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Business modelling in the
IT consulting industry:
the EsseQuamVideri case
and S.P.H.E.R.A.es

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Introduction

The central theme of this work is the concept of business model and its key role in the modern IT business activities that strive for success. The turbulent environment of nowadays is the main challenge for new and existing companies, with fast-changing industries and markets, increase in competition, high level of technological progress and worldwide economic instability. Therefore, how is it possible to gain and sustain competitive advantage? It is definitely one of the most discussed questions in economic studies and this work is going to demonstrate why business modelling is a necessary part of the solution.

It is a relatively recent notion with a lack of theoretical groundings, but increasingly being adopted by start-ups and entrepreneurial firms, the ones who particularly need to match projects and innovation with the proper business strategy and implement the whole into the business activity. In fact, in order to show the potential of business modelling, here is analyzed the business model of EsseQuamVideri (EQV for simplicity), an Italian twenty years old company founded by three entrepreneurs who were able to exploit the birth of the Internet era through a breakthrough innovation, an open business model perfectly designed around it and a well-implemented business strategy. Thanks to these three correlated elements, EQV conquered the Italian IT consulting sector and it is still the main figure of it among the “local” rivals, while successfully competing with the big multinationals.

With this thesis, I have the opportunity to be the first to write an academic paper on the EQV business case, which is strongly entrepreneurial, challenging and full of interesting aspects, thanks to my internship there as a business consultant. Both the support from the top-management and my working experience allowed me to collect interviews, information and insights of a company that has successfully implemented the concept of business model into the IT environment and, thanks to this, is sustaining competitive advantage even in a country like Italy that is struggling with the economic crisis.

Although the major importance is given to business model theory and its application through the EQV case, there are many other foods for thought on other topics that are strictly related to the central theme, like the value chain, the open-system organization, the activity system, the blue ocean strategy, the first mover advantages, the importance of innovation and the differentiation business strategy. All of these other elements are briefly reviewed throughout the text and applied in the EQV case along with the business model, giving a bigger picture of how many factors contribute together in order to achieve competitive advantage.

In Chapter 1, Business Model Theory, there is the business model theoretical study and the discussion of the different perspectives over the years. It is explained the importance that it has gained in the latest years, its relevance in gaining competitive advantage, how to generate, prototype and design a successful and sustainable business model and its related functions. It is also highlighted the source of the business model, the value chain, while much focus is given to the illustration of the activity system and the detailed analysis of the business model canvas with its nine building blocks, which is going to be further explored and applied to the EQV business case.

Chapter 2, Environment, IT Consulting Sector and Competitors, shows the environment that surrounds EQV in Italy, talking about the IT consulting industry and its properties. Here are identified the principal competitors, both national and multinational, along with their strengths and weaknesses in a comparison with EQV, using S.P.H.E.R.A.es (called Sphera for simplicity from now on) as a unit of measure.

Chapter 3, EsseQuamVideri and S.P.H.E.R.A.es Overview, contains the introduction to the EQV business case, its history, mission and vision, organizational culture and business strategy. Here it is explained how EQV created a new industry and market thanks to its breakthrough innovation: the Sphera expert system. This incredible software was and is still at the center of EQV business model and it is very complex. In this chapter there are illustrated its general properties, qualities and functions, understanding its rarity and uniqueness, while, in the following chapter, it is studied under the value proposition building block in an economic point of view and in relation with the other features.

The Chapter 4, EQV Business Model Canvas, is the core part of this thesis and gives the definitive snapshot of EQV with a scrupulous analysis of all the nine building blocks, starting from the value proposition and so Sphera, of course. Many topics previously discussed have now their proper place in a single system, which is very clear and understandable, so that it is easy to draw conclusions about the utility of business model and the EQV case.

In fact, in Conclusions, there are the final remarks, suggestions and recommendations, trying to find and discuss problems that turned up from the business model and then giving possible solutions for the EQV business case.

The last part, References, lists all the sources exploited for this work: off-line ones, like books, articles and academic papers, and on-line ones, like web pages, archives and forums.

Chapter 1: Business Model Theory

The concept of business model is relatively recent in academic studies and many different definitions have been developed during the years, so there is still no a commonly accepted definition. The interest in the subject is strictly related to the birth and diffusion of Internet, (from the second half of the '90s) and the huge increase in number of e-commerce companies and those who were able to exploit the success of Internet. Nowadays, the business model is a concrete reality of many other kinds of firms, crossing the boundaries of the “dot.com” companies, since it is commonly recognized the support to management and daily operating activities (overview of internal activities, information sharing and performance analysis), but also it helps in identifying and exploiting opportunities for innovation and changes. In the last 15 years, numerous authors contributed to the study and research of the topic, although the different perspectives and methodologies adopted did not lead to the elaboration of a definitive definition. However, this work is going to evidence the similarities among the studies and rely on the most significant ones, trying to give a unique but general point of view of the business model in the present days.

