



account manager

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entrepreneur

Enhancing customer centricity in New Service Development in a Business to Business context.

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Master thesis

Enhancing customer centricity in New Service Development in a B2B context

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EXECUTIVE SUMMARY

This master thesis is the outcome of a journey into the New Service Development (NSD) practices of large organizations involved in business to business (B2B) innovation. The scope of the project is to generate new knowledge on the challenges that organizations face to engage business customers into their internal innovation processes. Research shows that, in B2B settings, customer involvement is one of the critical success factors for meaningful service innovation. Structuring such engagements bring to less uncertain results.

In collaboration with the Innovation Labs of ING Bank, the project applies a service-centered design approach to understand the barriers for a smooth customer involvement in innovation, defining a new process to structure the early stages of development taking into account the experiences of the stakeholders involved.

Different research activities were conducted within the case study in collaboration with innovators, service designers, and front office professionals to explore the problem areas and define the most important challenges as experienced by professionals working on new service development in the context of B2B corporate finance.

The research, both in literature and in the case study, has provided a picture of the intrinsic complexity of these processes, especially in the fuzzy front end, which is

usually experimental, chaotic, difficult to plan and unpredictable.

The challenges highlighted from the research are linked to a current barrier present between innovation Labs and the front office department of the bank, which is the one directly involved in customer facing activities. This barrier prevents a smooth involvement of customers in new service development practices.

Focusing on the challenges and using an iterative design approach, I have developed a new process and the tools needed to structure a collaboration between the front office department and the innovation Labs to ultimately support customer-centricity in the fuzzy front end of innovation.

The concept proposed specifically focuses on the role of Relationship Managers as key elements to facilitate and sensitize clients on collaborative solution development. By creating a new way of working based on trust and transparency, relationship managers will be enabled to have a proactive approach towards innovation, supporting internal projects in reaching out to the bank's clients base for co-creation. The final proposal is centered on three main points:

- ▶ Providing a structure and a way of working to facilitate collaboration between the innovation Labs and colleagues working in the front office with client facing roles.
- ▶ Providing tools to support the new role of RMs as facilitator of innovation practices and mediator between customers and initiatives.
- ▶ Providing a customer centric approach to solution ideation that focuses on real contextual understanding of client's problems to define solutions that bring real value to customers.

The tools presented in the process have been tested with front office professionals in the case study through digital prototype testing.

The results of the test show that the introduction of a common way of working between innovation and the front office department, will greatly enhance trust in the innovation process and collaboration between the two areas of the organization.

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GLOSSARY

Advanced Analytics team (AA)

Tech division of Wholesale Banking Innovation that develops software solutions powered by advanced analytics and machine learning.

Agile

An approach to project management that assists teams in responding to the unpredictability of building new products or services. Instead of trying to deliver everything at once at the end, products or services are built incrementally and iteratively, allowing for adjustments along the way. > see also scrum.

Business to business (B2B)

Term established in the marketing literature as opposite of business-to-consumer (B2C) and relates to a commercial interaction that is conducted between companies, rather than between a company and individual end consumers.

Disruption

Solutions that cause a historical shift, because they introduce an entirely new and successful business model to a sector or market, changing the way they operate. A good example of disruption is the 90's introduction of ING Direct.

Front Office (FO)

The front office represents the customer-facing division of a firm. For example, customer service, sales, and industry experts who provide advisory services are considered part of a firm's front office operations.

Fuzzy Front End of Development

Starting point of a project, where new opportunities are identified and new concepts are designed and developed before entering the formal product development process.

GDPR

The General Data Protection Regulation (GDPR) is a regulation in EU law on data protection and privacy in the European Union (EU) and the European Economic Area (EEA). It also addresses the transfer of personal data outside the EU and EEA areas.

Innovation horizon model (H1 /H2 / H3)

The horizons model is an innovation strategy based on the idea that companies and government agencies need to execute existing business models while simultaneously creating new capabilities. Horizon one represents those core businesses most readily identified with the company name and those that provide the greatest profits and cash flow. Here the focus is on improving performance to maximize the remaining value. Horizon two encompasses emerging opportunities, including rising entrepreneurial ventures likely to generate substantial profits in the future but that could require considerable investment. Horizon three contains ideas for profitable growth down the road—for instance, small ventures such as research projects, pilot programs, or minority stakes in new businesses.

Innovation initiative

Cross-functional team involved in research and development activities to design innovative services following the ING innovation process. The number of members for the initiative is variable but the standard is three: Initiative Lead, Customer Lead and Tech Lead.

New Service Development (NSD)

The overall process of developing new services, concerned with the complete set of stages from idea to launch.

PACE

ING's structured innovation process that encourages continuous validation with the customers to develop a product or service that the customer actually wants.

Payment Services Directive (PSD2)

PSD2 is a European regulation for electronic payment services. It seeks to make payments more secure in Europe, boost innovation and help banking services adapt to new technologies.

Service Design (SD)

New design-led approach that focuses on the study of the overall customer experience and complex interactions and it is influenced by modern design theory of participation and co-design.

Venture Builder (VB)

Entrepreneurs hired by the innovation labs that develop, launch and scale fully-fledged

businesses that gradually get autonomy and eventually operate as independent entities.

Virtual Client Team (VCT)

Group of front office professionals that are responsible for the relationship with a client operating in different geographic locations and collaborating through emails, or video conferencing tools.

Wholesale Banking (WB)

Department of the organization that provides financial services to businesses, corporates and other financial institutions.

Wholesale Banking Innovation (WBI)

The team that orchestrates the innovation practices within the Wholesale Banking department composed by PACE coaches, Service designers, Ideation consultants, business consultants and tech consultants.

1. Project Overview

IN THIS CHAPTER:

- 1.1 PROJECT CONTEXT: THE FINANCIAL SECTOR
- 1.2 PROJECT DESCRIPTION: PROBLEMS TO CUSTOMER INVOLVEMENT IN INNOVATION
- 1.3 RESEARCH QUESTION: HOW TO INNOVATE IN B2B?
- 1.4 DESIGN-DRIVEN METHODOLOGICAL APPROACH

As a design student, I have for the largest part of my academic life dealt with projects that could be considered Business to Consumer (B2C), meaning I would have direct contact with the end users and design accordingly. In the past year, I have discovered a whole other way of creating projects: Business to business (B2B) and all the challenges that come with designing in this setting. This report is the detailed documentation of my study about New Service Development (NSD) in B2B contexts, with the main focus of enhancing the customer centricity of these services. The main goal of the project is to highlight the importance of keeping innovation aligned with human-centred design methodologies, especially during the fuzzy front end of the development process.

The project is based on an extensive literature review on the above-mentioned topics and on the experience derived from practice within the Amsterdam Wholesale Banking Innovation (WBI) Lab of ING, a Dutch bank and investment group considered to be one of the market leaders in the financial sector. The lab, focused on developing B2B financial service innovation, will be the context for the research and future implementation of the design solution, aiming at increasing customer involvement and collaboration in new service development.

The research within the case study will consist of an exploratory inquiry on the factors that hold back customer implementation in the fuzzy front end of new service development in business-oriented innovation practices. The results of the whole process would generate a viable solution that, if implemented, can help such organizations to keep focus on consumers' needs and have more impact with their new ventures. I hope the read is joyful and that my work can bring insights into the design world within B2B innovation.

1.1 Project context: The financial sector

Rapidly advancing technologies, dynamic customer expectations and changing regulatory landscapes are leading to radical and disruptive innovations within the financial landscape both in retail and in the commercial sector. The banking industry, known for its traditional way of doing business, is now being challenged by more user-centred fintech startups that were developed in the past few years. Among other breakthrough technologies, Artificial Intelligence (AI) and blockchain have opened up numerous possibilities for the financial sector. For example, AI-powered algorithms are making it possible to use advanced data analytics for combination of multi source data to predict cash-flows. Likewise, blockchain-based technologies are used to develop digital currencies to speed up payment processes and keep secure transaction records (Distributed Ledger).

In parallel, new European directives (e. g. PSD2; GDPR), which aim at increasing consumers' rights, are contributing to the redefinition of strategic moves for traditional banks opening to new collaboration opportunities. This is ultimately facilitating the rise of platform proposition models which allow complex interactions among various groups of actors (like suppliers and buyers of a service) facilitated by a digital platform. Such platforms require new business models and collaboration between multiple parties.

Such a rapidly changing business environment has led to an important focus in innovation activities in the financial sector, which makes it an interesting landscape for a study that focuses on their NSD. Such practices have also been reported in literature by Alam, in a study called *Removing the fuzziness from the fuzzy front-end of service innovations through customer interactions*. (Alam, 2006). Despite such an exciting landscape of opportunities, traditional banks and financial institutions, with long established processes and outdated technologies have reached a tipping point. They must innovate now to stay a step ahead of the competition and increase their customer base.

Like many other banks, ING, a dutch multinational bank and financial services corporation with headquarters in Amsterdam, is now facing a complete digital transformation in the attempt to keep up with customers' rising expectations. The NDS process is a real challenge for the financial sector but also one of the key factors for long term growth. This risky process involves huge investments from the capital of the bank with no certainty of success. To succeed, they have to take into account their customers' needs, be in synergy with their marketing and look at what are the resources of the business (Kitsios & Kamariotou, 2016). Collaboration and communication cross-department is key to facilitate this process.

The focus of financial service gave me a chance to investigate service firms in a highly competitive, dynamic and technology driven industry where complexity and large amounts of information can divert the focus from what are real customer needs, how customers experience the service and how easy the services are to use, for example. Therefore, a tailored service development process that takes into account understanding the customers and their problems is important to the development of smart, successful solutions that generate real value for customers.

1.2 Project description: Problems to customer involvement in innovation

My connection with this project starts with an internship period in the Service Design team of ING WBI Lab. During that period I had the time to reflect on the design maturity of the Lab, and on the possibility to contribute to its growth. Moreover, it is from discussions with the design team that this project was born, with the aim of exploring how design research could better contribute to service innovation.

ING WBI Lab is a corporate accelerator for B2B service innovation. The firm has a structured service development process in place which brings together different established innovation methodologies in a stage-gated model for innovation management. Multidisciplinary teams (called innovation initiatives) explore new business opportunities by interacting with different stakeholders internally (ING employees) and externally (experts, business customers, other financial institutions), continuously validating their hypothesis with the goal to develop new viable services powered by technology.

However, results from the research in the case study, highlight the existence of a barrier to business customers' involvement in the innovation practices of the Labs. In fact it is quite difficult for innovation teams to involve business clients in their NSD process without the collaboration of front office teams that have client facing roles (e.g. Sales, Parent Account Managers, Local Account Managers). At the moment, because of a lack of understanding of the innovation activities and trust in the innovation process, front office teams tend to be hesitant to connect innovation teams with their clients. They find challenges managing this additional layer of discussion in the client relationship.

The project will consist of an initial in depth research phase in the literature on the topics of NSD, Corporate Innovation and B2B. Then, an exploratory research in the context of ING WBI to understand the barriers to a smoothless customer involvement in NSD processes. Lastly, the design of a solution to tackle the highlighted problems, tested within the Labs.

It was because of my internship period, that thankfully I could still go on with this research even during the Covid 19 pandemic. I was able to reach out to different experts in the Labs, as well as front office professionals who service ING's corporate clients and conduct my research remotely. I'm forever thankful to everybody that has participated in this research. Hopefully the findings and the outcome of this project can be of value to many other designers and institutions that are constantly trying to improve their customer centricity within B2B contexts.

1.3 Research question: How to innovate in B2B?

The objective of this project is to generate new knowledge on the process of customer involvement in NSD in a B2B context. In fact, as suggested by the literature, the involvement of customers in innovation processes is recognised as a success factor for innovation, but not much is discussed on the challenges faced in a B2B scenario, where complex ecosystems, numerous stakeholders and time pressure play an important role. Understanding these challenges is important to define more suitable approaches that focus on the real value for customers. In the B2B setting most of the time, the role of end users does not match with the role of the customer, therefore users do not have the buying decisions. Having this in mind, organizations devoted to the development of such new products and services need to truly understand the impact of their product on the end user, and not only focus on the buying customers' needs.

This is only possible if a structured NSD process that puts customers and users at the heart is the driver of the innovation activities within an organization.

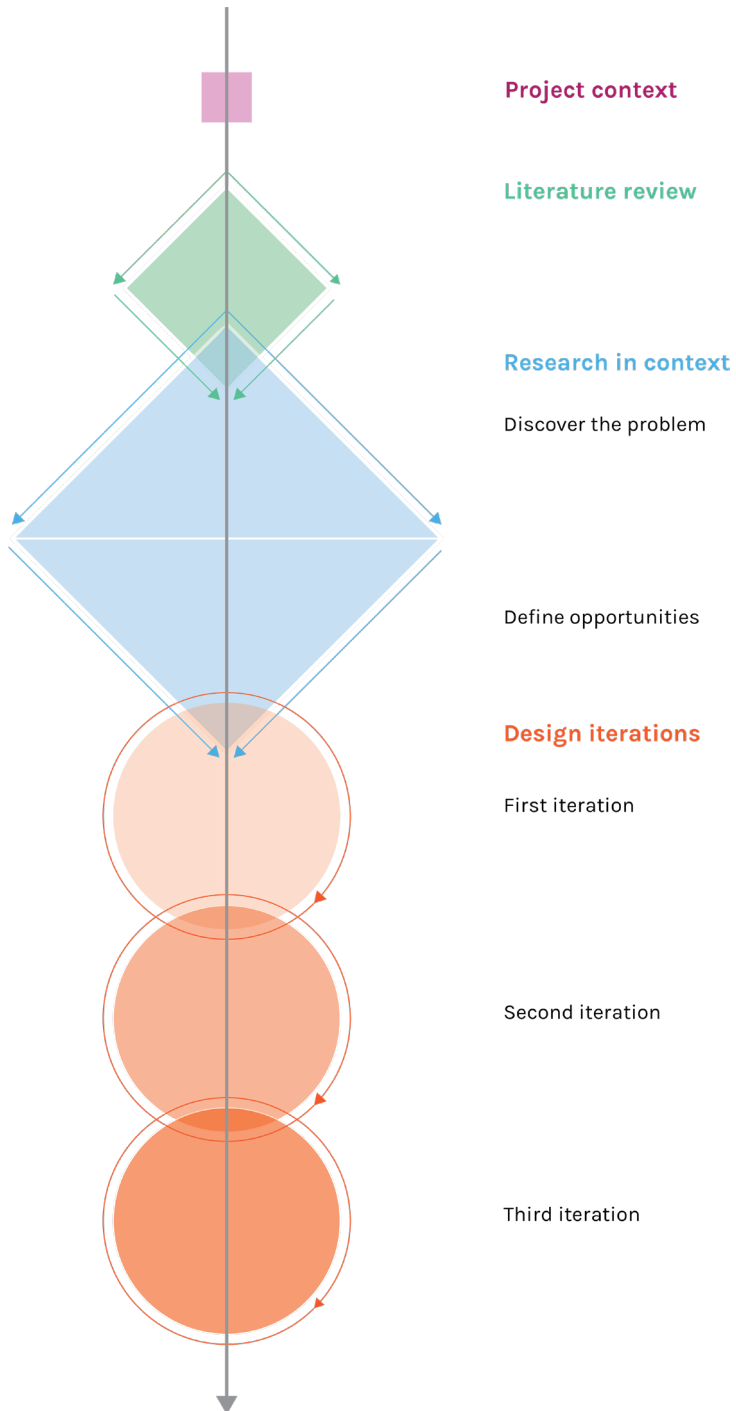
Therefore, the question that will guide the research activities, inside and outside the case study, is:

What are the challenges to customer centricity in the B2B NSD process and how can organizations overcome them?

1.4 A design-driven methodological approach

The project will first examine the existing literature on NSD and the role of design in service innovation for B2B contexts, then take a human-centred and systemic perspective to research and discuss the elements that held back customer involvement in the NSD process at ING.

The research will include desk research of previous research conducted in WBI Lab, interviews with experts and generative sessions. Drawing conclusions from research in the case study and linking them back to the findings in the literature review, this project will propose a revised approach to increase customer-centricity in B2B new service development supported by design. The new approach will be developed following an iterative approach of prototyping, testing and evaluation that will culminate in a final design proposal and recommendations.



2. Literature review

IN THIS CHAPTER:

- 2.1 THEORY OF NEW SERVICE DEVELOPMENT**
- 2.2 INDUSTRY WAY OF WORKING: HOW COMPANIES INNOVATE**
- 2.3 INNOVATION BOOM IN THE BUSINESS-TO-BUSINESS SECTOR**
- 2.4 CONSIDERATION FOR A SUCCESSFUL NSD PROCESS IN B2B**

2.1 Theory of new service development

2.1.1 WHAT IS A SERVICE?

In the last century, the expansion of the service sector in almost all areas of industry activity and contemporary life has brought quite some interest in service research (Secomandi & Snelders, 2011). Yet, a tailored approach to service development has often been influenced by longer established new product development knowledge even though the two concepts carry intrinsic differences (Yu & Sangiorgi, 2018). But what is a service, and how does it differ from goods?

As Lowne Downe writes in her book *Good Services* (2020), in its most simplistic view, a service is something that helps someone to do something. That something can be quite straightforward like ordering an espresso at the bar or rather complex, like moving house.

A more detailed definition is reported by Edvardsson (2012) which describes services as the application of specialized competences (knowledge and skills), through deeds, processes, and performances for the benefit of another entity or the entity itself.

Overall, the definition of services in literature involves a process that generates a positive outcome ('benefits' or 'solutions') for a designated beneficiary.

From the 80's onward, five main characteristics were associated with services (Moeller, 2010), the so-called IHIP which distinguished services from goods: Intangibility, Heterogeneity, Inseparability and Perishability.

Even though these characteristics have been widely associated with the concept of service, in the last decade researchers have discussed the actual meaning of these characteristics and how they influence the design of good services.

Service intangibility - From common understanding in literature, Intangibility refers to the characteristic of services of not being palpable or material. This factor has been challenged by the realization that usually many objects are involved during a service performance (e.g. aircraft, staff and food provided by airlines). A research by Moellers (2010), states that what is intangible is not the service itself, but rather the service offer, since it can not be seen, tasted, felt, heard or smelled before the service is bought.

A more detailed understanding of service intangibility is brought by Secomandi & Snelders (2011) who introduce the concept of the service interface, a material artefact and system available to bodily perception. The authors argue that the

design of the service interface is not just an accessory for immaterial services, but rather the design of the service itself. The concept of service interface is also heavily used in the context of design applied to services in form of “touch-point” referring to points of contact between a service provider and customers.

Service heterogeneity - Research describes service heterogeneity as the difficulty in standardization due to production performances of different producers or persons involved in service delivery over a certain period of time or participation of customers. However, Moeller's argue that heterogeneity is related to the performance of humans in contrast to the performance of machines and both are present for transforming provider resources into goods or customer resources into services.

Therefore, service heterogeneity is linked to the level of detail in the design of the service itself and on the resources (facilities, softwares, trainings) that are put in place to ensure a consistent customer experience. Service design is the discipline that, through the use of adequate tools, helps detailing the attributes of a service, with the goal to achieve ease of use, scalability and consistency.

Service inseparability - Research supporting IHIP states how service production and consumption occur simultaneously. While goods are first produced, then sold and afterwards consumed, services are sold and then consumed at the same time. According to Alam (2006) inseparability is recognized as one of the most important factors as it gets at the essence of most services: the interaction between customers and service providers during service delivery.

Criticism of inseparability reported by Moeller is that many services are performed in the customer's absence (e.g. laundering clothes, undertaking routine cleaning...). Moeller, however, argues that inseparability does not mean that the customer necessarily has to be present during the entire transformation process, but rather customer's resources (e.g. time, goods, data, money..) which are to be transformed by the service provider, have to be present.

Service perishability - In the IHIP model, services can not be stored or stockpiled for later use. Moeller argues that is not the service itself to be perishable, but rather the value that the service has for customers. If not activated by the integration of customer resources, in fact, the capacity of services perishes.

As reported by Moeller, the principal characteristics of services that focus on the dichotomy with goods are being challenged by new schools of thoughts.

The concept of service is, in fact, undergoing a paradigm shift, from a category of market offering to a fundamental asset for the creation of value in economic exchange (Edvardsson et al. 2012). The new school is most often referred to as service-dominant logic (SDL).

The concept of Service-Dominant Logic

The term Service-Dominant Logic (S-D Logic) is coined by Vargo et al. (2008) which reports:

“...the purpose of economic exchange is to make and distribute things to be sold. A firm’s production process, which may include resources from other firms, embeds value or utility into a good, and the value of the good is represented by the market price or what the consumer is willing to pay. From this perspective, maximum efficiency – and maximum profit – is achieved by standardization and economies of scale. The S-D logic view is that all exchange is based on service, and that when goods are involved, they are tools for the delivery and application of resources”

This concept can be better explained with the framework proposed by Moeller which couples together the IHIP characteristics with the different stages of service provision in what is called the FTU framework. The stages are three, the first one is called “Facilities” and comprises all provider resources, including machines, persons or know-how, which need to be accessible before any service provision becomes feasible. The second stage is called “Transformation” and implies the transformation of provider resources (goods as indirect distribution of service provision) and customer resources (the direct provision of services).

As an example, Moeller reports that such customer resources can be customers themselves as a person (e.g. surgery or hair cuts), their physical objects (e.g. car repairs), their rights (e.g. lawyers), their nominal goods (e.g. investment banking) and/or their data (e.g. tax advisors).

The transformation happens when customer resources are combined with provider resources which leads to the last stage of the FTU framework called “Usage”. In this phase, customers have the option to use the transformed resources and create value for them. The proposed framework combining IHIP and FTU can be seen in figure 2.1.

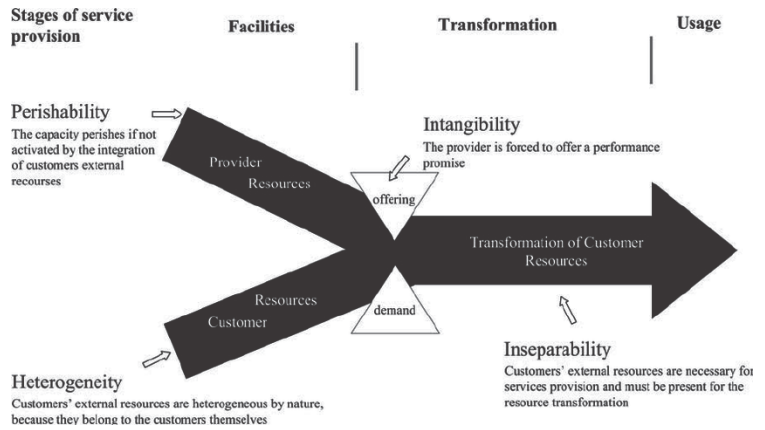


Fig. 2.1 The FTU framework presented by Moeller, S. (2010) mapping service IHIP characteristics on the stages of service provision.

The service-dominant logic introduces the concept of value-cocreation, the definition of value jointly created through the combined efforts of firms, employees, customers, stakeholders, government agencies, and other entities related to any given exchange (Vargo et al. 2008).

As an example it is reported a car gaining its value only through the combination of the manufacturer's production processes (including its supply chain and other market-facing elements) and the customer's private (e.g., driving skills) and public (e.g., roadways) resources.

Vargo et al. (2008) highlight that in this systemic approach to value creation, value is always determined by the beneficiary when using the service (value-in-use) and in a specific context (value-in-context) and that for this reason, experience and perception of the service are essential to value determination.

The above mentioned new school of thoughts on services is challenging traditional economy and the experience of a service is becoming a real value for users. A research by Zomerdijk & Voss (2010) define experience-centric services as those where the value arising from the experience is larger than the sum of service attributes and price. These three values describe the customer value proposition, that is what customers evaluate when purchasing a service.

Such a changing perspective on what a service is and what customers value in a service is reshaping the way services are designed and developed triggering new questions regarding how to best provide a quality experience to customers before, during and after service provision.

A service is a process that has a positive outcome (value) for a designated beneficiary.

The concept of service is shifting from a simple category of market offering to a fundamental asset for value creation in economic exchange. This shifted view of the concept of service has introduced the idea of value co-creation, which happens when firms, customers and other parties put their resources together.

In the service-dominant logic value is always determined by the beneficiary when using the service and in a specific context. For this reason, a contextual understanding of what creates value for customers is fundamental for successful innovative services.

KEY TAKEAWAYS

WHAT IS A SERVICE?

2.1.2 DEFINITION OF NEW SERVICE DEVELOPMENT (NSD)

In the previous chapter I introduced the concept of service and its characteristics in relation to the new service-dominant logic. In the following chapter I will discuss the theory of service development and introduce the success factors that influence the development of service propositions.

As highlighted from research, new service development, similarly to new product development, is the overall process of developing new services and it is concerned with the complete set of stages from idea to launch (Goldestein et al. 2002). New services can be of different nature but in general they fit within two categories : Radical innovations and Incremental innovations. Radical innovations comprise new services for markets as yet undefined and usually driven by information and computer-based technologies as well as Start-up businesses servicing already existing markets, but also new services tailored to existing customers of an organization. Incremental innovations are service line extensions, improvements to currently offered services and modest style changes that have an impact on customers perceptions, emotions and attitudes, but do not change the fundamentals of the service itself. The table presented by Fitzsimmons, J., & Fitzsimmons, M. J. (1999) provides a good overview of the two types of service innovations (figure 2.2).

<i>New Service Category</i>	<i>Description</i>	<i>Example</i>
Radical innovations		
Major innovation	New services for markets as yet undefined; innovations usually driven by information and computer-based technologies	Wells Fargo Internet banking launched in May 1995
Start-up business	New services in a market that is already served by existing services	Mondex USA, a subsidiary of MasterCard International that designs and distributes "smart cards" for retail transactions
New services for the market presently served	New service offerings to existing customers of an organization (although the services may be available from other companies)	Free-standing bank branches or kiosks in supermarkets or other retail establishments (e.g., Wells Fargo kiosks in Starbucks coffee shops)
Incremental innovations		
Service line extensions	Augmentations of the existing service line such as adding new menu items, new routes, and new courses	Singapore Airlines' first-class airport check-in in a special, exclusive lounge
Service improvements	Changes in features of services that currently are being offered	Delta Airlines' use of ATM-like kiosks to distribute boarding passes to passengers
Style changes	The most common of all "new services"; modest forms of visible changes that have an impact on customer perceptions, emotions, and attitudes, with style changes that do not change the service fundamentally, only its appearance	Funeral homes, such as Calvary Mortuary in Los Angeles, that now offer abbreviated ceremonies that celebrate life instead of mourning death; have full-service flower shops; and have facilities with more pastels, brighter walls, and more windows and lights

Fig. 2.2 New service typology as reported by Fitzsimmons, J., & Fitzsimmons, M. J. (1999).

The stages of NSD are defined by models illustrating what it is needed for a successful development.

Models for service innovation are based on earlier models used to structure product design. The theory originated from the design research movement in the UK in the late '60s where, for the first time, Design Methods were discussed. Models for product developments in those years were mainly focused on technical processes or commercial activities with no focus on the company and its competitive environment (Bujis, 2003).

As shown by Bujis, early development models depicted innovation as a linear process. Buijs, however, presents a circular product innovation model based on the concept of experiential learning introduced by David Kolb in 1976.

According to Kolb, experiential learning has four consecutive stages. First the

concrete experience of an event (Concrete experience), which triggers a reflection on whether learning is needed or not (Reflective observation). If learning is needed, the third step is where an individual starts conceptualising new ideas on how to get better experiences (Abstract conceptualization). The last stage is meant for individuals to start experimenting with the new concepts to get to the learning desired (Active experimentation). The experimentation will provide concrete experience, which will trigger new reflections and so on (Figure 2.3) (Kolb, 1976).

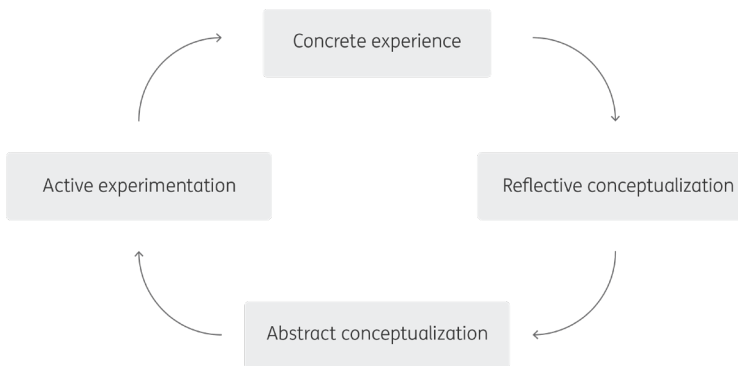


Fig. 2.3 Kolb's experiential learning cycle (1976).

Drawing a parallel between innovation and Kolb's learning process, academics have illustrated how innovation practices are a way for an organization to react (learn) on its changing competitive environment, and according to Buijs, this approach much better reflects the practical application of new product development models in industry.

“Visualizing the process as a circular model suggests that there is neither beginning nor end, which is true in the sense that after introducing a new product on the market as a result of a product innovation process, the successful use of this product will lead to reactions of competitors, for instance by introducing their new, and better performing products. This in turn will cause the original innovating company to start the next new product innovation process to regain its competitive advantage.”

The circular model proposed by Buijs is composed of 26 elements and begins and ends with the “product use” phase. The 26 elements are:

1. product use
2. evaluation (commercial) of product use
3. evaluation (technological) of the product
4. strategic product position evaluation
5. strategic situation of the company
6. external analysis
7. internal analysis
8. generating search areas
9. evaluation
10. chosen search area
11. external need analysis
12. internal analysis of bottlenecks
13. generating product ideas
14. evaluation
15. design brief
16. product development
17. market development
18. developing manufacturing
19. product design
20. evaluation
21. market introduction
22. manufacturing
23. distribution, promotion and sales
24. product launch
25. evaluation

The elements of the model are not organized in a sequence. Some activities are conducted in parallel and in different contexts. For example, the internal analysis takes place within the company while the external analysis takes place outside the company and within its competitive environment (figure 2.4).

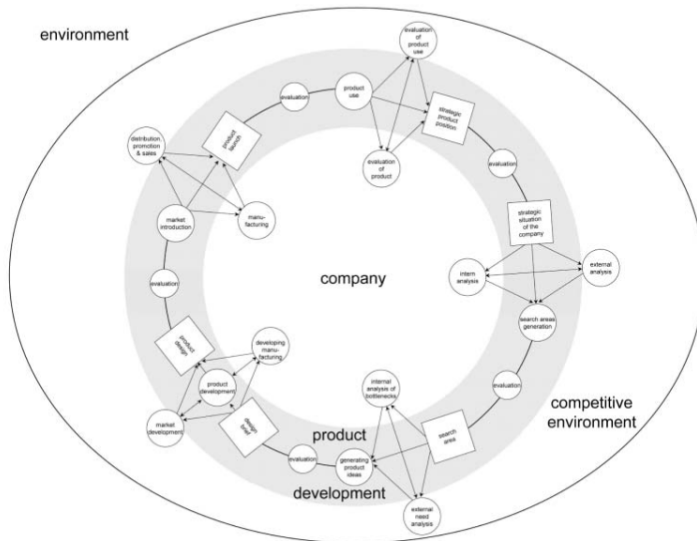


Fig. 2.4. The detailed Circular model for product innovation introduced by Buijs in 2003.

When it comes to service innovation, models for new service development are not that specific, and tend to refer to previously discussed product development models.

A generalized model for service development is reported by Johnson et al. (2000) which describes 4 simplified phases: design, analysis, development and full launch.

In 2002, Alam & Perry, with research on the NSD process of 12 financial service firms, describe a much more detailed process including 9 stages, each followed by a go/no go decision: strategic planning, idea generation, idea screening, business analysis, formation of cross-functional team, service design and process/system design, personnel training, service testing and pilot run, test marketing and commercialization (Alam and Perry, 2002). The model is presented in two versions, the first one with all the steps carried in sequence, the second one with some of the steps carried in parallel.

The two versions of the model generated from the analysis of case studies are shown in fig. 2.5

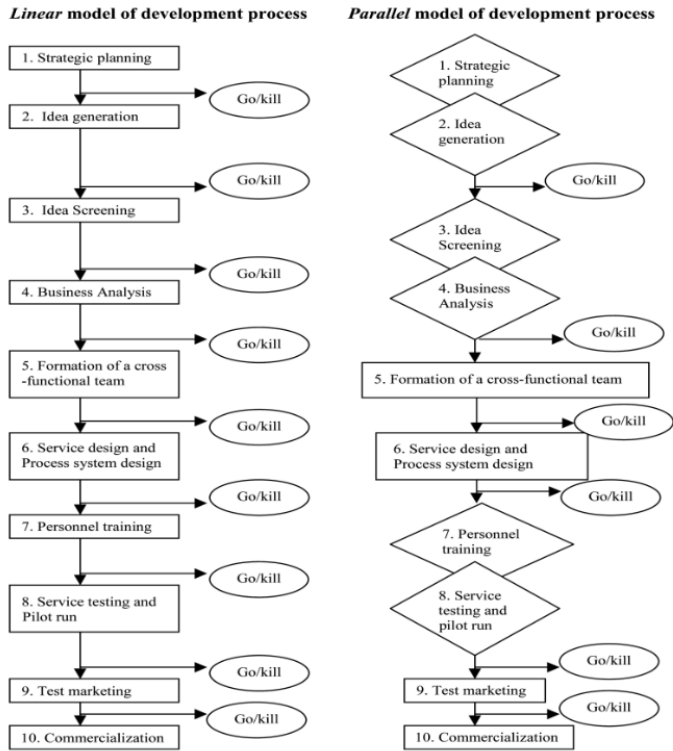


Fig. 2.5 The two versions of the model presented by Alam & Perry in 2002 after analysis of the service development process of 12 financial services firms.

Despite the introduction of structured approaches to service innovation in recent years, Yu and Sangiorgi (2018) argue that many of the NSD models do not take into account the modern service-centred view which highlights the importance of customers as co-creators of value in service systems, instead, they play along with the traditional product development perspective which defines services as a category of market offering. The authors report that the focus of NSD activities is shifting from developing market offerings as outputs to facilitating value cocreation as outcomes.

The introduction of co-creation strategies led by design in NSD has been a way to capture customers' value-in-use, but research shows that there is still a lack of specific stages, actions and methods to increase customers' value (co)creation chances in NSD (Yu and Sangiorgi, 2018).

According to the two authors, the introduction of Design-driven practices in new service development can support the implementation of value-co creation perspectives.

Success factors in New Service Development

Service innovation is an uncertain process for firms, it requires sizable inputs of capital and technology as well as personnel and knowledge resources, but it is difficult for companies to get a sense of customer reaction prior to the introduction of a new service. For this reason, companies have all set up internal innovation processes that can support and help monitor innovation practices in the organization to best prevent waste of time and money.

Alam and Perry describe how the lack of an efficient development process turns NSD into a challenging activity for firms. In 2003 the World Bank reported that its sector-based projects faced an alarmingly high failure rate, with 50 percent of failed projects and 80 per cent requiring revisions (Irani et al. 2010).

In regards to the NSD model, research by Alam et al. (2006) reports that firms can benefit substantially by optimizing and improving the fuzzy front-end of an innovation process which is usually experimental, chaotic, difficult to plan and unpredictable (Buijs, 2003). The author defines fuzzy front end as the idea generation, idea screening and concept development stages of NSD. In these phases customer interaction is very useful because of the inseparability nature of service which suggests that customers participate in consumption and production simultaneously.

Despite the importance of a successful NSD process, it is only in recent years that research has focused on understanding the success factors in NSD.

A research by Edvardsson and colleagues (2007), has defined 11 critical success factors for successful service development which are:

Develop a deep and thorough understanding of the customer and what creates value through the eye of the customer

Under this factor it is mentioned the importance to gather customers' needs, priorities, requirements, expectations and preferences; customers' service context, or when, what, how, why and where the service is used; customers' knowledge and probability of using the service; customers' values and cognitive structures; customers' experiences, emotions and behaviors when using the services.

Create a customer-centric service culture within the company

Changing the culture of an organization is not a simple task and takes time, but because service always relies on moments in which people interact (internally and externally) putting the customer at the center is key to create loyal and profitable relationships.

Stay focused on your customers

This factor is linked to customer segmentation. Staying focused on a specific customer population is defined as a key factor to be able to link the right activities and define the culture of the organization.

Apply a multi-method approach

The researchers mention that typical marketing research based on surveys and interviews is not enough to capture in great detail different, relevant and important aspects of the customers' needs, value-drivers and usability process

Involve the customer in the development process

The researchers mention that in their experience many successful organizations work in close cooperation with real and demanding customers on their premises. Engaged and highly motivated customers in innovation are proven to be key to speed up and reduce uncertainty in NSD.

Appoint multi-teams

Benefits of multidisciplinary teams is the ability to view the opportunity or problem from many different perspectives.

Manage internal and external communication

Because services are becoming more complex, being able to manage communication is a evident key factor for success.

Appoint a project leader with the skills to lead, coach and develop team members

Project leaders make the difference in NSD projects. A leader must be agile and flexible enough to meet the challenges facing the organization.

Take a holistic approach

Taking a holistic view means widening the scope and working on multiple challenges at the same time rather than one at the time. This is key to keep the development time to a minimum and meet time to market requirements.

Focus on the whole integrated customer solution and the total customer experience

Integrated customer solutions are usually further developments of existing services and are only to some extent based on radically new service offerings. New services need to be understood by customers and be easy to use, therefore focusing on how the new service is linked to other activities is key to provide a good customer experience.

Monitor and understand market and future trends

Markets are constantly evolving therefore it is important to explore and

understand future trends that could lead to the development of successful services for new markets.

A research by Kuester et al. (2013) takes into account the heterogeneity of services and defined success factors based on industry (Figure 2.6).

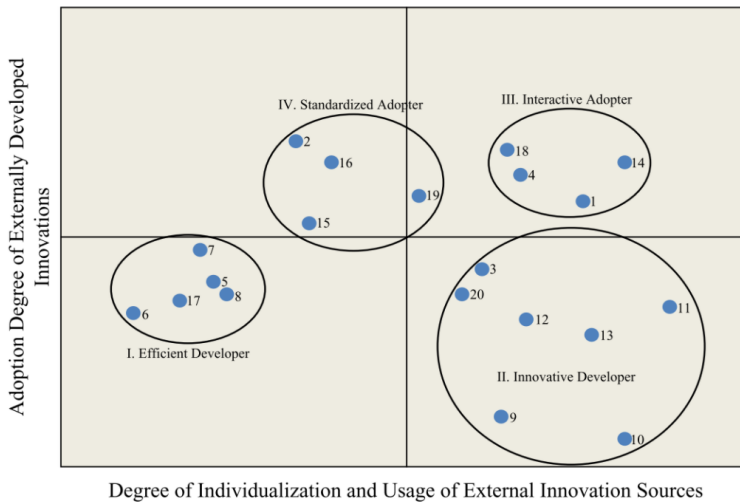


Fig. 2.6 Grouping of different industries based on adoption and individualization of innovation presented by Kuester, S., Schuhmacher, M. C., Gast, B., & Worgul, A. (2013)

The authors define 4 clusters of industries and relative success factors for service innovation:

The efficient developer - This cluster includes transportation; postal and telecommunication services; insurance; bank services; and sewage, refuse disposal, and sanitation.

This cluster strives for cost leadership through innovations and bases its innovation activities on the pursuit of efficiency.

Success factors for NSD in this cluster are: the quality of the service experience, the service superiority, customer orientation, and internal cooperation.

The innovative developer - Data processing; R&D; consulting firms; construction services; technical, physical, and chemical analyses; and other business services are examples of innovative developers.

This cluster type often combines external knowledge with internal knowledge to develop customer-adopted service innovations.

Success factors for these clusters are: customer orientation, service superiority, customer integration, and innovation culture.

Interactive adopter - Industries like wholesaling, advertising, public administration, defense and other financial services compose Cluster III. This cluster is characterized by a high degree of individualization and integration of external innovation sources.

Success factors include: top management support, service quality, service superiority, and innovation culture.

Standardized adopter - It includes recreational, cultural, and sporting services; retail, real estate, renting, and business activities; and domestic services.

This cluster adopts externally developed innovations.

Success factors are: customer orientation, the quality of the service experience, the service quality, and the market attractiveness.

Banks services and financial services fall in clusters I and III. Therefore, the combined success factors for these sectors according to Kuesters include:

- ▶ *Quality of the experience*
- ▶ *Service superiority,*
- ▶ *Customer orientation*
- ▶ *Internal cooperation*
- ▶ *Top management support*
- ▶ *Service quality*
- ▶ *Innovation culture*

The factors that emerge present some similarities between some of them.

In specific, the factors “quality of the experience”, “service quality” and “service superiority” have been considered in this thesis as one factor (Quality of the service and its experience). “internal cooperation” and “top management support” are considered as (internal cooperation and top management support) and “Customer orientation” and “Innovation culture” considered as (Customer centric innovation culture).

- ▶ *Quality of the service and its experience*
- ▶ *Customer centric innovation culture*
- ▶ *Internal cooperation and top management support*

From a combination of the above mentioned CSFs I report the most important focus areas on which to focus on to succeed in NSD within the context of financial institution:

- ▶ Developing a customer centric and innovation culture within the company, involving customers in the development process.
- ▶ Develop a deep understanding of customers and what creates value for them.
- ▶ Focus on the whole integrated customer solution and total customer experience.
- ▶ Support internal cooperation and top management support.

The CSFs reported in this chapter need to be strongly present within the case study of ING WBI to assure the success of NSD processes and will support the analysis of the current situation after the research in the context.

Research shows that the fuzzy front-end of an innovation process is usually experimental, chaotic and unpredictable. Therefore firms can benefit substantially by optimizing and improving this phase.

The introduction of Design Thinking related practices in new service development can support the implementation of value-cocreation perspectives.

In the context of banking and financial industry, the most relevant success factors in new service development are:

- ▶ Developing a customer centric and innovation culture within the company, involving customers in the development process.
- ▶ Develop a deep understanding of customers and what creates value for them.
- ▶ Focus on the whole integrated customer solution and total customer experience.
- ▶ Support internal cooperation and top management support

KEY TAKEAWAYS

DEFINITION OF NEW SERVICE DEVELOPMENT

2.1.3 IMPORTANCE OF DESIGN-DRIVEN METHODOLOGIES FOR A SUCCESSFUL NSD

In the previous chapters I introduced the concept of service and the process of new service development. I discussed how the methods and processes in use to develop new services are shaped around earlier developed processes for product development and do not take into account the modern service-centred view which highlights the importance of customers as co-creators of value in service systems. In the following chapter I will discuss how the discipline of design has adapted to support a more customer-centric approach to NSD that takes into consideration the modern service-centered logic.

As reported by Buchanan (2015) the discipline of design has evolved in time from graphic and industrial design to interaction design and to the design of systems, environments and organizations. The adaptation of design to the changing context of the industry has made it possible for design practitioners' roles to extend from mere executors of innovation briefs to partners in the fuzzy front end of innovation (Buchanan, 2015). In fact, in a world constantly changing at an increasing pace, firms are more frequently confronted with uncertainty which now extends to even well established markets. The challenges experienced by firms, driven by globalization, regulations and enabling technology, are quite close to the definition of "wicked problems" that is problems presenting contradictory knowledge, a large number of people and opinions involved, large economic burden, and the interconnected nature of these problems with other problems (Rittel, 1973)

Developed from theories of industrial design combined with multidisciplinary approaches to problem solving, Design Thinking (Brown, 2009) has risen as a human-centric approach focused on solving these complex (wicked) problems. The Design Thinking process involves an iterative approach to problem solving where multidisciplinary teams make extensive use of user research methodologies and creative thinking to get to the roots of complex problems and then provide innovative solutions.

The Design Thinking model has been interpreted in different ways from different schools during the years but the objective was, and remains, the development of methods, which can guide the individual successfully and mean-fully through a creative process in design (Tshimmel, 2012).

The existing models divide between linear process like the Double Diamond developed by the British Design Council (<http://www.designcouncil.org.uk>) and processes with overlapping phases like the model from Hasso-Plattner-Institute at University of Potsdam in Germany, an institution directly connected with Stanford University and IDEO (Figure 2.7 - 2.8).

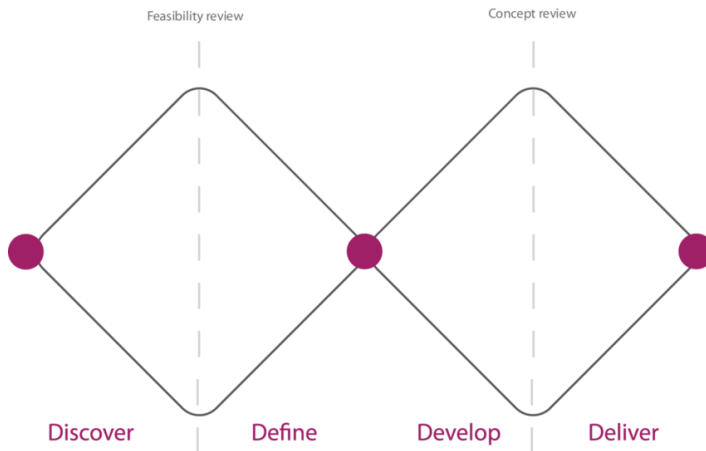


Fig. 2.7 The double diamond, linear design process from British Council, showing the four steps of creative problem solving: Discover, Define, Develop and Deliver.

