



Research Exposé:

Drivers of subscription business models, and value creation in the French Machinery & Equipment industry.

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Abstract

Since the appearance of Subscription Business Models in the 17th century in the book market, this business model didn't have a strong presence in the business environment. It is only at the beginning of the 21st century that some companies started to implement this business model. Allowing companies to develop their revenue stream and develop their customer-centric approach were the biggest benefits of such a business model. This business model innovation raises many questions when it comes to its implementation and the benefits that it can bring to enterprises. Basing our research on Institutional Isomorphism, I will discover the drivers of the implementation of Subscription Business Models. Value creation has been broadly addressed by research and the main outcomes treat the responsibility and accountability. Through qualitative research using semi-structured interviews, I will analyze the phenomenon of Subscription Business Models in the Machinery & Equipment industry in France. Interviewing executives working in the Machinery & Equipment industry that use Subscription Business Models or have a part of their offers in a renting format will bring insight and justify the rise of Subscription Business Models in the last decades. The possible factors influencing the value creation perception can be the growing costs of consumer acquisition. Allowing to bring light these problems will bring answers that will support theories and businesses concerning business model innovation.

Keywords: Subscription Business models, Business to business, revenue creation, value creation, Isomorphism, Contingency theory.

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List of Abbreviations

SMBs - Subscription Business Models

M&E - Machinery and Equipment

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1. Introduction

The French tertiary sector represents each year 70% of the GDP with represents 1 750 billion euros. The said sector has grown from 40.2% in 1960 to 70% in 2021(*Population*, 21^e année, n°5, 1966). France belongs to the strongest nations in Europe and the world on many levels. France has the 7th largest GDP and is part of the G7 and is a country with many opportunities. Particularly in the machinery and equipment (M&E) industry where revenue for 2027 is predicted to reach 87 Billion USD (Statista, Aug 2022). France currently stands in 7th place in the highest revenue generated through M&E behind South Korea. This industry englobes many operations and in particular the use of machinery for industrial work and freight. A company aims to create value and create benefits to create jobs and offer what customers want. In an environment that is so competitive, innovations in business models can help companies develop (Q. Xia and H. Lou, 2014). There are different discussions among scholars when it comes to the drivers of business model innovation. « The primary causes behind business model innovation are technological advancement and executives' commitment to technology » (C. Zott and R. Amit, 2010) meaning that it is technological advancement that creates new needs and new ways to adapt to such change. Additionally, to utilize the full capacity of technological advancement, changes have to be done depending on the innovation.

Subscription business models are nothing but new, they have been described back in the 17th century in England in the book trades (Clapp, Sarah L. C. 1931). Subscription-based models have been mainly used in Business to Customer (B2C) relations. Many different types of subscriptions exist and fit different clients. Global video streaming is basing its service on monthly subscription payments and is expected to grow to 1 690,35 billion \$ by 2029 (Forbes, 2022). When it comes to subscription models in the Business to Business (B2B)SBMs provide ease and predictability that are advantageous to both businesses and their clients. They support continuous client connections and produce predictable recurrent revenue. Therefore, it should come as no surprise that many companies are looking for subscription management solutions to take advantage of the growth opportunity. But for what reasons are they doing so? The aim of this research is to understand the source of the business model implementation using the contingency theory and institutional isomorphism theory. Many companies became more and

more similar after being in the same industry. Some could argue that new entrants are copying or applying the same models of other successful companies.

But consumer subscriptions are just one slice of the pie. On the business side, subscriptions for B2B software and services are growing at a rapid pace. The market for these "anything as a service" products such as SaaS, IaaS, PaaS, and other solutions is set to reach \$344.3 billion by 2024. It is important to note that customer orientation has proven to be a critical success factor for launching disruptive innovations (Yu & Hang, 2010). The classic pay terms between two companies for a service would be after 30 days and only for the service provided. B2B subscription models improve the growth capacity and allow the prediction of regular revenues (Elizabeth Shaheen, 2022). Purely product-oriented firms which lack this customer orientation have to project and estimate their upcoming revenue to make investments, which can often be difficult, especially during uncertain periods. Instead, as an example of a customer-oriented business model, firms that deal with subscription-based services receive money at the start of each year or month, with which they can plan and execute future investments, partly disregarding the volatile nature of contemporary macro-environmental factors (Tzou & Weisert, 2018).

