

Customer value of IEQ-as-a-Service Business Model

Based on customer interviews

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***“Knowing is not enough, we must apply.
Willing is not enough, we must do”***

-Bruce Lee

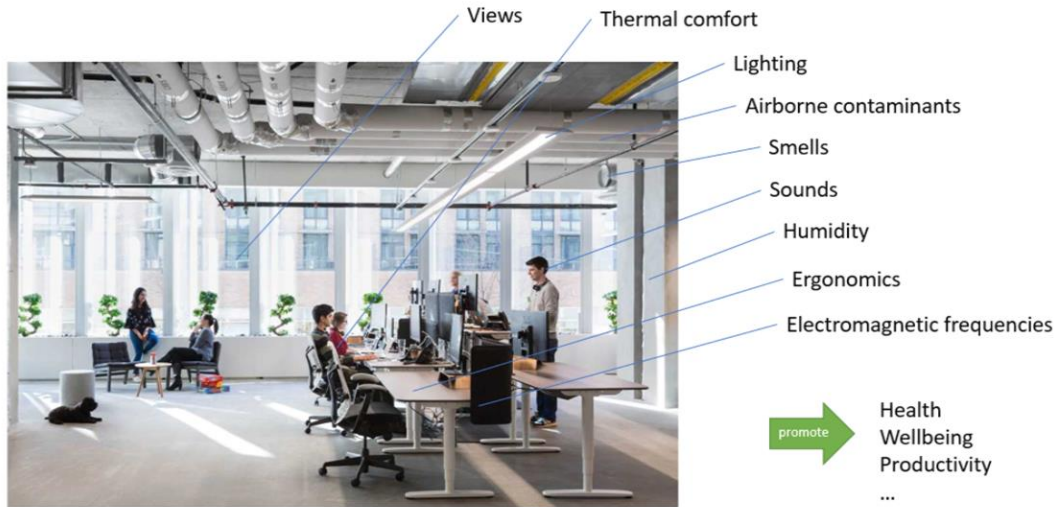
Key takeaways

1. Indoor Environment Quality (IEQ) has become a critical topic for companies using office spaces
2. Pay-per-X (PPX) models are a way to penetrate certain market segments of the office buildings market.
 - Life cycle of building as one factor
 - Building owners don't have capabilities in-house for above "good enough" IEQ
3. Building owners are interested in outsourcing IEQ responsibility
4. Energy-saving could be key to the PPX business model

Interviews

- Maintenance Manager, Real estate company
- Director, Office space real estate provider

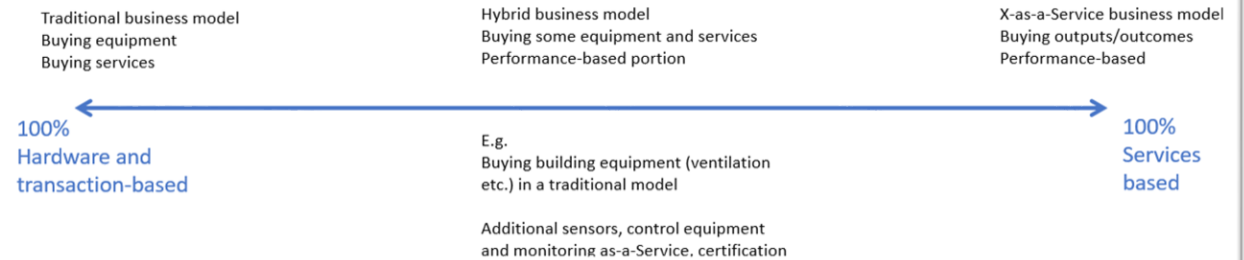
Indoor Environment Quality (Your customers)



Agenda (1,5h)

- Introductions
- Indoor Environment Quality – current situation
- Advanced business models – a few examples
- Questions about the business models in IEQ
- Wrap-up

Different types of business models



Show me the money VALUE!

