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True sustainability and Business model innovation: the case of a new venture in IT services industry. Hybrid Business Model & Business Relationship Management

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True sustainability and Business model innovation: the case of a new venture in IT services industry

Hybrid Business Model & Business Relationship Management

Presented by: Lingyi GUO

Organization: GRENOBLE IAE, CS4007-525
avenue centrale 38058 GRENOBLE CEDEX 9

Date : from 19/09/2018 to 31/09/2019

Internship supervisor: Abid Hussain
University advisor: Enea.M BARBU

Master 2 Pro. Elena.M BARBU
Program ACM
2018 - 2019



ECT LABS



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Preface:

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I solemnly declare that I will report, in this dissertation, any quotes from existing literature and therefore shall not any plagiarism.

Lingyi GUO

30-08-2019



Preface by prof. Elena M. BARBU
PhD of University Grenoble
Alpes & CERAG

In a context of globalization and business sustainability, this research explains how to innovate a hybrid business model in an IT new venture in order to meet sustainable and profitable goals.

It is a very interesting thesis written by Lingyi Guo, my student in Strategic and Responsible Innovations at the University Grenoble Alps, a very dynamic student and interested by responsible innovations and new challenges. Dear Lingyi, continue to be responsible and innovative!

I would like to address congratulations to the CEO of ECT-Labs. His overall aim is to show that entrepreneurship can have a positive social and environmental impact, and thus, be a model for other entrepreneurs and sustainable businesses in IT service industry and even in other industries. I wish to ECT-Labs a long sustainable life!

Acknowledgement and Endorsement

The author would like to thank the tutors who have helped me through one year of ACM program and especially during this dissertation.

Firstly, I want to express our gratitude to my supervisor Elena M. Barbu for her patience and advice, thank you for keeping me motivated, thank you for listening to my ideas and giving me feedback even my ideal was not mature.

Secondly, I would like to thank my company tutor Abid. By believing in my ideas, providing me with a detailed action plan to the problems I was facing during this research. I also want to thank my colleagues who joined the interview and provided me the information needed in the company. Thank everyone for dedicating time to my project. Thank everyone for the support.

Thank my fellow ACM students. Thank you for your company for this joyful and hopeful year. The time was unforgettable during my life journey.

Last, but not least, I especially want to thank our families and friends for their unlimited support, for always being there in trying times and for celebrating the big and small milestones with me.

Abstract

BACKGROUND. Business Sustainability 3.0 has been studied by researchers mainly in non-profit originations instead of profit-seeking companies. They have proven that customers develop a positive attitude towards corporations' business sustainability. This study aims to explore the business sustainability 3.0 and business model innovation in profit-seeking IT services new venture. Further, prove the assumption that new ventures hold an advantage in establishing Business Sustainability 3.0 compared to already established companies.

PURPOSE. The purpose of this study is to explore and better understand the hybrid business model in a new venture in the IT service industry for the business to become truly sustainable. The aim is to increase the processes in business relationship management department.

METHODOLOGY. The research-based on a single case study in a new IT service venture aiming to achieve the goals. The authors decided interviews with the CEO and different department managers of the company. The empirical data was analyzed based on case studies. And the processes design and improvement were based on the ITIL V4 framework.

RESULTS. The authors conclude that a new venture with its business model innovation can address "Business Sustainability 3.0" standards and prove the assumption that new ventures are more open to Business Sustainability 3.0 standards.

KEYWORDS. Business Sustainability3.0, Business model innovation, IT services New Ventures, business relationship management, ITIL framework.

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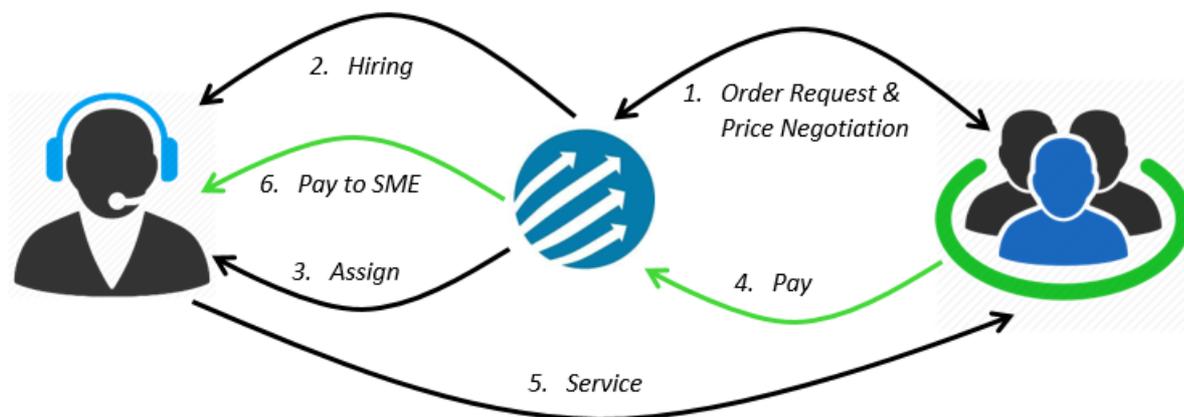
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CHAPTER1 INTRODUCTION

1.1. Internship presentation

ECT-Labs is short for E-Commerce and technology Labs. A High-tech company which build an online platform to provide end-to-end solutions and IT support services to customers. The company are offering a range of different solutions, including the ERP system, online shopping stores establishing, remotely managed cloud and mega database management services. The company use Hybrid Business Model to customize offerings according to clients' specific needs which differentiate us from their competitors. ECT-Labs are hiring experts and offering services without location limitation which will reduce the cost for both sides and reduce carbon footprints for the environment and the society.

