



PT. 1

**IDENTIFY YOUR
PRODUCT-AS-A-SERVICE
ADVANTAGE**

WORKSHOP OBJECTIVES



- Select the appropriate product for your future Product-as-a-Service offering
- Determine your customer target group
- Identify obstacles linked to both product and customer, and devise a plan to overcome them

FACILITATOR'S GUIDE TO THE WORKSHOP

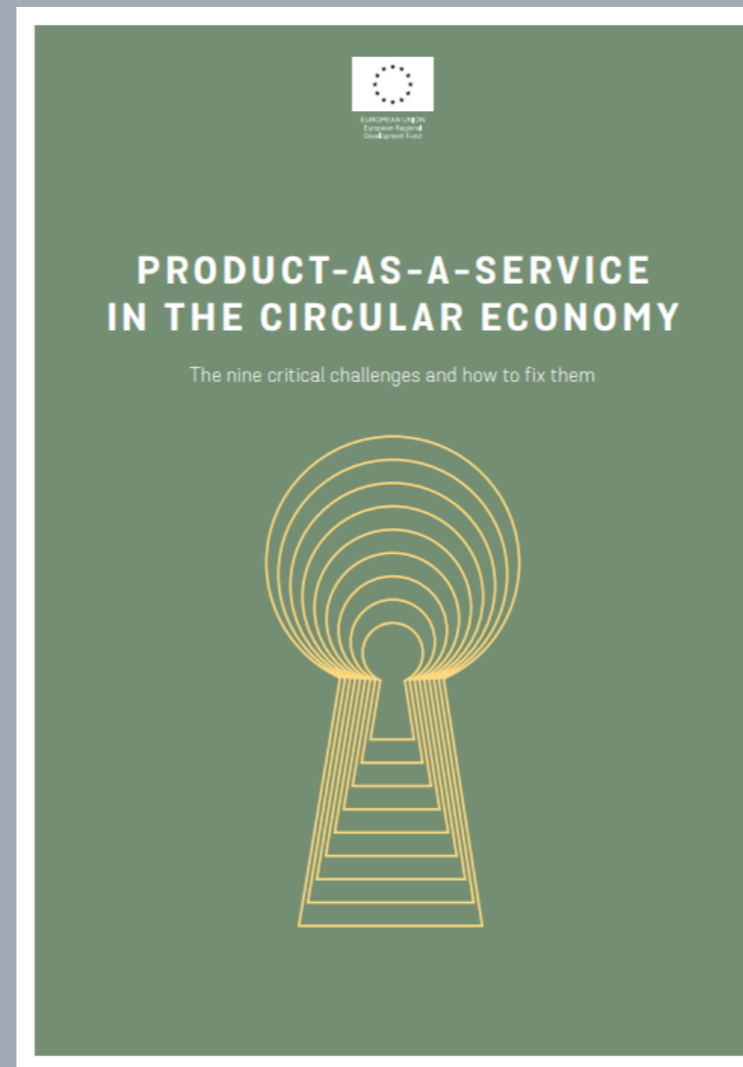
Download our facilitator's guide
to access information that will
help you facilitate a successful
workshop



