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Master's Thesis

EXPLORING THE ROLE OF BUSINESS MODEL INNOVATION AND CORPORATE SPIN-OFF IN THE CREATION OF REVENUE STREAMS:

A Case Study Approach

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KEYWORDS

Business model innovation, Business model canvas, Business model patterns, corporate spin-off, Complex change management, Double diamond approach, Design thinking, Developmental consultancy,

ABSTRACT

This paper examines the process of business model innovation in the context of a Germany-based developmental consultancy that has developed a successful digital product separate from the company's business model. The research aims to identify a new revenue stream for the digital product through the analysis of potential business models and the identification of areas for improvement in the current business model. The study involves an in-depth examination of the current business model, including desk research, interviews with stakeholders and customers, and the evaluation of a range of different business model patterns. The research also suggests using a corporate spin-off to unlock value for shareholders by allowing the subsidiary business to be valued independently.

The findings of this research offer valuable insights into the complex and multifaceted nature of business model innovation and the role of corporate spin-offs in creating new revenue streams. The use of a case study approach allows for a detailed examination of the specific characteristics of the subsidiary business and its target market, providing a realistic interpretation of the factors that influence the creation of a new business model. The recommendations for the business model of the subsidiary business provide a clear roadmap for the implementation of the new business model, taking into account the findings of the analysis and the specific challenges and opportunities facing the subsidiary business. This research interest's companies looking to innovate their business models and create new revenue streams, as well as s to researchers and scholars studying business model innovation and corporate spin-offs.

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1. BACKGROUND & PURPOSE OF THE STUDY

In the current business environment, companies are facing significant changes and the emergence of new markets driven by the rapid growth of digitization.

This trend is reflected in the increasing number of companies that have data and software teams, allowing them to automate various processes and create more human-centric jobs. These teams allow companies to automate tasks such as content management, project management, communication, and cloud services, among others.

Additionally, some companies are selling their internal digital projects as separate Software as a Service (SaaS) products to other companies. The rise of digitization has also enabled the provision of purely digital services at a lower cost to a wider audience, making the process of identifying the ideal business model for a company more complex.

This paper examines the case of a German developmental consultancy that has developed a successful digital product separate from the company's own business and operating model. To scale the product into a self-sustaining company, a new revenue stream is needed.

The research begins by identifying the current business model of the digital product (referred to as the subsidiary business) through desk research, and interviews with stakeholders and customers. The study aims to gain a thorough understanding of the current business model and its performance to identify areas for improvement and potential new revenue streams.

Once the current business model has been fully understood, the research then turns to the identification and analysis of potential new business models for the subsidiary business. This process involves evaluating a range of different business model patterns, considering the specific characteristics of the subsidiary business

and its target market. The goal is to identify a business model that is both feasible and capable of generating the desired level of revenue.

After the analysis of potential business models has been completed, the research provides a list of recommendations for the business model of the subsidiary business. These recommendations take into account the findings of the analysis and aim to provide a clear roadmap for the implementation of the new business model.

In addition to the analysis of business models, the paper also discusses the relationship between the parent and subsidiary company and suggests that a corporate spin-off could be used to unlock value for shareholders by allowing the separate businesses to be valued independently rather than as part of a larger conglomerate.

Overall, this research offers valuable insights into the process of business model innovation and the role of corporate spin-offs in creating new revenue streams. By examining the case of a Germany-based developmental consultancy with a home-grown digital product, the research

highlights the complex and multifaceted nature of business model innovation, and the need to take into account a range of different factors to identify the most appropriate business model. The findings of this research will interest companies looking to innovate their business models and create new revenue streams, as well as researchers and scholars studying business model innovation and corporate spin-offs.

2 LITERATURE REVIEW

2.1 Concepts and Definitions

2.1.1) Business model innovation

Business model innovation, or the process of developing and implementing new or significantly improved business models, has been widely studied in the literature (Osterwalder & Pigneur, 2010). A business model refers to the way a company creates, delivers, and captures value, and it is a key factor in the success of any organization (Zott et al., 2011). Business model innovation can involve changes to any aspect of the business model, including the value proposition, target customer segments, distribution channels, revenue

streams, and cost structure (Teece et al., 1997).

The benefits of business model innovation are numerous (Chesbrough, 2003). It can help a company to gain a competitive advantage (Zott et al., 2011) by differentiating itself from its competitors and offering unique value to its customers. Business model innovation can also help a company to diversify its revenue streams (Afuah & Tucci, 2012), which can reduce its dependence on a single source of income and increase its stability and resilience. In addition, business model innovation can lead to improved efficiency and profitability (Teece et al., 1997) by streamlining processes and reducing costs. Finally, business model innovation can enable a company to respond to changing market conditions (Osterwalder & Pigneur, 2010) and adapt to new opportunities or challenges.

There are several process models available for business model innovation (Osterwalder & Pigneur, 2010). One popular model is the "Lean Startup" approach (Ries, 2011), which emphasizes the importance of rapid prototyping and continuous testing and learning. This approach promotes the use of small, iterative experiments to validate assumptions about the business model and gather feedback from customers. Another popular model is the "Design Thinking" approach (Brown, 2009), which focuses on empathy, creativity, and collaboration. This approach involves understanding the needs of the target customer and co-creating solutions with them. Other process models include the "Business Model Generation" approach (Osterwalder & Pigneur, 2010) and the "Business Model Canvas" approach (Osterwalder & Pigneur, 2010), which is a visual tool for designing, testing, and refining business models.

Selected approach

The business model canvas is a visual tool that can be used to design, test, and refine business models (Osterwalder & Pigneur, 2010). It consists of nine building blocks that represent the key elements of a business model: customer segments, value proposition, channels, customer

relationships, revenue streams, key resources, key activities, key partners, and cost structure. The business model canvas can be used in conjunction with process models such as the Lean Start-up approach or the Design Thinking approach to facilitate business model innovation. By filling out the canvas and testing the assumptions underlying the business model, companies can identify areas for improvement and develop more robust and effective business models.

In conclusion, business model innovation is a critical factor in the success of any organization. By considering the benefits of business model innovation, the various

process models available, the range of business model patterns, and the use of the business model canvas, companies can develop and implement new or improved business models that better meet the needs of their customers

2.1.2) Evaluation of business model patterns

Business model patterns refer to the various ways in which a company can create, deliver, and capture value. These patterns can involve changes to any aspect of the business model, including the value proposition, target customer segments, distribution channels, revenue streams, and cost structure (Teece et al., 1997).
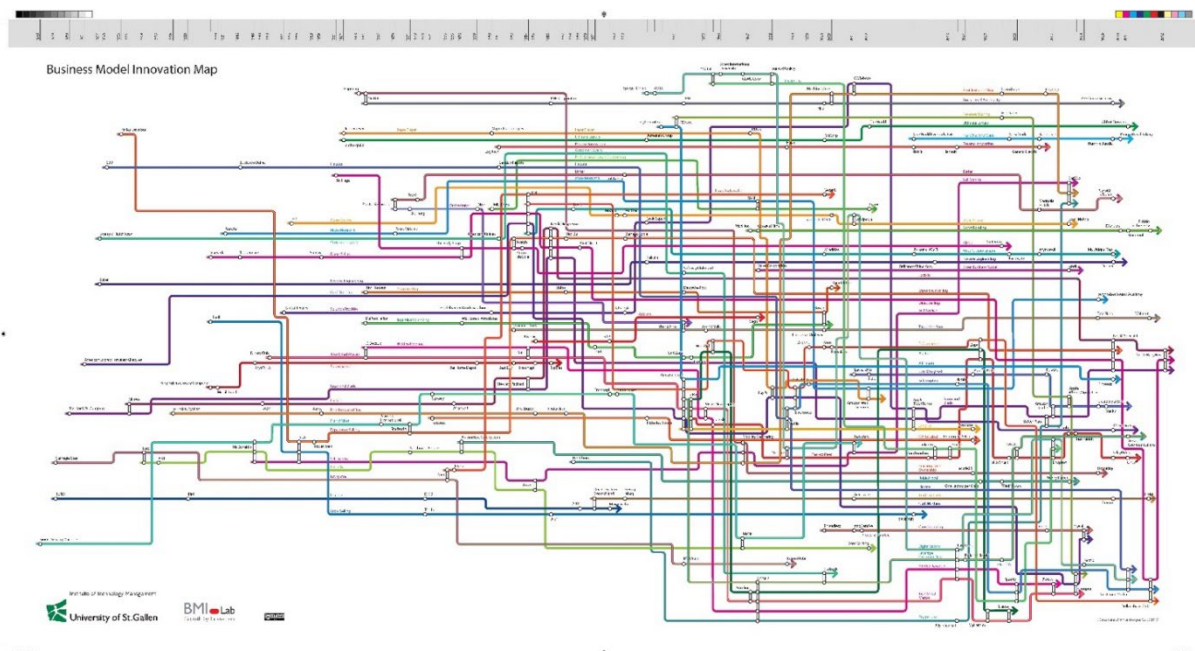
Figure 1: Business model innovation map (Source: BMI Lab)

There are 60 different types of business model patterns, including the freemium model, subscription model, platform model, franchise model, media model, and retail model (Osterwalder & Pigneur, 2010). There are various methods that one can use to analyze which of these business model patterns would be suitable for their business. Some of these methods include:

Customer segmentation: By identifying the target customer segments and their needs, businesses can understand which business model patterns would be most effective in meeting these needs. For example, a business targeting low-income consumers may consider using a freemium model, whereas a business targeting high-income consumers may consider using a subscription model (Sharma & Parida, 2017).

Value proposition: By analyzing the unique value proposition of the business, businesses can understand which business model patterns would be most effective in capturing this value. For example, a business with a strong focus on innovation may consider using a platform model (Kaur & Singh, 2019), whereas a business with a strong focus on efficiency may consider using a franchise model (Teece et al., 1997).

Revenue streams: By analyzing the potential revenue streams of the business, businesses can understand which business model patterns would be most effective in capturing these streams. For example, a business with a strong focus on advertising revenue may consider using a media model (Zott et al., 2011), whereas a business with a strong focus on product sales may consider using a retail model (Afuah & Tucci, 2012).

Cost structure: By analyzing the cost structure of the business, businesses can understand which business model patterns would be most effective in minimizing costs. For example, a business with a high fixed cost structure may consider using a subscription model (Chesbrough, 2003), whereas a business with a high variable cost structure may consider using a pay-per-use model (Osterwalder & Pigneur, 2010).

Resource requirements: By analyzing the resource requirements of the business, businesses can understand which business model patterns would be most effective in leveraging these resources. For

example, a business with the strong intellectual property may consider using a licensing model (Mintzberg et al., 2003), whereas a business with strong physical assets may consider using a rental model (Osterwalder et al., 2014).

Selected approach

The following business model patterns are often used in the business world and understanding them is important for the research being presented.

Direct selling, which involves the direct sale of products or services to the end customer without the use of intermediaries such as retailers or wholesalers, is often utilized by companies that sell products directly to consumers (e.g. Avon, Tupperware). This business model allows companies to build strong relationships with their customers and offer personalized products or services, as well as reduce costs by eliminating the need for intermediaries. However, it can also be challenging as it requires significant investment in sales and marketing efforts to reach potential customers (Jones, 2020).

Cross-selling, the sale of additional products or services to existing customers, is often used by companies with a large customer base that want to increase revenue by offering related products or services. For example, a company that sells mobile phones may also offer phone insurance or accessories as a way to cross-sell to its customers (Smith, 2019). This business model can increase customer loyalty and revenue, but it requires a deep understanding of customer needs and preferences.

Pay per use, which involves charging customers for the use of a product or service rather than a flat fee upfront, is often used by companies that offer products or services that are used infrequently or for a limited duration (e.g. car rentals, cloud storage). This business model can be attractive to customers as it allows them to pay for only what they need when they need it. However, it can also be risky for companies as it requires careful management of usage patterns and pricing to ensure profitability (Williams, 2018).

The agency model, which involves acting as an intermediary between buyers and sellers and facilitating the sale of goods or services without taking ownership, is often used by companies that provide services such as travel agencies or

real estate agents (Brown, 2017). This business model allows companies to monetize their expertise and connections, but it also requires strong relationships with both buyers and sellers and careful management of commissions and fees.

Freemium, which involves offering a basic product or service for free and charging for additional features or services, is often used by companies that offer software or digital content (e.g. video games, and productivity apps) (Johnson, 2016). This business model can attract a large user base and monetize it through upgrades or add-ons, but it requires careful management of the balance between free and paid features to ensure profitability.

Hidden revenue, which involves generating revenue from sources not immediately apparent to the customer, is often used by companies that offer products or services with a long lifespan (e.g. printers, appliances) and can generate revenue through the sale of consumables or maintenance services (Wilson, 2015). This business model allows companies to extend the lifetime value of their products, but it requires careful management of customer relationships and product design to ensure profitability.

2.1.3) Approaches to innovation management and design thinking

Innovation management is the process of overseeing and directing the development and implementation of new ideas within an organization (Tidd et al., 2005). It involves identifying, evaluating, and prioritizing opportunities for innovation, as well as creating and nurturing a culture that supports and encourages innovation (Chesbrough, 2003). Innovation management is critical for organizations to remain competitive and stay ahead of market trends (Damanpour, 1991).

There are several benefits to effective innovation management (Tidd et al., 2005). It can help a company to improve its efficiency and productivity (Chesbrough, 2003), increase its competitiveness (Damanpour, 1991), and enhance its ability to respond to changing market conditions (Tidd et al., 2005). In addition, innovation management can lead to new product and service offerings (Chesbrough, 2003), access to new markets (Tidd et al., 2005), and increased customer satisfaction (Damanpour, 1991).

Design thinking is a creative problem-solving approach that involves understanding the needs of the user, generating ideas, prototyping, testing, and iterating (Brown, 2009). It is a holistic and human-centred approach that encourages collaboration and empathy (Docktor & Johnson, 2015). Design thinking has been applied in a variety of industries, including product design, service design, and organizational design (Brown, 2009).

There is a strong relationship between innovation management and design thinking (Chesbrough, 2010). Innovation management focuses on the overall strategic direction and oversight of innovation within an organization, while design thinking is a specific approach for generating and implementing new ideas (Chesbrough, 2010). By combining the two, organizations can create a culture that supports and encourages innovation and use design thinking as a tool to identify and develop new opportunities (Docktor & Johnson, 2015).

There are several models available in design thinking for innovation management (Docktor & Johnson, 2015). One popular model is the "double diamond" approach (British Design Council, 2006), which consists of four phases: discover, define, develop, and deliver. This model
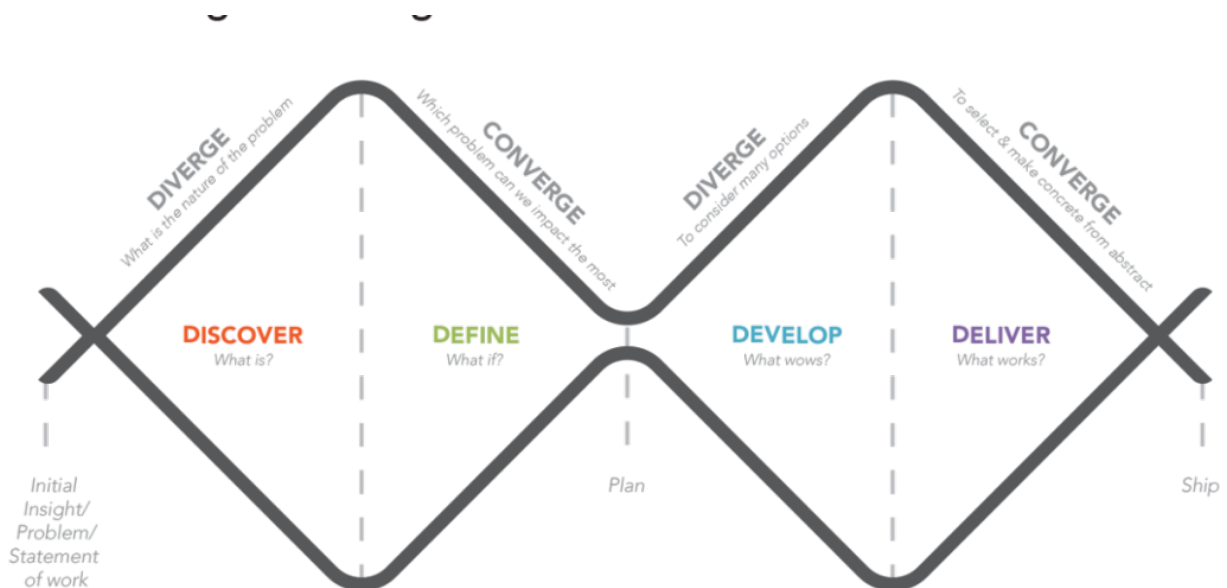
Figure 10: Double Diamond Design Thinking Model (Source: Quinn, Luisa, Quick Steps Through the Double Diamond, 2022)

encourages organizations to start with a broad understanding of the problem and gradually narrow it down to specific solutions (British Design Council, 2006). Another model is the "lean startup" approach (Ries, 2011), which emphasizes the importance of rapid prototyping and continuous testing and learning. This model promotes the use of small, iterative experiments to validate assumptions about the business model and gather feedback from customers.

