

THE ROLE OF SAAS IMPLEMENTATION PARTNERS IN VALUE CO-CREATION

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Abstract

Software-as-a-Service (SaaS) vendors often choose to focus on product development while delegating client implementation projects to partner companies. These implementation partners specialize in helping clients take the SaaS product to use and may develop their own custom solutions that extend the core SaaS functionality. Although commonplace, this arrangement has not been studied much in the SaaS business context specifically. This thesis explores the phenomenon from the perspective of value co-creation and co-destruction activities as well as on an ecosystem level.

The theoretical part of this thesis synthesizes literature on information systems, business ecosystems and service management to produce a theoretical framework that establishes a basic understanding of the topic. This framework is further refined by integrating it with empirical findings from semi-structured interviews with implementation partner and SaaS client representatives. Due to the explorative nature of this thesis and the novelty of the topic, a qualitative approach is taken. The research method is chosen to be thematic analysis due to its suitability for providing insight into previously uncharted topics.

The findings indicate that implementation partners co-create value with both the SaaS vendor and the client by, inter alia, fitting the SaaS to client needs and helping clients take the most out of the SaaS investment. Value is co-destroyed through personnel issues and misalignment between value propositions and client needs, among other things. It is also suggested that there can be conflicts of interest between the vendor and the partner as well as the partner and the client which can hinder the value co-creation capability of the whole ecosystem.

This thesis contributes to academic literature by describing how participants of SaaS implementation ecosystems co-create and co-destroy value both on an operational and an ecosystem level. Opportunities for further research on the topic are also presented based on the findings and gaps in previous literature. The practical contributions include propositions on how each type of participant should manage SaaS implementation projects to increase the likelihood of success.

Keywords value co-creation, value co-destruction, SaaS, partnership, value-added partner, SaaS implementation partner, business ecosystem

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Tiivistelmä

Software-as-a-Service (SaaS) -palveluntarjoajat keskittyvät usein tuotekehitykseen jättäen asiakasprojektit kumppaniyritystensä hoidettaviksi. Nämä toteutuskumppanit erikoistuvat SaaS-tuotteen käyttöönottoihin ja saattavat kehittää asiakkaille omia räätälöityjä ratkaisujaan, jotka laajentavat tuotteen ydinominaisuuksia. Vaikka järjestely on tavanomainen, aihetta ei ole juuri tutkittu SaaS-liiketoiminnan kontekstissa. Tämä tutkielma lähestyy ilmiötä yhtäältä arvon yhteisluonnin ja yhteistuhon sekä toisaalta liiketoimintaekosysteemin näkökulmasta.

Tutkielman teoriaosuus yhdistää kirjallisuutta tietojärjestelmätieteen, liiketoimintaekosysteemien ja palvelujohtamisen aloilta viitekehyyksi, joka kuvaa arvon yhteisluonnin prosesseja SaaS-toteutusekosysteemissä. Viitekehystä täydennetään empiirisillä löydöksillä puolistrukturoiduista haastatteluista, joissa kuultiin toteutuskumppaneiden ja SaaS-asiakkaiden edustajia. Empiirinen osuus toteutetaan kvalitatiivisena tutkimuksena aiheen uutuuden vuoksi. Tutkimusmenetelmäksi valikoitui temaattinen analyysi erityisesti sen soveltuessa aiemmin kartoittamattomien aiheiden tutkimukseen.

Löydökset osoittavat, että toteutuskumppanit yhteisluovat arvoa SaaS-palveluntarjoajien ja asiakkaiden kanssa mm. sovittamalla SaaS-tuotteen asiakastarpeisiin ja auttaen asiakasta saamaan parhaan mahdollisen hyödyn SaaS-tuotteesta. Arvon yhteistuhon tapahtuu mm. henkilöstöongelmista johtuen sekä arvolutapausten ja asiakastarpeiden eroavaisuuksien vuoksi. SaaS-palveluntarjoajan ja kumppanin sekä kumppanin ja asiakkaan välillä voi myös olla eturistiriitoja, jotka voivat heikentää koko ekosysteemin arvon yhteisluonnin edellytyksiä.

Tämän tutkielman keskeinen tieteellinen kontribuutio on viitekehys, josta käy ilmi, miten SaaS-toteutusekosysteemien osapuolet luovat ja tuhoavat arvoa yhdessä paitsi operatiivisella myös ekosysteemin tasolla. Myös mahdollisia jatkotutkimusaiheita esitellään löydösten ja kirjallisuuden katvealueiden pohjalta. Lisäksi tutkielmassa annetaan käytännön ehdotuksia SaaS-ekosysteemeissä mukana oleville osapuolille SaaS-toteutusprojektien menestyksellisestä järjestämisestä.

Avainsanat arvon yhteisluonti, arvon yhteistuhon, SaaS, kumppanuus, arvonlisäkumppani, SaaS-toteutuskumppani, liiketoimintaekosysteemi

Table of Contents

1	Introduction	1
1.1	Research objective	2
1.2	Structure of the thesis.....	3
1.3	Summary of terminology used in the thesis.....	4
2	Literature review	6
2.1	SaaS technology and business model.....	7
2.1.1	Software-as-a-Service (SaaS) and cloud computing	7
2.1.2	SaaS business model.....	8
2.1.3	SaaS implementation partner programs.....	9
2.1.4	SaaS benefits and risks as perceived by clients	10
2.2	Ecosystems and networks.....	11
2.2.1	Digital business ecosystems	11
2.2.2	Digital platforms.....	12
2.2.3	Software ecosystems	13
2.2.4	Business networks and ecosystems	14
2.2.5	Non-focal actors in a digital ecosystem.....	15
2.2.6	Innovation ecosystems.....	16
2.3	Value creation in service systems	16
2.3.1	Service systems and resource integration	17
2.3.2	Co-creation and co-destruction of value.....	17
2.3.3	Value co-creation in SaaS business	18
2.3.4	Solution selling and value-based selling	19
2.4	Gaps in previous literature	19
2.5	Theoretical framework for value co-creation in SaaS ecosystems	21
3	Methodology and data.....	24
3.1	Research paradigm.....	24
3.2	Data collection	26
3.2.1	Interviewed SaaS implementation partners	27
3.2.2	Interviewed clients of SaaS implementation partners	28
3.3	Analysis method.....	29
3.3.1	Familiarization with the data	29
3.3.2	Generating initial codes.....	30

3.3.3	Searching for themes	30
3.3.4	Reviewing themes	31
3.3.5	Defining and naming themes.....	31
3.3.6	Producing the report	31
4	Findings	33
4.1	SaaS implementation partner experiences	33
4.1.1	SaaS program roles.....	33
4.1.2	Value proposition and services.....	33
4.1.3	Differentiation from competition	35
4.1.4	Challenges	35
4.1.5	Opportunities	36
4.2	SaaS client organization experiences	37
4.2.1	Client needs	37
4.2.2	Perceived value of using implementation partners	38
4.2.3	Negative experiences and things to improve.....	39
4.3	Common and contrasting views.....	40
4.3.1	Client needs and offered services	40
4.3.2	Match between client expected value and partner value proposition.....	41
4.3.3	Motivation for using implementation partners	41
5	Discussion	42
5.1	Framework for value creation in SaaS partnerships.....	42
5.2	Boundary resources and ecosystem roles in SaaS implementation	44
5.3	Propositions and practical implications.....	48
5.4	Reflection on the research.....	55
5.4.1	Academic contribution	56
6	Conclusion	58
	References.....	59
	Appendix A: Interview guide for SaaS implementors	64
	Appendix B: Interview guide for SaaS clients	66
	Appendix C: Codes and themes identified in thematic analysis	67

List of Tables

Table 1: Basic information about SaaS implementation partners and their interviewed representatives	28
Table 2: Basic information about SaaS client organizations and their interviewed representatives	29

List of Figures

Figure 1. Gaps in previous literature concerning SaaS partnerships and client implementations.	21
Figure 2. Theoretical framework for value co-creation in a three-sided ecosystem between SaaS companies, SaaS implementors, and client organizations.	22
Figure 3. How the thematic analysis process described by Braun and Clarke (2006) was applied in this thesis.	32
Figure 4. Refined framework for value co-creation in a three-sided ecosystem between SaaS companies, SaaS implementors, and client organizations.	42
Figure 5. Guide for maximizing value co-creation and minimizing value co-destruction in a SaaS implementation project.	55

1 Introduction

Many large Software-as-a-Service (SaaS) companies choose to focus on developing their software product without participating in client implementation projects. The responsibility of delivering the system is delegated to a network of partner companies, which are called implementation partners or implementors in the scope of this thesis. These partners may act in various roles such as resellers, consultants, integration providers, or any combination of these. An example of this arrangement is Salesforce: the company develops and maintains its suite of SaaS-based customer relationship management (CRM) tools, and Salesforce's partners manage many aspects of onboarding new clients and fitting the software into each client's needs (Salesforce 2021a). Such arrangements allow for each party to specialize in different areas of software business: Salesforce can focus mainly on developing the core product, whereas implementation partners may concentrate on selling and managing client projects without having to invest in product development. The main goal of this thesis is to study this value creation dynamic between SaaS vendors, implementation partners, and SaaS clients.

Especially the role of the implementation partner in a SaaS ecosystem has not been studied much. On an ecosystem level, such actors have been defined as non-focal actors in a platform setting (Selander, Henfridsson & Svahn 2013). Another perspective to this in ecosystem research is how the roles and responsibilities of participants are defined through boundaries between the different actors (Eaton et al. 2015). But the practical value creation mechanisms of these actors and their relationships to other actors remains under-researched. This thesis aims to fill this gap in literature.

The SaaS partnership arrangement brings with it several questions largely unanswered in academic research – thus, there are many possible perspectives for scientific inquiry surrounding this topic. The focus of this thesis is firstly on SaaS implementation activities that add value, and secondly on activities that diminish value. For this reason, the concepts of value co-creation and value co-destruction are chosen as the main framework from which I explore value addition and value diminishment in the SaaS implementation context. A central argument of value co-creation literature is that services are not produced and consumed separately, but both activities are carried out jointly by the service provider and the customer (Vargo & Lusch 2004). As the SaaS clients may purchase services from both the SaaS vendor and the implementation partner, it is reasonable to look into all three

to gain knowledge about the value co-creation activities – this also helps understanding the special role of the implementation partner in relation to the other parties.

The theoretical approach of this thesis is to review and integrate literature about concepts such as digital business ecosystems and co-creation of value into a cohesive framework. The main empirical contribution of this study is a model that combines the aforementioned framework with original analysis of interview material collected from ten case companies – five of which are SaaS implementation partners, and the other five SaaS clients. This synthesis paints a picture of the dynamics of SaaS partner networks and the strategic options available for different types of participants in such ecosystems.

As the literature review shows, plenty of research has been made on business networks and ecosystems, as well as general-level software ecosystems (e.g. Möller, Rajala & Svahn 2005; Jacobides, Cennamo & Gawer 2018; Hanssen 2011; Senyo, Liu & Effah 2019). However, the topic of SaaS partner networks in particular remains under-researched, the only identified studies being Katila's (2017) thesis on the formation of SaaS reseller partnerships, and another thesis by Valkonen (2013) that examines cloud computing ecosystems from the vendor's point of view. The present thesis contributes to the literature by offering new insights into SaaS partner arrangements.

Future research is needed to gain more knowledge about the phenomenon. Especially the varying role of SaaS vendors in the implementation ecosystems offers an interesting topic for further research, as this thesis focuses mainly on implementation partners and their clients. The subject could be of interest to researchers of not only information systems but to a variety of disciplines, such as management research and organization studies.

1.1 Research objective

The research objective is to form a foundational understanding about how SaaS vendors and their partners co-create value with organizations that purchase SaaS products and implementation services. As literature on the topic is somewhat scarce, the present thesis is explorative by nature. Thus, the theoretical part of this thesis aims to produce a novel theoretical framework concerning value co-creation in the SaaS ecosystem context. The empirical part of the thesis, then, builds on the theory and aims to produce propositions about practical implications. These propositions offer a basis for further inquiry in future research.

The research objective is problematized in the form of two research questions, first of which is: “How do SaaS implementation partners co-create value with SaaS vendors and

clients?” The plan is to answer this research question by finding out what are the resources that these three partners integrate in order to co-produce services. An auxiliary research question for the first question is: “How do SaaS implementation partners co-destroy value with SaaS vendors and clients?” This question is approached by finding out what kind of negative experiences SaaS clients and implementation partners have from past SaaS implementation cases.

The second research question builds on the first one: “How can SaaS vendors, their implementation partners, and clients maximize value co-creation and minimize value co-destruction?” This question can only be answered to if the first question and its auxiliary question have first been successfully answered.

The research problem relates to both service management and information systems literature. For the first mentioned branch of literature, the aim is to contribute by presenting how value co-creation takes place in the specific context of SaaS implementation ecosystems, which has not been studied earlier to my knowledge. The aimed contribution to information systems literature is to generate knowledge about the distinct nature of SaaS implementation projects that involve implementation partners.

1.2 Structure of the thesis

Following the introductory chapter, the second chapter of the thesis consists of a literature review that sets the context for the nature of SaaS business, partnerships, and value co-creation. A theoretical framework for value co-creation in SaaS implementation business is formulated. This framework forms the basis for the empirical part of the thesis. Gaps in the existing literature concerning SaaS implementation are also summarized.

The third chapter is dedicated to explaining the thematic analysis research methodology and the principles of data collection through semi-structured interviews. I will shed light on the research philosophy and explain what the motivation is for choosing this particular research approach.

The most important empirical findings are presented in the fourth chapter. The research material is summarized, and themes identified from the material are presented. The selected research method is applied to analyze the interview data in detail. To ensure the replicability of the study, it is also continuously explained how the analysis is carried out.

The fifth chapter is dedicated to analyzing the findings and describing their practical relevance. Propositions for further research are formulated based on the findings. Possible

strategies and business models are discussed along with recommendations for different types of implementors in various partnership and client contexts. The managerial implications are extended also to SaaS clients and SaaS vendors. In addition, the positive aspects of the thesis as well as areas for improvement are reflected on. In closing, the academic contribution of the thesis and possibilities for future research are assessed.

The sixth and final chapter presents the concluding remarks of this thesis.

1.3 Summary of terminology used in the thesis

The terminology used to discuss SaaS partnerships has not been established universally. This means, that different academic and business publications use different terms to refer to specific concepts. To prevent any confusion or ambiguity, the central terminology used in this thesis is summarized and defined below. This is not intended to be a definitive and authoritative glossary, but merely a brief explanation of what is meant with specific terms in the scope of this thesis.

SaaS vendor / SaaS company: The focal company of a SaaS ecosystem. The SaaS vendor is responsible for developing the core offering, i.e. the software that is sold as a service to the vendor's clients. Typically, the SaaS vendor alone is responsible for hosting the multi-tenant infrastructure that is used to serve the clients (see section 2.1.1). The degree to which vendors participate in implementation projects varies considerably.