There already exists literature concerning the B2C subscription models and it is without surprise that they have been very successful in locating some companies among the most successful companies in the world. Already existing literature explores the B2B Subscription models but with an engineering point of view in the context of industry 4.0 (William Fjellström, Vladislav Snitko, 2021). There is little literature concerning the B2B subscription models, merely in the case of cloud computing Software as a service revenue model (David Dempsey, Felicity Kelliher, 2017). The available literature is focused on the engineering aspect and the conception of these subscription models for a special industry. Many studies already exist using quantitative methods, especially for the B2C model, however, no literature brings a qualitative method involving B2B actors. One study has developed software using machine learning to reduce churn, and to predict the number of people unsubscribing from platforms as well in the B2C and B2B sectors, (Osman, Y., & Ghaffari, B.2021).

The already existing literature focuses on an engineering scope concerning Subscription models and in special situations such as cloud computing (Fjellström, W., & Snitko, V. (2021). It also focuses on the way of analyzing and predicting churn. But there is no literature on how companies operating in B2B are receptive to setting up subscription payments with suppliers or collaborators that they are dealing with for years. I will focus on what are the expectations, threats, and reasons that companies will decide are relevant or not when it comes to choosing a payment model for their customers but also for their own expenses as value creation is going to be the core of the research. The first subscription business model known arises in the 17th century and concerned books in England (Clapp, Sarah L. C. 1931). A business model can be defined as “the design or architecture of the value creation, delivery, and capture mechanisms a business employs” (Teece, 2010, p.172). Hence, the relevance of subscription business models and their advantages arises questions about their capacity in business model innovation whose ultimate goal is value creation. Since it is little or no literature available on the subject I will base the assumptions on available sources and theories. How SBMs can create value in the M&E industry? To what extent do companies expect value growth from SBMs and for which reasons companies would not be keen on using SBMs?

The theoretical basis of this research is twofold. I will first begin with the available theoretical framework concerning subscription business models. Then continue with the Contingency theory and the Institutional Isomorphism theory. I will discuss the implications that these theories draw on the possible reasons why companies are implementing SBMs.. According to Bentler (1992), value is a latent variable in terms of analysis, therefore its main analytical focus remains aimed at the financial performance (Bebchuk and Fried, 2003) at the expense of competitive (Porter, 1985) or social aspects (Byler and Coff, 2003).

The following chapters will be organized as follows; firstly, I will analyze in depth through the theoretical framing of the core functions of SBMs and I will compare them with other business models. Then, the concepts of contingency theory and isomorphism will be developed. Moving on with the literature review where the research landscape of the topic will be drawn. Followed by the methodology, describing the steps of designing the research method which will precede expected contributions.

2. Theoretical Framing

2.1 Subscription-based business models

Subscription business models are among a vast selection of business models to choose from. With the constant business model discussions and disruptions often initiated by technological developments (Christensen, 1997). Even though subscription models are nothing new (Clapp, Sarah L. C. 1931), they are resurfacing in businesses (P. Campbell, 2020). Subscription models are defined as follows; customers are charged a recurring fee that is paid regularly under the model. Customers pay to receive a service creating a subscription expense and the business will earn subscription revenue in exchange for the service. It is based on developing long-term connections with customers. Such a business model can create compound growth under the condition of increasing the number of customers. Customer churn prediction consists in predicting the amount of potential lost customers in a said period to assume the possible loss or gain of profit (C. Tsai, Y. Lu, 2009). It is needed to compare SBMs with conventional business models.

Table 1. Comparison of SBMs and conventional Business Models.

	SBMs	Other business models
Service delivered	Recurring delivery of the service based on the need of the customer. Service delivered if the subscription is valid.	Service delivered once it is required and once only. The contact between companies will be punctual and have one objective.
Pay terms	The subscription payment can be monthly, trimestral, semestral, and annual.	The payment usually consists of a down payment before the service has been executed. And the rest of the compensation will be done one month after the intervention.
Revenue stream	If consumer retention is effective recurring revenue can compound over time and revenue stream can be more easily predicted as it is recurrent.	Revenue will depend on the amount of services/products sold and an absence of sale will impact the revenues for longer.