Selected approach

The double diamond approach can be used for innovation management by helping organizations to clarify and focus their innovation efforts (British Design Council, 2006). The discover phase involves understanding the needs and challenges of the user and identifying potential areas for innovation. The define phase involves refining the problem and developing a clear direction for the innovation effort. The develop phase involves generating and prototyping potential solutions, and the deliver phase involves finalizing and implementing the chosen solution. By following the double diamond approach, organizations can ensure that their innovation efforts are grounded in a thorough understanding of user needs and are focused on delivering value (British Design Council, 2006).

In conclusion, innovation management and design thinking are closely related and can be used together to drive innovation within an organization. Innovation management provides a strategic framework for directing and overseeing innovation, while design thinking offers a specific approach for generating and implementing new ideas. By combining the two and using models such as the double diamond approach, organizations can create a culture that supports and encourages innovation, and develop new and improved products, services, and processes.

2.1.4) Approaches to corporate strategy

Corporate strategy is the overall plan for an organization, which includes the allocation of its resources and the actions it will take to achieve its goals (Mintzberg, Ahlstrand, & Lampel, 1998). There are several types of corporate strategy, including diversification, vertical integration, and horizontal integration (Mintzberg et al., 1998).

A corporate spin-off is a type of

corporate strategy in which a division or subsidiary of a larger organization is separated and becomes an independent company (KPMG, 2015). This can be accomplished through a variety of means, such as a divestiture, a spin-off, or a carve-out (KPMG, 2015).

There are several benefits to corporate spin-offs (KPMG, 2015). One benefit is that it allows the parent company to focus on its core business, as it can divest non-core assets and redirect resources toward more strategic areas (KPMG, 2015). Additionally, a corporate spin-off can create value for shareholders by allowing the separate businesses to be valued independently, rather than as part of a larger conglomerate (KPMG, 2015). A corporate spin-off can also provide opportunities for the spin-off company to access new markets and funding sources (KPMG, 2015).

Corporate spin-offs are most effective when the spin-off company has a strong management team, a clear strategic vision, and a viable business model (KPMG, 2015). It is also important for the parent company to carefully consider the potential risks and challenges of the spin-off, and to ensure that the spin-off company has the resources and capabilities it needs to succeed (KPMG, 2015).

There have been several recent examples of corporate spin-offs. One example is the spin-off of Alibaba's Ant Group from Alibaba Group Holding Limited in 2020 (Zhang, 2020). Another example is the spin-off of HP Inc. from Hewlett Packard Enterprise in 2015 (Winkler, 2015).

Corporate spin-offs can be implemented through a variety of models (KPMG, 2015). One model is the "clean team" approach, in which a dedicated team is formed to manage the spin-off process and ensure a smooth transition (KPMG, 2015). Another model is the "project management" approach, in which the spin-off is treated as a stand-alone project with specific goals, timelines, and resources (KPMG, 2015).

In conclusion, corporate spin-offs are a type of corporate strategy in which a division or subsidiary of a larger organization is separated and becomes an independent company. Corporate spin-offs can provide numerous benefits, including allowing the parent company to focus on its core business, creating value for shareholders, and providing opportunities for the spin-

off company to access new markets and funding sources. However, it is important for the parent company to carefully consider the potential risks and challenges of the spin-off and to ensure that the spin-off company has the resources and capabilities it needs to succeed. There are several models available for the implementation of corporate spin-offs, including the "clean team" approach and the "project management" approach.

2.2 . Conceptual framework

2.2.1) The case study methodology

The paper discusses the origins of a subsidiary business based in Germany and its current business model. It also examines the challenges faced by the subsidiary company in its daily operations. The research for the paper was conducted with the cooperation of the Germany-based parent company and its subsidiary business. The main author of the paper is currently employed by the parent company as a working student at the digital hub of the subsidiary business, which provided access to company directors and managers. Data for the paper was collected through a combination of internal documentation, conversations with managers, and semi-structured interviews with company personnel. The research took place over a period of six months.

The case study approach has several benefits for management research, including the ability to develop practical and relevant theories, draw valid inferences about causal relationships, clarify multiple conjectural causations, provide a comprehensive view of real-world phenomena, and serve as a primary data collection tool for triangulating findings with structured techniques.

However, it also has some limitations, such as low reliability and replicability due to subjective observations, and difficulty in achieving statistical generalization to a population due to the typically small number of cases and lack of random sampling.

2.2.2) The case study organization

The parent organization is a global consulting firm dedicated to advancing human development and social impact. They work to strengthen the global development system and the key actors within it, to effectively tackle the world's most pressing issues. The organization is

headquartered in Berlin, Germany, and has a team of consultants and associates located around the globe.

Their main services include strategy and policy development, organizational improvement and change management, leadership and governance, program evaluations, and strategic advocacy. They work mainly in the areas of global health, education, development finance, financing for global development, humanitarian aid, and donor analytics.

In summary, the parent organization is a reputable consulting firm that helps organizations improve their operations and implement effective strategies. With a focus on strategy and organizational development and a team of experienced consultants, the parent organization is well-positioned for continued growth and success.

Subsidiary organization

Over the years, the team of experts at the parent organization identified a major gap in the landscape of available resources: there was no single source providing comprehensive information on donors' Official development assistance (ODA), their development strategies, priorities, and decision-making processes. They noticed that their colleagues at other organizations – many of whom were over-worked and under-resourced – were forced to spend valuable time searching for and piecing together information.

In 2012, the parent organization launched the digital product (now to be referred to as the subsidiary company) as a central source of information on all the largest Organization for Economic Cooperation and Development (OECD) or Development Assistance Committee (DAC) donor countries.

The subsidiary company now combines essential quantitative data with qualitative analysis, making financing and policy information easily, quickly, and freely available. The vision is that the information they publish can enhance the work of advocates for global development, researchers, policymakers, think-tank analysts, students, journalists, and academics around the world. It primarily focuses on donor spending for agriculture, climate, education, gender equality, global health, global health research and development, and nutrition; work in these sectors is crucial to the realization of the

UN's Sustainable Development Goals and has a strong impact on poverty alleviation.

2.2.3) Key points from the case study

Overall, several factors contributed to the need for the subsidiary company in the market. By filling a gap in the market for transparent, data-driven information on donors' Official development assistance (ODA), their development strategies, priorities, and decision-making processes, the organization has been able to make a significant impact and help drive positive change in the sector.

Thus, it can be said that the product delivered by the subsidiary organization is a market fit.

Though, currently, the subsidiary business has only one fixed source of revenue. It receives large funding for a fixed period provided by a major philanthropy organization.

This allows the subsidiary company to provide its services to everyone online, free of charge. Now, the funding is running out and there is a need for a sustainable source of revenue for the business.

3. DATA AND METHODOLOGY

3.1 Research Design

The double diamond process is a widely recognized design thinking methodology that is frequently used to guide the development of new products,
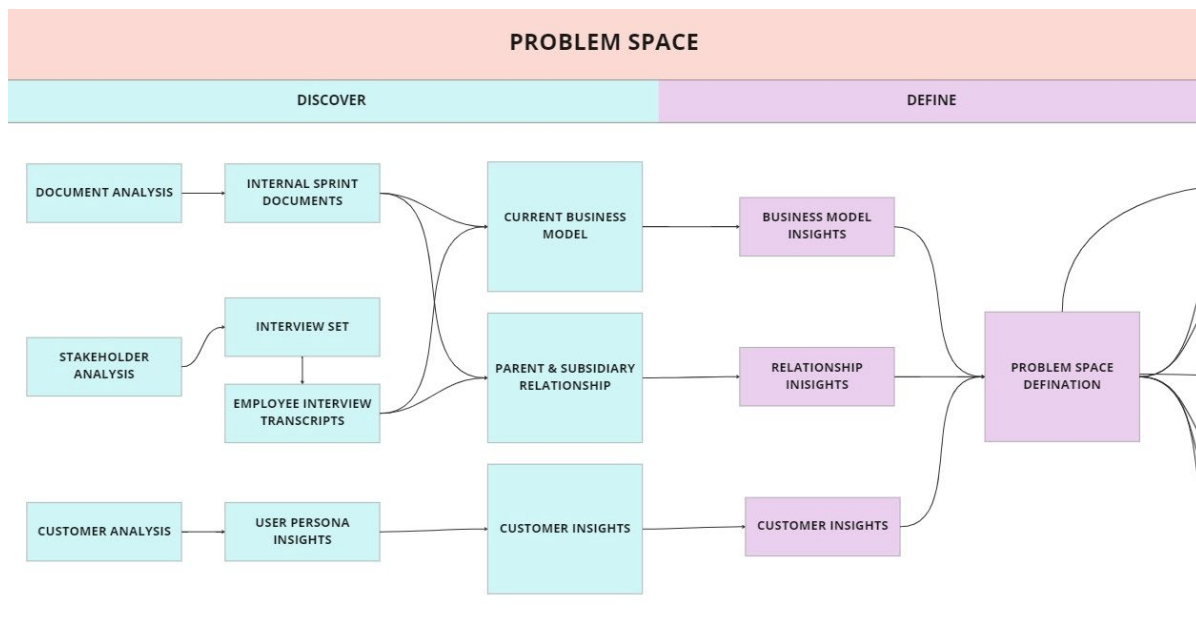
Figure 19: Defining the Problem Space (Source: author)

services, or solutions. It is divided into two main phases: the problem space and the solution space. The problem space consists of two phases - Discover and Define, while the solution space consists of two phases - Develop and Deliver.

The research described in this paper adhered to the double diamond process, beginning with the Discover phase in the problem space. The focus of this phase is on understanding the problem or opportunity that the project aims to address, and it typically involves conducting research, gathering data, and generating ideas.

In the present case, the Discover phase lasted for a period of three months, during which the research team implemented several different techniques to gather insights. These included internal document analysis and the creation of a current business model canvas, stakeholder interviews with managers of the three hubs within the subsidiary business, and customer analysis through the creation of user personas. Through these efforts, the research team was able to identify areas of conflict, innovation, and disruption within the subsidiary business.

The Define phase involves synthesizing the insights gathered during the Discover phase and defining a clear problem statement. In the present case, this involved
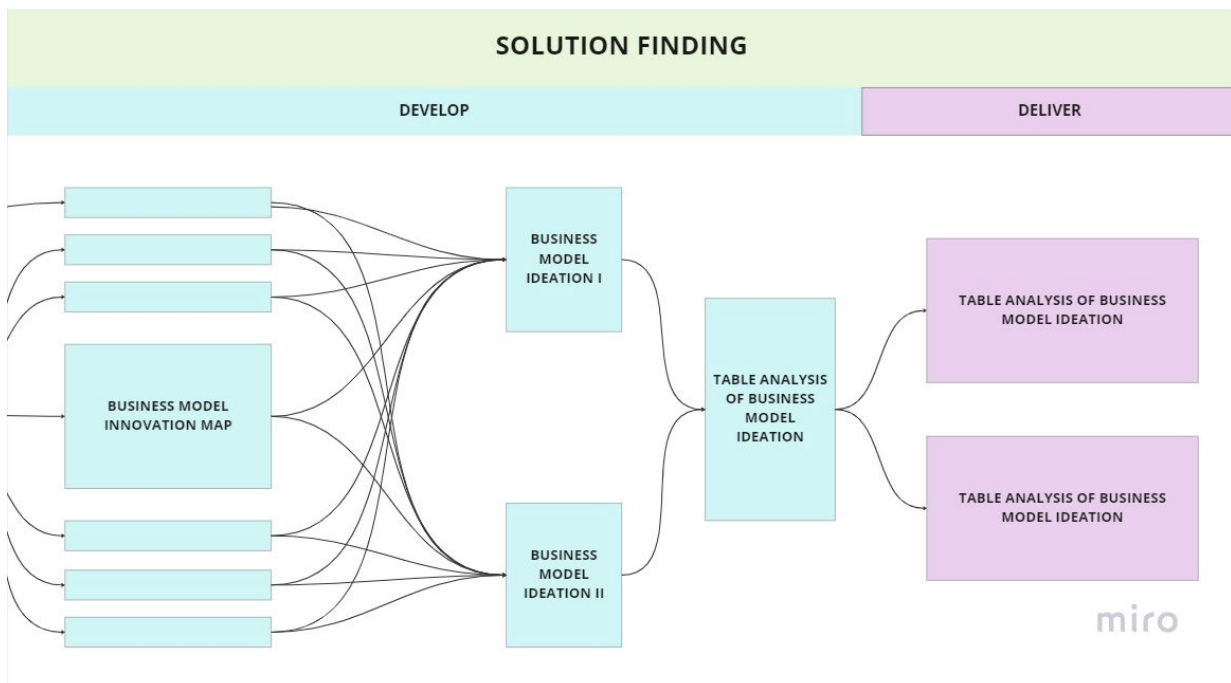
Figure 28 Defining the Solution Space (Source: author)
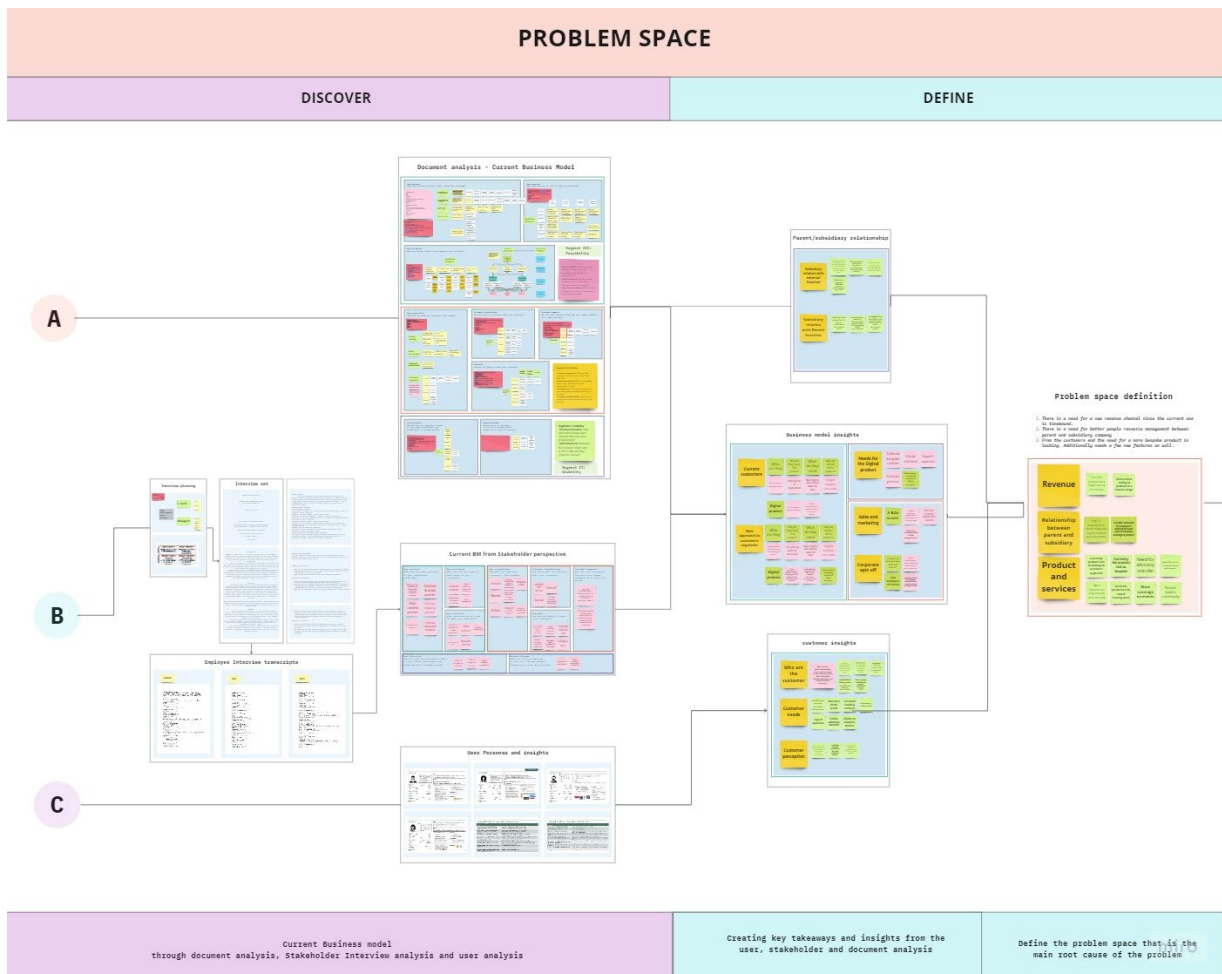
Figure 37: Defining the Problem Space for the Subsidiary Organization (Source: author)

identifying the key areas of focus for the project based on insights generated from the current business model developed through internal documents, the current business model fine-tuned through stakeholder interviews, insights generated through user personas, and the analysis of the relationship between the parent and subsidiary businesses. At the end of the Define phase, the research team had a clear problem space that needed to be addressed in the subsequent stages.