SaaS implementation partner / implementor: The SaaS vendor's partner company, that focuses mainly on client implementations of the SaaS product. SaaS products are often complex, have a learning curve for end-users, and taking them to use is a large investment from the client. These are some of the reasons, among others, for clients to resort to the services of SaaS implementation partners. Some SaaS vendors lack a project department completely and rely purely on implementation partners to deliver the software.

SaaS client / end customer / client: The company or other organization (sometimes even a one-person enterprise) that purchases and uses the SaaS product offered by the SaaS vendor. Such organizations can be simultaneously in a business relationship with both the SaaS vendor and the SaaS implementor separately. These types of clients are the specific focus of this thesis – this means that “self-service” type of SaaS products are largely not discussed.

SaaS end user: The persons who use the SaaS product and its features, for example SaaS client company staff who operate a CRM software in their daily work.

SaaS partnership: The business partnership (usually, but not always formally agreed upon) between a SaaS vendor and a SaaS implementor. The nature of the partnership varies depending on the responsibilities of each party: some implementors may be involved only in implementation projects, while some focus on training and consulting.

SaaS partner program: The partner network formed by the SaaS vendor and its implementation partners. Usually, the participants in a SaaS partner program take the form of a one-to-many network, where the SaaS vendor is the focal actor and implementors have direct relationships only with the vendor, but not with other implementors.

SaaS implementation ecosystem: The three-faceted relationship between a SaaS vendor, a SaaS implementor, and a client organization, where each party integrates their resources in order to create and consume the service or services.

2 Literature review

In order to form a cohesive picture of SaaS partnerships, it is necessary to review the relevant academic literature. As the topic of the thesis is value co-creation in SaaS implementation ecosystems, this review focuses on the following three themes: the SaaS business model, business networks and ecosystems, and value co-creation in service business.

To start the review process, research profiling was carried out to investigate what has been written on the subject of SaaS partnerships. The database used for searching previous academic literature was Scopus. Surprisingly, there were practically no relevant search results in trustworthy journals for the search terms “saas implementation partner” (14 results in total), “saas partner” (81), “saas intermediary” (19), or “software partner” (22). Some papers that mentioned the concept of SaaS partnerships were found, but were not deemed relevant enough to be included in the literature review. Thus, the initial research profiling phase did not yield good results. After the first round of review of literature on business partnerships, the concepts of “value-added reseller” and “value-added partner” were identified as relevant – searching with the exact first mentioned term returned only 8 results, whereas the latter provided 74 results, of which only a handful were relevant.

Due to the vast number of studies concerning SaaS business in general, some scope management was needed. Relevant papers have been screened based on the quality of academic journals in which they have been published using the Julkaisufoorumi (Publication Forum) search engine for scientific journals (Julkaisufoorumi 2021). All reviewed papers have been published in journals with a classification of at least 1 on a scale of 0 to 3, although the majority of cited sources are classified as either level 2 or 3. An exception to this screening is the inclusion of master’s theses that study the topic – these were considered relevant enough to be taken into account.

Snyder (2019) classifies literature reviews by their research approach into three categories: systematic, semi-systematic, and integrative. The first two are especially applicable when the researcher wants to quantify aspects of existing literature in some way, or aims to present a thorough comparison or meta-analysis of a large number of articles. The integrative approach is suitable for qualitative purposes and synthesizing information from a wide variety of sources into a theoretical model or framework. (Snyder 2019.) Since the aim of this literature review is to explore and synthesize knowledge into a theoretical framework, the integrative approach is selected. In practice, this means that the

following literature review is not a systematic one in the exact sense of the term and will not provide quantitative results.

2.1 SaaS technology and business model

To begin the literature review part of this thesis, we examine Software-as-a-Service (SaaS) from a technology standpoint. The distinct nature of SaaS business models is then investigated. The subchapter closes with an analysis of papers focusing on factors affecting SaaS adoption by clients. All of these aspects of SaaS are important for understanding the specific domain of this thesis.

2.1.1 Software-as-a-Service (SaaS) and cloud computing

To better understand the nature of SaaS, it is crucial to first introduce its technological foundations. Cloud computing serves as the technological basis that makes SaaS business models possible to use. Cloud computing is a broad concept that covers many types of data processing use cases. In simple terms, the core idea is that users who need computing or data storage capacity buy them from a cloud vendor instead of maintaining their own servers to perform the computing on. These cloud vendors usually run large data centers, which are divided into virtual servers to be used by clients. (Armbrust et al. 2010.) A prominent example of such cloud vendor is Amazon Web Services (AWS). Web-based SaaS applications are usually run in what is called public cloud, i.e. cloud infrastructure that is available to the general public as opposed to private cloud, which is generally not accessible via the internet and is intended for corporate internal use cases (Armbrust et al. 2010). When it comes to customer requirements, Venters and Whitley (2012) argue that clients expect cloud computing services to have equivalent or higher standards for efficiency, availability and security when compared to locally installed servers.

One of the core technical principles of SaaS products, enabled by cloud computing, is the concept of multi-tenancy. This means that the software vendor hosts all their client instances in a shared server environment, that is virtually partitioned for each client. The SaaS vendor's clients typically access the software via browser-based interfaces. This differs from a more traditional approach, where software is installed on the client's desktop devices or is hosted on separate server instances per client. (Bezemer & Zaidman 2010.)

Cloud computing and multi-tenancy enable SaaS vendors to serve their clients cost-effectively, thus making SaaS an attractive business model. According to Cusumano (2010), a robust, shared infrastructure used by all clients leverages economies of scale that

are not possible to obtain with dedicated server instances. The multi-tenant approach makes it possible to deploy application versions once for all end-users as the application is shared (Bezemer & Zaidman 2010). This eliminates much of the manual work of deploying new servers and installing software versions on them for each client, which is a more labour-intensive routine.

Another source of cost efficiency in modern multi-tenant cloud solutions is auto-scaling, i.e. automatically adjusting the purchased computing capacity based on the computing needs (Mao & Humphrey 2011). This can bring significant cost reductions as the SaaS vendor does not pay for idle server resources. Automatic scaling is another tool that reduces the need for manual work in maintaining software environments.

Potential downsides of the multi-tenant approach and cloud computing in general include security concerns and performance issues (Cusumano 2010; Armbrust et al. 2010). If the shared infrastructure does not have properly implemented information security practices or the virtual partitioning does not work, client data might be leaked. The web-based accessibility of SaaS products naturally makes them (at least in theory) vulnerable to web-based cyber-attacks and intrusions. Further, performance problems may arise if the shared infrastructure is not able to scale automatically to manage increased traffic, for example. It should also be noted, that the cost optimization of cloud resources is a balancing act between cost savings and server performance (Mao & Humphrey 2011). This trade-off between cost efficiency and reliability is something that SaaS vendors must manage carefully.

2.1.2 SaaS business model

At the heart of the SaaS business model is selling software to users on a subscription basis. Clients typically pay monthly fees that cover access to the software and required processing capacity – thus, clients do not have to pay separately for servers or computing power. As a result, SaaS vendors typically price their products in a way that all costs related to offering the SaaS product are covered. (Bezemer & Zaidman 2010.) The somewhat steady and predictable recurring revenue is another aspect that makes SaaS an attractive business model.

Cusumano (2010) identifies network effects as a driver of the scalability of SaaS business. For example, a SaaS product can cater to the needs of a larger audience if it supports integrations to other services via application programming interfaces (APIs). This type of openness allows clients and partners to bridge the gaps between a SaaS product and

other systems used by an organization. A good example of a SaaS product that has taken this approach is Slack, a co-operation and chat tool for workplaces. Slack allows anyone to develop apps (i.e. Slack extensions) that extend the core functionality of the product or integrate the product with another service. (Slack 2019.) This is a typical win-win scenario where the SaaS vendor does not have to use resources into developing integrations that make the offering more attractive, and third parties gain access to the installed base of Slack clients via the extensions they develop.

2.1.3 SaaS implementation partner programs

An important aspect of the SaaS business model is the concept of SaaS implementation partner programs, which is the central theme of this thesis. Such programs consist of companies that assist clients in taking the SaaS product to use. Ghaddar et al. (2012) call these companies “Variability-as-a-Service” or VaaS providers: their main purpose is to fit the SaaS product into varying client needs and contexts. Outsourcing these tailoring projects enables the SaaS company to focus on software development. VaaS providers benefit from this arrangement in two main ways: 1) they do not need to develop and maintain the core product themselves, thus saving resources for implementation projects; and 2) they gain access to the potential client base of the SaaS company, which is often a market of substantial size.

According to Katila (2017), the main reasons for SaaS companies to form reseller partnerships are growing the business, entering new markets, added value for clients, and time savings. The partnership model has its challenges, among them perceived difficulty of inter-company coordination and resourcing, and the reseller’s uneven negotiation power compared to the SaaS vendor (Katila 2017).

Cancian, Rabelo and Hauck (2020) describe SaaS implementors that take a service-oriented architecture (SOA) approach to serve their clients with a suite of interconnected SaaS products from different vendors. This differs from implementing existing software suites like Microsoft’s in that the separate SaaS products must be integrated with each other before they can be offered to clients. Usually such implementors are called *systems integrators* (SI) (Davies, Brady & Hobday 2007), which are companies that integrate offerings from multiple vendors to form a cohesive solution. These offerings can include both physical goods and services. The opposite type of company that builds a similar complete solution by itself is called a *systems seller*. (Davies et al. 2007.)

The one-to-many type of SaaS vendor partnership model (where one SaaS vendor has multiple partner companies) is applied in other types of business as well. Traditional enterprise resource planning (ERP) software precedes the software-as-a-service business model, but ERP vendors and clients alike have a long history of relying on implementors (Haines & Goodhue 2003). As the business context is relatively similar between general-level ERP and SaaS implementation, it is justified to look into literature on ERP projects.

Haines and Goodhue (2003) have studied success factors in ERP projects that have made use of implementation partners. Two important ones that predict success are choosing the right consultants and transferring their information to the organization taking the ERP to use. These success factors seem applicable for SaaS implementation projects as well. The transfer of information can be promoted still after the SaaS has been taken to use, in case the same implementor provides continuous support services.

Maglyas and Smolander (2014) have identified eight types of ERP stakeholder relationships, which are mostly applicable in the general SaaS implementation context as well. These relationship types vary depending on the degree of involvement from ERP implementors and on the level of openness between the client and the implementor. For example, an implementor may provide solutions with no customization, or alternatively on a highly tailored basis. An interesting distinction is that of cooperation (working together for mutual benefit) and collaboration (working together, but for selfish interests only). (Maglyas & Smolander 2014.) In a SaaS implementation context, it is assumed that the nature of relationships and level of involvement may vary similarly.

2.1.4 SaaS benefits and risks as perceived by clients

As the present thesis investigates not only SaaS vendors and their implementors but their clients as well, it is relevant to review literature on the topic of SaaS adoption by clients. Cho and Chan (2015) present four factors that affect client willingness to adopt SaaS products: potential cost savings, gap between internal capabilities and strategic goals, SaaS vendor service quality, and management's considerations about software ownership. The effect of these factors depends on whether the SaaS product is intended to be used in core or non-core business operations. Another study by Wu, Lan and Lee (2011) found that strategic benefits outweigh financial benefits in the client SaaS adoption decision-making process. Similar results were obtained by Benlian, Hess and Buxmann (2009), who identify main drivers for SaaS adoption to be social influence, strategic value, and attitudes towards SaaS within the organization.

Porter and Millar (1985) are among the early proponents of information technology as a source of strategic advantage. Their analysis is still relevant today and applies to SaaS as well. More specifically, information technology can increase the efficiency of resource utilization, help companies differentiate from competition, create completely new business, and even change entire industries (Porter & Millar 1985). Seethamraju (2015) notes, that small and medium sized companies (SMEs) find it strategically advantageous to switch the capital costs associated with in-house IT into the operating expenses of SaaS use. The list of other potential benefits is lengthy: among them are lower total cost of ownership (TCO) through savings in IT personnel and maintenance costs, better scalability, freeing resources to focus on core business, and effortless access to software upgrades (Seethamraju 2015).

Heart (2010) has studied clients' perceptions of risk in SaaS adoption and argues that trust in the SaaS vendor community is a major factor in willingness to take SaaS products to use. Three identified risk areas were the risk of unavailability, data insecurity, and losses caused by adopting SaaS (Heart 2010). Several other papers emphasize the role of trust in SaaS and cloud computing adoption and client-SaaS vendor relations in general as well (Wu et al. 2011; Seethamraju 2015; Cancian et al. 2020; Venters & Whitley 2012). It can thus be argued, that for SaaS vendors and implementors alike, it is crucial to understand the change in mindset that a client has to go through in order to outsource important software systems to be completely served by another company. The SaaS providers should prepare to face change resistance and be ready to offer counterarguments as well as measures that mitigate perceived risk.

2.2 Ecosystems and networks

The participants of SaaS partner programs form different types of networks and ecosystems. SaaS client organizations can also be seen as an integral part of them. This subchapter focuses on relevant literature on business ecosystems and types of networks and how it can be applied into the specific case of SaaS ecosystems. Understanding the nature of SaaS implementation as ecosystems is important to be able to answer the research questions.

2.2.1 Digital business ecosystems

One way to conceptualize any given SaaS ecosystem is to think of it as an example of digital business ecosystems (DBE). According to Senyo et al. (2019), DBE is a socio-

technical network of organizations and individuals that co-create value through the use of digital technology. The relationship between participants is a deep symbiosis as opposed to a mere partnership; this symbiotic ecosystem is also thought to dynamically adapt into opportunities and threats as a whole instead of participants adapting individually (Senyo et al. 2019). This view of deeply interdependent digital companies matches the SaaS ecosystem at least in the case of SaaS implementation companies, whose sole business is to implement products of one SaaS vendor. It can be argued, though, that large SaaS vendors are not as dependent on their implementation partners as the implementors are dependent on them. Especially in the case of a vendor with hundreds of partners, none of the individual implementors are irreplaceable.

The DBE definition is otherwise a good fit, and it also includes the concept of platform, which is typically a major part of SaaS ecosystems (Senyo et al. 2019). Thus it is reasonable to next briefly review how platform theory applies into the SaaS ecosystem context.

2.2.2 Digital platforms

For example, the Salesforce suite of software offerings can be seen as a platform that exhibits many of the characteristics of many-sided digital platforms. Firstly, it has multiple different types of participants: the SaaS vendor, implementation partners, end-user clients, referral partners, and so on. Second, it has strong network effects and economies of scale: when the number of add-ons and implementors is high, the attractiveness of the platform to clients and developers increases. Third, there are significant switching and multihoming costs for at least one participant group. Switching costs refers to the price one must pay in order to leave a platform and join another one of the same type; multihoming costs are the costs associated with simultaneously participating in two platforms of the same type. (Eisenmann, Parker & Van Alstyne 2006; Cusumano 2010.)