Customer Service	At the core of SBMs as it is paramount to aim for an excellent customer service in order to have efficient customer retention rates. The service provided by the subscription is recurrent therefore flexible.	Customer service is again paramount and occur essentially after the sale of goods or services. It is also important to deliver the goods/services with a high customer service rate as it will be provided for a single intervention.
Cost structure	The highest cost a SBM company can face is consumer acquisition as the revenue compounds over a high amount of clients. Recurring service and feedback at the core of the model is a main part of costs with sometimes non-financial benefits such as consumer satisfaction and retention. Can be defined as value driven	Cost structure depend on the product/service provided. Can be defined as cost driven where costs are intended to be reduced as much as possible.
Pros	The main advantage is the revenue stream prediction thanks to churn software that help companies adapt their focus on consumer retention through up-selling and cross-selling. Since one of the main focus is being customer centered, the benefits from a high customer service rate are tremendous. More data is available and can be used to improve operations. Since the offer can be adjusted there can be different product/services offered for different prices fully depending on the target.	Being cost driven, conventional business models are able to provide the service/product they need with a low cost focus. Since it has been a custom in the business world and all actors are familiar, it shows the strong anchor of these business models and the trust that actors give them. Since the goods/service are provided and paid at once, often higher numbers are paid and can result in higher revenues. This is why they need to reduce the costs to take advantage of the higher revenues.
Cons	It is a rather new business model and not many companies are using. It can take adaptation from the clients as their cost structure will be affected.	It is not as flexible as SBMs and has a strong resistance to change. The offers are less customized for the consumer. It is harder to develop customer service

	<p>The benefits of such a business model rests on a good consumer retention rate and especially at the beginning a high consumer acquisition which has been found to be more expensive.</p>	<p>and customer retention works mostly on a price basis. Once created, the business model doesn't offer product improvement or creation as easily.</p>
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Comparing core elements of business models is relevant but it needs to be mentioned that any business model if not well evaluated and chosen beforehand will not be successful. Every different business model shows advantages and inconveniences and is rarely applicable to all business activities.

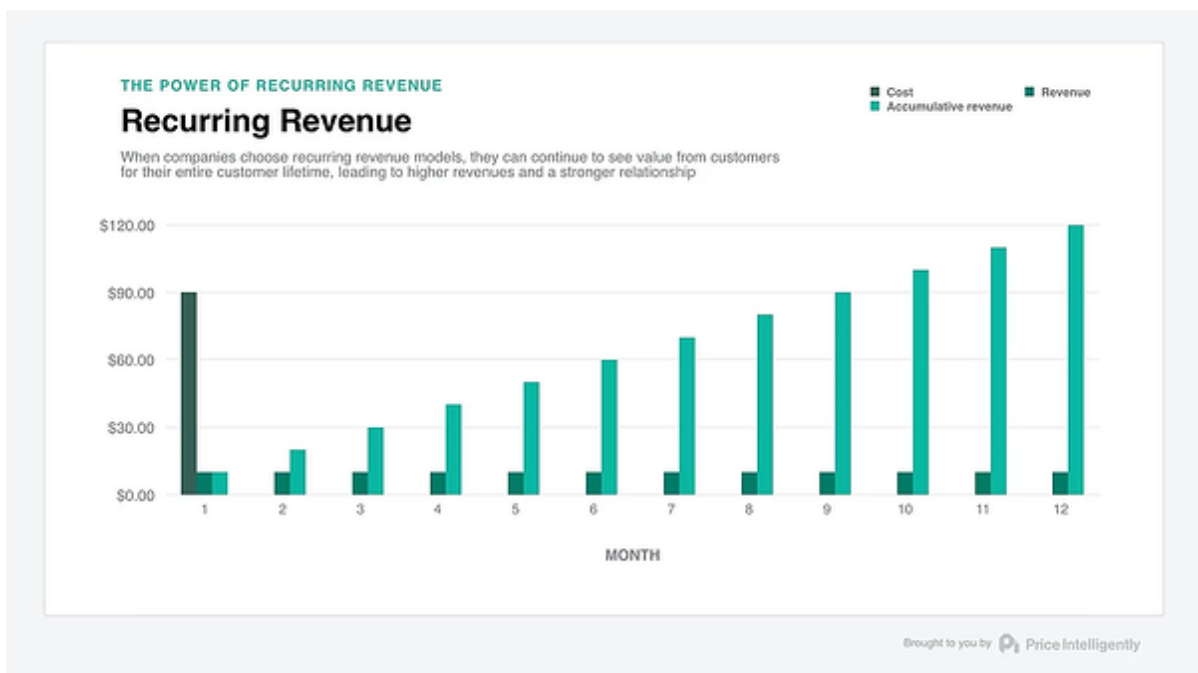


Figure 1: Long-term effect of recurring revenue

Subscription business models rest on the revenue cycle framework. It begins with customer acquisition. Customers are essential to generate profit but often come at a great expense to the company. It can take years to recover from such expenses (J. Villanueva, S. Yoo, D. Hanssens, 2008).