The Develop phase of the double diamond process involves generating and prototyping solutions to the problem identified in the Define phase. This typically involves iterating on ideas and testing them to refine and improve them. In the present case, the research team began this process by using ideation and

developing business models from the 60 different types of business model patterns to generate and explore a wide range of potential business models. These ideas building out the necessary infrastructure, and testing the solution to ensure that it is ready for deployment. In the present case, the research resulted in the development
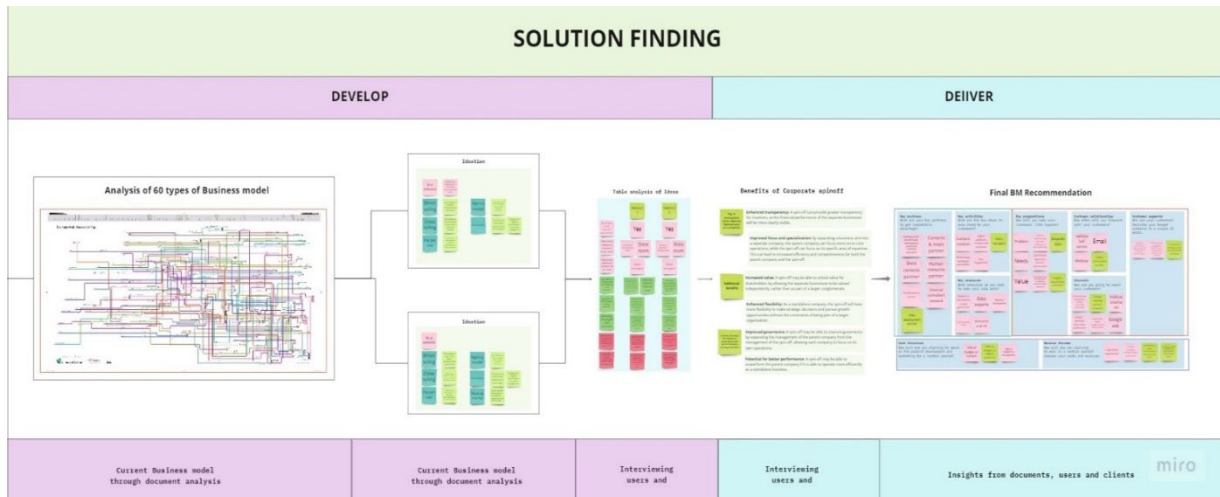
Figure 46 Defining the Solution Space for the Subsidiary Organization (Source: author)

were then evaluated and refined to identify the most promising business models to pursue, taking into consideration factors such as market trends, the needs of potential customers, and the competitive landscape. Once the most promising business models had been identified, the next step was to develop and test them to validate their viability and identify any potential challenges or risks.

The final phase of the double diamond process, Deliver, involves finalizing the solution and preparing it for launch. This typically includes finalizing the design,

of a list of recommendations in terms of corporate strategy and business model for the future. These recommendations can be then carefully considered and implemented by the subsidiary business as it prepared to launch its new product or service.

Overall, the double diamond process proved to be an effective methodology for guiding the development of new products, services, or solutions. By following a structured and systematic approach, the research team was able to gather insights, define a clear problem statement, generate

and prototype potential solutions, and deliver a final product or service that was ready for launch. Through the use of this methodology, the research team was able to successfully navigate the complex process of innovation, ultimately resulting in a product or service that met the needs of its customers and had the potential to drive business growth through the creation of a new revenue stream.

3.2 Data collection

3.2.1) Document analysis

The subsidiary company utilizes an agile sprint model, a framework that enables the rapid, iterative development of products to deliver incremental value to customers. This approach is highly adaptable and allows the company to respond quickly to changing customer needs and requirements. The subsidiary company is divided into three main hubs: the digital hub, the partnership hub, and the content hub. Each of these hubs is managed by a hub manager who is responsible for the daily operations as well as the long-term goals of the hub. The head of the subsidiary company oversees all three hubs and reports findings to the parent company.

At the end of each sprint, the subsidiary company reviews and demonstrates completed work to stakeholders and gathers feedback for the next sprint.

The internal documents created during the quarterly review of the subsidiary company by the parent company provide insight into the current business model and plans for the subsidiary company. These documents, along with the current sprint documents, inform the business model canvas of the subsidiary company.

Value proposition: The value proposition of the subsidiary company is to provide advocates with comprehensive, transparent, and high-quality information on donor funding and development strategies to inform their advocacy strategies. This is necessary due to increasing pressure on traditional official development assistance budgets, growing financial needs, and increased competition in the development sector. Additionally, growing political volatility and earmarked funding reduce the predictability and sustainability of funding, while the growing number of actors at global, regional, and country levels makes the landscape difficult to navigate. These challenges have

been exacerbated by external shocks such as COVID-19 and climate crises. To meet these needs, the subsidiary company provides its services free of charge to all users and regularly updates its information in real time. It also helps to break down complex data and provide a one-stop shop for all advocacy needs in the development sector. Furthermore, it offers a digital platform for advocates to share priorities and identify promising opportunities for effective advocacy.

Customer Segments: In the present state, the subsidiary company does not segment its customer base. Rather, the customers are treated as a unified group. These customers consist of advocates for global development working within a variety of sectors, including multilateral organizations, advocacy organizations, think tanks, media, governments, and academia. Additionally, organizers of global development events, such as COP26, may also be included among the customers.

Channels: The subsidiary company primarily uses its website as the main channel for communicating with customers. This platform allows users to search for and access information on donor funding and developmental organizations, as well as receive weekly updates. The company also maintains a backend email system for responding to customer queries. In the past, the subsidiary company also participated in conferences as a means of directly engaging with customers.

Customer Relationships: The subsidiary company's customer relationship strategy involves providing regular updates and new features to its platform to foster ongoing relationships with users. Additionally, the company offers support and guidance through its customer service team. The subsidiary company differentiates its customer relationships based on the industry it is communicating with. For example, it provides personal assistance to large donor and corporate organizations, while offering automated or self-service options for access to its website and communication via email for institutional and educational organizations, as well as large global developmental events.

Revenue streams: The revenue streams of the subsidiary organization can be described as follows. The subsidiary organization generates revenue through a

combination of funding support from large donor organizations and by cross-selling its products through the parent organization. In the past, the main source of funding for the subsidiary organization has been from a single large donor organization, accounting for more than 80% of total revenue. However, this particular funder will no longer be providing funding to the subsidiary organization in the future, leading to the need to identify new sources of revenue.

Cost structure: The cost structure of the subsidiary organization can be divided into several categories, including sales and partnership costs, infrastructure costs (both digital and physical), marketing costs (including digital advertising and physical events), content creation (which is a particularly expensive cost due to its reliance on human resources), research and development of new digital products, management of various hubs to establish strategic direction, and maintenance of financial and human resources records.

Key partners: The key partners of the subsidiary company include events, organizations (governments, think tanks, multilateral organizations, advocacy organizations, media organizations, educational institutions), and individuals in the global development sector, the parent organization which provides support and resources, digital consulting firms that assist in the development of digital infrastructure, marketing consulting firms that contribute to platform development, organizations and initiatives that focus on tracking, analyzing, interpreting, and sharing information about global development funding, and key donor organizations that provide financial support. These partners play a significant role in the operations and growth of the subsidiary company.

Key resources: The subsidiary company requires four key resources for its operation: • Financial support - Currently, large donor organizations provide financial support to the subsidiary company through time-based donations. • Human resources - The parent company provides the subsidiary company with human resources on a time-sensitive basis. • Intellectual property and copyrighted data - The subsidiary company obtains primary data for analysis from various partners and also produces new

secondary data such as insights, policy updates, and commentaries in collaboration with other content and industry partners. • Physical resources - The subsidiary company currently relies on the parent company for all of its physical resource needs, including physical and digital infrastructure.

Key activities: The subsidiary company engages in activities designed to create value for its customers. These activities include:

Customer relationship management: The digital hub creates and manages digital communication platforms for customers, while the partnership hub works to establish new relationships with potential customers, clients, and partners.

Production: The content hub is responsible for analyzing and creating content, and the digital hub develops new digital products, maintains the website, and handles user analytics.

Problem-solving: The hub council is in charge of strategic planning, goal setting, and financial planning, while the parent company also contributes to these efforts.

Platform/network development: The digital hub maintains and develops digital platforms, creates new products, and the parent company works on creating and maintaining new partnerships. The content hub is involved in media and social media platforms, while the partnership hub focuses on establishing new partnerships for content and financial support.

The subsidiary company distributes its products through a range of channels, including the digital website, weekly digest, and international events. Primary data is collected from international organizations such as the OECD and various content partners and is analyzed by development sector experts and the data team at the subsidiary company. The development sector experts create qualitative analysis, including real-time publications and background research, while the data team creates quantitative analysis. Both qualitative and quantitative analyses are then shared through the aforementioned channels.

3.2.2) Interview of Stakeholders of Subsidiary Business

To gain a deeper understanding of the current business model as perceived by stakeholders, the researcher conducted interviews with the managers of the digital,

partnership, and content hubs. The interview set was designed to minimize confirmation bias and provide an unaltered representation of the interviewees' opinions.

According to Rumsfeld (2002), "There are known knowns; there are things we know we know. We also know there are known unknowns; that is to say, we know there are some things we do not know. But there are also unknown unknowns - the ones we don't know we don't know." With this statement, Rumsfeld (2002) classified the responses into four categories: known knowns, known unknowns, unknown knowns, and unknown unknowns. Known knowns refer to information that is both understood and known, known unknowns refer to information that is known but not understood, unknown knowns refer to information that is understood but not known, and unknown unknowns refer to information that is neither understood nor known. This process allowed the researcher to identify potential areas for innovation and disruption.

The researcher provided an initial draft of the interview set to the participants, which included an overview of the project, the objectives of the interview, and the purpose of the interview. The interview questions were divided into three main segments: feasibility, desirability, and viability. These segments focused on various aspects of the business model canvas and aimed to examine both the current business model and the challenges faced by the current model. The feasibility segment covered key partners and their role in providing a competitive advantage, the resources necessary to make the business model work, and the activities required to deliver value to customers. The desirability segment explored the value delivered to customers, the mode and intensity of customer interaction, and a general definition of the customer base and how it is reached. The viability segment examined the most critical costs to the business, the price customers are willing to pay for the product, and the sources of revenue for the business.

The business model of the subsidiary organization, as perceived by stakeholders, can be summarized using the business model canvas.

The **value proposition** of the company is its ability to provide bespoke data and insights on global development, acting as

a trusted source of intelligence for key partners, funders, and stakeholders.

The **customer segments** are professionals in the advocacy sector engaged in resource mobilization, advocacy, and research.

The **channels for communication with these customers** include email, existing partner networks, website publications and events, automated digital engagement, and social media.

Customer relationships are primarily self-service through the website, email, and webinars, with a frequency of interaction of a few times per month.

The company generates **revenue** through funding support from large donor organizations and cross-selling its products through the parent organization.

Its **key resources** include its team of experts, analysts, and business development professionals, as well as its digital platform and data sources.

Key partners include development organizations, funding partners, academia, content providers, and external consultants. The key activities of the company include data collection, analysis, and publication, as well as stakeholder engagement

and advocacy.

Its cost structure is primarily comprised of content creation and digital infrastructure, with a budget for strategic management.

Selected approach

During the interview with the manager of the partnership hub, a key insight was obtained regarding customer needs. The manager reported that clients desired tailored or bespoke content that they perceived as being specifically designed for them. This perception of personalization was perceived as more accurate and relevant when the content was handpicked by an expert, with credentials that were visible to the client. Furthermore, the manager noted that the personal opinion of the expert was also considered valuable in creating a more customized product.

During the interview with the manager of the content hub, a key insight was obtained regarding customer segmentation. The manager stated that while the current product was designed for the broader advocacy community within the development field, a more refined approach to segmentation could allow for a more user-specific offering. Additionally, the

manager emphasized the importance of supplementing core data with additional insights that were of high value to customers.

During the interview with the manager of the digital hub, the possibility of the subsidiary organization serving as a digital data analysis tool for advocacy for other organizations within the global development field was explored. The manager noted that this could potentially lead to a conflict of interest with the value proposition offered by the parent organization. Thus, it was posited that the target customers for the subsidiary may perceive the product as a competitor and would be hesitant to incorporate it within their own companies.

3.2.3) Customer Analysis of Subsidiary Business

In early 2020, The Subsidiary Company conducted a study to better understand its user base. As part of this research, the main author participated in interviews with a total of 25 customers from various backgrounds, resulting in the creation of four distinct user personas.

The first persona is that of an **academic with 40 years of experienc**e teaching at a university. This user is characterized as extroverted, analytical, loyal, and passive in their lifestyle. They view The Subsidiary Company as a valuable source of information on the development sector and use both the qualitative and quantitative data provided in their advocacy work.

The second persona is that of an **independent consultant with 20 years of experience in public health**. This user is described as extroverted, with a mix of analytical and creative traits, and displays a fickle yet active lifestyle. They appreciate the timeliness of the information provided by The Subsidiary Company and use it to make forward-looking trend predictions and advise their clients.

The **third persona is that of a deputy director at a large philanthropic organization with 15 years of prior experience in consulting firms.** This user is extroverted and analytical, with a fickle yet active lifestyle. They utilize The Subsidiary Company's website for research in key sectors and believe that access to more forward-looking data would aid in their daily analysis.

The **fourth persona is that of a senior**

advisor at a medium-sized global health multilateral organization with 15 years of experience in international development. This user is introverted and analytical, with a loyal and active lifestyle. They use The Subsidiary Company's website to stay updated on the latest priorities and policy/funding/governmental changes, and also appreciate the big-picture, landscape-level trends provided.