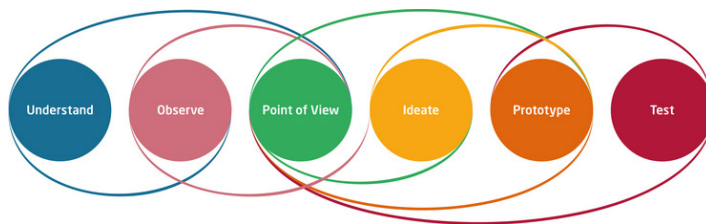


Fig. 2.8 The design process from Hasso-Plattner-Institute at University of Potsdam, showing a step by step creative problem solving process that is iterative and less linear.

In the book *The Design of Business: Why Design Thinking is the Next Competitive Advantage* (2009), Roger Martin (renown professor at Rotman School of Management and author of books on business design) defines Design Thinking as a key discipline that links two important aspects: the invention of business and the administration of business, which are also defined as respectively the exploration of a mystery and the exploitation of the knowledge created to develop a reliable algorithm. Martin writes that these two aspects, exploration and exploitation, are ultimately linked to intuitive thinking and analytical thinking driven accordingly by deductive logic (from a general rule to a specific conclusion) and inductive logic (from a specific observation to a general conclusion). The power of design thinking, according to Martin, is in balancing the two above mentioned logics and the introduction of abductive logic (from incomplete and qualitative observation to a best prediction of what could be true). See figure 2.9.

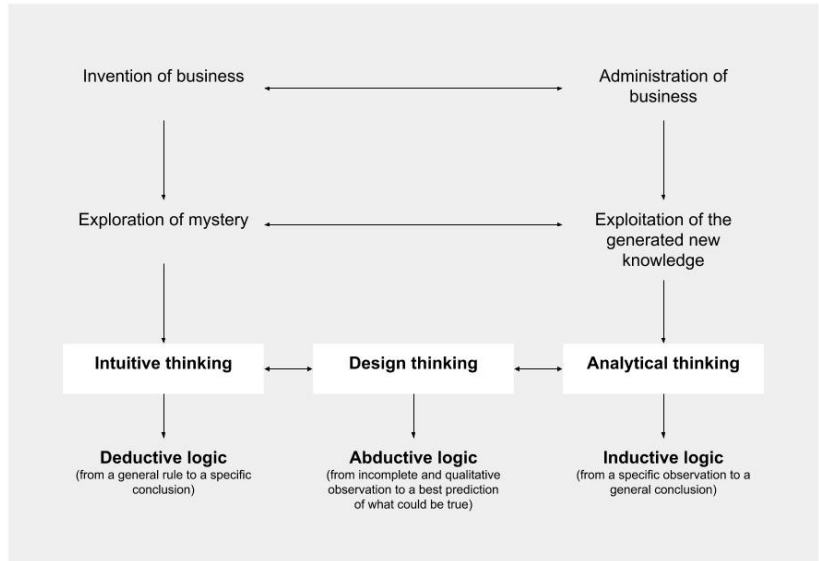


Fig. 2.9 The power of design thinking in business as presented by Rodger Martin in the book *The Design of Business: Why Design Thinking is the Next Competitive Advantage* (2009).

The success of service design in service innovation

In the contest of service innovation, a new design-led approach, based on Design Thinking, has developed in the past two decades known as service design (SD) (Yu and Sangiorgi, 2018, Joly et al., 2019). Before the 1990s, service design was referred to as a stage of NSD.

Later on, SD began to be treated as a separate discipline within the design field, due to the emerging interest in exploring and understanding the application of design capabilities to the service sector, by the design community.

Service Design closely relates to experience-centred approaches to innovation and it is influenced by modern design theories for participation (Holmlid 2009) and codesign (Sanders and Stappers 2008).

Yu and Sangiorgi argue that Service Design is fundamental to define NSD models that build on contemporary understanding of value-cocreation which involves simultaneously firm and customer and that is determined by customers in their own use situations. In light of this modern value concept, the researchers argue that NSD should focus on customers' experiences (value-in-use), not simply the offering per se, which is in line with the success factors for NSD discussed earlier in this thesis.

Along with this line of thoughts, the authors present a model to embed value cocreation in NSD by applying Service Design. They refer to this as a

fundamental criterion for a “design-minded organization” to integrate design for successful innovation. The proposed NSD model can be seen in fig. 2.10.

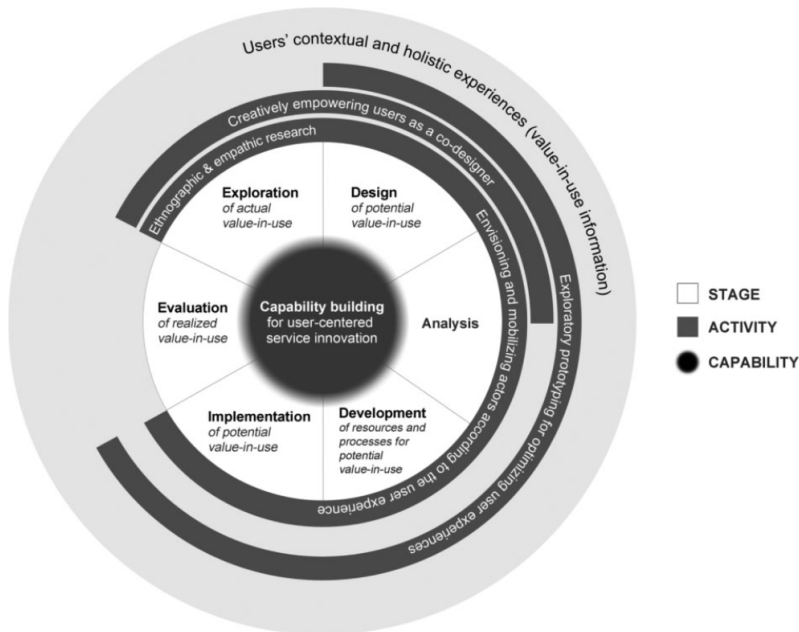


Fig 2.10 The new service development model geared toward value cocreation presented by Yu and Sangiorgi in 2018.

The service development model presented by Yu and Sangiorgi, similarly to Buijs’s product development model, has a circular structure, indicating an iterative innovation approach. The 6 different phases build upon the generic NSD process: Design, Analysis, Development and Implementation introduced by Johnson et al. (2000) and discussed earlier in this chapter. The authors introduced two new phases: Evaluation and Exploration. The Evaluation stage is the starting point of the process and provides critical understanding of how users create value by integrating their resources with the firm’s value proposition. The Exploration stage bridges the Implementation stage and the Exploration stage and it is useful to spot possible gaps between the implemented and the actual value-in-use. Across these phases, Service Design activities support the intake of information about users’ value-in-use and help define the optimal user experience. The design activities described by the authors are:

- ▶ **Ethnographic and empathic design research** help access contextual and holistic user experiences and develop value propositions to fit into users’ value-in-use,
- ▶ **Co-design** expands the nature of customer involvement beyond getting

customers’ feedback to boosting their creativity and competence

- ▶ **Prototyping** helps iteratively explore and test how providers’ resources, processes, and outcomes can be optimally configured to support value-in-use
- ▶ **Mobilizing actors toward user experiences** supports service delivery actors’ better understanding their role and responsibilities in facilitating users’ value-creating processes.

In conclusion, as reported by Joly et al. (2019), service design can contribute to the entire NSD process by bringing new service ideas to life, by understanding customer experiences, envisioning new value propositions, and supporting the introduction of technology into service.

In the context of this thesis I argue that Service Design is the key to meet the critical success factors for NSD in banking and financial service firms. The focus of service design on customers’ experience, on the holistic view to create value for customers, the application of methods to involve customers in the development process and align stakeholders are directly linked to the critical success factor as shown in the table below.

Critical success factors for NSD for banking and financial industry	Service Design Focus
CSF1. Develop a customer centric and innovation culture within the company involving customers in the development process	<ul style="list-style-type: none"> - Service Design tools help in keeping the focus on customers (e.g. persona, customer journey) - Service Design activities are grounded on codesign and participation of customers in the development process
CSF2. Develop a deep understanding of customers and what creates value for them	<ul style="list-style-type: none"> - Ethnographic and empathic design research help access contextual and holistic user experiences and develop value propositions to fit into users’ value-in-use
CSF5. Focus on the whole integrated customer solution and total customer experience	<ul style="list-style-type: none"> - Service Design is centered on the holistic understanding of user experiences (value in use information)
CSF6. Support internal communication and top management support	<ul style="list-style-type: none"> - Service Design supports service delivery actors’ better understanding their role and responsibilities in facilitating users’ value-creating processes.

In the contest of service innovation, a new design-led approach, based on Design Thinking, has developed in the past two decades known as service design (SD).

According to research, Service Design is fundamental to define NSD models that build on contemporary understanding of value-cocreation which involves simultaneously firm and customer and that identify value as determined by customers in their own use situations.

From the analysis of the literature results that Service Design might be the key to meet the critical success factors for NSD in banking and financial service firms.

KEY TAKEAWAYS

*IMPORTANCE OF
DESIGN RELATED
METHODOLOGIES FOR A
SUCCESSFUL NSD*

2.2 Industry way of working: how companies innovate

2.2.1 THE INNOVATION LAB MODEL

During the last decades, technology has continually reshaped the world in which we live. Every new technology brings new potential to our already existing ways of working. Maybe the biggest of all? The internet. The internet came and now our systems can be stored in the cloud, companies can rent supercomputers and data has become the most valuable currency. What also came with the internet? An infinity of potential service innovations that year by year start to appear in the form of new companies.

We can rent a room in somebody else's house, we can share a cab with somebody we don't know, we can bank online. The similarity in between these companies is that they don't fit the way-of-working norm we knew before, they needed to be structured differently in order to develop and continuously deliver a new type of product or service, software.

The rise of technology has unleashed the potential of many new borned firms to serve their clients, but has also increased competition and uncertainty for the future. It is quite easy nowadays for customers to move from one service to another one provided by a different company. This means that retaining customers is not an easy job anymore since their needs are changing at the same speed of technology development.

Looking at Fortune 500, an annual list compiled and published by Fortune magazine that ranks 500 of the largest United States corporations by total revenue, it can be seen that the average lifespan for a company in 1964 was sixty-one years while in 2014, a firm on the Fortune 500 list, would have an average lifespan of only eighteen years (Furr and Dyer, 2014).

In an effort to adapt at a faster speed to change, and keep up with the rising level of uncertainty and competition, many organizations that were born way before the digital revolution need to restructure the way they operate embarking in a so-called transformation journey. This journey includes the set up of more flexible innovation processes to turn uncertainty into opportunity and develop new services that can serve customers' changing needs.

In many companies, these new internal structures are called Innovation Labs. An Innovation Lab is usually a sort of "magic pocket" for an organization with the mandate to explore new risky opportunities for NSD that could lead to open up

potential new markets or satisfy new customer needs. Of course, because they are risky, the chance of failure in the short term is high, but eventually the effort will be proven in the long run.

In the Labs, adventurous explorers start small, then scale, making the route for others to follow, but what sounds like a straightforward route to success is not always easy. Actually, it is quite fuzzy and full of danger. So, what does it take to build successful Innovation Labs?

In 2019 IDEO, affirmed design company, has shared four things that successful Innovation Labs have in common. It starts with defining a clear reason for being, beyond making money. The article mentions that teams with clear, consistent, and inspiring purpose have 12% more successful launches than teams that do not. Secondly, successful Innovation Labs test beacon projects that push the edge of the company's strategic portfolio in the sense that they compete with the core business trying to push a new product, service or even business in the market. These risky and heavily uncertain projects usually compose the 20% of the company's strategic portfolio and, if they work, they can be a game changer. Third success factor as reported by IDEO, is building creative teams with a mix of strategists, designers and makers. Among the qualities to look for in the Labs there are expertise like interaction design, user/design research, software design, industrial design, communication design (visual and verbal), business design, product design and organizational design. An open mindset to experimentation should also be considered supported by design thinking methods for research and prototyping.

Lastly, IDEO mentions the importance of space and rituals for creativity far from the culture of the parent organization which is usually built for optimization.

In conclusion, Innovation Labs are companies workshops where teams of curious explorers give their best prediction of a future in which the company is still playing an important role in the market reinventing itself.

In the following chapters we will look closely at what kind of approaches are most commonly used within innovation labs to support NSD and scale creative ideas.

KEY TAKEAWAYS

THE INNOVATION LAB
MODEL

An Innovation Lab is a "magic pocket" for an organization with the mandate to explore new risky opportunities for NSD that could lead to open up potential new markets or satisfy new customer needs.

As reported by IDEO, successful Innovation Labs test beacon projects that push the edge of the company's strategic portfolio. These risky and heavily uncertain projects usually compose the 20% of the company's strategic portfolio and, if they work, they can be a game changer

2.2.2 THE LEAN STARTUP APPROACH

The Lean Startup (TLS) is one of the most affirmed innovation methodology in many industries. It was presented back in 2008 by Eric Ries and it brings a new way of creating companies that are focused on bringing new innovations to the market. Ries calls a startup "A human institution designed to create new products and services under conditions of extreme uncertainty" (Ries, 2011).

The lean startup relies on minimizing the development cycles of a certain product or service in a way that the company could fastly test if the latter would be well received by the customers and if the business model would work in the market. The methodology relies on:

Entrepreneurs are everywhere, meaning that everybody can become an innovator. You don't need to be good with computers or specifically be in a garage in Silicon Valley. You can bring innovation to whichever sector you are in, in a company coming from the ground or in a big corporation.

Entrepreneurship is management, and the management of new companies that are looking into ways of innovating in a specific industry has to adapt to its new context.

Validated learning, in order to guarantee your startup, can become a viable business, validating your product early on can decrease the risk that your product/service will not be in accordance with your vision/business model/ brand.

Innovation accounting, creating new ways to keep the entrepreneurs accountable for their work, in other words, new ways to organize work, prioritize work and give responsibility to the people working in the organization.

Build-measure-learn, the cycle that changes completely the way new companies operate, no more in a linear approach that focuses on a goal for a long period of time, but a continuous cycle of new ideas, tests and feedback.

The lean startup is inspired by Lean Manufacturing and is, therefore, an effort to weed out the waste often found in product and business development processes in startups.

In essence, the Lean Startup model can be boiled down to the concept of innovation through repeated, validated experimentation introducing the concept of MVP (Minimum Valuable Product), which is an early version of the product, quickly launched to the market and used to engage customers (early adopters) for test and validation. The ultimate goal is to constantly tune the engine of growth — another concept developed by Ries — to create a sustainable business in the end.

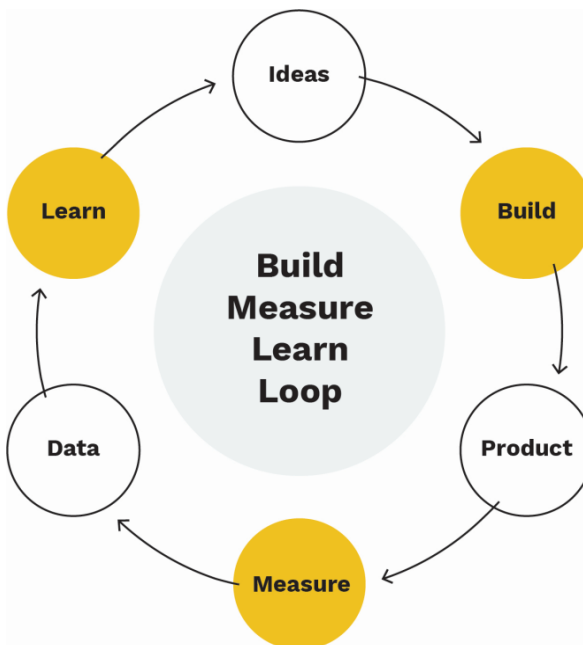


Fig 2.11 Build measure learn approach presented in The Lean Startup.

To better understand what it means to adopt the Lean Startup method, Frederiksen & Brem (2017) in a review on Ries’s methodology, compare innovator’s mindset, opposite to the traditional business development mindset, to the concept of causal and effectual thinking.

The authors mention that:

“In Ries’ portrayal, the causal thinker makes a plan and executes it without regard to further input until arrival at the solution. This is of course highly efficient if—and that can be momentous if—the planned solution was indeed the correct one. In contrast, the effectual thinker will continuously get outside feedback and make even large adjustments to the course (pivots in TLS vernacular) in order to arrive at a tested solution. While the path may be longer, the chance of final success should ideally be higher, since, Ries argues, you fail inexpensively and thus get more attempts at finding the match between product and customer.” (Frederiksen & Brem, 2017).

The two approaches can be seen in the visualization at fig. 2.12

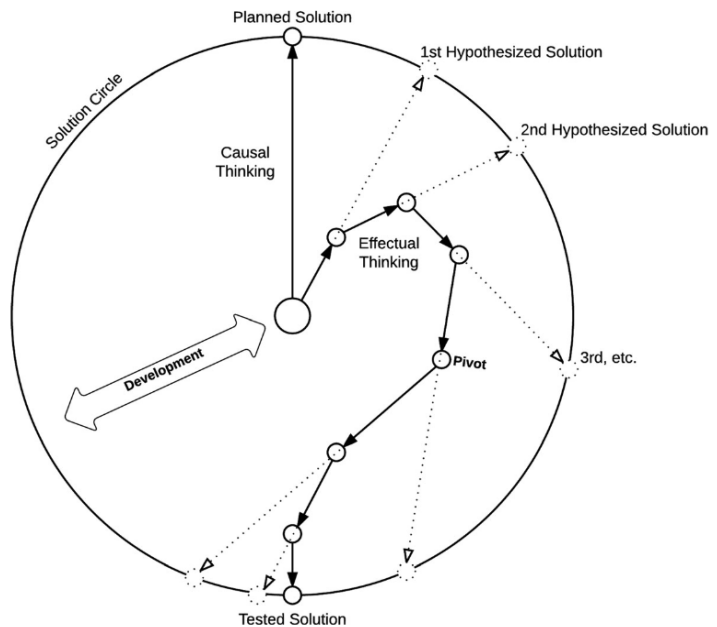


Fig 2.12 Casual vs effectual approach to entrepreneurship mapped over a "solution circle" presented by Frederiksen & Brem (2017).

The Lean Startup in the corporate context

According to Ries, TLS methodology applies to established companies as well because markets themselves are mortal, thus a company should continuously develop completely new markets to avoid failure. For this reason, firms have to constantly develop new knowledge and find ways to organize this knowledge in order to subsequently exploit it with the development of new products and services (Martin, 2009).

The exploration and exploitation of new knowledge in corporate settings can be structured and managed in many ways for example developing R&D departments, establishing corporate accelerators or incubators. A common traits among these different ways to set up innovation is the definition of multidisciplinary teams working on innovation projects that somehow fit in Ries's definition of startup (A human institution designed to create new products and services under conditions of extreme uncertainty).

Many case studies found in the literature show how TLS had a huge impact on the way companies structure innovation acceleration processes for example putting in place an internal stage gated model to constantly challenge the teams to validate their hypothesis.

One of the success factors for this methodology to thrive in corporate settings is certainly the promise to bring successful innovation to the market with an eye on costs and time to market, which is the primary concern for innovation management.

Criticisms to The Lean Startup approach

Even though the TLS method finds considerable evidence in the literature, still some of the concepts that are presented in this innovation methodology remain vague and difficult to grasp, like the definition of experiment or the concept of MVP (Frederiksen & Brem, 2017). Criticisms come from the design community which looks at TLS methodology as a way to quickly introduce poorly designed products to the market too early with few or no space for in depth research on user behaviour, usability and ethics.

For example, research by Batova and colleagues (2016) highlights how research activities are not detailed at all in TLS, and that Ries's theory could largely benefit from user research methods already implemented in professional communication and user experience design in the following areas:

Selecting research methods - Communication and user experience design have developed a large variety of methodologies from which innovators can choose, accordingly with the assumptions to be tested (e.g. five-second test, shadowing, ethnography, observation with a controlled environment, indirect observation, artefact analysis, think-aloud protocols).

Conducting customer research - Design research, grounded on the understanding of user experience, presents a set of tools and techniques to interact with and learn from different types of interviewees, populations (e.g. interviews with children) and cultural challenges. Design researchers provide advice on the different types of questions available, support the conduction of observations, both in controlled and uncontrolled environments. All these methods could help entrepreneurs discover information about customer wants and needs that goes beyond what they perceive as immediate pain points. In addition, they can help entrepreneurs make better use of their MVP for validation purposes.

Establishing validity - Professional communication and user experience designers offer insights into the importance of triangulation, distinguishing between user wants and needs, avoiding researcher bias which is a point missed by TLS method.

Considering ethics - The question of ethics in research is completely disregarded in TLS. Questions of reciprocity, relationship with participants, informed consent/confidentiality, and safekeeping of research data need to be considered.

Recording and coding data - Professional communication and user experience design both have well-developed approaches for recording, coding and analyzing qualitative data that could be beneficial for helping entrepreneurs conduct customer discovery.

In addition, as mentioned by Kara Pernince, Senior VP at Nielsen Norman Group, the goal for a firm should be to deliver products or services that create value for customers and that are perfectly designed instead of products that resemble only a 10% of the actual product vision:

“Pursuing a “minimum viable product” (MVP) as a design strategy may work for startups, but usually leads to poorly integrated user experience for established design teams working in traditional product categories.”

The issues with MVP according to Pernince are:

- ▶ There is no usability testing at all, or it's done on the live product which means that paying customers are using poor designs.
- ▶ The MVP is not representative of what the design is planned to be, therefore getting user feedback on the early stage when the ultimate product would be completely different, usually is not very helpful.
- ▶ Each MVP is focused on a small set of features rather than a whole product, so when they are put together there is no cohesiveness to the design.
- ▶ Teams never change the MVP even if there are severe user issues.

In conclusion, research shows that the build, measure learn approach of the Lean Startup model is appreciated in the context of corporate innovation because of the promise to lower uncertainty and generate revenues in innovation by entering the market at an early stage. On the other end, the methodology seems missing methods to understand what truly creates value for customers and what are the real consequences of introducing a small part of a product or service to a paying customer which does not represent the complete vision of the design.

In this sense, TLS does not take into account the concept of value co-creation and instead proposes a passive role of the customer that acts as a validator of assumptions and not as a collaborator in the development process. Research shows how the introduction of methods largely developed in the field of design, service design and communication could support the TLS approach rephrasing the use of the MVP concept as a means to involve customers and better understand what creates value for them before actually starting building something.

KEY TAKEAWAYS

*THE LEAN STARTUP
APPROACH*

The lean startup relies on the concept of innovation through repeated, validated experimentation introducing the concept of MVP. It aims at minimizing the development cycles of a certain product or service in a way that the company could fastly test if the latter would be well received by the customers and if the business model would work in the market.

Even though the methodology is designed for startup business, certainly the promise to bring successful innovation to the market with an eye on costs and time is an appealing proposition for established companies as well. In the end markets themselves are mortal, thus a company should continuously develop completely new markets to avoid failure.

However, criticisms from the design community warn about the application of TLS approach to product design. The concept of MVP is seen as a way to deliver paying customers with a poor designed product. Moreover, the role of customers in the TLS process is passive, not taking into account the modern theories of value co-creation in NSD.

2.2.3 THE NEW AGILE WAY OF WORKING

As mentioned earlier in this thesis, companies are quickly adapting to a changing world fostered by technology development. Clients have now different options contacting those they do businesses with. Businesses must be available 24/7 and provide relevant, top notch personal services. This applies to all commercial enterprises and companies like Spotify and Netflix, which are considered digital innovators, are at the forefront of such development when it comes to tailoring their services to clients needs.

The way these companies operate internally to keep up with those rising customer expectations is grounded on the concept of a modular and adaptive response to change.

Agile methodologies are a direct answer to the need of companies to continuously improve their digital products and services. Evolved from theories of software development, these methodologies disrupt the outdated view of companies structured in silos, with teams focused on a single part of the product and a strong hierarchical structure. Instead, agile presents a much more flexible approach, with

multidisciplinary teams focusing on the end to end customer journey. Agile teams break the project down in iterative “sprints” and have much more decision power. The Agile manifesto popularized these methodologies in the early 2000s. The document proclaimed 4 core values and twelve principles. The values are:

Individuals and interactions over processes and tools

As argued by one of the signataires, tools and processes are important, but it is more important to have competent people working together effectively.

Working software over comprehensive documentation

According to the authors, good documentation is useful in helping people to understand how the software is built and how to use it, but the main point of development is to create software, not documentation.

Customer collaboration over contract negotiation

A contract is important but is no substitute for working closely with customers to discover what they need.

Responding to change over following a plan

A project plan is important, but it must not be too rigid to accommodate changes in technology or the environment, stakeholders’ priorities, and people’s understanding of the problem and its solution.

The authors introduced 12 principles that form the Agile Software Development Manifesto. The principles are:

- ▶ Customer satisfaction by early and continuous delivery of valuable software.
- ▶ Welcome changing requirements, even in late development.
- ▶ Deliver working software frequently (weeks rather than months)
- ▶ Close, daily cooperation between business people and developers
- ▶ Projects are built around motivated individuals, who should be trusted
- ▶ Face-to-face conversation is the best form of communication (co-location)
- ▶ Working software is the primary measure of progress
- ▶ Sustainable development, able to maintain a constant pace
- ▶ Continuous attention to technical excellence and good design

- ▶ Simplicity—the art of maximizing the amount of work not done—is essential
- ▶ Best architectures, requirements, and designs emerge from self-organizing teams
- ▶ Regularly, the team reflects on how to become more effective, and adjusts accordingly

Agile methodology likewise TLS focuses on an iterative approach to product development, working on small improvements to the customer experience. The manifesto does not mention research as core value but presents an attention to customer collaboration and individual interactions. Moreover it is mentioned in the principles that self-organizing teams deliver best architectures, requirements, and designs. This reflects the distributed nature of the decision making power presented by Agile. Figure 2.13 shows the differences between a traditional organization as opposite to an organization that implements Agile.

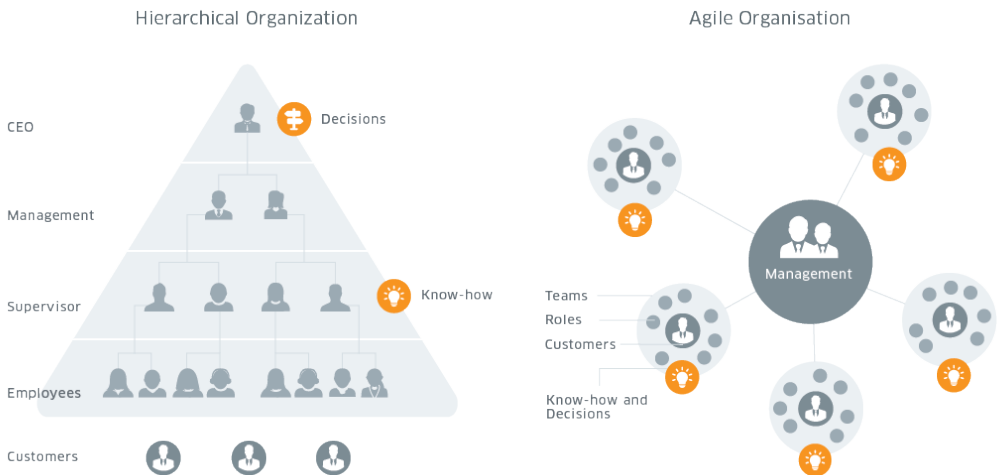


Fig. 2.13 Agile organizational structure vs Hierarchical Organization (https://cdn2.aoe.com/fileadmin/AOE.com/images/main_navigation/company/Hierarchical-vs-agile-Organisation_EN.png)

Agile organizations present a structure with multidisciplinary teams responsible for the end to end process and experience of customers. While in hierarchical organization, knowledge about customer problems and experience is spread across different departments working in silos, the Agile way of working makes sure that every employee has a common and shared understanding of process and problems.

Agile is a methodology evolved from theories of software development which disrupt the outdated view of companies structured in silos, with teams focused on a specific part of the service and a strong hierarchical structure. Instead, Agile presents a much more flexible approach, with multidisciplinary teams that break the project down in iterative "sprints" and have much more decision power.

Agile methodology, likewise TLS, focuses on an iterative approach to product development, working on small improvements to the customer experience.

While in hierarchical organization, knowledge about customer problems and experience is spread across different departments working in silos, the Agile way of working makes sure that every employee has a common and shared understanding of process and problems.

KEY TAKEAWAYS

THE NEW AGILE WAY OF WORKING

2.3 Innovation boom in the business-to-business sector

2.3.1 WHAT IS B2B?

Business-to-business (B2B) is a term established in the marketing literature as opposite of business-to-consumer (B2C) and relates to a commercial interaction that is conducted between companies, rather than between a company and individual end consumers.

While there are similarities in B2B and B2C markets, Lilien (2016) provides an overview of what are the key differences that help to make a better idea of what a B2B interaction entails (table 2.14).

Business-to-Consumer	Business-to-Business
Marketing culture	Manufacturing/Tech culture
Market to end of chain	Market to value chain
Perceptual proposition	Technical proposition
Value in brand relationship	Value in use, quantifiable
Large customer segments	Small number of customers
Smaller-unit transactions	Large-unit transactions
Transaction linkage	Process linkage
More direct purchase	Complex buying sequences
Consumer decides	Web of decision participants

Table 2.14 Key differences between B2B and B2C markets as proposed by Lilien (2016).

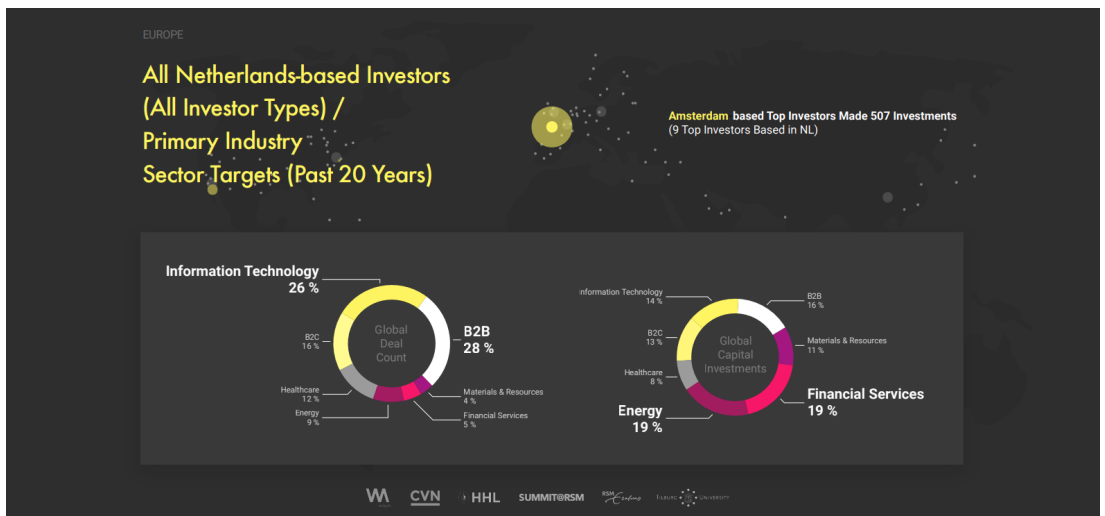
In contrast to business-to-consumers, business-to-business markets are driven by technology, presents a small number of customers but large-unit transactions and a complex buying sequence that involves a web of decision participants. These participants involved in decision making (e.g. financial analysts, purchasing agents, engineers, manufacturing managers, lawyers and others both inside and outside the firm) define a high level of complexity.

This complex web of participants in B2B interactions shows the importance for companies to become trusted participants in various networks and therefore, establish a set of strategic alliances. This translates in the creation of what is called relationship marketing which is based on mutual value creation, trust, and commitment. As described by Caceres & Paparoidamis (2007), the greater the level of customer satisfaction with the relationship, the greater the likelihood that the customer will be loyal to the company providing that service or the product.

2.3.2 B2B: THE NEW FRONT END OF INNOVATION

In a world in which data has become the new currency, companies are more and more involved in developing their online systems, increasing their ability to exploit data and process large quantities of information. This has made possible to innovate even the most complex service systems like the one implemented in business to business relationships, where a multitude of actors exchange information, resources and use services. Because of their complexity and a culture rooted in time, B2B processes were the last ones to be hit by the transformation wave, but the focus on this area of business has recently increased.

A report on corporate venturing by Eckblad et al. (2019) shows that in the last 20 years, 28% of the total number of investments in innovation in The Netherlands were made in the B2B sector, 12% more deals than in B2C (figure 2.15).



Larger investments in this sector doesn't mean that innovation in the business to business sector is a simple task. It is challenging for companies to define the offering and its value for the customer because the combination of elements that build on them can be quite complex.

Complexity makes it almost impossible to blueprint the solutions a priori because of tacit knowledge involved and shared by customers and suppliers that don't have initially the necessary elements to solve the problems.

According to research, in business relationships firms need to learn about customers and other third parties and how to interact effectively with them.

The concept of knowledge exchange is necessary to develop joint sense making. This social interaction is essential to build trust between partners, a necessary

Fig. 2.15 Report on corporate venturing (Eckblad et al., 2019)

ingredient to facilitate the exchange of information and knowledge (Perez et al. 2013).

As mentioned by La Rocca and colleagues in a research titled “Customer involvement in new product development in B2B: The role of sales” (2016) the development of solutions in B2B tends to take place in a context of specific interdependencies and considerable complexity; customers often have only a partial understanding of possible solutions, and activate their needs and develop criteria as they interact with others.

For this reason it is important for customers and suppliers to interact to jointly create new solutions.

Research points out that although participation of customers in new service development is important, under certain circumstances there may be drawbacks from this approach. These include limiting disruptive innovation, leakage of sensitive information, and exposure to opportunistic exploitation.

Studies taking the customer’s perspective on solution development concludes that “supplier involvement in a buyer’s new product development is a longitudinal process where working relations and interdependence play a significant role” and for this reason various function in the customer organization like purchasing, R&D, Production, Finance, sales or Marketing tend to be directly involved (Yeniyugurt, Henke, & Yalcinkaya, 2013, p. 305).

When the supplier and customer interaction becomes complex, monitoring and coordination can become problematic. According to the study of La Rocca et al. the role of sales is fundamental in the interaction because they are best positioned to monitor and connect the customer and supplier organizations.

When the new product has been developed and the new solution is embodied in a product or service and all other elements of the offering are defined, the role of sales can be seen primarily as ‘inside-out’. The ‘inside-out’ view emphasizes the task and activities of sales when the product service offering is well defined and the target customers and their needs are relatively well known. However, sales can also have an important part in the early stages of new solution development when the offering is typically undefined and still needs to be developed. It is the case of ‘entrepreneurial selling’ (Lehto, 2015) in early stages of a new business venture when perhaps not even a prototype has yet been developed but also in situations when in an ongoing business a new product solution and offering is developed with existing customers.

A report on corporate venturing by Eckblad et al. (2019) shows that in the last 20 years, 28% of the total number of investments in innovation in The Netherlands were made on the B2B sector, 12% more deals than in B2C.

Innovation in B2B is complex, defining the offering and its value for the customer is challenged by the combination of elements that build on them. Complexity makes it almost impossible to blueprint the solutions a priori because of tacit knowledge involved and shared by customers and suppliers. None of them have initially the necessary elements to solve the problems.

Because of the complexity, in business relationships firms need to learn about customers and other third parties and how to interact effectively with them. The concept of knowledge exchange is necessary to develop joint sense making.

Sales have an important part in the early stages of new solution development when the offering is typically undefined and still needs to be developed. They are in the best position to monitor and and connect the customer and supplier organizations.

2.3.3 DESIGNING FOR B2B

As mentioned by Lilien (2016) in the context of B2B marketing, the business-to-business complexity offers some challenges to marketing professionals, but what about design?

Not much is found in literature about the implications that a B2B context has on design thinking approach. The only information available seems to be provided by design practitioners' experience working with projects in B2B, but as reported earlier, the business to business context implies a series of challenges that, even though not new to designers, are not to be taken for granted either.

Building on Lilien's research I present three challenges faced by designers in the B2B context.

First of all, the complexity and heterogeneity in the problem domain. B2B services involve complex processes where dozens of individuals with different

backgrounds are involved, and each of them together with their needs, should be taken into account in the design. The challenge for design-driven methodologies is multiple because most of the time the role of the customer and the users do not meet in B2B settlement. The customer or buyer, usually is just a decision maker who signs the acquisition of a product or services for his/her business, but the user of those products or services will most commonly be employees working for the decision maker, or even customers of that specific business (B2B2C). For these reasons, designers should be equipped with tools such as ecosystem visualization, buyer and user persona to help designers make clarity and focus their design effort.

Secondly, B2B services present a lack of easy data availability. In fact, research is usually conducted between one or more cooperating organizations. Often design researchers need to rely on firms' client facing roles to be able to recruit participants to involve in the research. Managing these relationships can be challenging for design practitioners, especially the ones in the beginning of their careers, that do not have good network connections within the company.

Thirdly, the lack of domain knowledge by designers.

Designers are all consumers in their day to day, they have experience with consumer products or services and understand what these can do for them. But most of the time, B2B propositions require a specific domain knowledge which is linked to the intrinsic manufacturing and tech culture present in B2B markets. In this case designers need to seek appropriate research partners that can fill the knowledge gap and support top quality research and design activities. However, their attitude to reach for simplicity and consistency will drive designers to ask questions that will reframe a project in ways that are new for the experts working in the field.

In conclusion, designers working in B2B settings have a great responsibility designing for users that most of the time don't have the chance to choose the service or product to use in their current context and way of working. Many challenges are on the way to allow designers to be impactful in business to business projects, but the outcomes of a design-driven approach which is research focused and user and experience centered can definitely bring added value in the B2B landscape.

Challenges of design in B2B are the complexity and heterogeneity of the problem domain, the lack of easily available data and the lack of domain knowledge.

Challenges of design in B2B are the complexity and heterogeneity of the problem domain, the lack of easily available data and the lack of domain knowledge.

KEY TAKEAWAYS

DESIGNING FOR B2B

3. Research activities and findings

IN THIS CHAPTER:

- 3.1 ING BANK AS A CASE STUDY**
- 3.2 DOING RESEARCH IN THE CONTEXT**
- 3.3 DISCOVERING PROBLEMS IN THE CURRENT NSD MODEL**
- 3.4 DEFINING POSSIBLE OPPORTUNITIES FOR A CUSTOMER-CENTRIC NSD PROCESS**
- 3.5 GENERAL FINDINGS FROM RESEARCH ACTIVITIES**
- 3.6 PROBLEM DEFINITION AND DESIGN GOAL**

3.1 ING Bank as a case study

As mentioned in the introduction of this thesis, this project has been developed in collaboration with ING, Dutch bank and investment group considered one of the market leaders in its sector. This chapter is an introduction to the context of the project. First the bank and its key feature will be introduced, then an overview of the innovation labs will be given. Lastly, the innovation processes put in place by ING to structure its new service development in the commercial sector will be illustrated.

3.1.1 ING AND ITS MISSION

ING group was founded in 1991 after the merger of Dutch insurer Nationale Nederlanden and national postal bank NMB Postbank. It is nowadays one of the biggest banks worldwide with total assets of US\$1.1 trillion, and a presence in more than 40 countries around the World. The bank has a broad customer base including individuals, small and medium-sized businesses, large corporations, institutions and governments. Globally there are more than 52,000 employees within ING Bank that serve more than 32 million customers.



Fig. 3.1 Key figures of ING Bank N.V.

As stated by the company, ING's culture roots back to its origins, when it was founded with the principle of helping people to progress. That principle is still strong in today's purpose of ING which is at core of the company's strategy: "Empower people to stay a step ahead in life and business". ING believes that progress is always possible and is defined by the creation of banking services that are frictionless for its customers and that provide personal, easy and smart customer experiences.

Under the pressure of a fast changing world, ING has set a new strategy inspired by companies like Google, Netflix and Spotify (McKinzie, 2017). In the summer of 2015, the CEO Ralph Hamers stated: "My successor will be the CEO of a tech company with a banking license". It was the beginning of ING agile transformation that, after 5 years, is still an ongoing process within the organization. The reorganization comprises about 350 nine-person teams (called "squads") divided into 13 so-called tribes. The new agile way of working is ING's attempt to improve time to market, boost employee engagement and increase productivity. In an interview with McKinsey consultant Deepak Mahadevan, ING Netherlands CIO Peter Jacobs and Bart Schlatmann, formerly CFO of ING Netherlands, said:

"When we introduced an agile way of working in June 2015, there was no particular financial imperative, since the company was performing well, and interest rates were still at a decent level. Customer behavior, however, was rapidly changing in response to new digital distribution channels, and customer expectations were being shaped by digital leaders in other industries, not just banking."

It is clear how the bank's approach shifted from a product-driven strategy towards a client-driven one, where customers actually steer the transformation of the company and all the services provided adapt to their changing needs. To deliver on the promise, ING has identified four strategic priorities to concentrate on:

- ▶ Earn the primary relationship
- ▶ Develop analytics skills to understand customers better
- ▶ Increase the pace of innovation to serve changing customer needs
- ▶ Think beyond traditional banking to develop new services and business models

The last two strategic priorities are the ones that define what innovation is for ING and will be the fundamental priorities within the Wholesale Banking Innovation Labs.

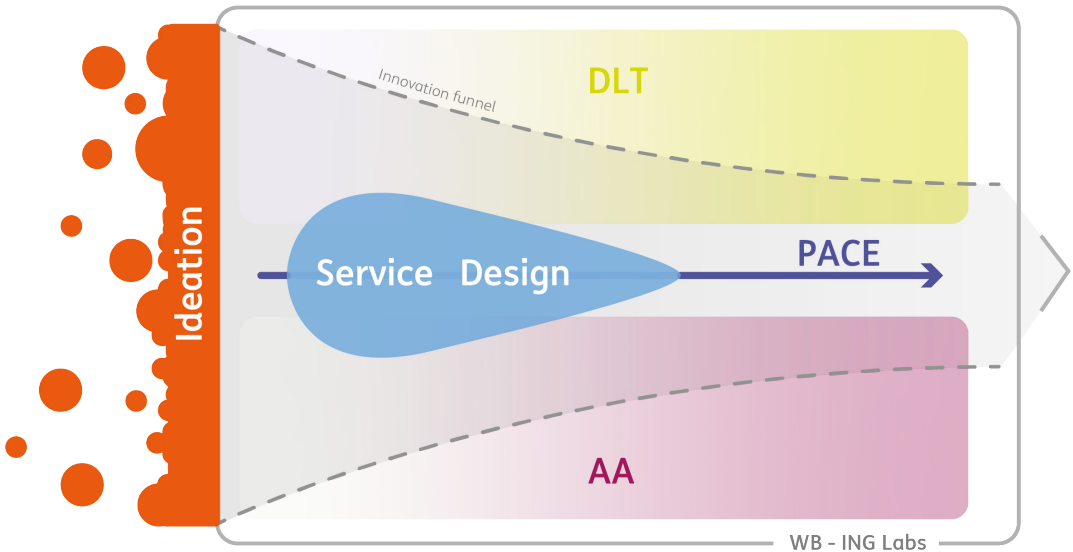
3.1.2 INTRODUCING THE INNOVATION LABS AT ING

Within the organization, Wholesale Banking Innovation Labs (WBI Labs) are ING's answer to the fast-changing scenario of corporate finance. To fight uncertainty in new product development, ING has put resources to push innovation to its business core, trying to build and reshape propositions towards more customer-centred financial services. This is why Innovation Labs in both business lines, Retail and Wholesale Banking (respectively business to customer and business to business) have developed.

The WBI Labs focus on the development of solutions for both Wholesale Banking customers and colleagues. Through the Labs ING exploits existing businesses to the full potential by optimising current technologies, methods and (removing) processes. On the other hand, it explores and discovers new potential businesses opportunities by researching, validating and ultimately solving customers' problems.

In the labs, teams of entrepreneurs work together to understand a client problem and define ideas that solve it by building a viable business around it. WBI defines a successful initiative as one that gets to become a minimum viable company at a high pace. WBI Labs are run by the Wholesale Banking Innovation team composed of service designers, innovation consultants, also called PACE Coaches and Tech experts (see figure 3.2, 3.3).