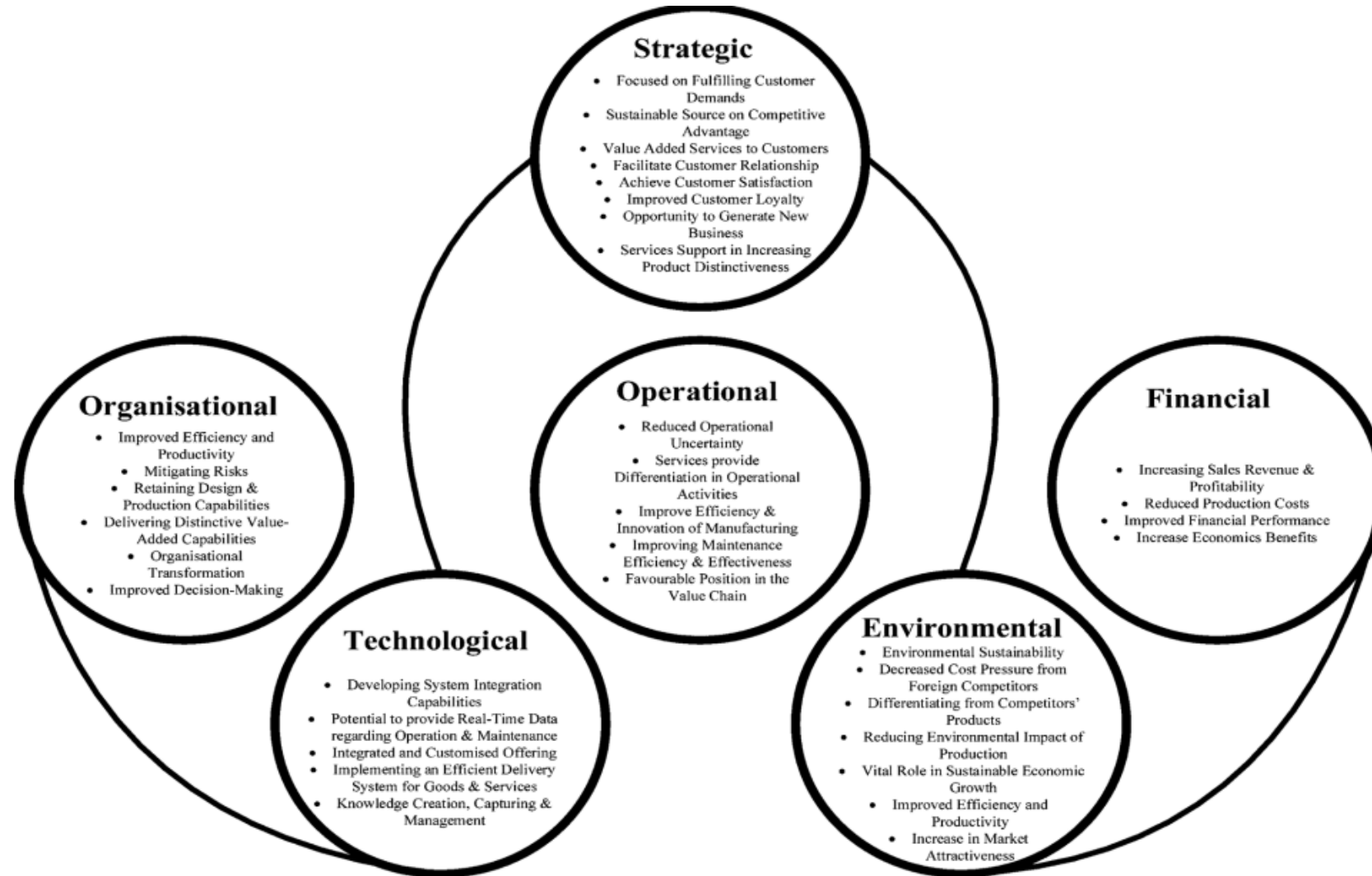


Fig. 5. Classifying Benefits of Transforming through of Servitization.