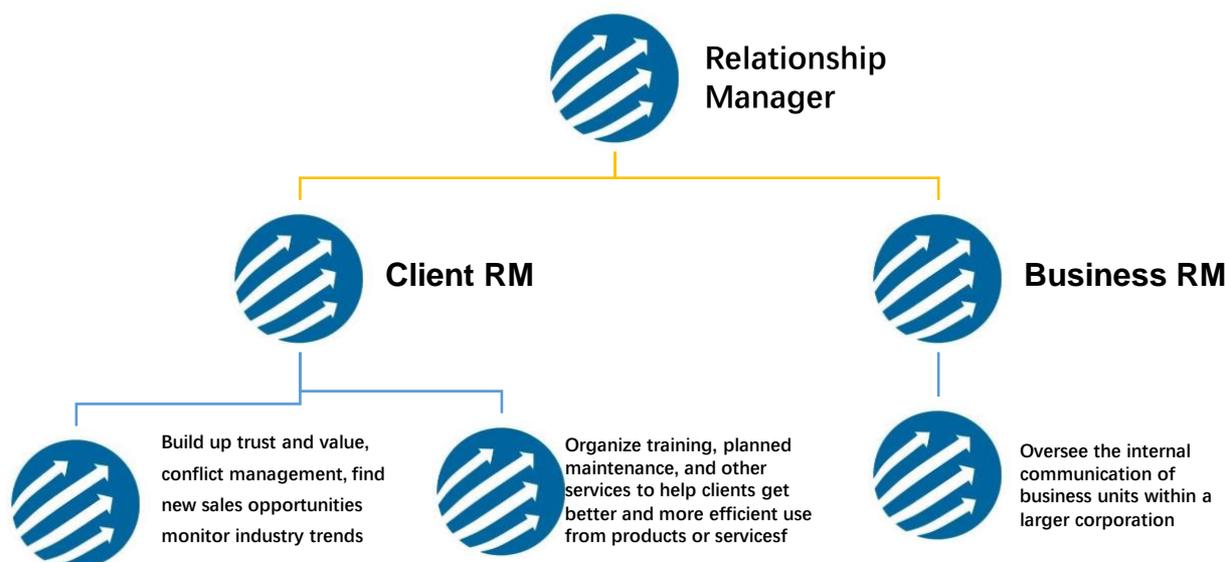
Hybrid Business Model



The products of the company are Engineers' professional skills. These skills are intangible assets and precious human resources, invisible but powerful. The company use the online platform to collect engineers' database and customers latest needs. ECT-Labs sales team offer the engineers information who matches customers latest needs. With matching them in

time by sending the CVs organizing interviews and offering the guarantees for both parties by signing MOUS and contracts, the company charge in percentage after each contract. Moreover, the company also offer after-sale services like following up the whole projects, offering help in time by dealing with the customers complain and developing long term relationship and generating new business with existing customers. In such purpose, the company need to setup the relationship management team in full support of the sales teams and manage the after-sales processes.

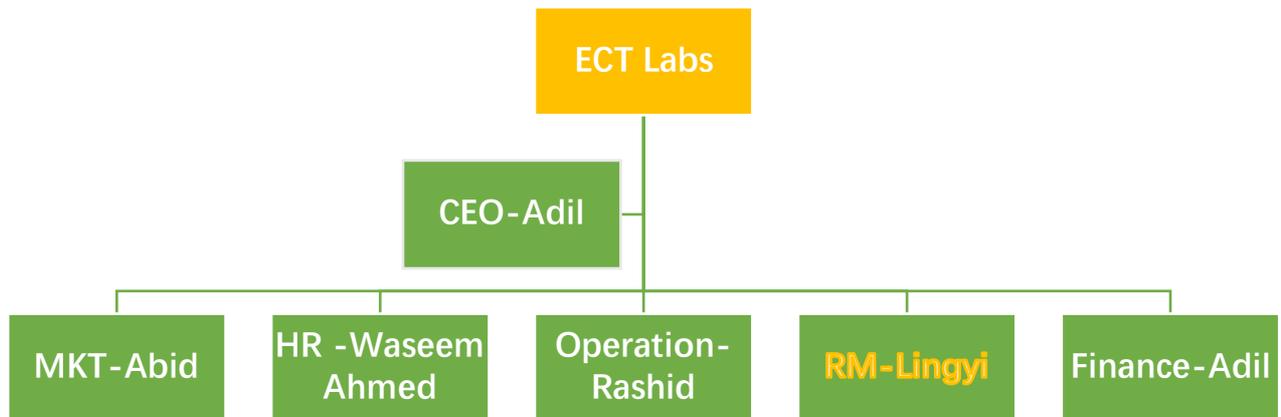
Theoretically speaking, relationship managers have two focusing areas, one is clients' relationship management which help firms improve the bound with customers. The other one is business partners relationship management the managers use data to analyze trends and possibilities to refine company practices.



In ECT-Labs the RM managers help firms manage after-sales processes and improve relationships with clients and partners and focus on both clients and partners. RM team plays an important role in ECT-Labs. From the financial point of view, the revenue from ECT-Labs comes from the sales part and referral part, invest in marketing and sales fields will need invest in google SEOs (search engine optimization) or other search engines, this cost will put the new starting company in danger and will increase the risks for the shareholders. The RM interneer is the one who offers solutions to the customers to have good aftersales experience and try to find new opportunities from the existing customers and partners. For example, find renew, retention opportunities or referring new customers for the company. Comparing to the investment in marketing, focus more on RM is less expensive and a better option for the company to generate cash flows to run the company.

Besides financial issue. The other issue of the IT service companies is the trust issue. The trust issue in European areas is not so obvious because the whole society is based on credit but in less advanced areas and countries the trust issue still be the main conflicts between the customers and the companies. A good relationship with customers and a good reputation of the company are crucial. In ECT-Labs, the experts and clients without location limitation. This is the issue must be carefully dealing with. RM interneer will offer existing Mous before contracts and double ensure the benefits for both parties. The interneer will follow up the after-sales process after the contracts are signed and deal with customer' problems and complains immediately, improve the bound between ECT-Labs and customers.

COMPANY STRUCTURE



SALES WORKFLOW BASED ON ITIL V4



Intern experience in ECT-Labs

As the RM manager trainee in ECT-Labs, the author's daily work should start from step4 based on ITIL framework. But the author's actual intern work starts from step one, kept daily contact with a C-level partner and her team, Sana, the CEO of Durwa Global, Durway Global is a Pakistan company with 15 employees which has the direct customer resources. By sharing the request through the group, they always demand prompt respond. Since ECT-Labs have the direct engineer resources and engineer database, the author needed to check the database quickly and reply in time. Otherwise, both parties might lose the business opportunity. The relationship management starts from the pre-sales step by supporting the sales team and creating the bond with partners. The successful experience was that we can get one or two leads from this partner on a weekly base. After the partner selected engineers match their standards, the author required to organize an interview for the customer and the engineer. Once both parties satisfied with each other, the author sent the MOUs (memorandum of understanding)based on interview items to partner and engineer to ensure the safety of business which the standard contract cannot cover. Then after sign the contract we moved into onboarding processes.