ING Wholesale Banking Innovation structure



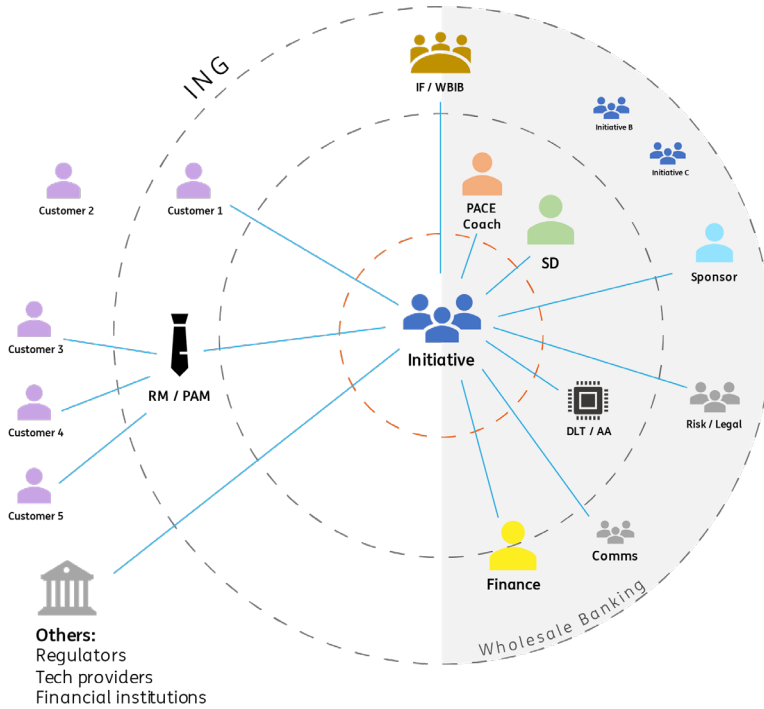
LEGEND

- Ideation**
Ensures finding the right ideas to work on and problems worth solving within and outside ING
- Service Design**
Is used to validate the ideas, problems and solutions with the clients ensuring exceptional customer experience (CX)
- PACE**
Is ING's structured approach to innovation that combines Design Thinking, Lean Start-up and Agile & Scrum. PACE coaches act as innovation consultants and help teams to experiment and build fast as a high performing team

- Distributed Ledger Technology (DLT)**
Encompasses all the efforts to unlock mass-scale value and helps ING's customers to transition to a distributed economy
- Advance Analytics (AA)**
Build powerful and innovative software products that use AA to deliver insights to ING's clients and employees
- WB - ING Labs**
Are ING's safe space to bring disruptive ideas to market by combining knowledge and network with the knowledge and skills of others. ING has innovation Labs in Amsterdam (H1&H2), London (PropTech & RegTech) and Singapore (TradeTech)

Fig. 3.2 Overview of the enablers in PACE, capabilities in place to support multidisciplinary teams during new service development process.

ING Wholesale Banking Innovation stakeholder map



LEGEND












- 
Initiative
 Team of entrepreneurs working on an innovation project within ING Labs. Initiative's fundamental roles are Initiative Lead, IT Lead and Customer Lead.
- 
Innovation Fund (IF) / Wholesale Banking Innovation Board (WBIB)
 Provide funding to initiatives and evaluate stage gate's deliverables
- 
PACE Coach
 Support initiatives in PACE with experimentation, stakeholder management and planning
- 
Service Designer
 Support initiatives in research, experience design, ideation and other design thinking related activities
- 
Sponsor
 Usually an upper level manager who can allocate funding, resources and priority to initiatives
- 
Risk / Legal
 Provide support on Non Financial Risk (NFR) and other documentations. Ensure that teams are compliant with regulation.
- 
Distributed Ledger Tech / Advance Analytics
 Provide tech expertise and support the development process.
- 
Communication
 Collects information from initiatives and reports latest updates through different channels
- 
Finance
 Support initiatives in cost management and measures the efficiency of the innovation machine
- 
Relationship Manager / Partner Account Manager
 Part of the sales team who builds and maintains relationships with clients and customers
- 
Customer / Client
 It can be ING internal employee or an ING's client. Usually Chief Financial Officer (CFO) of ING's clients.

Fig. 3.3 Stakeholder maps presenting the actors involved in the Wholesale Banking Innovation Labs.

The WBI team is the engine of the labs and provides the capabilities to support multidisciplinary teams working on NSD. The team takes the role of “enablers” in innovation and has a key importance in defining the process, technology, tools and organizational culture for facilitating the design of new services.

PACE is ING’s innovation method, a combination of Lean Startup, Design Thinking and Agile Scrum.

3.1.3 PACE, THE NEW SERVICE DEVELOPMENT MODEL AT ING

PACE is ING’s structured innovation method. It is designed to allow the rapid launch of new product and service propositions developed by small, autonomous, multidisciplinary teams. PACE works as a compass for project leads and defines a common structure and terminology for ING globally. It takes a customer-centric approach based on validating assumptions through repeated experimentation with targeted customers.

The structure of PACE is based on three methodologies already introduced earlier in this thesis: Design Thinking; Lean Startup; Agile Scrum. Overall, these three main pillars orchestrate different phases of the PACE process respectively: Design thinking for the early stage of the process, when a lot of the information is still fuzzy and different ideas need to emerge based on customer understanding; Lean Startup for the central part of the process, taking on the iterative nature of the MVP (minimum valuable product) and a lean approach to business modeling; Agile Scrum for the later stage, to build the solution brick by brick in continuous iterations. The key concepts of these three approaches to innovation and product development are merged together as shown in figure 3.4.

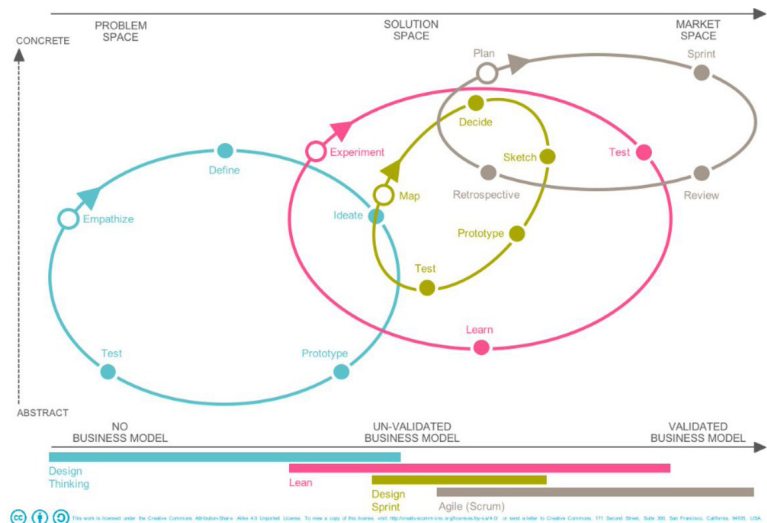


Figure 3.4 The methodologies applied in PACE, ING’s NSD model.

Within the context of Innovation Labs, PACE becomes the foundation for a stage gated model to support innovation process management. Every innovation initiative, independently from its nature, goes through these stages which are:

- ▶ *Discovery/ Problem fit* - The formation of the team and definition of a customer's problem.
- ▶ *Solution fit* - The design of a number of possible solutions.
- ▶ *MVP build* - The development of a Minimum Viable product.
- ▶ *Pilot* - The test of the solution with customers in the market.
- ▶ *Pre-scaling* - The search for a profitable and scalable business model.
- ▶ *Scaling* - The launch of the solution in the market.

Each stage is defined by the PACE phases and requires specific deliverables. Before and after each stage, the deliverables and the activities performed by innovation initiatives are assessed in what are called stage-gates. These key control points act as a quality control, to reduce time and uncertainty and increase probability of success. The outcome of the stage-gate is a go/no-go decision on whether the project is ready to jump to the next stage. In case of no-go decision, the innovation initiative can be stopped or be given more time to meet the requirements (see figure 3.5).

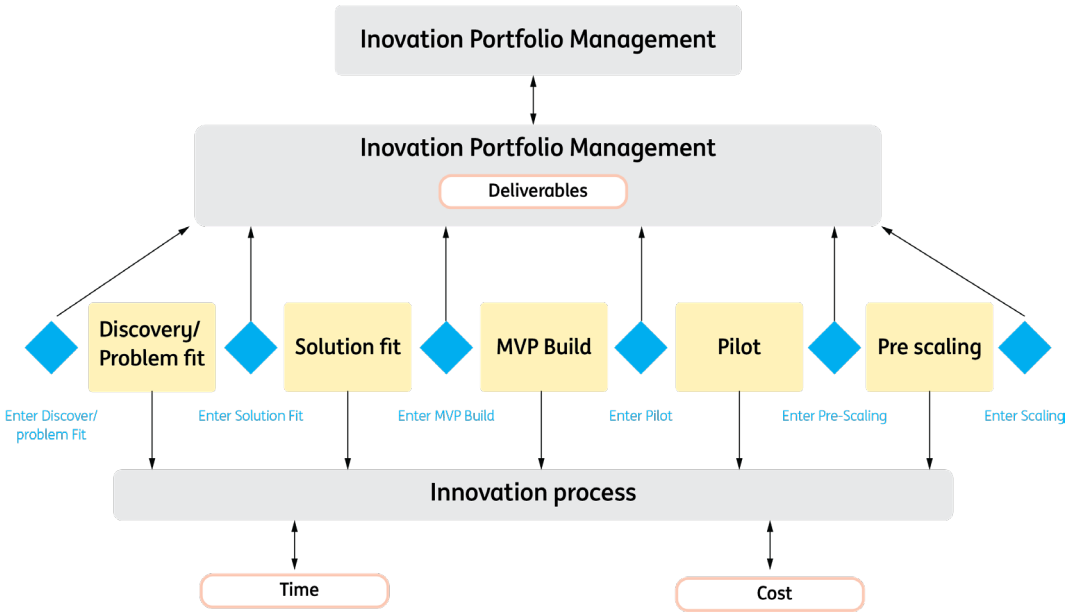


Figure 3.5. ING's innovation framework: a stage-gate process

The role of design thinking in PACE

As presented earlier, the PACE process is a model that takes elements from well established product and service development models. One of the key elements in PACE is Design thinking, which is introduced as a “human-centred approach to problem solving” that takes into account the three aspects of desirability, viability and feasibility.

Within PACE, design-driven methodologies are mainly associated with qualitative research and data analysis, system thinking and visualization, prototyping and testing.

Design-driven methods in PACE are led by the Service Design team which supports innovation initiatives with user research and service design especially during the early phases of NSD. The team focuses on the desirability aspect of the innovation projects, conducting research with customers and supporting the initiatives in the analysis of the data collected. Through the creation of visualization and service blueprints, the team supports alignment among different stakeholders involved during the course of the development process.

3.2 Doing research in context

This chapter will describe the research activities carried out within the ING WB Innovation Labs during the course of this project.

The research in the context of ING wholesale banking Innovation Labs aims at understanding the barriers for a successful customer involvement by exploring the current situation. The goal is to map out the challenges, spot problematic areas, frame the problem and propose a solution that takes into account the needs and requirements of all stakeholders involved.

Due to the outbreak of the Covid-19 pandemic during the spring of 2020, It was not possible for me to meet in person with professionals in the case study. For this reason I had to carry out my research activities remotely, through the use of online video call tools and collaboration softwares. In the following chapters the activities conducted during the research phase of the project will be presented, followed by the findings of the research.

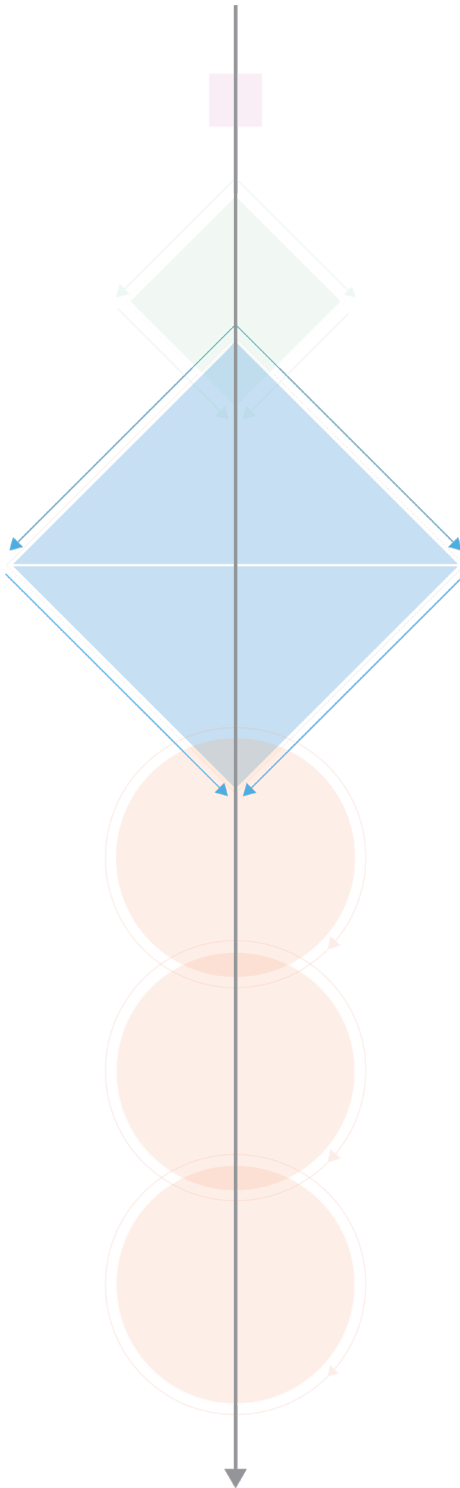
3.2.1 GENERAL RESEARCH APPROACH

The research approach consisted of a set of methodologies used to understand the context and the interactions within different actors.

In this project I take a design-driven approach supported by Service Design methods because of the level of complexity involved and the focus on the qualities of interaction between the stakeholders. I also focused on collaboration and participation in the project, designing activities that support participant's involvement in research and design.

The general goal of this research was to understand what are the main challenges to customer-centricity in the new service development process in B2B settings. To understand these problems, a qualitative research approach was followed where main research activities conducted in the context were document analysis, qualitative interview, generative session and exploratory survey.

The research in the context had two main phases: the first phase (DISCOVER), was focused on understanding which aspects of the current innovation process at ING create a barrier for a positive and successful customer engagement during the early stage of development; in the second phase (DEFINE) I tried to break down those problems, make sense of them and use the insights to envision a new perspective that would serve as a basis to craft a new design intervention. The research phases can be plotted on a double diamond scheme, where the first part represents the divergent nature of the research and the second, a convergent approach.



Research in context

Discover the problem

- Desk research
- Interviews with experts

Define opportunities

- Generative session
- Exploratory survey

3.3 Discovering problems in the current NSD model

3.3.1 RESEARCH PREVIOUSLY CONDUCTED IN THE INNOVATION LABS

The Wholesale Banking Innovation Lab is an active player in innovation and for this reason it embraces change driven by learning. Many are internal researches aimed at finding what works and what doesn't, to continuously innovate in the way of making innovation. Analysing this internal research provides insightful understanding of what are the biggest challenges that the Innovation Lab faces and can constitute the base ground for meaningful design actions.

Goal of the research activities

Goal of this series of research activities was to gather an initial understanding of the biggest pain points in ING's innovation process. The research aims at providing an overview of the most important stakeholders and the most critical phases to focus on for more indepth research actions. Derived from the literature review, assumptions were used as a basis to formulate research questions. The most important assumptions for this research phase were:

- ▶ The fuzzy front-end (initial stages of PACE process) are the most challenging for innovation initiatives.
- ▶ The PACE process facilitates customers involvement in the early stage of NSD.

From the above mentioned assumptions, the following research questions were formulated:

RQ1 Which are the most challenging stages in the innovation process for initiatives and why?

RQ2 Who are the main stakeholders involved in the early stage of NSD at ING and how are they involved?

Presentation of the analysed documents

- ▶ The first document discussed is an inquiry on the reason why some innovation projects failed in the past. Failure means that the project was discontinued because it missed some of the PACE requirements to move to the next stages.
- ▶ The second document is a retrospective documentation drafted by the WBI management team to picture the challenges faced by different stakeholders during the year 2019 in PACE. These documents contain sensitive information and for this reason only personal elaboration on the findings related to the scope of this research will be reported. No raw data can be shared.
- ▶ The third research analysed and discussed is an exploratory activity conducted by the author of this thesis during an internship period in the Innovation Lab previously the start of this project. The research is aimed at understanding the experience of PACE from an innovator's perspective, focusing on challenges in the early stages of NSD.

Research approach

The approach to this initial research is the analysis of existing previous research conducted in the Wholesale Banking Innovation Lab through qualitative document analysis (Bowen, 2009). First, each document is studied separately and findings for each document are discussed. Then, the findings are clustered in themes and general conclusions are drafted for the research.

Document 1 - A research on the reasons for NSD failure in ING WB Lab

This research activity includes the analysis of findings from a previous research conducted with 9 aborted innovation initiatives in WBI Lab on the topic of kill factors for initiatives. The findings include the journey of an ING employee joining the Wholesale Banking Innovation Lab for a short term assignment (STA). The research also reported on opportunities for improvement based on the above mentioned kill factors.

Findings from the research on NSD failure in ING WB Lab

The findings from the analysis of Document 1 describe the importance of stakeholders engagement in the early stages of PACE (Ideation - Discovery - Problem fit - Solution fit). These early stages are crucial to set the basis for successful implementation and Pilot phase. Important stakeholders in this phase are sponsors (senior ING management), innovators sending departments (previous department of colleagues that perform the short term assignment in Innovation) and ING Relationship Managers (Key contact for ING business clients).

Innovators also find challenging the experimentation activity (research) in problem fit phase mentioning that PACE is “too restrictive for WB experiments”. This brings to the observation that the complexity of the B2B is not taken into account in the current PACE process, which is primarily focused on individuals. Instead, B2B relationships entails multiple “clients” e.g. economic buyer, technical buyer and user buyer in customer relations.

In the implementation phase (MVP build), initiatives need collaboration with different ING departments but find challenges to get the requirements of their initiatives on the department’s backlog.

Client engagement in PACE is also important, since collaborative clients need to understand PACE and respect deadlines. This engagement results quite hard to manage for initiatives.

In the Solution and Pilot phase, internal barriers arise that hold back initiatives from reaching to final customers due to Relationship Management processes. In fact, Relationship Managers usually have the need to showcase high quality products to the CFO of client companies. Initiatives in those phases clearly don't have working products but rather early stages prototypes or proof of concepts. The CFO of clients often do not know what to do with a new experiment. This process frustrates RMs which subsequently protects the CFO from more innovation activities for fear to lose quality of relationship. A section of the document reporting a customer journey from initiatives perspective can be seen in Figure 3.6.

Fig. 3.6 - Customer journey presenting the challenges faced by initiatives in different phases of PACE based on the input from 9 initiatives..

Stage	Ideation	Onboarding	Problem	Solution	Build MVP	Pilot	Pre-Scaling	Scaling	Off boarding after closure
Context	Cost Savings or Opportunity	STA	Get used to PACE	Choose one out of thousand options	Start of product creation	Relationship Management			Returning to department or find a new job?
Critical Activity	Finding sponsor and Senior support	Arranging STA in department	Create first experiment	Work towards Product pitch	Ensuring technical feasibility	Get clients deeply involved			Find new role in ING
Emotion	Enthusiast		Challenged			Frustration			
Opportunity	How can senior support be created so that project will integrate in ING easily?	How can STA expectations of stakeholders be managed?	How can PACE be adapted to WB context?	How can stage gates decisions reflect performance?	How can backlog of internal departments prioritize initiatives?	How can internal barriers to client contact be reduced?	Not reached		How can we reward risk taking?
Evidence (mentioned by interviewees)	6 out of 9 did not have a relevant sponsor	5 out of 9 had a unsupportive "sending" department	8 out of 9 found PACE too restrictive for WB experiments	5 out of 9 spent more than 10 days on prepping the stage gates	6 out of 9 had difficulties getting their initiative prioritized in ING	6 out of 9 had difficulties reaching the final customer due to RM process			5 out of 9 did not feel supported during off boarding

Conclusions from the research on NSD failure in ING WB Lab

The insights from this documents can be clustered in the following key points:

Early and prompt engagement with stakeholders on the project is a critical factor for success for innovation projects. In fact, misalignment in the early stage of the project will affect getting priority in the later stages. In this sense there is a need to better engage the ING organization (front office - back office - middle office) early on in the project and sensitize them to the experimentation and co-creation mindset.

The complexity and heterogeneity of B2B context is not taken enough into consideration in PACE which is mainly tailored to individuals. The findings highlight a need to rethink some of the approaches in research

and experimentation to best fit the B2B context which presents a large net of decision makers.

Document 2 - WBI Management team retrospective on 2019 Discovery program

This research activity is focused on the analysis of reports that were the outcome of a retrospective exercise conducted by the WBI Management team after the PACE Discovery program in 2019. The management team of WBI is composed of Pace Coach Lead, Ideation Lead, Service Design Lead, Advance Analytics Lead and Distributed Ledger Technology Lead. The Discovery program is a structured series of activities planned to introduce the participants (mainly external entrepreneurs) to the innovation activities and kick start their projects. It represents the formal start of the PACE program and it is designed as a series of introductory workshops and activities for entrepreneurs culminating with the formation of teams, the selection of a project direction and a final pitch to the Innovation Fund.

Findings from the retrospective

The document reports a number of improvement points to be taken into account for future iterations of the program.

One of the points mentioned is the importance to map ahead relevant department/ decision makers in ING, as well as the value spaces, instead of leaving the job to the initiative teams. A value space is the area of focus for the solution (Lending; Financial Markets, Payments).

Here it is also mentioned the need for more help and support to meet clients and subject matter experts because, due to the research nature of this phase and the lack of clear solutions, meetings are hard to get. On top of that, resistance of front office colleagues which are hesitant to open up, is also mentioned in the document.

Among the future requirements for the Discovery program the document reports the need of more dedicated resources for research in the Labs.

Conclusions from the retrospective

The Discovery program is an important element in PACE, it introduces newbies entrepreneurs to the way of working in the ING accelerator and it gives the time for them to adapt, find a topic that they care about and start the exploration.

From findings it is clear how entrepreneurs are in need of more contextual understanding of the ING ecosystem and that the Lab could provide a more structured overview to support their orientation phase. Ecosystem mapping (visualizing systems, interactions etc.) is something that could facilitate the understanding of complex systems and that is useful in NSD as reported in literature. This is confirmed by personal experience in the WB Innovation Lab, where many teams need ecosystem visualization for their project mentioning that such an artefact speed up their understanding of complex scenarios and therefore foster collaboration between parties.

The findings also highlight difficulties in getting meetings with stakeholders when nothing tangible has been developed yet. I believe that such visualizations could also support interactions between initiatives teams and clients or subject matter experts in making more tangible their discussions.

Document 3 - Research on how venture builders experience PACE conducted by the author

This research consists of the analysis of documents related to 6 interviews with initiative leads (Innovation project leads) targeted at exploring challenges faced during the fuzzy front end of innovation, the most learning and decision intensive as found in literature (Alam, 2006).

The approach to the research consisted of 1 on 1 interviews with initiative representatives (mainly initiative leads) based on open ended questioning on a list of topics related to early stages activity in PACE. All initiatives interviewed were selected among the ones operating in the Problem Fit or Solution Fit phase because of the focus of the research on the early stages of the NSD process. An overview of the interviewees and their related innovation projects can be seen in table 3.7.

Code	Interviewee	Initiative details
I1	Initiative Lead (I)	White labelled DLT based, open account trading network. Its mandate is to provide a dramatically improved customer experience using cutting-edge trade and working capital procedures, to enable seamless data integration and exchange between trading parties. This type of network provides the basis for revenue growth and a simultaneous reduction in costs, time and risk
I2	Initiative Lead (II)	Advance Analytics initiative which combines news and payments data in order to predict risks in a supply chain so that procurement managers and supply chain managers can better manage the risks of delivery in their procurement and/or supply chain process.
I3	Initiative Lead (III)	Advance Analytics initiative. Uses customized knowledge graphs to enable WB users to search unstructured content in creditpacks, presentations, policies, SEC filings, annualreports, earnings call transcripts etc.
I4	Product owner	Predicts prices provided by liquidity providers for the Foreign Exchange, applying statistical and machine learning models to historical price data, to gain more value out of automated e-trading. Also exploring other value areas within Foreign Exchange (FX).
I5	Initiative Lead (IV)	Digital securities distribution platform for institutional investors.
I6	Initiative Lead (VI) + Service designer	Single secure digital vault for corporates to easily store, manage, share and synchronize their KYC documents with multiple business partners.

Table 3.7 List of interviewees and details of related innovation project

Some of the interviews were recorded with previous requests of consent from participants, and notes were taken during all interviews.

The data was analysed with the use of statement cards method and wall clustering, a process that supports the definition of clusters of findings from scattered information. For this activity, statements from participants were reported on paper cards and then clustered. A second researcher was involved in the clustering activity to reduce the risk of biases.

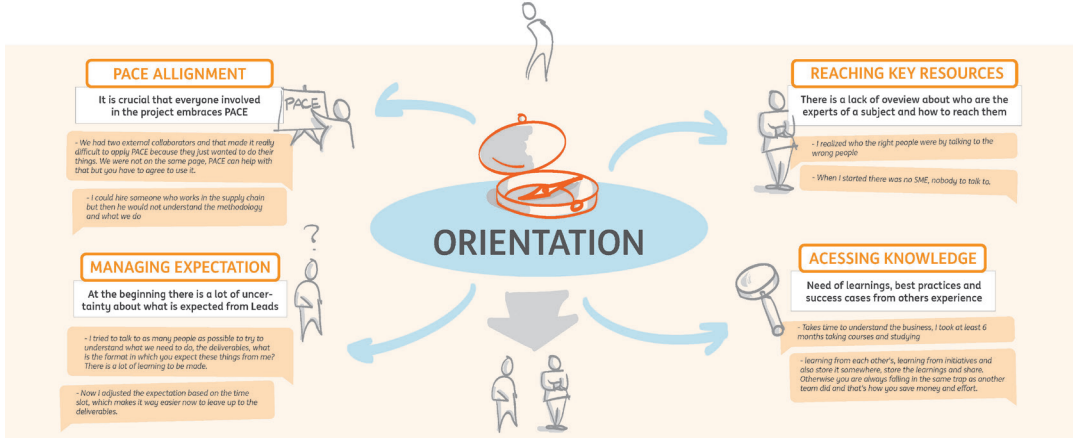
The resulting themes, with clusters of insights, were used to realize an informative poster showcasing the main challenges according to recurring findings in the data. The poster gives an overview of the challenges with visualizations, without losing the original raw data from research (fig. 3,8).

Figure 3.8 (Next page)
Poster with a visual representation of the challenges experienced by innovators in the early stages of PACE produced by the author of this thesis.

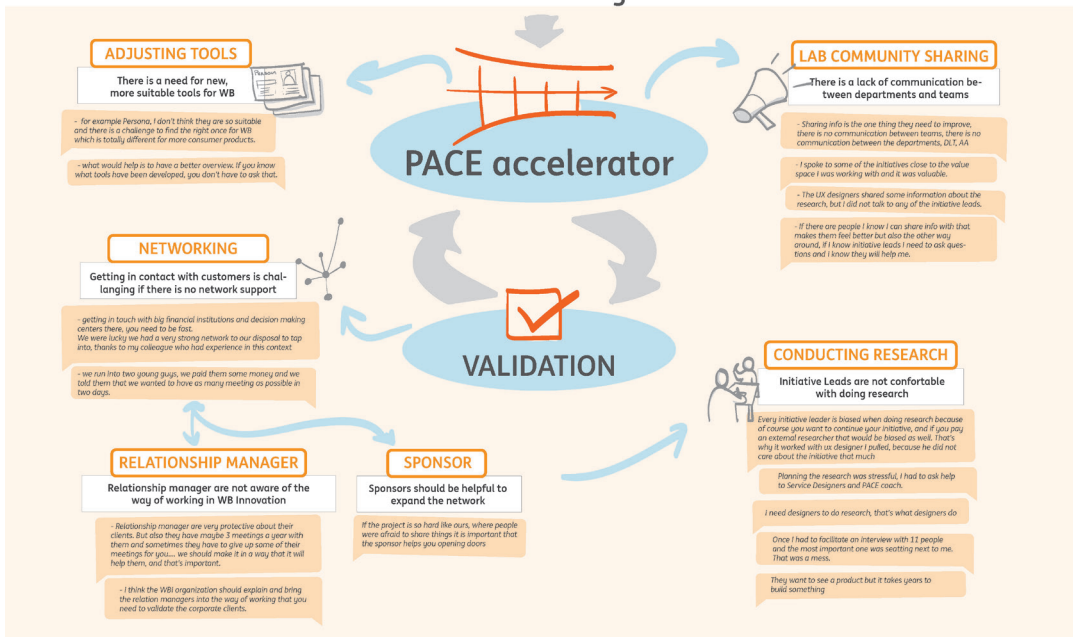
EXPLORING PROBLEM-FIT

Sample
 6 Initiatives in Solution Fit phase
 7 People

An exploratory research on Initiative Leads experience of Discovery-Problem Fit phase



PACE coaching



INTRODUCE

PREPARE AND ORIENT VENTURES TO THE WAY OF WORKING WITH INNOVATION WITHIN ING

EMPOWER

IMPROVING THE TOOLS AND METHODS PROVIDED TO INITIATIVES TO BETTER FIT IN THE WB CONTEXT

INTERACT

FACILITATING INTERACTIONS BETWEEN TEAMS AND DEPARTMENTS TO LEARN FROM EACH OTHERS

Findings from research on how VB experience PACE

The poster and the interview scripts report a picture of the most challenging pain points faced by the sample of six initiatives in the early stages of PACE.

The insights show the presence of 2 main challenging moments in the experience of initiatives being: 1. a first moment of orientation in PACE and 2. the actual customer validation activity, interacting with potential users to validate hypotheses.

The orientation phase is defined by the importance of understanding the PACE deliverables and align all the stakeholders involved in the project to the common objectives. This is intrinsically linked to the stakeholder management capabilities of the teams.

Another pain point felt by initiatives at this stage is the difficulty in accessing key resources being them people or knowledge pre existing in the Lab. Overall, there is a sense of lack of communication between teams and departments. As reported by one of the interviewee:

“that’s the one thing that they need to improve. There is literally no communication between teams, no communication in the whole department.. I didn’t even know where the Advance Analytics people were or where was the Blockchain team or.. I knew some guys but yeah.. no interactions...”

During customer validation (research and interview with clients), different challenges are experienced by initiatives.

The first challenge is the difficulty to reach out to ING customer base for early validation due to a lack of network support. This network should be supported by ING Relationship managers (Key connections with ING corporate clients) and internal Sponsors. As mentioned by an interviewee:

“... Relationship Managers are very protective about their clients. But also they have maybe three meetings a year with them and then they have to give up one of those meetings because of you”.

Thirdly, looking at the tools provided by PACE (e.g. canvases and research methodologies for early stages) there seems to be a lack of focus on the complexity of B2B projects. For example, one of the interviewee mentioned:

- ▶ *“...Persona indeed, it was also a difficult one.. Because you are talking about a company and then someone within the company.. And in our topic you could go in so many ways and so many directions of who could be a persona...”*

Concerning research methodologies, in general, initiative leads are not comfortable and experienced with it. For this reason the research process results frustrating at the beginning but highly rewarding for the richness of contents and relationships that initiative leads can build while interacting with different stakeholders.

A problem linked to research mentioned by initiatives is the fact that project leads might be intrinsically biased because of their primary concern to continue working for the project, trying to avoid it from being stopped. This conflict of interest might diminish validity in research.

Conclusions from the research on how VB experience PACE

The findings highlight the importance of the early stages of PACE as a crucial moment for team alignment, network building and knowledge intake. On top of conducting research for their project, in fact, initiatives need to get acquainted with the methods and the requirements of PACE, a process that might be perceived as overwhelming. For this reason, enablers in Wholesale Banking Innovation Lab should facilitate as much as possible the understanding of PACE and its requirements for initiatives and provide ad hoc tools and methodologies that take into account the complexity of the Wholesale Banking scenario. Enablers in PACE should also focus on facilitating communication among different stakeholders, teams and departments, to support the building of a healthy network of connections for initiatives.

Lastly, the findings show the importance of designers practitioners as key enablers in the Innovation Lab that can support research by the implementation of a diverse set of tools and techniques that can be adapted and tailored to each project. In fact, especially in the early stage of development, when a solution has not taken shape yet, it is important to understand how to involve stakeholders and understand the context in which the solution will operate.

General conclusions from the documents analysis activity

The analysis of the research previously conducted in WBI Labs provides a clear overview of the different approaches to innovation at ING being: 1. support internal ING employees in short-term assignment in WB Innovation Labs; 2. hire

external entrepreneurs to explore new challenges in innovation. These two approaches should allow an even distribution of innovation perspectives in the Labs. The first one based on internal challenges experienced by ING employees that have domain knowledge of the problem area (usually H1, H2 projects); the second one, an external perspective brought by entrepreneurs with connections to the external fintech ecosystem (usually H2, H3 projects).

The above discussed research activity provides an answer to the research questions drafted from the literature review. In fact, when it comes to the first question (RQ1 Which are the most challenging stages in the innovation process for initiatives and why?) research shows how the early stages of PACE process (Ideation, discovery, Problem fit) are perceived as most challenging because of three main reasons (see figure 3.4):

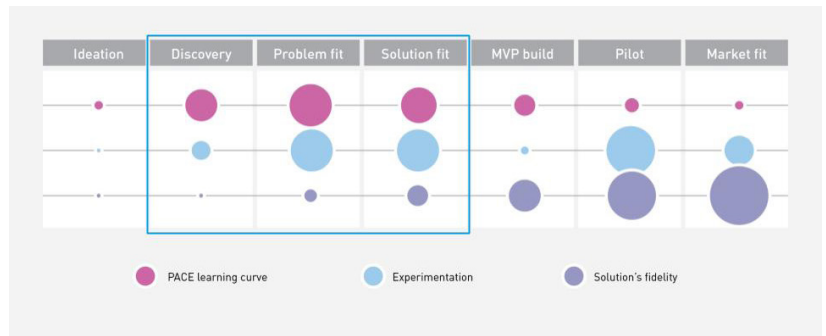
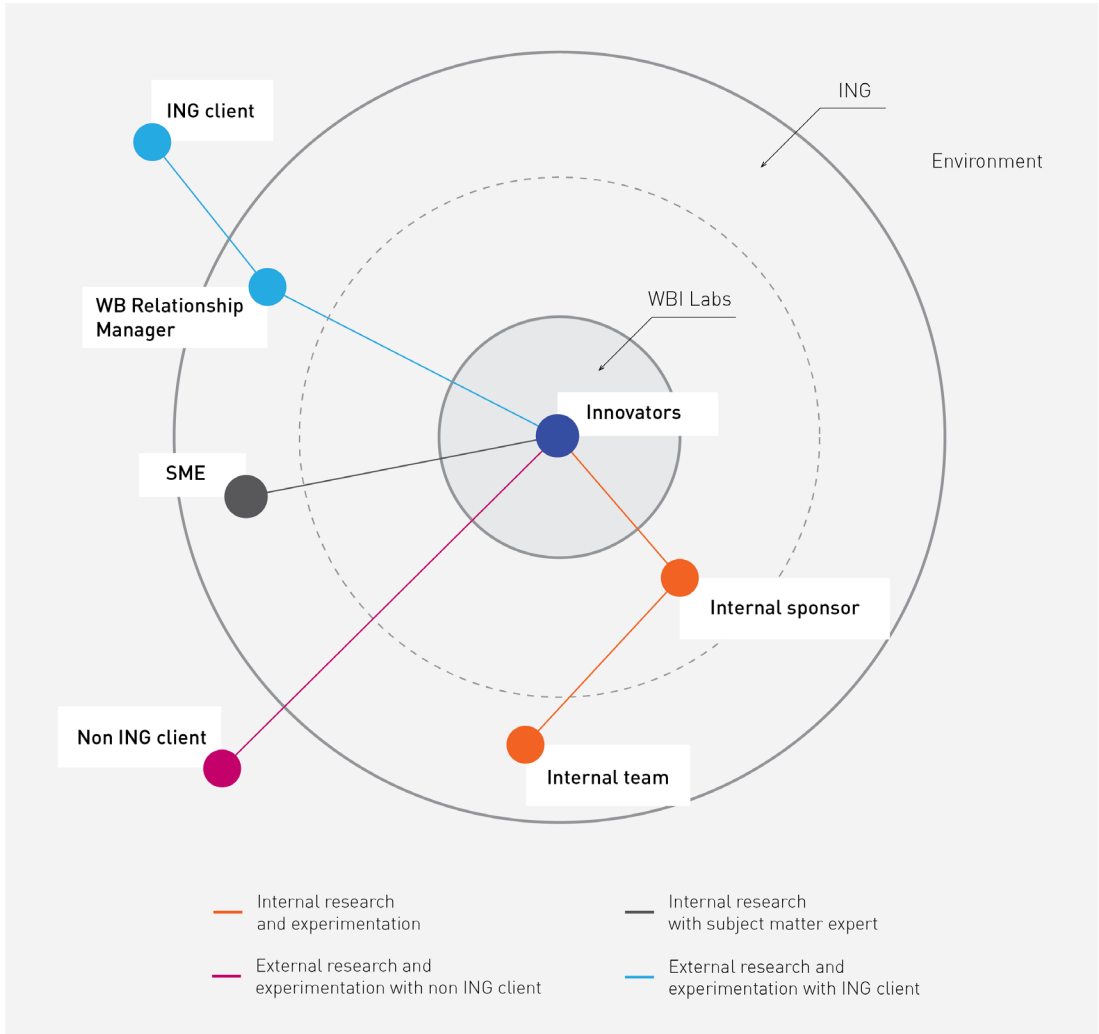


Fig. 3.9 - PACE phases with factors contributing to the creation of challenges for Venture Builders..

- ▶ The understanding of PACE requirements and deliverables;
- ▶ The difficulties in applying research methodologies (e.g. customer interviews, experimentation);
- ▶ The difficulties in getting meetings with customers and stakeholders without a clear solution;

The second question (RQ2 Who are the main stakeholders involved in the early stage of NSD at ING and how are they involved?) finds also an answer. In fact, The research provides an overview of the most important stakeholders in NSD at ING (see Figure 3.10).



The stakeholders are the internal sponsor (usually an upper level manager of one of the internal business units for which the project is relevant), ING internal business units (the existing teams and systems that are relevant for the innovation project), internal and external subject matter experts (SME), Relationship Managers (key contact for corporate clients), ING clients and non ING clients. This multitude of stakeholders involved in a project contributes to complexity of NSD in Wholesale Banking. This is in line with the literature review describing the NSD process in B2B as a complex procedure due to the large number of decision makers involved.

In particular, the interaction with the Relationship Manager (key contact with

Fig. 3.10 Stakeholder map showing most important interactions among stakeholders and initiatives as found from research in the case study

ING corporate clients) results most challenging for initiatives which describe Relationship Managers as too protective about clients, preventing initiatives to meet relevant customers for co-creation. For this reason, customer involvement at ING is ultimately a challenge in the NSD process.

Research questions	Evidence from research in the case study
RQ1. Which are the most challenging stages in the innovation process for initiatives and why?	The early stages of the PACE process (Ideation, discovery, Problem fit) are perceived as most challenging because of the need to understand the PACE process and its deliverables, the difficulties of initiatives of applying research methodologies (e.g. customer interviews, experimentation), the difficulties in getting meetings with customers and stakeholders without a clear solution.
RQ2. Who are the main stakeholders involved in the early stage of NSD at ING?	Main stakeholders are the internal sponsor, ING internal business units, internal and external subject matter experts, relationship managers, ING clients and non ING clients. Customer involvement appears to be challenging because of the protective role of the Relationship Manager.

Fig. 3.11 Answers to the initial research questions with evidence from the study

3.3.2 INTERVIEWS WITH EXPERTS IN WB

Goal of the interviews

As highlighted in the previous research activity, there is a lack of collaboration and involvement of front office colleagues in innovation at ING.

The goal of the following research is to get a better understanding of the interaction between innovators in WBI Labs and Relationship Managers in the front office of the Bank. This interaction is crucial for initiatives to access current ING clients and involve them in the NSD process.

From the above mention goal of this activity I drafted the following research questions:

RQ3. What is the profile of a wholesale banking front office practitioner?

RQ4. What is the profile of an Innovator in WB Innovation Lab?

RQ5. What are the underlying issues in the interaction between ING WBI and front office?

Approach to the research

To cover the whole spectrum of the phenomenon in scope I planned to interview different experts in ING based on how close they were either with the context of front office activities or innovation initiatives. The sample of participants included two experienced front office practitioners with few or no experience in innovation practices (respectively a Transaction Service Sale employee and a ex Relationship Manager); four experts working in different roles in innovation but with contacts and experience with WB front office; and three designers working with innovation initiatives in the WBI Labs and few experience with front office.

The overview of the experts interviewed and the topic discussed can be seen in table 3.11.

Category	Code	Interviewee	Topic
Experience with front office	E1	Transaction Services Sale	Understanding front office
	E2	Business manager ex RM	Understanding front office
Experience with front office and innovation	E3	Lead Ideation	Interaction with front office
	E4	Initiative Lead ex RM	Interaction with front office
	E5	Innovation consultant	Interaction with front office
	E6	Lead Innovation consultant	Interaction with front office
Experienced in innovation and design	E7	Lead Service Design	Understanding innovators
	E8	Service Designer (I)	Understanding innovators
	E9	UX Lead	Understanding innovators

Table 3.11. Overview of interviewees and topic discussed during the interview

A visualization of the different actors interviewed better describes their relation with the context of study as can be seen in figure 3.12.

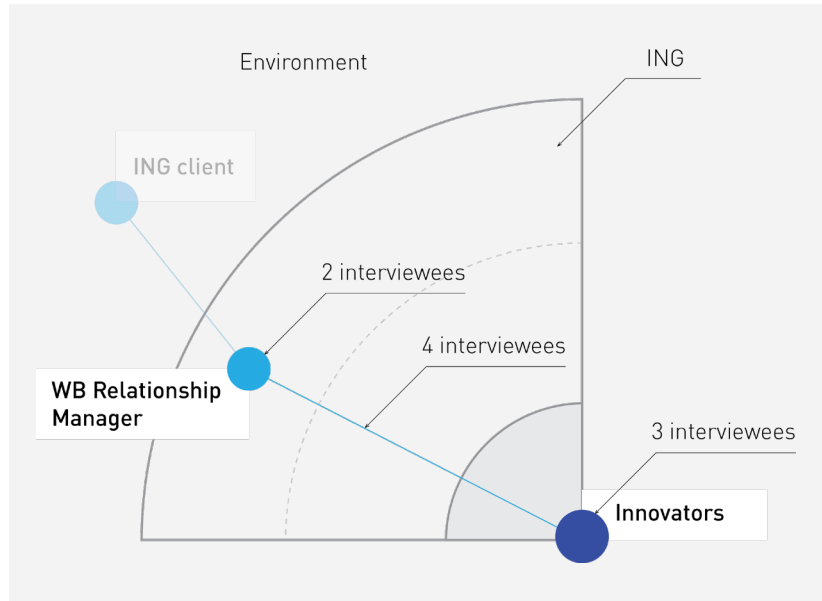


Fig. 3.12 - Detail of the interviewed actors according to where they stand in the stakeholder map.

The interviews were conducted in 1 on 1 setting through video calls. Specific canvases were designed on MIRO to moderate the interviews (see Fig. 3.13). The canvas consisted of artboards with 3 different modules to structure the generative activity. Each module corresponded to a persona profile and was comprehensive of a section for characteristics, main responsibilities and frustrations. The canvas functioned as a support tool to structure the interview with the goal of mapping out different profiles within the target of the study. Participants were asked to fill out the canvases while following the instructions of the interviewer and think out-loud. Besides the activity on the canvas, notes were drafted after each interview and relevant statements were reported on cards using the online software MIRO (<https://miro.com/index/>). The cards were then clustered in themes to make sense of the data in a digital synthesis wall (see fig. 3.14).