The results of the user analytics following the completion of user interviews and the creation of user personas indicated the following implications for the content provided by the subsidiary company: 1) the most highly valued content was the qualitative data offered by the company, 2) users relied on the digital platform to stay informed about developments in the development sector, 3) there was a desire for the platform to provide more forward-looking information, 4) users preferred greater flexibility in terms of conducting their analytics using the data provided, and 5) there was a desire for more interaction with the experts behind the platform.

Based on the user analytics conducted, it was found that the users of the digital platform primarily utilize it to search for specific information. They also rely on weekly email updates as a primary source of information. In terms of content, the users expressed a desire for more customized, bespoke content. Additionally, they highlighted the need for greater flexibility in terms of the ability to search and compare different data points.

3.2.4 Exploring the Relationship between Parent and Subsidiary Business

The relationship between the subsidiary and parent organization is essential to understand. According to documents, stakeholder and customer perceptions, the following inferences can be made:

The subsidiary's relationship with external organizations is characterized by the strengthening of the evidence base used by advocacy organizations to shape government policies and funding, the provision of informed, evidence-based media narratives on key development issues, the enabling of donor targeting of multilateral resource mobilization teams, and the use of the subsidiary's data by governments to compare their spending and policies with those of other countries.

The subsidiary's relationship with the parent organization serves several

purposes, including marketing, expertise and thought leadership, and knowledge building. The subsidiary can be used as a "hook" to initiate conversations with potential clients, showcase the parent organization's excellent work and in-depth knowledge of the OECD donor and ODA world, and allow the parent organization to build expertise in relevant areas without specific projects.

The relationship between the parent organization and its subsidiary can be described as follows: the parent organization provides support to the subsidiary in the form of shared personnel resources, digital and physical infrastructure, and critical management services such as human resources, financial management, and overall leadership management.

The parent organization also benefits from the subsidiary's work by using it as a marketing tool to attract potential clients, showcasing its expertise and thought leadership, and building knowledge in relevant areas. Overall, the parent organization and its subsidiary have a mutually beneficial relationship that enables both entities to achieve their respective goals and objectives.

4 ANALYSES AND INTERPRETATION

4.1 Insights from document and stakeholder analysis.

The current business model developed using insights from internal documents, stakeholder interviews, and user personas have identified three main areas for innovation: customer segmentation, customer relationship, and customer channels and revenue streams.

Customer Segmentation: The subsidiary company currently serves advocates working in the development sector by providing clear and concise baseline data for their advocacy work. However, by treating the entire customer base as one segment rather than dividing them based on personal or professional traits, the product does not feel tailored to the customer's specific needs. Suggestions from stakeholders suggest that customer segmentation could be based on the types of organizations working in the development sector, allowing the product to be customized to the customer's specific industry and needs. For example, a customer working in the government may have different needs than a customer in

academia or a strategic consulting firm.

Value Proposition: The current value proposition could be improved by making the product more user-centric and tailored to the customer. The current approach of generalizing the product for all customers means that they must spend time searching for information that suits their needs. Improving the product by handpicking and organizing information to save customers time and provide more precise information would be beneficial. Additionally, customers want to know more about the experts behind the information being provided, including their credentials and sources of information, to build greater credibility. Building a relationship between the customer and the expert, as well as a connection with the subsidiary company's contact person, would improve the customer relationship and make the product feel more personalized.

Revenue Streams: The subsidiary organization has historically had a high financial dependence on a single large donor, who has provided 80-100% of its revenue. However, this donor has been steadily reducing funding for the past five years and has given the organization an ultimatum to fund them for only the next three years. This has left the subsidiary organization in search of new revenue streams and has prompted the parent organization to begin cross-selling the product to their clients as part of their consulting services, resulting in a small increase in revenue for the subsidiary. This also presents an opportunity for the subsidiary to explore other sources of revenue beyond donations from large philanthropic organizations.

4.2 Insight from customer analysis.

The findings of the customer analysis indicate that the customers of the subsidiary organization are advocates for global development across sectors that are vital to the achievement of the United Nations (UN) sustainable development goals and the reduction of poverty. These customers may include professionals working in advocacy organizations who aim to influence government policies and funding, professionals working in governments who use the data to compare their spending and policies with those of others, evidence-based media organizations working on key development issues, and

donors targeting multilateral resource mobilization teams.

Customer needs can be categorized into seven different topics. The core need is for a comprehensive understanding of the current priorities and policies of the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) countries. Other needs include an overview of the key sectors under the UN sustainable development goals, an overview of the system and related actors that play a role in the development sector across different OECD countries, forward-looking analysis that helps predict how these trends may change in the coming years and identify the reasons for these changes, a running commentary on key events in different sectors according to the UN sustainable development goals, access to expert opinions on the current state of affairs of various topics in the development sector, access to a sector advocacy calendar that helps track developments throughout the year, and the ability to compare donor data on their own using custom queries.

The customer perception of the subsidiary organization is that it is a reliable central source of information on the OECD DAC countries. Customers view the organization as providing information that combines essential data with qualitative analysis, making financing and policy information easily, quickly, and freely accessible.

4.3 Insights about the parent and subsidiary relationship

The relationship between the parent organization and the subsidiary organization can be described as interdependent. While the parent organization benefits from the knowledge and expertise of the subsidiary organization, the subsidiary organization benefits from access to the resources and network of the parent organization. However, this interdependence can also present challenges for the subsidiary organization. For example, the subsidiary organization may be unable to make independent strategic decisions that align with its core focus and expertise. Additionally, the dependency on shared resources with the parent organization may lead to variable workloads and reduced motivation for employees. Furthermore, the overlap of the subsidiary

organization's work with the research areas of the parent organization may create difficulties in terms of sales and marketing strategies. Overall, the relationship between the parent and subsidiary organizations is complex, with both benefits and challenges.

4.4 Defining the problem statement

The research conducted through document analysis, stakeholder interviews, and customer research has identified the core problems with the current business model of the subsidiary organization. These issues are crucial to address to develop a sustainable new business model. The identified core problem areas are:

Revenue: The heavy reliance on a single, decreasing source of revenue poses a threat to the very existence of the subsidiary organization. The current reliance on this source of funding, along with cross-selling of the product by the parent organization, is not sufficient to sustain the business. Therefore, the main focus of business model innovation should be to find a new, sustainable source of revenue that can both sustain and propel the subsidiary organization in the future.

Relationship between the parent and subsidiary organizations: The current relationship between the subsidiary and parent organizations results in a heavy reliance on the parent organization for everyday needs. This reliance hinders the ability of the subsidiary organization to independently develop strategic thought, which holds back its growth. A new arrangement is needed that allows both the parent and subsidiary organizations to thrive.

Value proposition: The value proposition currently offered by the subsidiary organization can be upgraded to target new markets and bring in more revenue. These changes should make the product more customized to specific customer segments, allowing the subsidiary organization to charge higher prices for its services. The value proposition should also include community building to create a long-lasting customer base. Additionally, a degree of freedom of use should still be provided to users, allowing them to use the product according to their needs and creating a higher level of dependency on the product.

4.5 Analyzing different Business model patterns

Through the application of the three evaluation methods of customer segmentation, value proposition, and revenue streams, the research has reevaluated potential business model streams that could be implemented in the new business model for the subsidiary company.

The identification of customer segments has enabled the specialization of sales strategies to meet the needs of each segment, leading to the creation of a bespoke product offering for each customer. This has also allowed for the differentiation of the business's unique value proposition, allowing for targeted sales to each segment. Additionally, the knowledge of current revenue streams allows for the exploration of new revenue opportunities and the maintenance of current streams, specifically tailored to the identified customer segments.

Based on this analysis, the researcher has proposed two different business models that utilize multiple business model patterns.

Selected approach – Business model proposal 1

The research proposes a business model that utilizes a combination of five distinct business model patterns: direct selling, cross-selling, pay-per-use, agency model, and freemium. To effectively incorporate these various business model patterns, it will be necessary for the subsidiary company's value proposition to evolve to align with customer needs more closely.

Currently, the subsidiary company provides all of its data to advocates in the global development sector through its website, resulting in a lack of segregation of customer segments. Additionally, the high level of competition in the website market may make it difficult for the company to differentiate itself from competitors. To create a niche and establish a lock-in period for the ecosystem for data analytics in the development sector, the subsidiary organization may consider developing independent software. This could help the company stand out in a crowded market and create a sense of loyalty among its customers.

The transition from one software to another is more difficult than transitioning from one website to another. According to

research, this is likely due to the increased complexity and depth of functionality provided by software as compared to websites (e.g. Guo, Li, & Chen, 2016; Pan & Leidner, 2010). Additionally, the process of transitioning from one software to another often involves a significant investment of time and resources, including training and re-configuration (e.g. Pan & Leidner, 2010; Zhang, 2011).

The proposed software aims to be the leading provider of data analytics for the global development sector, positioning itself as a replacement for in-house data teams in organizations of all sizes. Its value proposition is centered on the ability to provide precise data analytics through query-based systems, thus eliminating the need for human data analysts. This function alone could justify the cost of the software in the long run. In addition to its core value proposition, the software may also offer expert opinions on qualitative analysis, although this feature could be placed behind a payment wall.

If the value proposition is modified as described, the following business model patterns may be utilized:

Direct selling: The proposed software could be sold directly to organizations in the development sector, including those of varying sizes. This would provide a new source of revenue for the subsidiary company and create a constant stream of income. The cost of the software could be adjusted based on the number of data analysts it replaces. Currently, there is no business-to-business selling occurring in the subsidiary business, but the creation of this software would allow for such sales to take place.

Freemium: To align with the subsidiary organization's original goal of providing free data analytics to organizations worldwide to support data-driven advocacy decisions, the company could adopt a freemium business model. Under this model, the company could continue to receive revenue in the form of donations from its large global donor, allowing it to offer its data analytics software for free to all organizations. However, the real-time updated qualitative analytics aspect of the company's services could be placed behind a paywall. This would allow the organization to maintain its current revenue stream while still adhering to its vision of providing free data-driven analysis.

Cross-selling: As the software is essential for the advocacy efforts of organizations in the global development sector, it may also be valuable to their clients. Therefore, the subsidiary's clients could potentially sell the software, along with its login, to their project clients to keep them informed on the current status of the project and the data being used for advocacy. This would allow the subsidiary's clients to charge their clients for the software and generate a third source of revenue through cross-selling.

Pay per use: The subsidiary organization currently provides both qualitative and quantitative data on various sectors and countries without dividing its value proposition based on customer segments. If the company were to segment its value proposition according to sectors, countries, and the type of data being provided (qualitative or quantitative), it could allow new B2B customers to select the specific information they need and create a bespoke product for them, charging for each new service. This would allow the company to tailor its offerings to the specific needs of each customer and generate revenue through a pay-per-use model.

Agency model: To address customer feedback indicating a desire for more personal communication and a more human-centric approach, the subsidiary company may consider employing an agency model. Under this model, each B2B customer would be assigned a client manager who would work to understand and tailor the product to the customer's specific needs and provide bespoke qualitative information as needed. This approach could improve customer relationships and make the product more customer-centric, particularly as the company transitions to a B2B model.

Selected approach –

Business model proposal 2

The research proposes a business model that utilizes a combination of six distinct business model patterns: direct selling, cross-selling, pay-per-use, agency model, freemium, and hidden revenue. To effectively incorporate these various business model patterns, it will be necessary for the subsidiary company's value proposition to evolve to align with customer needs more closely.

Currently, the subsidiary company provides all of its data to advocates in the

global development sector through its website, resulting in a lack of segregation of customer segments. This may lead customers to perceive the content as less tailored to their specific needs, as they may have to spend additional time adjusting it to meet their requirements. By creating customer segmentation based on industry, the subsidiary company could create value propositions that are more specialized to the needs of each segment. To facilitate this, the company could implement personalized login-based information that caters to the needs of each client. This could be sold as a package of user accounts to businesses in the global development sector, requiring a shift in the company's sales approach from business-to-customer to business-to-business.

If the value proposition is modified as described, the following business model patterns may be utilized:

Direct selling: By creating separate login IDs for each employee of the subsidiary's clients, the company could offer tailored information based on the needs of each employee. This would allow the subsidiary to engage in business-to-business selling, which is currently not being utilized. The sale of login IDs to organizations of varying sizes could provide a new source of revenue for the company and create a constant stream of income.

Freemium: To align with the subsidiary organization's original goal of providing free data analytics to organizations worldwide to support data-driven advocacy decisions, the company could adopt a freemium business model. Under this model, the company could continue to receive revenue from its large global donor, allowing it to offer its data analytics for free to all organizations. However, the real-time updated qualitative analytics aspect of the company's services could be placed behind a paywall. This would allow the organization to maintain its current revenue stream while still adhering to its vision of providing free data-driven analysis.

Cross-selling: As personalized data is essential for the advocacy efforts of organizations in the global development sector, it may also be valuable to their clients. Therefore, the subsidiary's clients could potentially sell the bespoke login IDs to their project clients to keep them informed on the current status of the project and the

data being used for advocacy. This would allow the subsidiary's clients to charge their clients for the login IDs and generate a third source of revenue through cross-selling.

Pay per use: The subsidiary organization currently provides both qualitative and quantitative data on various sectors and OECD countries without dividing its value proposition based on customer segments. If the company were to segment its value proposition according to sectors, donors, and the type of data being provided (qualitative or quantitative), it could allow new B2B customers to select the specific information they need and create a bespoke product for them, charging for each new service. This would allow the company to tailor its offerings to the specific needs of each customer and generate revenue through a pay-per-use model

Agency model: Based on customer feedback indicating a desire for more personal communication and a more human-centric approach, the subsidiary company may consider employing an agency model to provide a more personalized experience for new B2B customers. Under this model, each B2B customer would be assigned a client manager who would work to understand and tailor the product to the customer's specific needs and provide bespoke qualitative information as needed. This approach could improve customer relationships and make the product more customer-centric, particularly as the company transitions to a B2B model.

Hidden Revenue: Some of the subsidiary organization's current partners are content and news organizations in the development sector that share information that is closely connected to the information provided by the subsidiary. As such, the company could potentially sell its product as a widget that can be installed on other websites as a mini data analytics or qualitative tool. This could create an additional source of income for the subsidiary organization through hidden revenue.

4.6 Table analysis of suggested business models

To evaluate and compare the potential impacts of the two proposed business models, they were assessed using three

main criteria: feasibility, desirability, and viability.

In terms of feasibility, both business models can be implemented using the existing partners of the subsidiary company. However, the first business model would require additional resources such as a software development consultancy to build and maintain the product, as well as additional data analysts to refine queries and continue developing the platform. The second business model would also require an in-house website development team to create bespoke content for customers and businesses, as well as a data team for daily analysis. Both business models would also require the hiring of new client managers to support each new business that the subsidiary sells its product. In terms of resource and cost requirements, the second business model appears to be more feasible.

In terms of desirability, both business models would offer a product that allows client organizations to eliminate the need for in-house data teams, potentially reducing resource expenditure. Both models would also employ client managers to provide personalized insights to clients. In terms of cost and ease of gaining new customers, the first business model, which introduces a new data analytics software specifically for the development sector and offers a freemium model, may be more desirable as it may attract more customers with less marketing effort. The second business model may require more business-to-business marketing efforts to gain new customers.

In terms of viability, both business models have the potential to generate new revenue streams and be financially successful. However, the first business model may require a larger investment in the development and maintenance of the software, as well as the hiring of additional data analysts and client managers. On the other hand, the second business model may have lower initial costs due to the use of an in-house web development team and the lack of need for a software development consultancy. However, it may require more marketing efforts to attract new business-to-business customers. Both models also have the potential to generate revenue through their freemium model, cross-selling to primary clients, and the sale of add-on qualitative analysis. The

second model also has the potential for hidden revenue through the sale of widgets to other websites. Ultimately, the viability of each model will depend on its ability to attract and retain customers and generate sufficient revenue to offset its costs.