Lessons and experience

The business is business which will not always be easily managed. The lessons happened occasionally. Take one case for example, the experience came from one customer was that the customer hid the confidential information when communicated with the sales team. The one-year contract with four thousand euros per month was all ready to be signed. After the

engineer who was arranged for the interview showed no interest directly to the customer during the interview, the customer became very angry and complained to sales team, but it was not the engineer's fault it was the customer's fault by hiding information with ECT-Labs. The lesson ECT-Labs teams learned from this case was that predict what might happen during interviews and try hard to prevent before it happens. To do so, ECT-Labs managers organized a meeting and added one process in the workflow on mutual agreement. The solution was designed one questionnaire for the interview to regulate the questions which cannot be asked or cannot be answered. By implementing this solution. The same issue never bothered us again.

The author also learned a lot from this internship such as corporate with different culture colleagues and communicate with customers and partners from different countries. The communication skills improved quickly both on the oral and written part. The quick decision making, the strategy design and implementation under international background is a great treasure.

Quote

“Imagine a world where the business is celebrated for its contribution to society.” (Nick Main, Deloitte)

1.2 Thesis Background

Increased globalization had stimulated the global competition and led to huge changes in the society of the past decades. Now the world is moving into the period of globalization 4.0 - the Age of the Fourth Industrial Revolution (Davos-Klosters, Switzerland 22-25 January 2019, World Economic Forum Annual Meeting 2019). Not only established organizations and enterprises but also small and new ventures are facing more and more opportunities as well as challenges around the world. The Fourth Industrial Revolution can be powerful a driver of innovation over the next few decades and trigger the next wave of innovation (2017, Tirgu-Mures, Romania).

Under the business sustainability 3.0, seeing challenges as opportunities, addressing challenges with internal resources meeting the environmental and social goals without missing the point of profitable (Einhorn, n.d. a.). This approach not only addresses the triple bottom line but also generate innovation.

As claimed by the definition of innovation, the process of transforming an idea or invention into a product or service that creates value or for which customers will pay, customers buy-in will increase companies' revenue and profits. Creating strategic and responsible innovation is the most important solution to existing social and environmental issues.

1.3 Problem Discussion

Business Sustainability 3.0 has mainly been studied in non-profit organizations and social work, but not in profit-seeking businesses (Muff and Dyllick, 2014). Researchers such as Keskin (2015) have argued that small entrepreneurial firms are more open to radical changes, and they would be more open to implementing sustainability 3.0. standards. Dyllick and Muff (2016) argue that there is room for profit-aiming businesses to become Business Sustainability 3.0 companies. Due to current ecology and social challenges, this topic of business model innovation and business sustainability 3.0 in a profit-seeking context can be seen as relevant in today's world.

1.4 Research purpose

Under the circumstance of the Globalization 4.0 and business sustainability 3.0, innovate business model to be true sustainability and to collaborate the world goals make it efficient is essential. By this way from the outside-in point of view, the business model innovation is the solution to addressing the existing challenges and risks with transfer it into opportunities for the IT services companies to be profitable. As for new ventures in the IT service industry, the hybrid business model innovation and true business sustainability are this dissertation aims to explore. Base on this business innovation model the author will explore more on the improvement of business relationship strategies base one research questions as follows:

How does hybrid business model in IT service new venture address business sustainability 3.0 while to be profitable? The sub-question, how to design the true sustainability strategies and processes for the business relationship department?

1.5 Structure of the thesis

INTRODUCTION

The first part of the Introduction the author set the background and present clearly and briefly the host organization. the objective of internship and the work experience and performance. The second part outlined the history or objectives leading up to the topic in the thesis, the methodology, the research questions and the findings.

LITERATURE REVIEW

Here list the relevant theories and concepts used in this thesis are described:

- True Business Sustainability 0.0 to 3.0
- New business model innovation of SRI (strategic responsible innovation)
- Hybrid business model
- Business relationship management under ITIL V4 framework

METHODOLOGY

In the methodology chapter the research topic identification, research approach and research context.

CASE STUDY

The case study, the case company description, the data collection, the data analysis, finding as well as the new designed sustainable program and processes.

DISCUSSIONS AND CONCLUSION

In this chapter, the author discusses the assumption, limitation and further discussion of the research. In conclusion the author makes the conclusions of the research.

CHAPTER2: LITERATURE REVIEW

2.1 The true BS-Business Sustainability 0.0 to 3.0

The brief history of business sustainability will provide the reader better understanding of business sustainability 3.0 and with a profound understanding of the dissertation.

- **Business sustainability 0.0**

American economist Milton Freeman once said, “the business of business is business”. Only economic concerns like revenue, profit, market share or shareholder value matter (Prof. Dr. Thomas Dyllick). Social or environmental concerns were the government’s work. Managers just celebrate economic success. It is the traditional social responsibility approach without social and environmental goals, all about the shareholders. The CEOs celebrated only for financial success.

- **Business sustainability 1.0**

Business sustainability 1.0 is described as “Refined Shareholder Value Management” (Dyllick and Muff 2016, p.156) Sustainability entered the world of business. The companies react to social and ecological concerns. However, the economic objective remains the only priority. They just recognize Business sustainability may help them save costs, reduce risks, improve attractiveness and differentiate them from massive competitors. Most companies today are one the level of 1.0, this approach is also called refined shareholder management. The Social and Environmental concerns are for Economic targets.

- **Business sustainability 2.0**

Social and Environmental are for Economic targets refers to “Managing the Triple Bottom Line”. (Dyllick and Muff 2016, p.156) Companies rethink their one side goal. Profit maximization and pursue triple line approach. Business is not only about economics but also about environmental and social goals. Companies implement Business sustainability strategies and plans, use sustainability systems to achieve the triple goals. The companies embed the triple bottom line(Elkington (2004)in their structure and defines implements, responsibilities and programs accordingly. These three approaches all shared an inside-out view. How companies avoid negative effects. It is important but it doesn’t go far enough.

- **Business sustainability 3.0**

Business sustainability 3.0 is defined as true business sustainability (Dyllick and Muff, 2016). It is not about reducing negative effects but about creating positive ones, active contributions to the world sustainability problems which shifting inside-in view to outside in thinking. First, look the challenges outside there and second use resources to addressing them. See these challenges as opportunities, they address the social and ecological issues without forgetting that at some point they have to be profitable and self-sufficient by renewing business models. Solution driven business need a new business model and new forms of collaboration which allow a firm to make relevant contributions to overcome social and environmental challenges. The original business wouldn’t hurt. This is truly business sustainability.

Table 1. provides an overview of the Business Sustainability ranges.