Show me the money VALUE!

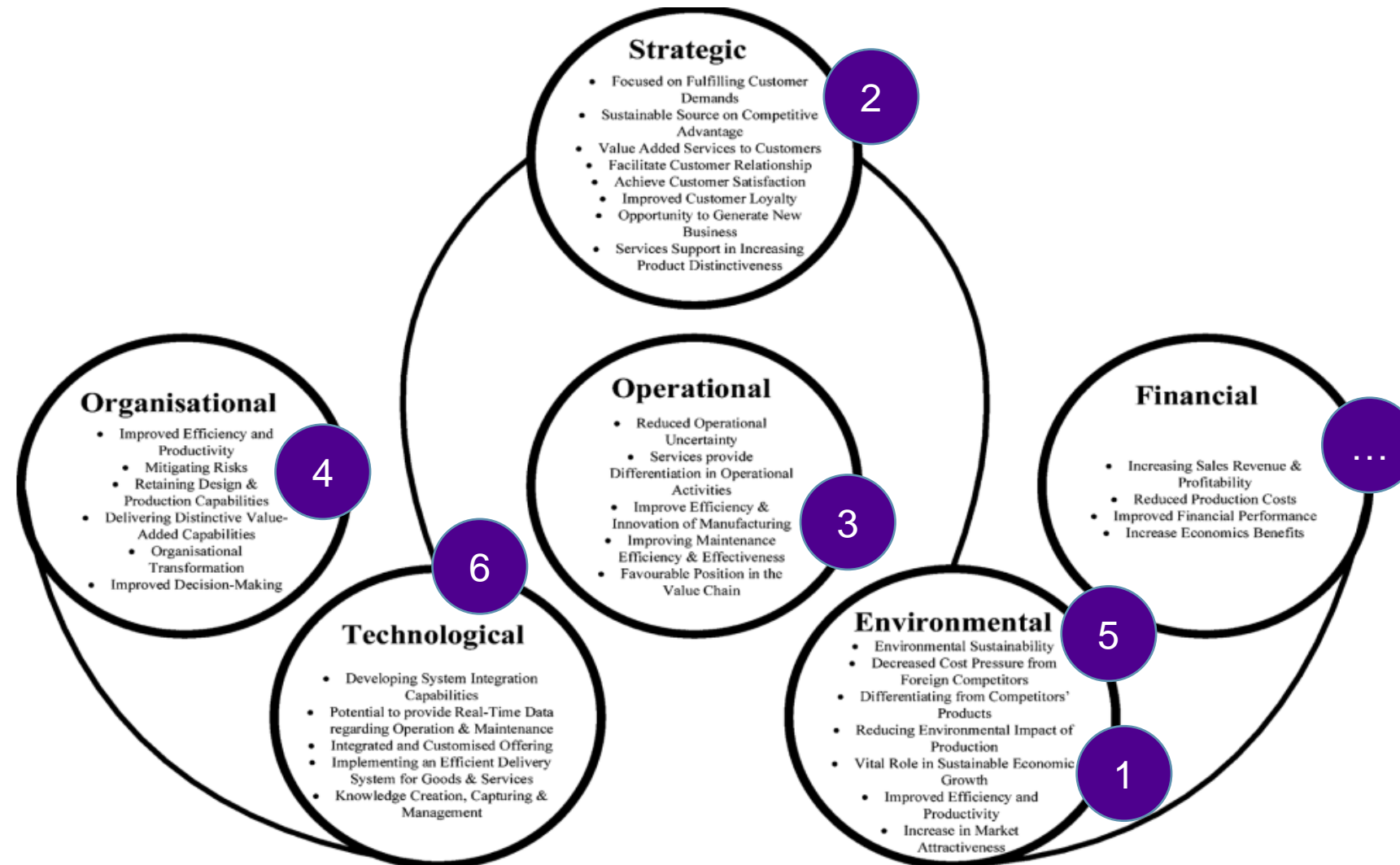


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1. Covid and post-covid creates need and business opportunities for better IEQ

