

# Winning through Specialization: The role of Business Model for Value Creation



FÁBIO ROCHA & DIMÁRIA MEIRELLES  
Mackenzie Presbyterian University





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## **RESEARCH FUNDAMENTALS**

**Research Problem**

**Conceptual Background**

**Methodological Proceedings**

## **THE CASE: FINITY CONSULTING**

**Company Facts**

**Business Model**

**Findings and Conclusions**



## Business Models

- The theme became prominent in the **1990's** because of the **.com phenomenon**.
- There is **no consensus** among scholars yet.

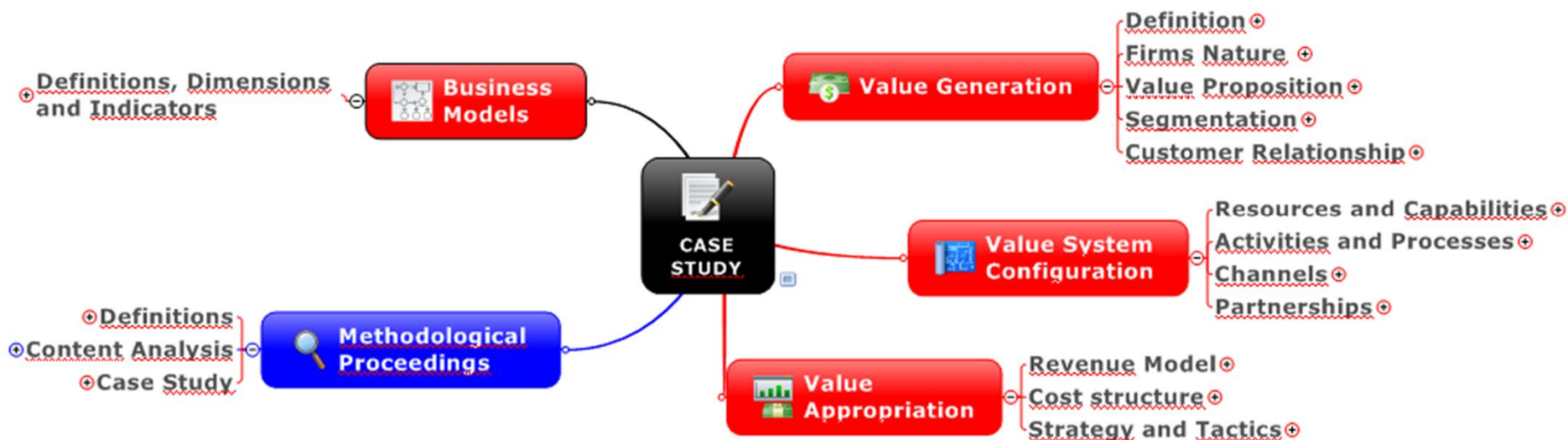


## Research Problem

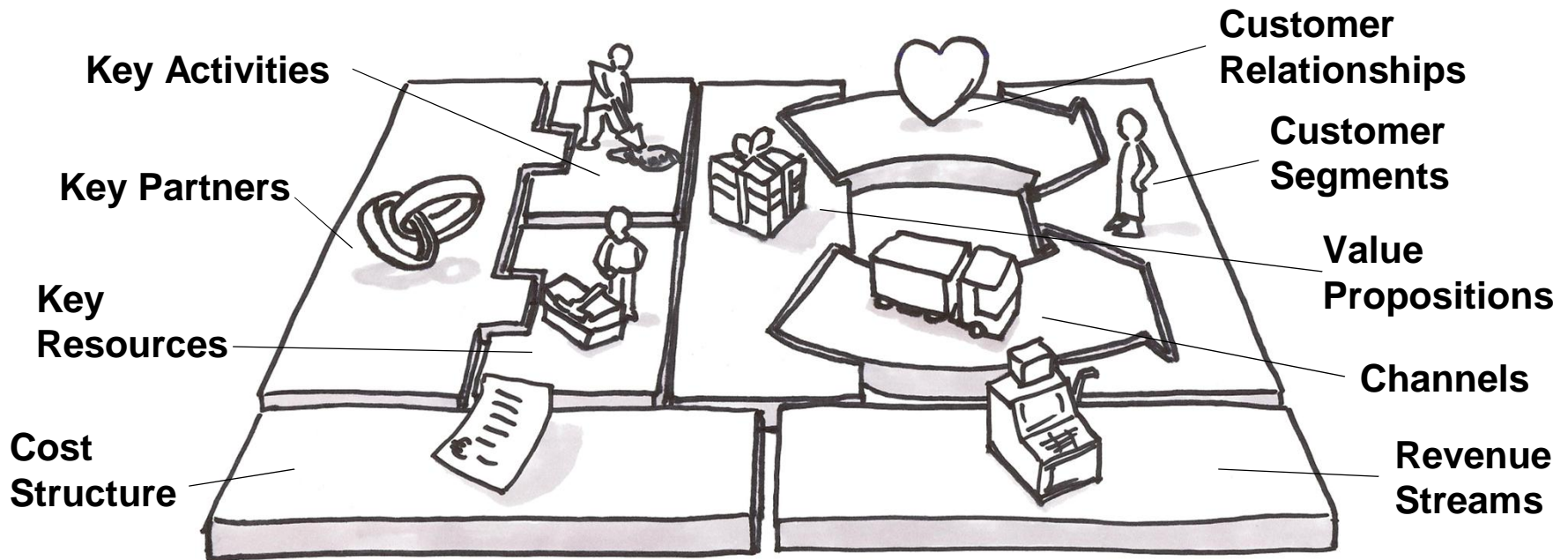
What is the **business model** adopted by consulting companies that provide enterprise application software **implementation services**?