Digital platforms can be classified into transaction and innovation platforms, as well as hybrids that combine aspects of both (Cusumano, Yoffie & Gawer 2020). The meanings of these two types are rather self-explanatory: transaction platforms center around transactions between different platform sides, and innovation platforms focus on collaborative innovation between the platform sides (Cusumano et al. 2020). Arguably, SaaS platforms combine both of these traits. Innovation takes place when implementation partners build their own value propositions on top of the core SaaS product. Transactions occur when clients purchase access to the SaaS and other services from the SaaS vendor

and implementation partners. Innovation ecosystems are studied more closely in section 2.2.6.

In a SaaS platform, the dynamics of the partner network are very much defined by the roles of the different platform participants and boundaries between these participants. Gawer (2021) discusses the nature of these boundaries between platform sides in such digital platforms. Eaton et al. (2015) approach the same topic from the perspective of boundary resources, meaning what are the resources that enforce these boundaries and on the other hand how these resources enable collaboration. In short, platform boundaries are affected by the scope decisions of the core company, i.e. in this context what activities the SaaS company chooses to do and not to do. Digital interfaces (especially APIs, or application programming interfaces) are usually established to make the role division concrete, enabling the exchange of information that is required by outside innovation – these digital interfaces are an example of a boundary resource. (Gawer 2021; Eaton et al. 2015.)

Gawer (2021) further argues that the platform boundaries are affected by the platform owner's decision of how platform sides are configured. In the SaaS implementation context, this would mean what types of partners the SaaS vendor wants to establish. An example decision would be to decide, whether the SaaS vendor establishes a marketplace for offering and buying software extensions. If the development and sales of extensions are allowed, it requires the SaaS vendor to provide developers with the necessary access and tools to create extensions. Ghazawneh and Henfridsson (2013) note that this presents a conflict between the goals of platform control and allowing third-party contribution: to manage this, platform owners design some boundary resources for securing platform control, and others for resourcing outside contributors.

In summary, SaaS vendors are tempted to establish platforms to benefit from network effects and economies of scale. SaaS platforms can be considered as hybrid platforms that the vendor must configure according to its own needs and company scope. Essential to this configuration are setting boundaries and deploying boundary resources that enable collaboration.

2.2.3 Software ecosystems

In addition to DBE and platforms, another suitable frame of reference is that of software ecosystems. Software ecosystems are networks formed by companies that operate around one central software in three different types of roles: so called “keystone organizations”

that develop the central software, end-users that use the software, and third-party organizations that offer solutions based on the central software (Hanssen 2011). In this model, the keystone organization would be the SaaS vendor, end-users the SaaS clients, and third parties the implementation partners.

Cloud computing and SaaS networks can rightfully be viewed as software ecosystems. Valkonen (2013) identifies four types of delivery side actors in such software ecosystems: systems integrators, service providers (e.g. cloud vendors), value-added partners (VAPs), and app stores. In the present thesis, the role of cloud vendors is not considered relevant – it is only assumed that SaaS vendors use some cloud vendor to run their SaaS infrastructure on, and the SaaS vendor is fully responsible for the SaaS product. Similarly, app stores are convenient to bundle together with SaaS vendors, as usually the app store of a SaaS product is managed by the SaaS vendor. Value-added partners and systems integrators are also viewed from the catch-all category of SaaS implementors.

2.2.4 Business networks and ecosystems

It is safe to say that partnerships between SaaS vendors and implementors are a strategic level matter for both parties, albeit in different ways for each. Thus, the concepts of strategic business nets and strategic networks are relevant for the topic at hand. The first mentioned term is presented by Möller et al. (2005), who classify strategic business networks into three main categories: vertical value nets, horizontal value nets, and multidimensional value nets. In a vertical value net, a central company manages a network of suppliers that all contribute to the central company's products and services. In contrast, a horizontal value net is formed by several companies that are somewhat equal – an example would be competition alliances. Multidimensional value nets combine characteristics of both horizontal and vertical nets, with a prime example being Amazon that is the central company of a complex value network. (Möller et al. 2005.) The most applicable type of business net in the SaaS partnership context is the vertical business net, as it includes a central company that manages a network of implementors that are not equal to the central company.

Jacobides et al. (2018) make a distinction between business ecosystems and other types of business networks such as alliances and supply chains. A unique feature of ecosystems is that the collective investment of participating companies is not possible to be used outside the ecosystem. Additionally, business ecosystems are typically not managed hierarchically like supply chains are, for example. (Jacobides et al. 2018.) The first

mentioned feature applies to SaaS ecosystems, as the SaaS-specific resources and activities are not directly transferable to other contexts. The second feature may not apply to SaaS ecosystems, because some level of hierarchical management is usually done by the SaaS vendor.

Williamson and De Meyer (2012) describe managerial activities for managing business ecosystems successfully. Among these are defining partner roles and finding out where in the ecosystem value is truly created (Williamson & De Meyer 2012). Thus, a SaaS vendor should determine what are the implementor roles and making sure they add value in different ways. Capturing the created value is also crucial for all participants to make sure that the ecosystem functions in a mutually beneficial fashion.

Another relevant term for technology partnerships is that of value-added resellers (VAR), which according to Li, Cheng and Jin (2018) has been traditionally associated with an on-premises software installation model in the case of ERPs. However, companies like Salesforce use this model as an additional sales channel to augment direct sales – this arrangement is referred to as dual-channel strategy (Li et al. 2018). From the perspective of this thesis, the concept of VAR is very close to the concept of SaaS implementation partners. Because VARs can operate in a wide variety of technology industries and on different operational models (such as on-premises and SaaS), it is logical to categorize SaaS implementation partners as a subset of value-added resellers. However, technically some SaaS implementors are not exactly resellers, as their revenue streams do not include any SaaS licensing income. Valkonen (2013) uses the term VAP, or value-added partner, to make this distinction clearer.

Gupta, Väättänen and Khaneja (2016) have studied the potential downsides of the VAR distribution strategy. Among these are the decreased brand value of the main vendor due to VAR incompetence and negative customer experiences. This is another example where training and certification of the SaaS implementation partners' personnel could be applied to reduce negative outcomes. As the SaaS implementor resources are crucial for the SaaS vendor's business, it makes sense to invest in improving these resources.

2.2.5 Non-focal actors in a digital ecosystem

Selander et al. (2013) suggest a specific type of participant in digital ecosystems called *non-focal actors*. This term refers to an organization that may fulfill an important part in the functioning of an ecosystem, but that is simultaneously not crucial for the ecosystem's survival. A SaaS implementation partner can be considered a non-focal actor: they fulfill

specific needs of clients and SaaS vendors alike by helping clients take SaaS products to use, but are generally replaceable in SaaS partner programs that consist of numerous similar partners. Further, in many cases a client can at least theoretically start using a SaaS product on a self-service basis. In this line of thinking, the SaaS vendor is the focal actor in the digital ecosystem: without it there would not be a service to begin with.

2.2.6 Innovation ecosystems

SaaS implementors often innovate their own custom solutions that build on the core SaaS product. Thus, a relevant lens through which SaaS partner ecosystems can be looked at is the concept of innovation ecosystems. Adner (2006, 2) defines an innovation ecosystem as “the collaborative arrangements through which firms combine their individual offerings into a coherent, customer-facing solution”. A successful innovation ecosystem helps create a competitive advantage over companies whose offering is isolated from outside collaboration and extension. In the case of SaaS business, the input of the SaaS implementor is valuable because it elevates an off-the-shelf SaaS product into a customer solution. However, not all SaaS implementation generates new innovations. Innovation is still a valid incentive for SaaS implementors, as differentiating from other implementors is among their key interests.

To briefly summarize the literature on ecosystems, all the reviewed theories are relevant in the SaaS implementation context as they provide valuable perspectives to ecosystem roles and network configurations on a high level. However, studying the topic only from an ecosystem theory perspective would not yield insight into the precise value co-creation mechanisms in the SaaS implementation context. To avoid an overly generalized approach to SaaS ecosystems, it is justified to also apply knowledge from the study of SaaS business and value co-creation in this thesis.

2.3 Value creation in service systems

The third and final theme in this review of academic literature is value creation, especially in the framework of service-dominant logic (SDL) first introduced by Vargo and Lusch (2004). The literature on this topic is crucial in order to answer the research questions. We look into service systems, resource integration, co-creation of value, and value co-destruction – all of which are SDL concepts. Finally, the idea of solution selling is introduced. These concepts are selected as they help understand how SaaS ecosystems add value for clients, SaaS vendors, and SaaS implementors.

2.3.1 Service systems and resource integration

Vargo, Maglio and Akaka (2008, 145) define service systems as “configurations of resources (including people, information, and technology) connected to other systems by value propositions”. All participants of the SaaS ecosystem are thus service systems which have their own sets of resources. Siltaloppi and Vargo (2014) further clarify that service systems are open systems that apply their resources to improve the state of other systems as well as their own state.

The main mechanism through which service systems create value together is resource integration. The implication is that services cannot be produced with only service provider resources, for example. (Vargo et al. 2008.) This also means, that the potential added value is not a property of any of the parties, but the result of their joint activity. The integrated resources can be either operant resources (e.g. technology and knowledge) or operand resources i.e. physical goods (Vargo & Lusch 2004). In the SaaS context, resources are typically operant, such as the central software and knowledge regarding how to take it in use.

Siltaloppi and Vargo (2014) purport that although the exchange of value propositions is the basis for resource integration, the practical setting always affects how resources are integrated. Put simply, the service production process must be adjusted to fit each client case.

2.3.2 Co-creation and co-destruction of value

The central theme of this thesis is the co-creation of value between different parties of the SaaS implementation ecosystem. The idea behind value co-creation is that services are co-produced by the customer and the service provider, instead of the customer simply being a passive consumer (Vargo & Lusch 2004; Vargo et al. 2008). In the SaaS ecosystem, value is co-created by all three participants: the SaaS vendor, the implementor, and the client. Each party is inseparable from the value creation process and brings their unique value propositions to be exchanged with the other parties. A practical example of this is that of the SaaS client being usually involved in specification work and testing with the partner as the software product is too complex to simply purchase and start using. Thus in the context of SaaS implementation, the part “co” in co-creation comes from the fact that all parties have to actively engage with each other to reach a successful outcome.

Lintula, Tuunanen and Salo (2017) argue that the literature on service-dominant logic has an excessive emphasis on successful value creation and negative experiences are

overlooked. Based on a synthesis of relevant literature, the authors present three dimensions from which value co-destruction can be viewed: orientation, referring to the goals and intentions of the service participants; resources, especially how they can be integrated in ways that do not create value; and perceptions, which covers for example the expectations of customers and failure to meet them. (Lintula et al. 2017.)

Vafeas, Hughes and Hilton (2016) suggest the term “value diminution” in place of value co-destruction. The authors find that in a business-to-business context, value diminution stems from five sources: trust issues, lack of coordination, lack of human capital, power imbalance between the participating organizations, and insufficient communication (Vafeas et al. 2016). This list can be applied almost in a checklist fashion by the parties involved in SaaS implementation.

Both Lintula et al. (2017) and Smith (2013) suggest that failure of resource integration leads to value co-destruction. A potential reason for this failure is the conservation of resources, i.e. the aim of service systems to use as little resources as possible to accomplish any given goal (Smith 2013). This implies that sufficient resourcing is important for successful service delivery, but this is threatened by a constant pull towards saving resources. Even sufficient resourcing can lead to failure, though, if the resources are misused (Lintula et al. 2017).

Failure to meet customer expectations of added value is another source of value co-destruction (Lintula et al. 2017). This highlights the practical importance of expectation management: SaaS vendors and implementors should be careful not to set unrealistic expectations for their clients. The same phenomenon works the other way around, too – service providers can find themselves in trouble if client resources and capabilities do not match expectations.

To briefly summarize how the literature on service-dominant logic applies to the topic of this thesis: the three participants of a SaaS ecosystem are service systems that integrate resources with the aim of co-creating value. Yet, sometimes the resource integration can lead to value co-destruction, which is obviously not desired.

2.3.3 Value co-creation in SaaS business

As has been stated earlier, very little has been written in academic journals about value co-creation in SaaS business, or SaaS partner networks in general. When widening the search to cover master’s theses, a couple of relevant works were identified. First, Norismaa (2016) investigates how SaaS vendors and their clients co-create value – the thesis does

not consider SaaS partner ecosystems or separate implementors, however. Second, Manninen (2018) studies value co-creation and customer value expectations in the SaaS industry in general, also with a two-sided approach that includes only SaaS developers and clients. Both theses introduce novel frameworks about value co-creation processes that take place between the vendor and the client. Manninen's (2018) framework presents an iterative process of how business requirements are matched with SaaS features and how the results are evaluated, whereas Norismaa's (2016) model focuses on the interactions between a SaaS vendor and its client. As neither framework takes SaaS implementors into account as distinct participants in value co-creation, it is justified to study the phenomenon from this perspective.

2.3.4 Solution selling and value-based selling

When it comes to value co-creation in a SaaS delivery context, it must be noted that the sales process for selling a complex software project is often consultative and creates value by itself. An often-used term in business handbooks to describe this is solution selling. In this approach, the salesperson assumes the role of a consultant who aims to solve a prospective client's problem and devise a solution that does this. (Eades & Kear 2007.) In other words, value co-creation can happen already in the sales phase.

In academic literature, Töytäri (2018) explores this topic from the perspective of value-based selling. His central argument is that a salesperson must communicate the tangible ways how their solution adds value for the prospective client. This added value must be possible to measure and quantify somehow. (Töytäri 2018.) In essence, the sales process becomes a value proposition in itself which is exchanged with the client organization.

2.4 Gaps in previous literature

The reviewed literature contains several gaps when it comes to the study of SaaS partnerships and value co-creation between clients, implementors, and SaaS companies. The most obvious gap is the one mentioned at the very beginning of the literature review: there is practically no relevant literature that focuses primarily on SaaS implementation partnerships. These partnerships are mentioned briefly here and there, but the core topic is always something else in these cases. Digital business ecosystems and other types of network theories can be thought of as much more general-level theory, and they do not

account for any of the idiosyncrasies of SaaS partnerships in particular. Each identified gap is described shortly below.

Gap 1: Nature of SaaS implementation partnerships and partner programs. The reviewed literature does not consider the unique nature of SaaS partnerships and how e.g. the technological foundations of SaaS affect the process of SaaS implementation. This gap lies in the intersection of business ecosystems and information systems literature.

Gap 2: Value co-creation in SaaS implementation ecosystems. There is very little research on the topic of how value is co-created in SaaS ecosystems. Some papers focus on the SaaS vendor-SaaS client relationship, but the value creation dynamics of the three-sided SaaS ecosystem is practically not featured in the literature. This gap is situated in the intersection of information systems, business ecosystems, and service-dominant logic literature.

Gap 3: Value co-destruction in SaaS implementation ecosystems. The flipside of value co-creation has not been studied in a SaaS ecosystem context, either. Like gap 2, this gap is found in the junction of IS, business ecosystems, and SDL literature.

Gap 4: Management practice in SaaS implementation ecosystems. One of the aims of this thesis is to provide propositions on how to manage SaaS business in a SaaS ecosystem context. No literature was identified that addresses this topic, thus forming the fourth gap in literature. This gap lies in the intersection of information systems and business ecosystems research similarly as gap 1.