- Hygienic conditions as a parameter
- “Office pull” as a clear need of companies – and able to pay



“The company strategic perspectives, if these things ... are not in order, people have less reasons to return from home to the office even when needed, so companies are really starting to understand the value of the office as a place where you need to feel good. If you don't feel good, you don't want to go, and that will make the company strategy into danger.”

“...company owners realize that they probably need a smaller office ... we are yet to see how many people will eventually work at the office ... which means that they will spend less money, actually the office is cheaper today”



2. Opportunities in differentiation with IEQ?

“Location, location, location” → “reason to (not) change location”

Different end user segments have different requirements for IEQ

Monetary value?

“...I think the key point is location. You need to be in the right neighbourhood that you prefer. #2 is that you need to have the good feeling in the company. Maybe some people prefer an old-fashioned brick building somewhere in an old factory or something like that. Some companies want to be in brand new business park. So actually, very few people ask about IEQ when they're choosing the office, unfortunately. But like said, after one month or after one year they realized the facts...”

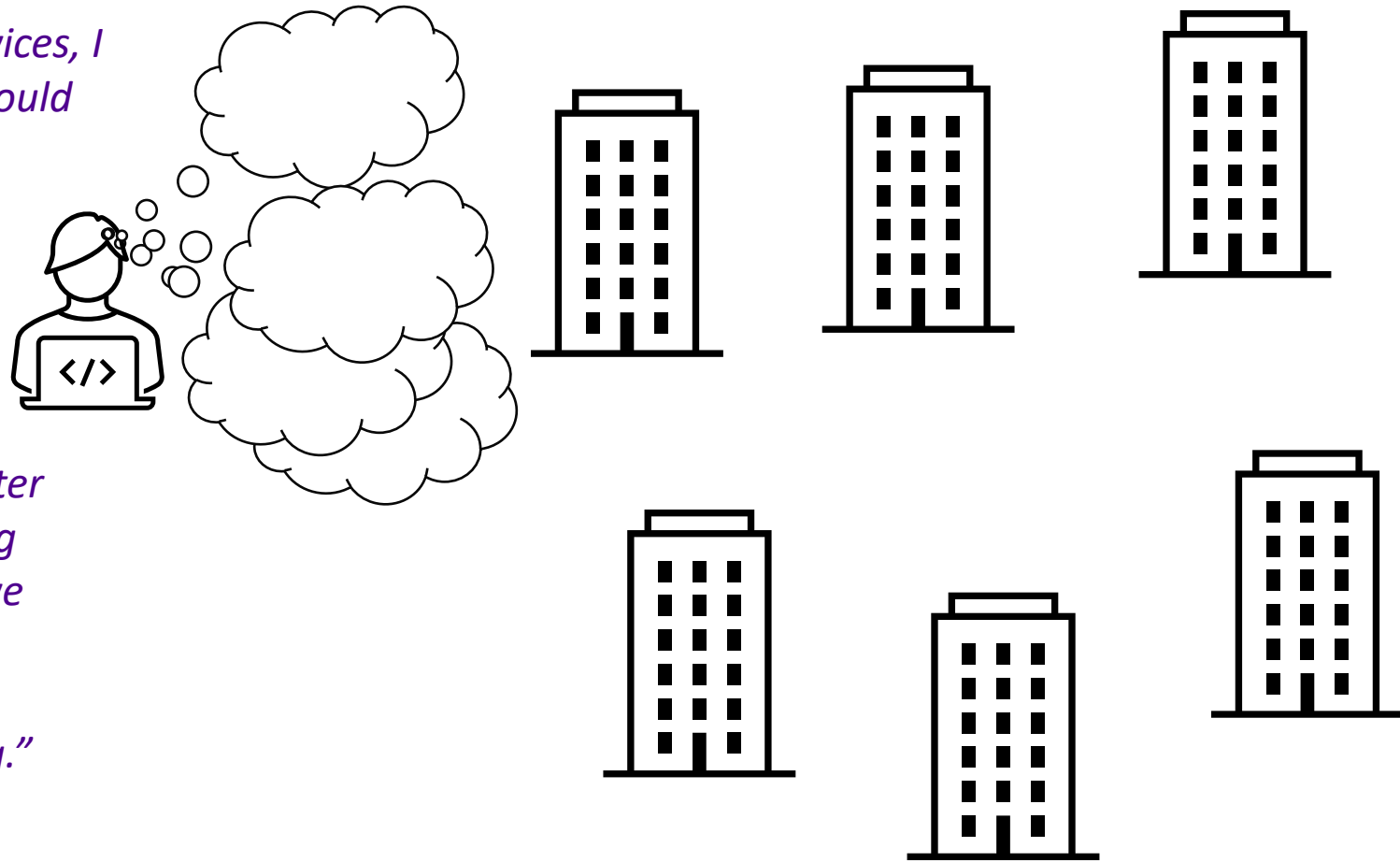
“If there is bad IEQ there is no money that will keep the company there.”