Figure 2: Increase cost in of customer acquisition

The second step of the revenue cycle is service delivery. Once the consumer acquisition has been initialized, companies can focus on service delivery. The perennity of a company's profits depends on customer satisfaction which can be defined as fulfilling or exceeding the needs of consumers (Vafaei et al., 2019). The insurance of service delivery will not be defined by the subscription model but will depend on the company's ability to offer a product or a service that customers will enjoy through the benefits it can bring them. However, there is a distinction concerning the B2B environment. Researchers have defined consumer satisfaction followingly.

“Satisfaction is the consumer's fulfillment response. It is a judgment that a product or service feature, or the product or service, itself, provided or is providing) a pleasurable level of consumption-related fulfillment, including levels of under or over-fulfillment” (Oliver, 1997, p. 13).

When used in a B2B environment, this statement poses two issues. Firstly, many clients will not have firsthand experience with the goods or services on which to base their evaluations of customer satisfaction. Secondly, business customers include concrete, rational objectives

directly related to the execution of a specific business function in their satisfaction assessment process in addition to the psychological or personal dimension reflected in this definition (Webster and Wind, 1972; Sheth et al., 1999).

The third step of the revenue cycle consists of opportunities for upselling and cross-selling. Consumer acquisition is not sufficient for businesses using subscription-based models to maintain durable revenues. Expansion revenue is an extension of the revenue generated in addition to the periodic subscription payment. Offering an upgrade for a larger service to a consumer is called upselling. Cross-selling consists of additional features and services to increase the service already received. Cross-selling is considered associated with lower consumer churn (Balachander and Ghosh, 2006). The opportunities for cross-selling and upselling are core drivers of value creation in SBMs.

Consumer churn is at the core of the fourth dimension of the revenue cycle. Many subscription companies will focus on consumer acquisition when consumer retention can be more efficient in the long term. Companies need to focus on all activities that will improve consumer service in the long term by focusing on what the consumer needs in order to develop consumer retention (M.Saglam, and, S.Montaser, 2021). Focusing on attracting new customers at the cost of satisfying existing consumers will result in less profit (Reinartz & Kumar, 2003). Churn selection models using data mining are available to help companies identify consumers keen on canceling their subscriptions (Hung, Yen, & Wang, 2006). According to Bischof, Boettger, and Rudolf (2019), it is 5 to 25 times more expensive to acquire a new customer than to retain one. Therefore, driving the focus of the business model to a customer-centered organization.

Proposition 1: Consumer acquisition is the main criterion and the most expensive compared to consumer retention. Becoming a customer-centered organization and assuming the costs coming with it makes companies reluctant to use SBMs.

The last step of the subscription revenue cycle is the repetition of all steps that were led earlier. The advantage that subscription-based businesses have is that they don't have to start over every month to regain customers. Using the customer base already owned, the focus is paramount on predicting churn and avoiding it. Simple actions can be taken in the framework of customer service to provide feedback which is one of the main strengths of subscription-based business models (P. Campbell, 2020). Being able to predict consumer demands before

they can think of what good or service improves the quality of the service can enhance the retention of existing consumers as well as acquire new customers (J. Muenjit, 2022).

Proposition 2: Companies are using SBMs for the positive impact on value creation and the higher flexibility that it offers.