Overall, while the first business model may facilitate more rapid acquisition of a significant share of the market, when considering the cost that the subsidiary would incur to develop and maintain the software, it appears that the second business model is a more financially viable option. This model would create three new revenue streams for the business in the long term and promote sustainability in the long run. In conclusion, after evaluating both business models based on feasibility, desirability, and viability, it is recommended that the subsidiary company adopt the second business model. This model offers a more cost-effective solution, with the potential to create multiple revenue streams that can contribute to the long-term sustainability of the business.

5. RECOMMENDATIONS & CONCLUSION

5.1 Recommended corporate strategy

The suggested business model changes have the potential to create new revenue streams that will help the subsidiary company sustain itself in the long run. These changes, along with improvements to the value proposition, are likely to lead to increased customer satisfaction, retention, and acquisition over time. However, there are still some issues related to the symbiotic relationship between the parent and subsidiary organization that need to be addressed. Specifically, there are two main problem areas: variable workload for employees working in both the parent and subsidiary organization and overlap in the value proposition between the two companies.

The experts working in both the subsidiary and parent organizations have noted that there are times when the subsidiary organization requires more of its time and resources, leading to conflicting workloads. Additionally, the overlap in value

proposition may lead to the parent organization's competitors feeling threatened by the subsidiary, causing them to not use the product meant for sale to them. This situation could be exacerbated if the subsidiary organization engages in business-to-business marketing to the competitors of the parent organization.

To address these issues, the research examined various corporate strategies, including the use of a corporate spin-off. A corporate spin-off involves divesting a particular business unit or product line that is no longer central to the overall operations or strategy of a company. This can be done through the creation of a separate, independent company that takes on the operations of the divested unit. The decision to undertake a corporate spin-off strategy should not be taken lightly. It requires careful consideration and planning, as it involves the creation of a new independent company that takes on the operations of a divested unit. However, the potential benefits of a corporate spin-off can be significant and can include improved performance, enhanced flexibility, improved focus and specialization, streamlined operations, improved governance, and increased value for shareholders.

One reason that a corporate spin-off may lead to better performance is that it allows the subsidiary business to tap into new markets and revenue streams that may have conflicted with the interests of the parent organization. As a standalone company, the spin-off may be able to operate more efficiently and effectively, potentially leading to better performance compared to the parent company. Additionally, the spin-off may have more flexibility to make strategic decisions and pursue growth opportunities without the constraints of being part of a larger organization. Improved focus and specialization is another potential benefit of a corporate spin-off. By separating a business unit into a separate company, the parent company can focus more on its core operations, while the spin-off can focus on its specific area of expertise. This can lead to increased efficiency and competitiveness for both the parent company and the spin-off.

In addition to improving focus and specialization, a corporate spin-off can also allow the subsidiary organization to streamline its operations and focus on its core competencies. This can help to improve the efficiency and effectiveness of the organization, potentially leading to better performance.

Improved governance is another potential benefit of a corporate spin-off. By separating the management of the parent company from the management of the spin-off, each company can focus on its operations, potentially leading to improved governance and decision-making processes.

Finally, a corporate spin-off may be able to unlock value for shareholders by allowing the separate businesses to be valued independently, rather than as part of a larger conglomerate. This can be particularly beneficial since the spin-off is in a high-growth industry or has a strong potential for future growth. The spin-off may be able to command a higher valuation on its own than it would as part of a larger, more diversified company. This could lead to increased shareholder value, as the spin-off's success is more accurately reflected in its stock price. In addition, the spin-off may be able to access capital more easily as a standalone company, which can help it to grow and expand more quickly. This can also lead to increased value for shareholders.

The corporate spin-off strategy can be a viable solution to the issues faced by the parent and subsidiary organizations in their symbiotic relationship.

However, it is important to carefully consider the potential risks and challenges associated with a corporate spin-off. Additionally, the spin-off may face difficulties in securing funding or attracting top talent, as it will be operating as a standalone company. The spin-off may face challenges in establishing its brand and market presence, particularly if it is a new entrant in the market.

It is also important to consider the potential impact of a corporate spin-off on stakeholders, such as employees, customers, and suppliers. The employees of the spin-off may be concerned about job

security or changes to their working conditions, while customers and suppliers may have to adjust to the new business model and establish new relationships with the spin-off.

To minimize these risks and challenges, it is important to carefully plan and execute the spin-off process. This includes conducting market research, developing a comprehensive business plan, and establishing strong relationships with key stakeholders. In addition, it may be necessary to secure funding and other resources to ensure the spin-off is well-positioned for success.

Overall, the corporate spin-off strategy can be a valuable tool for addressing the issues faced by the parent and subsidiary organization in their symbiotic relationship, as well as for unlocking value and improving efficiency. By carefully considering the potential risks and challenges, and developing a comprehensive execution plan, the spin-off can be successful in creating a new and sustainable revenue stream for the subsidiary organization.

5.2 Recommended business model

The proposed business model for the

Final BM Recommendation
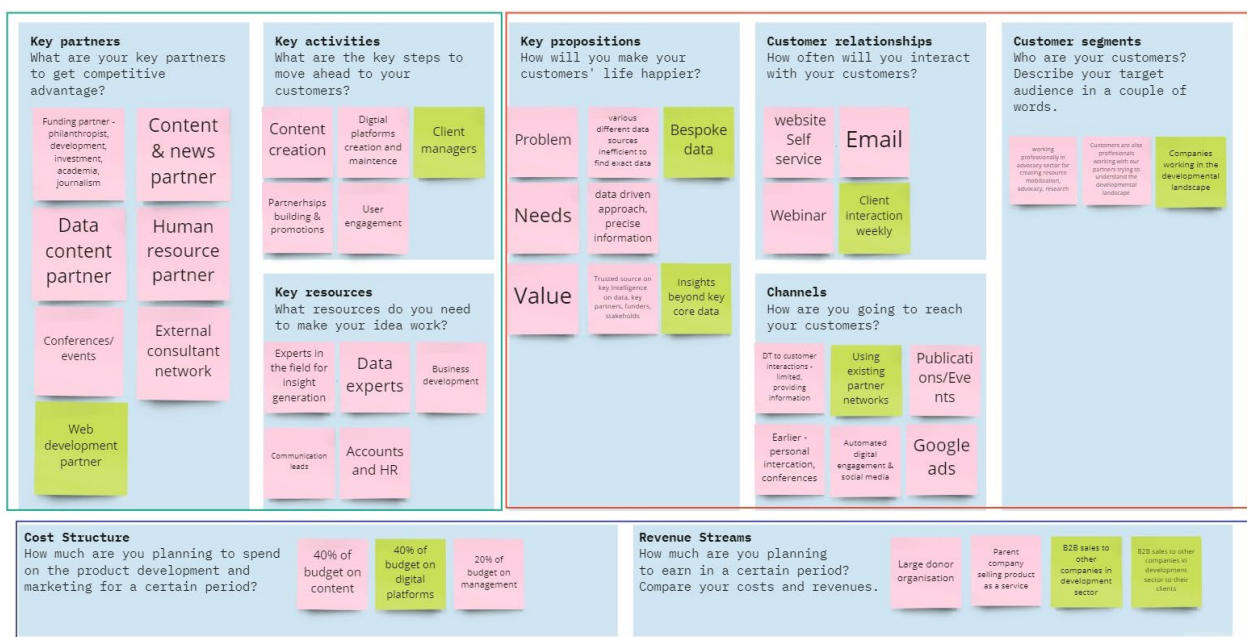
Figure 53 Recommended Business Model for the Subsidiary Organisation (Source: author)

newly formed subsidiary business after the corporate spin-off involves targeting a business-to-business sales approach to other organizations in the global development sector. This approach should be centered around customer segmentation by the industry of the client organization, with the delivery channel of the value proposition remaining through the existing website. It is hoped that this model will be successful in generating new revenue streams and ensuring the long-term sustainability of the business.

Value proposition: The value proposition of the subsidiary company is to provide a comprehensive, transparent, and high-quality information service to advocates in the global development sector. This service aims to address the increasing pressure on traditional official development assistance budgets, growing financial needs, and increased competition in the sector, as well as the challenges posed by external shocks such as the COVID-19 and climate crises. To meet these needs, the subsidiary company offers its data analytics as a free service that can be accessed through its digital platform, with additional real-time qualitative services available for purchase. These services include policy updates, sector or country insights, partner perspectives, and advocacy calendars, and are tailored to the specific needs of each client business through the use of a personalized login and a dedicated client manager. The ultimate goal of the digital product is to provide a specialized, one-stop shop for advocacy needs, potentially even serving as a replacement for an in-house data team for businesses in the global development sector.

Customer segmentation: The new business model recommends segmenting the customers according to their industry. This includes organizations in the global development sector, such as multilateral organizations, advocacy organizations, think tanks, media, governments, and academia. Additionally, organizers of global development events, such as COP26, may also be included among the customer segments. By segmenting the customers in this way, the subsidiary company will be able to tailor its value proposition and

services to the specific needs of each industry. This will allow the company to provide more comprehensive and relevant information to its customers, which will ultimately enhance the value of the services offered by the subsidiary. The customer segmentation strategy will also enable the subsidiary to develop a deeper understanding of the needs and challenges faced by different industries, which will allow it to continuously improve its products and services.

Customer channels: To further expand on the channels utilized by the subsidiary company, it is important to note that the website serves as the primary platform for customers to access information and receive updates. This includes search functions that allow users to easily find data and resources related to donor funding and development organizations. The backend email system is also a crucial channel, as it allows the company to respond to customer queries in a timely and efficient manner. In addition to these digital channels, the subsidiary company can also benefit from participating in conferences and events. These in-person gatherings provide an opportunity for the company to directly engage with customers and showcase its offerings. This can be especially beneficial for building relationships with new businesses and strengthening ties with existing customers. Finally, the subsidiary company can leverage its relationships with content partners to produce new materials for customers. This could include research reports, policy briefs, or other resources that provide valuable insights and information for those working in the development sector. Client managers, who will be responsible for managing relationships with businesses and ensuring that their needs are met, can also play a crucial role in reaching out to new customers and establishing partnerships.

To build and maintain strong relationships with customers, the subsidiary company must continually provide value and support to its users. This can be achieved through regularly updating and improving the company's digital platform, which serves as the primary channel of

communication between the subsidiary and its customers. The platform should offer a wide range of information and resources related to donor funding and development strategies, as well as provide users with weekly updates and new features to keep them engaged and informed. The company should also offer support and guidance through its customer service team, which can be reached through email or other means of communication. In addition to these efforts, the subsidiary company should differentiate its customer relationships based on the industry or sector of the customer. For example, large donor and corporate organizations may require more personalized assistance and support, while institutional and educational organizations, as well as large global development events, maybe more suited for automated or self-service options. The company can also utilize client managers to build one-on-one relationships with customers and better understand their specific needs and requirements. By tailoring its customer relationships to the needs of different industries and sectors, the subsidiary company can build strong, long-lasting relationships with its customers.

Revenue streams: The subsidiary company's revenue streams can be described as follows:

a) Freemium model: The subsidiary company generates revenue through a freemium model, where it provides data analytics as a free service. This service is funded by large donor or philanthropy organizations that want the development sector data to be free and easily accessible.

b) Add-on services: The subsidiary company also provides sector or donor-country-specific qualitative analysis as an add-on service that it sells to businesses through business-to-business sales. This allows the subsidiary to create specialized plans for clients and generates multiple streams of revenue.

c) Cross-selling: The customer business can also resell the login to the digital product to their clients. This allows their clients to stay updated with the happenings in the sector and the project and creates an additional source of revenue through

cross-selling of the digital product.

d) Widget sales: Finally, the subsidiary company can sell its data advocacy product as a widget that can be added to the websites of its partners. This generates an additional source of revenue as a hidden revenue stream.

Cost structure: The cost structure of the subsidiary organization can be divided into several categories, including sales and partnership costs, infrastructure costs (both digital and physical), marketing costs (including digital advertising and physical events), content creation (which is a particularly expensive cost due to its reliance on human resources), research and development of new digital products, management of various hubs to establish strategic direction, and maintenance of financial and human resources records. The cost of maintenance and development of new digital products would increase greatly with the new value proposition. This would be primarily because the platform now needs to create individual logins and platforms for customers. The cost of adding more client managers

would also be a substantial one, but it would be essential to the new value proposition.

Key partners: The key partners of the subsidiary company are essential to its success. These partners include events, organizations, and individuals in the global development sector, as well as the parent organization, digital consulting firms, marketing consulting firms, organizations, and initiatives, focused on tracking, analyzing, interpreting, and sharing information about global development funding, and key donor organizations. These partners help the subsidiary company with various aspects of its operations and growth, such as providing resources and support, assisting with digital infrastructure development, and contributing to platform development. Additionally, these partners help the subsidiary company establish strategic direction, maintain financial and human resources records, and create and maintain relationships in the global development sector. Overall, the key partners of the subsidiary company play a crucial role in its ability to

achieve its goals and objectives.

Key resources:

• Digital platform - The digital platform is the main channel through which the subsidiary company communicates with customers and provides access to information on donor funding and development organizations. It is also used for weekly updates and to respond to customer queries. The company will need to maintain and upgrade the platform to keep it up-to-date and user-friendly.

• Physical offices and event spaces - The subsidiary company may need physical offices and event spaces to host conferences and meetings with partners and customers. These spaces will need to be equipped with the necessary technology and facilities to support the company's operations.

• Marketing materials and tools - The subsidiary company will need marketing materials and tools to promote its services and reach new customers. These may include brochures, posters, digital advertisements, and social media campaigns.

• Data analytics tools and software - The subsidiary company relies on data analytics tools and software to track and analyze donor funding and development strategies. It will need to invest in and maintain these tools to provide accurate and reliable information to customers.

• Research and development resources - The subsidiary company will need to allocate resources towards research and development to continue improving and expanding its services. This may include hiring experts in global development, conducting market research, and testing new digital products.

Key activities: The subsidiary company has established several key partnerships that are integral to its operations. These include:

Donor organizations - The subsidiary company receives financial support from various donor organizations, including philanthropies, governments, and multilateral organizations. These partnerships are vital for supporting the free services offered by the subsidiary company.

Content Partners - The subsidiary company collaborates with a range of

organizations, including think tanks, advocacy organizations, media organizations, and educational institutions, to produce and share content. These partnerships are essential for creating and disseminating high-quality information on global development funding and strategies.

Digital consulting firms - The subsidiary company works with digital consulting firms to develop and maintain its digital infrastructure, including its website and digital products.

Marketing consulting firms - The subsidiary company engages with marketing consulting firms to develop and improve its marketing strategies, including its use of social media and other channels.

Tracking, analyzing, interpreting, and sharing information organizations - The subsidiary company partners with organizations that focus on tracking, analyzing, interpreting, and sharing information about global development funding, including data on donor organizations, projects, and trends. These partnerships are critical for providing accurate and up-to-date information to customers.

Key development organizations - The subsidiary company also partners with key development organizations, such as the United Nations and other multilateral organizations, to obtain data and insights on global development trends and issues. These partnerships are essential for providing customers with comprehensive and reliable information.

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7 APPENDICES

7.1 Appendix A: Interview questionnaire:

Introduction:

Currently, in 2022, there is a rapidly changing business environment as companies are still recovering from the pandemic and the ongoing economic recession. This has led to a substantial increase in the number of new markets that are opening up due to the rapid boom in the sector of digitization.

This can be noted by the increase in the number of companies having their own data and software teams. In the age of automation, companies are looking to create more human centric jobs and reduce the number of jobs that can be automatized through digital solutions.

Having their own data and software teams allows companies to create automations in the fields of content management, project management, communication, cloud services etc. Companies are adopting the strategy of corporate spin off by identifying these strategic projects, which is different that their core business and creating an alternative for its operation through the creation of a new business.

Objectives:

The research looks into one of the largest corporate spin-offs in the recent history between Ebay and Paypal to understand their complex change strategy. Further on, the paper would analyze a Germany based developmental consultancy (which will be referred to as the parent company) that has developed a digital product separate from the companies own business model. This digital product has been running successfully for a decade now, but requires a new revenue stream to be able to scale up into an "independent company" (which will now be referred to

as a subsidiary business).

