

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

Based on customer interviews
Olli Kuismanen, Tampereen yliopisto
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"Knowing is not enough, we must apply. Willing is not enough, we must do"

-Bruce Lee



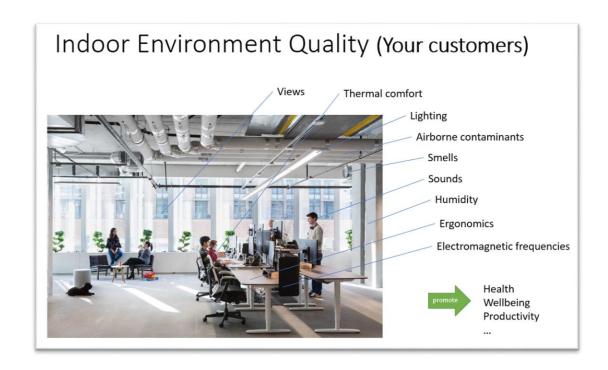
Key takeaways

- 1. Indoor Environment Quality (IEQ) has become a critical topic for companies using office spaces
- 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



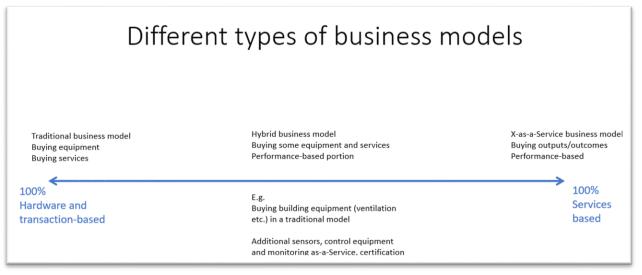
Interviews

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



Agenda (1,5h)

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





Show me the money VALUE!

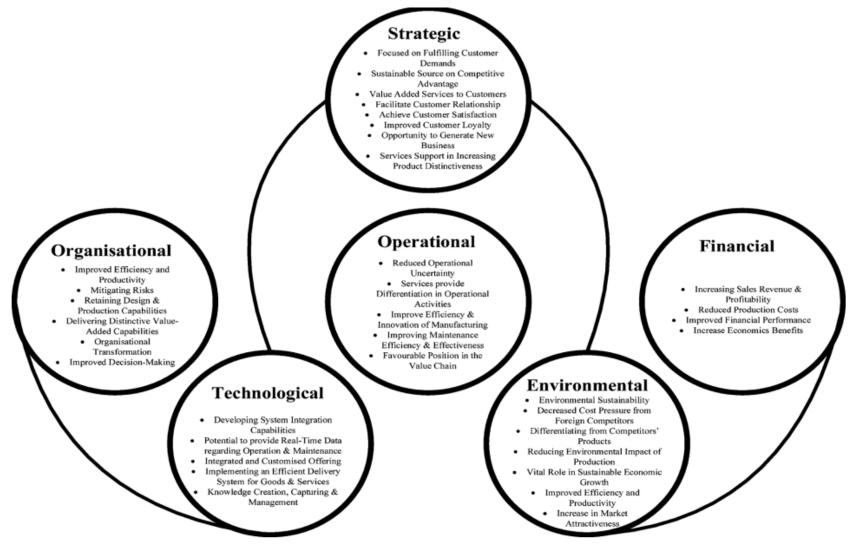


Fig. 5. Classifying Benefits of Transforming through of Servitization.



Show me the money VALUE!

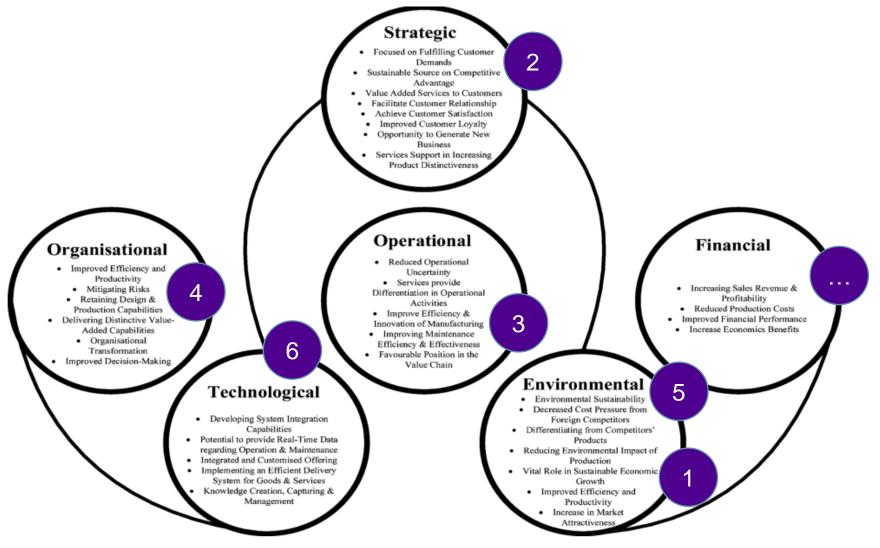


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1. Covid and post-covid creates need and business opportunities for better IEQ

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" → "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..."