One first reference point is that business modelling focalizes on value creation. This should recall the value-chain of Porter (1985), which is considered as the main source where the business model concept was generated, developed and evolved over time. According to Porter (1985), the firm is represented through a composition of nine activities.

- Primary activities:
 - ✓ Inbound logistic;
 - ✓ Operations;
 - ✓ Outbound logistic;
 - ✓ Marketing and sales;
 - ✓ Service.
- Secondary/support activities:
 - ✓ Organization;
 - ✓ Human resources management;
 - ✓ Technology development;
 - ✓ Procurement.

All of them contribute together to the value creation for the final client, making a profit at the same time, called margin. The business model follows the same logic: decomposing the

firm into its fundamental elements and finding links between them in order to create value for customers and the business itself.

Here are chronologically reported the major academic studies of the business model with all the different definitions, as the objective now is to find a common language and so understand the concept from a unified perspective:

- “An architecture of the product, service and flow of information, which includes a description of the different business sectors and the relative roles” (Timmers, 1998);
- “Simply a business idea in practice, divided in 4 components: core strategy, strategic resources, value network, customer interface” (Hamel, 2000);
- “The content, the structure and the management of transactions projected in order to create value through the exploitation of business opportunities” (Amit, Zott, 2001);
- “A story which tells how a company perform. A good business model answer to the questions: Who is the customer? What is the value for the customer? How can the company make profits?” (Magretta, 2002);
- “An heuristic logic that connect the technological potential with the realization of the economic value, so it unlock the latent value of a technology” (Chesbrough, Rosenbloom, 2002);
- “A set of all the activities of a company, the way and the time spent on performing them, using key resources in order to fulfill all the operations that depend on the sector, creating a greater value for customers and capturing that value” (Afuah, 2004);
- “A representation of the rationale and strategic choices of a business to create and appropriation of the value” (Shafer, Smith, Linder, 2005);
- “A concise representation of how a set of correlated variables relative to the strategy, the structure and the economy of a firm are aimed to the creation of competitive advantage in a certain market” (Morris, Schinedehutte, Allen, 2005);
- “A conceptual tool containing a set of elements with their relations, which allow to express a business logic in a certain company. It is a description of the value a company offers to segmented customers and the organizational structure and partnerships that create, promote and deliver this value in order to generate revenues and so make sustainable profits” (Osterwalder, Pigneur, Tucci, 2005);
- “The strategy concern the choice of the business model through which the company compete in the market, while the business model is the result of the implemented

strategy and concern the logic of the company, the way it perform and how it creates value for its stakeholders” (Casadesus-Masanell, Ricart, 2010);

- “The logic, the data and other evidences which support the value offered to the customer, and a visible structure of revenues and costs for the firm which delivers that value” (Teece, 2010);
- “A set of operative relations, structured and interdependent with the firm and its customers, suppliers, partners and other stakeholders, and with its proper sectors and divisions” (Doz, Kosonen, 2010).

Whether they are stories (Magretta, 2002), representations (Morris, Schinedehutte, Allen, 2005) or conceptual tools (Osterwalder, Pigneur, Tucci, 2005), the common aspect almost every author sustain is that the business model concern the way a company succeeds in combining key resources and perform some activities, which allow to create value for customers and for the company itself, gaining competitive advantage.

It is also fundamental how Casadesus-Masanell and Ricart (2010) stress the relation and difference between business model and strategy, two concept that are often misunderstood and considered similar. In reality, the strategy has the duty to analyze the competitive environment of the firm, which then generates the appropriate business model.

One of most interesting academic contribution to the development of the subject is Osterwalder, Pigneur and Tucci (2005) study, introducing the business model canvas with its nine building block, which is the widely recognized and used among different companies and, in fact, it is the reference point for the EQV case. In addition, they identify five main functions of the business model:

- Comprehension and sharing (setting a common language to facilitate internal communication and decision-making);
- Analysis (identifying key elements and measuring performance);
- Management (visualizing and auditing different elements from a single source);
- Perspective acquisition (prototyping and modifying the model over time to follow external changes and comparing it with the competitor ones);
- Requesting the patent

An important issue arises from these functions; the business model is not a static reality, but extremely dynamic. Every single firm that wants to achieve sustainable competitive

advantage needs to renew and modify its business model successfully, since a firm's business model is easy to imitate and it may become obsolete in a few months. Due to the frequent changes in the external environment, markets and competition rules, having a constant level of innovation and business model prototyping are two necessary factors, even being ready to completely destroy and redesign the business model from the beginning. However, since a specific business model implies a specific resources allocation and investment, this process is often very costly and so very difficult, for example when operating in industries with high switching costs and strong entry/exit barriers.