“...if there would be a building or block where you don't have proper air conditioning by putting that air conditioning in place, you can get one or two euros more per square meter I believe. That's something that is easy to explain to a customer...”

3. Building owners are interested in outsourcing IEQ

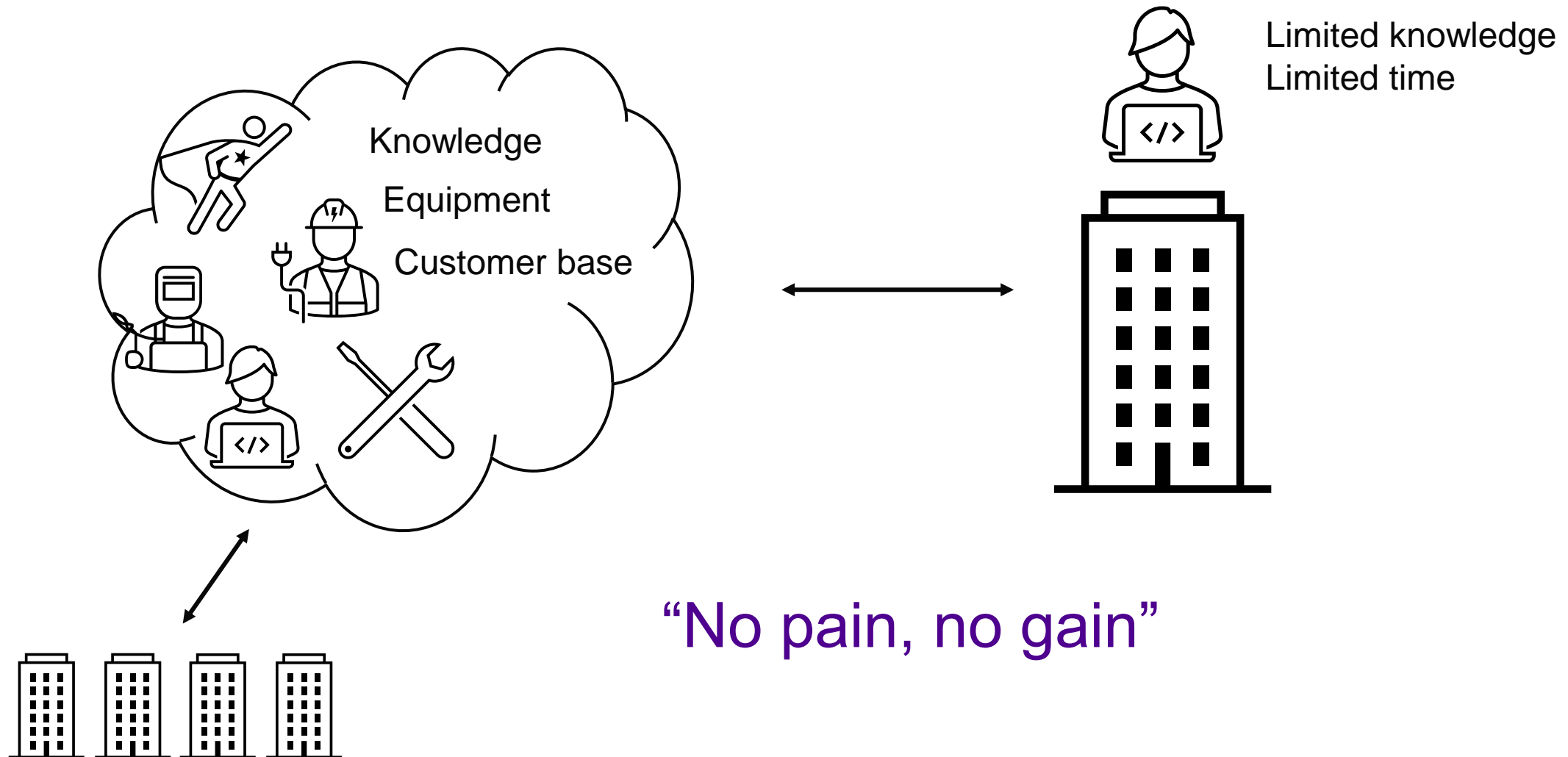
Transactional = requires work. They seem to be willing to outsource part of the harm