BUSINESS SUSTAINABILITY TYPOLOGY	Concerns (What?)	Organizational perspective (How?)	Values created (What for?)
Business-as-usual	Economic concerns ↓	Inside-out	Shareholder value
Business Sustainability 1.0	Three-dimensional concerns	Inside-out	Refined shareholder value ↓
Business Sustainability 2.0	Three-dimensional concerns	Inside-out ↓	Triple bottom line
Business Sustainability 3.0	Starting with sustainability challenges	Outside-in	Creating value for the common good

Table 1: The Business Sustainability Typology With Key Characteristics and Shifts. (Dyllick and Muff, 2016)

2.2 New business model innovation of SRI (strategic responsible innovation)

The strategic responsible innovation is the key solution to the environmental and social risks. Conceptualize the definitions related to SRI is required for the authors to have a better understanding of this thesis. Innovation is defined as the process of transforming an idea or invention into a good or service that creates value or for which customers will pay (SRI textbook). There are nine types of innovation. Most companies focus on technology innovation or product innovation, but business model innovation is also important and realistic. To address true sustainability standards perfectly, the business model innovation needed to be strategic and responsible. To be strategic the organization's processes need reinvent or redesign its corporate strategies to drive business growth, generate value for its customers, and create competitive products or services. Organizations need to adapt to the speed of technology change. To be responsible, the organization need to ensure that the processes

and outcomes of innovation are aligned with societal values (social responsibility) to maintain a balance between economic development and the welfare of the society and environment.

2.3 Hybrid business model

The hybrid business model is a new type of business model that not only lead to the creation of economic, social, and ecological value but integrate these types of value by considering them as equal (Antwerp Management School, 2016).

Before conceptualizing hybrid business model, the definition of business model needed to be outlined, a widely accepted definition is “a system of interdependent activities that transcends the focal firm and spans its boundaries” (Zott & Amit, 2010: 216). It describes the rationale of how organizations create value, delivers value, and capture value (Osterwalder & Pigneur, 2010: 14).

2.4 Business relationship management under ITIL V4 framework

The Information Technology Service Management (ITSM) is one of the foundations of ITIL (IT Infrastructure Library) which defines it as an approach to provide intangible value to customers and partners in the form of services, it focused on the customer’s idea of the contribution of information technology(IT)to the business, it is also be called business relationship management. ITSM is process-oriented, a process is a set of coordinated activities combining resources and skills to produce a result that delivers value to customers. If a process creates a competitive advantage, it becomes a strategic asset. An ITIL organization makes it possible to move from a horizontal operation based on the

processes to vertical operation - based on the departments of the company (functions) such as the technical, administrative or commercial department . For this, we must define the roles of each in the processes. IT Service Management Forum (2002).

The IT Infrastructure Library (ITIL) is the most widely accepted approach to IT service management in the world. ITIL is a best international practice framework. It describes how IT resources should be organized to deliver business value, documenting the processes, functions and roles of IT Service Management (ITSM). ITIL defines a service lifecycle model that prescribes specific processes and activities during the design, development, delivery, and support of IT services. The ITIL service lifecycle consists of five practice processes, service strategy, service design, service transition, service operation and continuous service improvement. ITIL is the basis of the BS15000 standard (the first standard for formal and international IT Services Management), a quality label close to ISO standards, for example. Originally written by experts from the UK's Public Office of Commerce (OGC).

ITIL V4, the latest version of the world's most popular ITSM framework, is scheduled to be released in Q1 of 2019. (Announced nearly two years ago at the itSMF USA Fusion 2017 conference). Here is a look at the new ITIL 4 program overview:



CHAPTER 3. METHODOLOGY

The methodology chapter provides a better understanding of the research for the reader in this thesis. Firstly, the authors will explain how the research topic was identified. Secondly, the research approach is described. Thirdly, data collection method. The case company introduce, data analysis and research finding will be present in the fourth chapter of this thesis.

3.1 Research Topic Identification

Within the global climate issue, the authors developed the interest in environmental protection, CSR, SRI, BS 3.0 fields and combine the previous experience in business management, the author is seeking the answer of the challenge for profit-seeking companies to be profitable while still meeting triple bottom line especially in IT service industry. Finally, the true sustainability concept attracted the author's attention. It had been identified in a profit-seeking context but lacking researches implementation process of Business Sustainability 3.0 in profit-seeking companies. The creators of the concept have argued that such an implementation would be possible and of relevance (Muff and Dyllick, 2014). Cause BS 3.0 mostly implemented in non-profit organizations. Researchers had argued the assumption of new ventures would be more open to implementing the standards of "Business Sustainability 3.0". One researcher had initiated and this field of research in the context of a new venture in the form of a single case study in the medical device industry and had proved the assumption. The author also had the same interest in this field and chose the new venture in the IT service industry to offer more support to this study with more focus on the business relationship management strategy field.

The ECT-Labs was considered to be a suitable case company since its hybrid business model innovation related to the academic concept of Business Sustainability 3.0. And it is in the process to achieve their sustainability goals with its customers and partners. As the author is the relationship manager in this company, the topic was chosen to research how this new venture addresses the standard of Business Sustainability 3.0 and what could be better strategies dealing with the climate-related risks and social related risks in the future.

3.2 Research approach

3.2.1 Case Study

The method of performing a case study is defined as “an empirical research method used to investigate a contemporary phenomenon, focusing on the dynamics of the case, within its real-life context” (Teegavarapu, Summers and Mocko, 2008, p.4, based on Roth, 1999 and Yin, 2003). The decision to choose a case study was made to answer the research question. How does IT service new venture to address Business Sustainability 3.0 while to be profitable and the sub-question, how to design the BS 3.0 strategies or processes for the Business relationship department? Moreover, the research questions are formulated as to how-questions, which makes a case study a suitable approach to answering the questions (Teegavarapu, Summers and Mocko, 2008).

3.2.2 Sampling

To receive empirical data, the author decided to self-select the sampling by proactively asking an IT service new venture that most relevant for the case. The case company ECT-Labs was considered to be a suitable sample, as the new venture is still in the process of becoming

truly sustainable and profitable. Individuals and organizations often reply to those requests based on a personal interest in the topic (Saunders, Lewis and Thornhill, 2009), which was the case for this thesis. The selected company showed the interested in redesign sustainable strategy for the relationship management field and has the bigger picture and vision of using hybrid business model to impact the whole industry to be truth sustainability and profitability. The empirical data were analyzed in this thesis is from the case company ECT-Labs.