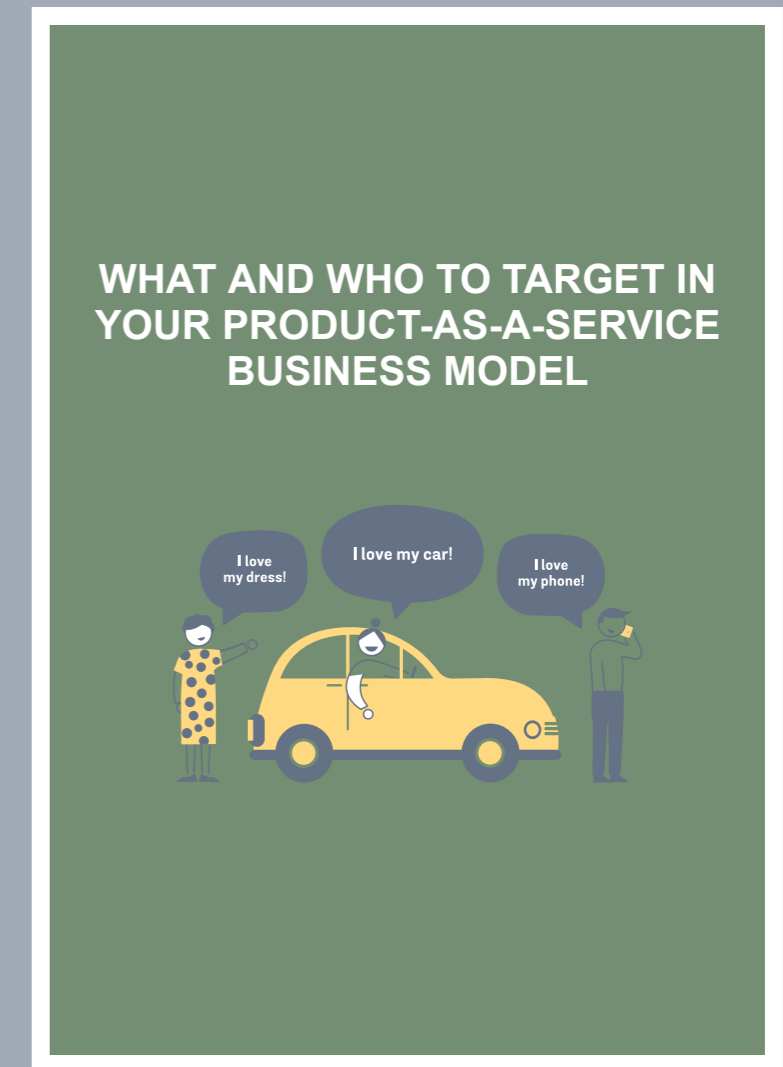
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FACILITATOR'S GUIDE

LEARN MORE ABOUT PRODUCT-AS-A-SERVICE



<https://www.stenarecycling.se/en/circular-consulting/inspiration--insights/product-as-a-service/download-paas/>



<https://www.linkedin.com/pulse/what-who-target-your-product-as-a-service-business->

PARKING LOT FOR QUESTIONS AND POINTS RAISED



Park sticky notes here

Use this space to collect points raised or questions asked that do not relate directly to the exercise

EU TAXONOMY CHECKLIST - CIRCULAR ECONOMY



Assess your alignment with the circular economy definition of the EU Taxonomy

The transition to a circular economy is one of six environmental objectives in the EU taxonomy regulation. The EU taxonomy definition of the circular economy means an economic system whereby :

- The value of products, materials and other resources in the economy is maintained for as long as possible, ...
- ... enhancing products, materials and other resources efficient use in production and consumption, thereby reducing the environmental impact of their use, ...
- Minimising waste, and ...
- ... minimising the release of hazardous substances at all stages of their life cycle, including through the application of the waste hierarchy



EU TAXONOMY CHECKLIST - PRODUCT-AS-A-SERVICE



Assess your alignment with the Product-as-a-Service criteria of the EU Taxonomy

The contractual terms and conditions ensure that all the following sub-criteria are met:

- The provider of the service is obliged to take back the used product at the end of the contractual agreement
- The customer is obliged to give back the used product at the end of the contractual agreement
- The provider of the service remains owner of the product
- The customer pays for access to and use of the product, or the result of access to and use of this product.

The product offered through Product-as-a-Service complies with a minimum of one of the following criteria:

- The product lifespan is at least twice the European Union average for the product category under the condition of average use intensity
- The use intensity is at least twice the European Union average for the product category under the condition of an average lifespan
- A combination of the above, where the lifespan times the use intensity is at least twice the European Union average

INSTRUCTIONS

Instructions:

In this exercise, you will evaluate your product's "as-a-service" potential. This will help select a product that is likely to be a good fit for a Product-as-a-Service offering, as well as to identify challenges that might need further work.

Task A: Product assessment from your customer's point of view

Start by assessing your product against the product characteristics in template 1a. In 1a, the characteristics are defined based on your customer's perception of product characteristics that make Product-as-a-Service more or less attractive. For example, is the product cheap or expensive for the customer to buy?