"...Every single year I was buying ventilation devices, I was buying cooling devices and I was thinking could there be a different way to do this?"



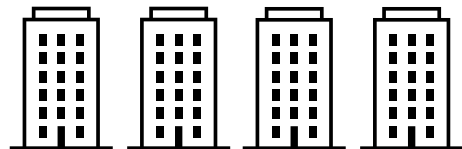
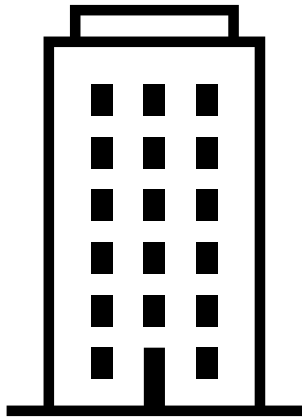
"...[customers] are buying a very cheap, a meter from Clas Ohlson which basically shows wrong figures anyway, but that's a sign for us that we need to do something, we need to study with better measurements, and we need to start logging the data and see what is going wrong."

4. PPX requires sharing the risk and reward



5. Energy-saving could be key to the PPX business model

“...and of course, we all know that the energy costs are going up and up and up. And it’s from our point of view very important that we are not making those at the cost, for example, shorter ventilation times ... It has been significant meaning also for us that how we can save the energy, how we can save the cost AND keep those buildings healthy?”

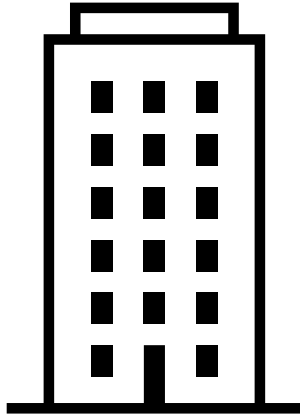


“You can not get the money back through energy savings, so I'm pretty sure you get some, but usually not enough”

“We are currently renewing their building automation this year because we get a little bit of energy savings, we get a bit a little bit better control on the environmental aspects” ... “However, the cost of automation equipment and maintenance decrease the profit...”