The identified gaps are gathered into the below Venn diagram that presents how the gaps are related to existing branches of literature.

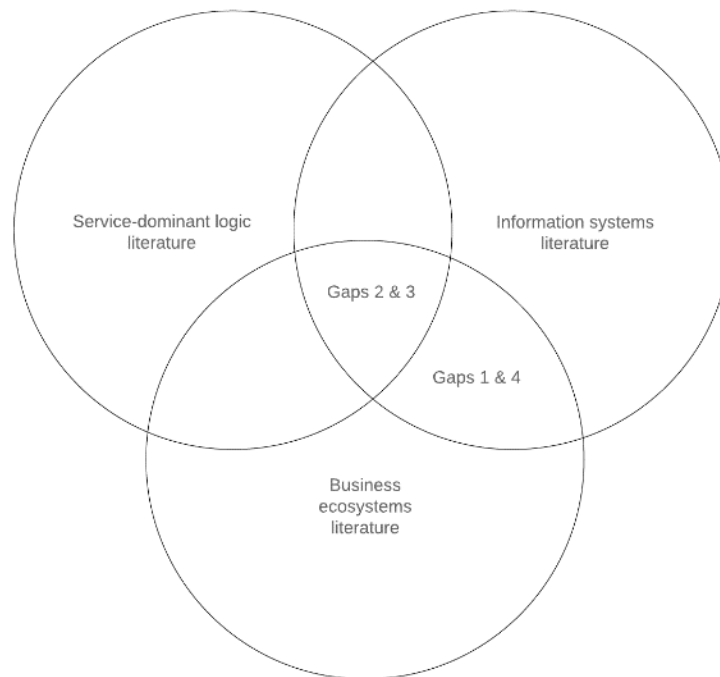


Figure 1. Gaps in previous literature concerning SaaS partnerships and client implementations.

The aim of the latter part of this thesis is to fill in the gaps in literature. This is achieved by integrating knowledge obtained from the literature review with empirical findings from interviews with SaaS implementation partners and clients.

2.5 Theoretical framework for value co-creation in SaaS ecosystems

To synthesize the relevant literature reviewed in this chapter, a theoretical framework is put forth. Its purpose is to illustrate what academic literature says about the titular topic of value creation in the context of SaaS partners and clients. This theoretical framework provides a view of how high-level ecosystem and value creation theory can be applied to this special case of value creation in an ecosystem. Because relevant literature on SaaS partnerships and value creation is scarce, the framework is of a very general nature. It mainly acts as a basis for studying the phenomenon further. For example, the literature on resource integration in service production points us to study what resources SaaS companies, implementors and clients integrate to produce the service.

The first research question was determined to be: “How do SaaS implementation partners co-create value with SaaS vendors and clients?” The below visualization provides

a frame of reference for answering this question by showing the relationships between a SaaS vendor, a SaaS implementation partner, and a SaaS client.

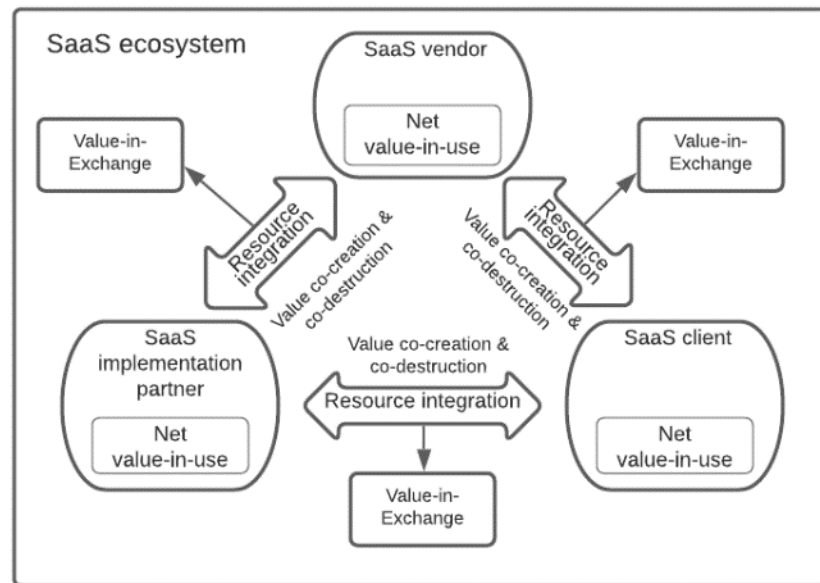


Figure 2. Theoretical framework for value co-creation in a three-sided ecosystem between SaaS companies, SaaS implementors, and client organizations.

Based on the literature review, the best fitting theoretic concepts and models have been incorporated into the proposed theoretical framework. The above figure depicts one client-specific “slice” of the larger software ecosystem the SaaS vendor operates to illustrate the value creation activities between the three parties. A key element of the figure is resource integration, meaning all parties integrate specific resources with each other to co-create value. The dynamic activities between the three parties are based on the literature on service systems and value co-creation. Thus, each party is a service system in their own right, and they integrate resources in order to co-create value. Some undesired activities and circumstances lead to co-destruction of value. Thus, instead of using the term value-in-use by Vargo et al. (2008) “net value-in-use” is used to highlight that both value adding and value destroying activities are considered. The hypothetical net value-in-use would be calculated as “co-created value minus co-destroyed value equals net value-in-use”, although actually calculating something like this is not really feasible due to the abstract nature of “value” in this case. It would be rather difficult to reliably estimate created or destroyed value in financial terms, for example. Finally, the exchange of a value proposition into money is depicted as “value-in-exchange” in the visualization. The

difference between value-in-use and value-in-exchange is thus, that the former is value which the participant “owns” and can benefit from, whereas the latter is value that is exchanged to obtain the value-in-use.

The ecosystem model used as the basis of this framework is the software ecosystem model. The SaaS vendor is the keystone organization in this framework, and SaaS clients are the end-users. However, the third-party organization role found in a software ecosystem is enhanced in this model. Specifically, the implementation partner is considered a value-added partner (or VAP) in academic literature terms. This is a more meaningful way to view partners than the generic third-party organization view of partners in the software ecosystem model. The concept of VAP covers the offering of Variability-as-a-Service (VaaS), which is considered a key feature of SaaS implementation in this thesis.

As mentioned, the theoretical framework serves as a basis for further investigation on the topic. The aim of the empirical part of this thesis is to “fill in the blanks” especially concerning the following elements of the framework: 1) resource integration: what are the resources each party offers to be integrated in SaaS solution implementation; 2) value co-creation: what are the mechanisms and processes with which added value is created by the three parties; 3) value co-destruction: what obstacles are there for value co-creation; 4) value-in-use: what is the perceived value for SaaS clients and implementors that is created in the process; and 5) value-in-exchange: what value propositions are exchanged (into money) between the different parties.

Regarding point 1, the premise of this thesis is that all parties have direct relationships with all other parties. In practice, this means that SaaS vendors and clients integrate some resources (mainly the core SaaS product and the end-users) simultaneously as partners and clients integrate resources, too (such as implementation service and client needs). It is also assumed that the vendor and the partner integrate resources in order to produce value for each other. For example, SaaS vendors typically organize training for their partners, which involves resource integration by the two parties.

3 Methodology and data

The empirical part of this thesis employs thematic analysis of data that was gathered through semi-structured interviews of persons with first-hand experience about SaaS implementation partnerships and projects. The analysis follows the steps described by Braun and Clarke (2006) in their instructions for conducting thematic analysis. In this chapter, I will introduce the research method in detail and discuss the philosophical approach of the research process. The practicalities of data collection are also briefly touched upon.

3.1 Research paradigm

The epistemological, ontological, and methodological choices made by a researcher when conducting any study can be collectively referred to as the research paradigm (Antwi & Hamza 2015). For transparency's sake – and to promote the replicability of this research – the epistemological and ontological foundations of this thesis' research philosophy are elaborated below. The research methodology is introduced in more detail in section 3.3. The ethical perspective of conducting qualitative research is also briefly handled at the end of this sub-chapter.

According to Braun and Clarke (2006), qualitative analysis methods can be classified into two categories: the first one includes methods that are strictly tied to a specific epistemological approach, and the second one covers methods that can be used flexibly in different epistemological contexts. Thematic analysis belongs to the latter group (Braun & Clarke 2006). What this means in practice is, that the researcher has plenty of freedom in choosing their approach to what kind of knowledge can be extracted by interviewing. In their paper on this subject, Schultze and Avital (2011) categorize qualitative interviewing into three types: neopositivist, romantic, and localist. To over-simplify, neopositivists think of interviewees as neutral experts from whom research material is extracted; romanticists think of the interviews as conversations in which the researcher should actively engage in co-creating meanings; and localists take a highly skeptical approach to what the interviewees have to say (Schultze & Avital 2011). The approach in this thesis is a neopositivist one, i.e. the interviewees are viewed as more or less neutral and their accounts are not questioned as such. This is because the intent of this research is not to evaluate the accuracy or truthfulness of what the interviewees say, but extract their ideas “as they are” for further analysis. It is obvious that the interviewees are not objective as

they have their own subjective views about reality – it is merely acknowledged that in this thesis, the aim is not to interpret on a micro-level what the interviewees say.

The ontological approach of a research determines what the researcher thinks about the nature of reality – and what can be known about the state of things in general. Ontological stances can be roughly divided into objectivism (also called positivism) and constructionism (or subjectivism). The first mentioned assumes that there is an objective reality independent of the researcher, and that it is possible to acquire objective and accurate information about the state of reality. In contrast, constructionism posits that there is no “real” state of things that exists independently of the researcher: rather, all knowledge is constructed by the perceiver. (Antwi & Hamza 2015.) To provide a crude example, the saying “beauty is in the eye of the beholder” can be considered constructionist – while an objectivist might argue that there is such a thing as objective beauty, which is an undeniable property of any object. In this thesis, it is considered most fruitful to view the research topic through a constructionist lens, as the thematic analysis method involves a significant amount of researcher interpretation. Put another way, it is not realistic to assume that the thematic analysis method would be suitable to find objective truths about the nature of reality. This does not conflict with the neopositivist epistemological perspective: it simply means that the approach to coding the interview material is considered objective, but at the same time acknowledged that analyzing the codes and constructing themes are done subjectively.

According to Antwi and Hamza (2015) research methodology is the strategy with which ontological and epistemological stances are put into action. As mentioned, the qualitative empirical methods used in this thesis are semi-structured interviewing and thematic analysis. The latter is described in detail in section 3.3, and the first mentioned in section 3.2.

The practical implications introduced as a result of the thematic analysis are an example of inductive reasoning, i.e. making generalized assumptions from a restricted set of observations. The cogency of the generalized claims is not very strong due to the small sample size of the qualitative interviews, however. Thus, the inductively produced conclusions are presented as propositions that would need to be confirmed or falsified in future research.

In addition to being aware of the epistemological and ontological restraints of a chosen research method, the researcher should also consider the ethical aspect of their research. In qualitative research, important ethical principles to follow include protecting

research subject autonomy, having intentions to do good, and fairness towards research participants (Orb, Eisenhauer & Wynaden 2001). It goes without saying, that from an ethical standpoint it is important to always remain truthful about the research process and findings – in other words, it is condemnable to falsify research materials or analyses. In this thesis, the autonomy of interviewees is ensured by keeping them anonymous, as well as not mentioning the companies they represent by name. The representation of interviewee opinions is kept as accurate as possible.

3.2 Data collection

The sole method for collecting research material is interviewing SaaS implementors and clients of implementation partners. A semi-structured interview approach was chosen due to the exploratory nature of this thesis. This allows for more open-ended questions and coming up with new questions based on the answers to the planned ones. This procedure helps explore the topic thoroughly, especially in the case of this thesis as the topic is not well-known in advance. Answering the research questions of this study requires charting the phenomenon comprehensively – thus the semi-structured interviews are a good choice for collecting data.

Myers and Newman (2007) offer seven guidelines for conducting qualitative interviews in information systems research. The aim was to follow relevant guidelines in the interview process of this thesis. These include interviewing a variety of different people, improvisation of questions, and ensuring confidentiality of the research data (Myers & Newman 2007).

The interviews were conducted with two distinct interviewee groups. The first group consists of five representatives of SaaS implementation partner companies. The second group comprises another five representatives of organizations that have purchased services from such companies. The organizations in the two groups are in no way connected to each other, and there are no existing service provider-client relationships between them. Thus, the aim is *not* to examine both sides of specific implementation projects: instead, the purpose of the interviews is to get a broader understanding of key issues for implementation partners and clients alike. The interview templates used for conducting the interviews are found in Appendices A and B.

The sample size for the interviews is 5 + 5 interviews, i.e. five interviewees per group and ten in total. For reference, Marshall et al. (2013) recommend a sample size of 15-30 in qualitative single case studies for research projects that are aimed to be published

in information systems journals. Since a master's thesis is a smaller research project than writing a peer-reviewed research paper, it is justified to have a smaller sample size. This is argued for by Terry et al. (2017) who recommend conducting 6-15 interviews for a master's thesis that uses thematic analysis.

All except one interview were recorded and transcribed into text files for further processing using Microsoft Word's automatic transcription tool. In case of the one interview which was not recorded, detailed notes were taken during the interview and later studied along with the transcripts.

3.2.1 Interviewed SaaS implementation partners

Partner 1 is a Salesforce implementation company with a yearly revenue of under two million euros and a workforce of under 20 employees. The company has been profitable throughout its history of around three years. Partner 1's business consists exclusively of Salesforce projects, i.e. it does not have any other partnerships or business pursuits. The company offers Salesforce implementation, maintenance and development services for its clients. The interviewed representative of Partner 1 was the company's CEO. The SaaS they implement, Salesforce, is a SaaS-based CRM platform that is aimed for companies to manage their sales organizations' processes and customer communications (Salesforce 2021b).

Partner 2 is a company that has partnerships with Workday and SAP. The company has a revenue of over 1M€ and employs under 20 people. Partner 2 offers consultation and advisory services for its clients but does not do technical implementations. SaaS partnerships are a major part of Partner 2's business, but it has also other offerings. The interviewee from Partner 2 acts as management consultant in the company. Workday is a SaaS product for managing HR and finance processes, while SAP is an ERP system (Workday 2021; SAP 2021).

The third implementation company that was interviewed is a Pipedrive partner that offers services for adopting the system into use as well as unique add-ons that extend Pipedrive functionality. Partner 3 is very similar in terms of revenue (>2M€) and number of employees (>20) as the two previously described ones. The COO of Partner 3 was interviewed for this thesis. Pipedrive is a CRM tool that is aimed to support sales and marketing professionals in managing their sales processes (Pipedrive 2021).

Partner 4 is a Shopify partner that focuses especially on developing add-on modules that can be purchased via the official Shopify app store. The company's yearly revenue is

under 1M€ and its staff consists of less than 10 employees. Partner 4 offers website implementations using the Shopify platform as well, but the strategic intent is to eventually focus solely on add-on module development. Two senior executives of the company were interviewed. Shopify (2021) describes itself as an “all-in-one commerce platform”, which means in practice that webstore owners can manage both the online storefront and back-office operations using Shopify.