3.3 Research Context

3.3.1 The challenge of environmental risks and social risks

Greenhouse gases are trapping more heat in the earth's atmosphere, which is causing average temperatures to rise all over the world(April 25, 2017. Frank B. Chavez III). France records the highest temperature of 45.9C in western Europe. The extreme heatwaves linked to the impact of greenhouse gas emission” said the UN agency. “Extreme weather would become more frequent as a result of global warming.” said the French president, Emmanuel Macron.

Higher temperatures mean that heatwaves becoming more common and are likely to happen more often and last longer. “Heatwaves will become more intense, more drawn out and more extreme,” said the WMO spokeswoman. Moreover, heatwaves can be dangerous, causing illnesses such as heat cramps and heat stroke, or even death(SRI textbook). The news reported that a 17-year-old Spanish boy and an 80-year-old man died from heatstroke this June and at least five deaths in France have directly resulted from the heatwave till now.

Increasing air temperature can also lead to a chain reaction of other changes around the world. It also affects the oceans, weather patterns, snow and ice, and plants and animals(SRI textbook). The consequences of this climate change issue are catastrophic such as the more droughts, rising sea level, melting sea ice and species extinction.

Climate change concerns are taken into a business account for a long time and today these concerns are taking into a new level and companies will have to adapt to environmental and social pressures. Organizations can take effective actions to turn risk into a competitive advantage. Based on McKinsey&Company's case studies analysis, the results evident that companies which ignore climate-related risks are likely to feel the consequences. Meanwhile, those companies that identify and find solutions to deal with the challenges ahead will rise above the storm. Recognized this climate-changing issue, most industries had emerged the business sustainability strategies to their products and services and begin to report every year. As for the IT service industry, hybrid business model innovation can be the approach of these environmental issues.

In the social aspect, considered the Fourth Industrial Revolution, the business world's rapid changing emphasizing many academics and practitioners to rethink the existing Business Models. Nevertheless, the most researches are mainly focused on new technologies and new services development instead of new business models innovation which are emerging the true sustainability standards. As for profit-seeking organizations, maximize profits and contributing to the society always have contradiction. This profit-seeking "duty" decision making might end up hurting the triple bottom line. Moreover, in the IT industry, the delivery

model in this industry has fundamentally changed. Most IT companies and enterprises get used to hire engineers and IT services team in the company. The company use the vertical integration structure to manage IT teams would face huge labor cost and management issues. As for the engineers, their talents have not been fully used even if they have spare time. The cash flow and revenue balancing are essential for all the processes.

3.3.2 How does hybrid business mode address risks while to be profitable

Recognizing the current environmental and social issues and risks are essential for companies to survive and achieve. Innovating business models to create sustainable value and integrating sustainability into business models seems to be an unmistakable development towards business model innovation. As for the IT industry, hybrid business model innovation can address both environmental and social issues mentioned before at the same time. Reducing the Carbon footprint of employees by remote control without location limitation. Lower the costs and release IT service companies and its partner companies from cash flow pressure by transfer the horizontal integration into vertical integration. In short, the hybrid business model is the strategic responsible business model innovation which can be social and ecological and run the business profitability and sustainability.

To be more specific, the climate change issue can be addressed directly in this hybrid business model. By integrating engineers online and offer IT service without location limitation. Remote control and support even teleworking could reduce the carbon emission for every engineer. Calculating the annual carbon footprint for each engineer. The positive

impact of innovating the hybrid business model in the whole IT service industry would be huge.

Meanwhile, those companies who use hybrid business model could integrate sustainability both in ecological and social aspects. Social issues illustrated in had been identified by some entrepreneurs in the IT industry. By bridging the companies with business model changed from a horizontal integration structure to vertical integration structure . Offering the IT services by setting engineers database and offer customized support to their customers and partners. The hybrid business model could help partners or customers save labour costs while still be capable of acquiring solutions in time. The companies or partners do not need to hire IT engineers for the full-time job anymore and even the whole IT service department can be cut off and outsourcing the business to the IT service companies which can offer the service matches the demands immediately combine with the task-based payment could benefit not only both parties but triple parties from this mode. From a finance point of view, customers and partner companies could release from labor cost stress while the engineers can make full use of their time and talents and for the hybrid IT service companies, a hybrid business model is the path the run the business ahead of risks. the most important key performance indicator (KPI) for RM is customer satisfaction.

Thus, with true sustainability the entrepreneurs are no longer forced to balance between for-profit and non-profit model; they can now take advantage of emerging hybrid business modes which can help the profit-seeking corporation seeks to positively impact society and the environment while staying profitable. As for the relationship management.

Chapter 4. Case study

4.1 Company Description

This case study is based on the new venture ECT-Labs. The new venture was founded in April 2019 by the entrepreneurs Adil, to offer IT service for the IT companies and users. This new venture was established by engineers and managers with strong backgrounds. Master minimum with at least five years of working experience. With previous customers and partners resources, cash flow and revenues are generated from new contracts. At the time of the data collection for this thesis, August 7th, 2019, the company consists of 7 employees including the co-founders that are working in the head office in Montpellier mainly in technology, marketing, sales, relationship, HR team. The CEO overall aim is to show that entrepreneurship can have a social and environmental impact he wanted to create a profitable business that also influences the conditions for people and the environment positively and thus, be a role model for other entrepreneurs and sustainable businesses in IT service industry even other industries. The data collection part the author collected the data both from ECT-Labs and from its existing customers and partners. There are six partners on processing and the author chose two partners' data to give more support to the research.

4.2 Data collection

The data used for this thesis was gathered by conducting a qualitative interview within the case company and the partner companies only from a primary source.

The authors of this thesis have chosen to use semi-structured interviews as previous researchers. Firstly, because semi-structured interviews allow the interviewees to answer in their own words while keeping within the frames of the subject picked by the interviewer beforehand (Dalen, 2007). Secondly, it is due to the possibility to ask to follow-up questions is available when performing interviews (Teegavarapu, Summers and Mocko, 2008). The interviews will be face to face form to acquire the necessary information and updated data will be sent by e-mail.

The interview guide conducted on the central theme of Business Sustainability 3.0. It was assumed that the interviewees had no prior knowledge of what Business Sustainability 3.0 entails. However, as the company's hybrid business model is closely related to Business Sustainability 3.0, a clear presentation was taken at the beginning of those interviews.

The data listing the ongoing partners and customers' information as follows, such as the company name, location, number of employees, daily labor cost when outsourcing to ECT-Labs, the local tax and tax in France. By taking two typical partners, the author compared the data both from an economic and ecological point of view.