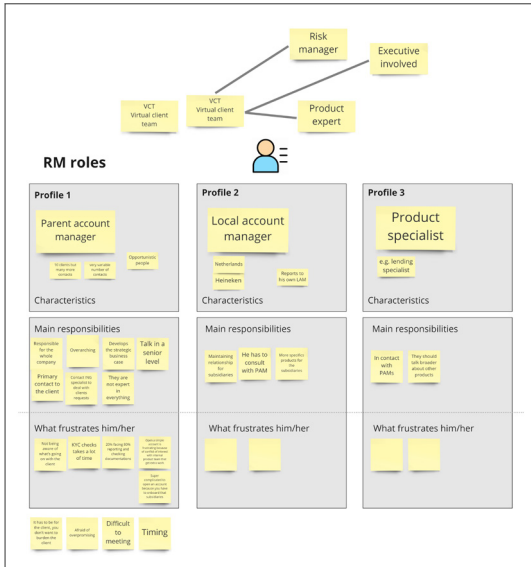
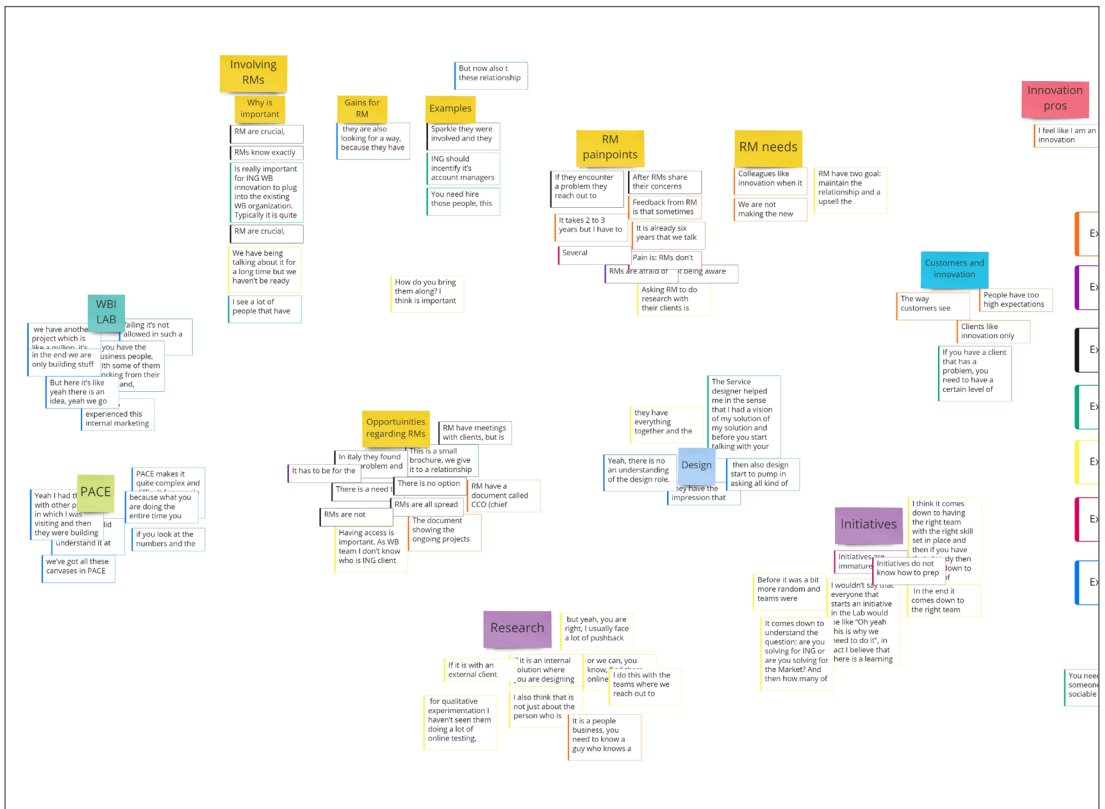


Fig. 3.13 (left) Canvas used to map out Relationship Managers profiles, including main responsibilities and frustrations.

Figure 3.14. (at the bottom) Cluster of insights collected from interviews with experts in the Labs.



Findings from interviews with experts in WB

The analysis of the clustered data provided insights on the role of Relationship Managers (front office) and innovators in the WBI Labs as well as on the quality of their interactions. The clusters of insights that emerged from the synthesis wall are described below.

- **Relationship Managers engagement in innovation** - Regarding front office colleagues, results from the analysis of the data show the importance of involving Relationship Managers in NSD. In fact, RMs are perceived as a crucial resource for innovation because of their general knowledge on the products offered by the Bank in the commercial area, which usually includes quite complicated and technical subjects. In addition, Relationship Managers have connections with clients and understand their business and therefore their needs and frustrations. That is, there is a need to “capture the knowledge of RMs and their thinking process” as suggested by one of the experts interviewed. This is currently a strongly perceived problem in WBI Labs and almost all the interviewees mentioned that. One of them reports:

“We have been talking about it for a long time but we haven’t been ready to do it yet. What are their pains and gains? How can we reduce their pains and increase their gains towards the goal of managing their relations and which angle these research teams take to best address their needs”. Another interviewee mentioned “ING should incentivize its account managers to talk about innovation with the clients, they should be allowed to, they should be targeted, they should be given examples”.

When looking at why Relationship Managers find it difficult to engage with their customers on innovation activities a couple of themes recur in the data. The first one is related to the idea of innovation as something that takes time and that is not useful on the spot. As an interviewee mentioned “It takes 2 to 3 years to build something, but I have to do sales now”. This might also be related to the lack of successful breakthrough innovation initiatives that make tangible the efforts being put in innovation.

The second pain point for RMs found in the data is an overwhelming number of requests coming from innovation initiatives to engage with customers for experimentation. This is sometimes hard to manage for RMs which are already quite busy with other business priorities.

Thirdly the research highlights how a lack of control and understanding on innovation activities might be one of the reasons why RMs are not collaborative in innovation. In fact, not being aware of what the experimentation would look like or what would be the outcome of the overall NSD process can lead to overpromising something to a client which might ultimately negatively affect the relationship. As highlighted with the research, the main goal for a RM is to maintain or upsell the relationship, if that does not happen in a meeting they perceive it as a waste of time. On the other hand they also need to prove that ING is an innovative company. As mentioned by one of the interviewed experts in the lab “Relationship managers are also looking for a way, because they have a lot of data problems, they can not serve the clients quite well, so they actually need to prove that ING is on the forefront of innovation and doing cool stuff”.

In conclusion, according to this research, many are the opportunities when it comes to the engagement between RMs in innovation that could be explored and that could ultimately facilitate a more customer-centered NSD process.

- ▶ **ING’s customer view on innovation** - On the other side, looking at how customers see innovation in WB, not many insights were found with this research but in general it seems that for some sectors the efforts in innovation are not really tangible yet. Innovation is perceived as too difficult because of heavy regulation. More research is needed in order to get insights on how clients perceive innovation at ING.
- ▶ **Initiative’s engagement in experimentation and research** - The research has also highlighted problems regarding the way initiatives engage with relationship managers. According to one of the experts “Initiatives do not know how to prep. Account manager saying: *“we do not want to sell, we want to get a partner to co-create this”* and *“usually Initiatives are immature and don’t know how to handle the expectation of Corporate treasurer”*. Hence, expectation management is a critical capability for initiatives in the early stage of innovation. Moreover, according to one of the coach, the success in experimentation for initiatives is linked to 3 key factors: composition of a balanced team, with a good customer lead that understands the importance of research; the level of maturity of the team, meaning how experienced the team is with NSD; a good coach that makes sure that the process is followed.

Opportunities in this area are relative to the facilitation of the interaction between initiatives and relationship managers when planning the research.

Conclusions from interviews with experts in WB

This research activity has shed light on a widely experienced problem in Wholesale Banking Innovation Lab: the level of engagement in innovation related activities of the current Wholesale Banking organization and, more precisely, with Relationship Managers which are the key contact with ING clients. This provides an answer to the research question 5 (What are the underlying issues in the interaction between ING WBI and front office?).

Firstly, the research shows the need to capture the resources and knowledge of Relationship Managers, even though, at the moment not much is done to facilitate their contribution to innovation.

Secondly, from the RM perspective, innovation is often seen as something that takes too much time, not useful on the spot and not contributing to their primary goal which is to provide a certain amount of growth to the bank.

A third problem perceived by Relationship Managers is the incapacity of keeping track of the discussions between initiatives and clients. This is due to the different ways of working between the two departments. In fact, Relationship Managers do not work in isolation but are surrounded by different experts which represent the product teams of Wholesale Banking. They organize themselves in what are called virtual client teams (VCT) and have current updates on the status of the relationship. Innovation teams however are not part of these virtual teams, therefore for RMs it is challenging to keep track of all the discussions ongoing with clients and different innovation projects and would need to interact with each of the teams separately to have an update. This mismatch in communication creates frustration and a lack of alignment on innovation objectives.

The problems listed above contribute to the creation of perceived distance and barrier between innovation and ING front office which ultimately leads to the view of innovation as something complex and uncontrollable for front office professionals. This is in contrast with what found in literature about the involvement of client facing roles in NSD. In fact research shows how the roles of sales practitioners is key to shape patterns of customer interactions on which both technical and commercial outcomes of the NSD process depend.

As discussed by La Rocca et al. (2016) *“Sales function activities are critical for the outcomes of the NSD process, even though sales have only limited technical competences and organizational authority”*. Their research evidences that *“one of the main conditions for developing new solutions is a fluid pattern of interactions with*

customers across organizational boundaries. Fluidity is required to ensure that the necessary resources and capabilities can be accessed and involved when needed”.

Ultimately, looking at the role of innovation initiatives, the points above discussed present negative consequences for them as well. In fact initiatives do not have an overview of who among the front office might be interested and willing to help with client engagement. Often, even if the engagement with RMs happens, they don’t have the maturity to sensitize and involve them in the NSD process setting the basis for co creation. This might be linked to the entrepreneurial mindset of Venture Builders who tend to “sell” their solution in an early stage of development and are not prepared to deal with an extensive user research phase that involves customers in a co-creation mode. Most of the time this creates expectations on the customer side that are hard to manage from Relationship Managers who find themselves somehow responsible if the initiatives are not able to meet them. The key insights from the research defining the key problems in the interaction between front office and innovation teams can be seen in table 3.15.

Actors	Insights
WBI	Within WBI there is a need to capture the resources and knowledge of Relationship Managers.
RM	Innovation is often seen as something that takes too much time, cryptic and not useful on the spot.
RM	Differences in the way of working make it challenging for Relationship Managers to keep track of the discussions ongoing with clients after having introduced innovation teams.
RM	Literature shows how a key element in the early stage of NSD is the creation of a fluid pattern of interactions with customers across organizational boundaries.
Initiatives	Initiatives often do not have the maturity to sensitize the RM and the clients in a collaboration mood. Instead, they tend to pitch their idea creating expectations that are hard to manage.

Table 3.15. Takeaways from interviews with experts

The interview results show a clear opportunity area to improve the NSD process at ING. Facilitating the interaction between stakeholders during the fuzzy front-end of innovation to support customer engagement is a key success factor in NSD and it will be the objective for a design intervention to be tested in this project. The next phase will involve the enablers team of Wholesale Banking Innovation in a generative activity to define possible directions when it comes to involving Relationship Managers in innovation.

3.3.3 FOCUS AREAS DEFINED AFTER DISCOVERY PHASE

Overall, a main area of focus emerges: the challenge of involving customers for research activities in the early stage of NSD due to the protective behaviour of Relationship Managers. This behaviour is mainly driven by the lack of understanding and the intrinsic differences in the way of working between innovation and front office.

As shown in literature, sales practitioners have a key role in the new service development process because of their natural connection with the customer. In this thesis I argue that eliminating this barrier and empowering Relationship Managers to collaborate in Innovation will generate an opportunity for successful service development.

Therefore this would be the focus of the next research activity (DEFINE), which is aimed at identifying the qualities of the current negative interaction between initiatives and front office and support inspiration for the ideation phase.

3.4 Defining possible opportunities for a customer-centric NSD process

3.4.1 GENERATIVE SESSION: ENVISIONING COLLABORATION WITH ING FRONT OFFICE

With the research conducted up to this point, I have explored a problem area within the context of the Wholesale Banking Innovation Lab and I have mapped out the qualities of this problem through interviews with experts. In fact, the research has pinpointed the current interaction with the ING front office, and in particular, with relationship managers, as a challenge for customer involvement in NSD. Unlocking this interaction might greatly improve collaboration and therefore, speed up the NSD process bringing a more customer-centered approach to innovation in ING Wholesale Banking.

In this paragraph I will present a research activity aimed on one hand at increasing the level of validity of the research previously conducted, and on the other, at finding new directions involving the WB Innovation team in a generative setting.

Goal of the generative session

As briefly mentioned above, the goal of this research activity is to on the one hand, understand whether the findings from the research presented so far are also part

of the experience of the WBI team and, on the other hand, speculate together with the team on new possible scenarios that see ING's innovation initiatives, relationship managers and clients collaborating in NSD processes. Involving the enablers team of ING WB Innovation in this activity was not a less important goal, in fact I wanted the team to collectively reflect on the topic and express needs, frustrations and ideas on how the problem could be tackled in the future. Therefore the research questions for this activity were the following:

RQ6 Do the team members of WBI experience the challenges evidenced in the interaction between relationship managers and Innovation?

RQ7 What are the qualities of the interaction currently occurring within Innovation and the front office?

RQ8 What is the desired outcome of this interaction?

Research approach for the generative session

Because of the focus on the quality of the interactions and the challenges that participants might face in expressing their opinion on the topic, I decided to use a generative approach to the research. I designed a session inspired by Context Mapping methodologies which, through the use of creativity and visualization, let participants best express their experiences, desires and latent needs (Visser, et al., 2005).

The session was planned as an online workshop on MIRO, where a series of canvases were prepared beforehand for each participant to express their experience through visual representations as shown in figure 3.16.

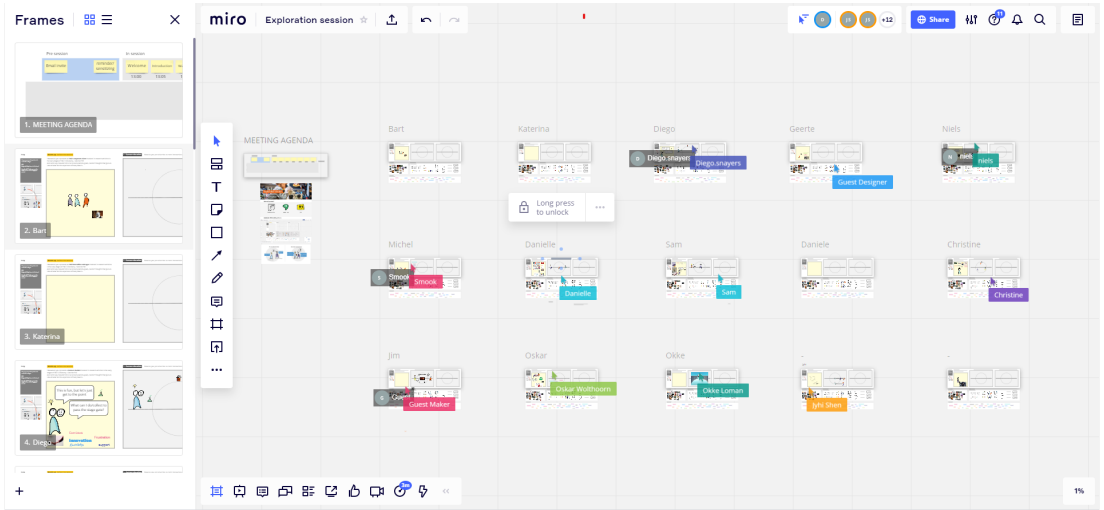


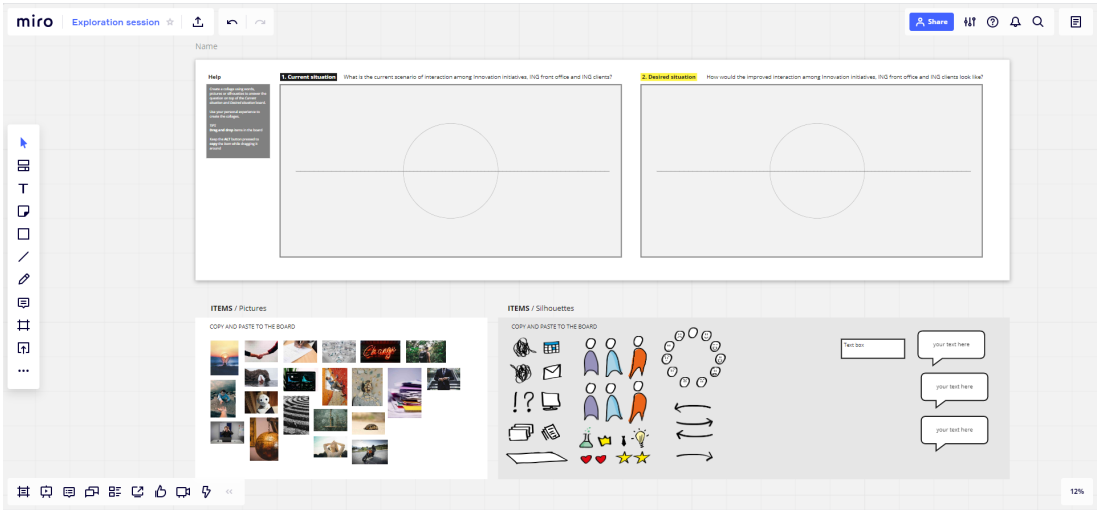
Fig. 3.16 - MIRO board with participants filling in the canvas during the generative session.

Each canvas was composed by three main sections reflecting the main activities of the session. The first section included an area for a sensitizing activity to be then used as a warm-up during the session. The second section consisted of an area to represent the as-is interaction and a last section with an area to represent the to-be interaction.

Assets with shapes, pictures, silhouettes and words were provided to participants at the bottom of each canvas to be copied and pasted for the creation of the collage and for inspiration. Participants were also asked to be creative and look for other assets online if needed to best express their concepts. To let participants understand and get acquainted with the exercises, they were asked to conduct a small activity in preparation for the session. Each of them was asked in advance to access the MIRO board and conduct the first exercise: Represent one of the key actors of the interaction (ING Relationship Manager, Innovator and ING corporate client). This can be seen on the yellow rectangle in figure 3.17 which shows the canvas composition.

The sensitizing activity was then used as a warm-up in which participants were asked to present their character together with the main pains and frustrations. This was functional to the main exercise: representing the current and envisioned interaction among the different actors previously introduced by the group itself (grey artboards in the canvas).

The plan of the session with the activities and the goal for each activity can be seen in the figure 3.18.



The session was audio recorded and notes were taken at the end of the session for data analysis. The process of data analysis consisted of the study of the collages created by participants together with their description of the collage to get a more contextual understanding of their experiences and ideas.

Fig. 3.17 Composition of the canvas with the assets provided for the generative session

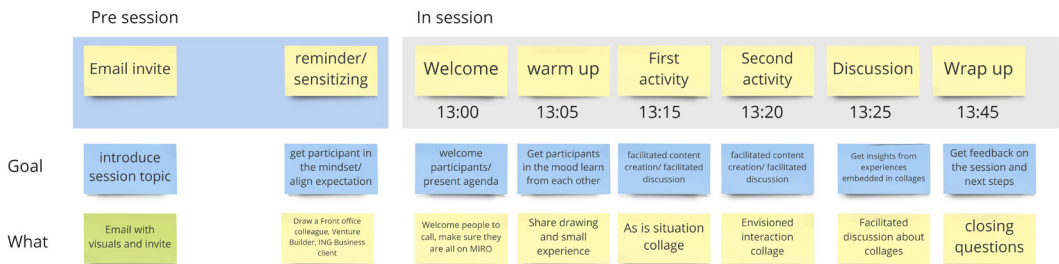


Fig. 3.18 Planning of the generative session

Findings from the generative session

The generative activity was quite insightful and served as a stimulus for an in depth discussion on the topic among the participants. In the following chapter are reported the main findings from this research activity.

Overall, when it comes to the view on the current interaction between front office and innovation, participants tend to agree that there is an important problem that is blocking smooth customer involvement. Innovation is perceived by front office colleagues as something undefined that often lies in between the current customer relationship. One of the participants mentioned:

“There is a relationship between RM and clients but us as innovation where we often are, we are somewhere in the middle, it feels a bit undefined. We need to talk to our clients, yes, but I think we can also learn a lot from RM and from the existing relationship which is there.”

Similarly another participant said:

“The client is king, they have a lot of things to worry about.. then you have the Relationship Manager who brings insights, knowledge, explores ways to help this person. The client would really like protection, trust. In this context, the venture builder is disrupting that balance because what the client is worried about is not a product or a service, it's the overall picture and a bank is, however strange it seems, emotionless. So they do not want to be bothered by that, they want one single person to speak with.”

Another shared problem is the level of accessibility of the clients by initiatives. As one of the participants of the session puts it:

“An entrepreneur can go directly to the customer which often goes quite ok if they have directly the relationship, where I feel are the biggest challenges is when you go via the RM often they protect, they are a bit scared to open up their client to us and ultimately form a barrier for our initiatives.”

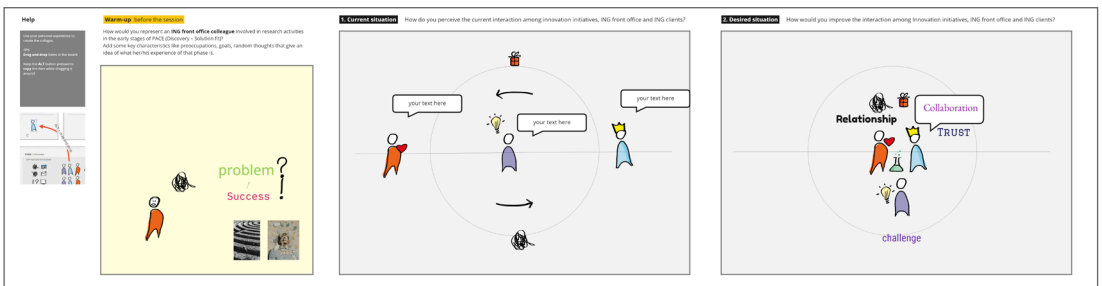
Another one quite clearly described another aspect of the problem: the lack of understanding of the client relationship from innovation initiatives:

“Relationship management it's about the relationship, it's not about pushing products, it's not about doing one thing. That is often what people forget when

they want to speak with clients that it's all about going into the skin of their client and understand their business and understand which products they might need to make that successful. Rather than trying giving them as much products as possible. Often if they want to do a M&A, an investment, if they want to do supply chain there might a combination of products that makes their finances thick, and it's not about an individual product or service or anything else. So often the RM will say "Hold on a minute, you have a great product but not for this client because of this and this and this reason. But usually what initiatives do is that they don't have this in mind."

Looking at ways to overcome these barriers, participants mentioned the importance of a close collaboration between the actors involved (fig 3.19):

"We should close the actual distance. I think innovation is an enabler and a supporter to actually strengthen the relationship with our clients and to deliver those services and products that actually matter to them that contributes to the challenges that they are actually facing. You collaborate in such a way that of course it's not always beautiful but also messy and if you have sufficient trust it's something that you can overcome."



Moreover, another participant mentioned that lack of mutual understanding both from Relationship Managers and initiatives:

"I focused on the interaction between VB and RM and I actually added the word 'understanding' which in my perspective is one of the underlying issues in the relationship. I think that the RM do not understand the way we work, and we do not empathize with them. So, it's about building trust between each other and if that happens the barrier which is created with the relationship manager will be less."

Fig. 3.19 Filled canvas with the as-is and to-be scenario composed by one of the participants of the session.

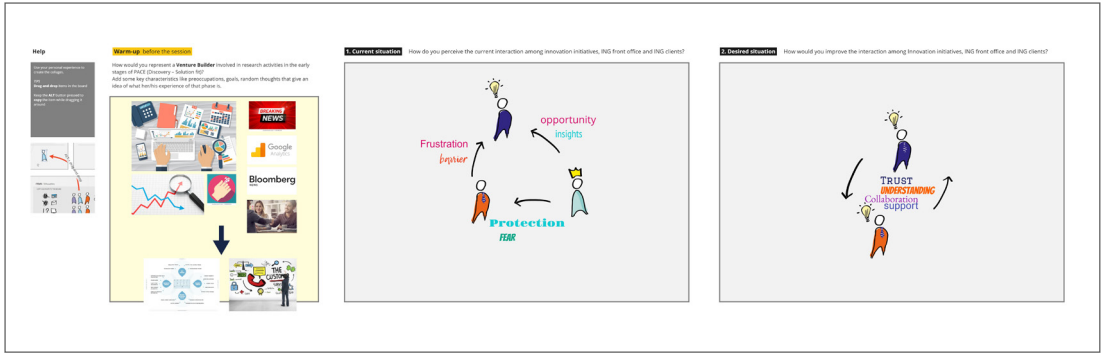


Fig. 3.20 As-is and to-be situation reported by one of the participants of the session

Another suggestion for an improved process is the following:

“In the envisioned situation the venture builder uses the RM talent to see if it helps with a client. Our RM probably knows more about our clients than we would ever like to admit... The RM and the VB need to team up and the initiative should use or ask for help to a RM to speak to a client on their behalf rather. If the initiative does not know how to speak to a client and what the client business is about they would never get good research.”

To which another participant added:

*“I agree with ****, context is king. Imagine a Venture builder and a Relationship Manager combined to form a super power!”*

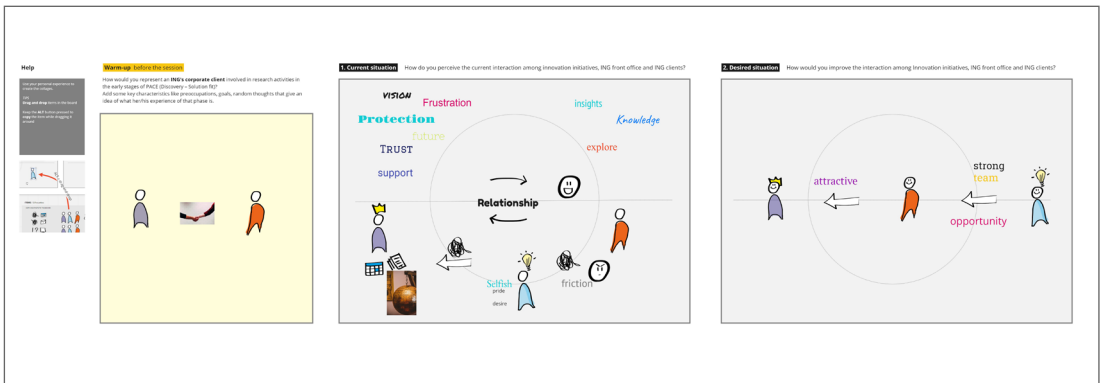


Figure 3.21. As-is and to-be interaction filled by one of the participants of the session.

In conclusion, participants have all expressed the need of creating a strong bond between venture builders and Relationship Managers empowering RMs to enter the innovation discussion.

Generative session - Conclusions

The generative research activity pointed out a few shared concerns by the WBI Innovation team and the creative setting of the session allowed an open discussion about the problems currently faced within the innovation Labs.

The creation of a safe space for expression was quite important for the outcome of the session because of the focus on the qualities, emotions and fears of the interaction between RM, VB and clients.

All participants mentioned a gap between the role of RM and Innovation initiatives and described the problem as a lack of mutual understanding, which leads to the absence of trust, fear and ultimately generates a barrier between the two. The findings are therefore in line with the insights of the research previously conducted which highlighted critical problems in the different ways of working between innovation and front office. Therefore the research question **RQ6** (Do the team members of WBI experience the challenges evidenced in the interaction between relationship managers and Innovation?) finds a positive answer.

Looking at the way the current interaction is qualified by the WBI team (**RQ7** What are the qualities of the interaction currently occurring within Innovation and front office?), from the artboards and from the recordings of the session we can report the following qualities:

- ▶ Messy
- ▶ Disrupting the client relationship
- ▶ Chaotic
- ▶ Generating fear and frustration
- ▶ Creating a barrier
- ▶ Broken

The above listed qualities show how the current interaction is negatively experienced by the team. This shows that there is a large margin for improvement in the context of the current interaction and reflects the importance of the focus of this project.

During the generative session the team highlighted ways to improve the interaction between RM, VB and clients. The session was tailored at envisioning a desired situation, and not tangible solutions. I wanted to stress the importance of the outcomes of a possible solution rather than focusing on concrete

interventions. For this reason, the team depicted an improved vision of the interaction where RM and Innovation teams collaborate to the common goal of solving a client problem taking into account the client experience and contextual information.

Making a parallelism with the literature, the results show the importance to introduce a contextual understanding of client’s experience which is linked with the concept of “service-dominant logic” and the idea of value co-creation.

The new interaction should be driven by mutual understanding, sharing of knowledge and collaboration with the ultimate goal of building trust between RM and Innovation teams. The above discussed concept answers the **RQ8** (What is the desired outcome of this interaction?). The complete list of filled canvas can be found in Appendix A.

The main insights of this activity are reported in the table below.

<p>RQ 6 Do the team members of WBI experience the challenges evidenced in the interaction between relationship managers and Innovation?</p>	<p>All the participants mentioned the presence of a barrier in the current interaction between innovation and front office.</p>
<p>RQ7 What are the qualities of the interaction currently occurring within Innovation and the front office?</p>	<p>The current interaction between innovation and ING front office is described as:</p> <ul style="list-style-type: none"> - Messy - Disrupting the client relationship - Chaotic - Generating fear and frustration - Creating a barrier - Broken
<p>RQ8 What is the desired outcome of this interaction?</p>	<p>The improved vision of the interaction sees the RMs and Innovation teams collaborate to the common goal of solving a client problem taking into account the client experience and contextual information.</p>

Table 3.22 Takeaways from generative session

The research activity described in this chapter was a way to explore the experience and the desires of the WBI team on a subject that was hard to conceptualize with words. The approach of the session was beneficial to the creation of a safe space for discussion as also mentioned by participants at the end of the session. The design of the activity, however, did not allow all the participants to express their ideas. The number of participants was too high in contrast to the time planned for it. Longer time in the plan would allow for a more

involving discussion and a more in depth analysis of the experiences. The assignment and the design of the canvas was functional to the goal of the session letting the team members reflect on a deeper level about the problems experienced in the targeted interaction. The activity was positively commented by the participants who appreciated the discussion facilitated by visual triggers.

3.4.2 EXPLORATORY SURVEY: FRONT OFFICE EXPERIENCE OF INNOVATION ACTIVITIES

The research introduced in the previous chapters was mainly focused on problems related to innovation activities and the customer involvement process from an innovation perspective. With the following activity I wanted to get a deeper understanding of the pain points and the positive aspects of innovation as perceived by front office practitioners to define opportunities for the design of a concept aimed at solving the problem that would take into account the different perspectives of the stakeholders involved.

Goal of the exploratory survey

The exploratory survey consisted of a series of questions aiming at assessing the level of engagement and understanding of the innovation process by front office colleagues (Relationship Managers and Sales). A secondary goal of the research was to sensitize a group of Relationship Managers on the topic to get interested participants for a collaboration in a second stage of the project.

The research questions that guided the design of the survey were:

RQ9 What is the level of awareness and understanding of innovation activities by FO?

RQ10 What is the experience of the involvement with innovation activities by FO?

RQ11 According to FO, how do clients experience involvement with innovation activities?

RQ12 What are the needs of FO when it comes to the engagement in innovation activities?

Research approach for the exploratory survey

For the survey was chosen a voluntary sample of front office professionals and for this reason the link to the survey was shared using different communication channels internal to the company (Innovation newsletter, intranet page, internal social platform, but also recurring meetings with groups of Relationship Managers).

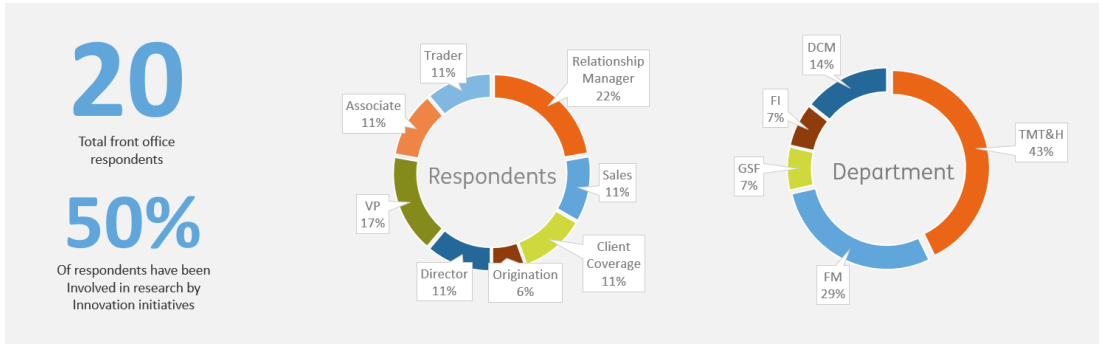
The structure of the survey consisted of a mix of open ended end multiple choices questions. The survey was divided in the following sections:

- ▶ Level of engagement in innovation
- ▶ Awareness of innovation activities
- ▶ Relationship Managers' perception of innovation activities
- ▶ Client's perception of innovation activities
- ▶ Details on personal experiences
- ▶ Suggestions for a better collaboration

A detailed description with the sections and the questions asked in the survey can be seen in Appendix B.

Findings from the exploratory survey

The survey reported 20 respondents from client facing roles from 5 different departments as shown in picture 3.23.



Looking at the level of awareness of innovation activities, the respondents reported an unclear understanding of Wholesale Banking innovation strategy, a lack of the overview on ongoing innovation projects and unclarity about where to find information about the projects. Moreover, data show a lack of understanding of the challenges faced by the initiatives in innovation.

Fig. 3.23 Overview of the respondents of the survey

Interesting data come from the section about the perception of innovation activities. In fact, generally customer involvement in innovation is perceived as an opportunity and is grounded on the idea of collaboration. They are also perceived as a way to learn more about clients. On the other hand, innovation is hardly associated with growth or success, but rather with challenge and frustration. Front office colleagues report that they do not have the level of commitment on certain innovation projects, which creates a lack of trust. For Relationship Managers, the innovation process is not smooth and it is not always easy to find the balance between risk and rewards for clients.

Front office colleagues also experience a lack of knowledge about the business and its clients within the innovation labs which becomes a barrier for a smooth collaboration.

Among the challenges experienced by FO there is the understanding of the way of working of initiatives in the innovation labs and the problem of managing the expectations of clients regarding innovation related activities.

The reported experience of the clients is quite positive. Respondents report that clients are usually willing to talk about their frustrations and pain points and are

open to explore new opportunities with the Bank.

Customer research activities conducted by initiatives are perceived as an opportunity to know more about clients and are linked to a positive effect on the client relationships.

In general clients tend to look for short term solutions due to the immaturity in the innovation landscape. Overall ING has a good reputation as an innovative bank in retail but for business clients this appears less obvious because of the difficulty to show how they can concretely benefit from the innovation process.

When it comes to suggestions for a better collaboration with FO, participants shared the need for a cross pollination of knowledge (more sectors knowledge in the labs and more focus on innovation for the front office (e.g. innovation KPIs). Another suggestion is to have more attention on the internal inefficiencies with an eye on the client's problems, gathering data in a single pool for ideation. Another point is to have a clear overview of the current innovation projects with the contacts of the people involved and more clarity on the level of commitment of the different projects to better manage client's expectations.

Conclusions from the exploratory survey

The exploratory survey served as a platform for front office colleagues to share their concerns and needs relative to innovation practices and resulted in a good method to gather insights in their experience. Many of the respondents voluntarily shared their contact to further be involved in the research, showing the interest in the explored subject.

Answering the **RQ9** (What is the level of awareness and understanding of innovation activities by FO?) The data reported that the level of awareness of innovation practices is quite low between front office professionals and that there is a need for a better and more structured involvement in the innovation discussion. This means that more information about current projects and possibilities with innovation should be shared through relevant channels for FO colleagues.

Looking at the research question **RQ10** (What is the experience of the involvement with innovation activities by FO?) the qualities described by FO colleagues lean towards the positive side. In fact innovation is perceived as an opportunity to collaborate and learn more about their business. The negative note is the missed link with the idea of growth or success that innovation practices carry. The value of innovation still needs to be proved to colleagues in the Bank that at the moment

do not have a lot of success cases.

RQ11 (According to FO, how do clients experience involvement with innovation activities?) aimed explore the client’s perspective. The data show that from the client’s point of view, ING is perceived as an innovative Bank, but clients struggle to understand the direct impact of innovation on their current situation. This might be linked to the actual barrier existing between innovation and front office. In fact, clients’ involvement in innovation activities is currently a challenge for innovation initiatives, therefore it is hard to prove client’s the effect of a successful collaboration.

Moreover, the absence of a structured engagement process in innovation creates problems of communication and expectation management.

To answer the **RQ12** (What are the needs of FO when it comes to the engagement in innovation activities?) we can look at the provided suggestions for a better collaboration between innovation and FO. Participants shared the need for a cross pollination of the two areas (knowledge about the market and its customers and understanding of the innovation practices). This is in line with preview insights gathered with the research in the context which described a need for more collaboration between front office and innovation teams. The collaboration would benefit also from a more structured innovation engagement process with more updates and understanding of the current focus of the different innovation projects, meaning a new way of working.

The key takeaways from the research are exposed in table 3.24 and a more detailed report can be found in appendix B.

RQ9 What is the level of awareness and understanding of innovation activities by FO?	The level of awareness of innovation practices is quite low among front office professionals. There is a need for a better and more structured involvement of these practitioners in the innovation discussion.
RQ10 What is the experience of the involvement with innovation activities by FO?	Innovation is perceived as an opportunity to collaborate and learn more about the client’s business.
RQ11 According to FO, how do clients experience involvement with innovation activities?	ING is perceived as an innovative Bank, but clients struggle to understand the direct impact of innovation on their current situation.
RQ12 What are the needs of FO when it comes to the engagement in innovation activities?	Front office feel the need for a cross pollination of the two areas (knowledge about the market and its customers and understanding of the innovation practices).

Table 3.24 Takeaways from exploratory survey

The above presented research was designed with the goal to gather insights on the current experience of front office professionals on the topic of customer involvement during the new service development process. The second, but not less important goal of the research was to sensitize and get contacts from interested participants that would make sense to involve in the following phases of the project.

The insights of the exploratory survey provided a detailed understanding of what are the problems faced by front office colleagues in the context of early stage customer involvement, and at the same time serve as inspiration for the ideation of a solution aimed at solving the problems.

In total, 12 participants provided their contacts to be further involved in the exploration. This gave me the chance to involve some of them in ideation and testing later on in the project.

3.5 General findings from research activities

The qualitative divergent and convergent approach to the research in this phase of the project has provided insightful findings to understand the challenges to a customer-centric new service development process in B2B settings. The general findings from the research are presented below.

Research with ING corporate clients is a challenge for venture builders that do not have good network connections within ING front office.

This is obviously an important challenge since it prevents initiatives to speed up their research phase, involving relevant stakeholders (e.g. customers) in their development process. Research shows that there is currently a barrier between the Labs and the ING corporate client's base.

The lack of understanding of new service development processes by front office colleagues creates a barrier for customer involvement.

This lack of understanding is considered the main reason why front office colleagues have a protective approach towards their clients. Innovation practices are still perceived from front office colleagues as a timely process that does not bring any immediate benefit to their clients. However, they express the potential of these practices as a way to better understand clients' businesses.

The lack of understanding of the status of the relationship by venture builders frustrates Relationship Managers that tend to prevent the engagement with clients.

This is reported as one of the problems occurring in the current interaction between initiatives and front office colleagues. Venture builders that do not have an overview of which clients to engage based on previous discussions and on the context of the current relationship, therefore the engagement process usually ends up being unsuccessful.

Front office colleagues focus on an outside-in approach (selling to clients), while innovation practices request an inside-out approach (understanding, learning, collaborating).

The dichotomy presented here becomes a challenge when, in the early stage of development, solutions are not of a high quality. Relationship Managers in this case do not feel comfortable presenting those solutions and do not understand the end goal which is the use of those early stage solutions as means to learn more about what customers really value.

The process for customer involvement in innovation research and development is not structured, left to the way of working of different innovation teams.

Relationship Managers are not trained to manage the discussions ongoing alongside innovation initiatives and clients in the early stages of development. They lament the lack of an overarching role that coordinates clients involvement with innovation activities. For this reason the process is perceived as messy, disrupting the client relationship, chaotic, generating fear and frustration, creating a barrier and broken.

Structuring communications between involved stakeholders is important in this process as front office teams work in a structured way.

3.6 Problem definition and design goal

3.6.1 PROBLEM DEFINITION

The research in the context resulted in a fundamental process to understand the details of the customer involvement practices happening within the innovation Labs of ING Wholesale Banking. Thanks to the multitude of methodologies adopted in the study I was able to explore and map out the problem and define an area to focus upon. In this chapter I will present the problem definition as analysed from all the insights of the research keeping in mind the literature review presented in chapter 2.

Findings vs Critical Success Factors retrieved from literature review

Earlier in this thesis I introduced the critical success factors (CSF) for NSD in the context of financial institutions retrieved by a comparison between the work of Edwardsson and colleagues in 2007 (Success factors in new service development and value creation through services) and the work of Kuester and colleagues in 2013 (Sectoral heterogeneity in new service development: An exploratory study of service types and success factors). The resulting CSFs are the following:

CSF1	Developing a customer centric and innovation culture within the company, involving customers in the development process.
CSF2	Develop a deep understanding of customers and what creates value for them.
CSF3	Focus on the whole integrated customer solution and total customer experience.
CSF4	Support internal cooperation and top management support.

Table 3.25 The 5 critical success factors for NSD in banking and financial service firms.

Taking the CSFs as a basis I will here report how the case study of ING WB Innovation labs matches with the presented CSFs. The research question for this activity will be:

RQ Are the right factors in place to guarantee a successful New Service Development process within the WB Innovation Labs of ING?

The activity will serve as evidence to define the Design Goal for the development of a solution aiming at putting in place the right critical factors for success in the New Service Development process at ING.

CSF 1 Developing a customer centric and innovation culture within the company, involving customers in the development process.

ING is putting a lot of effort in transformation activities, changing the mindset and approach of professionals promoting a customer centric culture. However, the research presented in this thesis has shown how for Venture Builders in the Labs it is challenging to reach out to ING clients and involve them in the development process. Most of the time this happens because of the protective behaviour of Relationship Managers who do not understand the innovation culture and way of working.

Moreover, venture builders often do not present a collaborative or co-creative approach to innovation and tend to pitch their ideas creating expectations which are hard to manage from a relationship perspective.

For this reason I argue that this critical success factor presents some opportunity for improvement in the context of ING WB Innovation Labs.

CSF2 Develop a deep understanding of customers and what creates value for them.

Research shows that within the Innovation Labs at ING there is a lack of research methodologies aimed at understanding what creates value for customers. Venture Builders are not comfortable with conducting user research and need the support of user researchers or service designers. The context of Wholesale Banking adds another level of complexity because of the B2B perspective of some innovation projects.

Therefore, the second factor presents also important space for improvements.

CSF3 Focus on the whole integrated customer solution and total customer experience.

Literature shows how focusing on the customer experience, service quality can be enhanced. Within the context of ING WB Innovation Labs the Service design team is supporting innovation projects in focusing their effort on the end to end customer experience and integrated solution.

However, research conducted within the innovation labs presents an interesting perspective that is the experience of corporate clients with innovation practices carried out by different ING initiatives.

Envisioning innovation as a “service” provided to customers, it is clear how there is currently a lack of focus on the overall experience of the innovation process for customers. Customer engagement is not designed and this creates problems for the stakeholders involved in the process. For example, for Relationship Managers it is quite challenging to understand, follow and ultimately collaborate with internal innovation projects, leading to a discrepancy in clients’ expectations.

CSF4 Support internal cooperation and top management support

Similarly to what already mentioned, the perceived distance between innovation and the business creates a barrier for internal cooperation. Professionals within the Bank and clients are aware that ING is putting a lot of effort in innovation but they do not have a clear view on what is the focus of internal ING projects and what they can do to support them. This ultimately leads to the perception that innovation is not successful or useful.

Reframing the problem

Because of the complexity of the problem and the different stakeholders involved in the problem definition, I decided to use the Service Blueprint as a tool for visualization and analysis of the problem.

Service Blueprint is a tool used in service design to map the interaction happening between different stakeholders in complex systems. In this case the blueprint visualizes the interaction between ING clients, front office and innovation professionals during the end to end customer experience.

The service blueprint crafted with the insights of the research is a powerful tool which presents the problems encountered in the case study providing a contextual understanding of the stakeholders involved, the activities performed at different stages, the emotional response in each step and the interactions between stakeholders, all in one map as it can be seen in figure 3.26.