Task B: Product assessment from the provider's point of view

Now, assess your product against the characteristics in the template 1b. In 1b, the characteristics listed are likely to make implementation easy or difficult from your point of view as the service provider.

If uncertain on what to answer - use your gut feeling and validate responses at a later stage. If working on several products, copy and insert additional boards.

EVALUATE YOUR PRODUCT'S "AS-A-SERVICE" POTENTIAL

1a

Which characteristics, from your customer's point of view, best describe the product you will include in your PaaS offering?

CUSTOMER FOCUS

CHALLENGING
Things that makes Product-as-a-Service less attractive

ADVANTAGEOUS
Things that makes Product-as-a-Service more attractive

ASSESSMENT

DESCRIPTION

YOUR ASSESSMENT

The customer..

...find the product cheap to buy	<input type="checkbox"/>	<input type="checkbox"/>	...the product expensive to buy
...resource input constitute a minor part of the total cost of ownership	<input type="checkbox"/>	<input type="checkbox"/>	...that resource input constitute a large part of total cost of ownership
... find it cheap to own the product	<input type="checkbox"/>	<input type="checkbox"/>	...find It expensive to own the product
...find it easy or cheap to maintain and repair the product	<input type="checkbox"/>	<input type="checkbox"/>	...find it difficult or expensive to maintain and repair the product
...use the product frequently	<input type="checkbox"/>	<input type="checkbox"/>	...use the product infrequently or during a limited time period
...is emotionally attached to the product	<input type="checkbox"/>	<input type="checkbox"/>	...is not emotionally attached to the product
...finds the product personal	<input type="checkbox"/>	<input type="checkbox"/>	...finds the product non-personal
... consider their core business dependent on the product	<input type="checkbox"/>	<input type="checkbox"/>	...consider their core business non-dependent on the product

- Customers tend to be more willing to pay for access (rather than ownership) to products that are expensive*
- If resource input (e.g. fuel, energy etc.) constitutes a large part of the customer's cost, the provider can deliver added value by providing more efficient products or solutions for improved efficiency*
- Higher cost of ownership (eg storage, depreciation, insurance, interest rate etc.) can make PaaS more financially compelling to customers, as the provider may be better positioned to reduce these costs*
- The provider can deliver added value through its capabilities in maintenance and repair*
- Only paying for what you use becomes attractive if there is a large difference between ownership time and actual use time*
- Customers are more likely to find PaaS attractive for products they are not emotionally connected to. For example, B2C segments often prefer owning status or customised items.*
- Customers are more likely to find PaaS attractive for non-personal products (e.g. products that are not associated with hygiene or store personal data) while ownership is often preferred for personal products*
- Customers like to own products that are closely related to their core business or interests, where they are more knowledgeable and less in need for external expertise.*

EVALUATE YOUR PRODUCT'S "AS-A-SERVICE" POTENTIAL

1b

Which characteristics, from your point of view as the provider, best describe the product you intend to include in your PaaS offering?

PROVIDER FOCUS

CHALLENGING
Things that makes implementation more difficult

ADVANTAGEOUS
Things that makes implementation easier

ASSESSMENT

The product is/have...

...consumable	<input type="checkbox"/>	<input type="checkbox"/>	...durable
...low material value after use	<input type="checkbox"/>	<input type="checkbox"/>	...high material value after use
...low component value after use	<input type="checkbox"/>	<input type="checkbox"/>	...high component value after use
...non-modular product design	<input type="checkbox"/>	<input type="checkbox"/>	...modular product design
...analog product	<input type="checkbox"/>	<input type="checkbox"/>	...smart and connected product
...rapid technological development	<input type="checkbox"/>	<input type="checkbox"/>	...slow technological development

DESCRIPTION

Products that last for several reoccurring use-cycles are better suited for PaaS as the provider then can keep them in use and earn re-occurring revenue

Higher material value enables the provider to capture financial value from recycling at end-of-life