One of the most powerful instruments that managers may use to design the business model of their company is the activity system. It is defined as “a series of interdependent organizational activities centered on a company, performed by the firm itself but also by partners, suppliers, customers and so on” (Zott, Amit, 2010). The key term is interdependence, which stresses how different elements intervene in creating a unique system that is able to create value for the single firm, but also for its stakeholders. Of course, the higher the competition for the chosen business model, the higher the difficulty in capturing a portion of that value; but at the same time, the higher the bargaining power of the company with the stakeholders, the bigger the portion of that value.

Zott and Amit (2010) describe two types of parameters of the activity system. The design element regards how the business activity is performed and so it contains the essence of the business model, while the design theme includes the different configurations that may exist for the design element.

- Design element:
 - ✓ Content is the selection of the activities performed by the firm itself;
 - ✓ Structure refers to the relation between those activities and the single importance for the business model;
 - ✓ Governance defines who perform those activities.
- Design theme:
 - ✓ Originality means adopting new activities and/or new ways to combine them;
 - ✓ Lock-in permits to attract and maintain third parties as participants to the business model;
 - ✓ Complementarity is present whenever the fusion of two or more activities generates more value than the previous situation;
 - ✓ Efficiency is obtained when the focus is on reducing transaction costs.

When designing the business model it is necessary to pay attention also to its sustainability. According to Teece (2010), a competitively sustainable business model requires a strategic analysis filter and sustainability is achievable in four steps: segmenting the market; creating value proposition for each segments; designing and implementing mechanism to capture value from each segment; finding solution in order to prevent imitation from competitors. About the last feature, the imitation of the business model may be avoided thanks to three factors: rare or unique systems, processes and assets, a certain degree of causal ambiguity and high barriers to entry.

As it was already underlined the difference between business model and strategy, however a particular strategic approach is strictly related to the business model innovation and with the EQV business case: the blue ocean strategy. The expression blue ocean refers to markets where there is no competition because they have not been explored and so they do not exist in reality. When a company comes out with a breakthrough innovation and the proper business model, it creates a new sector, market and demand along with all its first mover advantages and the possibility of rapid growth and profitability.

After the discussion of the theoretical foundation of the argument, it is now possible to introduce the concrete and visual instrument that permits to represent graphically the business model of a company: the business model canvas. It was ideated and discussed by Osterwalder and Pigneur (2010) and used by more and more managers and entrepreneurs for designing business models. The nine building blocks refers to the four main areas of a business and they are value offer, customers, infrastructure and financial sustainability:

- Value proposition: the set of products and services which creates value for the specific customer segments to deliver, through qualitative elements (like product experience and esthetical attributes) and quantitative ones (price and service speed). Customers choose that firm instead of another according to several factors, such as:
 - ✓ Newness (satisfy unknown needs with technological innovations);
 - ✓ Performance (improvement of the product);
 - ✓ Customization (focus on product perfectly suited for each single need);
 - ✓ Getting the job done (perform one or more activity on behalf of the customers);
 - ✓ Design (distinguish the product from competitors);
 - ✓ Brand/status (customers obtain value simply by possessing or exhibit the product);
 - ✓ Price (propose the same solution compared to competitors but at lower

price);

- ✓ Cost reduction (provide less costly solution to customers);
 - ✓ Risk reduction (less risky purchase options);
 - ✓ Accessibility (make products more available than before);
 - ✓ Convenience (simplify activities in order to use the product).
- Customer segment: the different groups of people or organizations which a firm wants to deal and deliver its offer, having some options to choose such as:
 - ✓ Mass market (no segmentation);
 - ✓ Niche market (specific segment);
 - ✓ Segmented (segments with similar needs but slightly differentiated);
 - ✓ Diversified (unrelated segments);
 - ✓ Multi-sided platform (interconnected segments).

Therefore, a company must knowingly decide which customer segments to serve and which to ignore, designing the business model around their needs.