The research will first employ the process of business model innovation and design a new business model for the newly formed subsidiary business. Then would a suggest corporate spin off strategy to be able to manage this complex change.
Methods:

The aim of the business model is to analyse how the economic activity has been structured to create and deliver on the business value proposition. In this process, the strategic tool of business model canvas helps to create an overview of all the different elements that together create and deliver value.

The research would build the current business model canvas of the digital product. Further on, the research develops a business model canvas for an ideal scenario where this product has transitioned into an independent subsidiary company.

To create the business model canvas, the research will account for several interviews with managers and directors in the Germany based consultancy. In addition to this the research will also take into account document analysis.

Target Audience:

The primary audience for the research would be the Germany based consultancy to whom the research will offer a list of recommendations that can help its digital product to spin off into an independent company.

Introduction of the team:

Arnav Bhatnagar - Author
A sustainable architect and a budding innovation strategist with 5 years of interdisciplinary experience.

Professor. Johannes Kiessler - First thesis advisor
Professor and Head of Program M.A. Innovation Design Management at University of Europe for Applied Sciences. A designer and strategic marketer with over 20 years' experience.

Professor. Martina Skender - Second thesis advisor, Professor M.A. Innovation Design Management at University of Europe for Applied Sciences. A business model innovation expert with 5 years' leading strategic design.

Germany based developmental consultancy
A strategic and organizational consulting group dedicated to driving progress in global development sector.

Digital product of the Germany based consultancy

The digital product supports progress in global development by providing advocates with easy access to comprehensive quantitative data and qualitative strategic information to advance their work.

Purpose of the interview:

It is to be able to analyse the current business model for the digital product. Further on, the interview would probe into the question of what an ideal business model canvas could look like for the product to spin off into an independent business. The questions that follow would be divided into three segments looking into nine core elements of the business model canvas:

Segment I: Desirability

Customer Segments: Who are the customers? What do they think? See? Feel? Do?

Value Propositions: What's compelling about the proposition? Why do customers buy, use?

Channels: How are these propositions promoted, sold and delivered? Why? Is it working?

Customer Relationships: How do you interact with the customer through their 'journey'?

Segment II: Viability

Revenue Streams: How does the business earn revenue from the value propositions?

Cost Structure: What is the business' major cost drivers? How are they linked to revenue?

Segment III: Feasibility

Key Activities: What uniquely strategic things does the business do to deliver its proposition?

Key Resources: What unique strategic assets must the business have to compete?

Key Partnerships: What can the company not do so it can focus on its Key Activities?

Before we begin the interview process, please feel free to see the process of thesis development. This would further clarify any other doubts that you may have regarding the project. I would be happy to answer any questions you have for me.

I have shared interview questions in advance and would love to get your inputs in a short 20/30 min call. I look forward to speaking with you soon!

Acknowledgement of confidentiality of client information:

I agree to treat as confidential all information that I learn about the business during the performance of my duties as the main author and employee of the developmental consultancy, and I understand that it would be a violation of policy to disclose such information to anyone without checking first with the organisation.

Signature of Employee

Date 18/11/2022

Name Arnav Bhatnagar

About the interviewee:

Name:

Position:

Area of Expertise:

No of years in the developmental consultancy:

Date of interview:

Comments/Remarks:

Segment I: Feasibility

Who are your key partners? How do they help you get competitive advantage? What key resources do you need to make your idea work? (Financial, human, intellectual, and physical resources) What significant activities do our value propositions require?

Segment II: Desirability

What value do we deliver to our customers? Which customer needs are we satisfying? Which customer problems are we helping to solve?

How often do you customer need to interact? what methods are employed to interact with the customer? (Automated services, Co-creation, Communities, Dedicated personal assistance, Personal assistance, Self-service)

Who are your customers? Describe your target audience in a couple of words?

How do you reach your customers? How do we raise awareness about our company's products and services? How do we help customers evaluate our organizations value propositions? How do we deliver a value proposition to our primary customer segments? How do we provide post-purchase customer support?

Segment II: Viability

Which costs are most critical our business structure? What primary resources are the most expensive? What primary activities are the most expensive?

For what value are our customers willing to pay? For what value do they currently pay? How much does each revenue stream contribute to overall revenues?

Thank you! for you time and support

Hope to bring an efficient and implementable business model for the Digital product in the near future! Have a great week ahead!

7.2 Appendix B: Interview Transcripts

7.2.1 Appendix B.1: Interview with manager of partnership hub

Subsidiary organisation (P=Manager of the partnership hub; I=interviewer) (//=overlap)

I: Good morning.

P: Good morning, how are you doing?

I: I'm doing good, how are you?

P: Good trying to stay warm.

I: Yeah, it's kind of sunny today though. I mean at least it's clear sky so slightly better.

P: Yeah, true mood is good, even though it's. Yeah, I think we're officially in like cosy season, right?

I: Sure.

P: Yeah, and did you have a nice weekend?

I: Yeah, I did. Still, I think thesis is the main thing that's on so as good as we can be with the thesis on, yeah?

P: Yeah, yeah went when your upcoming deadlines for it.

I: I do have time though I'm kind of on the finishing end of the thesis, but I have to start writing it so the end of the thesis would be somewhere around the 16th of January. So about a month to go so.

P: Okay, nice getting there.

I: It's actually by now when did you have the time to quickly read through the?

P: Yes, I did quickly read through it.

I: Alright, um, and do you have any doubts for me before I begin?

P: I don't think so. I'll be happy to be, of course led through it, but otherwise it makes a lot of sense to me.

I: Okay, um, let's firstly I wanted to mention that I've switched on the transcripts because I need to have that for my thesis.

I: The first question that I had relates to feasibility. So what I'm looking at is primarily keeping the subsidiary organisation in mind, and so in terms of the subsidiary organisation, who are your key partners in the sense in every aspect, like in terms of content, digital, and in terms of this? I'm not looking for companies but just a broad perspective into the get your product going. What would be some

partners that you would need and just an overall idea of how they would? Help you get the advantage in terms of other competitors doing the same.

P: So first in my mind would be the Large funder organization. And see them as a key partner of one because of the actual funding that they provide, which at least in the current format of how the donor checker works like that funding is essential to allow the product to continue since it's not self-sustaining in any way in terms of its revenue. I think also the Large funder organization is a key partner. Also because of its brand recognition of it. So I think there's definitely quite a lot of people who will see that name on it and will potentially be brought to the donor checker. Because of that, I think. Um, the large funder organization is also opened up to quite a lot of content partners who actually feel what goes on the website, right? So, part other partners like one for example, who have worked on the Ukraine tracker. I think if it wasn't for the large funder organization being a partner with us then we may not have been as closely in contact with partners like we before.

P: So maybe it's helpful if I start clustering them in terms of what types of partners there are. So there are the funder funding partners, which is mostly large funder organization right now. There's also the small funder organisation who are funded some of it, but that's very small.

P: Then there's what I would call the content partners, which would be one it would be. Maybe publish what you fund. There might be a few other partners to name there.

P: Who makes the content? I think more rich and enable more people to come to it. There's data partners, so. G Finder policy cures research a couple other providers who I mean also the OECD who give the core data that we need to produce this on the website and then yeah from the digital side. There is the developers, the folks who both have set up the infrastructure of the website and help maintain it.

I: I think this kind of answer the second question as well, until a certain extent, what key resources do you need to make your idea work? So I think financial, human, intellectual and physical resources.

Would you add anything?

P: Yeah, I mean financial recover that there does need to be a funder, at least for now. It's a little interesting to say in the human resources. Say that there is some certain human resources or infrastructure that parent organisation as the.

P: Does the subsidiary organisation subsidise parent organisation or to parent organisation subsidise the subsidiary organisation right? Which I think potentially while the budget was still quite high, I think there was some piece of parent organisations work that was a little.

P: Facilitated by the budget of the subsidiary organisation, but as the amount of funding from Large funder organisation goes down then there may be a future which already happens where.

P: Parent organisations somewhat donating stuff time right like especially. Especially maybe human resources or like finance and time to help manage the project that I think is helping the new initiative set itself up essentially.

I: Yeah, I think even in terms of significant activities to your value propositions require, I think this is also to certain extent has been answered by a question because yeah, I think that's answering all of our questions.

P: Because, um, I think especially at the beginning of the subsidiary organisation, there was quite a lot of work to acquire the audience and to make different actors aware of what the subsidiary organisation provides. I don't think we, I mean, obviously you've been a little more involved in kind of tracking, user growth and things like that. We do more kind of digital engagement today than I think we might have done at the beginning where at the beginning there was much more of like. Going to conferences or making presentations to organizations, whereas we don't really do that now and it's much more about I don't know Google ads or SEO or something along that line, but. Yeah, just generally user acquisition.

I: The first question is that what value do you think we add to our customers? Which customers' needs are we satisfying, and which problems are we satisfied? Are we helping to solve? So I'll just quickly explain what the difference between it. So value is something that the absolutely need and that we're helping them get needs is something that they

may get from other places as well. But we are satisfying that as well. And problems are something that.

I: The differentiating factor between needs and this. So suppose you are providing a particular service, but you're different in a way than the other people in this aspect of it so.

P: Information intelligence data. However, you want to put it on key partners and. And funders stakeholders, whatever you want to frame it as that they need to understand in order to effectively run their organizations or business. However you want to frame it like. We are helping them essentially understand their stakeholders in the sector better. So I think that's I think that's the value that we provide which customer needs. Are we satisfying is. um, maybe trying to differentiate then so the value is they need to understand their stakeholders better the needs we are feeling is that they need for like a very data driven and precise understanding of what those stakeholders are doing and the problems that we are trying to help them solve is that the various data sources that exist are very hard for them to understand and to interpret and to

very quickly. Access so we bring together multiple data sources in a way that's easy for them too.

I: Ohh thank you basically trying to get admission from everywhere clarified and keep building easy words that people can understand it better so they would come to you for precise and concise information, yeah.

P: Yeah, which you could imagine that they could develop on their own they if they had enough time and they paid somebody to do it. Somebody could go do that research, but they may not be specialized enough and it may be inefficient for one organization to do it when multiple others would want to do it as well.

I: Um, Okay, um the second question would be, how often do we interact? Do your customers need to interact with our digital platform, and what methods are employed to interact with the customer? So both ways?

I: And it can be in terms. I mean, the second question would be in terms of automated services Co creation communities, so on and so forth so.

P: How often do they need to interact

with us? Of course it depends. I think a lot upon the individual customer and what their needs are. I have heard of some customers who I don't know as many times as several times a week have used the platform. Some people you know? Maybe it's once a quarter once a year. It's a little unclear. I would imagine the average is probably something like. A couple times a month, right?

P: Producing some internal analysis that they need some sort of fact base for right, like their bosses come to them and said I'm going on a trip to Japan and I'm going to talk to the foreign minister there. I need to know what they're giving today so that I can ask them for more.

I: And so this would be the other way round. So how are you as subsidiary organisation interacting with the?

P: Yeah, how we interacting with them. I would say in a very limited basis. In my perspective we are producing information that they. Um can access at any time, somewhat anonymously, and there's no need to like directly engage with us in order to receive some service they do. They do log in so I don't know if that's worth mentioning. But yeah, it's

not like. It's not. There's like there's a direct engagement one to one with each user. We are engaging through, like other forms of communications, so the weekly digest through social media. Occasionally through like a presentation or a direct engagement with a specific user, but otherwise I would say yeah, it's mostly sort of self service and I think we don't engage very directly with them.

I: Um, who are your customers though? And could you describe a target audience in a couple of words?

P: Professionals within Advocacy, NGOs or community are like civil society organizations. It would be. Professionals mostly working on resource mobilization and advocacy within multilateral organizations or other international organizations. It would be Government officials, it would be the media and. Maybe practitioner organizations? Um, who are doing some of the work in the field? Sometimes I think those are the main ones, I would say. I think the actual audience is quite similar to that. The only addition would be that there's also quite a lot of academia, students, researchers. I think in there which are not bad to have in our

audience, but I think they're not the immediate target audience.

I: How do you reach your customers? How do we raise awareness about the company's products and services? How do we help evaluate the organization's value proposition? Or how do we deliver a value proposition to a primary customer segment? How do you provide post customer service? I know it's a very long question, but I just wanted to bring in different aspects of this.

P: And we reach our customers. I explained this a little bit earlier that I think like earlier efforts were much more. Personal interaction, not quite one on one, but a little more personalized. And it was also using existing kind of partner networks branching out from people we already knew. I think now it is a little more automated. It mostly relies on digital engagement and ads and communication. There's very little kind of even. I don't think there's any one on one engagement today. I think it's worth saying that, um, it is meant to be a relatively narrow target audience, so I think reaching customers is .Has always meant to be somewhat targeted in that sense and not really sort

of. Anyone who might be interested, it's using a lot of like publications that are in the development sector. Conferences that are in the development sector, so it's somewhat specialised in that way.

I: How do we help customers evaluate our organizations value propositions?

P: Hmm, good question. So if our value proposition is to help them better understand their stakeholders then. Sometimes attempt to communicate. Like when we do more personalised communication, when we've done presentations or when we've been in that more one on one sense, then I think we do a lot more to help them try and understand what exactly are the tools we're providing. Why is it helpful? In a more like are more digital engagement, decentralised engagement. Today, I don't actually think we do so much to help them with this. It's more like can we find a keyword or like a key piece of data that they are looking for and hook them that way and then maybe they will dive into the resources. I think potentially the new website is meant to be much more engaging in this way of saying like these are the types of information you can find and help. People get to

those quickly, but yeah, I think so far it's not a huge focus.

P: In terms of how do we deliver the value proposition, I think it's, I think it today. It's really sort of like self-service. We post the materials, we track how people are accessing it, but beyond that I don't think we do so much to be like ohh, you looked at this web page. Did it answer your questions and should we improve it some way? Maybe the one way we do is through webinars or other types of events where we expand upon the research that we have done and then people are allowed to ask questions and we maybe tailor.

I: Uh, which costs are most critical to your business structure? Ohh, what primary resources most expensive and what primary activities are most expensive so. Um resources meaning from external that you're getting or your own resources and activities would be stuff that you have to do to get it to deliver the value proposition. P: Cost that are most critical. I mean the largest bulk of the costs are just staff time that creating the content that goes on the website is 70 to 80% of the cost. Otherwise then building the actual

digital infrastructure is also quite a big cost. I don't know the exact cost, but. Website development. Maintenance of the back end of the website. Hmm, yeah, just the optimization of all of those pieces I think are quite critical. Um, anything else? Um, no. I think those are the main things I would mention is maintaining the infrastructure and just developing the content that goes on there. There are some other pieces around, like partnerships with funders or. Like user engagement, which I think used to be larger cost but we don't do as much on now.

I: Partnerships as well you would say, is not as big a cost now.

P: No, I mean it is a cost, but I would not call it the most critical.

I: What values are our customers willing to pay for? What do they currently pay and how much does revenue each revenue stream cost to the overall revenue? So I understand that we are primarily looking at funders, but. If there was a case for customers had to pay, do you see that as a future that they would be able to pay, and if so, what is the limit that you think they'd be able to pay for?

P: I think customers would want

somewhat to have a feeling that they're accessing some content that is exclusive. Or maybe it is tailored to them or that. I think they would have more of an expectation if they paid that the content they got was somehow like curated rather than free access. I can choose to go to any website I want and whatever so. They currently do not pay for it. Someone else pays for them to get access to whatever resources they want. I think they, if we were to put some kind of pay wall then we would want something like special newsletters which are tailored to a topic that people are interested on. Or you know, one bespoke analysis per year or something of a limited scope, but we can, you know, run one donor profile for you on your specific priority or something like that .Um, I think it would if we wanted people to pay, it would need to move a little beyond. Here's just a an online resource and you can access it through the pay. Well, it would be would need to feel a little that they're getting something more.

I: Would that be a scenario that would help as well in terms of revenue rather than going for B to see if you target B2 B

and give tailored analysis to them for that in that sense?