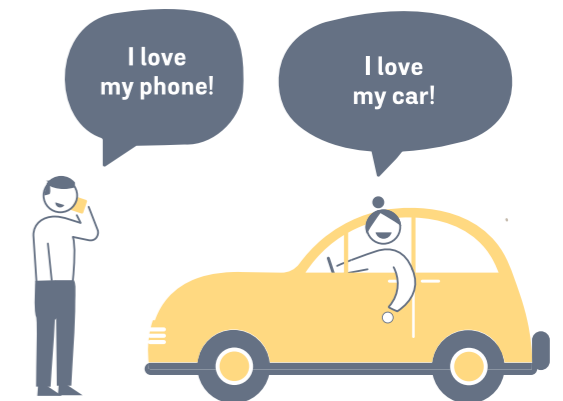
Higher component value enables the provider to capture value from reuse, refurbish, or remanufacturing activities

A modular design makes it easier for the provider to repair, maintain, upgrade and refurbish the product

Smart and connected products enable utilisation of data and insights on product use that can be used to design a better customer experience.

Product segments with rapid technological development can be less suitable for PaaS as they quickly become obsolete from a user perspective and thereby less attractive, unless easily upgraded

YOUR ASSESSMENT



INSTRUCTIONS

Instructions:

Based on the assessment, choose one product to continue working with in step 2.

Now that you have selected a product, it's time to brainstorm how you can solve or navigate the more challenging characteristics identified in Step 1.

One by one, brainstorm ideas on how to address the challenging characteristics with help from the questions for guided ideation in templates 2a and 2b.

Collect your ideas on sticky notes.

Note: The characteristics are intended to work across sectors. That being said, always think about the context of your product to assess which characteristics might be more or less relevant.

BRAINSTORM HOW TO OVERCOME CHALLENGES

2a

Is it possible to influence or work around the more challenging product characteristics?

CHALLENGING PRODUCT CHARACTERISTICS
CUSTOMER'S PERSPECTIVE - things that risk making Product-as-a-Service less attractive for your customer

Cheap

Low complexity and/or cost of maintenance or repair

Use-phase resource input constitute minimal part of TCO

Frequently used

Low costs related to ownership

Personal

Core

Rapid technological development

Can you use a higher quality or superior product segment?
 How might you bundle your offer with services that can increase the attractiveness of a PaaS offering compared to ownership?
 How might you improve efficiency to ensure your operations are still viable if the price is low?

How might you deliver added customer value in other ways than maintenance or repair? (e.g., access to technical expertise) ?

How might PaaS help you reduce your customer's total cost compared to ownership (e.g. related to maintenance, insurance, etc.) ?

How might you reduce inconvenience with renting/sharing/leasing if the product is used often?
 How might you ensure a PaaS offer is financially attractive to the customer compared to owning a product that is frequently used?
 Can you target a customer segment that uses the product less frequently?

How might you reduce your customer's total cost compared to product ownership?

How might you standardise the product or offering?
 How might you remove undesirable traces of use?
 How might you reduce feeling of unease?

How might you improve your customer's core business?

How might you design the product and/or service offering to minimise the risk of it feeling outdated?
 How might you design the product in a way which support continuous technological updates?

BRAINSTORM HOW TO OVERCOME CHALLENGES

2b

Is it possible to influence or work around the more challenging product characteristics?

CHALLENGING PRODUCT CHARACTERISTICS
PROVIDER'S PERSPECTIVE - things that risk making implementation more difficult for your organization

Consumable

Low material value after use

Low component value after use

Non-modular product design

Analog product

How might you make the product more durable/reusable?

How might you ensure that the product's performance does not decline over time?

How might you help people keep the product in good condition?

How might you make the product repairable (e.g. ensure easy access for repair/replacement of components with short life-span/high failure rate, etc.) ?

How might you increase the after-use value of the material?

How might the material serve as input for another type of product or process?

Are there any fully functional components with high value ready to be harvested?

How might you preserve the value of the components?

How might you enable repair and remanufacturing of priority parts, i.e. parts critical to the functioning of the product?

Is there a way to add modularity to the product in order for it to be adaptable, upgradable or repairable?