By calculating the carbon footprints, the author set 3km as engineers' daily working distance and chose an online website professionally focus on this field called Myclimate as the calculating tool. Myclimate is a science-based and business-orientated non-profit organization pursues to shape the future together with its partners through consultation, education and climate protection projects(myclimate.org). By using the footprint calculator,

the author can calculate the carbon footprint generated by each business contract in ECT-Labs comparing with partners which hiring engineers for the full-time job. According to EU, to stop climate change, the maximum amount of CO2 that can be generated by a single person should be 0.6T in a year but the actual situation now is that the average annual amount of CO2 generated by a single person proved to be 8.4t. 14 times than the maximum amount.

Calculate
Offset
Pay

Your Trip:
 Offset a ride of 3 km, Fuel: Hybrid

CO₂ amount: 0.001 t

Panthers	Head Offices/ Regional Offices	Total employees	Existing IT engineers	Labor cost hiring/engineer	TAX France	LOCAL TAX
Fingtap	Renne, France	5	Confidential Information	Minimum according to French La	According to French Labor Law	According to French Labor Law
DBuraaq Global	Multan, Pakistan-Sana	15	Confidential Information	Avg. 300 Euros Per Day	55% total Tax	35% total Tax
Pmas	Rawanbindi, Parkistan	35	Confidential Information	Avg. 320 Euros Per Day	55% total Tax	35% total Tax
Layerslogic	Italy, Pakistan	50+	Confidential Information	Between 180 - 400 Euros Per Da	55% total Tax	35% total Tax
eXcom	UK, Pakistan	22	Confidential Information	Avg. 180 Euros Per Day	55% total Tax	35% total Tax
Uivus	U.K	10	Confidential Information	Under Negotiation		
Kotech	U.K	30	Confidential Information	140 Euros Per Day	55% total Tax	
Service Global	U.S	300+ employees	Confidential Information	Between 375 - 700 Per Day	55% total Tax	21% total Tax
Iron Systems	U.S	300+ employees	Confidential Information	Avg. 375 Per Day	55% total Tax	21% total Tax
Dragon Sino	HongKong, China, Brazil, U.S	400+ employees	Confidential Information	Under Negotiation		
Annual cumption/person			DBuraaq Global	ECT	Sevensglobal	ECT
Carboon footprints	public trasport	3km was considered as daily working distance	3.0T	0.265	3.0T	1.9T
	Food		2.3T	2.3T	2.3T	2.3T
	House hold		2.9T	2.9T	2.9T	2.9T
Labor cost	Full-time VS Outsourcing (48times/year)	3000 euros was considered as monthly payment	48600	22320	43560	37200

4.3 Empirical Findings and Analysis

In this part, the empirical data are analyzed based on the qualitative interview of ECT-Labs employees as well as partners. The primary data was offered by ECT-Labs directly and the calculation and data analyzing were made by the author and confirmed by the ECT-Labs. The data include some confidential information were deleted by the author to protect the case company and the partners.

In the graph of the analysis, the comparison between hiring engineers for customers and partners and outsourcing the business to ECT-Labs on both carbon emissions and labor cost perspectives

The result firstly showed that the average full-time hiring will release 3.0T carbon emission annually on transportation but outsourcing to ECT-Labs the annual emission can be $0.265T(0.001T*265days)$ what is more, most work can be done online which means there can be no emission on transportation. Secondly, if it is really necessary to send the engineer to the local place, the roundtrip emission from Paris to the US is 1.9T which is still lower than hiring emission 3.0T. The key is to maintain the breakeven in carbon footprints. Which the new sustainable program will focus on this part.

From an economic point of view, the author set 3000 euros as the average payment for the engineers in the international market. The annual month use 12 months payment instead of 13 months and the outsourcing to ECT-Labs use 48 times work as equal annual work quantity to 12 months full-time job. The difference appeared to the tax, European tax payment is

higher than other areas but the result showed outsourcing business to ECT-Labs still has lower cost and will benefit for both parties.

From the social point of view, the partner companies do not need to hire full-time engineers and even the whole department. The management cost for the department and the labor cost can be saved. Moreover, the engineers could have more flexible time to self-manage. The whole structure of the industry can transfer from horizontal to vertical .

4.4 Customers satisfaction with sustainability

Customer satisfaction is the clients' emotional reaction whether his or her expectations have been fulfilled or not. Oliver 1997 and Zeithalm and Bitner (2000). The study of Al-Wugayan & Pleshko (2011) revealed the existence of a positive relationship between customer satisfaction and loyalty and supported a significant positive association between loyalty and market share. Then O'Sullivan & McCallig (2012) revealed, that customer satisfaction positively moderates the earnings which mean customer satisfaction has a positive influence on a company's financial performance, also on the firm's value. Moreover, according to Hofer et. al. (2012), companies are using sustainability activities to obtain a competitive advantage against competitors which increases the value of the company. It means the companies became more competitive than their rivals by implementing sustainable activities.

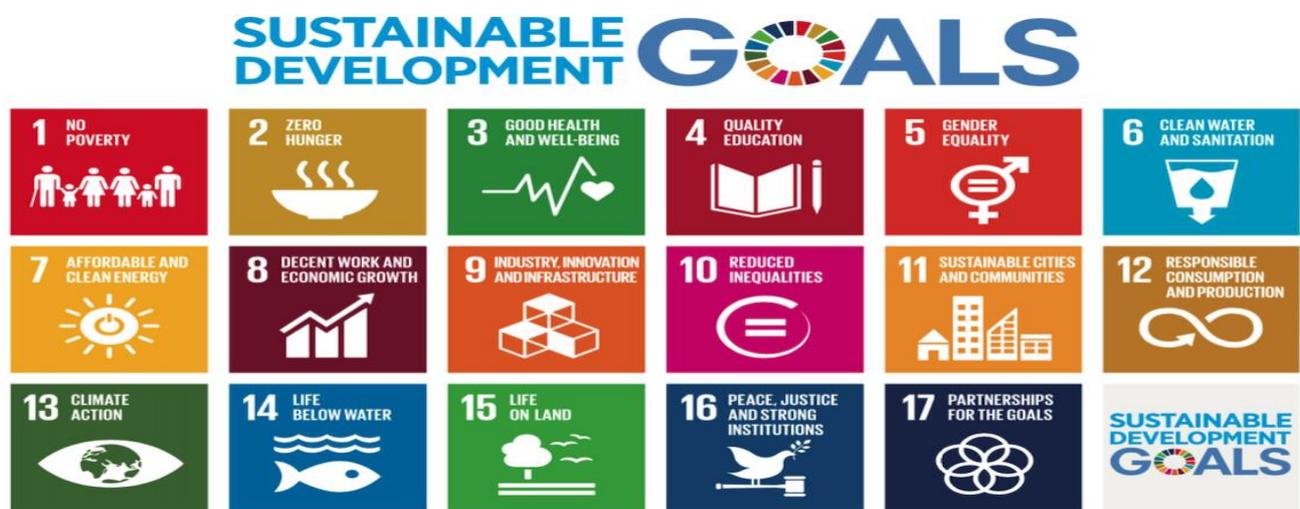
In most of the cases, the size of the company can be a disadvantage for sustainability activities. For example, the larger companies become not flexible and slower comparing to small and medium-size companies or new venture. That is a big disadvantage to maintain