The fifth and final SaaS implementation company, Partner 5, is part of HubSpot’s partner program. They offer website implementations and other technical consultation that revolves around the HubSpot platform features. A senior executive of Partner 5 was interviewed for the thesis. The company has 10+ staff members and a yearly revenue of 2+ million euros. HubSpot is a SaaS platform that combines sales management, marketing automation and a content management system into a single CRM suite (HubSpot 2021).

For comparison, below is a summary of the nature of the interviewed implementation partner companies. For anonymity, only rough numbers concerning revenue and staff are used.

Table 1: Basic information about SaaS implementation partners and their interviewed representatives

Name	Revenue (m€/y)	Staff	SaaS used	Interviewee role	Interview length (min)
Partner 1	<2	<20	Salesforce	CEO	56
Partner 2	>1	<20	Workday	Management Consultant	60
Partner 3	>2	>20	Pipedrive	COO	30
Partner 4	<1	<10	Shopify	Senior Executives x 2	54
Partner 5	<2	>10	HubSpot	Senior Executive	58

3.2.2 Interviewed clients of SaaS implementation partners

Client A is an energy supplier company that has taken Salesforce into use as its customer relationship management (CRM) system. The company has a yearly revenue of 100+ million euros and employs 150+ people. The interviewed company representative is in charge of account management and marketing.

Client B is a technology company with a multi-billion yearly revenue and tens of thousands of employees. The company uses Salesforce as its CRM and has used implementation partner services in both the initial project and continuous development. Client B’s Head of CRM was interviewed for this thesis.

A small-sized handcraft company, Client C has a yearly revenue of <100 000 euros. The company has recently taken Shopify into use to run its webstore with the aid of an implementation partner. The interviewed representative was the founder of the company.

Client D is a public sector organization with several thousands of personnel that has taken the SaaS product Workday into use to manage its HR processes. The interviewed person acts as the head of the organization's HR department.

Client E is a privately owned ICT company that uses the HubSpot SaaS suite to manage its company website and marketing activities. The yearly revenue of Client E is 5+ m€ and it has fewer than 50 staff members.

The below table summarizes key information about the SaaS client organizations whose representatives were interviewed. Again, exact numbers for revenue and staff are not used to protect the anonymity of the companies and interviewees.

Table 2: Basic information about SaaS client organizations and their interviewed representatives

Name	Revenue (m€/y)	Staff	SaaS used	SaaS used for core processes?	Interviewee role	Interview length (min)
Client A	>100	>150	Salesforce	Yes	Account Director	24
Client B	>2000	>20 000	Salesforce	Yes	Head of CRM	22
Client C	<0.1	<5	Shopify	Yes	Founder	53
Client D	-	>2000	Workday	Yes	Head of HR	33
Client E	>5	<50	HubSpot	No	Account Manager	25

3.3 Analysis method

Braun and Clarke's (2006) thematic analysis method consists of six distinct steps: familiarization with the data, generation of initial codes, searching the data for themes, reviewing the themes, further defining and naming the themes, and producing the report. These phases are briefly described below.

3.3.1 Familiarization with the data

To begin the process of thematic analysis, Braun and Clarke (2006) instruct to first transcribe the whole material (if it is not in written form already) and then read through the whole dataset once. This is done in order to get familiar with the data, which makes it easier to begin analyzing it. The researcher can already start taking notes about possible patterns they find in the data at this stage, as well as ideas for how to code the data (Braun & Clarke 2006).

3.3.2 Generating initial codes

When the initial read-through is completed, it is advised to re-read the material – this time highlighting interesting parts in a structured way. This process is called coding, and the idea is to organize the material logically so that different instances where one idea is mentioned are tagged with the same code. (Braun & Clarke 2006.) For example, each part of an imaginary research material where the interviewees mention that they have too much work to do could be coded as “overworked staff”. All instances of this code is beneficial to gather in one list to be reviewed later.

Terry et al. (2017) make a distinction between semantic and latent coding. Semantic coding is descriptive and captures what the interviewees say explicitly on a surface level. Latent coding, on the other hand, tries to uncover implicit meanings from the material and involves researcher interpretation. The approach in this thesis is to do coding on a semantic level and perform interpretive analysis later on a theme level.

The coding done in this phase is not necessarily final, as it can make sense to adjust the codes later on when the interpretation of the material progresses (Braun & Clarke 2006). Thus, it is not necessary to put much thought and effort into the initial coding as they will be reviewed and revised in an iterative process.

3.3.3 Searching for themes

Once the initial coding of the transcribed material has been done, it is time to look for themes under which codes can be grouped in a logical fashion (Braun & Clarke 2006). Following the previous example: In addition to the code “overworked staff” a few other codes have been applied to the material that share similarities, such as “repetitive tasks” and “insufficient training”. One could view these as examples of negative workplace experiences of the staff, which would be a candidate for a theme emerging from the material as a result of thematic analysis.

The purpose of grouping codes into themes is to find connections between the distinct coded ideas and form a more meaningful picture of the studied topic. In thematic analysis, the theme is the basic unit of analysis – this means assigning meanings and interpreting the material happens mostly on a theme level instead of a code level. (Braun & Clarke 2006.)

Terry et al. (2017) instruct to search for themes only in the scope of the research question. This means it is not necessary to search for patterns and themes in codes that are not relevant for the research as a whole.

3.3.4 Reviewing themes

After all the coded ideas have been grouped into higher-level themes, the next step is to review the themes and codes to see if they fit together properly. This means one would go through all codes assigned to a theme and thinking whether the codes are naturally related with each other or not. It is also possible to merge some themes together at this stage. (Braun & Clarke 2006.) Like the coding phase, the theme review phase is also an iterative process.

Terry et al. (2017) emphasize that reviewing themes is necessary because in most cases, the first candidate themes do not match the research question well or do not represent the material optimally. Each iteration of the process of reviewing themes is not documented in this thesis, however. Instead, the final themes and examples of data that fall into each theme are presented. This practice is used to make the findings chapter more coherent and reader friendly.

3.3.5 Defining and naming themes

Once the themes have been reviewed, it is time to give them descriptive names and write down what is the significance and meaning of each theme. At this point, the researcher is supposed to start building a narrative around the themes. (Braun & Clarke 2006.) This phase helps prepare for writing the actual research report by making the researcher think about what the data has to say. It is again important to emphasize, that the role of the researcher is important in creating the narrative. This means that the researcher's subjective views are bound to affect the outcome of the analysis. Thus, the narrative is not something that emerges by itself from the data, and the content of the narrative is up to debate.

According to Terry et al. (2017), a theme should be possible to describe in a rich and somewhat lengthy manner – if this is simply not possible, the theme might be too “thin”. In practice, a theme should contain plenty of relevant, original information in order to be called a theme.

3.3.6 Producing the report

The final phase of the thematic analysis process is writing the report. The format of the report should ideally resemble a story rather than a list of findings. It is also important to include extracts from the material in the report to illustrate the themes. (Braun & Clarke 2006.) In this thesis, the report is divided into two chapters: The findings chapter focuses

on presenting the data and themes that were recognized, whereas the discussion chapter focuses on building the narrative. Thus, the ideal of an entirely story-like research report is not followed completely. This choice is made to make the research process more visible.

The below figure presents how the six steps of the thematic analysis process were applied in this thesis. Examples and brief description are given to illustrate the practical activities carried out at each step.

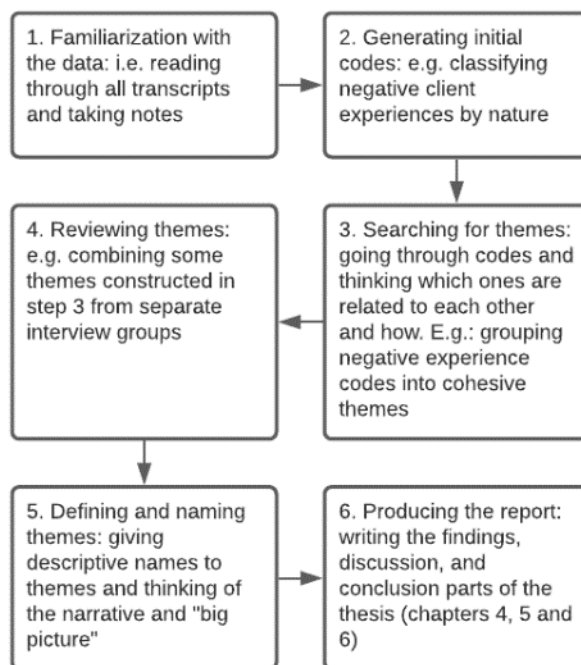


Figure 3. How the thematic analysis process described by Braun and Clarke (2006) was applied in this thesis.

4 Findings

This section presents the findings obtained from the interview data that are most relevant for answering the research questions. The first sub-chapter addresses specifically the key themes found in the interviews with implementation partners. In section 4.2 I continue exploring the themes constructed from analyzing SaaS client interviews. In section 4.3, the views from the two interview groups are compared to see which perceptions are common and which are different. Lastly, a summary of the main themes from the interviews is presented. The identified codes and constructed themes are compiled into a table in Appendix C.

4.1 SaaS implementation partner experiences

This sub-chapter presents the findings from the interviews with SaaS implementation partners. In addition to finding out value co-creation mechanisms, some general-level findings are presented concerning the business models and strategies selected by implementors. This helps set the context for the findings.

4.1.1 SaaS program roles

All interviewed partners concluded that the SaaS vendor manages all aspects of the software infrastructure and maintenance. Obviously, the SaaS vendor is also solely responsible for developing the core software. In addition to these, other important SaaS vendor resources were mentioned to be implementation partner training and technical support.

Typical implementor tasks were identified to be client training, implementation project rollout, customization, integrations, and continuous support. In conclusion, the SaaS program roles seem to be separated rather clearly in all of the studied cases.

4.1.2 Value proposition and services

To better understand the nature of SaaS implementation services, all interviewed partners were asked what services they provide, and what is their value proposition. Almost all interviewees thought that their core value proposition consists of helping clients take complex software into use. In most cases it was said, that the SaaS vendors do not carry out implementation projects at all.

Partner 4 says of their offering: *“We want to provide significant added value - - so that the client can perform daily tasks faster, more efficiently, and with smaller effort”*

(Partner 4). Partner 4's offering is focused on extending Shopify functionality through custom extensions. This differs from the core SaaS implementation service offered by other interviewed partners. Thus, Partner 4's business model is more of a self-service extension model. At the core of their value proposition is to make the lives of their clients easier through much-needed extra features. Partner 4 thinks that Shopify is a good ecommerce platform for most generic use cases, but fitting the software to local needs of Finnish merchants requires custom add-ons and localization expertise – an example being the integration with postal and other delivery services to manage downstream supply chain management. This view is aligned with the service model of Variability-as-a-Service (VaaS) described by Ghaddar et al. (2012). Taking a generalized service and customizing it to fit local and specialized needs is among the core principles of the SaaS implementation partner model.

Partner 1 provides technical process consultation and develops integrations to other systems as part of their Salesforce implementation service. However, they see that training and assisting client organizations in taking Salesforce to use is the most important part of their services. This emphasis on the importance of knowledge transfer is shared by some of the interviewed clients, as will be discussed in section 4.2. Partner 1 described their value proposition as follows: *“So, our goal is that when they [clients] buy the project from us, they can grow better and faster than their competitor”* (Partner 1).

Of the interviewed partners, Partner 5 was the only one to mention business development among their key offerings. Their HubSpot consultation approach is to develop the sales operations of their clients. Regarding their value proposition, Partner 5 said they help their clients' teams function better, take the most out of their HubSpot investment, and also act as the clients' spokesperson towards HubSpot.

Partner 3 described that their Pipedrive offering is largely built upon customized solutions they develop for their clients. Thus, they help clients not only to take Pipedrive into use, but also implement their own extended feature set for them. Their value proposition was described as follows: *“We want to make the customer - - and end-users satisfied in the long term”* (Partner 3). The mentioned long-term client relationship is coded under the theme of *deep partnership*, which is identified also in the client interviews (see section 4.2).

Partner 2's consultation services focus on Workday implementations, but it was highlighted that they are vendor-agnostic when it comes to their clients' needs. Therefore,

they consult their clients on tendering processes and provide independent project management services that are not tied into a specific technology.

The above-described activities of SaaS customization, integrations to other systems, software extensions, and business development are examples that form the theme of *fitting the SaaS to client needs*, which is a rather expected source of value addition to be mentioned throughout the interviews.

4.1.3 Differentiation from competition

One way to look at the value proposition of an implementation partner is to find out how they plan to differentiate from other implementors. One interviewee described their offering to have higher prestige and top-class expertise when compared to others: “*We are the SWAT team while others are the local police force*” (Partner 5).

Partner 3 emphasized the unique Pipedrive extensions their team has developed as well as focusing purely on one SaaS product, when many companies implement more than one SaaS. Partner 1 said that their competitors highlight data-driven processes as the core of their Salesforce implementation, whereas Partner 1 thinks of this as just one part of the project. They emphasize the importance of training and a well-managed implementation project.

Partner 2 stated they focus on acquiring high-quality client references to stand out from competition, while also developing their own service concept.

4.1.4 Challenges

The single greatest challenge of SaaS implementation partners based on the interviews is to recruit personnel with expertise of the specific SaaS product they implement. According to Partner 1, implementors must invest a lot of time and money into training and certifying new recruits. This implies that many of the skills required by SaaS implementors are non-transferable. Further, the interviewee said: “*And trained Salesforce experts are not available on the market. Or if they are found, they, there is a good reason why they are available on the market.*” (Partner 1.) Thus, the demand for certified SaaS professionals is so high, that hiring executives are suspicious of the ones who are seeking work. The recruitment related issues contribute to the theme of *partner’s personnel issues* that is a common theme between the two interview groups (see further in section 4.2).

One of the interviewed partners pointed out the strategic risk of changes to the SaaS vendor’s competitive environment: “*It’s like what if a new market leader appears out of*

the blue?” (Partner 2). Specialized SaaS implementation companies benefit from increased demand for the SaaS vendor’s product, and likewise suffer from decreased demand. The aforementioned non-transferability of personnel know-how further magnifies the severity of this risk. If a SaaS vendor would go out of business, it would take a lot of time and resources to re-train staff. Also, the continuity of customer relationships would obviously be at risk.

Partner 3 stated it would cause plenty of trouble for them if their SaaS vendor, Pipedrive, would suddenly make considerable changes to the terms of partner agreements. Similarly, large-scale changes to the core software may require refactoring the extensions and custom solutions Partner 3 has built on top of the Pipedrive platform. Of these two risks they said: *“Both have occurred [to us] within a short amount of time”* (Partner 3). Partner 4 said that in their case the latter risk has become reality on some occasions, when Shopify has announced functional changes with a very short notice: *“Shopify itself has sometimes a challenge, that when they decide that something is changed, then they give some amount of time for the change. But sometimes - - the changes come quite fast and it creates challenges that are difficult to anticipate.”* (Partner 4.) Partner 5 said they have to plan the development of their own custom solutions carefully by anticipating HubSpot’s own product roadmap. If an implementor would invest a significant amount of resources into creating a custom solution on top of a SaaS product only for the vendor to later release a similar solution as part of the core software, it would directly hurt the implementor’s business. These coded examples are classified under the theme of *conflicting interests between partner and vendor*, which is a subtheme of *conflicting interests* – another common theme that extends across the two interview groups. This theme is viewed from the perspective of partner and client conflict of interest in section 4.2.