If yes - how might you make the product more modular?

Is there a way to connect the product and harvest data?

If yes - how might the data be used to provide added value to your customer?



INSTRUCTIONS

Instructions:

You should now have a couple of ideas for how to solve or navigate the challenges identified in Step 1.

In this exercise, you will cluster and prioritize your ideas using the matrix in the template. This will help you make a decision on which solutions to implement, which ones to keep on the radar, which ones to implement later, and which ones to not consider.

Start by bringing your sticky notes with ideas from Step 2. Place your ideas in the matrix based on the two factors described below.

Factor one: Ease of implementation

How easy/difficult would it be for your organisation to implement the solution? Do you have the skills, partnerships, resources needed? Will it be costly or not?

Factor two: Product-as-a-Service viability

How likely is it that the solution will increase the viability of the Product-as-a-Service offering?

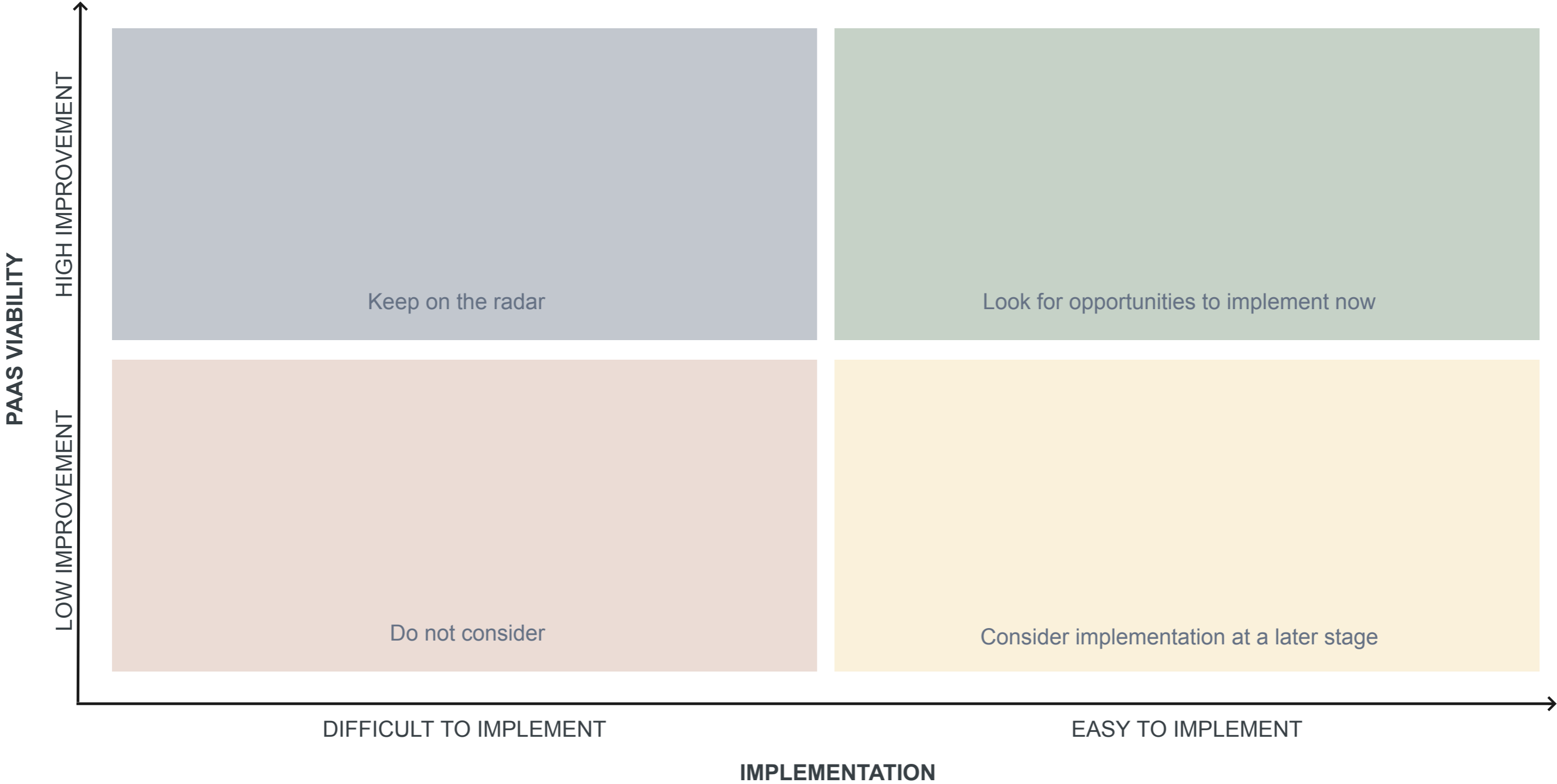
Think of viability in terms of both how attractive your customers find the PaaS offering and the feasibility for your organisation to implement PaaS.