2.2 Institutional Isomorphism & Contingency Theory

In an environment where competition is strong and companies strive to attain higher results, different factors can lead companies to adopt similar organizations and structures. DiMaggio considers that companies create an environment in which they are able to compete, when it is done, companies will be more and more similar. Goals can be changed and the company can diversify but being in a competitive environment restrains the probability of a company changing its structure. Schelling (1978) states that organizations in a structured field, respond to an environment that consists of other organizations responding to their environment, which consists of organizations responding to an environment of organizations' responses. It is considered a dialogue between the organizations through their environment. Isomorphism as defined by DiMaggio & Powell (1983), is a process that forces the members of a population to adapt to their environment, by enhancing homogenization and resemblance. In the case of Institutional Isomorphism, organizations are meant to be similar in certain aspects in order to develop in their environment. Contingency theory will have a role to play in the theoretical framing of this research. The word contingency stands for something that can happen in the future. Contingency theory based its development on Weber's and Taylor's work and declared that they were lacking to consider various aspects of the environment. These factors being the size, task uncertainty, and diversification (L.Donaldson, 2001). Institutional Isomorphism and Contingency Theory treat similar subjects. The former is treating companies adapting to their environment by mimetism and the latter is stating that companies should adapt to the contingencies, the structure needs to fit the contingencies. Both approaches treat the core of organizational change. Through the analysis of the concepts of these two theories, propositions will be made to address the research aim.

Offering quality propositions influences the preciseness of the research. There are three important criteria when it comes to establishing these propositions. According to S. Johnson (2019), the three criteria are novelty, clarity, and falsifiability. The novelty of the proposition reveals the added value of the proposition and measures how the proposition will bring new

knowledge. The clarity of the proposition concerns how well is the proposition declared to evaluate it efficiently and to analyze its content more precisely. And finally, falsifiability refers to how can a proposition be contested by evidence. Propositions are often too obvious or too hard to contest and this doesn't allow the research to obtain the most relevant answers. Propositions will be formulated after analyzing different concepts of the theories.

First, I will analyze in detail the Isomorphism theory and its concepts. The first concept is Coercive Isomorphism. It results from external pressures from different institutions. It can be governments and societies. The recent appearance of non-financial reports is a great example of this Coercive Isomorphism. Companies are becoming similar in their structure to answer external demands and requirements. It is not the focus I want to bring to this research. Moving on with Mimetic Isomorphism which defines the process of companies facing uncertain environmental conditions. Companies can intentionally or unintentionally imitate the structure of companies that are facing their environment with more success. Particularly as new entrants in a market companies can be easily tempted to choose to imitate another successful company. The reason for this is that it allows for avoiding or reducing research costs. (Cyert and March, 1963). It has been proven that organizations imitate other organizations following their successful actions (Burns and Wholey, 1993). Therefore, most successful organizations will act as models or references to new entrants or smaller organizations. Considering this research, companies would choose to implement SBMs because some other companies that are likely more successful use a similar business model.

Proposition 3: Companies chose to implement SBMs after observing successful companies operating using SBMs.

Now, using the contingency theory, another scope is brought. The contingencies of an organization in the M&E as described earlier would be the size, task uncertainty, and diversification. The size of an M&E company is an important setting as the bigger the company the higher the costs of acquisition. Depending on the quality and price of the equipment, different structural changes will be chosen by companies. Smaller-size companies will not have the financial capacity to own such a big amount of equipment and therefore will adapt their organization accordingly. Task uncertainty is not a dimension that will have the biggest impact on a company's structure in our case. Companies operating in the M&E industry rarely have different activities aside from providing M&E. The higher the change of these dimensions the

better companies should be able to adapt their structures depending on that. A change in contingencies will require the companies to adapt their structures to remain performant (L. Donaldson, 2009). Contingency theory gathers the structure and the fit to contingencies.

Proposition 4: SBMs allow to have a better fit to contingencies and be more flexible than other business models.

Another framework part of the Isomorphism theory is normative mimetism. As DiMaggio and Powell have described and also categorized as normative pressures, are led by organizations in which people with similar educational achievements are more likely to approach problems and situations the same way. Another factor is inter-organizational networks. The norms and habits developed through education are then applied in organizations. On top of this, employees and managers can easily go from one company to the other in the same industry, perpetuating the processes and culture in a given industry. The assumption can be made that these factors can be a driver of SBMs implementation in the M&E environment. Since the managers and executives will be at the source of a business model change, their common education and experience in different organizations of the same environment can explain similarities in their structure.

Proposition 5: the common educational and professional background of managers affect their decisions in the same way throughout different organizations, therefore, making the implementation of SBMs more common.

3. Literature Review

The theoretical framing of this research has been constructed using online research and a book, *Subscribed: Why the Subscription Model Will Be Your Company's Future and What to Do About It* Tzuo, T., & Weisert, G. (2018). The databases that have been solicited are Google Scholar, ResearchGate, and Emerald Insight. Various keywords were used such as “subscription business model”, “business to business”, “value creation”, “revenue creation”, “Contingency theory”, and “Institutional Isomorphism”. Exclusion criteria have not been used

in the research in databases. The number of papers gathered for this research amounts to 42, the following table gathers the most relevant papers used during this research joined with a review of their content.