The SaaS-extension business model generally scales well, but Partner 4 mentioned that increased demand would cause challenges in managing customer service if the number of support requests would increase in a linear fashion. Thus, aspects of the partner offering that require manual labour are subject to scalability issues as in any other industry.

4.1.5 Opportunities

Some of the interviewed partners mentioned that a benefit of the SaaS partner program is access to a large base of potential clients. Partner 4 said that Shopify makes app recommendations in their app store’s front page: *“We have managed to get this [Shopify’s recommendation] a few times and we have noticed that it increases the number of [our]*

app installations probably a hundred times over” (Partner 4). In this case, the implementation partner benefits directly from the popularity and reach of the Shopify platform.

Partner 1 said that the ever-increasing popularity of Salesforce and SaaS platforms in general is a significant business opportunity for them: *“This [Salesforce implementation business] will grow exponentially. Companies will move almost completely to SaaS based software in the future and it offers a good outlook for our kind of actors. The market is growing all the time at a fast pace - -. Salesforce will grow and grab markets and altogether SaaS services will be the only option for companies in the future for purchasing software solutions.”* (Partner 1.)

Both examples highlight the economies of scale that are present in highly popular SaaS platforms. Implementors benefit from a large potential client base, and similarly clients benefit from a wide variety of available implementation services.

4.2 SaaS client organization experiences

In this sub-chapter, the most relevant findings from interviews with the second group, SaaS clients, are introduced. As in the case of the first group, some findings are presented concerning the business environment of the clients. This makes it easier to understand the context of the studied value co-creation processes.

4.2.1 Client needs

Most client organizations said they chose to use an implementation partner due to the complexity of the SaaS products being taken to use. This reduces the need to have dedicated personnel who have in-depth knowledge about the systems. In every case, the interviewees mentioned it is practically impossible to buy the implementation project from the SaaS vendor – this forces the clients to choose between in-house implementations and using implementation partners of the SaaS vendor. As Client D said: *“It was not even a relevant option in our opinion - -. The model in these [projects] is that the service comes from Workday and then their certified implementation partners - - provide the implementation.”* (Client D.)

Most clients described the SaaS to be used for core business processes. This further emphasizes the need for expert assistance. An exception was Client E, who used an implementation partner to take HubSpot into use for marketing automation purposes. The

logical implication is that companies are careful when changing their core processes and systems, and resort to professional partners to manage the transition.

Interestingly, Client C described using an independent consultant for solving some of their problems in using Shopify while still having a business relationship with the original implementation partner: *“He is a one-man company apparently and he, like, in one hour found a solution to a problem that made people on three continents give up in help centers and such.”* (Client C.) For the purposes of this thesis, such outside consultants are still thought of as implementation partners to the client, even though they may not have a relationship with the SaaS vendor. Such unofficial partners would be an interesting topic for further study.

Further commenting their need for support services, Client C expressed the following wish: *“That one can call a person and they study it and investigate, but these bigger corporations must always be approached with email”* (Client C).

Client D said of the division of roles with their partner: *“- - we have been able to do the configurations and changes for maintenance purposes very much by ourselves. [The partner] as a maintenance partner - - does more challenging implementations.”* (Client D.) Thus in some cases, the client personnel may build their own technical competences to manage easier tasks by themselves, while opting to use partner services for more demanding tasks.

4.2.2 Perceived value of using implementation partners

Client A highlighted, that Salesforce is a service that needs a degree of customization in order to be taken to use: *“- - the platform is in a way not ready to be taken - - to use off the shelf, it requires customization and then making certain interfaces for transferring data, and this was the thing why we needed an outside partner - - that a package deal did not fit into our goals”* (Client A). This example represents the identified theme of *fitting the SaaS to client needs* first discussed in section 4.1.

Client D described the value of their Workday implementation partner in the following way: *“One positive thing is that they have up-to-date know-how about the system – – and taking it into use and they have good practices. And especially the more experienced consultants suggested very good solutions to us, saying ‘another organization has done these things like this.’”* (Client D.) Not surprisingly, the theme of *partner’s specialized know-how* is thus viewed as an important driver for using implementation partner services. Client organizations also benefit indirectly from the implementation

projects done for other clients of the same SaaS implementor, as they can take already tried and tested features into use. Another important note to be taken from the above quote is the client's appreciation of partner proactivity. Often, client organizations are obviously not aware of available solutions that add value for them in the context of a specific SaaS product, which makes it important for implementors to actively propose viable solutions to their clients.

Client B mentioned as a positive aspect that they have a deep partnership with their implementation partner. The theme of *deep partnership* is thus identified. The advantages of an established partner are that they know the client organization, and the specific SaaS implementation used by the client.

Client E was satisfied with outsourcing much of their marketing activities to their HubSpot implementation partner, which enabled them to focus more on their own core business. Similarly, Client B mentioned increased efficiency resulting from the use of implementation partner consultants. These items contribute to the theme of *time and cost savings*.

4.2.3 Negative experiences and things to improve

Clients C and D mentioned that they wished for a business consultation approach from their partner: "*It would have helped, like, if someone had suggested a little, like, how in a commercial view these things could be taken care of.*" (Client C). "*- - what I maybe expected more from the partner - - was a sort of business consulting approach in the very beginning*" (Client D).

Especially Client D hoped for deeper domain knowledge and willingness to study the client organization. Instead, their partner took an overly technical approach to the implementation project. These codes contribute to the identified theme of *dissatisfaction with the partner's mode of operation*. Other examples of this theme include the rigidity of a partner's implementation models, i.e. lack of flexibility in adjusting implementation projects to client needs: "*I also understand that the service is productized, it is conceptualized very much, so that it is possible to use younger consultants as well in, like, the implementation phase - - but unfortunately this conceptualization cannot fully replace experience and vision*" (Client D). This implies a balancing act that the SaaS implementors must do between one-size-fits-all type of productized services, and highly customized, customer-specific services.

Continuing along the same theme, Client E highlighted the lack of training they received to use the implemented SaaS product, HubSpot. Unsurprisingly, clients value knowledge transfer and perceive the lack of it as a major shortcoming. Implementation partner expertise is one of the main drivers for using said partners – thus the lack of sharing this expertise with the client is understandably not desired.

Implementation partner personnel related negative experiences were common. Thus, the theme of *partner's personnel issues* was identified. For example, Client B stated that there is a significant variety in the level of expertise among their implementor's Salesforce consultants. In addition, Client D noted that changes in the partner's key personnel that was appointed to the project caused some issues.

Client A recalled as a negative experience that their partner was too eager to sell additional services before the initial project was finished: “- - *it could be noticed at the end of the project that, that there was a strong will to get lots of new things in the pipeline before - - the already implemented functionality was even properly in use - -*” (Client A.) From the client perspective, this may seem like an undesired attempt to largen the scope of the project, thus being an example of the theme of *conflicting interests*. Within the same theme, Client C recounted that their partner made changes to the initially agreed implementation project due to significant changes in the partner's offerings: “- - *I said - - we could have the workshop now and they did not have that model [anymore] in their service package which I had a contract for*” (Client C.) The motivator for the service model change was targeting larger client organizations which left Client C without a suitable service package. Both of these examples highlight the fact that implementation partners can have business models and marketing strategies which are not always aligned with the needs of specific clients. The previously mentioned problem of productized implementation services that do not match specific clients needs can also be interpreted as a conflict of interests: implementation partners seek to maximize efficiency to run a more successful business, while clients wish for more tailored services, which are not optimal to offer from the partner's point of view.

4.3 Common and contrasting views

4.3.1 Client needs and offered services

Many of the interviewed partners stated they have a deep understanding of their clients' business and that their implementation projects are business centric. At the same time, two

of the interviewed clients hoped for a business-oriented approach and business consultation methods. Thus, the interviewed partners had at least the correct mindset when comparing to the client expectations and needs. However, only one of the interviewed partners reported that they provide business development services. It is therefore difficult to say whether clients are fully satisfied with business centric implementation projects, or would the service have to include actual business consultation. What the interviewed clients expect at a very minimum is that their partners understand how their current business works: but what they hope for is that their partners would suggest how their business *could* work on a higher level.

Some of the partners and most clients mentioned that training and knowledge transfer are important activities in SaaS implementation. Interestingly, many of the interviewed clients still complained of insufficient training. This implies that partners may realize its importance, but still fail to provide enough training in some circumstances.

4.3.2 Match between client expected value and partner value proposition

To summarize, the interviewed clients perceived the following things to add value: deep partnership, time and cost savings, partner's specialized know-how, and customization to fit client needs. On the partner side, the mentioned value propositions included: long-term customer satisfaction, taking the most out of the SaaS investment, knowledge transfer, fitting the SaaS to local needs, increasing efficiency and ease of use, and helping clients grow their business. Thus, the high-level views about what adds value seem to be mostly shared by the two interview groups.

4.3.3 Motivation for using implementation partners

Most interviewees from both groups agreed that implementation partners are needed due to the complexity of the SaaS products and the large amount of specialized know-how required to take it into use. Another point was that it is often not possible to buy implementation services from the SaaS vendor directly.

Having a local partner who helps take a globally used software into use was seen as a central motivation by several interviewees from both groups. The interviewees also unanimously viewed that partners are needed for tailoring the SaaS to client needs.

5 Discussion

The aim of this chapter is to synthesize information gathered from the interviews with the theoretical framework that was presented in the literature review section. The resulting enhanced framework is elaborated on. The managerial implications and academic contribution of this study are also discussed. The chapter aims at providing answers to both research questions and fills the gaps in literature that were identified in the literature review.

5.1 Framework for value creation in SaaS partnerships

To answer the first research question (“How do SaaS implementation partners co-create value with SaaS vendors and clients?”), the theoretical framework presented in the literature review chapter is enhanced with empirical findings. The resulting model presents both value co-creation and co-destruction processes that result from resource integration.

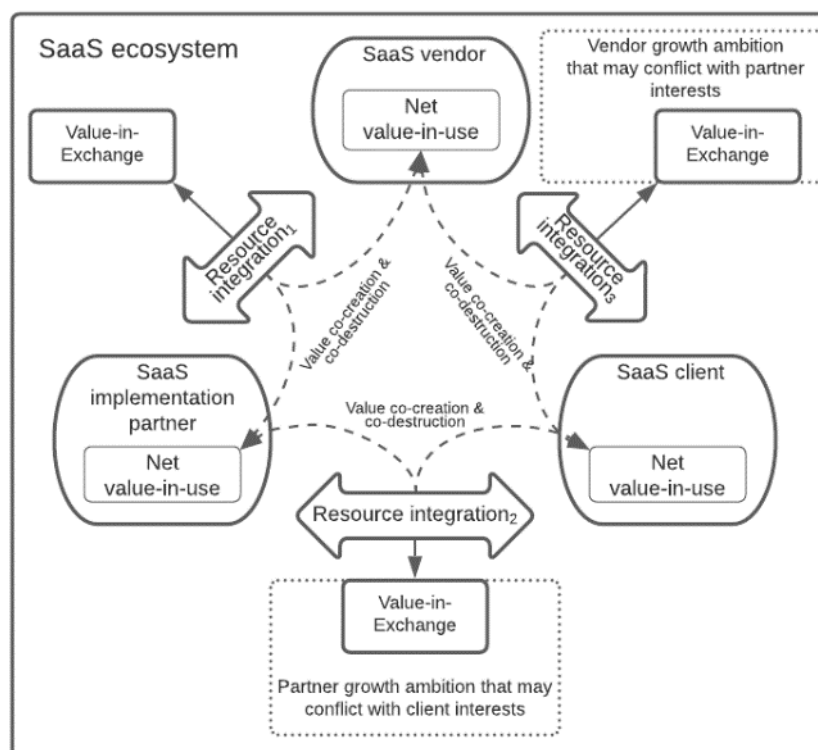


Figure 4. Refined framework for value co-creation in a three-sided ecosystem between SaaS companies, SaaS implementors, and client organizations.

Compared to the theoretical framework presented earlier, it is clarified that each of the three relationships are unique. This is signified by using numbers 1, 2 and 3 in subscript in the resource integrations taking place between the SaaS vendor and the partner, the partner and the client, and the vendor and the client, respectively. Resource integration can result in either value co-creation or value co-destruction. The curved arrows signify that the results of resource integration (either positive or negative) are reflected in the net value-in-use of the participants. Also, the visual elements that depict value-in-exchange (i.e. the financial value exchanged for services) are surrounded with larger elements drawn with a dotted line that represent the growth ambition of the service providers. The fact that the vendor and the partner both want to increase the value-in-exchange is a given, but the notion that the means of attaining growth might conflict with the interests of other parties is especially of interest. This suggestion is based on the interview findings concerning specific conflicts of interest between the partner and the client on the one hand, and between the vendor and the partner on the other hand. This dynamic is further explored in chapter 5.2.

The empirical findings provide some insights into what the above visualized resource integration relationships consist of, i.e. what are the typical resources of each party that are integrated. In brief, it was discovered that typical SaaS vendor resources are the core SaaS product, hosting infrastructure, support, and training. Implementation partner resources include custom software solutions, training, support, SaaS know-how, and domain knowledge. Client resources include business requirements, in-house development teams and SaaS end-users. These resources are then integrated between the parties to co-create value. It is noteworthy, that SaaS vendors provide boundary resources such as application programming interfaces (APIs) and training portals to be integrated with the resources of clients and partners. Vendors thus aim to minimize the active effort required by client implementations by providing self-service interfaces for different uses.

Apart from the resources of each party, other questions left unanswered by the theoretical framework included what the mechanisms for value co-creation and value co-destruction in a SaaS implementation context are. Also, the perception of what adds value in using implementation partners remained unclear, as did the value propositions that are exchanged between the parties. These questions are addressed in more detail in the following subchapters.

5.2 Boundary resources and ecosystem roles in SaaS implementation

After the refined framework for value co-creation in a SaaS implementation system has been presented, I briefly assume a birds-eye view of the SaaS implementation phenomenon in this subchapter. The aim is to show how this thesis relates to the high-level concepts of platforms and ecosystems that have been discussed in the literature review. Also, the auxiliary research question (“How do SaaS implementation partners co-destroy value with SaaS vendors and clients?”) is discussed to show how value is co-destroyed in the ecosystem.