Highlights of the challenges

ING Business clients

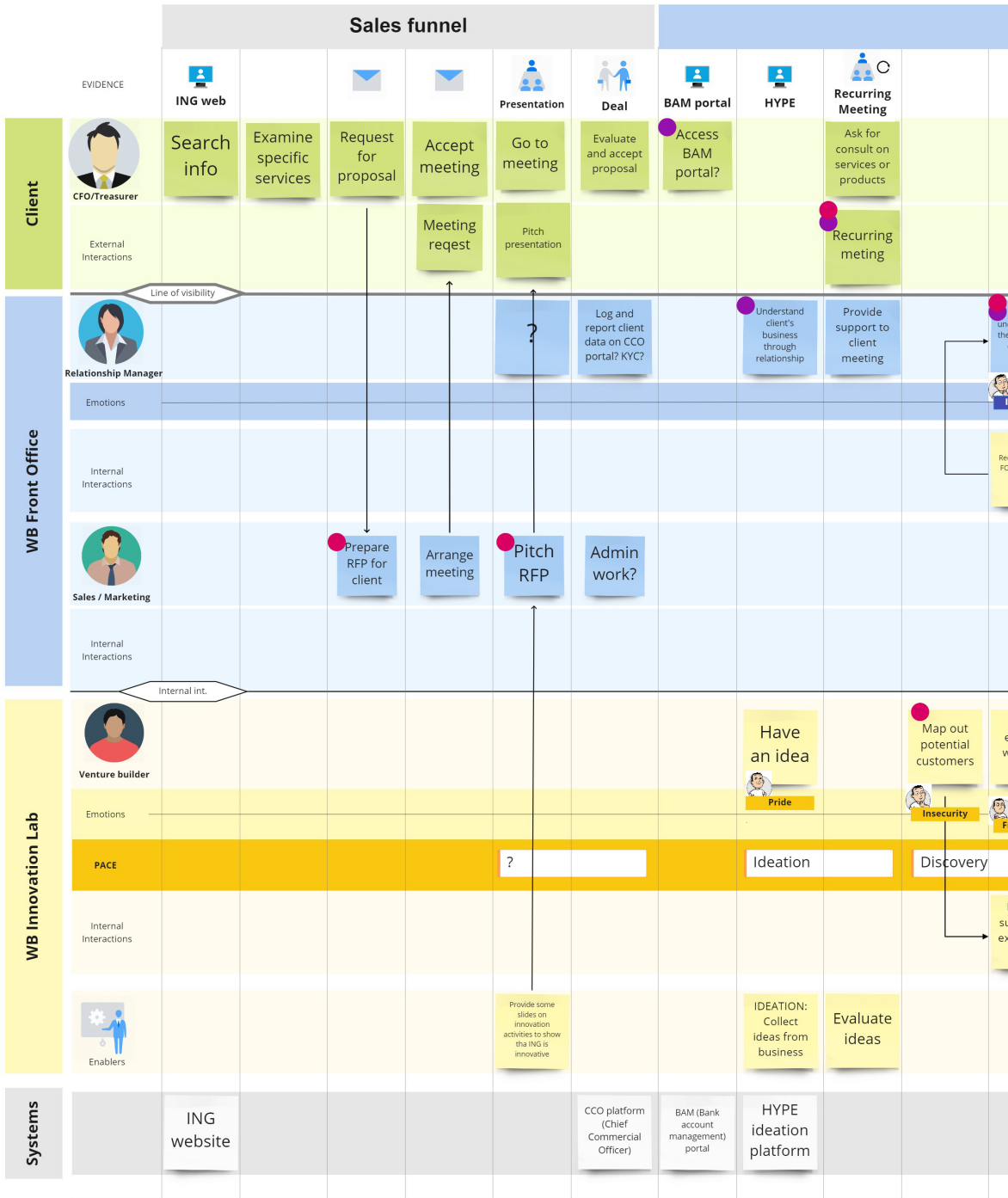
- ▶ ING's clients do not see the benefits of innovation at ING on their current situation.
- ▶ Clients do not have a clear understanding of the end to end process of an innovation project within ING.
- ▶ The absence of a structured client engagement process and problems with internal communication generates frustration for clients and put at risk wider income opportunities with the bank.
- ▶ Most of the time clients are not rewarded for their time and effort invested in innovation practices.

Relationship Managers

- ▶ Relationship Managers do not have a clear overview of ING innovation projects and do not know where they can find information about them. This becomes a problem when the Relationship Manager needs to showcase ING's innovative efforts to clients.
- ▶ Because of the lack of understanding of innovation practices, currently, innovation is not a topic during clients' meetings.
- ▶ Relationship Managers do not understand the level of commitment of different innovation projects therefore they do not trust early stages projects which have an uncertain future and an unclear path ahead.
- ▶ Relationship Managers do not understand the end to end journey of an innovation initiative in the Labs.
- ▶ Differences in the way of working create communication problems where the RM is not aware of ongoing discussions between innovation teams and the client.

Innovation initiatives

- ▶ Venture builders that do not have a good internal network encounter challenges in involving the right Relationship Managers in their project.
- ▶ Venture builders tend to oversell their project creating expectations that are hard to manage from a client relationship perspective.



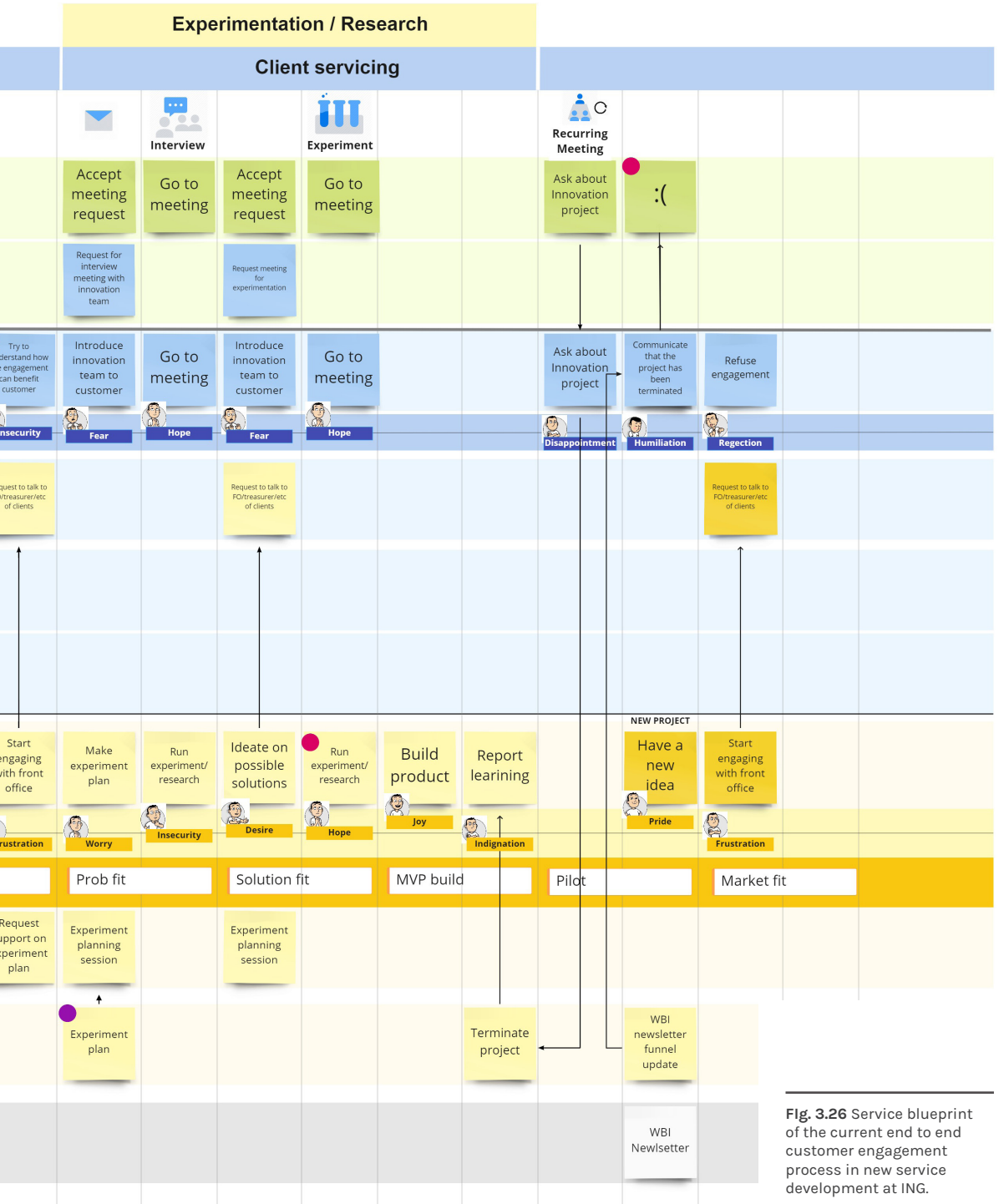


Fig. 3.26 Service blueprint of the current end to end customer engagement process in new service development at ING.

- ▶ Venture builders do not know how to sensitize Relationship Managers and clients for collaboration.
- ▶ Venture builders lack a contextual understanding of ING clients, their business and the current relationship with the Bank, which is knowledge that rests at a front office level.

The following problem statement encloses the above mentioned problems:

PROBLEM STATEMENT

Engaging with ING's corporate clients is a time consuming task for innovation teams that don't have good network connections.

For front office employees it is challenging to manage expectations of clients on innovation because of the lack of a clear end to end journey and understanding of the innovation way of working.

For this reason, research with ING's corporate clients is not the preferred route for initiatives and usually ends up being perceived as risky and unsuccessful.

3.6.2 DESIGN GOAL AND TARGETS

Starting from the problem statement I have defined a design goal for the project which takes into consideration the desired outcomes, the target audience and the context of study.

DESIGN GOAL 1:

To improve Relationship Managers' engagement and understanding of the overall innovation journey enhancing collaboration with innovation initiatives.

Target: Relationship Managers would be more open for collaboration and in control of innovation practices after the introduction of the solution.

DESIGN GOAL 2:

To support Venture Builders in connecting with the right ING business client and get relevant insights in the early stage of NSD.

Target: Venture Builders would be able and willing to connect with ING's client base after the introduction of the solution.

INTENDED EXPERIENCE:

To make the interaction between RM,
Innovation initiatives and clients feel:

- Personal
- Trustworthy
- Tangible
- Rewarding

4. A systemic customer-centric approach to NSD

IN THIS CHAPTER:

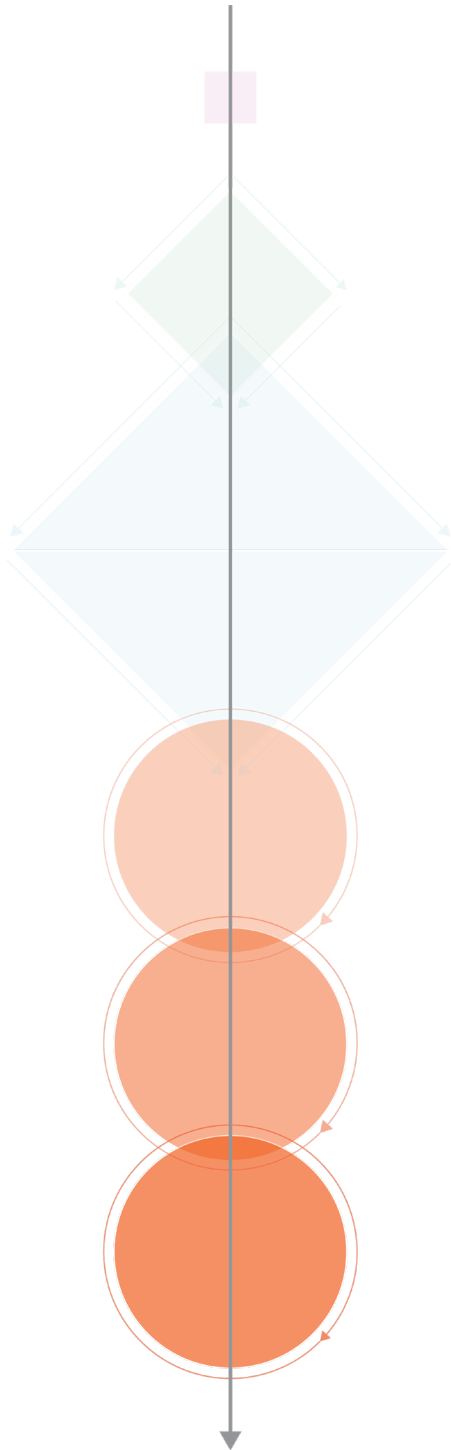
- 4.1 AN ITERATIVE APPROACH TO IDEATION
- 4.2 FINAL CONCEPT
- 4.3 GENERAL GUIDELINES FOR CUSTOMER-CENTRIC NSD IN B2B

Now that a design brief has been defined and the main problems have been identified, an attempt can be made to envision a new process for service innovation. In this part of the report the ideation and conceptualisation processes are presented through an iterative approach of design and testing. Lastly, the results and conclusions from the concept tests lead to a proposal for a final concept, which represent the final design iteration.

4.1 An iterative approach to ideation

The process followed during the ideation phase of the solution takes, in this thesis, an iterative approach. The first attempt to ideate a new solution presented in this report, is considered as an hypothesis grounded in research. This initial idea will be then subject to tests that generate new knowledge useful to the redefinition of the idea itself.

In this sense, the process is detached from the typical double diamond design model introduced in the research phase of this project. Instead, the ideation process gets closer to the iterative Lean Startup model based on the build measure learn phases as presented in the literature. The iterative ideation approach concludes the design process followed in this project and can be visualized with three consecutive circles.



Design iterations

1. A new customer engagement process

2. Prototyping the future innovation portal

3. Final concept proposal

4.1.1 FIRST ITERATION: A NEW CUSTOMER ENGAGEMENT PROCESS

The research in the context has proven that the challenges to achieve customer centricity in the early stage of New Service Development are numerous and involve a complex network of stakeholders. For this reason the introduction of a single artifact as an attempt to solve the problems will be unsuccessful. The solution needs to have a systemic nature to incorporate the different perspectives and needs of the stakeholders taken into consideration in this project. For this reason the concept idea that is going to be discussed in this thesis will take the form of a system including a series of touchpoints aiming at synchronizing the experiences of the stakeholders involved. These touchpoints need to be designed taking into account the context in which they will be encountered (see figure 4.1).

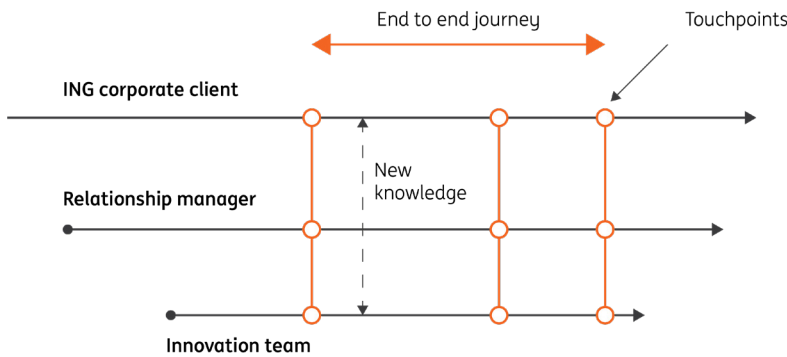


Fig. 4.1 Visualization of the concept idea, a new service to synchronize the actors involved in the early stage of NSD.

Therefore the initial vision formulated for the concept is the following:

Design an ecosystem of tools (touchpoints) and the end to end journey (service) that allows innovation teams to engage with ING clients and generate new knowledge taking into account stakeholders needs.

Ideation session with Service Design team

In order to ideate the tools and the ecosystem in which they live in, an ideation session was organized together with the Service Design team of Wholesale Banking Innovation.

The ideation session was designed to understand how a concept could be defined that would take into account the problems and the needs of the different stakeholders involved in the project.

For the ideation session, the Service Blueprint presented earlier was used as a tool for ideation.

Goal of the session

The goal of the ideation session was to brainstorm together with the Service Design team of WBI, initial ideas to the challenges described in the Service Blueprint. The initial research question for the ideation session was the following:

RQ What are initial ideas to structure a new customer engagement process at ING Innovation?

The activity

For the ideation session the Service Blueprint presented at page 112 was presented to the team which was given 20 minutes to read and understand the various journeys that compose the visual.

Participants were asked to put a mark on the steps of the process that they found interesting while going through the Canvas.

After that, participants were asked to use their creativity to note opportunities and ideas for a new concept that would solve a challenge in the specific step of the journey. Challenges and opportunities were noted below the service blueprint, where a new section (Opportunities) was created.

The setting of the session was on MIRO and the brainstorming method used was silent brainstorming with presentation of the ideas and discussion.

The Service Blueprint, filled with remarks and ideas, it's shown in figure4.2.

Results from ideation session

From the ideation session some interesting areas for the development of new tools were found which included the creation of a central repository with ideas that initiative teams can use, the involvement of Relationship Managers into initiative research activities in the early stage of development, the introduction of innovation KPIs for Relationship Managers to steer their involvement in innovation practices.

Most importantly, the takeaways that stand out from the session is the need for a

synchronized process that is aligned with the internal NSD process at ING (PACE) and involves all stakeholders (RM, Clients and initiatives).

4.1.2 THE INITIAL CONCEPT WITH RELATIONSHIP MANAGERS

With the insights and ideas from the initial ideation session, a first concept was defined for a new customer engagement process that involves Relationship Managers, clients and innovators in the NSD process. The proposed concept focuses on aligning the actors providing a structure and the tools to facilitate the different moments of interaction.

The concept is based on the idea of empowering RMs to have a structured discussion with clients about innovation activities and take on a more proactive approach to share the learnings with the innovation teams.

The concept aims at finding innovation opportunities from client's problems, reinforcing the level of trust and understanding between front office and innovation and leveraging a more proactive role in the collaboration.

The new proposal takes into account the importance of creating a personal, trustworthy, tangible and rewarding interaction between the actors involved.

Trust is supported by the definition of 5 steps to a successful customer involvement in the fuzzy front end of NSD:

Step 1. Initiate trust between RM and innovators

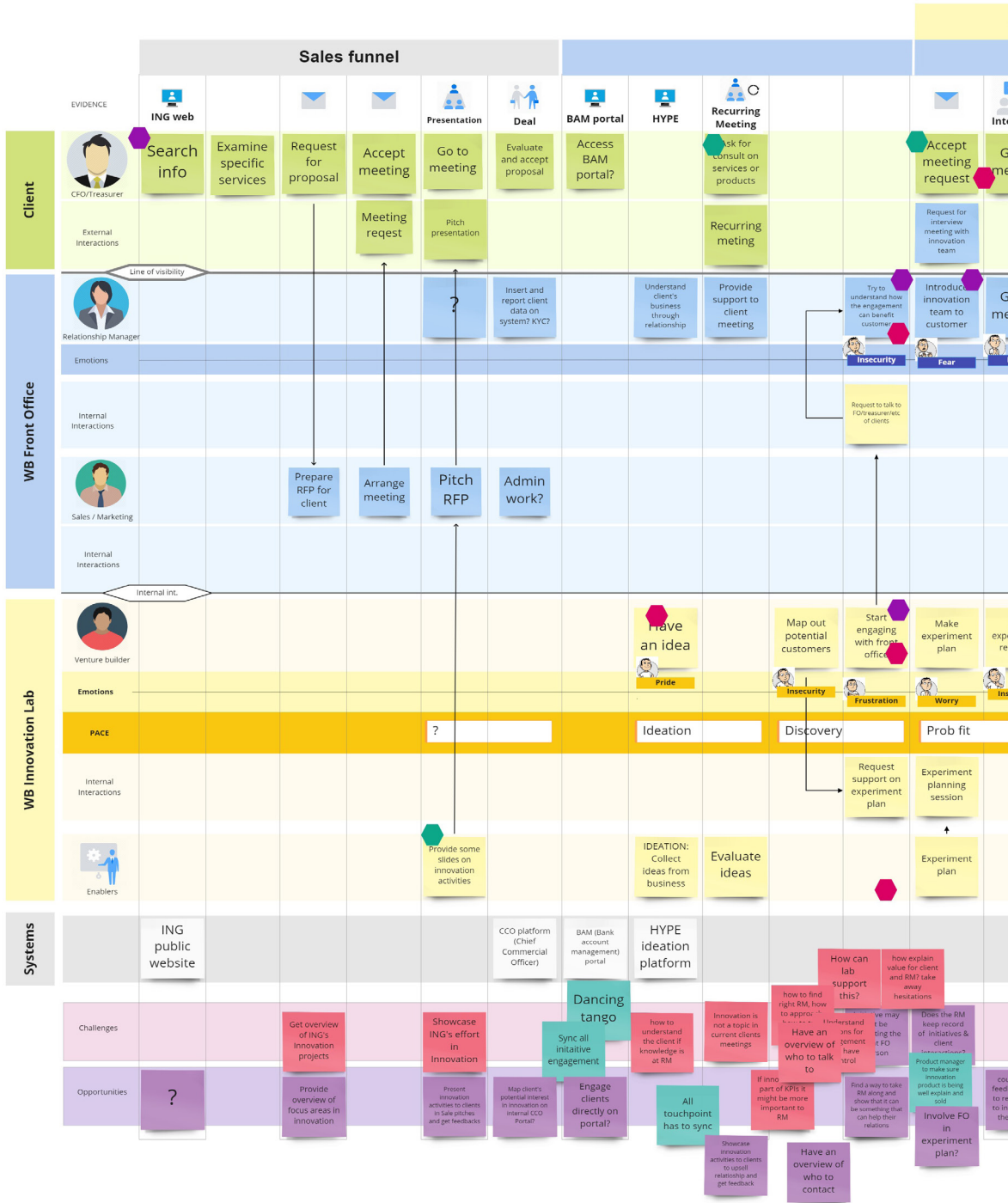
This step focuses on continuously sharing transparent information between innovation and front office teams about the ongoing projects and latest development of innovation at ING. This is a key factor to help Relationship Managers feel involved in the process.

Step 2. Spark interest of the client/ understand opportunities

In this step, the Relationship Manager takes on the role of an innovation "scout", initiating a discussion with the client and exploring possible opportunities.

Step 3. Initiate collaboration

This step defines the moment of contact between the Relationship Manager and the innovation team. The Relationship Manager takes on a proactive



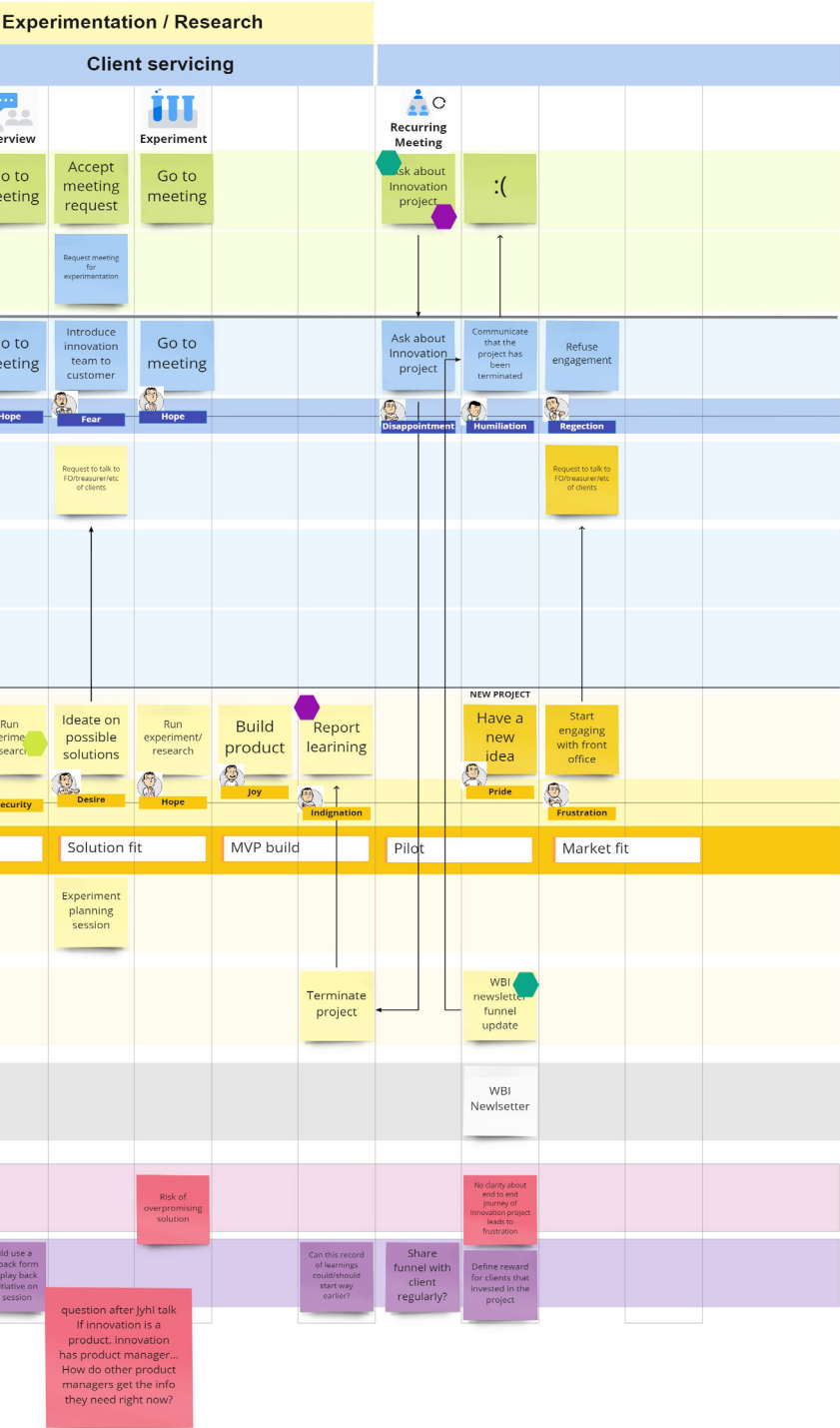


Fig. 4.2 Service Blueprint filled with ideas and opportunities after the ideation session.

approach and shares information about the client’s problems in a central repository. This makes it possible for the venture builder to have contextual information about client’s to use in the exploration phase (early stage of NSD). Here is where the matching between RMs who are willing to solve a client’s problem and Venture Builders who need to find customers for collaboration happens.

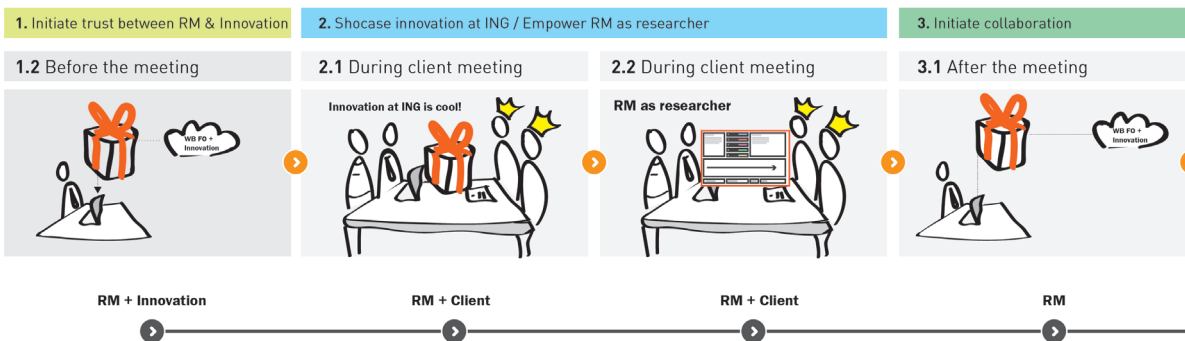
Step 4. Building trust

This step is the actual client meeting where the RM introduces the initiative team to the client and the customer involvement starts. In this step it is important to keep RM involved in the interaction and structure a healthy communication, but also provide value for the client with the research activity by focusing on the real pain point.

Step 5. Keeping trust

This step includes the follow up meetings that might occur after the first introduction with the client. It is very important to keep a good level of communication between RM and initiative teams and be clear about the process. The iterative co-creative approach will eventually lead to the development of a solution to be piloted.

Fig. 4.3 Visualization of the concept for the new customer engagement process



To support ideation and testing of the idea, the concept is visualized in the form of a customer journey (figure 4.3).

Concept details

Step 1.1 - Before the meeting

In this initial step, the RM uses the information to understand which are the current focuses of the projects within the innovation labs. The Relationship Manager uses this information to craft a presentation for the client.

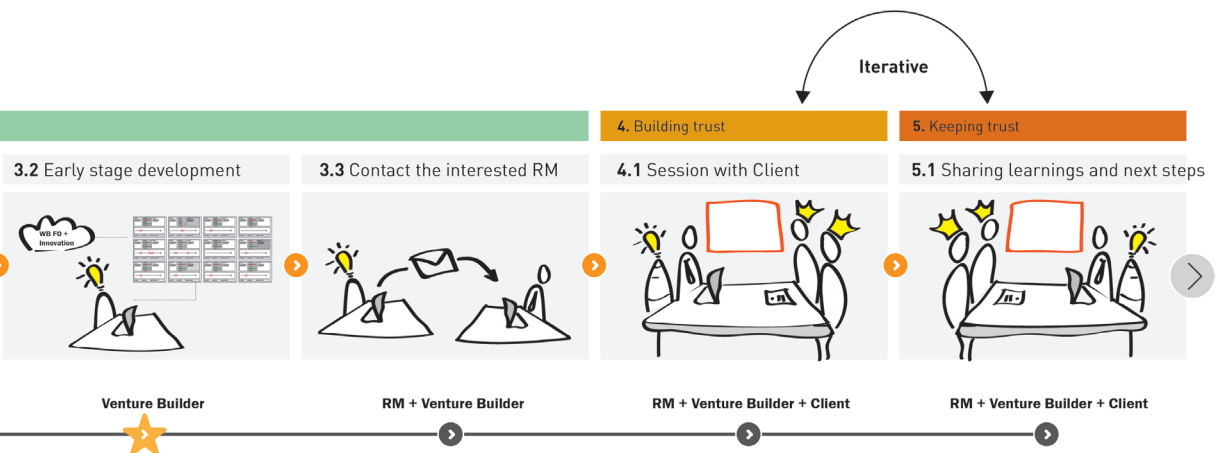
Step 2.1 - During client meeting

During the client meeting the Relationship Manager presents the overview of innovation at ING and sensitizes him to the way innovation works at ING.

Step 2.2 - During client meeting

The second part of the client meeting, the Relationship Manager uses a canvas provided by the innovation team to map out the client's interests and opportunities for innovation. The idea of the canvas format comes from the need to have a printable tool that RM can carry to the meetings. The ideation of this tool was the focus of a separate ideation session conducted together with the Service Design team (see Appendix C).

The picture below presents a first idea of the canvas where different sections were used to indicate different areas of focus (see figure 4.4).



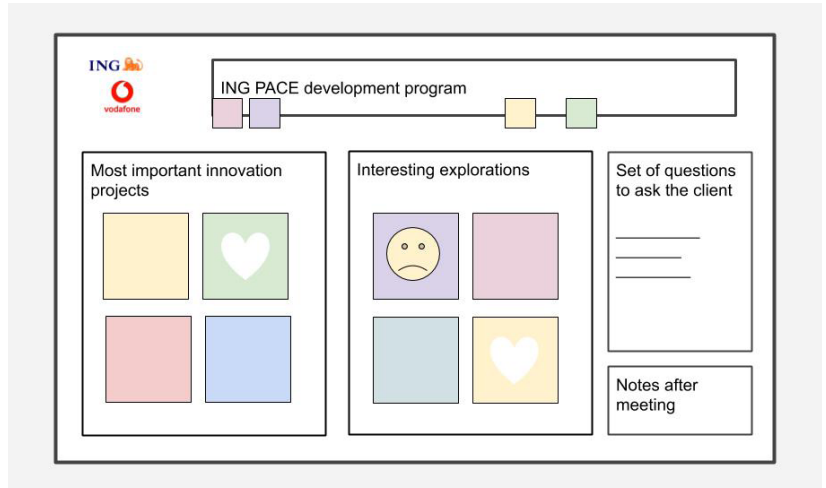


Fig. 4.4 Initial concept for the innovation canvas to discuss with clients

Step 3.1 - After client meeting

After the meeting the Relationship Manager shares the findings with innovation teams creating a single pool of information.

Step 3.2 - Early stage PACE

The new venture builder can access the pool of information about clients interests and understand which Relationship Manager to interact with.

Step 3.3 - Contact the interested RM

The venture builder interacts with the right Relationship Manager who can introduce the initiative to the client after the sensitizing session.

Step 4.1 - During research / experimentation

The venture builder can start a conversation with a briefed client who cares about the topic of exploration and trusts the Relationship Manager.

Step 5.1 - After research / experimentation

The Venture builder provides some reward to clients after each engagement and keeps them up to date on the project development.

4.1.3 TESTING THE INITIAL CONCEPT

Although the intensive research phase has provided a good level of understanding of the experience of the Relationship Managers, it was clear that the concept needed to be tested before detailing the design.

The concept introduced earlier consists of a journey with different actors involved. Testing such a process would require to actually pilot it in a real use case. This would take too long and therefore would not be feasible in the fixed duration of this project. For this reason I decided to break the process in parts and test only the most relevant sections.

To define which part of the process to test, I used the “riskiest assumptions” method. This method provides a framework to define which between all the assumptions is the riskiest and most uncertain. Once that is defined, the researcher can build a research plan to get knowledge about that specific element in the design.

The riskiest assumption approach was used to understand which assumptions would be most important to test. The related assumptions are listed below:

RISKIEST ASSUMPTIONS

1. Relationship Managers will feel comfortable involving clients in a session focused on innovation.
2. Relationship Managers will feel comfortable bringing a new tool (canvas) during a client meeting.
3. Relationship Managers currently bring physical documents and objects during clients meetings.
4. Relationship Managers will report the insights of a discussion about innovation with the client.

5. Relationship Managers would find useful a central pool of information about innovation projects.
6. Relationship Managers are willing to address innovation topics during recurring client meetings.
7. Relationship Managers use digital tools during client meetings
8. Venture builders need more visibility on the current front office organization
9. Venture builders will find useful a central pool of information about clients problems
10. Venture builders will reward customers participating in the innovation process.

Next, the assumptions were ranked based on the level of risk and uncertainty. High-risk means that if the assumption is not validated the design will not be successful as shown in figure 4.5.

From the ranking activity it is clear that the most critical assumptions to test are:

- The use of the canvas by Relationship Managers during a client meeting
- Their willingness to involve clients in innovation discussions.

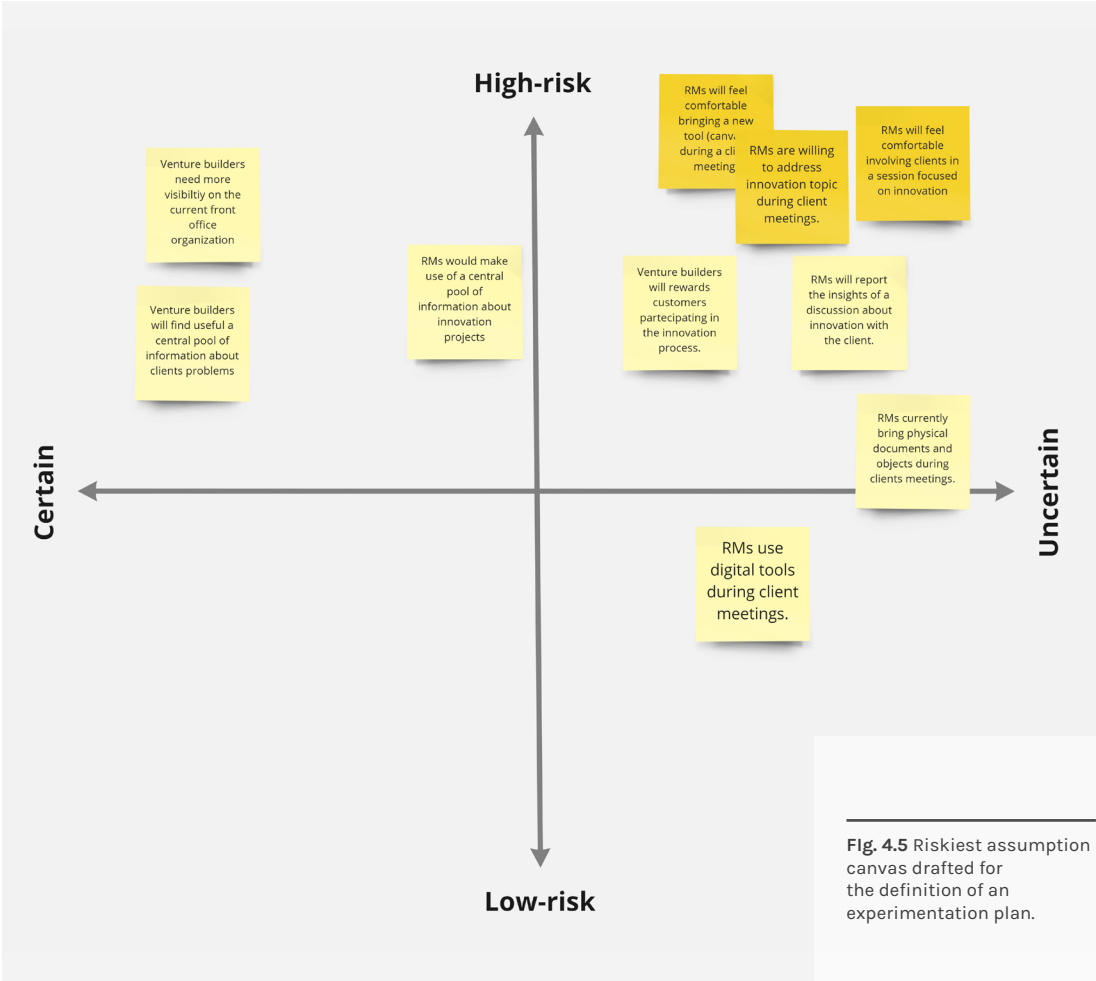


Fig. 4.5 Riskiest assumption canvas drafted for the definition of an experimentation plan.

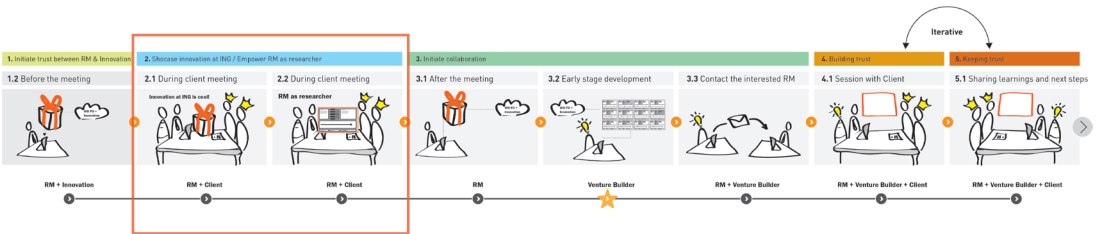


Fig. 4.6 The steps of the process that present the riskiest assumptions to be tested.

These assumptions refer to step 2.1 and 2.2 of the initial concept as shown in figure 4.6. To test the assumptions interviews were planned with Relationship Managers that had provided their contacts during the exploratory survey presented earlier in this thesis (Page #). This way the participants were already briefed on the topic of the interviews and presented a genuine interest in the project. In total, five Relationship Managers were involved for the research activity, details about the participants can be seen in table 4.7.

RM1	Relationship Manager Director - Technology, Media, Telecommunication & Healthcare sector based in London.
RM2	Global head of Mining sector - Based in Singapore.
RM3	Relationship Manager - Technology, Telecommunication & Healthcare sector based in Amsterdam
RM4	Relationship Manager Director - Financial Institutions based in Amsterdam
RM5	Ex Relationship Manager - Based in Amsterdam

Table 4.7. Details about the participants of the test

Test I - Generative session with RM

The first interview, based on a generative approach, was planned together with RM1 and consisted of a 1 and a half hour generative session using the online collaboration tool MIRO with the goal to look in detail at the way of working of Relationship Managers and understand whether the use of the canvas might fit in its envisioned use situation, the client meeting.

The session was designed based on the following research questions:

RESEARCH QUESTIONS

RQ1 How do RM currently talk about innovation during client meetings?

RQ2 What kind of tools, technology or other artifacts RM use during their client meetings?

RQ3 What would it look like a tool that helps RM to talk about innovation from their perspective?

For the session three activities were designed to be facilitated through canvases (See appendix D).

Results from generative session with RM

From the test results that Relationship Managers introduce innovation in the initial presentation to clients in the form of one or two slides to give a “a flavor” of ING’s priorities. Usually the innovation effort is presented separately from the core banking products and it is introduced as a “differentiating factor” together with the effort on sustainability which is also a key priority for the bank.

From this first introduction, a Virtual Client Team (VCT) and Deal team is put together to act upon the decisions made during the meeting and various streams of discussion originate from that. According to the participant, innovation is one of the streams and it is the most complicated to follow because of the lack of information and of a single point of contact within the department.

The activity was extremely useful to understand in detail the steps occurring during a client engagement and gives a good overview of the complexity that certain client relationships can entail, especially for large corporates where the discussion is usually multisided (see figure 4.8).

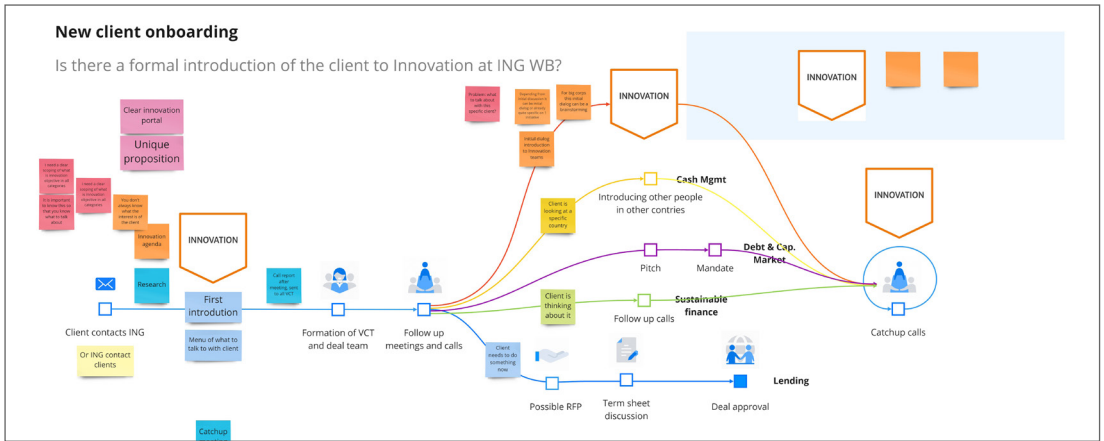


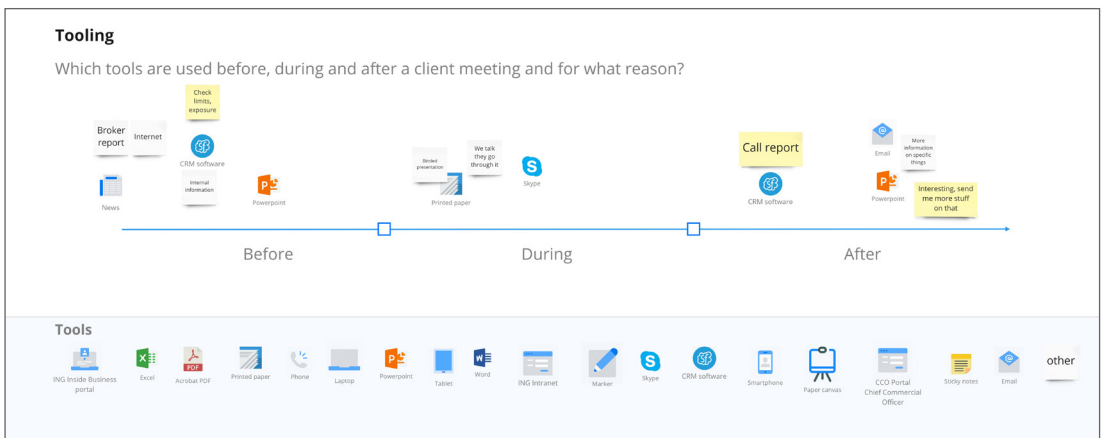
Fig. 4.8 Filled canvas mapping out the client relationship and the position of Innovation.

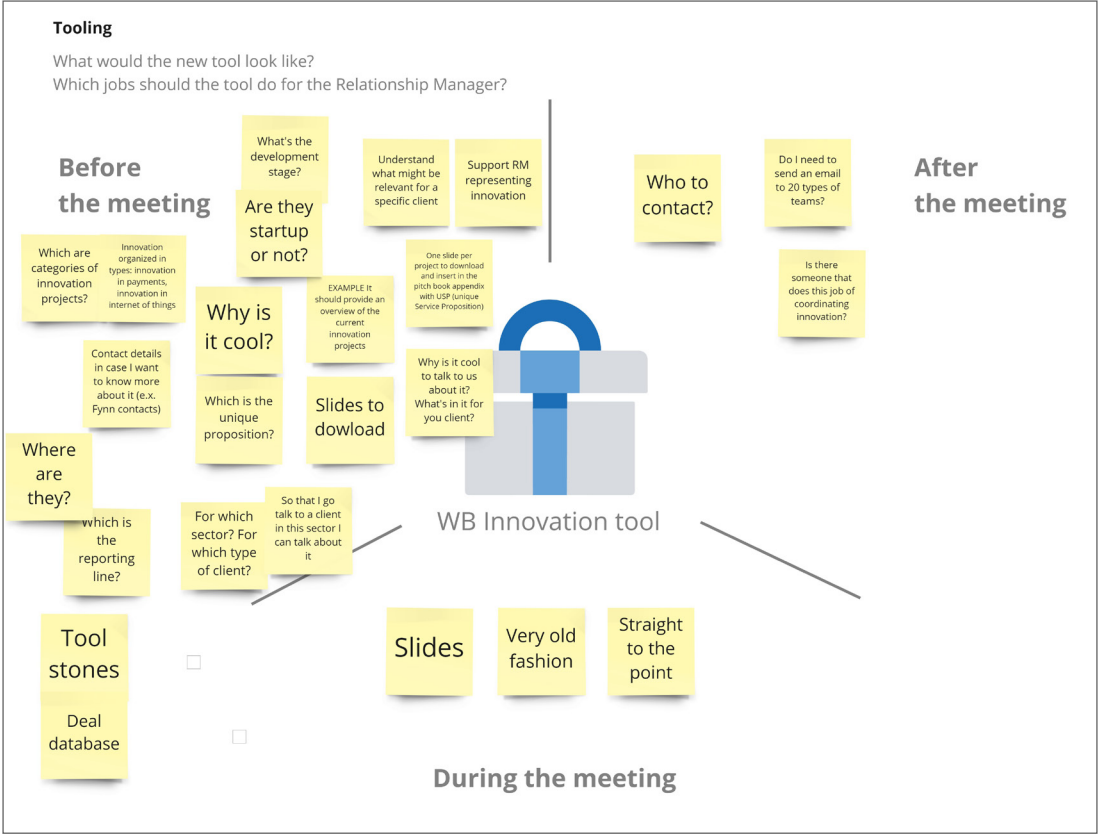
The second activity focused on the before, during and after of a catchup meeting with clients. This meeting represents the moment in which the team comes together and gives an update to the client. The activity shows how a lot of effort is put into the preparation for the meeting which entails the use of different online tools for research and the collection of data from different sources.