- Channels: the way a company relates to customer segments to deliver the value proposition, such as communication, distribution and sales. They are divided in directly owned (like the official web page), indirectly owned (like retail stores managed by the company) and partners (which are indirect of course and comprehend a huge variety of possibilities). The owned channels bring to higher control and margins, while the partner ones to higher spread, so it is important to reach the right equilibrium. Moreover, channels have five phases:
 - ✓ Awareness (how to generate product consciousness in customers);
 - ✓ Evaluation (how to help customers in assessing the product value);
 - ✓ Purchase (how to allow customers to buy the product);
 - ✓ Delivery (how to allow customers to receive the product);
 - ✓ After sales (how to provide post-purchase service and support).
- Customer relationships: the definition of which kind of relations the company establishes with each customer segment with the purpose of acquire customers, maintain them and increase sales. These relations are traced into some general categories:
 - ✓ Personal assistance (direct communication with someone of the company);
 - ✓ Dedicated personal assistance (an employee is assigned exclusively to a customer);
 - ✓ Self-service (customers have instruments to serve themselves);

- ✓ Automated services (a combination of self-service and automated features);
- ✓ Communities (establish and maintain contact between customers of the same segment who interact each other and with the company);
- ✓ Co-creation (creating value with help and suggestions of customers).
- Revenue streams: the ability of creating value for customers and retaining a portion of it as profit, due to single or recurring payments. There are numerous way to construct a revenue stream:
 - ✓ Asset sale (selling ownership rights);
 - ✓ Usage fee (directly proportional to the temporary utilization);
 - ✓ Subscription fees (selling a continuous access over time);
 - ✓ Lending/renting/leasing (temporary exclusive right of utilization given the period of time);
 - ✓ Licensing (grant the utilization of protected intellectual property);
 - ✓ Brokerage fees (intermediation between parties);
 - ✓ Advertising (get visibility of a product, service or brand).
- Key resources: the principal assets that are necessary to the business model in order to work properly. Every company needs a certain mix of resources, between:
 - ✓ Physical (buildings, factories, vehicles, machinery, equipment...);
 - ✓ Intellectual (brand, patents, copyrights, partnerships...);
 - ✓ Human (people inside the organization);
 - ✓ Financial (cash, lines of credit, stock option pool...).
- Key activities: the priorities of a company that ensure the functioning and efficiency of the adopted business model. They can be categorized as follows:
 - ✓ Production (design, realization and deliver of a product);
 - ✓ Problem solving (ideation of new solutions for individual customers);
 - ✓ Platform/network (rely on the proper platform or network online).
- Key partnerships: the network of relationships with other entities in order to perform activities, like suppliers, strategic alliances or joint ventures. Partnerships are established for certain reasons:
 - ✓ Optimization and economy of scale;
 - ✓ Synergies and complementarity;
 - ✓ Collusion;
 - ✓ Increase the market concentration;

- ✓ Minimize transaction costs;
 - ✓ Interdependence exploitation;
 - ✓ Possibility of diversification;
 - ✓ Resources sharing;
 - ✓ Reduction of risk and uncertainty.
- Cost structure: the costs to be sustained for the proper function of the business model, considering fixed costs, variable costs, economies of scale and economies of scope. Every firm aims at cost reduction, but there are two different kinds of cost structures:
 - ✓ Cost-driven (standard product for a lower price, so lower costs but lower margins);
 - ✓ Value-driven (differentiated product for a higher price, so higher costs but higher margins).

The significant contribute to business model theory by Ostwerawlder and Pigneur (2010) does not stop here, since they are the only ones to identify and describe some business model archetypes, called by them patterns, since all the business models have some common elements. Patterns help in understanding some dynamics of business model and represent an inspiration to create a new one. A single business model can incorporate one or more patterns, which are five in total.

- Unbundling: every company expects three kind of activities with different economic, competitive and cultural duties, such as customer relationship, product innovation and infrastructure. These activities coexist in the firm, but are ideally divided in three different entities in order to avoid conflicts and undesired trade-offs. Companies should focus on one of the three, like mobile telecommunication and private banking;
- Long tail: business models which are based on the sale of a smaller quantity of a larger number of niche products. The aggregate sales of these niche products may be as profitable as the traditional way where a small number of bestsellers are the largest part of the revenue stream. Examples are Lulu.com, YouTube and eBay;
- Multi-Sided: business models which allow to meet two or more different but interdependent customer segments; the platform creates value through the interaction between different customer segments. These platforms are valuable for a segment only if the other segment is also present and the value is directly proportional to the number of active customers (the network effect). Examples are Visa, Google, eBay

and Financial Times;

- Free: business models where at least a customer segment can continuously benefit of a free offer. The non-paying customers are financed by another part of the business model or another customer segment, like Skype and Spotify. There are different ways to do so: free offer based on the multi-sided platform (Advertising), free basic services with optional premium services for a fee (Freemium) and the Bait&hook model. In general, a free initial offer encourages customers to make frequent purchases;
- Open: business models in which companies create value systematically cooperating with external partners. This may happen through “outside-in” process (exploit inside the organization ideas coming from the outside) and “inside-out” process (give to external entities assets or ideas that are unused within the organization). Examples are P&G, GlaxoSmithKline and Innocentive.