Gawer (2021) shows that there is a significant variety among digital platforms regarding where the boundaries are set between the platform participants – in other words, what are the roles and responsibilities of different actors, including the platform owner. One of the factors that affects these boundaries is the scope of the central company, and what assets it owns (Gawer 2021). In the case of SaaS vendors, it is a given that the platform owner manages the core SaaS product and the required development assets. By definition, the SaaS vendor also manages the ICT infrastructure for hosting the SaaS tenants. Apart from company scope, other types of boundaries are platform sides and digital interfaces (Gawer 2021). Because the company scope of SaaS vendors is more or less fixed, the interfaces and platform sides are more useful control items for managing the SaaS partner ecosystem.

Eaton et al. (2015) argue that boundary resources are crucial for the functioning of large-scale digital platforms. Boundary resources refer to the set of tools and standards a platform owner offers to partners for engaging with the platform, for example software development kits provided by Apple for app developers (Eaton et al. 2015). In the SaaS context, typical boundary resources would be APIs through which implementation partners can fetch and manipulate data that resides in the core software. For SaaS vendors this is an opportunity to open up the platform for outside contributions in a safe and controlled manner: the vendor can dictate what data can be retrieved and changed through the API, and how. Partners can then build and host their own custom solutions using these APIs to provide extra functionality that is not present in the core SaaS. For example, Partner 3 interviewed for this thesis mentioned that the API-based way of building custom add-ons is an important aspect of their business.

The SaaS client takes part in the implementation ecosystem also via boundary resources. The interface toward the SaaS vendor is chiefly the core SaaS itself, whereas the interface toward the partner has a more significant human element through training and project activities, for example. Again, the SaaS vendor desires to provide more or less passive boundary resources to the client in order to minimize their active role in the use of the SaaS product.

Drawing on Gawer (2021) and Eaton (2015), I argue that the decisions made by SaaS vendors regarding the division of ecosystem roles and boundary resources boils down to a single question the vendor can ask themselves: “How can the ecosystem create as much value for all participants with the least possible effort?” Obviously, the vendor wants to capture as much value as possible, while keeping the ecosystem financially attractive for partners. Extensive APIs are one way of providing access effortlessly to partners: they offer vendors the possibility to passively co-create value with their partners. Along the same lines, many SaaS vendors provide self-service training programs for their partners to manage knowledge transfer as passively as possible. After the initial investment of setting up a training portal, the running costs are negligible. All these investments into passive value co-creation enable scalability of the vendor’s business, as the active effort of onboarding new partners is minimized.

When it comes to sales, SaaS vendors have the option of delegating many of the day-to-day activities of refining prospects, following up leads, and so on to their partners. Again, vendors will arguably optimize the level of activity required for a certain financial outcome.

All the above examples and arguments highlight the fact that SaaS vendors usually strive to reach a point where they can focus almost completely on product development. The costs and risks associated with client projects and sales are outsourced to a large number of partners. Thus, SaaS vendors aim to minimize their participation in the more volatile aspects of software business, while maximizing the amount of steady license revenue. SaaS vendors accept the sunk costs associated with product development and infrastructure maintenance because they can leverage the platform-based ecosystem model effectively to get solid returns on investment elsewhere. Even though SaaS ecosystems admittedly vary from case to case, I argue that the above-described scenario is a best-case scenario for SaaS vendors, and most vendors actively pursue a status where they can delegate all activities apart from product development and hosting to other companies. However, it is also possible that this is an intermediate stage in the evolution of the SaaS

ecosystem: if the ecosystem reaches a point where implementation activities provide a better return on investment than managing the SaaS platform, it is arguably in the interest of the vendor to start taking part in client implementation. This is an area that was not studied in the scope of this thesis but would be an interesting topic for future research.

For SaaS implementation partners, the implication of all this is that SaaS vendors trade possible added profits from project business with the partners for decreased volatility. This would mean that partners will have to carry the risks associated with this volatility. Implementors are left with the task of figuring out how to mitigate these risks. One obvious way is specialization, which comes by design in SaaS ecosystems: implementation partners must specialize in project-based business, which eliminates the problems associated with simultaneously developing a product and delivering it to clients. Other areas for managing this risk would be sales optimization and outperforming other competing implementation partners. Regarding the first-mentioned activity, it has been stated earlier in this thesis that value-based selling is one way to approach the difficult task of selling complex projects. Put simply, purchasing has to be made as easy as possible for prospective clients by demonstrating the added value as clearly as possible. When it comes to competition, specialization is again crucial. In addition to specializing on projects surrounding one SaaS product, the partner must specialize within the partner ecosystem with a unique value proposition.

As discussed in the literature review, there are many other ecosystem concepts than just digital platforms that provide a meaningful way to look at SaaS implementation. In this thesis, the most relevant theories in addition to digital platforms were identified as digital business ecosystem, software ecosystem, and innovation ecosystem.

To recap, digital business ecosystems are networks of highly interdependent companies that work together in an almost symbiotic fashion (Senyo et al. 2019). It was earlier argued, that SaaS ecosystems are not a perfect fit to this concept because individual SaaS implementation partners are not irreplaceable for the SaaS vendor. However, in light of the tendency of SaaS vendors to delegate project and sales responsibilities as much as possible, it seems that the partner network is indeed an invaluable asset for SaaS vendors. The relationship can be said to be voluntarily symbiotic for the vendor, whereas for the partner the symbiosis is more profound. For example, a SaaS vendor could in theory decide at any given moment to discontinue its partner program and build a project organization. In essence, the partner network is an asset owned and managed by the vendor, and partners need to adjust into any changes imposed on them.

Earlier, the idea of the software ecosystem was deemed suitable for studying SaaS ecosystems. According to Hanssen (2011), software ecosystems consist of a keystone organization and third parties that complement the offering of the keystone organization. Also, as mentioned earlier, Valkonen (2013) further classifies the third parties into four types: systems integrators, service providers, value-added partners (VAPs), and app stores. A key feature of the software ecosystem is openness: networks of software companies tend to become more and more transparent towards each other in order to collaborate more efficiently (Hanssen 2011). All this applies to the SaaS ecosystem. Partners and vendors co-create value through open interfaces on a technical level, and through organizational interfaces to manage knowledge sharing and other activities. Also, the classification of third parties by Valkonen (2013) applies to implementation partners, although many partners do not strictly specialize in one identified area. Instead, a single partner can offer integrations, training, and also create apps to be sold in a SaaS vendor's app store.

The concept of innovation ecosystem is applicable to SaaS partnerships as there are multiple actors involved in innovating new ways of adding value. A good example of the nature of SaaS implementor innovation is selling add-on modules in a SaaS vendors' marketplace, as is the case with Shopify. Companies that develop Shopify add-ons are driven by the incentive of finding a lucrative niche of client needs that are not yet fulfilled in the SaaS platform. When an innovative add-on is developed, it creates value for all three parties: the add-on developer gets a new source of sales revenue, the SaaS clients get access to new valuable features, and the SaaS vendors get commissions from add-on sales plus possibly increased customer retention. It is also worth noticing that add-on development is a source of mostly passive income for both implementors and vendors after initial development. This revenue source augments the revenue from more active SaaS implementation activities like client projects. (Partner 4.) At best, this can help mitigate the financial risks involved with the uncertainty of project business, which was discussed in the previous subchapter. The downside of this approach is that the partner would not be able to focus completely on either projects or product business. It seems likely, that partners aim to specialize in one or the other – this was suggested by Partner 4, for example.

In the refined value co-creation framework that was introduced in section 5.1 it was suggested that partner and vendor growth ambitions may be at odds with the interests of other parties. This ecosystem dynamic poses a challenge to the whole ecosystem. If the conflicting interests cause significant dysfunction in the ecosystem, the value co-creating

processes may not work optimally. Two examples from the interviews illustrate this problem well in the case of vendor-partner relations. First, Partner 3 mentioned sudden changes to platform functionality as causing adaptation issues for them. Second, Partner 5 mentioned that the vendor can sometimes introduce platform features that have earlier been a custom solution developed by a partner. In both cases, it can be argued that the development of the platform that is intended to enhance the platform and thus create more value for clients, can end up detracting the value of partner offerings and thus resulting in value co-destruction. Similar issues are found in partner-client relations as well. For example, Clients A, C and D all described events where partner business models conflicted with the interests of said clients (see section 4.2.3). Thus, partner business goals can sometimes be misaligned with client interests, which can again cause some degree of value co-destruction through dysfunction in the ecosystem.

As described in the literature review, Lintula et al. (2017) classify value co-destruction to emerge from issues in the following three categories: orientation, resources, and perceptions. Orientation issues cover the differing aims of service providers and clients, while resource issues refer to e.g. resources being integrated in a sub-optimal manner. Perception issues, then, are about falling short of client expectations, for example. (Lintula et al. 2017.) Orientation issues were found in this thesis in the form of conflicts of interests. Partner personnel problems, deficiencies in provided services, and dissatisfactory service models are examples of identified resource issues. Lastly, perception issues were also noticed e.g. in the form of failed expectation management in the case of Client C where contractual agreement on the SaaS implementation was not met in practice.

The conflicts of interests and other types of value co-destruction found in SaaS implementation ecosystems and how they are managed would be another interesting domain for future research.

5.3 Propositions and practical implications

A central aim of this thesis was to explore the topic of value co-creation and co-destruction in SaaS implementation ecosystems and formulate propositions that could be tested in future research. The propositions thus answer the second research question “How can SaaS vendors, their implementation partners, and clients maximize value co-creation and minimize value co-destruction?”. In this sub-chapter, these propositions are introduced based on the empirical findings. For each proposition, practical implications are outlined as suggestions for the three distinct parties: the SaaS implementation partner, the SaaS

vendor, and the SaaS client. The high-level propositions are further broken down to smaller, actionable items that can be utilized in both empirical research and in management practice.

PI: Fostering the identified value co-creation activities increases client satisfaction in SaaS implementation projects. These activities are:

PI.1: Fitting the SaaS product to client needs

Implications for SaaS implementation partner: First, to be able to fit the SaaS to client needs requires understanding them. The implementation partner should have sufficient knowledge about the client's industry and organization in order to fully grasp what the client's declared needs mean. In addition, the partner should help their clients to find out what they *could* need if they knew about potentially better ways to solve problems. This calls for thorough business analysis especially when implementing complex, large-scale SaaS solutions. Second, the SaaS implementation partner must have the means to do custom solutions. This means the ability to understand what is possible to do technically and then do it.

Implications for SaaS vendor: SaaS vendors should engineer their software architecture so that it supports partner contributions and extensions. Without a degree of openness, it is not possible to build custom solutions on top of the core SaaS product. Whenever possible, it is advisable to open up the software components and data by making application programming interfaces (APIs) available for implementors. In addition to ensuring technical feasibility, SaaS vendors should enable active collaboration by allocating resources who provide support to partners.

Implications for SaaS client: When value is co-created, the client must be able to articulate their needs in order to achieve satisfactory results. Active participation of the client in the scoping and specification phases of implementation projects is crucial to convey these needs. This is because a central tenet of value co-creation is that the service provider cannot impose the service on the client unidirectionally.

PI.2: Utilizing specialized know-how

Implications for SaaS implementation partner: Experience from the specific SaaS product in question helps manage implementation projects successfully. The experience can be of a general nature, or specific knowledge of a past implementation that can be leveraged for

another client. Both are well valued by clients. To make the most of past implementations, it is advisable to foster internal knowledge sharing regarding past projects and custom solutions built for clients by e.g. creating a wiki or other easily maintainable database that documents client implementations. This makes it easier to apply this knowledge in new contexts.

Knowledge transfer between the implementor and the client is also a major value-adding activity mentioned by several interviewees. Thorough training helps clients take the most out of their SaaS investment and reduces friction when transitioning from using previous systems to new ones. Conversely, insufficient training can lead to a failure in capturing all the potential increases in efficiency and cost savings.

Domain knowledge and understanding local client needs are also valued by clients. This requires more than just experience from technical SaaS implementations: implementation consultants should be open to learn from client business cases rather than just apply pre-determined technical implementation models.

Implications for SaaS vendor: The SaaS vendor can do their part by sharing experiences about past client implementations between implementation partners. Presumably, SaaS vendors have access to a larger body of knowledge concerning client implementations than their partners do. To maximize added client value, it is advisable to actively share this knowledge.

Implications for SaaS client: Knowledge transfer is not a passive activity of merely receiving information from the partner. Active engagement in training sessions is advised. It goes without saying, that insecurities and doubts about taking the software to use should be clearly communicated to the partner.

PI.3: Forging deep partnerships

Implications for SaaS implementation partner: The stated aim of multiple interviewed partners was to act as a long-term partner of their clients. Such partnerships were viewed as value-adding by clients as well. Implementation partners benefit from long customer relationships through steady monthly income from support plans and such, as well as from the relative ease of selling new services to existing clients. An often-cited rule of thumb is, that it is far more expensive to acquire a new client than retain an existing one. Implementing a customer care program would be a concrete step towards decreased churn, with measures like customer satisfaction monitoring being easy to take into use.

Implications for SaaS vendor: Because SaaS products are usually sold on monthly license fee basis, it is obvious that SaaS vendors benefit from long-standing relationships between their clients and their implementors. The worst-case scenario for a vendor is, that bad client experiences from an implementation partner causes the client to switch to a competing SaaS vendor's service. For vendors, similarly as for partners, it is thus reasonable to monitor client satisfaction to prevent churn.

Implications for SaaS client: Existing ties make it easier to do business with a partner when compared to engaging with a new partner. Setting up a new business relationship takes time and resources, and a new partner may need to acquire a substantial amount of domain knowledge in order to serve the client well. Continuity and predictability help the client to focus on their core business and also to estimate future costs of running SaaS services.

P2: Preventing the identified value co-destruction activities increases client satisfaction in SaaS implementation projects.

A key interest of this thesis was to uncover sources of value co-destruction in SaaS implementation ecosystems. The themes concerning negative experiences of SaaS clients are considered such. The following relevant themes were identified: partner's personnel issues, mode of operation, and conflicting interests between client and partner. These are described in more detail below.

P2.1: Personnel issues

Implications for SaaS implementation partner: The variety among implementation consultant expertise was a shortcoming mentioned multiple times in the material. To tackle this, implementors should invest heavily in training their staff. If the SaaS vendor offers certifications, it is best to pursue as much of them as possible while retaining a good ratio of billable and non-billable work. For most implementation partners, this is a risky front-heavy investment. Recruiting processes should be thorough enough to screen out candidates who may not perform well despite extensive (and expensive) training. Work contracts should include strict non-compete obligations to prevent a scenario where a company trains a new recruit substantially only to lose the person to another implementation company. All interviewed partners viewed personnel as the key driver of

their business: thus it is of utmost importance to minimize employee turnover. One approach to accomplish this is investing in human resources (HR) management activities.

Changes in key personnel is another personnel-related source of value co-destruction. Implementors should avoid this as much as possible, and mitigate its effects when it is not possible to avoid it. For example, internal knowledge sharing regarding ongoing projects might help make transitions smoother.

Implications for SaaS vendor: Many large SaaS companies offer certification programs for their partners. The content and quality of these programs should be invested in. Requiring basic level certifications from implementor staff is one way to help implementation partners attain customer satisfaction. Standardized certifications should also be demanding enough to ensure that applicants are able to apply knowledge in actual business cases.