During the meeting RMs usually bring a printed copy of the powerpoint presentation and let clients browse through it while the team presents. However, the working from home situation introduced after the break out of the Covid-19 pandemic in 2020 has moved many of the meetings online through the use of online conference tools.

Fig. 4.9 The tools used by RMs before, during and after the meeting

After each meeting, RMs need to report the minutes of the discussion which will serve as a reference to follow up actions. Figure 4.9 reports the filled canvas.





The third activity is a brainstorming about the needs of the Relationship Manager when it comes to Innovation. The trigger for the brainstorming activity is the question about which are jobs that the new tool should help with. As can be seen in the filled canvas (Figure 4.10) the RM experiences a lot of unmet needs when it comes to the preparation for the meeting rather than during or after.

These needs are linked with the problems listed earlier: the lack of knowledge of the innovation process, communications problems with innovation and updates on the current projects.

The RM reported that during the client meeting the approach is very “hold fashion” and “straight to the point” not living space for a creative activity. The Participant reported the simple need of innovation slides to present to the client. Lastly, after the meeting the RM has a need to understand who to involve from the innovation department on the discussion with the client in case opportunities arise.

Fig. 4.10 Filled canvas envisioning the features of the WB Innovation tool by RM.

Takeaways from the test

- ▶ A central pool of information on innovation is extremely important for RM to be able to prepare before the meeting and introduce innovation in the discussion.
- ▶ The recurring meeting with clients does not seem an appropriate context for the use of a creative activity involving a canvas due to the variety of objectives to discuss in those meetings. A separate session focused on innovation would be a preferable approach.
- ▶ From the test emerges that large corporations in the tech sector are interesting from an innovation perspective because of their natural drive for innovation.
- ▶ RMs need a clear contact point within innovation to involve in the discussion with clients.

Test 2 - Concept testing interview with Relationship Managers

These interviews were conducted with other RMs (RM2, RM3, RM4, RM5) to get relevant insights on the overall process presented in the concept.

Being the concept in the form of a process, the method used for testing in this stage involved the visualization presented at page # as a means to test.

The test approach consisted of the presentation of the problem statement to RMs for validation and the presentation of the concept followed by a series of questions.

The assumptions presented earlier in this chapter will be validated if at least 3 participants provide a positive response to the following research question:

RQ1 Will Relationship Managers feel empowered to discuss innovation topics together with clients and report the insights to innovation?

Results from concept testing interviews with RMs

The interview served as a way to validate the most critical assumption to the concept. From the research however, no Relationship Manager has mentioned that he or she would feel comfortable discussing the canvas with clients. Instead they all have mentioned the inability to engage the client in an in depth discussion about innovation and the need to have an innovation representative to support them.

In addition to that, RMs mentioned the need to be involved during the preparation of the experimentation activity with clients because the knowledge of the client relationship, based on years of experience, could help initiatives improving their engagement approach and at the same time educate RMs on research methodologies and way of working in NSD.

In general all participants have expressed their view of the role of the RM as a more proactive role towards the innovation discussion and were enthusiastic to explore the development of this project, insight that shows the value of the problem area explored in this thesis.

Takeaways from the test

- ▶ Relationship Managers do not feel comfortable discussing the details of innovation with clients but they can connect relevant people to enable a more in depth discussion on the topic.
- ▶ RMs need to understand the basics of the innovation process that initiatives follow and need to have an understanding of the current innovation focus at ING.
- ▶ RMs are risk averse, therefore they need to feel safe in the innovation process. Engaging them in the preparation for a client meeting might be a way to support this process.
- ▶ RMs would like to have a more collaborative approach to innovation since this is for them a way to broaden the dialogue with clients and it is something that not many banks offer as a possibility in their role.
- ▶ Once the client and the initiative start a collaboration, relationship managers lose track of the conversations. This situation puts the RM in an insecure spot because the client expects a certain coordination on the internal processes.

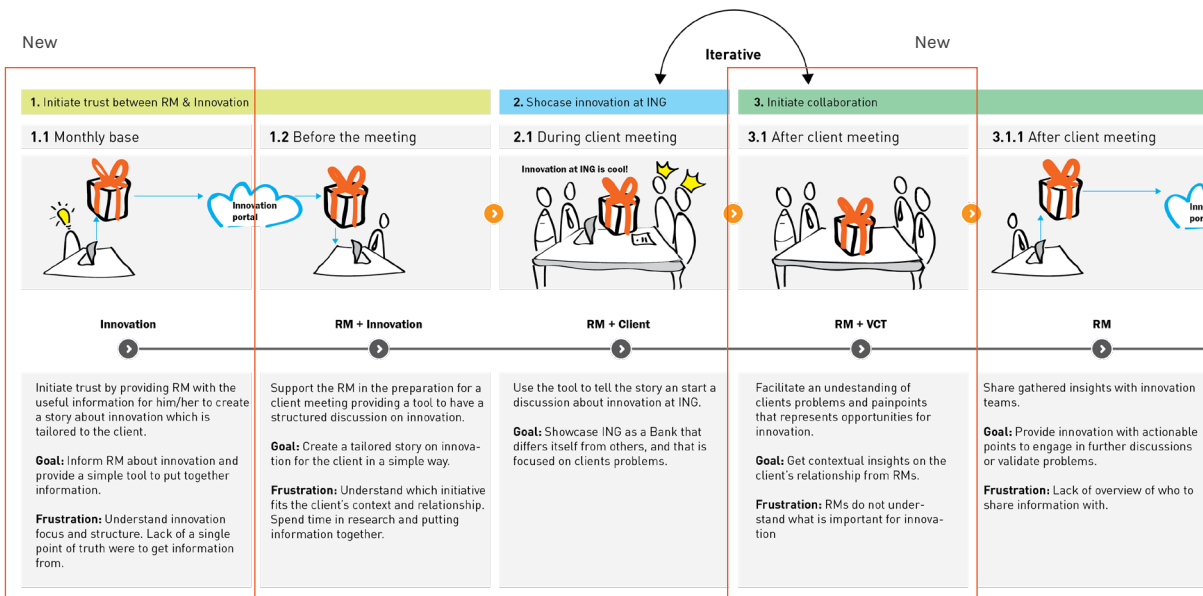
4.1.4 SECOND ITERATION: PROTOTYPING THE FUTURE INNOVATION PORTAL

Presenting the improved process for customer centricity in the early stage of NSD

Gathering the insights from the first iteration of the concept the focus was geared towards the strengths of the initial proposal detailing the design of the steps that were proven successful and desirable to the eyes of the Relationship Managers. Step n.1 with the central repository for information appeared to be a basic need for RM to start a structured engagement on innovation topics with customers and initiating trust in innovation.

For this reason I prototyped the concept of an online tool that would provide an answer to the RM needs on one side, and on the other will work as a trigger for a more proactive approach towards innovation.

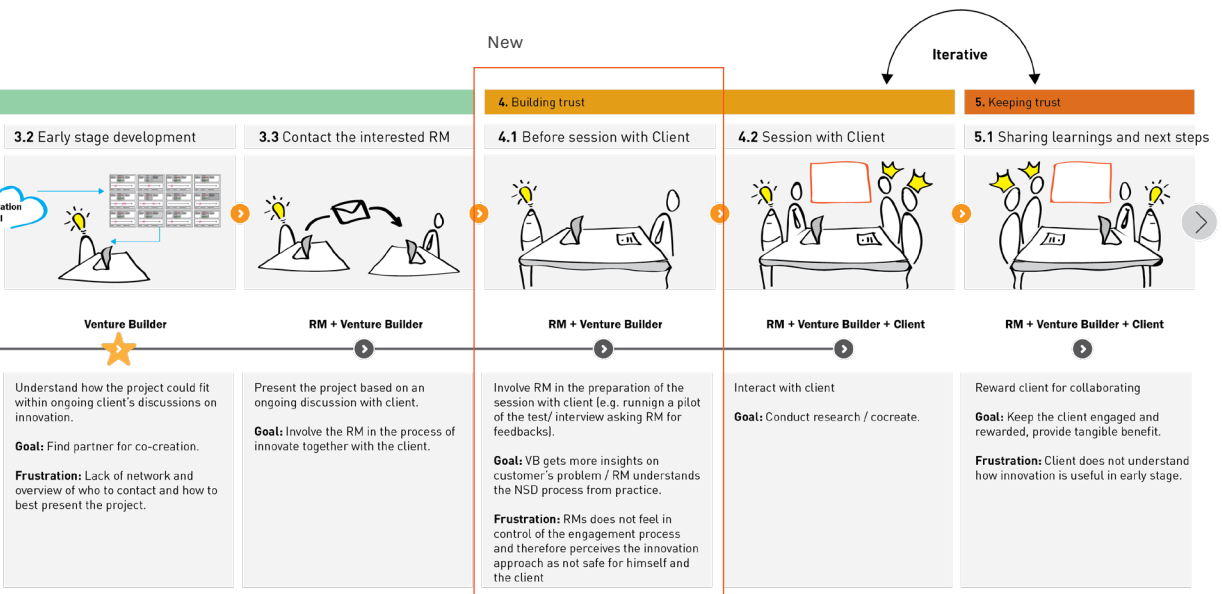
This tool would work as the key touchpoint in the envisioned new process which can be considered as a new service offered by innovation to front office colleagues. As seen in the literature of service design, the design of the service interface,

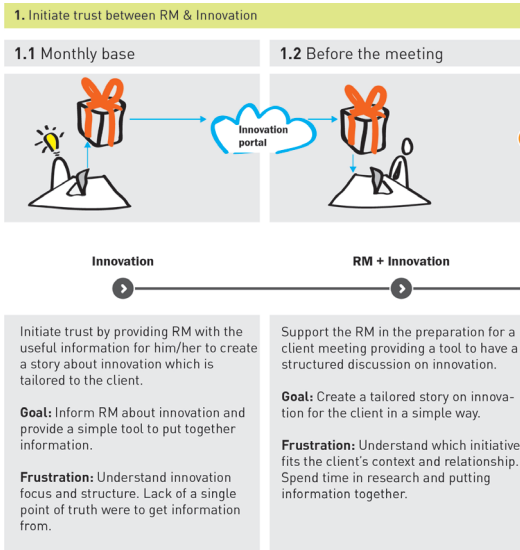


a material artefact and system available to bodily perception, it's not just an accessory, but rather the design of the service itself (Secomandi and Snelders, 2011).

The iterated process presents a different approach which is not so much focused on the interaction between RM and customers anymore, but rather on a collaborative approach with the internal initiatives. The goal will be to trigger the RMs to support initiatives in different phases of the development process and provide space for sharing knowledge about clients through the use of a specific tool. The new concept is visualized in figure 4.11 and it shows new steps (1.1 - 3.1 - 4.1)

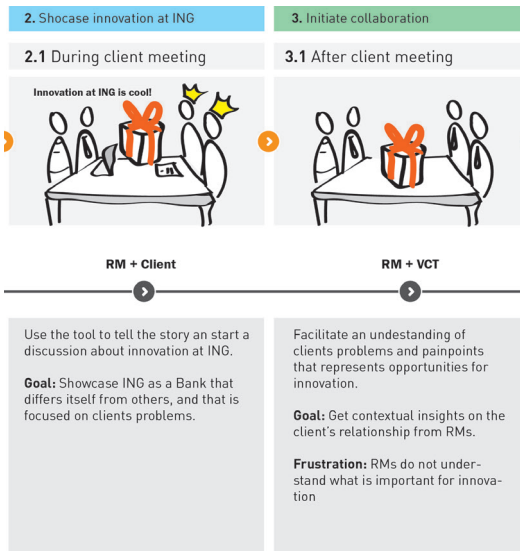
Fig. 4.11 Improved concept for customer centricity in the early stage of NSD.





New step 1.1

The iterated first step consists of the initial effort that innovation makes towards the front office colleagues by keeping the information on the innovation portal up to date and relevant for their use context.



New step 3.1

The new concept helps Relationship Managers bring innovation into the discussion with clients in the form of slides (step 2.1). After the client meeting RMs are provided with a tool to reflect on their client relationship and understand problems that might lead to innovation opportunities. The tool is envisioned as a sort of Persona canvas for business clients called "Client innovation profile" where RMs can note relevant information about their clients (see figure 4.12).

CLIENT INNOVATION PROFILE

Do you really understand our customers?

Hopes/Goals

What would the client's business look like in 1 / 5 / 10 year?

Influencer

Who are the people that might influence the client's decision?

Fear/Risk

What is the client's biggest fear when it comes to his/her business?

Problems

What is the client's biggest problem linked to a current process?

What is a problem linked to an upcoming trend that might affect the client's business?

Upcoming trends

Which upcoming trends are interesting for the client? Why?

How can blockchain help the client?

How can data analytics help the client?

Collaborators

Who are the people that collaborate with the client?

Name _____

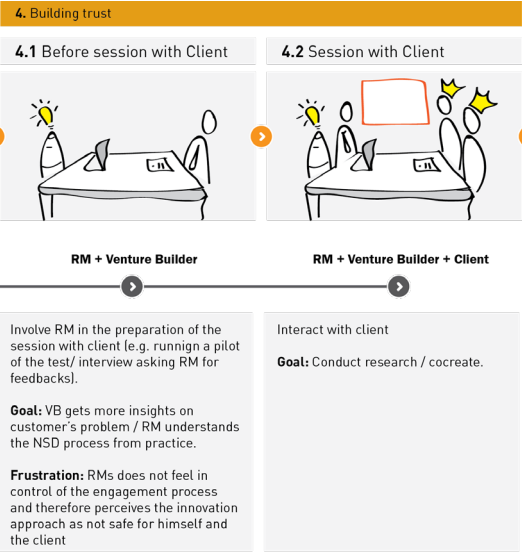
Role _____

Description of the client's business

Innovation anger

Responsible team

Fig. 4.12. First idea of a client innovation profile to support mapping of client's problems and opportunities by Relationship Managers.



New step 4.1

The test of the concept has shown that involving RMs in the preparation to the client meeting by running through the presentation or piloting an interview can be a beneficial task for both RM and VB. By doing so the RM gets an idea of the innovation approach and way of working, while the innovation team can make the research approach stronger with suggestions and inputs from the experience of RMs.

Ideating the innovation portal

From the research conducted, the innovation portal was identified as a potential use case to be prototyped with the goal to make the concept more tangible for the stakeholders involved in the project. Insights from the research were used to list the requirements for the envisioned innovation portal that would ideally provide information to RM and connect the innovation Labs to the Front office of the Bank.

In order to list the requirements for the innovation portal, the “Jobs To Be Done” method was used. Front office users were defined as the critical category to test the prototype with, therefore the focus of the Jobs To Be Done was geared towards the role of the Relationship Manager (see table 4.13).

As a...	I need to...	In order to...
Relationship Manager	Have an overview of innovation projects in the innovation Labs of ING	Evaluate which one to present to a client
Relationship Manager	Have an overview of innovation projects in the innovation Labs of ING	Answer to the questions of clients that are interested in our innovation effort
Relationship Manager	Have the contacts of Venture Builders	Ask more information about their projects or connect them with others
Relationship Manager	Download materials to place in my presentation for clients	Present our innovation focus to clients
Relationship Manager	Understand innovation way of working and process	Be confident talking about it with clients
Relationship Manager	Have the latest updates on innovation at ING	Be prepared in the discussion with clients
Relationship Manager	To track discussions ongoing with different innovation teams	Manage the client relationship in the best way
Relationship Manager	Know what innovation needs	Have a more proactive approach towards innovation

Fig. 4.13 Jobs to Be Done matrix for ideation of the Innovation Portal

The above presented matrix served as a guide for the ideation and design of a prototype version of the innovation portal. Starting from the Jobs To Be Done the structure of the portal was sketched. The resulting structure consists of an initial landing page which will be used to introduce the value proposition to participants and from which will be possible to login on the platform. After the login page the

user will land on the “explore initiatives” page, where the overview of all initiatives can be found. At the same level of this page, two more pages allow the user to “Understand innovation” and “Collaborate” (see figure 4.14).

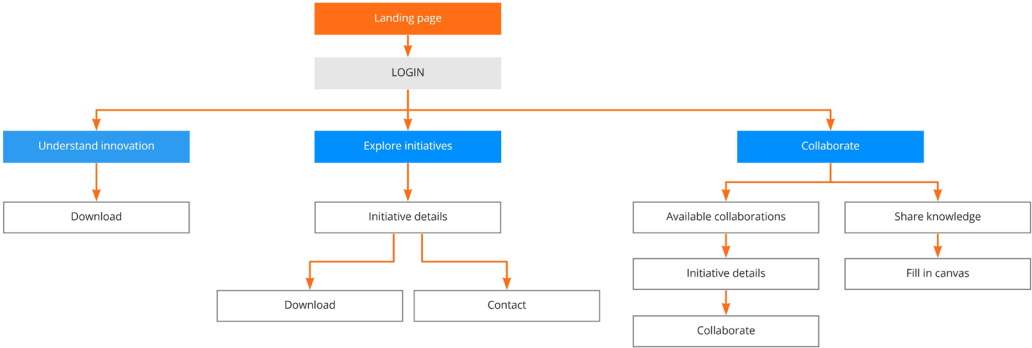


Figure 4.14. Information architecture of the Innovation Portal

Introducing the prototype of the Innovation portal

The landing page of the portal introduces the “value proposition” to the user, that is the description of what the tool will offer to the Relationship Managers.

The portal is introduced with the name “Findr.” which alludes to a simple way of finding and exploring information (see figure 4.15).

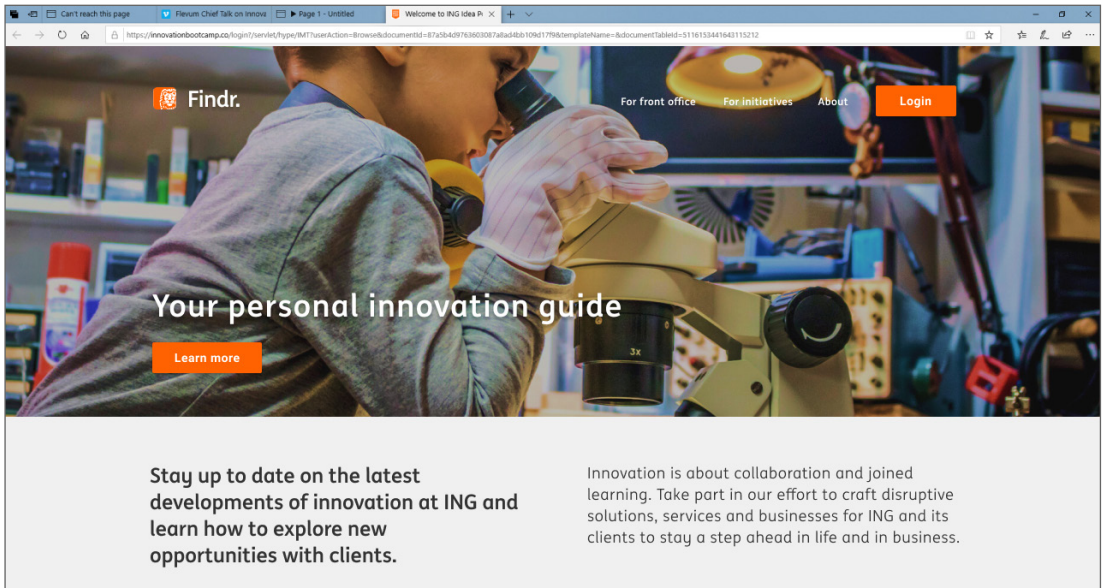
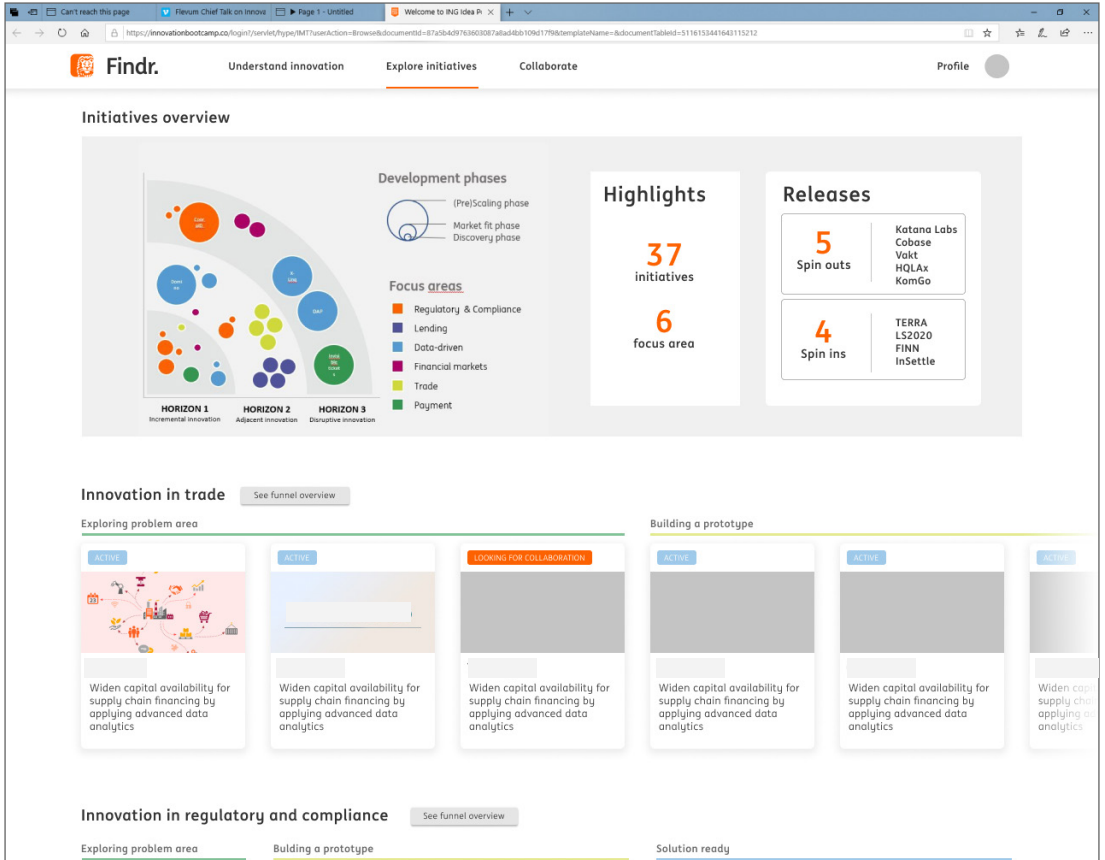


Fig. 4.15 Landing page of the prototype introducing the tool (see Appendix E for the full page).

After the login, the user will be recognised as Relationship Manager and will access the relative personal space. The first page will be the “Explore initiative” page. In this section the user can find an overview of the current initiatives clustered by focus area and development phase as shown in figure 4.16.

Each initiative is presented through a card with name, description, picture and a badge at the top. The badge shows the status of the initiative which can be: active, stopped, on hold or looking for collaboration. This last status showcases initiatives in need of collaboration for example to reach out to potential pilot customers or users for initial research.

Initiatives are clustered together depending on their development phases. This information is linked to the PACE stage in which the initiative is operating, but research shows that Relationship Managers do not understand PACE stages. Therefore the clusters used in the interface will present more user friendly titles like:



- ▶ Exploring problem area (Discovery/Problem fit - Solution fit)
- ▶ Building a prototype (MVP build - Pilot)
- ▶ Solution Ready (Pre scaling - Scaling - Spin out/in)

Fig 4.16. "Explore initiatives" section of the innovation portal prototype

From the section "Explore initiatives" users can access the details of the initiatives by selecting the relative card. This will open the detail page of the initiative with information on the project, contacts and download materials (see figure 4.17).

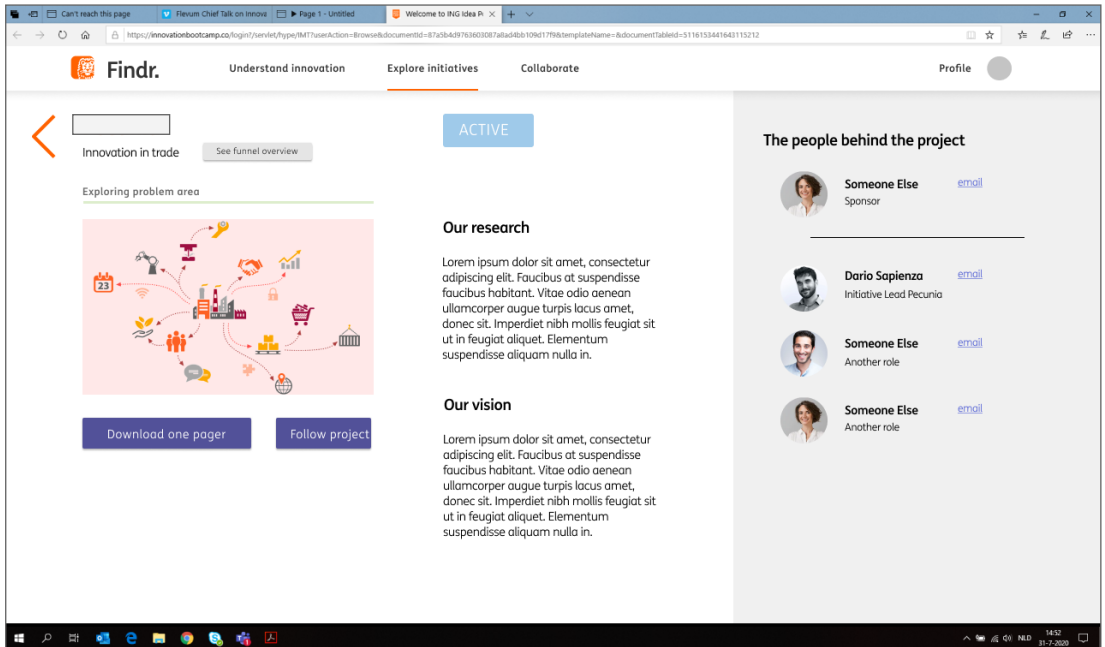
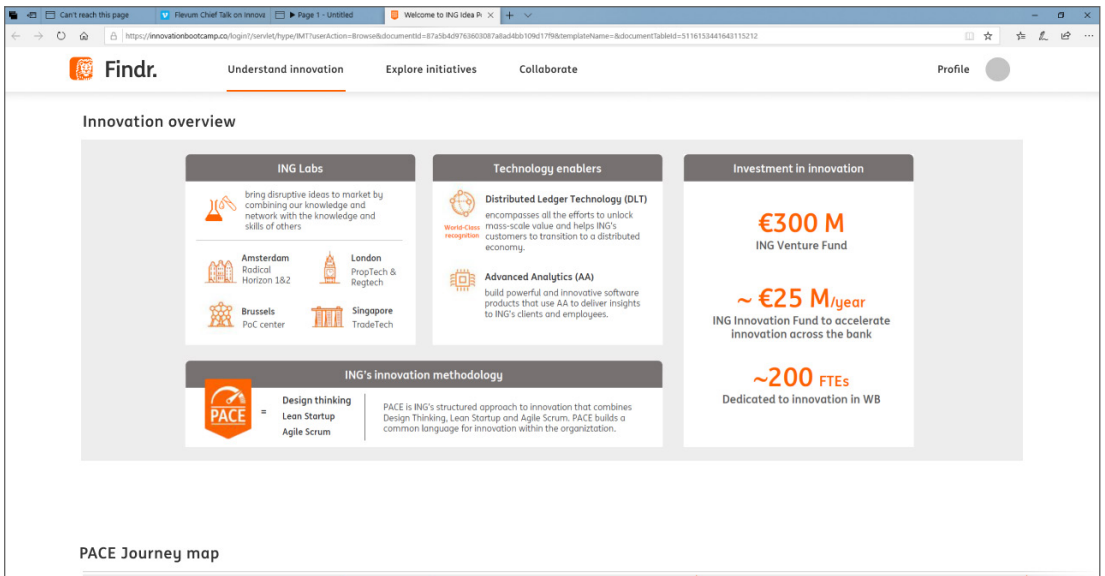


Fig. 4.17. (Top) Detail page of one of the initiatives.

The section “Understand innovation” provides users with information about the overall strategy of Innovation at ING, describes the innovation process and gives useful updates on the latest developments (see figure 4.18).



Lastly, the "Collaborate" section provides users with a space to support initiatives and share knowledge (see figure 4.19).

On the left side, the section provides an overview of the initiatives that are looking for collaboration, making it easier to synchronize the internal innovation process with external activities. For example, initiatives in the pilot phase that are looking for pilot customers can share their needs through the platform with Relationship Managers allowing them to reach out to ING clients.

The other side of this section presents to Relationship Managers the option of sharing knowledge about clients. This is done through different assignments. For the test of the prototype, the client innovation canvas will be presented to participants as one of the activities proposed in this section (see figure 4.20).

Figure 4.18 (Previous page bottom) "Understand innovation" section of the Innovation Portal prototype.

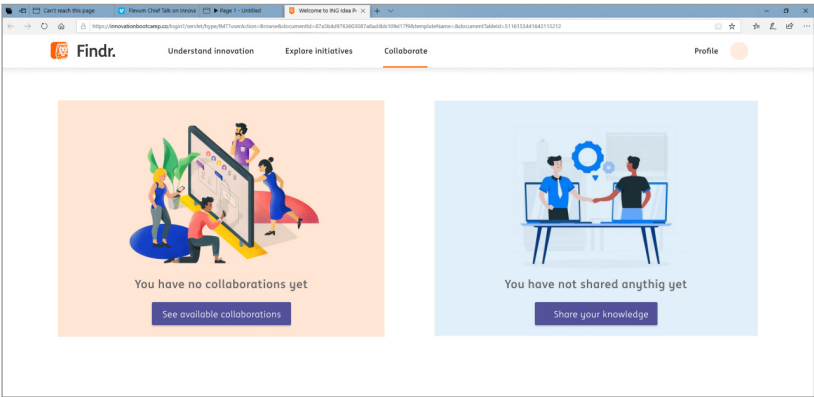


Fig. 4.19 "Collaborate" section of the Innovation Portal

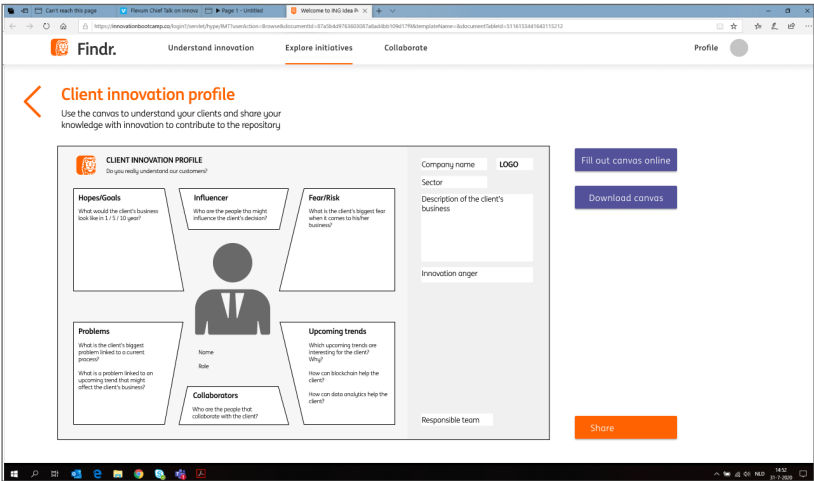


Fig. 4.20 Client innovation profile, the canvas designed to gather RMs understanding of client's context, frustrations and needs.

4.1.5 TESTING THE INNOVATION PORTAL THROUGH A DIGITAL PROTOTYPE

After the design of the prototype, a research plan was detailed to test the desirability and the usability of the innovation portal. The main research questions for the test were the following:

RESEARCH QUESTIONS

RQ1 Is the innovation portal sparking the collaboration between Relationship Managers and Innovation Initiatives?

RQ2 Is the innovation portal enough for RMs to understand Innovation?

RQ3 Is the client innovation canvas presented in the innovation portal useful to gather insights about clients to use as a basis for innovation initiatives?

Structure of the test

For the test of the prototype, 4 front office colleagues (3 senior Relationship Managers and 1 junior analyst) were involved as participants.

The test of the innovation portal prototype was carried out in a remote setting because of the working from home measures put in place during the summer of 2020 after the Covid-19 outbreak. For this reason, the test consisted of a one hour session with the use of a video conferencing tool with screen sharing feature.

Participants were briefed in advanced about the setting of the session which included the following steps:

- Participants were asked to open the link of the prototype online (built in

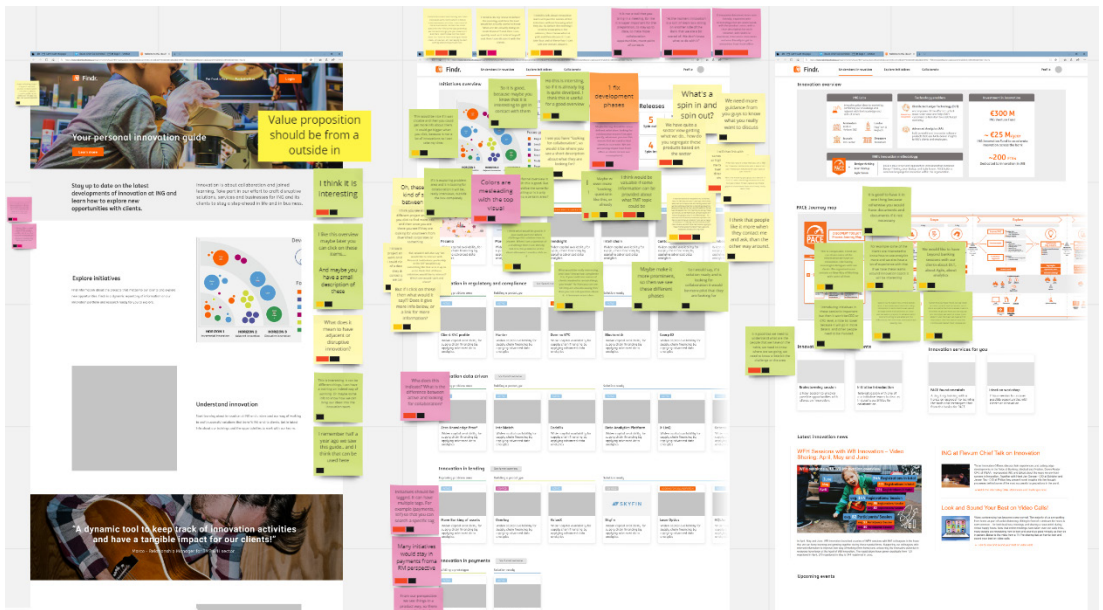
Figma, interface design and prototyping tool) and share their screen.

- ▶ Participants were asked to read out loud the content of the screen and answer questions.
- ▶ Specific tasks were given to participants to understand whether they would be able to complete them or not.

Results from the test of the innovation portal

The tests of the prototype were recorded and transcripts of the session were created for data analysis. Relevant quotes were pasted on sticky notes and pinned to the relative screens of the interface that they referred to as shown in figure 4.21.

Fig. 4.21 Insights from prototype test pinned on the interfaces of the innovation portal prototype.



Insights from the test of the value proposition

Starting with the value proposition, Relationship Managers found very interesting the possibility to collaborate and have a more proactive role towards innovation. During the interview participants mentioned the importance of having such a tool that would allow them to find all information they need to understand which

projects are ongoing in the labs. Participants mentioned the importance of using a simple language that they would understand. One participant mentioned:

“I think that if there is a portal like this where it is easy to understand the initiatives it would be easier for us from FO to come up with suggestions like “I have seen there is this initiative and it could be really interesting for this client”

On the same line a second participant mentioned:

*It is super useful for me to have a tool to read a bit about what these initiatives are actually working on, because *** reached out to me and I think I reached 3 times back to fully understand what he is now doing. Then I reach out to the client because obviously I don't wanna look like a clown.*

In general, the idea to have a single portal for all sorts of information and activities related to innovation for WB is something that participants value and that brings to them the possibility to prepare before a client conversation and foster their personal interest in innovation. This is the greatest value of the tool and it is something that Relationship Managers care about, highlighting the possibility of broadening the discussion with clients on these topics as something that can definitely be a differentiating factor for ING and for their role within the Bank.

Insights from the possibility to explore new initiatives

The section “explore initiatives” is well-received by relationship managers. The visual on the top of the page is useful to have a quick overview of the different projects ongoing within innovation Labs and their development status. In the prototype, the initiatives were clustered by so-called “focus areas” that are actually linked to the WB product domains. This distinction, different from the “value spaces” used by the innovation team, makes more sense to relationship Managers since it links with discussions they usually have with clients. As one participant mentioned:

“From our perspective we see things in a product way, so there is Lending, Trade, Transaction services and Financial Markets. I think that many initiatives would fall into the transaction services category.”

This is an interesting insight because it tells that the way innovation is clustered does not match with Front office view, therefore it is harder for them to get what are initiatives focusing on if they do not get the category in which they fit.

It is also important to mention that Relationship Managers operate in specific sectors, therefore certain topics might be more relevant depending on the sector they are covering. The possibility to tag initiatives according to the specificity of the sector in which it focuses its effort would help Relationship Managers to have a simplified overview of what might be interesting for their clients as mentioned by participants:

“We need more guidance from you guys to know what you really want to discuss”

“We have quite a sector view getting what we do.. how do you segregate these products based on the sector?”

Another important insight is about the level of development of the initiatives which in the prototype has been simplified to 3 levels: Exploring a problem area, building a prototype and solution ready. The wording in these clusters is important especially because, when linked to the “status” of the initiatives which is presented by the colorate badges on the cards, Relationship Managers immediately get the idea of what the initiative is busy with at the moment. One of the participant has mentioned:

“So I would say, if it is -solution ready- (level of development) and it is -looking for collaboration- (status) it would be more pilot that they are looking for. If it is -exploring problem area- (level of development) and it is -looking for collaboration- (status) it will be.. really interviews, outside the box completely”

This kind of quick overview of the status of the initiative is relevant for RM that do not want to read all the information, but just need to get an idea of what kind of project can be more relevant for them in their context. RMs have also suggested using the badges to provide more detailed information on the current status of initiatives like PILOT when that is possible, or SURVEY when the initiative is in a research phase etc.

The initiative’s cards, according to RMs should also put in evidence which is the challenge that the project is focusing on and how it relates to client’s needs.

Insights from the Initiative details

Selecting a specific initiative card, users can view the initiative details page. Feedbacks from this part of the prototype are the importance of clearly synthesizing what is the focus of the project and how it relates to the client’s situation. One participant mentioned:

“If I had an initiative on a page I could see 5/4 bullet points about what it is, what are the goals, who is the contact if we need more info, and how it is relevant for clients so then you know which questions to ask. We are looking for clients who have these pain points, this challenge and are willing to talk to us ideally in this sector”.

And also:

“I miss a box that gives me USPs or questions to ask. Something that connects it to clients. If I want to talk to a client about this, what are the highlights, what are the questions I should ask?”

“I still don’t understand what do they want, do they want to talk to a bank, do they want feedback from a bank, do they want to compare notes... or contact a manager or an issuer?”

Participants highlighted the importance of having a clear contact person to talk to and ask more questions about the project. This is also important when the status of the initiative is in the “looking for collaboration” mode. In this case RMs need to understand the need of the initiative in first person and would still prefer to have a more personal call with the team to understand the need:

“I don’t need to read a lot. I think this is ok I would read it. But I would still need to contact the guys and ask if it is indeed what I understand and if they can give me a little more of color, so that I can make my email with a bit of details.”

“And maybe that person then says -oh I had enough feedback thanks for setting up the call but it is not necessary because my product is finished!- So I would still need to have a chat with the person to verify -Do you need a meeting? Whom do you want to discuss this? someone in Lending, Finance? innovation? Blockchain?- “

An important functionality in the initiative detail well received by RMs is the button “follow”. Participants have mentioned the importance of getting updates on the status of the initiatives that are more interesting for them, so that whenever a substantial update occurs they are able to keep track of it. On this subject they have mentioned:

“I think you don’t have to check it everytime, but like once a month if there is something cool you would see that. This is really important because if they put their project on hold you would know that.”

“I think it would be interesting to have in my profile an overview of all the projects I am following. To have some option to share my ideas, no ideas but notes or whatever.. something for myself, like an innovation notebook. Something like: -I can contact this one, or for this client this might be interesting-”

Insights from the possibility to understand innovation

The “understand innovation” section is important to Relationship Managers to get an overview of the overall innovation strategy of ING as well as of the innovation process that initiatives are undergoing. Participants have expressed their appreciation to have all the information they need in one place. About the PACE process information they have mentioned:

“It is good to have it in one thing because otherwise you would have documents and documents and that is not necessary”

In this section participants could also see the different services that WB innovation could offer to clients for example brainstorming sessions or introduction of different initiatives.

In relation to these sessions, RMs expressed the need to have some support from the innovation team to arrange these kinds of sessions, with a focus on predefined themes that could be interesting for clients. For example one of the participant has mentioned:

“Sometimes we have these (sessions about innovation with clients) but we need to come up with that ourselves. If there are some themes to know in which direction to go and then we can say we are interested, we want to know more about it and then we can have a first discussion. This would help the clients understand more innovation. For example some of the clients are interested to know how to use analytics more and we also have a lot of experience with that. If we have these themes around innovation topics it will be interesting”

“I would like to have it on a more senior level, If we know that clients are really interested in some themes we would arrange some discussion on a C level. And we would prepare in advance some kind of briefing to see what are the differences, the dilemmas companies are looking into.”

When it comes to the possibility to introduce initiatives in these kind of sessions, RM mentioned:

“Introducing initiatives in these sessions is important but then it won’t be CEO or CFO level, a little bit lower because it will go in more details and other people need to be involved”

Insights from collaboration with initiatives

An important part of the prototype was the “collaborate” section which aimed at making the proactive role of RMs more tangible. In this page two sections were presented to RMs: the first one “see available collaborations” and the second one “share your knowledge”.

The section “see available collaborations” was quite clear to participants who mentioned:

“If I have something that I am working already with my clients I can see it here”

“If on “exploring initiative” you have put your name down for some collaboration then here is where you would see them. Like the job I am doing now would be part of these collaborations. It would also be interesting to see like - collaboration (company name) and initiative etc... - “

“I would click on the left, to see why I am not on that list and what we can collaborate about.”

On the other hand, the section “Share your knowledge” was not well received by Relationship Managers who mentioned:

“The screen it’s quite cool, I would click on the left one but I would never click on the right one.

To me the right one is a bit of a click bet -You have not shared anything yet and you should! ... Share what?... we deal with a lot of stuff which is clients’ information.. I do not know what kind of stuff to share. If people call me I would be happy to share, but I would not start clicking around. I would not click on that one”

“I am not too sure.. Are there questions or feedback and that’s where you share your knowledge?”

“Not clear, what kind of knowledge can a front office share here?.”

In the section “available collaborations” RMs have mentioned the importance to

see something that would let them understand the level of commitment to the initiative to get what they want. It looks like Relationship Managers are quite insecure about which initiatives to interact with and they need something to measure the level of maturity of the team. As some of them has mentioned:

“I need some verifications to know how important it is for ING. Is it one of the key initiatives? If yes I will be happy to introduce it. If they say “no this is not one of the main initiatives, we don’t think that this one is going to make it to the second milestone” then I would be hesitant to introduce it to my client.”

On the same line of thoughts the following statement shows a level of insecurity and need for backing informations:

“What would be really interesting, and I don’t know how compliente it is, if you could see names of clients involved in certain things, you know? So then you can see “oh they are also discussing this” then you can ask questions about it.. it becomes more alive..”

Insights from Client Innovation Profile canvas

Discussing the use of the canvas, overall participants have mentioned the challenges in understanding what is really important from an innovation perspective to be able to provide useful information. Participants feel the canvas as a time consuming activity that would not be carried out by RMs without a clear scope and goal behind.

However the benefits that RMs see for this kind of exercise are in preparation for a meeting, where questions about a client help in guiding a discussion and get more information. Some relationship manager has mentioned:

“Maybe this is something that is useful to prepare a meeting, asking these questions that maybe we do not know. And then after the meeting you come out with a clearer picture of what are the challenges for the client”

Another useful angle for this canvas to be used would be the tracking of discussion with different initiatives. RMs have mentioned on this point:

“Often for (company name) many people contact me to ask me the same thing. Maybe they do not know that there is a dialogue. That’s why it is important that

for a bigger client where you have a brainstorming session you start creating an innovation profile. Where you could have a brief description of initiatives interesting for the client”

Looking at the contexts in which this kind of canvas can be utilized RM shared the possibility to introduce the activity in one of their catch ups to evaluate the status of the relationship:

“For some of the clients now in our team we are having this annual meeting and just thinking about our relationship, with people who are responsible, what we want to achieve the next year, what are the challenges we face, and we try to think a bit outside of the box. So it can be interesting to fill this in those meetings.”