P: Yeah, and that has been where we've had the most success to date, right? This is where it's it gets a little bit complicated of what is parent organisation and what is subsidiary organisation, right? But if you view it as the same body of analysis like we have brought revenue from clients who. We worked with on a business to business level. Who paid parent organisation to run analysis? We And that's one of the few examples we have of. A client organization paying directly to the subsidiary organisation to make that happen.

P: Yeah, I guess that's mostly it, but I would say that probably the B2 B is the much better model overall. Also, if we imagine even doing like a subscription service or something, I think it would be very unlikely that we get like individual employees at an organization wanting to sign up. At the very least, it would be some sort of institutional subscription.

I: Um, so I answer time's up. I just last question in terms of in terms of OK, I'm probing in this particular direction. I was looking at. So what are some problems

that you may see that may come up if we automate this process of analysis and we build up a system that automates it to a certain extent, and then we, create subscriptions for companies for a B2 B model of course. Ohh, any further information can be done with people resources. But if you automate the initial bit of the tailored analysis and then set it to a B2 B, what are some problems that you see that may arise in such a model?

P: Hmm, I think that model overall sounds kind of like the most ideal 1I think just my. I don't know if it's really proven, but at least my sense is that in practice that wouldn't be what people want to pay for. We've had customers approach us and say that they would want to potentially pay for policy updates that are kind of bespoke to them. So for example they are working in the wash sector and they want to have a weekly email sent to them which are all of the important policy updates in wash and the various or donors, right? That you can already do through the website, right? Like all you need to do is just go into the policy updates and filter for wash. Maybe we're not like focusing as deeply on it, so

you might get a few more news pieces that show up but. Like the customers able to already get that through the system, it seems that they just kind of want to be like hand held a little bit more and they want to feel like ohh somebody put together this email and sent it to me. So it's like it's hand checked. I know that it's working right so. I think there are pieces of the analysis which could be which could be automated and standardised, and I think that would help with our ability to deliver it more efficiently. If we want to get new customers to pay for the system. I think they want to feel somehow that they're getting something out of it, which is like hand delivered, right so? I think the only way it would work would be if we free up our own time and space by automating some pieces of it, but then there's still some element that they get on top that is like a hand delivered that maybe by freeing up that time we have more ability to deliver.

I: People would want if they get in information as it is, but they would want to feel that it's especially for them like it's for. For what I'm interested in. When I'm interested in especially been created for

me would okay. I mean I don't want to. I will work on this a little bit more and I will get back, but is that something?

P: I think so and maybe just to go back to when we were talking about the customer needs and the customer problems and the value proposition I think.

P: All of this exists somewhere else, right? Like the data exists somewhere. If they wanted, they could go capture it so it still wouldn't be a value if we had some sort of algorithmic way that we captured it all, and we brought it to one place, right? But I think they the customers are looking for some kind of expert opinion or expert input that makes them feel that they have, like they've figured out all of the most important things to know.

P: It's a little bit like, um, if we were a completely different business, right? If we were a search engine for psychological issues, or something, right? Could you come to the website? And could you say, like I have depression or I'm facing this psychological issue? We could run an algorithm that immediately brings you back all of the most relevant articles, and the most interesting psychology books that you could read and people would

find that useful. But I'm sure still people would probably want to say, OK, that's nice. I read it, but can I talk to a psychologist right or can some psychologist send an email back and tell me why? Why I'm feeling these things right? So I think people still want a little bit of personal attention and expert on their own case, right?

I: Good, thanks a lot Ben. This is really great. Thanks a lot. I think I have all the things that I need and I'll keep you updated as things progress as well and I think a link our shared as well of the mirror board. So if ever you want to look at how things are panning out you can always see the process there and I'll share everything with you. But thanks a lot for your time and for your inputs as well. I think this would help me fine tune at the process.

P: Happy to help and good luck on it. I know thesis were heading is not always the easiest, but sounds like you've got a good structure to it.

I: Ohh yeah, it's a project that I'm enjoying as of now so I think it will be fun to bring something

P: All right, see you later bye.

I: Bye.

7.2.2. Appendix B.2: Interview with manager of content hub

Subsidiary organisation
(C=Manager of the content hub; I=interviewer) (//=overlap)

I: So, you said philanthropy organization with development and investment companies that I wanted to work in the would be possible funders, even academia, even journalism journalists would be in willing to fund the tracker, right?

C: I think if we're talking about an investment or um, funding opportunities, academia and journalists, I think would let be less likely to do so. Um, but I could see where they could be advocates for. Encouraging other partners to invest in the subsidiary organisation, which is why I think we have reached out to not only partners at other organizations when we wanted to share pieces that we produced, or when we've updated the profiles, but also. News organizations to make sure that our name is getting out there. So there's maybe they're not providing the funding I, I think it's quite rare that they would, and that might be a conflict of interest too. But I think they are key partners in terms of. Getting our names out there.

I: yes it does. Just normal side questions. Also very similar but I think it will just write, broaden it up a little bit. What key resources do you need your idea to work? So you already mentioned resources and what they bring to the table but.

I: It in terms of finance. I mean, this is still looking at partners so financial partners, human resource partners, intellectual partners in physical resource partners.

C: Hey um financial certainly we need to um do kind of extensive partnership building and business development around the subsidiary organisation. Because of this shift away from the kind of. Core contractual model into well I'm, I'm forget I always forget the transition. In my mind it's on grant basis to contractual basis. So with that there's a lot of uncertainty around. Is essentially needed for. Um, like the financial health and wellbeing of the subsidiary organisation. Um and I think we've been looking at Creative solutions as to how we can best leverage the financial means. We do have to

create the best product possible within new financial constraints, so the financial question, I think is quite interesting because it's it. I think we can still operate quite well on a more limited budget, but of course with more financial means we're able to expand out the amount of content we're putting up there, how regularly we're updating content.

C:Um and what sort of kind of creative output or solutions we can in terms of digital comes to play, so I think with. The financial question. It's really what are we working with? Um, I think. Any sort of investment from an organization that as long as they're In Sync with the kind of ideas of the subsidiary organisation would be helpful. I assume most of that would come from private sector funding or potentially public. Funding, um, but I could see that being again, maybe a conflict of interest if we're reporting on particular countries or markets. Um, so from yeah, from the financial perspective, hopefully that answers that question. Um, in terms of human resources, I think it's really interesting to look at the subsidiary organisation team and see how paired down it is. I really, really think

there's a number of different additional people that we could bring on board. I think we could always use more editing and data support.

C: Um, the thing I keep pushing on is for a graphic designer so that we can better promote the subsidiary organisation and its resources. Because I I'm certainly limited in my graphic design expertise and I think across the board we have limited graphic design expertise. And if we want to expand out the reach of the subsidiary organisation and look at the kind of new iteration of the subsidiary organisation, I think a lot of public promotion of it because of now needing to parent organisation other partners is really important.

C:Having captivating ways of engaging um potential partners through social media is going to be really important, and even just through design on the website and how we package our materials, I think it will make the demo trackers team more like a kind of cohesive product where sometimes I feel like it seems a bit scattered. Um and then for intellectual and physical resources, I think I kind of touched on that with the financial and human. I think the primary thing is

maintaining. Um based data that's relevant and the biggest struggle I think we've had is that the OECD data just comes out later and later each year and. Because of that, we just have more of a period of which information is up on the subsidiary organisation website and out of date, and it's been flagged for me that there's a number of other data sets that are out there that can provide ODA data that's going to be more up to date and maybe more beneficial over time, but I think that's just something that we struggled with because and this goes back to the human resources aspect is we just historically have kind of a system of understanding. And breaking down data for the subsidiary organisation, that's dependent on the OECD PRS data. So, um, just needing to be more creative and flexible in terms of the directions we might take information is important as well.

I: Now, in terms of so in terms of subsidiary organisation what are some activities or jobs that you need to do to be able to create value? The value proposition that we are delivering.

I: Like what are some jobs that we need to do at everyday level for us to be able

to do to create the value that we are generating with the subsidiary organisation?

C: Yeah, I mean, I think the primary struggle again is kind of related back to what I was saying and the answer to your previous question is that we need more regular updating and oversight of content on the donor checker. Um, I mean, we have these 2 major update periods and we've been reliant on the amount of time that we allocate to the country owners in tandem with the country consultants during these review periods. But I mean information changes regularly. And between, say, December and when we have the updated profiles in June or July, there's so much that can happen within a market. I mean rising inflation rates. I think our major thing, and I was thinking about how much has just changed within the past 4 or 5 months between when we've updated in the spring. That's going to impact how the numbers are actually perceived. Um, and so I think there's a lot more that needs to be happening in terms of data and editorial checks throughout the year rather than just during these 2 update periods, but we're obviously unfortunately

limited in terms of our capacity to do that, and that also comes back to some of the budgetary constraints, so you can see there's kind of this. This unfortunate trickle-down effect. Um, so I. I think that's what stands out to me most in terms of what activities on a day to day basis. Beyond that I think. Um, a lot of what I've been wanting to do is have more strategic thinking, both with the Lt and within the subsidiary organisation about. Um kind of? What content we're putting out there. How we tie it to the partners that were working with or would like to work with. Because I think we've done this more or less on an ad hoc basis, and that just requires time. I mean, I think. We even with a small core team I think we have enough background amongst us to be sufficient in getting that done. But it's just a matter of time.

I:The next one is primarily going to look into desirability. So we're looking at it from the subsidiary organisations perspective and we're going to look into. So what is some? What is? What are customers gaining from talking to us as a company? So what are what is the value that we are giving to the customers and? So

there's a difference. What value, what need and what problems? So what needs are we satisfying, and what problems are we trying to solve? So the difference between the 3 terms is that value is something that you are giving that is different from everybody else, so it's different than what your other competitors are giving needs. It may not be different, it may be similar to somebody else, but it is something that they're looking for and that's why they're coming to your platform or similar. Platforms and problems are again similar to value, but value problems is something more concrete and values is primarily.

C:It's hard to separate the value and problem segments in this regard. Just because fundamentally what people are going to dinner tracker for is insight on how donor countries spend money as a means of leveraging that information for advocacy or educational or journalistic purposes. That's primarily how we've seen subsidiary organisation information data being used. Um, but I guess the value aspect of that is that we've been around for a decade where a trusted source we've been routinely cited. Um routinely

leveraged to push forward. kind of different advocacy agendas. So I think with that also, the fact that we are providing these regular updates and ways of digesting very difficult OECD data sets into not only clear information but more of a narrative which makes it easier to access and read and understand. Um, with additional insight, is really what the value is there. And also, I guess the problems that are being solved. The value is really in being a trusted source and providing. Insights beyond just the core data itself. Um, and then the problem really is that that doesn't exist on other platforms. I mean, some people do great breakdowns of data like aid Atlas, but they don't have any other sort of quantitative qualitative information on there that helps move the data in.Contemporary context, and that goes beyond just the profiles. It also goes into how we're perceiving. Um, the content pieces and insights and commentaries that we're working on. Um, and then, in terms of customer needs, I think there's a huge gap there just based on what the problems are, is that these customers need very direct information, that's also. Platforms, it's just it's there,

and often I wonder why they make it so difficult to access. And I think maybe there's since the countries are providing the OC data OECD data directly, there's almost this level of like we don't want to have full transparency sometimes. Um, and so I think we're helping to remove that kind of smokescreen that might be there. That's just. I can understand why governments will want to be a little bit more resident reticent about holding on to their information, but.

I: Yeah, I think that, uh, that answers everything. So in terms of interacting with the customer, how does a customer firstly interact with you with the subsidiary organisation? And how does the subsidiary organisation then interact with the customer?

C:Ohh, and I would honestly like to get more clarity on because I think it's clear. Well not even that clear, but I think it's more clear from the client side and from the country consultant network side because we know that they're pulling from the profiles. Um, as well as sharing some of the commentaries and insight pieces within their networks to present data and up to date qualitative information around

the data. Um, providing insight to their partners, um, whether those are within government or private sector or other philanthropies, beyond large funder organisation. Um, so those are primarily just pulled directly from the subsidiary organisation website. Sometimes there's direct interaction with members of the parent organisation team more broadly, but I think that's tied more so to some of the other project work that we do that might be aligned with subsidiary organisation. We're interacting with the customer beyond just through the website and beyond through social media. Um, and that even bleeds over to parent organisation outside of subsidiary organisation, so even separating out how we engage via those 2 vehicles is not clear to me sometimes. Um and I think This is why building out a social media strategy and having a more conscientious approach to all of this is really important to me. We just haven't had the. Um constraints there used to be subsidiary organisation team members going out to the country markets. Um, so there used to be the chance to have more face-to-face interaction. And it, the country

consultant network was really great cause we got to meet the country consultants and get a better sense of like how they're leveraging this information. But too often I feel like I'm working through like it's like a game of telephone. I'm working through one or 2 other people before I'm getting to our quote unquote customer.

I: So you're saying that earlier there used to be direct interaction through maybe events or meeting people face to face and?

C: Yeah, I think there was more. I don't know exactly what that entailed, but I think there was more.

I:Um, if you just broadly had to describe who your customers are in a couple of words.

C:Yeah, I mean I, I think our customers are intricately linked with our partners, so I might be repeating myself a bit, but I think it's the same individuals that I mentioned in the partner under the partner question, which is certainly our client is a primary customer. Um, the country consultant network is a customer. Um journalism academia again customers. But I think if you're looking at like broadly

how all of those come together. And what has been prioritised in terms of why we put the information out there? It's for advocates, so the ultimate goal of subsidiary organisation information being made public. Um, because I think initially it was just the private profiles that were part of the contract and were like hey, we have this information. Why don't we just put it out there with some tweaking so it's successful to everyone? The main reason that was done is because the subsidiary organisation can affect change by making this information more accessible and more clear in terms of like digesting the information. So I think the primary overarching audience. Or customer within each of these kind of partner categories is those who are going to advocate for. Development, spending and how to prioritise it. Shocks from the pandemic or the war in Ukraine that ODA is always at risk and if. How ODA is being spent is not clear to. Um, a majority of the population. There's not going to be. Like that much care for how it does get allocated? Because it can just kind of. Go under the rug, and so I think that's the fundamental goal that the information is working

towards and therefore like we want to have those customers in place.

I:Um, I think you already mentioned this. How do we reach our customers?

I:Ohh, and I think you even took an how do we raise awareness of the production company? OK, I'm I'm going to head to the next one which are in terms of cost now. So in terms of the viability, what do you think are the most critical cost for a business? Where is the most amount of money being spent in terms of resources that you require to generate this, and in terms of jobs that you do as well to generate the final output.

C:Yeah, I mean. I think it's kind of like how you look at us as consultants anyways, like the. funding being outsourced from kind of the central node is often it's going to be a bit more expensive, right? But that is allowing the

primary basis of the work to be done. So I see that as really is essential both in terms of like cost and resources and where I think most of the funding goes to, though I don't have direct access to all of the funding allocations. Like content pieces, those don't require that much money to execute. But I think we just want to be

conscientious about. Like how many were executing and whether there's a cost benefit to producing anyone content piece, and I think that's going to be more of a priority going forward and then with the profiles? We're kind of streaming down the process as well so that we're spending less money, but still having the same amount of information, and I think we do often spend more money than necessary. Doing the editorial and data updating process for the profiles um. Those are critical, but we just have to think about what information that has historically been in. There is still necessary versus what is considered. Are relevant or duplicative, so hopefully that answers the question.

I: Yes it does. So I just do repeat the end. The last point that you mentioned is that even editing data, editing data and the correlative analysis. Sometimes it you don't need to put in so much time into that, because then mission hasn't changed so much or the so this last point. Could you just tell me again the editing data part?

C:Yeah, yeah, I think as we move into like the next iteration of the subsidiary organisation, we're really thinking about streamlining the profiles, because historically we spent too much time on the data and editorial checks.

C:Those don't need to have as much in depth information because I think a lot of the information has been kind of duplicative, so we need to be conscientious about what specific information is most relevant and needed for our audience. Um, and so I think that's why we just need to be smarter about the process.

