority/speed, competence, free service in all 4 channels?
TAM	Would a personal assigned contact manager be of your interest?
RMA	What service support would you like to be included in RMA? Do you value advanced shipping?
Troubleshooting	What value do you see in remote scheduled troubleshooting? What value do you see in on-site scheduled troubleshooting?

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Cloud	What value do you see in having cloud service offerings from Camsky?
Repair Reports	Are you interested in receiving repair reports from Camsky, and why?
End-Customer Service Requests	Do you have any service requests from EC that is lacking from Camsky?
WILLINGNESS TO PAY FOR EXTENDED SERVICE OFFERINGS	
Pay for Values	We have previously asked you about "What aspects do you most value with Camsky technical support?" Would be willing to pay for any of such values, and why?
Development of New Service Offerings?	Do you see a need in extending Camsky service offerings?
Package	For extended service offerings, would you prefer a: Stand-alone offers, Package deal, Customized package, or other?
Payment	For extended service offerings, would you prefer a: Subscription (how frequent?), One time payment
Risk	Do you see any risks with purchasing service package?
Free offer	What do you think should be included in the standard (for free) service package?
Warranty	In terms of product warranty, what is your expectation? Are you interested in purchasing extended warranty?
SLA	Do you see a need to bind offers in an SLA?
Accustomed to purchase services	Do you purchase services from any other company?