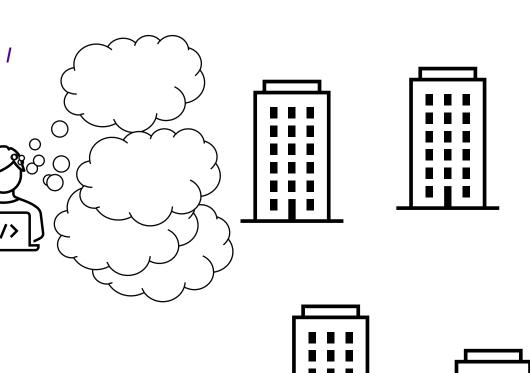


3. Building owners are interested in outsourcing IEQ

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

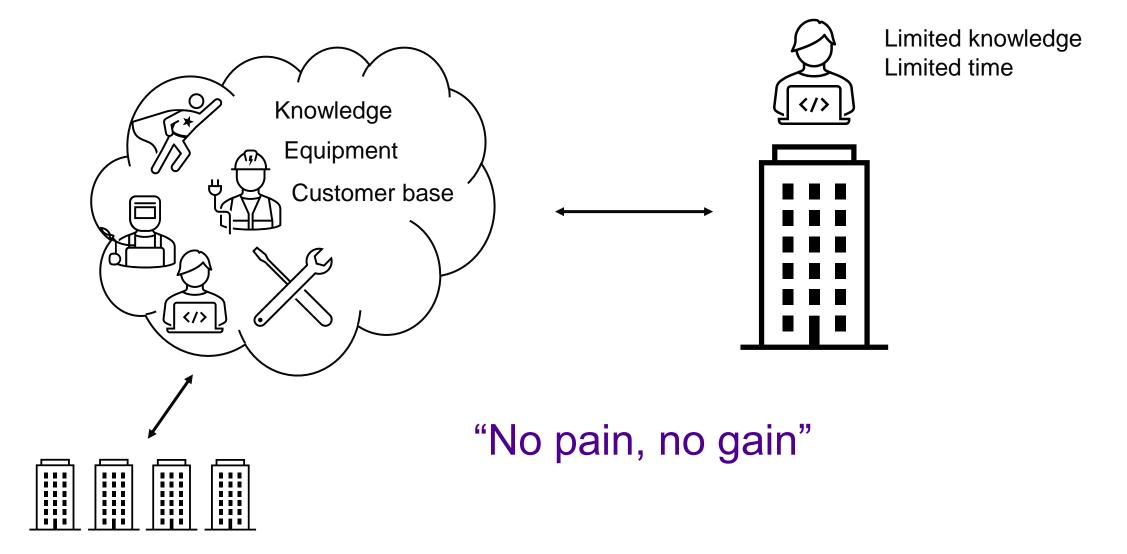
"...Every single year I was buying ventilation devices, I was buying cooling devices and I was thinking could there be a different way to do this?"

"...[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."





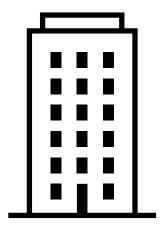
4. PPX requires sharing the risk and reward





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?



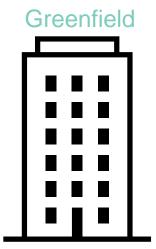


"You can not get the money back through energy savings, so I'm pretty sure you get some, but usually not enough"

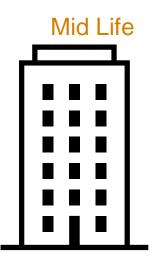
"We are currently renewing their building automation this year because we get a little bit of energy savings, we get a bit a little bit better control on the environmental aspects" ... "However, the cost of automation equipment and maintenance decrease the profit..."



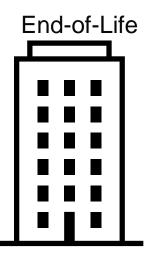
6. Different business model for different segments?