Use the guidance in the matrix to decide on how to proceed with your ideas.

PRIORITIZE YOUR IDEAS

3

What solutions should you prioritize?



INSTRUCTIONS

Instructions:

You should now have a few ideas on solutions to implement.

In this exercise, you will develop a plan for how to realise those ideas.

Start by adding the name of your product and describe the top challenge or challenges you seek to address.

Next, summarise the most promising solutions. This is likely to be the ideas clustered in the upper right corner of the matrix in Step 3.'

Finally, describe your next steps.

If you have ideas you should keep on the radar or consider implementing at a later stage, you can chose to include them in your product strategy if you think it's relevant.

4

Develop a plan for realizing your solutions

SUMMARY

OUR PRODUCT-AS-A-SERVICE PRODUCT IS...

OUR TOP CHALLENGES ARE...

Describe the top challenge(s) you will address

OUR IDEA(S) ON A SOLUTION ARE...

Summarise your most promising solutions that you will work on moving forward.

OUR NEXT STEPS ARE...

Describe the path to reach the solution(s).
Can it be broken down into different activities and steps?
Can you allocate responsibility for each step?
Can you set a deadline for each step?

INSTRUCTIONS

Instructions:

Now it's time to find the most promising customer segment for your future Product-as-a-Service offering.

This exercise will guide you in the selection of a high-level customer segment, in this case, business-to-business (B2B), business-to-government (B2G), or business-to-consumer (B2C). It will also help you understand the challenges associated with the different segments.

Task A: Find your customer segment

Fill out the form and use the guidance to discuss which customer segment is likely the most promising fit for your Product-as-a-Service offering.

Task B: Brainstorm ideas on solutions

If you identified any challenges, think of ways to work around them and summarise your ideas in the challenge-column.

FIND YOUR MOST PROMISING CUSTOMER SEGMENT

5

What is the most promising customer segment (B2C, B2B or B2G) for your PaaS offering?

QUESTION

Will you need to spend significant resources on building close customer relationships and getting customers to understand your value proposition?

A	B
Yes <input type="checkbox"/>	No <input type="checkbox"/>

Challenges and ideas on how to navigate them

GUIDANCE

It's easier to invest more time and resources in building relationships with customers through personal interactions like face-to-face meetings when you're dealing with larger buyers, which is often the case in B2B/B2G contexts.

Do you need to customise your Product-as-a-Service offering to each customer?

Yes <input type="checkbox"/>	No <input type="checkbox"/>
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It's more financially feasible to tailor an offer to meet the specific needs of a customer, even though it can take a lot of time and resources, when you're dealing with larger buyers, which is more typical in B2B/B2G contexts.

Can you handle many low-value transactions efficiently?

No <input type="checkbox"/>	Yes <input type="checkbox"/>
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As B2C is associated with many low value transactions, they can increase administrative burden unless handled efficiently using e.g. automation and digital technologies

Is your organization digitally mature, i.e. can you automise administration, customer relations, and logistic flows?

No <input type="checkbox"/>	Yes <input type="checkbox"/>
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Having a high digital maturity as an organization is advantageous in all Product-as-a-Service operations, but critical when delivering offerings to B2C segments as operations, administration, and sales need to be highly cost-efficient

Is your customer and/or end-user likely to have a high digital maturity?