Implications for SaaS client: Usually, clients have little say on personnel changes. If possible, clients could request a contractual clause that ensures there are more than one person of each necessary role assigned to the implementation project. This would obligate the partner to provide some level of redundancy in resourcing.

P2.2: Dissatisfaction with mode of operation

Implications for SaaS implementation partner: The role of a SaaS implementor is challenging, as clients have high expectations for partner expertise. Implementors should have technical expertise, domain knowledge, project management skills, customer service skills, and business process re-engineering skills. Additionally, implementors should be capable of training client staff to use the SaaS product effectively. Especially for smaller partner firms, it is not always realistic to command such diverse skill sets. Thus, partners must choose the most important areas of implementation know-how and recruit accordingly. The empirical material suggests that a business consulting approach is especially hoped for by clients. For implementors, an action item could be hiring experts of management consulting methods in addition to ICT professionals.

Rigid implementation models that do not consider specific client needs are another source of dissatisfaction. In section 4.2.3, the dilemma of productizing or tailoring implementation services was discussed. I suggest a straight-forward solution to this: SaaS implementors should price their services according to the level of productization. Customized service offerings with a higher degree of uncertainty and variety should be priced with a higher premium, when compared to fixed-scope implementation services that

are easier to reproduce. Thus, if it is possible to sell custom services with a good margin, it is reasonable to still offer them alongside highly productized service concepts.

Lack of training and support are other major areas of dissatisfaction which were identified in the interviews. Knowledge transfer in both the implementation phase and the maintenance phase are thus areas implementors should invest in. For arranging support and maintenance, several applicable service model frameworks exist, such as ITIL. It is advisable to apply such models in everyday support processes. As for training, it is reasonable to offer a sufficient amount of training sessions, and perhaps prepare self-study materials and guides for clients' use.

Implications for SaaS vendor: Support implementation partners in knowledge transfer by providing training materials. Trainers need some kind of education themselves, as well.

Implications for SaaS client: To prevent dissatisfaction with the partner's services, it is recommended to demand all the services the client needs to be included in contracts. For example, perceived lack of support could be self-imposed if support terms are not agreed upon on the level required by the client.

P2.3: Conflict of interests

Implications for SaaS implementation partner: Because SaaS partners want to run as successful a business as possible, there is a temptation to upsell clients with non-relevant services and run other business practices that are not in the best interest of clients. Partners should always approach selling from the perspective of adding value primarily to the client instead of for themselves. If the latter approach is taken, it can lead to value co-destruction due to misaligned needs of the client and the partner. For partners, it is suggested that the methods of value-based selling are used to present to the client how the sold services add value. This means fact-based calculations that display the return-on-investment of buying each service, which lowers the buying threshold and helps remove any suspicion of the partner simply upselling for their own good.

Implementation partners should be careful not to engage with prospective clients that are not in their targeted client segment. The empirical material shows that this can lead to a mismatch between client expectations and the offered service models. Such situations are a breeding ground for value co-destruction.

A conflict of interests can arise between the implementation partner and the SaaS vendor, as well. An example is the SaaS vendor introducing major changes to the platform

with a short notice, which forces partners to adjust their custom solutions in a way that the costs are carried by the partners. Another example is the SaaS vendor introducing a platform feature that has previously been built as a custom, paid solution by a partner – thus rendering said custom solutions useless. Both are examples of value co-destruction. Partners should thus actively request information about future SaaS features.

Implications for SaaS vendor: If the SaaS vendor gathers leads and provides them to partners, the vendor should be careful in matching prospective clients with implementation partners. A power imbalance between the two can lead to undesired outcomes.

To prevent value co-destruction with implementation partners, it is advisable to announce major changes to the platform with a long transition period. When it comes to introducing platform features that have previously been built by partners as custom solutions, it would be considerate to inform such partners well in advance.

Implications for SaaS client: When making a SaaS implementation partner decision, it is important to evaluate whether the partner's business model and mode of operation matches the client organization needs. For example, if there is a need for business process reengineering, a purely technical implementation model may not be the best fit.

The managerial implications argued for in this sub-chapter are collected into the following model that acts as a guide for the implementation partner. The instructions take into account the whole life cycle of a SaaS implementation customer relationship from the sales phase up to the maintenance phase. Thus, the model summarizes the answers provided to the second research question especially from the perspective of the implementation partner.

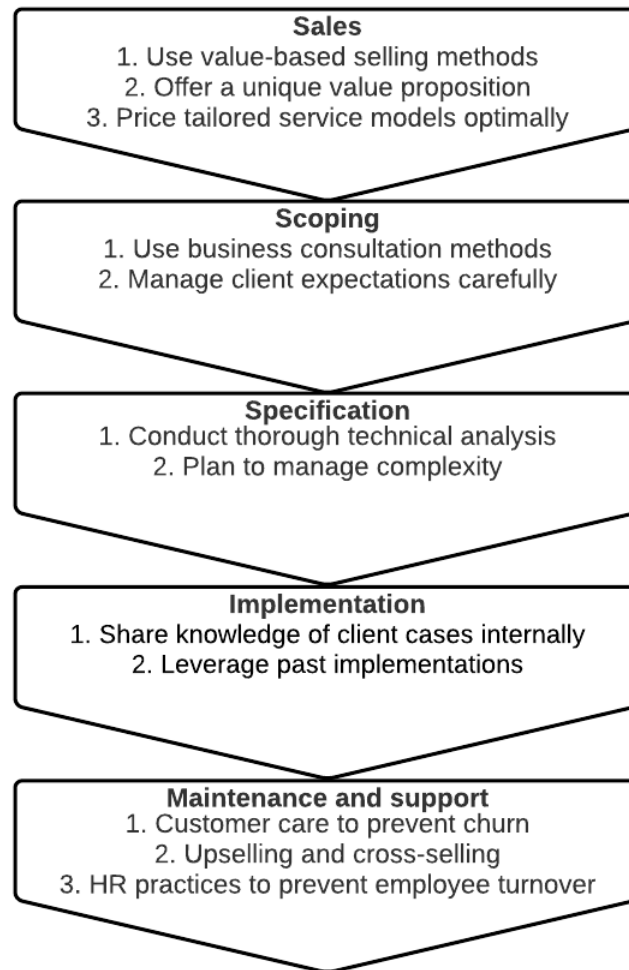


Figure 5. Guide for maximizing value co-creation and minimizing value co-destruction in a SaaS implementation project.

5.4 Reflection on the research

The first research question introduced in section 1.1 was: “How do SaaS implementation partners co-create value with SaaS vendors and clients?” Section 5.1 was dedicated to presenting a synthesis of academic literature and empirical findings that answers the first question. The presented framework answers to the research question somewhat well by providing a high-level picture of the value co-creation processes between the three parties. The auxiliary research question (“How do SaaS implementation partners co-destroy value with SaaS vendors and clients?”) was answered especially in sections 5.2 and 5.3.

The second research question was: “How can SaaS vendors, their implementation partners, and clients maximize value co-creation and minimize value co-destruction?” This

question was answered by formulating propositions presented in section 5.3 – these propositions would need to be tested in future research. The answers to the second question were also summarized in a model that recounts the most important suggestions for how an implementation partner should manage their operations.

Positive aspects of this thesis include that all the research methods and philosophy are explained and grounded in respected literature. The topic of the thesis is relevant and novel, and the conclusions drawn from the findings can be of practical value for companies that take part in SaaS ecosystems or buy SaaS services. A gap in scientific literature was identified and then filled.

A limitation of this thesis is that it is an explorative qualitative study with a small sample size, and thus it is not possible to make statistically significant conclusions about the phenomenon. It may also be that the findings from the specific interviewed companies are not fully generalizable to all other types of SaaS implementation contexts. The nature of the selected partners and clients may thus affect the findings and outcome of the analysis.

5.4.1 Academic contribution

This thesis contributes to academic literature in two ways. First, a literature review was conducted to integrate existing knowledge into a novel theoretical framework, and gaps in the existing literature were identified. Second, these gaps were filled in the empirical part of the thesis by providing an augmented framework that shows how SaaS ecosystem participants co-create and co-destroy value. In other words, several practical findings were made that describe which activities are perceived to add value and which to diminish value. Other findings include identifying the practical resources that each party integrate with each other.

The findings presented in this thesis spur other potential research questions: How are conflicting interests of the ecosystem participants managed by the SaaS vendor or other parties? How do implementation partners decide what to specialize in, or which SaaS platform to participate in the first place? How do the value co-creation and co-destruction processes take form in an emerging SaaS platform? The first mentioned question is interesting as several potential conflicts of interests were found in this thesis and managing them successfully can help the entire ecosystem to function better. The second question is of interest because little is known about the incentives for how implementation partners choose to do what they do. The third research area could yield useful insights into how

operations of each party should be managed in the case of a newly established SaaS ecosystem. To sum up, the ecosystem and value co-creation mechanics discovered in this thesis provide the opportunity for deepening the academic understanding of specific issues in SaaS implementation. Other potential objectives for future research could be creating a typology of different types of SaaS implementation platforms, studying how SaaS vendors manage the boundaries and boundary resources of their platform, and carrying out quantitative research with a large sample size to test the propositions formulated in this thesis.

6 Conclusion

Implementation partner networks have become a typical way for SaaS vendors to manage the delivery of their products to clients. Even so, these SaaS implementation ecosystems have received very little attention in academic literature. This thesis fills this gap in literature with a first attempt at explaining how these SaaS ecosystems add value for each participant. Possibilities for future research were also described.

Implementation partners have to operate within the platform boundaries set by the SaaS vendor. These boundaries are affected by the scope of activities the vendor engages in as well as the other platform sides that are present in the ecosystem. As a non-focal actor, the implementation partner must navigate successfully in a small opportunity space by specializing and offering a unique value proposition. Implementation partner risks in this business model include difficulties in recruiting employees and conflicts of interests with the SaaS vendor and clients. Of the potential opportunities, access to the SaaS vendor's existing and potential client base as well as the continuing trend of outsourcing software operations to SaaS providers were deemed especially noteworthy.

The key aim of this thesis was to identify value co-creation and co-destruction processes in the SaaS delivery context between the SaaS vendor, the implementation partner, and the SaaS client. Several such processes were found and described. The dynamics of these processes were introduced in a model that combines a theoretical framework constructed based on literature and empirical findings from ten interviews with SaaS implementation partners and clients who have purchased SaaS implementation services from a partner. This model presents a foundational understanding of how value is co-created and co-destroyed as a result of resource integration between the ecosystem participants. Another model was introduced that compiles the practical implications of the study into the form of recommendations for implementation partners.

The present thesis does not offer an exhaustive account on SaaS implementation ecosystems. Avenues for future research were outlined with the notion that there is a significant amount of ground to cover surrounding the topic, and thus plenty of potential for contributing more to the academic literature and management practice around SaaS implementation platforms.

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Appendix A: Interview guide for SaaS implementors

The below interview guide was used for conducting the semi-structured interviews with representatives from companies who implement SaaS products.

Background information

1. What is your role in the organization?
2. How long have you worked in the organization?
3. Is the company involved in more than one SaaS partner program?
4. Is the SaaS partnership a part of your core business or non-core “add-on” business?
5. What are the most important motives for your company to be part of a SaaS partner program?

Co-operation between SaaS company and the implementor

6. What is the nature of your company’s SaaS partnership? E.g. marketing, lead generation, client implementation projects.
7. How are responsibilities divided between you and the SaaS vendor in client implementations?
8. What do you offer to your clients, that is not possible to purchase from the SaaS vendor directly?
9. What kind of value do you add as a partner to the SaaS vendor?
10. What resources do you need from the SaaS vendor in order to provide your services? E.g. infrastructure, expert services.
11. Do you engage in active communication with the SaaS vendor about e.g. new prospective clients and ongoing projects?

SaaS partner program

12. Do members of the SaaS program compete against each other on accounts and projects?
13. Do members of the SaaS program co-operate somehow?
14. Does the SaaS vendor favour some partners over others? If yes, are the criteria for this transparent (e.g. partner scorecard or similar)?
15. How do you stand out from the SaaS vendor’s other partners?

Services and value proposition

16. What services do you offer to your SaaS clients?
17. How would you describe your client-facing value proposition as an implementation partner?
18. What are the key selling points you emphasize when marketing and selling your services to potential clients?

Business model and strategy for SaaS implementations

19. What is the main revenue source of your SaaS implementation business? E.g. project fees, license fees, maintenance.
20. What are your company's main expenses related to SaaS implementation?
21. What are your most important resources to produce the SaaS implementation services?
22. How would you describe your company's SaaS implementation business strategy?

Challenges and opportunities

23. What do you see as the biggest challenges in SaaS implementation business for your company?
24. What are the biggest opportunities in SaaS implementation business?
25. What is the outlook for the future of your company's SaaS implementation business?
How about the industry?

Appendix B: Interview guide for SaaS clients

This interview guide was used when conducting the semi-structured interviews with SaaS client organization representatives.

Background information

1. What is your role in the organization?
2. How long have you worked in the organization?
3. For which SaaS products have you purchased implementation services?
4. How long is your business relationship with the implementation partner?
5. Is the SaaS product used in your core business or supporting functions?
6. Which factors affected your decision to use an implementation partner instead of taking the product to use yourselves?

Experiences from the services provided by the SaaS implementation partner

7. What services have you purchased from the SaaS implementation partner?
8. What was good about these services?
9. What was bad about these services?
10. What would have made the SaaS implementation services better? Which services you thought were missing?
11. What kind of added value has the partner produced for you?

SaaS product implementation

12. Was the SaaS implementation project related to e.g. an organizational reform or did using the SaaS product require one?
13. What benefits has the SaaS product brought to your organization? E.g. increased efficiency, cost savings.

Appendix C: Codes and themes identified in thematic analysis

Sources of value co-creation		
<i>Theme</i>	<i>Codes in partner interviews</i>	<i>Codes in client interviews</i>
Fitting the SaaS to client needs	Understanding business context	Local needs
	Full-fledged implementation project	Custom requirements
Partner's specialized know-how	Custom software add-ons	Experience from the specific SaaS product
	Independent project management	Leveraging solutions from other cases
	Technical consultation	Training and knowledge transfer
	Training and knowledge transfer	
Deep partnership	Support and further development	Long partnership with implementor
	Long-term customer satisfaction	
Time and cost savings		Reducing need for in-house competence
		Cost savings
		Enabling focus on core business
Sources of value co-destruction		
<i>Theme</i>	<i>Codes in partner interviews</i>	<i>Codes in client interviews</i>
Conflict of interests	Sudden changes to SaaS platform	Upselling before project was finished
	Introduction of platform feature that used to be a custom offering	Partner backed away from initial agreement
Partner's personnel issues	Recruiting capable staff	Variety of expertise among consultants
		Changes in key personnel
Dissatisfaction with partner's mode of operation		Lack of business consultation approach
		Overt technical emphasis
		Rigid implementation models
		Indifference to client needs
		Lack of training
		Lack of support