

Summary Brief: Services Business Model Transformation Study

Brief #8

As a result of the Pandemic, two common trends / drivers are emerging:

1. There is a major need to provide / deliver more elements of the Services Business Model remotely
2. The infusion of digital capabilities & computing technology into the Services Business Model is accelerating



Jay Connor, *Managing Partner*
Deborah Hodgson-Lyons, *Managing Partner*

Overview

Over the last few months, *The Insight Group* has published a series of seven briefs exploring what services organizations need to consider and how to respond to the challenges presented as a result of the pandemic. **Client feedback from**

the series has overwhelmingly stated that dramatic changes are happening across many of the Services Business Model elements, including:

- Offerings development
- Marketing
- Sales coverage
- Skills management
- HR policies
- Organizational structures and
- Development of collaborative leaders

The current drive to provide / deliver more of these elements *remotely* is accelerating the infusion of digital capabilities and computing technologies into the Services Business Model. These two trends are presenting substantial opportunities and risks for both providers and users of fee-based services.

We initiated this study to assess the status of this transformation and to better understand which services business model elements are most affected by the convergence of these two market drivers. We explored what strategies and actions leading-edge firms are employing to be more successful in their re-entry into the 'Business New Normal'. We also wanted to understand *'what's working and what's not'* regarding innovative delivery models, including subscription-based offerings, XaaS, IoT, AI, Big Data, Cloud as well as remote execution.

We spoke to Executive level leaders in a broad array of leading-edge companies. As part of the process, we provided a summary of our findings and key takeaways to each of the study participants. In completing the follow-up discussions, we observed that the situation continues to evolve. While there is general agreement that things will change, there is still significant uncertainty about the extent of change and about how to make the change happen.

Business Model Study Observations

The Services & Solutions Business Model is in the early stages of a major transformation. Our assessment of the status of the transformation has given us a better understanding of which services business model elements are most affected by the convergence of these two market trends / drivers; *the need to deliver and execute more elements remotely* and *the infusion of digital technologies*.

- ✓ When asked about the biggest challenge to their business; *“growing total revenue”* continues to dominate and will continue to be the major challenge post-pandemic. Addressing this challenge requires multiple elements of the services and solutions business model—sales coverage, offerings development, awareness creation, people management, etc.—to be restructured and revitalized.
- ✓ Successful strategies leading-edge firms are employing in their innovative delivery models include subscription-based offerings, XaaS, IoT, AI, Big Data, Cloud coupled with remote execution.
- ✓ Many firms are aware that significant changes are required to thrive and compete but are struggling as to how to best rapidly adopt these new capabilities and acquire the knowledge and skills to accelerate the necessary transformation.

Notable Supporting Comments

During our initial and follow-on discussions, we heard the following:

- ✓ *“One of our strategic initiatives is software as a business – product support services, subscription services, machine learning, etc., but we don't have the knowledge and skills in the company to support this business model.”*
- ✓ *“As we transform our go-to-market business model elements, we need to know how we go from product features and benefits to customer needs and value creation.”*
- ✓ *“We have had flat growth for a decade, in the last 4 years our trajectory has changed due to launching new innovative services.”*
- ✓ *“Strategic partnering for growth and innovation is high. Our business needs to be more agile. Our ability to address national and global bids is low.”*
- ✓ *“Talent Management is a high priority... Must have the right people on the right projects with proper incentives.”*
- ✓ *“Initially, operating remotely, our productivity was improved, but as time wears on, we are now seeing lower productivity as our employees must focus not just on business needs, but on family needs, such as virtual education. We are trying to work out a system to get employees into the office periodically to create more focus.”*

Summary

We believe that waiting to address these challenges to 'see what happens' is not to our clients' advantage. Work should be undertaken now to support growth in the pandemic environment, creating competitive advantage to drive growth beyond the pandemic.

INSIGHT has both the experience and 'How To' knowledge to significantly help clients plan and implement these new delivery and pricing models effectively and rapidly. In response to the needs identified during our study, we have customized and expanded our offerings (Workshops, Assessments, Plan Development etc.) to focus on NEW Innovative Go-to-Market, Development and Delivery

Technologies to help our clients operate in "the new business normal." We can and have delivered these offerings 100% remotely or a combination of remote and on-site as appropriate. In addition, as customer needs continues to evolve, we will continue to refine our capabilities to be meet market needs. We are continuing a dialog with multiple companies to:

- ✓ share more detailed study observations,
- ✓ get their feedback to expand our learnings,
- ✓ discuss areas of need and how INSIGHT can assist.

We'd welcome a conversation with you. If you are interested and would like more information, please contact either Jay Connor at jayconnor@insight-group.com or Deb Hodgson-Lyons at dhlyons@insight-group.com.

If you or your organization would like to share your thoughts, issues, and/or discuss additional insights on these topics. We would be happy to set up a short web session. You can contact us through our [website](#) or by [email](#).

About the Authors:

Jay Connor has 37 years of executive, operational, and sales experience in the IT industry. Prior to joining The INSIGHT Group, Jay worked in executive VP positions for, HP, Compaq, and Digital Equipment. He has extensive background in leading successful transformations including the services integration for the HP/Compaq merger, the transformation of HP Corporate Account and Pre-sales organizations, as well as developing the sales and go to market strategy for the HP/EDS merger. Jay held the position of Worldwide VP, COO for Professional Services for Compaq and the Global Practice VP Consulting and Integration for HP. Both positions involved successfully managing large service organizations. More recently Jay held the position of VP, Sector General Manager and Account Executive for a number of HP's major accounts.

At INSIGHT, Jay's broad experience focuses on providing solutions that best satisfy clients' needs in the areas account and sales management, service and sales management, financial strategy, and mergers and acquisitions. Contact Jay at jayconnor@insight-group.com

Deb Hodgson-Lyons spent the bulk of her 30-year career at DuPont where she led sales and marketing initiatives in a variety of sectors. Deb has led numerous strategic efforts to launch, position and reposition businesses and brands for the company. Most recently, she served as vice president of marketing for DuPont's only management consulting practice. In this capacity, she led the effort to create new offerings, and helped clients better align their vision/purpose with their marketing and communications strategies and tactics. Contact Deb at dhlyons@insight-group.com.

"My preference would have been to conduct the customer wants and needs assessments face to face. But due to the pandemic we needed to do them remotely, so we used Zoom. The Insight Group's expertise and methodology lent itself to remote discussions and exceeded my expectations. Customers were craving interaction and were more agreeable to share their time due to the easy access. We found them open and not holding anything back. We accomplished our project in half the time without the added travel expense. I am thrilled with the results."

--Mick Messman
Chief Commercial Officer
Greenlight Biosciences, Inc.

Meet the rest of our thought leaders: <http://www.insight-group.com/team.asp>

The INSIGHT Group is a 'Best Practices' services consulting firm focused on helping product and service companies implement high-growth services and solutions strategies. Our partners represent a group of experienced executives that have held senior executive services business positions across multiple industries. INSIGHT has operated for more than 20 years utilizing a predominantly "virtual office" business model. For further information check our web site at www.insight-group.com.