Table 2. Literature review

	Reference	Content
1	Tzuo, T., & Weisert, G. (2018). <i>Subscribed: Why the Subscription Model Will Be Your Company's Future and What to Do About It.</i> Book	This book gathers the historical growth and evolution of companies using subscription based business models in a B2C environment that can also be used for B2B companies. It provides guidelines concerning the implementation of such a business model.
2	Campbell, P. (2020). Subscription revenue model: how subscription makes money & why subscription-based model works. Retrieved from https://www.profitwell.com	This online article goes through the 5 steps cycle of the revenue model of subscription business model. Beginning with consumer acquisition, service delivery, up-selling and cross-selling, consumer churn prediction and finally, the constant repetition of the cycle.
3	C.-F. Tsai and Y.-H. Lu, "Customer churn prediction by hybrid neural networks," <i>Expert Systems with Applications</i> , vol. 36, 2009. DOI:10.1016/j.eswa.2009.05.032	This paper treats of one of the core aspects of SBMs which is churn prediction. The loss of customers especially in a SBM will have a tremendous negative impact. The goal is to assess the potential lost or gained customers in a said period to predict the possible gains and losses of a company revenue.
4	Webster, F.E. and Wind, Y.J. (1972), <i>Organizational Buying Behavior</i> , Prentice-Hall, Englewood Cliffs, NJ. Book	This research states that the B2B buying behavior is very different than the B2C one. As the B2B buyers will most of the time not use or even access the goods bought, the psychological dimension of the purchase is replaced by rational and convenience factors.

		The factors will have the goal of fulfilling the business function.
5	Reinartz, Werner J.; Kumar, V. (2003). <i>The Impact of Customer Relationship Characteristics on Profitable Lifetime Duration</i> . <i>Journal of Marketing</i> , 67(1), 77–99. doi:10.1509/jmkg.67.1.77.18589	In this research, the authors show that the cost of acquiring new customers at the expense of retaining already existing customers will result in less profit. The customer acquisition costs have grown up drastically during the past years.
6	David J. Teece (2010). <i>Business Models, Business Strategy and Innovation</i> . , 43(2-3), 0–194. doi:10.1016/j.lrp.2009.07.003	This research dresses a portrait of business models relevance and role. Business models are the source of value creation. More than value creation need to be considered when it comes to business models, it needs to have a further dimension. This is where the advantages of SBMs can bring a competitive edge.

4. Methodology

Qualitative research refers to a wide range of research techniques that examine phenomena by investigating perceptions, actions, and relationships without the use of mathematics, statistics, or the manipulation of numerical data. (Merriam, 2009; Hennink et al., 2010). Qualitative research has the objective to answer research questions constituted of; what, where, when, and how (Miles & Huberman, 1994). Our goal is to understand the phenomenon related to our research aim which, according to supporters of qualitative research, a quantitative set of data would drastically reduce the comprehension of the said phenomenon (Kaplan &

Maxwell, 1994). One dimension of qualitative research that needs to be remembered at all times is the possible subjectivity that can arise from the researcher and more precisely from the culture, attitude, and ethos of the researcher (Eisner, 1991). Under qualitative research, uncertainty about the conceptions under consideration may appear, and the data available will be able to enlighten the conceptions and theoretical basis once the data is gathered and analyzed (Merriam, 2009; Hennink et al., 2010). The study of key strategic factors and stages influencing the adoption of disruptive business models in organizations requires an in-depth understanding of various fields, such as (a) Economy, (b) Business, (c) Technology, (d) Communication, (e) Sociology, and (d) Politics. Given this, qualitative research is considered one of the best approaches. Therefore, the decision of qualitative methods for this research is founded on (a) the uncertainty of the conceptions through the theoretical framework, (b) the quest for a deeper understanding of the topic, and (c) the opportunity for further research in the topic which is facilitated following qualitative research (Miles & Huberman, 1994).

Before designing the research in-depth, I will discuss the relevance of the philosophical stance that will affect the research method. In qualitative research, an interpretive approach is preferred, however, it causes some disagreements. I will discuss the different philosophical stances and define the one that fits our research most.