company's value growth. Meanwhile, new ventures are more flexible and faster because they do not need to address the tedious process and will save a lot of time by taking quick implementations for sustainable initiatives.

Based on the interview of ECT-Labs and the study of the hybrid business model. It showed that the hybrid business model can help customers reduce cost and help partners release from financial stress meanwhile help them contribute to environmental issues such as climate change which can meet customers' expectations and increase customers' satisfaction according to the interviews.

4.5 Sustainability program designed for ECT-Labs relationship management department.

Nowadays the sustainable development goals(SDGs) in 2030 agenda are spearheaded by the United Nations(UN) set 17 aspirational global goals, specified into more than 169 targets which represent some of the biggest social and an environment challenges in the world. The hybrid business model is the long-term perspective on environmentally friendly way to run business and reduce greenhouse emissions for future generations.



In order to increase the customers' experience and satisfaction with better collaborate with the 2030 agenda goals. The author intends to increase customers' participation and corporation by joining ECT-Labs sustainability program based on the hybrid business model. This program is free and without any extra cost for the customers and partners. What they need to do is to take around ten minutes to know this program and their benefits of joining it. The program processes are briefly described as follows:

Step1.Introduce the sustainability program to customers and partners(what).

This sustainability program is specially offered by ECT-Labs to help our customers and partners to contribute more to the society and environment when doing business. By joining the sustainability program, the members do their business with better collaboration to the global sustainability goals.

Step2.Introducing outside environmental and social issues by sharing videos(why).

This step the customers will receive online links about climate change issues and the latest news about social problems. They will also receive an email of the program guidance.

Step3.Introducing ECT-Labs way of addressing these issues. (How)

Introduce how hybrid business model addressing these issues and risks and how this innovate model differential ECT-Labs from its competitors.

Step4.Introducing the benefits of joining this program(why they need to join)

When customers sign the contract with ECT-Labs they join the sustainable program automatically without extra cost. By joining the program, customers can have more rights and benefits such as they can get points when their business decisions better contribute to sustainability. They can get points and promotion depend on their contribution. For example, when the business required to send engineers to the destination instead of remote control, the customers will get more points when they choose the engineers' location closer to the destination. They also can get higher points by choosing lower footprint transportation such as taking the bus or train instead of taking an airplane. By doing so the transport cost will be lower while the point can help them reduce some cost.

Step5. Introducing how they can contribute to the environment and society.

The customer will receive reports timely, monthly and annually depend on their contract period. The report will fully present their contribution data such as how much carbon footprint they have reduced by doing different business decision, choosing different transport or choosing different engineers and so on. They will also see the ranking for the other customers' partner with ECT-Labs. The company names can be hidden or use nicknames for confidential concerns.

Firstly, by visualizing the results and others' contribution, the member will be stimulated and motivated to devote to this field.

Secondly, the author had designed some policies to encourage members to make better decisions. In short , they will get direct cost-reducing, such as taking distance and way of

transportation as main factors when they choose engineers, they will get more points and more promotion when their decisions are more environment-friendly. The same way, they will also get more points and reward when they choose remote control than sending engineers.

Thirdly, the winner of this program will be certificated and will be shown on our webpage so that every customer partner with ECT-Labs will show a more positive impact to the society.

The reputation and wealthy will be gained naturally.

CHAPTER 5 DISCUSSION LIMITATIONS AND DISCUSSIONS

5.1 Assumption to Business Sustainability 3.0

It was assumed by several authors that a new venture has an advantage in establishing true sustainability standards (Henderson and Clark, 1990). It had been approved already by the previous researcher. But the limitation of their study was lacking of cases in different industries. Thus, the author would like to implicate the framework of the same criteria to give one more research to support their findings.

By placing the Business Sustainability Typology Grid, the authors of this thesis could also support this assumption. Compare to previous results, the number of six criteria met in the medical apparatus and instruments industry. The ECT-Labs meets the criteria of the seven listed perspectives initially. One more than the previous research.

Criteria	Business Sustainability 3.0	ECT-Labs	(Initially) met Criteria
Value Creation	Creating a significant positive impact in critical areas of social/planetary concerns	Identifying environmental and social challenges outside of the company	Criterion met
Primary corporate attitude	A pattern of voluntary proactive and most likely interactive collaboration with new players	Engaging in collaborations with new partners that agreed to work on the sustainability goals	Initially met: establish new business partner
Primary focus	Society & planet	Society and environment in focus rather than making profit	Initially met: society & planet as a founding reason
Strategy	Social concerns replace traditional customer and trigger an outside-in perspective	Social and environmental concerns as founding reason; traditional customers second rate	Initially met: society & planet as a strategic foundation
Market definition & positioning	Defining business activities outside existing markets	Hybrid business model first use in the IT service industry: Business idea outside existing markets	Initially met: innovate with the idea to be sustainable
Product & services	Creation of new products and services as a voluntary & proactive response to societal/environmental problems	Products and services are intangible which are naturally address the issues	Criterion met

Governance & leadership	Relevant social representatives are fully integrated into relevant decision-making process	Managers as representatives for the company's social and environmental acts; represent Einhorn at conferences etc.; involves in decisions	Criterion met
Type of CEO	Idealist	Idealist CEO	Criterion met
Type of companies	A large empty space; [not defined]	New venture	
Sustainability implementation	The company reorganized around the social issue they address and include other players	Company was established based on social and environmental concerns; organized partnership contributes to it	Criterion met
Process	Becomes a service-function key to deliver value	IT Service as the company's key value driver	Criterion met
Reporting	Reporting reflects the societal value created [...]	Reporting of sustainability actions goes beyond basic requirements	Initially met: reporting to IT sustainability
Stakeholder influence	The company takes a proactive approach in identifying and engaging concerned stakeholders	Entrepreneur's Pledge; collaboration with partner companies.	Criterion met

ECT-LABs Business Sustainability Typology Grid, 2019(adapted from Muff and Dyllick, 2014)

5.2 Limitations

Nowadays, more than 4,000 organizations are reporting to the CDP (the Carbon Disclosure Project) but rare researches related to the IT service industry and there were no clear indicators for the report. Moreover, hybrid business mode varied in a different industry, company size, structure or even the function of the supply chain.

