

Kate Rattigan

Co- Product Manager- Connected Services at Domino Printing

Kate, your points about specific customers relates a lot about segmentation as well. Is it the propensity to adopt change and innovation that makes a customer very suitable?

Once we segmented our customers based on their propensity to buy different services, we then needed to find the targets for the Voice of Customer research. Because we intend to go back to the research participants and co-design a new service, and do a pilot/trial with them, we do need to find customers who are already open to change. If they aren't, then they are unlikely to be willing to give you the time and feedback you need from a trial.

Would you do the Pains and Gains interviews before segmentation, or before and then use the interview responses to reinforce your segmentation? Or is there another sequence?

We started by outlining what services we could offer, then we segmented customers by considering which groups were most likely to be appropriate for a new service offering. Then we did interviews to highlight pains and gains. This sequence has showed us where our initial assumptions about customer characteristics were accurate and where they were lacking so we may actually go back to the segmentation and fine tune it with our new understanding of the customers' attributes.

Hi Kate, how do you ensure that your engineering teams complement the proposition and are well informed?

We have tried to keep the whole business informed about Advanced Service development by sharing updates such as going to R&D team meetings. Occasionally I have invited an engineer to join an interview and hear the feedback direct from the customer and this seems to work well – I should try to do it more often.

Thank you Kate. In the transformation roadmap you are in the engagement phase. How important is the time to get to the exploitation phase?

How quickly you can move through the stages will depend on a lot of factors such as your organisation's appetite for change, what industry you are operating in, how your systems and people are structured. I personally want to get there as quickly as possible in order to gain the first mover advantage, but we must do each stage properly or we risk launching services that aren't fit for purpose or meeting resistance from inside the business. For Domino, I believe a key stage in the Expansion phase is to measure and demonstrate performance for at least 1 service, as this will gain us more support and funding and help us to accelerate other service developments.

How do you deal with the long-term risk of variable payment streams generated by usage and outcome payment models?

There are several ways and it's a blend of the different pricing strategies. But these can be categorized as a mixture of fixed fee with an escalator, or a minimum price per month /year. There are different ways that this can be described; for example its £X per unit and our prices start at £Y per month which includes Z units. Another option is shift the value pricing to something that you have greater control over such as the performance of a machine, or its availability/uptime level.

Note that one of the challenges in measuring performance in this area is the calendar time that usage is measured and the acceptable range during this period. For example you may charge a £100 fixed fee per hour of operation, with a minimum of 100 hours per month and a maximum of 200 hours per month for any single month or you could charge that same fee for a rolling 6 month minimum of 600 hours and maximum of 1,200 hours, with potential 'wild' use swings in any single month....big difference in risks between the 2 scenarios.

How do you recommend testing financial models with customers and what should you be looking to learn when testing?

This can be tricky, so instead I would advocate a slightly different approach. Understanding the costs at a granular level and trying to calculate the associated occurrences over time. Some will be easier to calculate with a degree of comfort - and these are the ones I would begin to offer to customers. The ones that are harder to cost /predict, such as known, but not scheduled events, I might consider pricing these at a higher level or not offering these at all. Running this model - perhaps as a fixed fee, multi-year service agreement will allow you to sell advanced services and learn 'on the job'. You could also apply an open book philosophy that shares selective savings by the agreement owner with the customer. If you have the cost data and you are prepared to share your assumptions with the customer as a partner they might be more open to sharing the risk / reward.