A philosophical stance is a concept of philosophy that studies the principles, claims, and implications of science in accordance with epistemology. Epistemology is defined by the Cambridge dictionary as “ the study of how we know things”. It is used in research with larger implications and its goal is to analyze the principles of statements and thoughts, the meanings to measure the reliability of the information, and the impact of the methods (Basias, N., and Pollalis, Y., 2018). Many philosophical approaches can be found in research and most researchers have been focusing on three stances: positivism, interpretive approach, and critical approach (Orlikowski & Baroudi, 1991; Denzin & Lincoln, 1998). In research, the choice of an appropriate philosophical stance is critical for successful research. A positivist approach can not be adopted as the research is not based on quantitative data. A critical approach would not fit the research either as it is not the aim of the research to disprove any conclusions. This is why an interpretive stance will be used for this research.

Deciding on the sample of the study, I will focus on a targeted segment of the M&E industry. Numerous companies are supplying their clients through SMBs and they will be at

the center of this study. They have the qualities to answer our research question and validate or invalidate our assumptions and propositions. In the eventuality that these companies cannot be found or reached, other companies provide similar services. Their business models can be provided either a one-time sale of equipment or a recurrent renting system that works the same way as SBMs. Therefore in addition to the initial research question, insights can also be considered into the double possibility of selling and renting considering the value creation concept.

Participants will be chosen following various criteria. Inclusion criteria will be used the following way; (a) the participant needs to be French and working in a French company, (b) the participant needs to be an executive or manager, (c) the participant needs to have at least one year of presence in the company. The need to be French is required as the focus of the study is on the French market, and it is the most accessible market for the researcher. Executives will have more responsibility and insight concerning the change of business models. Therefore the assumptions will be tested using the data from executives and managers. Lastly, the participant will have to be part of the company for at least a year considering that it can require time depending on the executive to truly embrace full responsibilities in a new company. To comprehend the phenomenon and draw conclusions from this research, a number of 15 participants would be ideal. It will provide a variety of answers from different organizations and will allow us to understand better the use of SBMs. Criterion sampling will be used in this research as I need the respondents to answer some inclusion criteria and the focus from the point of view of the executive is necessary. I need to ensure that participants will answer these criteria as it is necessary for the value of the information that will be collected.

Participants will be reached by email with a phone call follow-up to make sure that they have received the mail. Additionally, many M&E companies are located in an industrial area close to my French residence. Therefore, some participants can even be solicited face-to-face.

In qualitative research, rigorous data collection procedures are the main factors affecting quality and trustworthiness (Kitto et al. 2008). Data sources that will be used are

interviews that will take place with participants. The interviews will be prepared using an interview guide. The said guide will bring structure to the interview and allows for the establishment of question and areas that will be discussed. Questions do not have to be asked in a precise order but ensure that interview sections are well answered. Different sections will be discussed in the interview that will be a part of the interview guide. The sections are the following; (a) the role and accountability of an executive, (b) value creation using SMBs or renting services, and (c) the benefits of SBMs compared to “conventional” business models. The type of interview that is chosen is the semi-structured interview. Semi-structured interviews are the best fit for this research as I need the participants to share their understanding of the phenomenon and give them space to talk about what they consider necessary in addition the sections that will be discussed will bring quality information. Kallio and Pietilä, (2016) have developed a framework concerning the conception of an interview guide. It is constituted of five steps (1) identifying the prerequisites for using semi-structured interviews, (2) retrieving and using previous knowledge, (3) formulating the preliminary semi-structured interview guide, (4) pilot testing the interview guide, and (5) presenting the semi-structured interview guide.

Semi-structured interviews will bring us the knowledge needed as well as additional information. Giving the freedom to the participant to develop their ideas will allow us to understand more concepts. However, it is needed to make sure that the subject of the interview deviates from the aim of the study.

Retrieving knowledge gathered from the start of the literature review brings expertise in the studied area. It is needed to have consistent knowledge of the research (Rabionet, 2011). Participants will also bring their knowledge and expertise during the interview.