- 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



- 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?



- 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!"

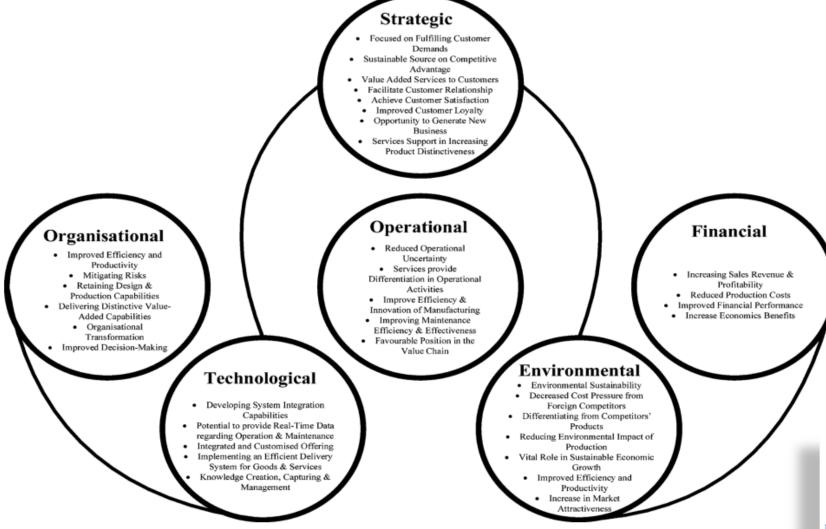


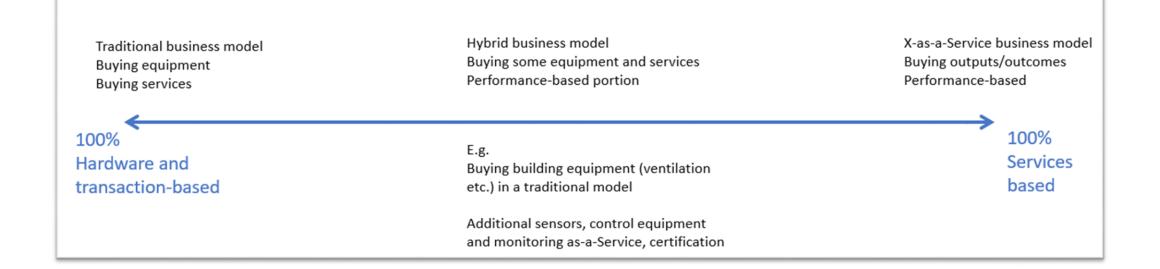
Fig. 5. Classifying Benefits of Transforming through of Servitization.

Different types of business models

Traditional business model | Hybrid business model | Was-a-Service business model | Buring equipment | Buring conjument and services | Buring conjument | Buring conj



Different types of business models





End note: Executive summaries of academic articles

FutureSpaces article summary: Capability Framework

Implementing Pay-Per-Outcome Business Model in

Equipment Manufacturing Companies

Uski, Veli-Matti, Prasanna Kumar Kukkamalla, Hannu Kärickäinen, and Karan Menon. 2022.

"Capability Framework Implementing Pay-Per-Outcome Business Model in Equipment
Manufacturing Companies." Journal of Business Models 10 (1): 12.

https://doi.org/10.54373/fbuv.1011.6728.

Execute summary

To successfully implement a pay-per-outcome BM, a company needs to reconfigure its current capabilities and develop new ones. However, the specific capabilities needed for pay-peroutcome business models have not been studied.

The primary objective of this paper is to enhance the understanding of the capabilities necessary for implementing a pay-per-outcome business model and how equipment manufacturing companies can successfully implement such a business model.

This study was conducted using systematic literature review.

Key finding

As a result, we identified 36 capabilities and formulated a capability framework for pay-peroutcome business models in the equipment manufacturing industry. Framework contains seven dimensions which describe high-level what capabilities needed for pay-per-outcome business models:

- Customer relationship
- Value network
- Digitalization
- Organisation and governance
- Contracting and legal
 Service development
- Service devi

Compared to other PPX business models we found that pay-per-outcome business models require specific capabilities related to customer relationship and contracting.

How to use the key findings of the paper in Future Spaces.

The EutureSpaces, ecosystem can use this paper to better understand which capabilities they need to acquire and master in order to succeed in pay-per-outcome business model

How to use





Thank you!

Olli.Kuismanen@tuni.fi

+358 40 766 5678