Overall conclusions from Findr innovation portal

From insights of the prototype test it is clear that RMs see the value of a single repository of information, contacts and knowledge on innovation at ING. The value of such a tool is especially important during the research in preparation to a client meeting as reported by participants:

“I need to do my research before the meeting and then the tool would be actually useful to know “what are we actually doing on trade finance”? and then I can quickly read on it to brief myself and then I can discuss it with the clients”

“At the moment we don’t have anything like this. If I would know all these different types of projects I need to go to my own emails where I have got separate folders for a few of these for me to know anything that is going on or speak with one of the guys in the innovation team. So it’s useful for that reason”

Participants have mentioned that with the introduction of such portal they would feel empowered to engage on innovation discussion and connect with different initiatives and clients:

“for me it is super important for the preparation, to stay up to date, to create more collaboration opportunities, more point of contacts”

“If there is this catalogue about innovations divided in categories, where you know what kind of innovation it is, which are the USPs, which clients are interesting, which questions can you make to the client to tease the interest, then, after familiarizing with it, you are more proactive rather than just reactive”

“I think that if there is a portal like this where it is easy to understand the initiatives it would be easier for us from front office to come up with suggestions like -I have seen there is this initiative and it could be really interesting for this client-”

On the other hand, the introduction of the tool should be followed by a more personal approach towards the front office teams. In fact participants have mentioned the importance to have recurring session and catch ups where they can have a more human approach to the subject, asking question and getting relevant updates, but also learning the language to use to introduce these discussion in the client relationship:

“At the same time I am thinking that is more like a passive tool.. Of course a tool is cool, but I still would like to have a touch with (PACE coach name) to ask what kind of innovation is ongoing and he can explain to me all the different kinds of projects.”

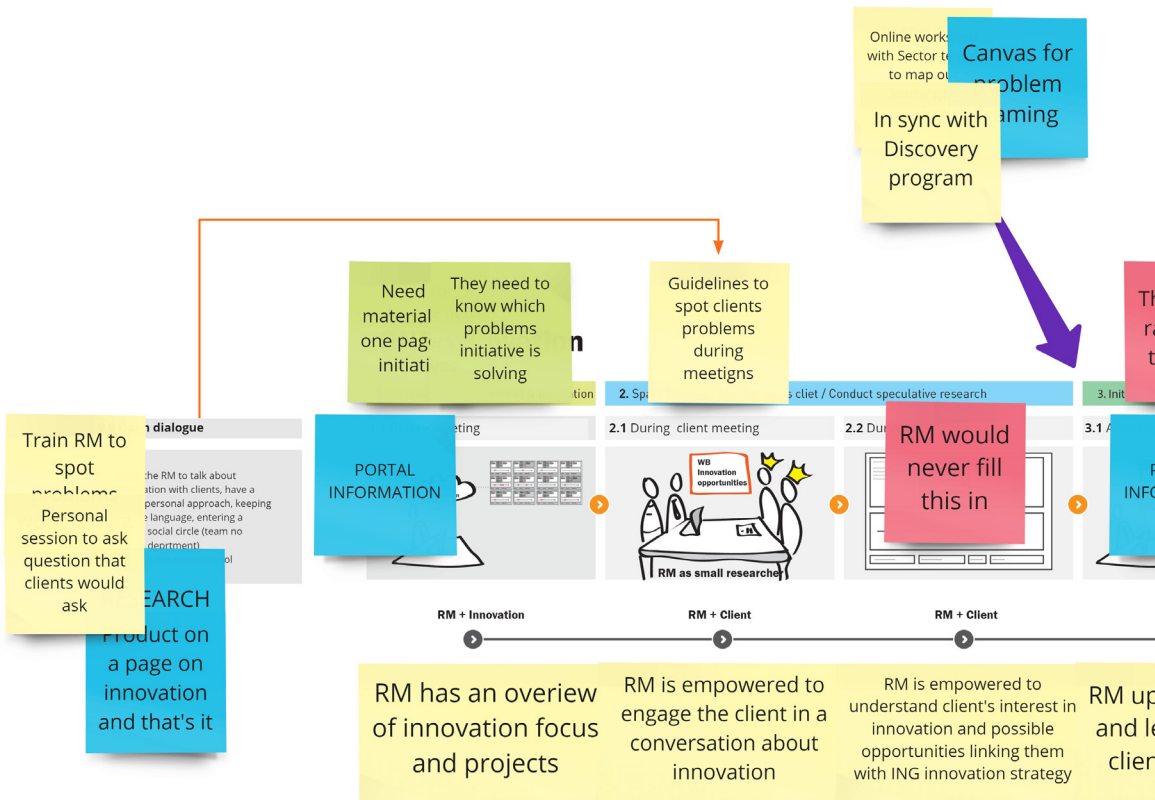
“I will not be able to do it without training actually, because I do not have the full picture behind it. I think the tool will be useful to understand... and of course then to explain it you need more experience and actually to just present something about innovation to understand how these different stages are working and I think not all of us are aware of it.”

In conclusion, the tool would be useful to bring innovation closer to the front office colleagues, making the innovation effort of the bank much more tangible for ING professionals and clients. This would be a first step to lower the current barrier existing between these two areas of the organizations which is well described in the words of one of the participants:

“At the moment innovation is a sort of black box sitting on another side of the Bank that we are a bit scared of. We don't know what to do with it... If innovation becomes more user friendly, explained with terminology that we understand, with the product areas, with a clear description for each initiative, with slides to download, it becomes immediate and user friendly to get to innovation from the front office”

Takeaways from test of the innovation portal

- ▶ According to RMs the tool would be an indispensable tool to understand innovation at ING and spark their interest towards the collaboration with innovation initiatives.
- ▶ RMs need to have guidance in understanding which initiative might be introduced to which kind of client. The tool should facilitate this kind of understanding.
- ▶ RMs still need a personal interaction in addition to the tool. Without the personal contact with innovation experts, in a safe space to ask questions, the tool would not be enough.
- ▶ The introduction of the new way of working has enabled teams to have recurrent catch ups with the team. These personal sessions can be quite powerful to introduce topics related to innovations.



- ▶ RMs would not feel comfortable sharing information about clients on an online tool. However they see the potential of creating such a profile to keep track of the numerous discussions ongoing with clients. They have mentioned the possibility to perform the activity during their recurring relationship assessment catchups.

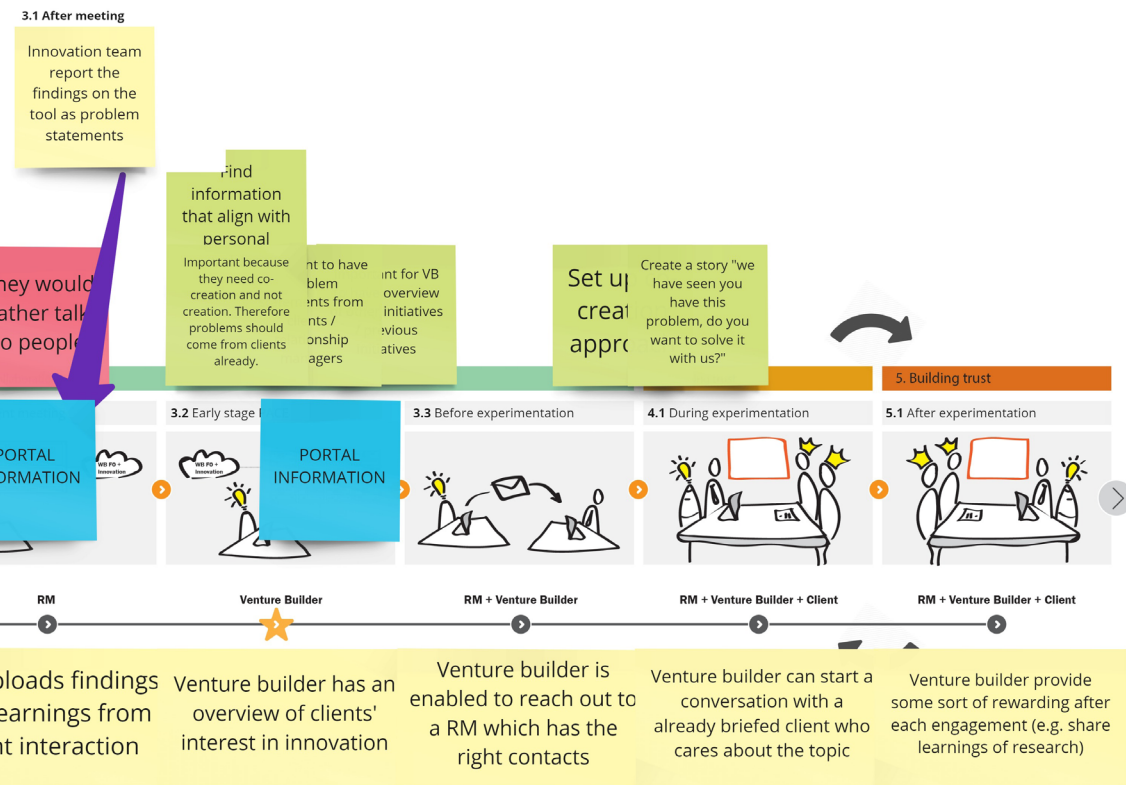
4.1.6 THIRD ITERATION: TOWARDS THE FINAL CONCEPT

After the test of the prototype the process for customer engagement proposed earlier in this thesis has been revised. The steps and the tools in place have been updated as can be seen in figure 4.22.

The finalized version of the process sees the addition of a recurring catch up session happening on a monthly basis with the different front office teams in different sectors and conducted by an innovation representative.

As mentioned by participants in the research, the role of the innovator

Fig 4.22. Third iteration of the customer involvement process after the test of the Innovation portal prototype.

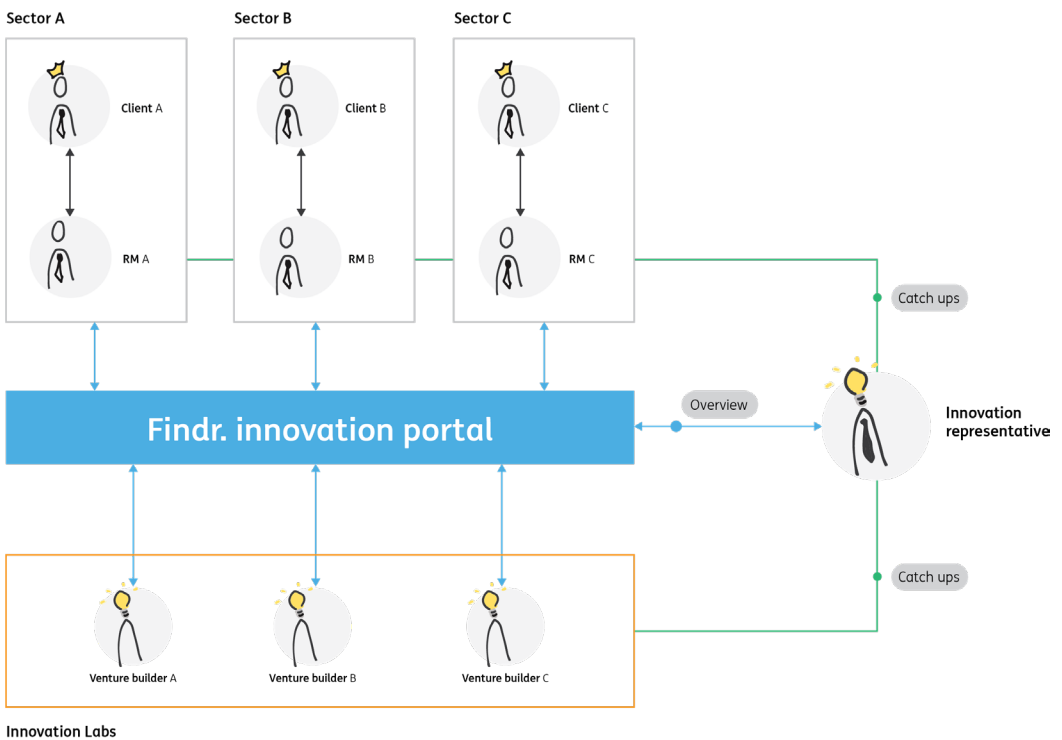


representative should be clearly defined and act as a single point of contact (SPOC) on the innovation side for any front office colleague. This role should support the Relationship Manager handling the discussions with clients on innovation and reinforce their trust in the initiatives and the process. This professional would impersonate the role of liaison between the two sections of the organization helping manage client expectations, and keeping relevant teams informed about the latest development of innovation.

At the same time, the Innovation Representative, creating a thick network of connections within the organization and other stakeholders within the client base, would support venture builders in finding the best partners to start collaboration. He will act as a Relationship Manager with an outside-in approach towards innovation. By connecting with clients and front office externally he will put the basis for a synced collaboration that fosters co-creation in the labs.

Figure 4.23 shows how the role of the Innovation Representative creates the link between the two sides of the organization.

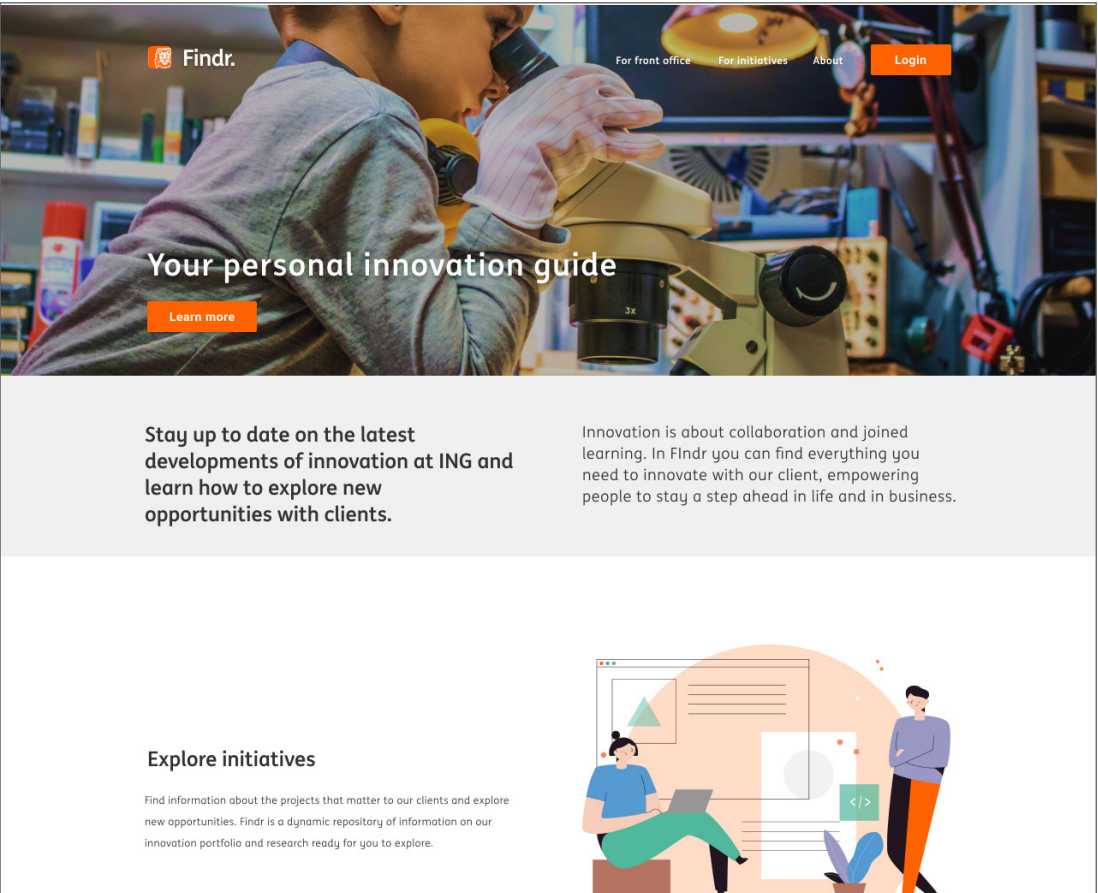
A second addition to the process will be the introduction of brainstorming sessions conducted with the front office teams in which the focus will be reflecting



on the client relationship and problems experienced by clients in their industry. The goal of the session will be the formulation of problem statements that can be used as a starting point for new innovation initiatives focused on client's pain points first. These sessions will be facilitated by the innovation enablers team using specific canvases like the innovation client profile previously introduced. The problem statements derived from these sessions will be uploaded by the innovation enablers on the Innovation portal for other teams that would have the possibility to show if the problem is something they also face in their industry.

Findr portal final iteration

The final design of the innovation portal is presented in these pages.





“A dynamic tool to keep track of innovation activities and have a tangible impact for our clients!”

Marco - Relationship Manager for TMT & H sector

Collaborate

Use Findr to find the projects that need your help and use your knowledge about our clients to make our innovation effort stronger together. Explore the section “collaborate” to know how you and your team can contribute to innovation.



Build your personal network

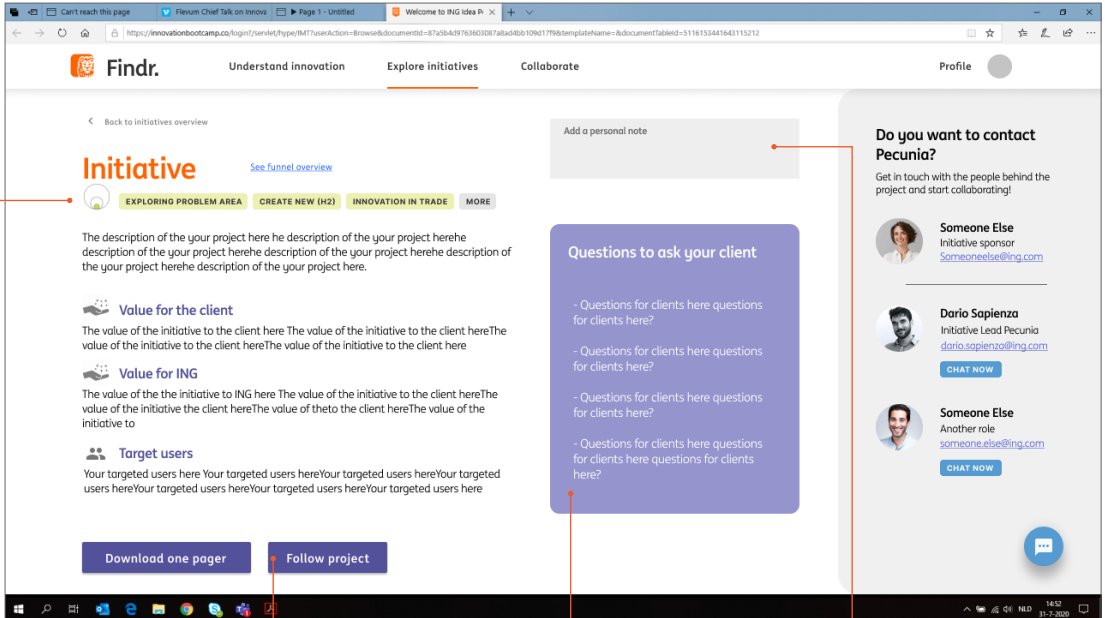
Meet the people behind the projects and ask questions. Innovation does not happen in isolation, Findr helps you building your personal innovation network.

Join our network. Meet the innovation team in one of our recurring sessions to discuss the latest developments and ask questions.

Findr is not only online! Sign up to our recurring sessions and join ING's largest innovation network.

The screenshot displays the Findr platform's 'Initiatives overview' dashboard. At the top, navigation tabs include 'Understand innovation', 'Explore initiatives' (active), and 'Collaborate'. A search bar is located in the top right. The main content area is divided into several sections:

- Initiatives overview:** A large bubble chart showing initiatives across sectors like Banking, Finance, and Retail. It includes a legend for 'Development phases' (Solution ready, Building a prototype, Exploring problem area) and 'Focus areas' (Trade, Regulatory & Compliance, Data-driven, Disrupt lending, Transaction services, Financial markets). The chart is categorized into 'IMPROVE THE CORE', 'CREATE NEW', and 'GAME CHANGER'.
- Highlights:** A summary box showing '37 initiatives' and '6 focus area'.
- Releases:** Two boxes listing spin outs and spin ins with associated company names like Katana Labs, Cobase, Vakt, HQLAx, KomGo, TERRA, LS2020, FINN, and InSettle.
- Innovation for TMT&H sector:** A section with a 'Building a prototype' filter. It shows two initiative cards with detailed descriptions. A red annotation points to this section: 'New section for suggestions based on a specific sector covered by RMs'. Another red annotation points to the card details: 'Detailed status description'.
- Innovation in trade:** A section with an 'Exploring problem area' filter. It shows three initiative cards. A red annotation points to this section: 'Improved visualization for the development phases of the initiatives in line with overview'.
- Innovation in regulatory and compliance:** A section with three filters: 'Exploring problem area', 'Building a prototype', and 'Solution ready'. It shows six initiative cards, some with status labels like 'LOOKING FOR PILOT CUSTOMERS' and 'STOPPED'.



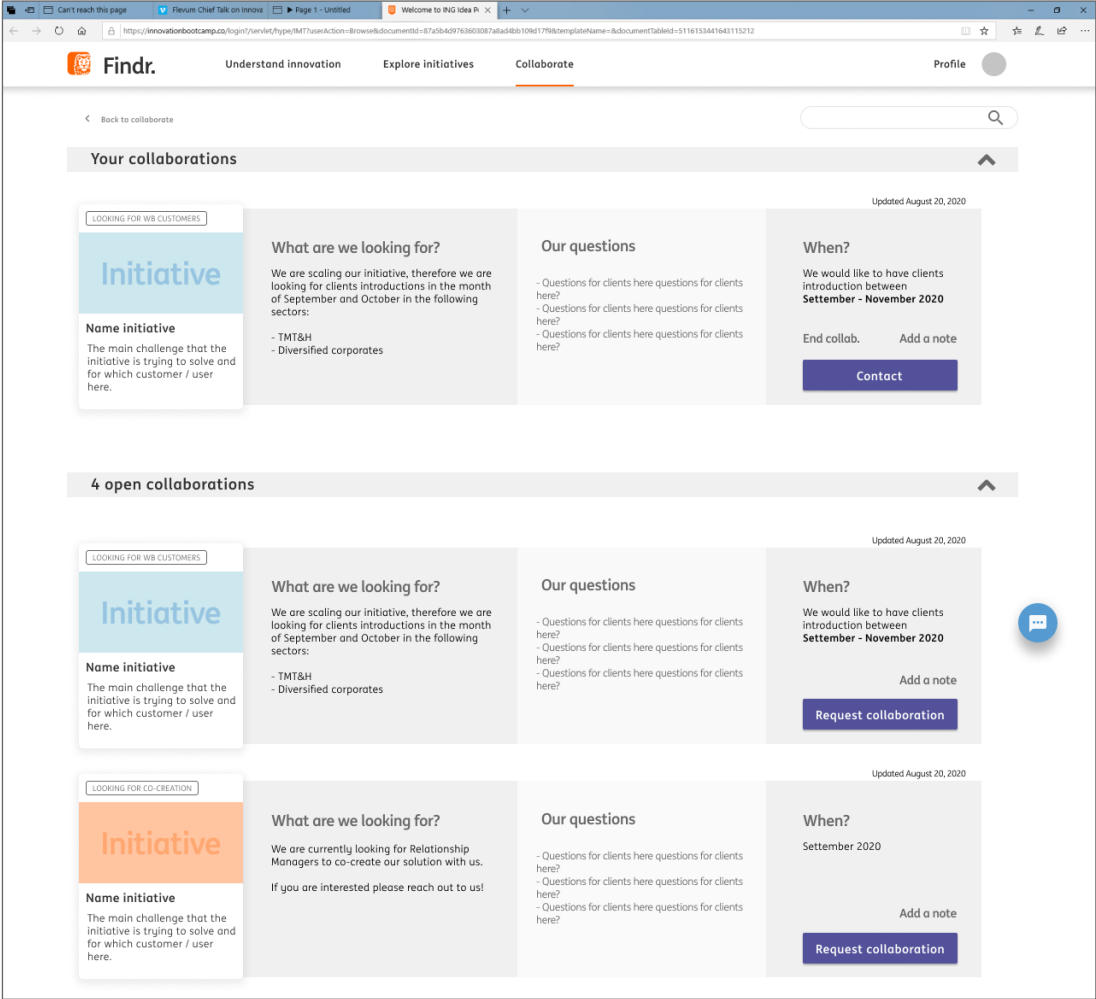
Introduction of tags to search and cluster initiatives

Follow project feature to get selective updates on specific projects

Improved detail of initiatives with questions to ask clients to explore opportunities

Personal note function to note down initial thoughts or insights after discussion with clients

A SYSTEMIC CUSTOMER-CENTRIC APPROACH TO NSD



Updated collaboration section where RM can track ongoing discussions with internal projects and find initiatives that are looking for collaborations.

4.2 Final concept

The final concept presented in this thesis is the culmination of a human-centred design process that speculates on the new service development model for B2B innovation focusing specifically on customer involvement. After a deep analysis of the literature review and research in the case study, the iterative approach supported the design and evaluation of a revised customer involvement process that takes into account the needs of a multitude of stakeholders.

The final design is an ecosystem of tools and requirements to facilitate customer involvement in NSD through the activation of different roles within the business that are of fundamental importance to reach successful customer involvement in innovation.

The final concept is presented through an iterated journey (figure 4.24).

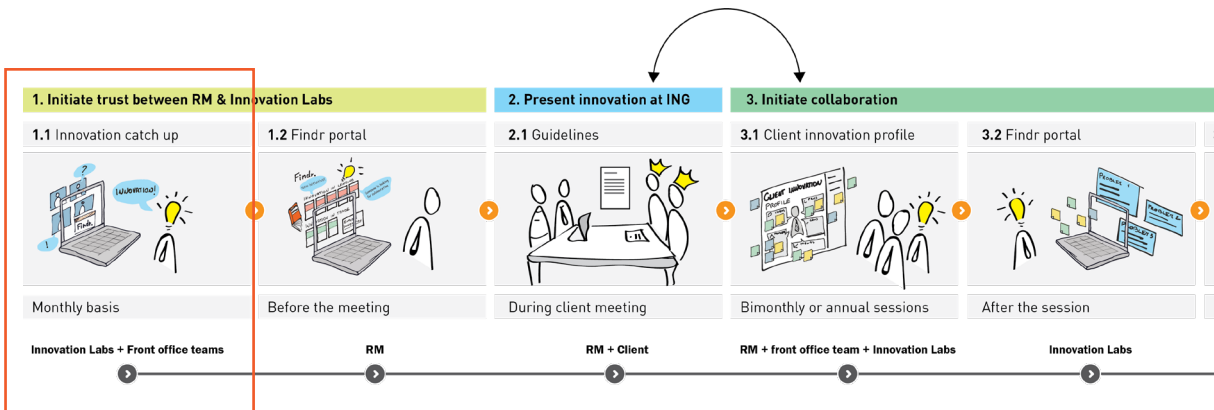
4.2.1 THE PROCESS STEP BY STEP

Step I Initiate trust between Relationship Managers and Innovation Labs

Step 1.1 Innovation catchup

The first part of step one includes the innovation catch up run by the innovation representative. The innovation catch ups are monthly online sessions run by the innovation representative together with front office teams covering different sectors. Ideally, the innovation representative would meet different teams at different times, making the update feel more personal for participants. Research has shown that by making the session more personal, inviting specific teams

Fig. 4.24. The final customer engagement process introduced in this thesis.



instead of the whole department for example, more colleagues would attend the session and would feel at ease to ask questions.

What is the goal of the session?

The goal of these sessions is threefold:

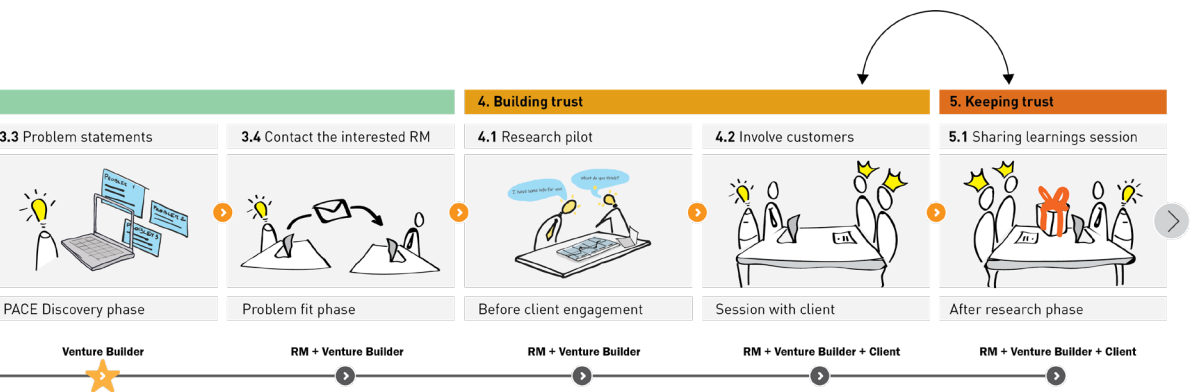
- ▶ Stimulate a personal and more tangible discussion about latest innovation developments and focus of the Labs by providing a tailored update based on sector, market covered and focus on industry pain points.
- ▶ Collect feedback and requests from front office colleagues’s experience with clients.
- ▶ Create a channel for new innovation initiatives to present their project and build a personal network with front office colleagues that would be able to support customer engagement.

Who will be involved?

- ▶ Innovation representative (facilitator)
- ▶ Front office teams (attendees)
- ▶ Guests (Innovation enabler team, venture builders etc.)

What is the proposed set up of the session?

The proposed set up will include a session of 1 hour in which the first 30 minutes



will be focused on updates from the Innovation representative with interventions by eventual guests.

The last 30 minutes will be left to Q&A and other important topics to discuss. Suggestions for the facilitator of the session is to use the Innovation Portal as a basis to structure the updates. This will ease the adoption and understanding of the tool by the front office colleagues.

What are important aspects to take into account for these sessions?

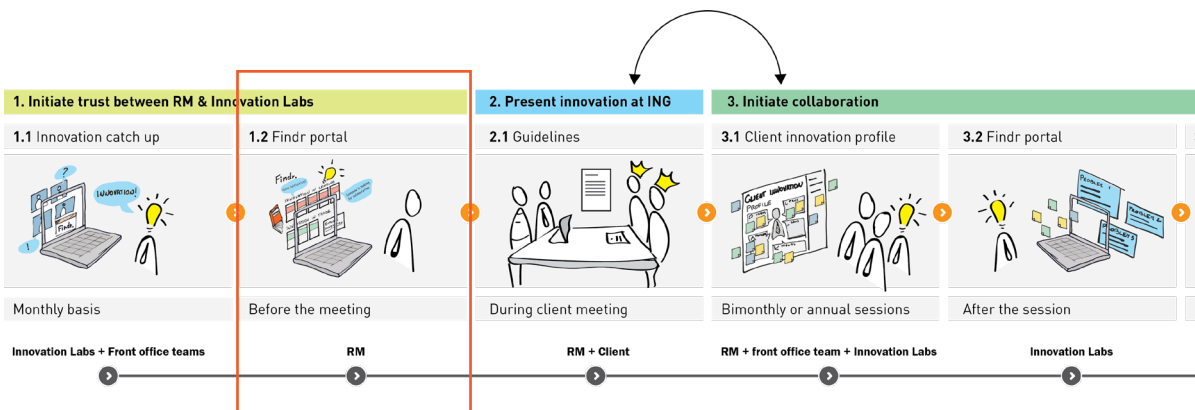
The language used in this session should be carefully chosen, the facilitator should speak a simple language avoiding typical innovation-specific terms that front office colleagues do not understand (e.g. Horizons, PACE stages, technical details of the initiatives).

The level of detail should still be focused on a clients relationship perspective, and the question to ask when running the session will be “how is innovation supporting our clients?” “How can our clients participate in our innovation effort, and what can Relationship Managers do to facilitate this process?”

The innovation representative will help reframe the view of innovation as something that relationship managers can contribute to. By providing these sessions, the labs are making a statement introducing the front office team as a key role in the innovation process.

Step 1.2 Findr portal

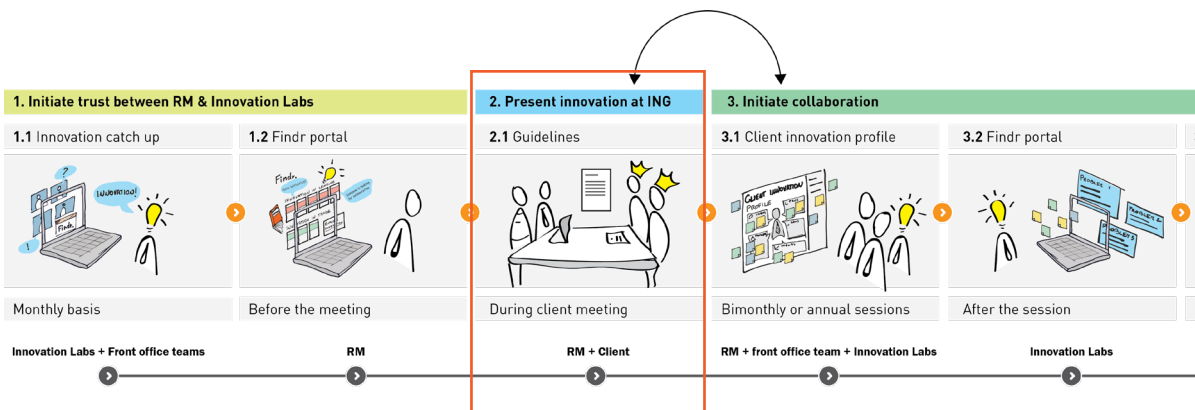
The innovation portal is the platform that connects the front office and the innovation department providing a single source of information and knowledge sharing. Main users of the portal are Relationship Managers, innovation



- ▶ The portal will provide visibility of the venture builder’s project to targeted front office teams. This feature can be used to rapidly expand the network of connections that Venture builders need to involve customers in their project.
- ▶ The portal would provide RM with a list of front office colleagues that are active in innovation, care about the topics and are already sensitized on the way of working, so that they can directly reach out to them and discuss possible collaboration.
- ▶ The portal can be used as a channel for research. Venture builders can test the traction of their project among a certain pool of front office colleagues.

What is the value that the innovation portal brings to the innovation representative?

- ▶ The innovation representative will use the portal to track updates on initiative status.
- ▶ The innovation representative will use the portal to structure the updates during innovation catch ups with front office colleagues.
- ▶ The innovation representative will have an overview of the front office colleagues involved in innovation and will be able to support the initiative teams to find the right partners in innovation.

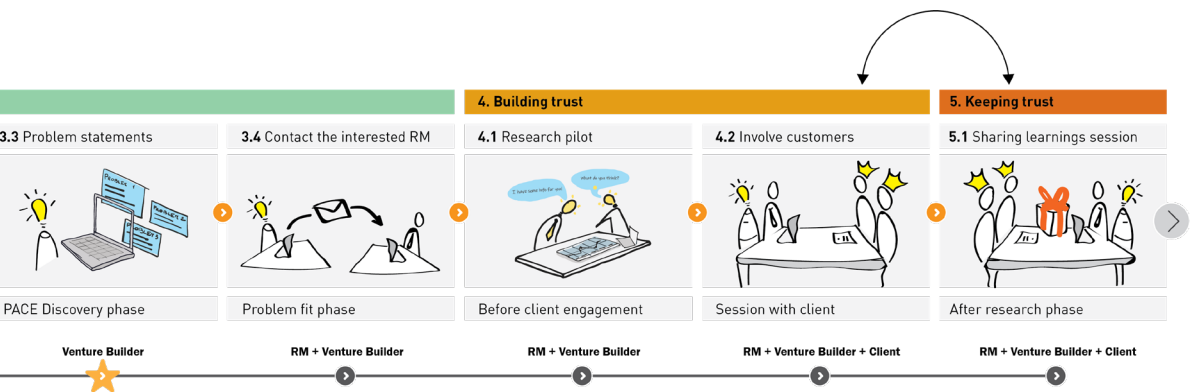


Step 2 Guidelines for customer involvement

Step number two consists of clients' meetings currently conducted by Relationship Managers teams. This step is extremely important to frame the role of front office teams in the innovation process in a way that is not exclusively focused on the inside out approach (selling a product) but also outside-in (engaging clients in the creative process). In this project, I initially explored opportunities to introduce tools that would help Relationship Managers having a more structured outside-in approach. However, the context of study has presented an underlying level of complexity which has made it challenging to fully study the dynamics occurring when RMs take this approach. For this reason, I will limit myself to list a series of points that are derived from my personal experience and research with front office professionals, as well as from desk research insights.

Firstly, I argue that the introduction of the innovation portal with organized and relevant knowledge for relationship managers and with downloadable and printable documentation will support the activation of front office roles in bringing the innovation discussion to clients.

A powerful tool to change the approach that RMs have towards innovation would be the introduction of key performance indicators (KPI) that focus on the discovery of opportunities for joint value creation with customers. At the moment, KPIs specifically tailored to innovation are partially in place within front office professionals, but they are focused on an inside-out approach that pushes



Relationship Managers in selling existing innovation products rather than trying to explore new co-creation opportunities with clients.

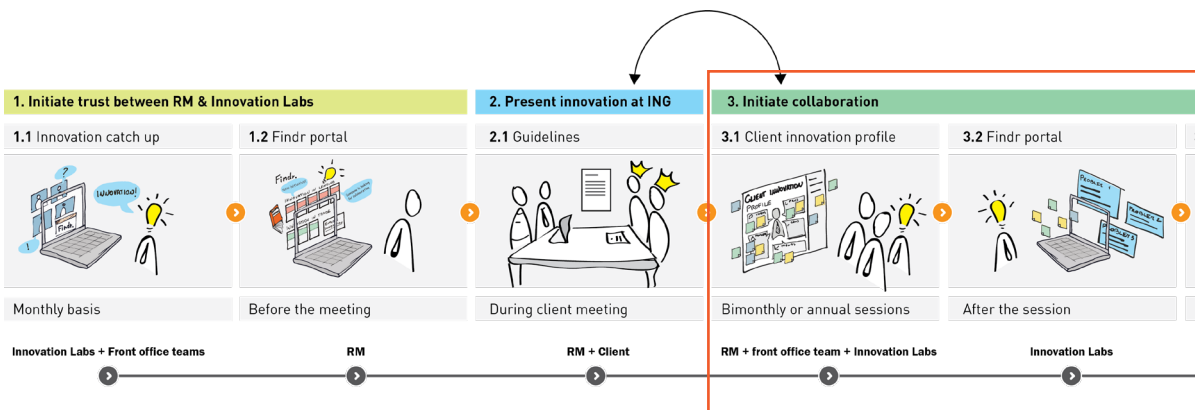
Together with the introduction of KPIs, front office colleagues should be provided with guidelines on ways to frame the innovation process as a valuable resource in itself. Research shows that by participating in joint innovation processes and independently from the results, firms benefit from it in different ways (e.g. better understanding internal processes and challenges, cross pollination of knowledge and capabilities, other relevant insights on the market and the industry).

Clear documentation, training and materials should be provided to front office colleagues on the ways to manage a collaborative value creation approach with clients broadening the capabilities that these professionals can use when managing the relationship with clients. The general guidelines for a customer-centric new service development that I will introduce later in this report (page 179) will represent the basis for the definition of the guidelines for RMs.

Step 3 Initiate collaboration

Step number 3 starts with the client innovation profile session which represents the attempts to bring front office colleagues at the core of the NSD process by facilitating the sharing of the tacit and latent knowledge they have about customers. This knowledge is built over years of customer relationship and understanding of the contextual industry problems. By focusing on real customers' problems and pains, the fundamental problems that can define real value for customers can be defined.

The session would be carried out through a series of activities that need to be



tailored to the definition of problem statements from customers.

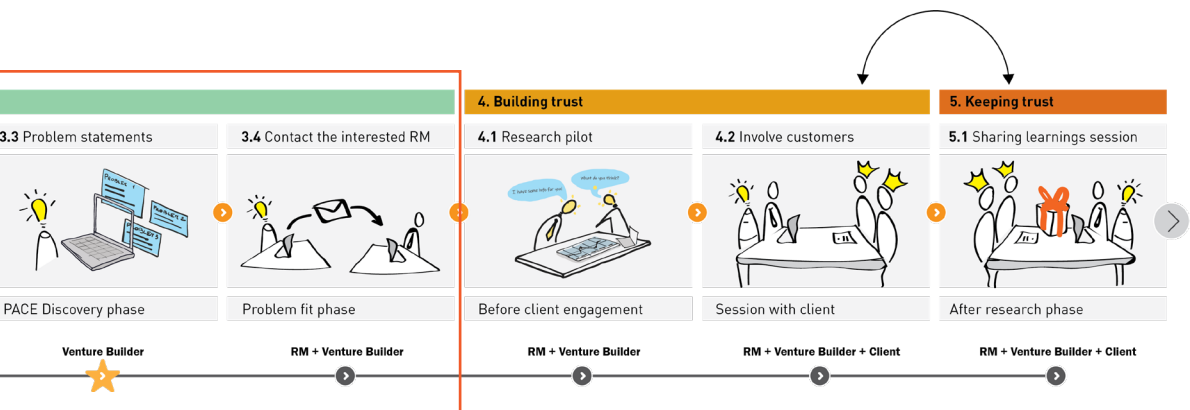
In the research conducted in this project I have presented a canvas “client innovation profile” that could facilitate such sessions and understanding of the clients goals and problems. Results from the test have shown the potential of the use of such a canvas to help RMs reflect on what could be important to share from an innovation perspective. However, the canvas has not been tested in the context of use, in the of the session. Therefore recommendation would be to test its usability in a pilot session before implementation.

Other valuable activities that can support the definition of problem statements are mapping the client’s ecosystem. From experience, the visualization of the ecosystem is useful to pinpoint challenges providing more information on the context in which they occur. This would form the ground for insightful problem statements cards.

What is the goal of the session?

The goal of the session is to map out the latent knowledge that the teams have about their customers that is built over years of relationship. The outcome of the session will be a number of problem statements that define customer’s main pain points.

Step 3.2 and 3.3 and 3.4 describe the sharing of the problem statements defined through the brainstorming session with the front office to serve as input for NSD. In fact, the problem defined will be extremely insightful for venture builders who are looking for a serious challenge to solve, together with the people that actually experience that challenge. Understanding “the owner” of the problem is important for venture builders that are looking for a co-creative approach to innovation. Problem owners will be more willing to collaborate once the initiative has set the focus on a challenge that is close to their personal experience. This is



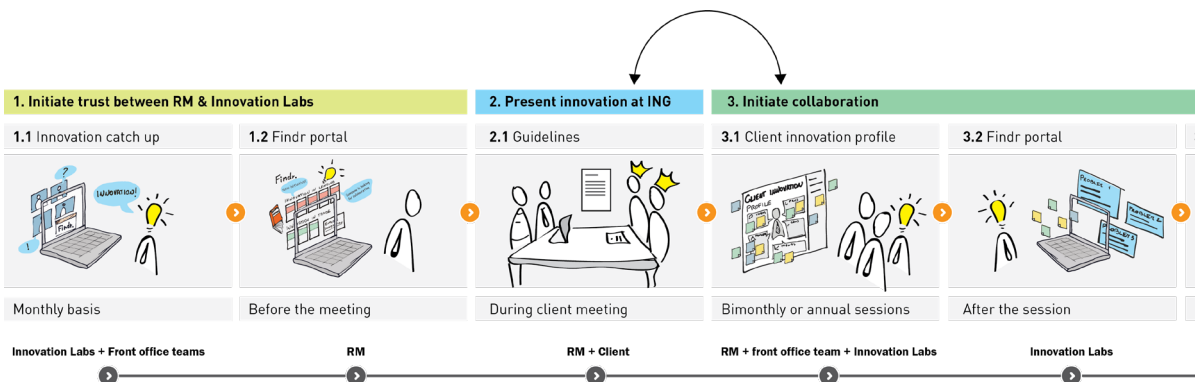
true for relationship managers who share the problem as well as for customers that experience the problem directly or indirectly. Starting from those challenges, venture builders can use their skill to connect stakeholders and create a win-win opportunity for the bank and its customers.

Step 4 Building trust

Step 4.1 is defined by the involvement of front office colleagues with knowledge about clients in the definition of the research plan together with the initiative. This approach will see the collaboration between these two roles in a constructive setting, where the outcome would be to collaboratively define a successful engagement method.

This step presents two goals:

- ▶ On one hand, by running a pilot the initiative teams can test their research approach previous to the engagement with customers getting relevant insights on the research plan and setting. The relationship manager, previously briefed, would provide his knowledge and experience on the client relationship to fill possible knowledge gaps in advance.
- ▶ On the other hand, relationship managers will experience directly the way of working of Initiatives in the Labs, understanding the experimentation approach from practice. The participation in the research process will make the front office practitioner feel a level of ownership of the process, and will



help in syncing his experience with the one of initiative and customers.