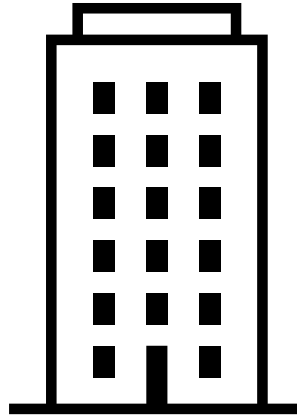
6. Different business model for different segments?

Greenfield



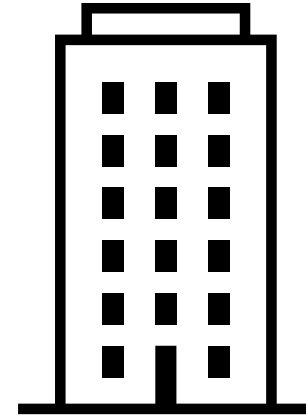
- **Full PPX or Hybrid business models** with performance guarantees and bonuses
- Modularity in design to accommodate changing conditions
- Enabling full Pay-per-X and different quality levels throughout the building lifetime
- Slowest to implement

Mid Life



- **Hybrid business model** most usable (even case by case)
- Continuous service and retrofits to ensure customer satisfaction and occupancy rate
- Adaptation to changing needs and conditions can be paid for by the customer
- Outsourcing the control, maintenance and part of the risk
- Finding the cases?

End-of-Life



- If occupancy for last 5 to 10 years could be improved **a PPX offering** would be highly profitable for customer
- Buildings where the occupancy rate is low, where (temperature) issues are hampering usage
- Customer investment is “paid for”, site “waiting” for demolition and greenfield project
- Technical questions on how to implement...

“Show me the money VALUE!”