No <input type="checkbox"/>	Yes <input type="checkbox"/>
-----------------------------	------------------------------

If your customers or end-users aren't very digitally savvy, it can be tough to streamline your sales and operations. However, if you're dealing with larger buyers in B2B/B2G contexts, it's easier to focus your resources on building relationships because they provide a single point of contact, products are less dispersed, and the contracts are larger

Did you mostly answer "A" ?
Then targeting B2B and/or B2G segments is likely most suitable

Did you mostly answer "B" ?
Then the potential is high for your business model to fit all segments. You might also have a competitive advantage in B2C segments

INSTRUCTIONS

Instructions:

Now that you have decided on an overall customer segment, it's time to get into the details and brainstorm specific customer target groups.

This exercise is divided into two tasks:

Task A: Brainstorm

Start by brainstorming which customer target groups (i.e. sub-segments) you can serve.

Think of all the different types of businesses, public organizations, or people that you could target.

Be creative but specific! Is it a certain department, people with a specific interest, or an organization in a certain geographical location? Is it a new or existing customer? Add your ideas to the sticky notes in the toolbox to the right.

Task B: Vote

Using three dots each, vote on the target groups you think are most promising. You can use your dots to vote on multiple or the same target group.

Move on to step 7 with 2-3 of the target groups with the most votes.

BRAINSTORM CUSTOMER TARGET GROUPS

6

What are the different customer groups you could potentially serve?



INSTRUCTIONS

Instructions:

You should now have 2 to 3 options for what customer target group to focus on.

Now, let's make a decision!

Start by adding the name of your different customer target groups in the template.

Once you're done, start with task A.

Task A: Do a quick assessment of the customer target groups based on the parameters in the template. Use markers to mark parameters as "High", "Uncertain" or "Low".

If you find any of the questions difficult to answer without further market research, mark them as "uncertain" and revisit them later.

Task B: Decide on a customer target group based on the one which offers the best combination of market size, growth potential, profitability, accessibility, and alignment with your PaaS offering.

CHOOSE A CUSTOMER TARGET GROUP

7

What customer target group has the highest potential?

[Add customer group]

[Add customer group]

[Add customer group]

SIZE
Is the market size enough to render the business model viable?

GROWTH
Does the target group offer growth potential?

PROFIT
Is it profitable enough; i.e. will the costs associated with serving the target group be less than expected revenue and profit margin?

ACCESSIBILITY
Are they easily reachable, e.g. through your marketing channels? (choose a target group that can be accessed and easily targeted)

CULTURAL ALIGNMENT
Is the target group likely to adopt a PaaS solution? I.e. are there cultural factors that encourages access over ownership?

SERVITISATION POTENTIAL
What is the potential for adding value to the customer by bundling the product with services? (choose a target group where PaaS can offer a strong solution to a significant need)

INSTRUCTIONS

Instructions:

In this exercise, you will develop a more detailed description of your chosen customer target group.

Start with describing who your main PaaS-customer target group is.

Continue by defining their jobs-to-be-done (i.e. the main tasks or results they need your PaaS to fulfill) and the functional unit used to describe the job-to-be-done (i.e. how you will measure the quantity of the performance delivered to the customer).

Hint! Be as specific as possible.

To help you get started, we have provided an example below:

Example

Who

The Municipal Service Office at municipalities in Sweden with between 20 000 - 70 000 inhabitants.

Jobs-to-be-done

- Nice, green, and sustainable lawns
- Reliable equipment
- Safe and healthy working conditions
- Efficient lawn management

Functional unit

- X m² grass cut/month
- X number of bees in the surrounding areas
- X hours of up-time (i.e. without equipment failure)

DEVELOP THE CUSTOMER PROFILE

8

In detail, who is your customer and what do they want to achieve?

SUMMARY

CUSTOMER PROFILE

WHO

JOBS-TO-BE-DONE

FUNCTIONAL UNIT



Once you're done, make sure to bring the results with you to part 2 of the Product-as-a-Service toolbox. In part 2, you will develop your product-as-a-service customer journey and offering to your customer.