I:Um, sorry C. Last question. Now for what value? OK, I think I would change this question since this question is primarily who customers are going to pay for, but if there was a model wherein so like you mentioned here, that primarily customers are also advocates who are working for a particular company and or who are advocates for development, spending, right? But they are a part of a larger organization and they're doing this research for another organization in terms of the particular project they're working for. If rather than having directly given this information to individuals, if there was a way that we targeted from a B to C to a B to B model and going

to companies directly and asking them what they would be willing to pay for, say specialised or tailored analysis for them, or going in that kind of an approach rather than be to see approach.

I:What do what do you think there might be? Some what do you see? Some issues that you may see in this kind of direction if we head towards B2 B model in that side.

C:Yeah, I think in that regard we would have less agency over how we tell the story of the data. Great about the subsidiary organisation work so far is that, um? Dates and with the country consultant network about what we want these profiles to look like and what supplementary information we can provide via the insight and commentary pieces. So I think if we went to this B2 B model we would be much more beholden to a range of different organizations and it would be. It would seem to be more of like a project by project basis rather than having a more complete subsidiary organisation, because I think we would have to adhere to what specific information they'd be looking for.

C:Um and I think we've already

approached this in some regard like we've sought to have. When you know the education profiles that are being done, the Gates education team is the one who's providing the funding specifically for that. We've tried to do something similar for gender, but this almost exists outside of the wider world of subsidiary organisation that we have in place. Um, so I see kind of a conflict there of maintaining the subsidiary organisation structure as it looks now with the particular interests of the organizations, so they would want. Particular data from us, maybe with some qualitative information, maybe not. So there's a question. There of like what does it look like in terms of my role as the content person versus just making sure that we have expert data analysis on hand, which would maybe mean a shift towards expanding out the data team relative to emphasising content. Um, we, I mean, maybe the these different organizations would ask for kind of a quick brief or something on a particular sector or country or country. Slash sector intersection. But yeah, I don't. The subsidiary organisation kind of has a complete picture to it, but I can also see where if the

money is diminishing, we may have to be more beholden to organizations that are willing to provide some sort of financing for some smaller aspect of the wider hole that Darren Tracker delivers so. Um, I just I just can't anticipate what that would look like. Maybe it would be dictated by what our priority issues like climate or global health.

I:One of the things that you mentioned in the start when you started off saying what is how where we stand out. You mentioned that not only are we are trusted source, but we're also give insights on that and people are not only coming for because we have the data for them, they're coming for our insights and our commentary as well. So I think that's one of our key standpoints, and I don't think that is something we should we should. Like you said, we'll have less agency on the story of the data in terms of the insights in the publications. I don't think if that is something that we are standing out for, then we should for sure keep that like our selling as a selling point for sure.

C:Yeah, and that's what I would hope for. I could just see an organization asking for.

A particular outcome from that, and maybe that's dictated more by just straight up providing data cause they don't want to do the data breakdown, and I can often see individuals. It's easier to have. Like a clear value, add from something like data, then from an analysis. Sometimes this is my sceptical brain working but I I think that's something that I think that there's some truth too.

I:Thanks a lot, C, I think. This has really given me a clear picture and.

C:Of course.

I: Yes, thank you so much for your insights and your time. I I think and I'll keep you in loop as and when things develop. Also in the file itself there's a link to the Metro Board as well so you can if you ever want to see whether which site the direction is going, please feel free to look into that as well and thank you so much for your time. C and I hope to bring something nice to you soon and.

C:OK there is. Yeah, I'm thanks for the good questions. And I mean this is stuff that I'm like is helpful for me to say out loud and think about because it's as we move into new version of subsidiary

organisation. It's these are all the challenges that are in play and I'm. I'm also again kind of beholden to the team as well and management. So I think that's another aspect of this is like I am relatively new on the team but. And I think it's I. It's been interesting to see what are the different directions that could go in so excited to read the piece once it's done.

I:Thanks C, I look forward to sharing it with you as well.

I:Alright, have a nice day C. See you, that's you tomorrow yeah bye.

7.2.3 Appendix B.3: Interview with manager of digital hub

Subsidiary organisation
(D=Manager of the digital hub; I=interviewer) (//=overlap)
D:Hello.
I:Good morning, D.
D:So how are you.
I:I'm good, I'm good. I'm sorry I didn't make it to the office. I just.
D:No worries.
I:first thing I wanted to mention that I have switched on the transcript. I need that for the yes.

OK, yes the first question and in during the interview I want you to imagine that you're the sole owner of subsidiary organisation and not only the digital hub. And everything comes from a broad perspective. And of course, since you're understanding, the digital hub will be better, so any inputs in detail there would be great as well.

I:Ohh so first is that who do you think I am key partners and how do they help you get comparative advantage?

D:Uh, I mean, I guess large funder organisation, since they're the ones who funded the subsidiary organisation. And I mean it came out of a. Yeah, it was born of work we were doing with them. Here are important because of the network that they provide and also because of the like I think the subsidiary organisation is very much geared or built around the large funder organisations, theory of change.

Like around essentially like building. Collective advocacy. Around their priorities and funding. The whole ecosystem of development organizations and I think subsidiary organisation fits very clearly into that by. Kind of being like the

analytical engine that helps fuel that and um.

Because of our connection to the Large funder organisation, we also have access to loads of different organizations that need the information that we produce and like. Are more easily able to build partnerships with them.

I: in that in terms of so, I think the first time question are very similar, so I'll just like in terms of financial, human, intellectual and physical resources. So financial you mentioned. And do not in the

D:Ohh, I mean we need a team of people who are knowledgeable about global development and interested in global development, and I think especially if we want to continue to grow and develop, there's like also a certain. Innovation point like people who are wanting to. Are interested in pushing the boundaries of what we do .I think there's also like a kind of technical side. I guess the mayor veering into intellectual here as well. Um, I don't think actually, that the subsidiary organisation needs a huge team. I think in some ways it maybe would function better with a smaller team, but if people who really have the time and energy and like

headspace to put. And then physical resources. I mean I think. Not that many, mainly just the technology that we need to. Make it work. So technology partners would be our would they would be the development agency and.

I:All right, uh? And in terms of delivering value when we deliver value to our customers, what are some activities that we need to do to produce this thing? To create value for them?

D: It's not that we are necessarily producing data, I mean in some cases we are, but it's largely like pulling the most important pieces together. And making them accessible and approachable in some ways. So for instance like. Though we see data OK, it's all there in the stats. Database, but it's quite difficult to dig through and so we pull out what's most important, and I think similarly, that's like what the policy updates do. Um, it's that we're we've got this kind of like scanning function across all of these markets, which has an individual. It's difficult to keep track of what's happening across 14 different countries. Policy updates

I:Insights on and in this process

generally. What are some so you mentioned that creation of the content through this is one and of course the digital aspect of having everything. I mean, platform in ready would be one. Other than that any other activities that you see in this indoor tracker that needs to be.

D:I think there's also like a promotion aspect. I think that it's great if we're producing a lot of cool information, but if we're not like letting people know that it exists, then we're not really doing our job either.

I:And in terms of promotion, what are some ways that you think?

D:I mean how we do it now is really social media. I think we could do a much better job of email marketing. We used to do a lot more in person events, so we'd go and go to conferences. Or do we haven't really done that since covid, but I think that actually was quite effective. I mean, I guess more expensive, but. I know some other people we interviewed said that they had seen a presentation or meet us at a conference or something and that's why they knew about the subsidiary organisation itself.

I:The second part of the interviews primarily going to look into desirability. So now we're going to step into the shoes of the customer and see what the customer. So we're going to look into the customer. Firstly, the first question is in terms of value, need and problem. So value is something intangible that we are offering to them and they coming to us for that need is something that. Maybe satisfied by other competitors as well, but it's one of the main reasons why they're coming to us. I'm problem is something we are satisfying that the competitors aren't.

I:Yeah, so in in terms of the customers, what would you say? Is there value need and problem that we are satisfying for them? Yeah, so something that that they come for. OK, let's start with the need actually and then from the need we'll be able to.

D: So I mean, I think the need is for. The need is for information to fuel other activities. So whether that's like resource mobilization or advocacy or I mean in the case of some. People like I guess, research, I think. Our role is very much like baseline. So how like? Kind of fundamental information that you might need at

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the beginning of any of these processes. So if you were. Trying to decide what Ohh donor to include or target as part of a resource mobilization campaign, like the daughter tracker might be kind of the first place you go before you then dig a little bit deeper. And I think the. To, well, . The main things that we're doing is saving people time because it's not that this information isn't available. It's that it's maybe not as easily like it would spend a lot of time you would. You would need to spend a lot of time digging it all up and then also there's a certain like language function as well because. We covered donors that aren't necessarily don't necessarily have information available in English, and we provide that information in English.

I:And what would you say is the problem that I mean, how are we different in anybody else's providing similar information?

D:I don't know if there's anybody else that provides this same kind of baseline data in a that combines qualitative and quantitative information, so there's something like 8 Atlas which has just the quantitative but not the qualitative to like

enhance that you have something like CD, But they're not doing this kind of like baseline. They're doing more like. More think pieces more like. Deep dives into specific issues, more op Eds. Not this kind of like general basic. OK, this is how much they are spending in a in a less opinionated way I guess.

I:So you're saying that one is the that we are providing baseline data, which is something that's different and also goes to the fact that we are because we are giving baseline data. Even our qualitative analysis is not as opinionated as other platforms.

I:Yeah, OK, and in terms of the value like a brand value comes to mind, but any other value that you think that we bring to the customers.

I:Second question is how often do the customers interact with us and. What are some methods that are employed to interact with the customer? So in terms of automated services, Co creation, communities, dedicated assistance, personal assistance and service, how does the customer interact with US and how are we interacting with the customer?

D:Um, I mean, I don't think that people I

think people read policy updates weekly. A lot of people do. So I would say that, but that doesn't necessarily mean they're visiting the website. It means that they're receiving this email and reading it, and then sometimes clicking on something and going to the website. But I would say weekly and I would say. I mean, I think if people are using it weekly that that's great, but I think we could do a better job of then like hooking them in. So it's not just looking at the policy updates but also being drawn to other parts of the other types of analyses. If we want to be kind of driving policy debate a little bit more than we're moving more in the direction of like. A little less of this like kind of baseline function in a little more of like pushing that analysis to pushing that to the next step of like, why does it matter and how can you like use this information. Um and right now we interact with the Customer through like tailored these tailored emails. Which we send out weekly at our tailored to the customer's needs. I think we also interact like we like the partner having people or having organizations right. Partner perspectives, that's another. Which I guess is a bit more

like Co creation UM, and that's like interaction with people that we hope are using the subsidiary organisation, and it's also a way to draw. Like I guess, it kind of increases our brand recognition and our. Lends legitimacy to the subsidiary organisation where we have other organizations working in the space. Also, publishing on our platform. And we've done some like collaborative things with core organizations as well.

I:This is how we are interacting with them OK and also how they are interacting with us alright? Um, do if you had to give me in a couple of words. Who are your customers currently? How would you describe them?

D:So there advocate global development advocates, global development professionals, and then. Some people who probably work in academia and the media. With an interest in global development.

I:This is slightly longer question, um, but these are the parts to it. The main question is how do we reach your customers? So how do we reach the customers? But inevitably it also answers how do we raise awareness about the products? How

do we help customers evaluate our organizations value proposition? Um and how do we deliver value proposition to our customer segments? OK, let's simplify this. And just so, how do we reach our customers? And if we have different segments, are we segregating them in terms of how we reach them?

D:I mean right now we reach our customers through, I would say like through our network. So for instance, the fact that we are funded by the Large funder organisation I think gives us in some ways like access to a network of organizations working in this space. We also do advertisements or we used to do at least advertisements on Dev X, which is like about the newspaper. Um we. Reach them through social media. We reach them through Google ads.

I:And in terms of segregation, currently there is no segregation right in in terms of.

D:What really I mean when people register, they can say what their interests are, but we don't really like. Pay attention to what organization they're from or what kind of job they do. Hopefully we will a

I:OK, last 2 questions. D had quickly wrapped this up in terms of costs. Now we're going to look into the business costs. So in terms of business costs, what are the biggest critical business costs that are there to the company and what are some activities that are the costliest for us as well?

D:uh, I mean I think the people costs are the thing that's expensive. Um and I guess anything that we do across all 14 donors. Cause you multiply anything by 14 and then it's expensive. Um, so like updating the donor profiles is expensive. The policy updates are expensive. Working with the country consultants is expensive. But it's definitely human resources that are the most expensive.

I:The last questions we I know that customers are currently not paying for it, so I'm going to change it a little bit and I'm going to ask you so.

I:Ohh I don't know this is kind of out of the blue and not exactly in the interview, but if there was a B2 B model in which so currently what I'm understanding from everyone's interviews is the fact that. The people who are even looking at our websites are looking at our website for the organization that they're working for,

right? So if the organization has a particular project that they are looking into for that project, the primary data is coming from us, right? And from the primary data. So primarily all this is going for an organization, so if you look into a B2 B model and we try to sell information to the.

I:Ohh to the organization themselves, as you know, as login platforms for themselves and one of the 22 of the other things that you and Adam mentioned is the fact that. The people are coming to us because not only are they getting information, but they're also getting a resource person who's an expert in the field who can help them tell them exactly what they're looking for, so they're not only getting information, but they getting somebody's input that is helping them get that. So one is that they want the primary data, but they want an expert to tell them the primary data they want it to be catered to them, and what is the last point. Also, I mean they want to feel that it's individual to them. If it's free to everybody, or if it's going to everybody, they will not. It will not be of that much value to them if it's only specifically for joy. For

Arnav it will feel like it's more so if there was a platform that kind of sold. Ohh sales software or something to a business in in which you would have your own login you enter into it also you get one resource person in tracker. So suppose say whoever's , a resource person who's going to. If you have any doubts if your company has any doubts in the this he will also give an expert paragraph at the end whatever information you asked for, there will be an expert paragraph at the end. Summing it all up or something that sort. So we'll have a resource person. You will have the tailored information and. Primary data is you getting. Apart from that the since you also mentioned that the main thing that we bringing is like. Primary data, so you could see things right? So baseline data qualitative and quantitative. So also the insights. So the platform that you're in is giving you base data, but it's also constantly has another division which is constantly segregating the policy updates, insights and the publication according to what you need. So if you just log into that, you'll give you all that as well. If such a scenario is there, what are some problems that you foresee that

will happen in this, I mean.

D:So if we were to kind of make it a little bit more like personalised service that people pay for.

I:Yes, but from a business point of view, from not from a, it will not be sold to individuals. It will just be sold to business, and you can buy maybe 10 or. And tailored information for them.

D:I mean, I guess that's more or less what parent organisation does, right? But it just doesn't without the platform like somebody comes to us and they say we need this very specific analysis of what I've whatever. And then our argument is like the subsidiary organisation is our kind of the analytics engine behind that. But then we will help you take it to the next level of like being really tailored to what you want. I think what you're proposing is that then we use the subsidiary organisation to then provide that information rather like. Because that is that is more or less what site does. But rather than providing them access to an online portal, we send them a slide deck that has. OK&OK so then parent organisations work and subsidiary organisation books are very close to each other.

I:And so there's also. I mean, some people also like quite a few companies, are selling their internal products as a 3rd took clients directly to say that, hey, we're using this product, it will help you track your progress as well, and everything is well. To the cell. It along with the project, is that something that parent organisation is also doing at this point of time.

D:I think like we're trying a little bit, but not really.

I:Hmm, I love to think about this more.

D:sure, yeah, we do.

I:I think I will try and connect with you once more at the end of. This end of this month or early January so that I can just you know, I mean I'll have more over direction then I still have to do interview analysis, sit down and I'm sure we'll define some more insights into all the information they fought.

D:yeah well let me know if you have follow ups happy to discuss them.

I:Thank you alright. I hope you have a nice day

D: And you see you later.

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Exploring the Role of Business Model Innovation and Corporate Spin-off in the Creation of New Revenue Streams: A Case Study Approach

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