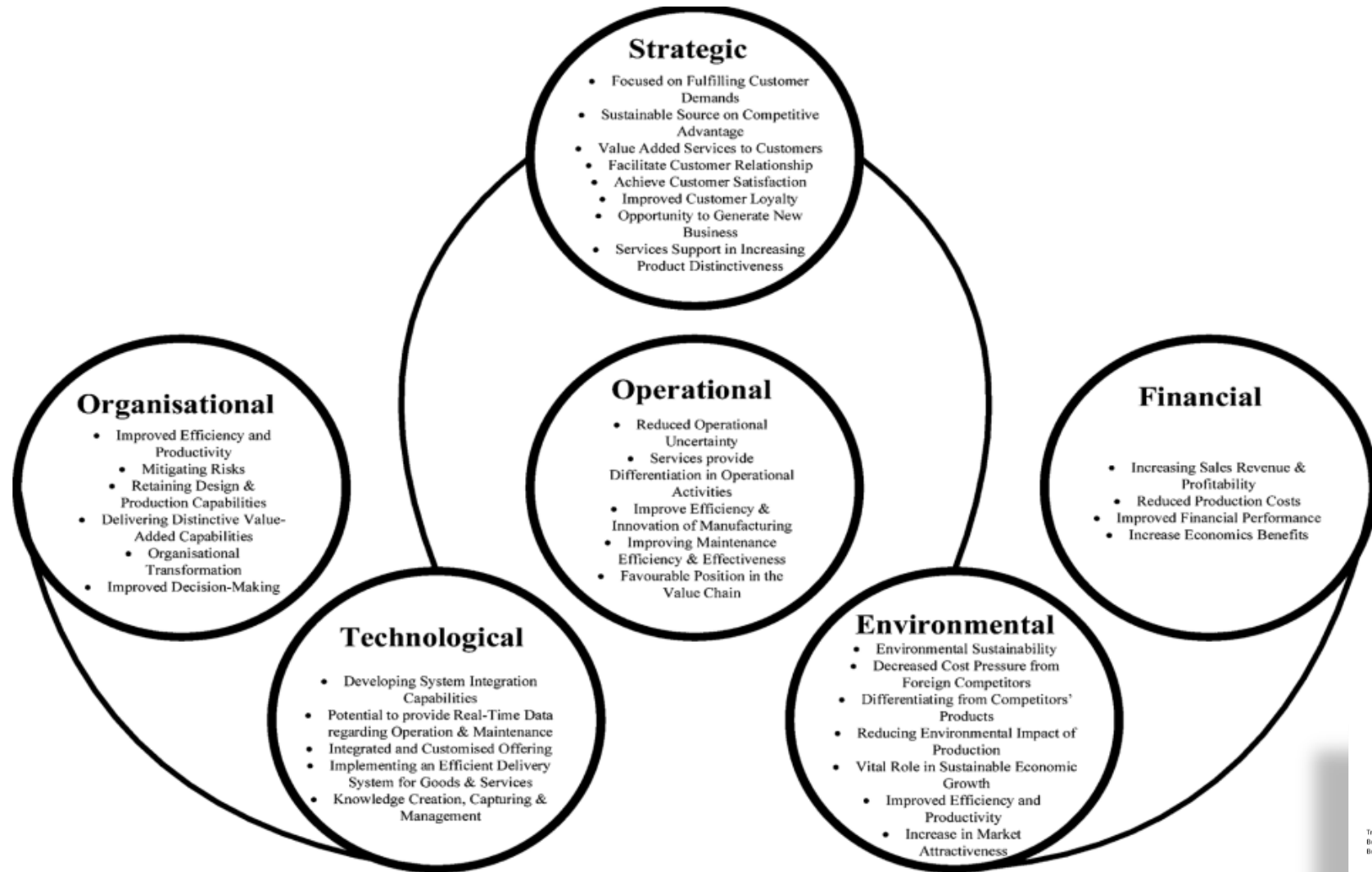
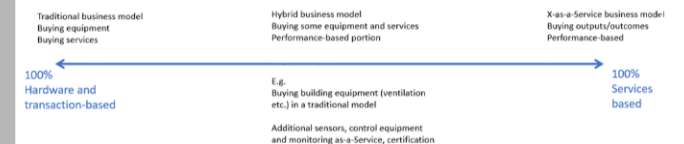
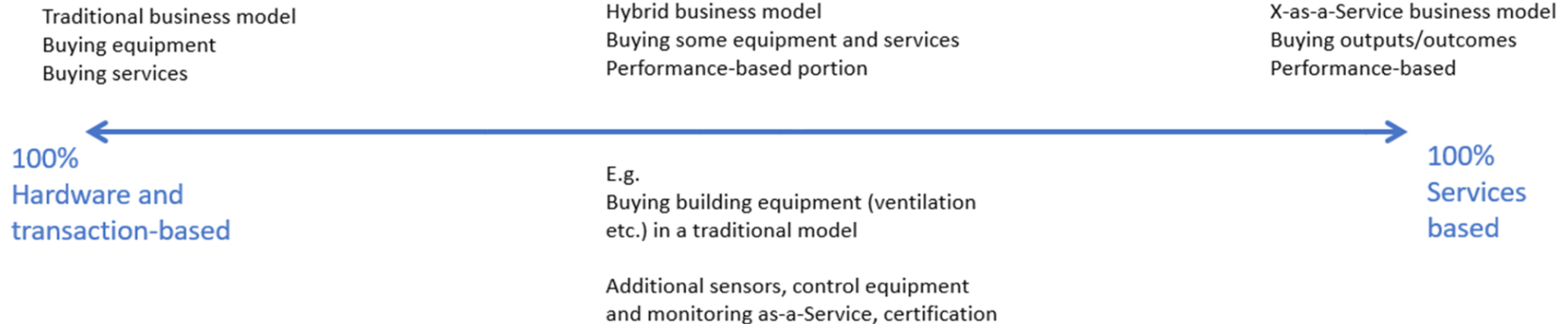


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Thank you!

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