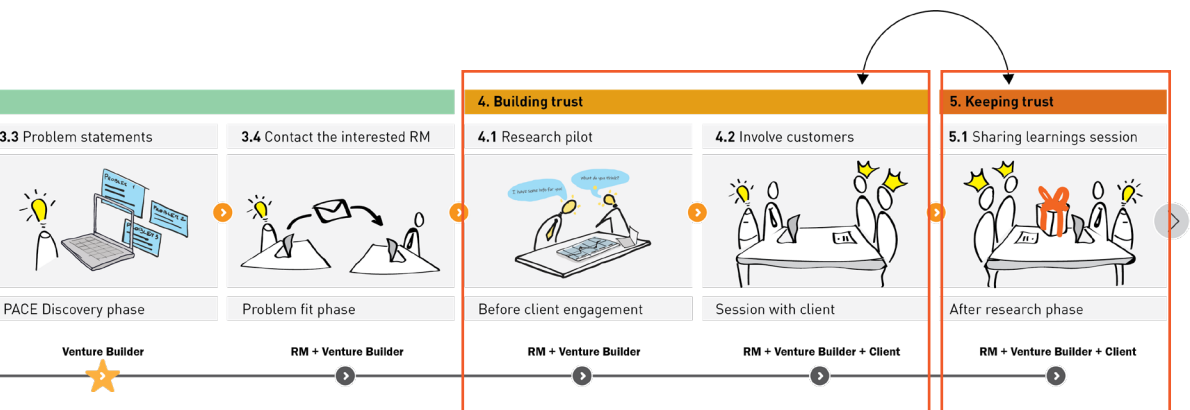
Step 5 Keeping trust

The last step of the process focuses on the end of the innovation journey that is usually not a pleasant moment of the engagement. In fact, research shows that most of the time a terminated Labs’ projects generate frustration by customers who took part in research or co-creation activities, and it is not uncommon that those customers won’t even get any update on the status of the project after it being stopped.

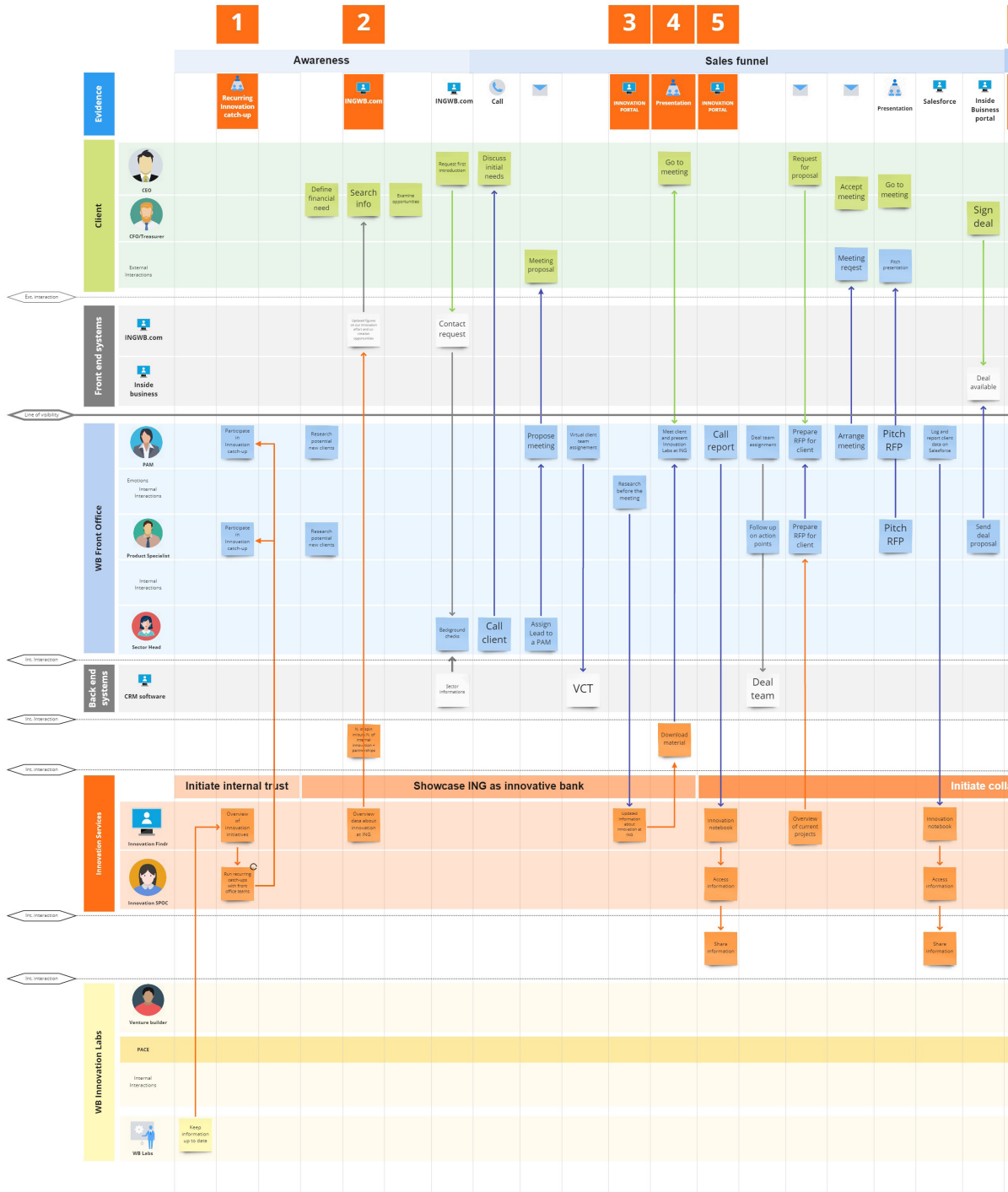
For this reason, in this step the innovation labs make sure that learnings from the experience are collected and shared with the relevant stakeholders to formally end the collaboration and provide a sort of reward, in form of knowledge, for the effort put in the collaboration.

This formal conclusion of the project is important to prevent repercussions on other members involved in the client relationship, especially front office colleagues that will be the only one who would have to deal with frustrated and demoralized customers.

To present the final concept, all the steps, the tools and the roles that take part in this process are plotted onto a service blueprint. This method allows for an in depth analysis of the process designed and makes it possible to replicate the “service” introduced. The final document can be seen in figure 4.25.



CHAPTER 4



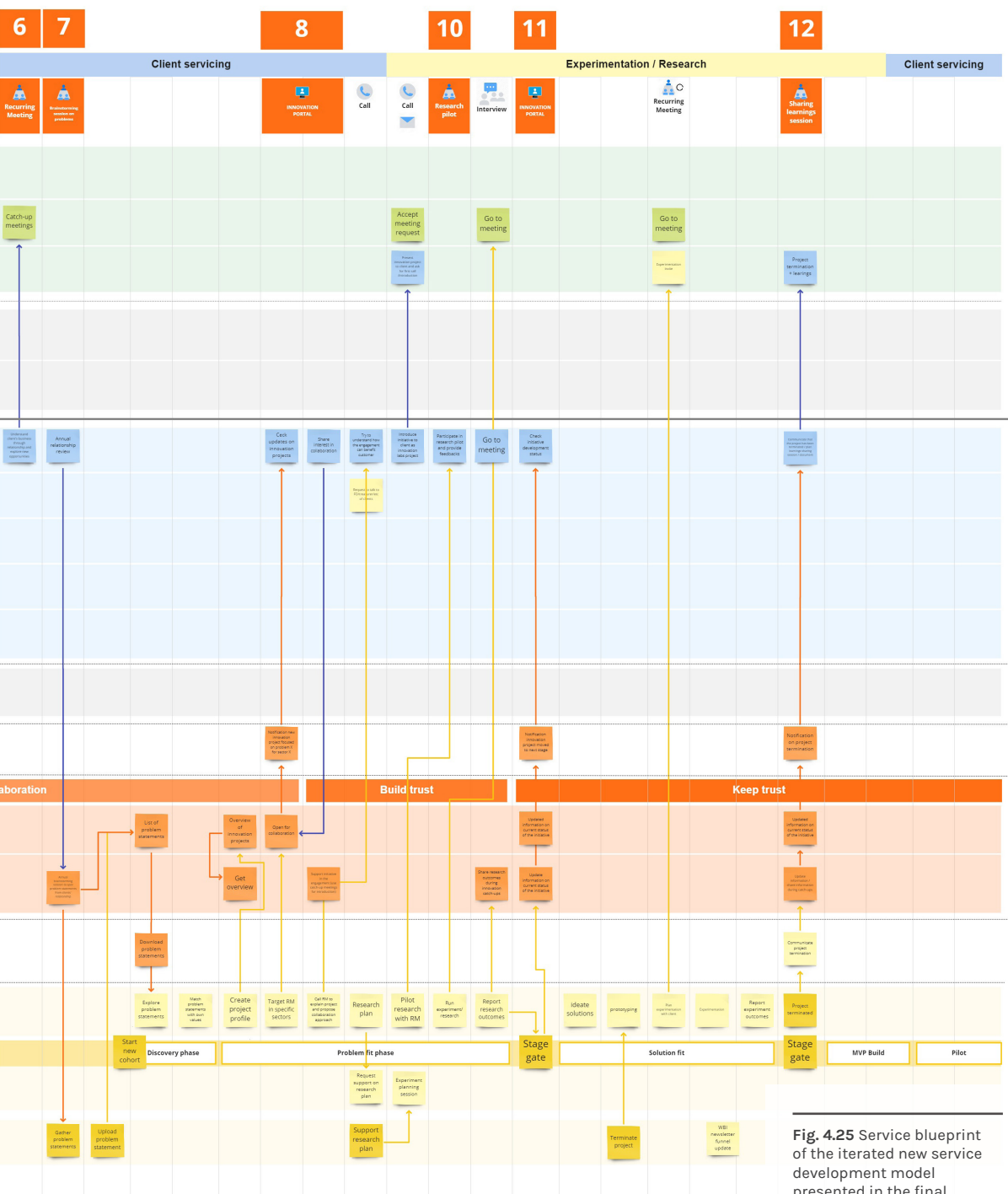


Fig. 4.25 Service blueprint of the iterated new service development model presented in the final concept.

The visual is an iteration of the blueprint introduced at page (112) and presents seven main rows defined by the use of distinct colors. The top row in blue presents the evidence, that is the tangible touchpoints of the process. These elements are the manifestation of the customer-centred new service development model presented in this thesis. Without the touchpoints, the process envisioned would not have a successful outcome. The second row in green presents the experience of the corporate client, from onboarding to the engagement in the research activities with innovation initiatives. Below the green row, a grey row shows the interfaces encountered by clients in their journey. The first interface being the Wholesale Banking internet page, and the second one the business portal of the bank, where the client receives updates on the different services in use.

In light blue, right below the line of visibility, the rows that show the individual Front office roles involved in the client relationship. In this section the journey of the Relationship Manager together with the one of other stakeholders is shown. Below the front office row, in grey, the software used for client relationship management is shown. The orange row presenting the innovation portal and the role of the Innovation Representative, is the main focus of the blueprint and represents the interactions that the two elements facilitate in the case study.

The innovation department lays at the bottom of the blueprint colored in yellow. In here the journeys of the venture builders and the enablers are shown together with the stages of the PACE process.

4.2.2 RECOMMENDATION FOR IMPLEMENTATION

The iterative testing approach provided a structured way to validate the design in the case study. The parts that compose the concept (steps, tools, stakeholders, interactions) have been tested in repeated iterations that were useful to redefine the core structure of the concept as well as the details of the single steps. However, because of the large number of elements included in the final design (the customer-centric NSD process) it was not possible to test all the steps in a consecutive way within the real context of use.

The remote setting of this research also played a role in the level of accessibility to specific context or end users (professionals in the case study of ING). For this reason, choices had to be made to target only certain users (in this case front office professionals) and test the process in separate steps. Also, not all the steps were subject to a test, instead, only the most critical assumptions were tested to assess the feasibility and validity of the design choices, while other parts of the concept were simply subject of concept testing envisioning the future design without any form of material asset. I am aware that

more accurate testing involving participants in a simulated setting will generate more insights on the introduced designs. For these reasons, I recommend to perform further research involving the other stakeholders that are part of the final design (e.g. customers and venture builders) to validate the steps of the process and iterate on those before implementation.

4.3 General guidelines for customer-centric NSD in B2B

The personal experience gained during this project has allowed me to reflect on the role of design in supporting successful NSD in the context of B2B innovation. The outcome of such reflection is guidelines for innovation activities focused on collaboration in a B2B setting. This is my humble contribution to the broader design community that is involved in B2B innovation projects.

1. Democratize the innovation language

Starting from the language and the terminology used, everything should be made simple to allow anyone to understand, follow and participate in the process at any point. Having a language that can only be understood inside the innovation lab creates a silos and innovation cannot be made in a silos.

2. Explain the innovation process to your organization

Make the methodology and process of new service development accessible for the large part of the organization. Research has shown that in innovation many professionals are involved not only entrepreneurs. You need support from Sales, Customers, Management and they need to understand your process and what to expect from you.

3. Make communication on innovation development feel personal and concrete

Prefer personal sessions with teams over large update calls. For example, the current covid-19 working from home situation has disrupted the way of working for many professionals in the organization, creating space for the redefinition of working group habits like recurring catch ups with the teams. Using the same

personal format, inviting small teams for updates on new service development, improves engagements and level of understanding. You will get more questions from a small group than a big one.

4. Train your sales force to sell a process not a final product

Train front office professionals in framing innovation discussions with clients in a perspective of co-creation and not just selling innovative products or services. This will facilitate the creation of opportunities for a collaborative approach to innovative problem solving which will eventually end up in a win-win situation for both customer and supplier.

5. Innovation is uncertain but trust is fundamental

Cultivate a company culture that is based on collaboration and transparency to create trust in the new service development process within the organization. Be transparent with the reason that projects won't go forward and try to link the concept of trust with the whole innovation lab and not with a project specifically. The project might stop, but the lab will be there ready for the next great challenge.

6. Design the engagement of your clients with innovation

In large organizations, with complex structures, it is important to design guidelines for engaging clients with innovation. Make sure your front office is specialized in your innovation process and that your customers can engage with your entrepreneurs in a way that is predicted and beneficial to all departments of your organization, not only innovation.

7. Reinforce the fail fast mindset

It is well known that startups are used to the saying “fail fast”, but in practice failing is not really embraced in corporate accelerators. It is a landscape in which the risk averse mindset of practitioners creates barriers for customer involvement. Low fidelity prototyping skills of designers are so important to introduce a degree of trust by stakeholders in the early stage of NSD, when nothing has been built yet.

8. Reward your customers for participating in innovation

When a project is stopped because it is not in line with the internal requirements, it is important to give back to customers that have invested time and resources in the project. Stopped projects create frustration that can lead to the deterioration of the relationship with the organization and eventually the loss of wider income opportunities. Rewards for the trust put in the process can take the form of valuable insights gathered during the experimentation, learnings about challenges in internal processes that customers can use to improve themselves but also ideas on possible future collaborations.

9. Include innovation in other department's KPIs

Key performance indicators are a powerful method to secure commitment by professionals on specific tasks. Introducing innovation KPIs within different departments would provide a safe space for professionals to put effort on NSD practices. Keep in mind that KPIs should reflect the outside-in approach and focus on understanding, learning and finding potential opportunities, not only pitching internal ideas.

10. Centralize customer research activities

Entrepreneurs provided with great challenges actually experienced by employees or customers will have more success in their research because it is easy to involve customers trying to solve their problems. Centralizing customer research as a capability of the Labs would create a central pool of information that entrepreneurs can use to understand which problems to leverage on for their idea and speed up their early stage of development.

5. Conclusions

The work carried out in this thesis generates new knowledge on the challenges to customer-centricity in new service development experienced in supply-customer interactions or B2B settings. The research phase, both in literature and in the case study of ING Innovation Labs, provides a picture of the intrinsic complexity of these processes, especially in the fuzzy front end which is usually experimental, chaotic, difficult to plan and unpredictable. In addition to the findings of the literature review about critical success factors for innovation in B2B context, this project adds the understanding of the importance of client facing roles in the new service development process. In fact, front office practitioners working within the organization, if not provided with the right tools and training in innovation practices, can become a real barrier to customer involvement, limiting the success of the internal initiatives. This is important because customer involvement in new service development practices is considered as one of the critical success factors for service development in B2B settings.

To overcome these issues, organizations should focus on a NSD model that takes into consideration the bigger picture, trying to understand how different roles in other departments can have a positive impact in innovation activities and therefore providing those professionals with the right tooling to participate.

My research has also highlighted how a human-centric approach to the topic of NSD can provide a different angle to understand the experiences of practitioners involved in the process and therefore, a deeper understanding of the challenges that they encounter. In this sense, an interesting element touched in my research, is the experience of business customers that collaborate in the innovation process initiated by suppliers. The research has shown that according to front office professionals, customers do not usually have a good experience of the innovation practice and do not understand how they could benefit from it.

If this is the case, there is a strong disconnection with the value that innovation practices should provide to customers and employees of the organization.

This shows the importance of designing the experience of the stakeholders involved in such processes. I argue that organizations can largely benefit from the role of designers in structuring NSD processes that meet the needs of the various stakeholders involved in innovation. In fact, the focus on the user experience that design professionals put in practice, can definitely impact the way different professionals collaborate together to innovate.

In conclusion, by focusing on the B2B service innovation in corporate finance, my research carries implications on the broader knowledge on B2B new service development by adding the dimension of the sales role as a valuable asset for innovation. I believe that more research on how sales functions can specialize themselves in the outside-in approach and what are the tools they need to engage business clients in the innovation process will be of value in this context.

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Appendix

APPENDIX

Appendix A - Gnerative session with WBI team
filled canvases

Help

Workup before the session

How would you represent a **venture builder** involved in research activities in the early stages of INCI (Discovery - Validation)? Add some key characteristics like process, goals, random thoughts that give an idea of what her/his experience of that phase is.

explore **journey** vision **Success**

Collaboration

1. Current situation How do you perceive the current interaction among innovation initiatives, ING front office and ING clients?

2. Desired situation How would you improve the interaction among innovation initiatives, ING front office and ING clients?

Participant 1

Help

Workup before the session

How would you represent a **venture builder** involved in research activities in the early stages of INCI (Discovery - Validation)? Add some key characteristics like process, goals, random thoughts that give an idea of what her/his experience of that phase is.

Google products

Bloomberg

1. Current situation How do you perceive the current interaction among innovation initiatives, ING front office and ING clients?

2. Desired situation How would you improve the interaction among innovation initiatives, ING front office and ING clients?

Participant 2

Help

Workup before the session

How would you represent a **venture builder** involved in research activities in the early stages of INCI (Discovery - Validation)? Add some key characteristics like process, goals, random thoughts that give an idea of what her/his experience of that phase is.

This is fun, but let's just get to the point

What can I do/collect to pass the stage gate?

Curious Frustration

innovation Knowledge support

1. Current situation How do you perceive the current interaction among innovation initiatives, ING front office and ING clients?

2. Desired situation How would you improve the interaction among innovation initiatives, ING front office and ING clients?

Participant 3

Help

Warning before the session

How would you represent an **ING front office colleague** involved in research activities in the early stages of FACS (Discovery - Solution Fit)? Add some key characteristics like preoccupations, goals, random thoughts that give an idea of what he/she experiences at that phase.

1. Current situation How do you perceive the current interaction among innovation initiatives, ING front office and ING clients?

2. Desired situation How would you improve the interaction among innovation initiatives, ING front office and ING clients?

Participant 4

Help

Warning before the session

How would you represent an **ING front office colleague** involved in research activities in the early stages of FACS (Discovery - Solution Fit)? Add some key characteristics like preoccupations, goals, random thoughts that give an idea of what he/she experiences at that phase.

1. Current situation How do you perceive the current interaction among innovation initiatives, ING front office and ING clients?

2. Desired situation How would you improve the interaction among innovation initiatives, ING front office and ING clients?

Participant 5

Help

Warning before the session

How would you represent an **ING front office colleague** involved in research activities in the early stages of FACS (Discovery - Solution Fit)? Add some key characteristics like preoccupations, goals, random thoughts that give an idea of what he/she experiences at that phase.

1. Current situation How do you perceive the current interaction among innovation initiatives, ING front office and ING clients?

2. Desired situation How would you improve the interaction among innovation initiatives, ING front office and ING clients?

Participant 6

APPENDIX

Appendix A - Generative session with WBI team
filled canvases

Help

Mapping Canvas for the session

How would you represent an **INQ & corporate client** involved in research activities in the early stages of **INQ3 Discovery - Solution 802**? Add some key characteristics like personas, qualities, goals, random thoughts that give an idea of what health's experience of that phase is.

1. Current situation How do you perceive the current interaction among innovation initiatives, INQ front office and INQ clients?

2. Desired situation How would you improve the interaction among innovation initiatives, INQ front office and INQ clients?

Participant 7

Help

Mapping Canvas for the session

How would you represent an **INQ & corporate client** involved in research activities in the early stages of **INQ3 Discovery - Solution 802**? Add some key characteristics like personas, qualities, goals, random thoughts that give an idea of what health's experience of that phase is.

1. Current situation How do you perceive the current interaction among innovation initiatives, INQ front office and INQ clients?

2. Desired situation How would you improve the interaction among innovation initiatives, INQ front office and INQ clients?

Participant 8

Help

Mapping Canvas for the session

How would you represent an **INQ & corporate client** involved in research activities in the early stages of **INQ3 Discovery - Solution 802**? Add some key characteristics like personas, qualities, goals, random thoughts that give an idea of what health's experience of that phase is.

1. Current situation How do you perceive the current interaction among innovation initiatives, INQ front office and INQ clients?

2. Desired situation How would you improve the interaction among innovation initiatives, INQ front office and INQ clients?

Participant 9

Help

Warm-up before the session

How would you represent an **ING's corporate client** involved in research activities in the early stages of PACE (Discovery - Solution E2)? Add some key characteristics like perceptions, goals, hidden thoughts that give an idea of what he/she experiences of that phase is.

1. Current situation How do you perceive the current interaction among innovation initiatives, ING front office and ING clients?

2. Desired situation How would you improve the interaction among innovation initiatives, ING front office and ING clients?

Participant 10

Help

Warm-up before the session

How would you represent an **ING front office colleague** involved in research activities in the early stages of PACE (Discovery - Solution E2)? Add some key characteristics like perceptions, goals, hidden thoughts that give an idea of what he/she experiences of that phase is.

1. Current situation How do you perceive the current interaction among innovation initiatives, ING front office and ING clients?

2. Desired situation How would you improve the interaction among innovation initiatives, ING front office and ING clients?

Participant 11

Appendix B - Front office survey set up

LEVEL OF ENGAGEMENT IN INNOVATION ACTIVITIES

Q1) Have you ever been engaged in customer validation activities (research, experiments) by initiatives/projects working in ING Wholesale Banking Innovation Lab?

- ▶ yes (link to question n. 6)
- ▶ no

AWARENESS OF INNOVATION ACTIVITIES

Q2) Please rate to what extent you agree with the following statements (1. strongly disagree, 5. strongly agree)

- ▶ I know what ING Wholesale Banking Innovation Lab is
- ▶ I know what the strategy of ING Wholesale Banking Innovation Lab is
- ▶ I know which projects are ongoing in Wholesale Banking Innovation Lab
- ▶ I know where to find information about which projects are ongoing in Wholesale Banking Innovation Lab
- ▶ I know who to contact if I need more information about ongoing projects in the Wholesale Banking Innovation Lab.
- ▶ I know what the different phases of innovation in PACE are that projects need to go through
- ▶ I know what the goal is of customer validation in PACE
- ▶ I know which challenges initiatives face within Wholesale Banking Innovation Lab
- ▶

FO PERCEPTION OF INNOVATION ACTIVITIES

Q3) According to your personal experience in the front office of ING, which of the following words better describes customer validation activities (research and experiments with clients)?

Please put the words in order from best describing (top) to least describing (down)

Negative

- ▶ Friction
- ▶ Timely
- ▶ Frustration
- ▶ Risk
- ▶ Challenge
- ▶

Positive

- ▶ Success
- ▶ Learning
- ▶ Opportunity
- ▶ Growth
- ▶ Collaboration

Q3A) Why does the top ranked item (n. 1) best describe customer validation activities?

Q3B) Why does the last item of the rank (n. 5) least describe customer validation activities?

Q4) Which of the following items do you feel are challenging for you? (multiple answers possible)

- ▶ Propose innovation related activities to clients
- ▶ Show success cases of innovation in ING to clients
- ▶ Understand which client would be more open to collaborate with an innovation initiative
- ▶ Understand the strategic value of innovative activities in Wholesale Banking Innovation Lab for clients
- ▶ Understand the strategic value of innovative activities in Wholesale Banking Innovation Lab for ING
- ▶ Manage the expectation of clients on innovation related activities
- ▶ Understand the way of working of initiatives in Wholesale Banking

Innovation Lab

- ▶ Understand the customer validation approach (experiment plan) of innovation initiatives in Wholesale Banking Innovation Lab
- ▶ Understand the benefit of supporting innovation related activities
- ▶ Other
- ▶ None of the above

CLIENTS PERCEPTION OF INNOVATION AT ING

Q5) Please rate to what extent you agree with the following statements (1. strongly disagree, 5. strongly agree)

- ▶ In general, clients are willing to talk about their frustration and pain points
- ▶ In general, clients are open to explore new opportunities
- ▶ Customer validation research conducted by Initiatives is an opportunity to learn more about clients
- ▶ Customer validation research conducted by Initiatives negatively affects the relationship with clients
- ▶ Customer validation research conducted by Initiatives positively affects the relationship with clients

Q6) Can you share an anecdote related to innovation to put in context something to improve?

Q7). From your experience, how does your primary contact with the client perceive innovation at ING?

Q7a) Your primary contact with the client is a:

- ▶ CFO
- ▶ Treasury
- ▶ COO
- ▶ CTO
- ▶ Other

Q8) In your opinion, what would make successful engagement with clients in

innovation?

Q9) If you were to change something in the way that Wholesale Banking Innovation Lab interacts with the ING front office, what would that be and why?

Q10) If you have any other thoughts on your experience with ING Wholesale Banking Innovation Lab please drop them here.

Q11) What is your role in ING front office?

Q12) We'd love to talk to a few colleagues to get a better sense of their challenges. If we can contact you please leave your email here.

Thank you!

Appendix B - Front office survey findings



Clients' perception of innovation activities

Highlights

- In general, clients are willing to talk about their frustration and painpoint and are also open to explore new opportunities with the Bank.
- Customer validation activities conducted with clients and introduced by initiatives are perceived as an opportunity to know more about clients.
- Customer validation activities conducted with clients contribute to improve the relationship with the client.

"Centralize clients' internal and external data into a single pool and improve alignment with sectors where ING has an edge to improve idea generation"

Question:

Q8) If you were to change something in the way that Wholesale Banking Innovation Lab engages with ING front office what would that be and why?

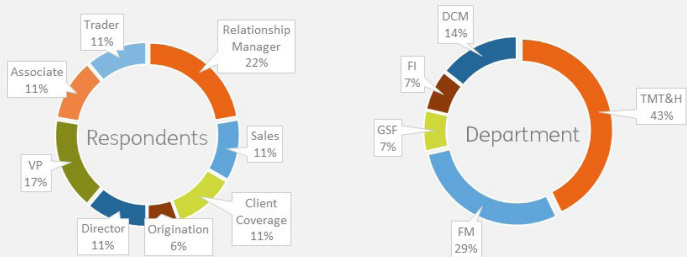
Introduction

This exploratory survey is an attempt to explore the interaction between Wholesale Banking Front Office and Innovation Labs. The goal is to spot painpoints in the current interaction between FO and Innovation initiatives that can drive the decision making process for improvements with the common goal of enhancing collaboration and benefit ING's clients.

Key figures

20
Total front office respondents

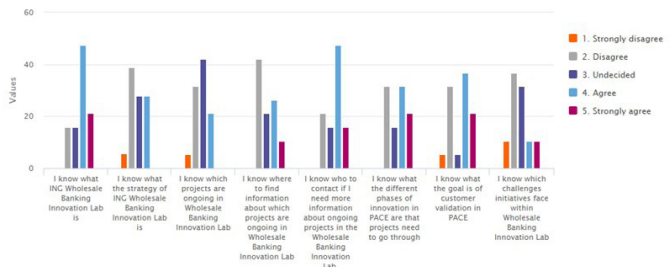
50%
Of respondents have been involved in research by Innovation initiatives



Awareness of innovation activities

Highlights

- Respondents have no clear understanding of innovation strategy
- There is a lack of overview of ongoing innovation projects
- It is not clear where to find information about ongoing projects
- There is no clear overview of which challenges initiatives face in the Labs



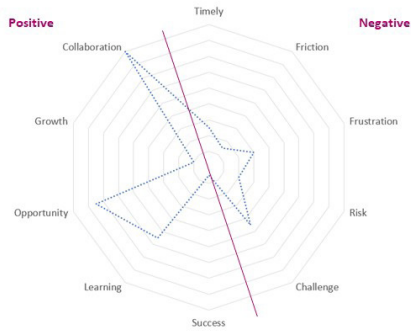
Question:
Q1) Please rate to what extent you agree with the following statements.

Appendix B - Front office survey findings

FO's perception of innovation activities

Highlights

- In general, customer validation activities are perceived as an Opportunity and are grounded on the idea of Collaboration. They are also perceived as a way to learn more about clients.
- Customer Validation activities are hardly associated with Growth or Success, but rather with Challenge.



Question:
Q2) According to your personal experience in the front office of ING, which of the following words better describes customer validation activities (research and experiments with clients)?

FO's perception of innovation activities

Quotes

Highlights

- Lack of the level of commitment from Innovation projects is a barrier to a good management of customers expectations.
- The process is not smooth and it is not easy to find a good balance between risk and rewards.
- Lack of knowledge about the business and its clients is perceived as a barrier to a smooth collaboration.

"Twice I have brought innovation ventures to my clients and achieved early level engagement only to face ING withdrawing support for the venture so I had to withdraw it from my client. **Clarity on the real level of commitment** ING has to an Innovation venture is crucial. The risk we run is that a client focuses on a failure to follow through rather than on the flow of innovation we offer."

"People within Innovation are **not familiar with the business and its clients**. Even though the business has explained it several times it does not seem to land. I personally consider Innovation as a product which means that people within Innovation should take care of their own network within the specific sector (based on initial introductions etc). That also means that the Labs should recruit people with a background in that specific sector."

"If another part of ING **lets the customer down**, Innovation or otherwise, I loose credibility and wider income opportunities are put at risk"

"It is a challenge to have a **smooth process** and to manage all expectations in the good manner"

"It is always a challenge to find the **perfect balance between risk / reward**, for both ING and the Client."

"In the experience I had with Innovation team members, the **lack of content knowledge and commitment** to see the project through frustrated the Front Office and our clients. The fact that Innovation teams can bring in and pull out resources at will does not inspire confidence and stability in the project."

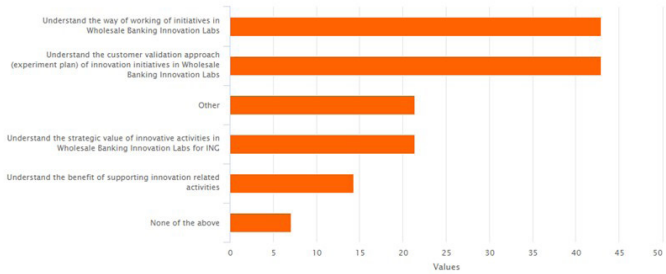
"...My years of experience with ING innovation projects is however that it is a challenge to **really live up to the expectations** both of clients and ING and finally it ends up in frustration on both sides and in nothing."

Question:
Q3) Why does the top ranked item (n. 1) in the question above best describe customer validation activities?

FO's perception of innovation activities

Highlights

- Among the statements, understanding the way of working of initiatives in Wholesale Banking Labs and their customer validation approach is most challenging from front office colleagues.



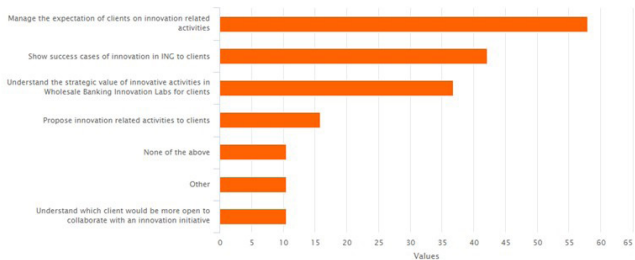
Question:

Q4) Which of the following items do you feel are challenging for you?

FO's perception of innovation activities

Highlights

- Among the statements, manage the expectation of clients regarding Innovation related activities is most challenging for Front office.



Question:

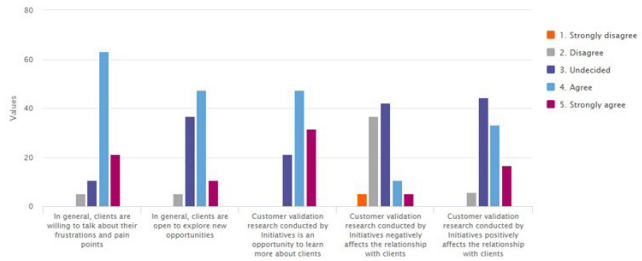
Q5) Which of the following items do you feel are challenging for you?

Appendix B - Front office survey findings

Clients' perception of innovation activities

Highlights

- In general, clients are willing to talk about their frustration and painpoint and are also open to explore new opportunities with the Bank.
- Customer validation activities conducted with clients and introduced by initiatives are perceived as an opportunity to know more about clients.
- Customer validation activities conducted with clients contribute to improve the relationship with the client.



Question: Q6) Please rate to what extent you agree with the following statements

Clients' perception of innovation activities

Quotes

Highlights

- Lack of the level of commitment from Innovation projects is a barrier to a good management of customers expectations.
- The process is not smooth and it is not easy to find a good balance between risk and rewards for the clients.
- Lack of knowledge about the business and its clients in WBI is perceived as a barrier to a smooth collaboration.

"Clients are aware ING is placing a lot of emphasis on Innovation. They perhaps **struggle to see how this concretely relates to them.**"

"It is often used as a differentiator however given how concentrated innovations are in retail markets and FM **areas it is hard to illustrate this for the client.**"

"Interesting, but **not always open** for a pilot/time investment."

"ING has great innovation reputation but the client sometime are **looking at short term solution/** product more than long term innovation due to less long term view / maturity in the innovation process"

"Innovation at ING is well perceived by customers however if they really enter into a project with ING, **they often get frustrated** (which is negative for the relationship) given a lot of projects strand somewhere..."

"ING is seen as an innovative bank in Retail. For Wholesale Banking, it is less obvious. **In Financial Markets, ING falls behind its main competitors** w.r.t. Technology and Innovation. This makes sense as WBMT/WBAA do not direct much of the innovation focus to Financial Markets. Finally, Clients do not see ING WB's innovation focus on KYC tasks as beneficial for them. FM Clients care about the market, its product, volatility and liquidity. Not documentation."

"For the moment we are perceived as a digital bank due to the retail presence in the Spanish market, however **we have failed to present innovative ideas to WB clients**, and we are lagging for instance in terms of blockchain ideas (either in loans or in bonds) where other local players (BBVA, Santander, etc.) are already ahead of us"

Question: Q7) Why does the top ranked item (n. 1) in the question above best describe customer validation activities?

Appendix D - Concept testing with Relationship Managers

The first canvas aimed at mapping the current way of working of a Relationship Manager during the end to end journey of a client relationship: from a new client onboarding to an established relationship. The goal was to understand the moment of introduction to the innovation discussion. The canvas was composed by a timeline where the main points of the process were highlighted using the information gathered in the initial research phase (see picture A1). The participant was asked to indicate in which moment of the process Innovation becomes a topic in the client relationship.

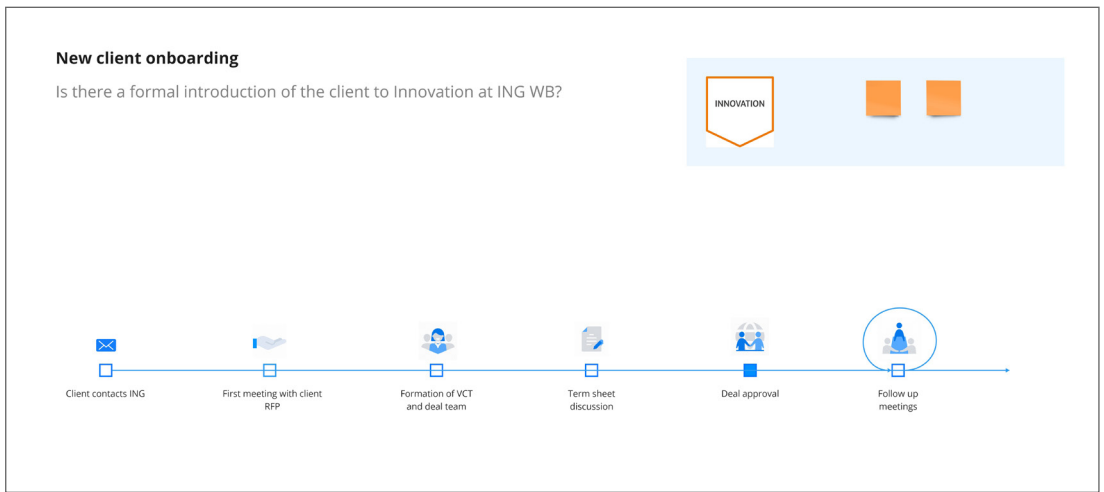


Fig. A1 Canvas for generative session with RM to get insights about the context in which the tool will play a role.

The second canvas consisted of another timeline this time focused at the moment of meeting the client. The canvas presented three distinct sections that focused on what happens before, during and after a client meeting.

This activity aimed at understanding if the tool proposed with the concept was in line with the tools already in use by RMs for preparing, conducting and reporting a client meeting (see figure A2).

The third and last canvas was tailored to the understanding of important features that the RM needs to be successful in the job of discussing innovation with clients. The canvas consisted of three phases in which the tool could play a role: before, during or after a client meeting (see figure A3).

Tooling

Which tools are used before, during and after a client meeting and for what?



Tools



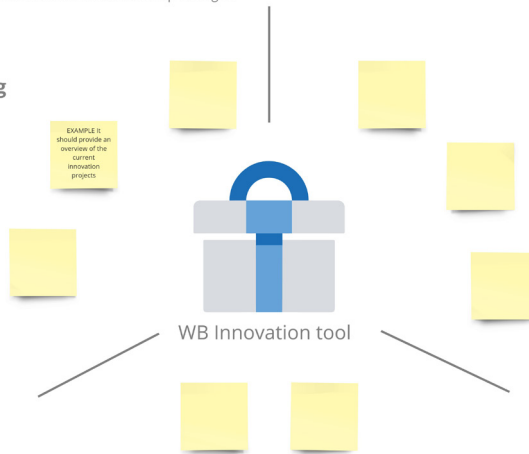
Fig. A2 Canvas to explore the tools used by RMs to prepare, conduct and report on a client meeting.

Tooling

What would the new tool look like?
Which jobs should the tool do for the Relationship Manager?

**Before
the meeting**

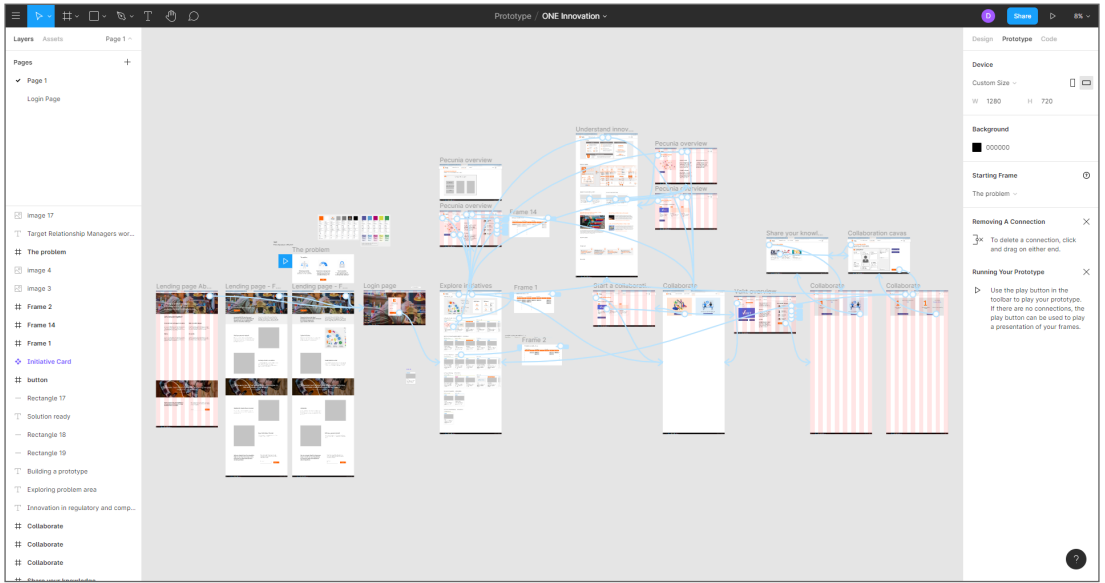
**After
the meeting**



During the meeting


Fig. A3 The canvas designed to generate ideas on the qualities and needs of RMs regarding the ideal WB Innovation tool.

Appendix E - Findr portal prototype




Prototype of the Findr portal on Figma.


The problem



Balancing priorities
For Relationship Manager it is challenging to balance innovation with other client priorities.



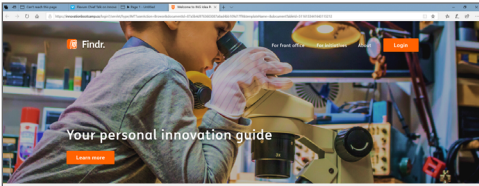
Expectation management
The fuzziness of the innovation process creates problems with client's expectation. Client's dissatisfaction with innovation puts at risk wider income opportunities.



Trust innovation
Most of the time innovation teams do not have an overview of the ongoing relationship with the client. This results in a lack of trust from Relationship Managers.

Next

Introduction page to the prototype: validating the problem with RMs

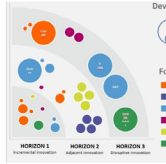


Stay up to date on the latest developments of innovation at ING and learn how to explore new opportunities with clients.

Innovation is about collaboration and joined learning. Take part in our effort to craft disruptive solutions, services and businesses for ING and its clients to stay a step ahead in life and in business.

Explore initiatives

Find information about the projects that matter to our clients and explore new opportunities. Findr is a dynamic repository of information on our innovation pipeline and research ready for you to explore.



Understand innovation

Start learning about innovation at ING and understand our way of working to craft successful solutions that benefit ING and its clients. Get in touch with about our meetings and the opportunities to work with our teams.



Collaborate

Use Findr to find the projects that need your help and use your knowledge about our clients to make an innovation offer stronger together. Explore the section "collaborate" to know how you and your team can contribute to innovation.



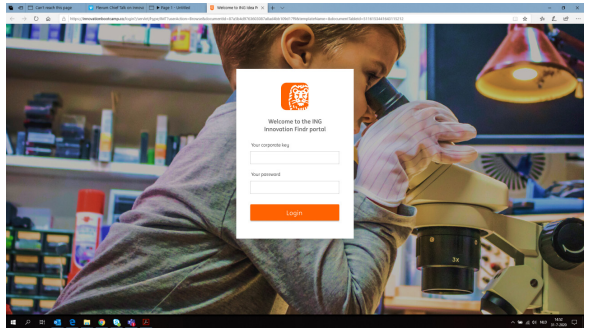
Build your personal network

Meet the people behind the projects and ask questions. Innovation does not happen in isolation. Findr helps you building your personal innovation network.

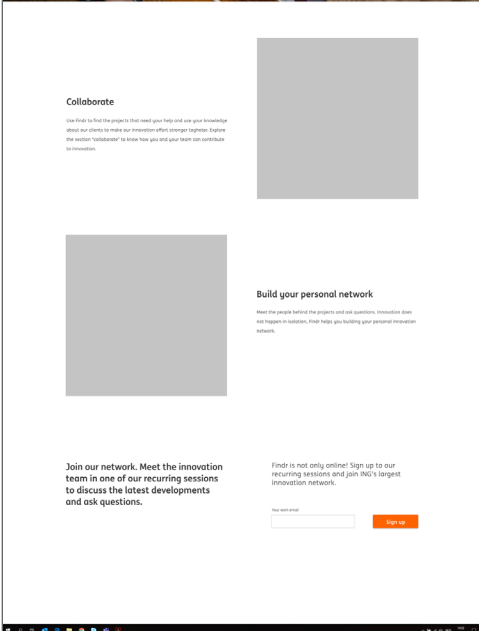
Join our network. Meet the innovation team in one of our recurring sessions to discuss the latest developments and ask questions.

Findr is not only online! Sign up to our recurring sessions and join ING's largest innovation network.

Your email:



Login page of the Fidr prototype



Landing page of the prototype used for the test.