- Structure?
- Dimensions?
- Value generation?

# Research Conceptual Background



## Business Model Dimensions



“A business model describes the **rationale** of how an organization **creates, delivers** and **captures value**”  
(Osterwalder & Pigneur, 2010, p.14)

- The paper is an outcome of an **exploratory** and **descriptive** research based on **case study**.
- The data was gathered from publicly available information at **Internet**, **company-proprietary documents**, and face-to-face, recorded **interview**.
- Interview was based on a **semi-structured questionnaire** containing questions based on the relevant theory.
- The CEO and co-founder was interviewed; the interview content was **transcribed**.

# The Case

## Company Facts



### Finity Consulting



- Founded August, 2006.
- Local, Brazilian private firm specialized in **business processes** consulting services that include business processes modeling and their enablement through enterprise application **software implementation**.
- **225** expert consultants, serving large national and international customers (Johnson&Johnson, Arcelor Mittal, Itaipu Binacional, Votorantim, Gerdau, among others).
- FY12 revenues of **US\$ 25 million** (est.); US\$ 50 million FY15 (est.)



# The Case

## Business Model



## The Meaning for Finity



### Key Activities

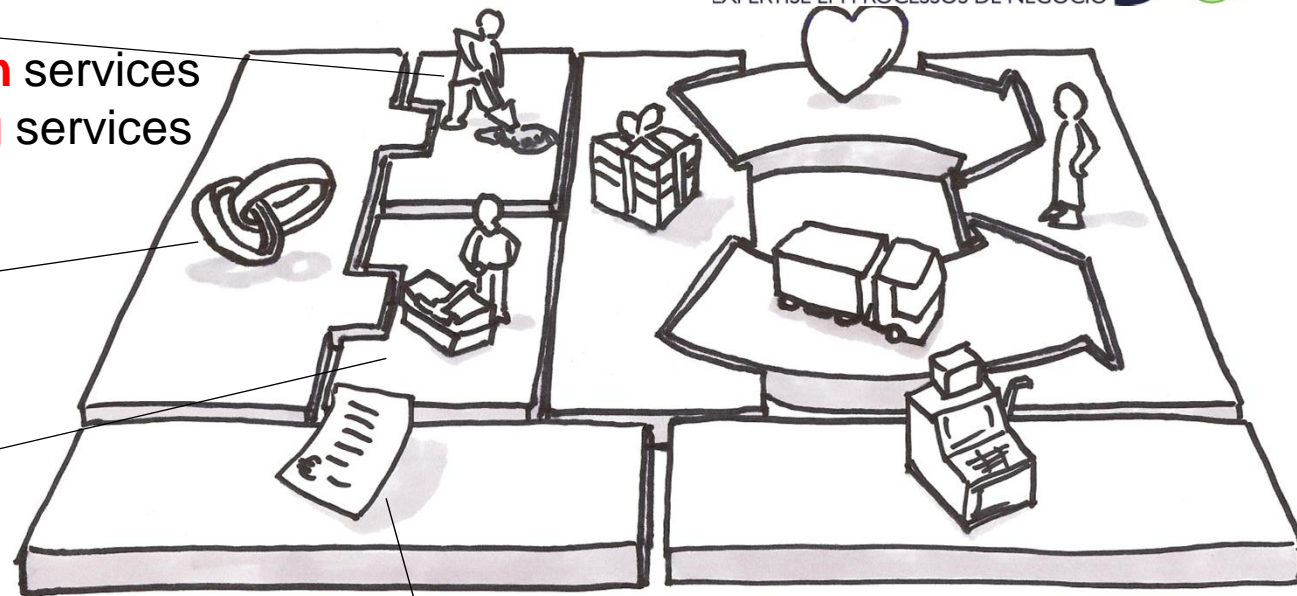
- Software **implementation** services
- **Management consulting** services
- Software **sales**