One single case study instead of multiple case study faced the limitation to acquire the quantitative data to analyze the business situation and trend. New venture limitation also exists comparing to the large enterprises for the data collection.

5.3 Further study

Based on our researches as new ventures varied in different industries. The further study would be interesting to offer the long-term study of a company that evolves from a new venture into larger, established enterprises. By showing how the growing process and tracking how the company copes with Business Sustainability 3.0 would be extremely interesting and convincing.

5.4 Conclusion

The author conducted in this thesis that business sustainability 3.0 can be applied based on hybrid business model innovation in profit-seeking IT services new venture. Moreover, the assumption that new ventures hold an advantage in establishing Business Sustainability 3.0 compared to already established companies is proved in this research.

The hybrid business model in a new venture in the IT service industry proved that the business becomes truly sustainable. The new program design to increase the processes in business relationship management department was implemented and tested with partners and customers.

The authors conclude that a new venture by innovating its business model can address “Business Sustainability 3.0” standards. Also, the assumption that new ventures are more open to Business Sustainability 3.0 standards is proved to be true in this case study.

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Appendix I: Interview Guide

Interview Guide Questions	
Company Questions	<ul style="list-style-type: none"> • When was the company founded? • If no SEO how did it generate cash flow? • How many previews resource we have? • How many contracts are on processing? • Do you have any plans for finding investor?
Definitions & history	<ul style="list-style-type: none"> • BS 1.0-3.0 What is true sustainability? • SRI What is strategic innovation and why SRI. • CRL What is CRL? • What is the relationship between the company and these definitions?
ROLES&MODEL	<ul style="list-style-type: none"> • Managers • Engineers • Customers and partners • Online CO2 tools • Transportation • How are the actors influenced by the hybrid business model? • How do the actors influence this new model?
Interactons between Roles	<ul style="list-style-type: none"> • Are there interactions between the actors mentioned above? • Which interactions are relevant for ECT-Labs' success? • What is the overall aim of ECT-Labs? • In short, how does ECT-Labs want to achieve the overall aim?
Environmental and social issues related questions	<p><i>The Environmental related questions</i></p> <ul style="list-style-type: none"> • How much CO2 emission will be caused by hiring one engineer per year.

	<ul style="list-style-type: none"> • How many engineers take public transport to go to work? How many go by car? On foot? (Assume three kilometres for each one.) • How IT service company use hybrid business mode calculation-CO2 emission. • On which occasion will you send the engineer to the real-time location for a business trip? By which transport? How many times per year on average. <p style="text-align: center;"><i>Social related questions</i></p> <ul style="list-style-type: none"> • How much caused by hiring one engineer per year? • The payment structure of the company and the tax payment? • CRL& Profit? <p style="text-align: center;"><i>Cost comparison of hiring and outsourcing</i></p>
<p>Customer Satisfaction Indicators</p>	<ul style="list-style-type: none"> • Customers trend to choose ECT-Labs or competitors which without sustainability activities or models? • Customers are willing to recommend ECT-Labs to others. • Customers are willing to spread the positive news about the hotel. • Customers are willing to do business again with ECT-Labs • During they participated in the sustainable program they give reward and feel proud.

Appendix II: Business Sustainability Typology Grid

The Business Sustainability Typology Grid				
Criteria	B.S.0. 0	B.S. 1.0	B.S. 2.0	B.S. 3.0
V value Creation	Shareholder value maximization	Improved shareholder value	Triple value beyond shareholder value, including social and environmental values	Creating a significant positive impact in critical areas of social/planetary concern
Primary corporate attitude		A pattern of reacting to societal pressures	A pattern of active exchange with broad stakeholders	A pattern of voluntary, proactive and most likely interactive collaboration with new players
Primary focus		Shareholder	Stakeholders	Society & planet
Strategy	Managing risk ensuring compliance	Managing primarily risks while starting to embrace first opportunities of new environmental and social developments	The triple bottom value is created not just as a side effect of business activities, but as the result of deliberately defined goals and programs addressed at Specific sustainability issues or stakeholders	Societal concerns replace the traditional customer and trigger an “outside-in” view on the company’s capabilities and resources which are employed to provide significant positive social & planetary value while ensuring the long- term well-being of the company
Market definition and positioning		Mostly reactive to challenges from outside of traditional market influences	Exploration of new opportunities outside existing markets	Defining business activities outside existing markets
Product and services		Probably no changes (beyond cosmetics)	Most likely adaptation of products/services (but not questioning they are societal value)	Creation of new products and services as a voluntary & proactive response to societal/environmental problems, likely in collaboration with new partners

Governance & leadership		Probably not yet affected	Cross-functional sustainability committee, Compensation of (top) management includes triple bottom line value creation	Relevant societal representatives are fully integrated into the relevant decision- making processes at all levels of the organization
Type of CEO (based on Plessy et al, 2013)	Traditional economist	Opportunity seeker	Integrator	Idealist
Type of companies (based on Plessy et al, 2013)	Most companies, including again BP (moving from BS 1.0)	P&G, Nestlé, Danone, General Electrics and Walmart (moving in from Bus-as- usual)	Wholefood, Patagonia, Timberland, Novo Nordisk, Bodyshop, Unilever, and also, Interface (moved indirectly from business-as-usual)	A largely space, used to house Grameen Bank which has shifted back to BS 2.0 since its start in 3.0
Sustainability y implement at ion		Most likely centralized	Most likely to become integrated into line functions	The company reorganizes around the societal issues they address and include other players into such new open & dynamic structures
Processes		Primary focus particularly around the expanded value chain	A secondary focus reflecting the strategy changes	Becomes a service- function key to delivering value
Reporting		Little beyond what is required, the tendency on good news (risk: greenwashing)	Internal reporting includes a triple bottom line, external reporting on sustainability	Reporting reflects the societal value created and includes voices of beneficiaries

Business Sustainability Typology Grid (Muff and Dyllick, 2014)