Formulating the preliminary interview guide is the following step. It can be defined as a set of questions (Whiting 2008, Krauss et al. 2009), which objective is to direct conversations toward the research topic (Astedt-Kurki & Heikkinen 1994, Krauss et al. 2009, Cridland et al. 2015). Questions formulated are not meant to guide the interview per se, but to ensure precise data collection as the order is not relevant (Turner, 2010). The guide

is composed of two types of questions: main themes and follow-up questions. The main themes questions will act as an introduction to the section of the interview and will aim at collecting necessary data. Follow-up questions can act as an ice breaker if needed and allows the participant to develop concepts that might not have been present in the interview guide. Different techniques can be used to encourage the participant to develop their thoughts such as verbal and non-verbal techniques. Simply by repeating the end of a sentence, the participant can feel willing to develop even more and add details to the answer (Whiting 2008, Turner 2010).

The fourth phase is pilot testing the interview guide. This step allows for testing the questions and the general momentum of the interview. It can test the quality of data collection. Doing so allows for bringing changes if necessary to the guide. Different types of pilot testing exist and the one that will be used for this research is internal testing. The goal is to detect and remove possible ambiguities and biases (Chenail 2011). The last step is the delivery of the interview guide and the validation of its content allowing to start interviews with participants knowing its quality. This way, the guide has the potential to respond to the aims of the study.

Once the interviews have been led, the transcripts of the interviews will be translated and added to the study. This process will be done using the MAXQDA software. Codes will be created to gather data according to the sections that have been prepared in the interview guide.

5. Expected Contributions

5.1 Scholarly Contributions

The SBMs-related literature even though being young and limited has emitted aspects that need to be explored through research. Researchers have explored the topic in the M&E environment and managed to gather guidelines to create models to implement SBMs. Although, the focus of these models is concentrated on merely one of the main requirements

of SBMs implementation is the customer-centric approach (G. Schuhs, A. Gutzlaff, 2020). Value creation is one of the three dimensions developed by Freeman (1984) however, the focus of this theory has been given to the ethical dimension concept. Developing the value creation concept can allow scholars to add new concepts and research around the concept and bring new insight. This research could also bring additional knowledge concerning the relevance of consumer acquisition and consumer retention. Knowing that consumer acquisition is more costly poses the issue of value creation and the costs created by consumer acquisition. In addition to this, SBMs have the advantage to allow companies to focus on innovation with predictive revenues, therefore value creation can be even stronger. I will know how companies use this competitive advantage. I will investigate if they use the predictive revenues to innovate or to manage their costs more efficiently as Tzou & Weisert (2018) have defined as an innovation driver. Additionally, I will analyze thanks to the contingency theory and the isomorphism theory, how companies decide to choose SBMs and it will help to discover the mechanisms behind the change of business models.

5.2 Implications for Business and Society

This research is focused on the main aspect of SBMs, value creation which will bring additional knowledge concerning the use and implementation of SBMs. This research will bring insight for business as it goes beyond the change of business model and is aiming at understanding the in-depth functioning of SBMs. Value creation which is one of the expected goals of business model innovation is going to be broadly developed in this research and can bring detailed justifications and understanding of a company's judgment concerning SBMs value creation. Companies willing to adjust their business models to the upcoming opportunities and challenges will be interested in knowing the perception of other companies using SBMs. Companies are always looking for innovations that will bring them a competitive advantage, by doing research concerning SBMs that are not broadly utilized, I can bring the possibility for companies to embrace business model innovation to create value. It can be extremely delicate to assume implications for society, however, understanding the benefits of SBMs concerning value creation, customer-centric requirements, and the constant need of optimizing consumer retention and consumer acquisition could create additional employee missions and create additional job positions to support such changes. In the future, SBMs could

have a bigger part in businesses and their concepts could be unified between different countries and allow companies using SBMs to work together knowing the benefits that it can bring.

6. Chapters Overview

Abstract

List of Abbreviations

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1. Introduction
2. Theoretical framing
 - 2.1 Subscription Business Models Theory
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3. Literature review
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7. Work Plan

Time period	Activity	Stage

5th Sept. 2022 - 23rd Oct. 2022	Research and Exposé	X
23rd Oct. 2022	Exposé submission	X
24th Oct. 2022 – 31st Oct. 2022	Interview guide design and translation	•
1st Nov. 2022 – 5th Nov. 2022	Interview design testing and adjustment	•
6th Nov. 2022 – 23rd Nov. 2022	Data collection	•
24th Nov. 2022 – 17th Dec. 2022	Data analysis, results, and discussion	•
18th Dec. 2022 – 22nd Dec. 2022	Final adjustments and grammar correction	•
13th Jan. 2023	Thesis submission	•
20th /21st Jan. 2023	Thesis defense	•

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