### Key Partners

- SAP
- Software AG

### Key Resources

- **Skilled** people
- **Financial** resources
- **Capabilities**: **people** mgmt, **project** mgmt, **change** mgmt, **relationship** mgmt



### Cost structure

Per cost centers, divided into:

- **Production**, **sales**, **idleness**, other **operational** costs, **non-operational** costs

# The Case

## Business Model



### The Meaning for Finity (cont'd)



#### Customer Relationships

- Personal, dedicated: **long term vision**; projects roadmap
- **No co-creation** on delivery; potential for architecture
- **60%** customer participation on delivery

#### Customer Segments

- Per **economic sector**
- Per **technology**

#### Revenue Streams

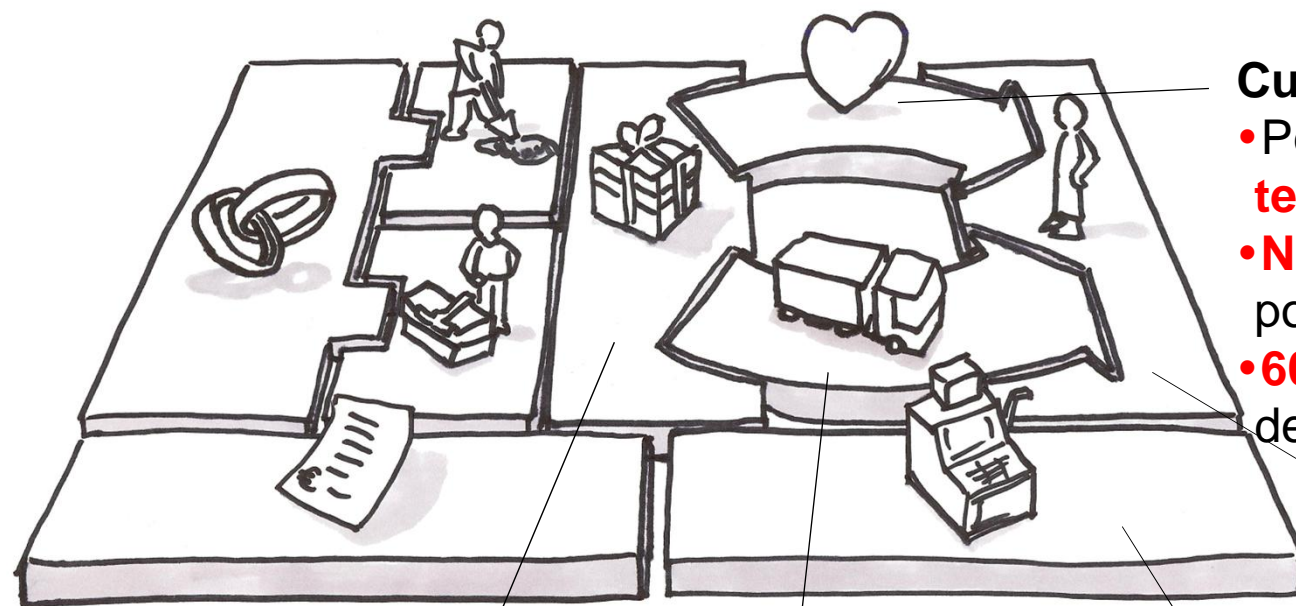
- **Spot** projects, 70%
- **Recurring**: time material and outsourcing projects, 30%

#### Value Propositions

- **New** services
- Higher **performance**
- **Specialization**
- **Competitive** prices

#### Channels

- **Direct**
- **Indirect**: SAP sales force
- **Indirect**: partnering with other partners



# The Case

## Findings and Conclusions

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- Business Model can be the **bridge** that connects **resources to strategy**, aligning them in order to transform strategy statements into activities.
- **Specialization** is a clear strategy of Finity Consulting for **sustainable** growth, providing customers with problem-solving services that overcome the challenges to get expected **value**.
- **Value** generated for the firm and for the customer are **interdependent**: Finity **profits** and enhances **reputation** from projects (firm's value) if reduces **technology risk** and transfers **intellectual capital** to customers (customer value).

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**FÁBIO ROCHA, MBA**

Assistant Researcher

Mackenzie Presbyterian University

[fndrocha@yahoo.com](mailto:fndrocha@yahoo.com)

+55 11 9-8782-1438



**DIMÁRIA MEIRELLES, PhD**

Professor, Enterprise Resources and Development

Mackenzie Presbyterian University

[dimaria.meirelles@mackenzie.br](mailto:dimaria.meirelles@mackenzie.br)

+55 11 2114-8248