Business modelling implies many advantages, such as understanding internal and external relations, creating a simple and common language in the organization thanks to visual thinking, stimulating idea generation, transforming an idea into a concrete project, strategically comparing with the business models of the rivalry, improving teamwork and internal enthusiasm, encouraging creativity and rationale thinking.

Chapter 2: Environment, IT Consulting Sector and Competitors

The increase in complexity of the operating environments and the globalization of the markets lead to consider the control of business processes in a prior way and the urgency of managing risk as a key of knowledge of those processes. There is no need for magical schemes or crystal spheres: there is a set of shared information and instruments, which allow to identify the specific risk, trying to manage it or at least having its awareness. The success in understanding and managing an auditing environment requires three fundamental elements:

- Depth comprehension of the organization and its business processes;
- A set of instruments and a common language for any issue;
- Open-minded perspective to identify critical phases and potential risks, raising awareness of every individual in the organization and an activity of self-assessment.

The first one is the same for every organization. For the second one is possible to describe a model on which building the relevant instruments for the implementation, with completely freedom of choice. The third one is realizable using IT instruments that can provide a platform to describe and manage the activities using all the information available.

An efficient control and management system (that is a set of rules, procedures and organizational structures able to prevent, monitor and measure all the business activities) is becoming a mandatory necessity for every company in every industry. The traditional consulting systems have already shown their limits in terms of efficiency and reliability of controls, because the simple analysis of numerical data, derived by the personal imputation through electronical instruments, is conditioned by the existing uncertainty of the veracity and validity of the same data. The monitoring through a system of quantitative analysis should be necessarily juxtaposed with systems of qualitative analysis, conferring the possibility to catch opportunities and underline the components of risk, which would usually be unobserved with the standard methods.

This is how the Internet era changed the rules of the game for the consulting sector, which is increasingly shifting towards the IT area. This relatively new sector is growing thanks to the increase of firms adopting the latest computer technologies, with electronical data becoming more available. Through the study of the functionalities of the different software inside the industry, it is possible to identify the common traits and describe the perfect one that satisfies all the needs of a generic company, the ultimate achievement for every IT

consulting firm:

- Analysis and determination of the processes status of the single operational units and of the relevant information;
- Periodic gathering and monitoring of produced numerical data;
- Definition of an activity plan for periodic control based on priority;
- System of internal and external reporting;
- Activity planning and teamwork management;
- Auditing of service delivered;
- Corporate communication and sharing of the system outputs;
- Analysis and comparison of the outputs which represent the processes status;
- Analysis of the results and revision of operating processes and controls;
- Data storage and recovery in completely safety, preserving historical information.

In addition, as the industry is stabilizing during the years, regulations and standards have being formulated in order to build reference models around the development of IT consulting software, which gives the guidelines to follow in this relatively new working environment, and the majority of them derive from the consulting sector, of course. The most significant reference model is certainly the Committee of Sponsoring Organizations of the Treadway Commission (CoSO) Report, which contains a wide treatment of the internal auditing system of a company. According to the CoSO, the system has five core components, which are closely interrelated.

- The Managing and Auditing Environment:

The individuals, with their qualities, integrity, ethical values and competencies, and the working environment, are the essence of an organization; they are the engine of the company and its foundation. An environment strongly governed by ethics, at all the hierarchical levels, is vital for the wellness of the organization and it increases the probabilities for success. Ethics contributes heavily on the efficiency of auditing and consulting systems developed by an external firm and, more importantly, it affects the behaviors that escape the system. There are several factors which affect positively the auditing environment, such as the politics of formalization and propaganda of ethical principles, the predisposition of an ethical code, the management style and the sanctions expected for who omits the exercise of its functions or commits crime;

- Risk Evaluation:

The company should be aware of the incurred ad potential risks. It must set goals for each activity (commercial, financial, production, marketing ...) in an integrated way, in order to operate coordinately and harmonically. Once the objectives are defined, it must identify the related risk that threatened their achievement and so identify the mechanisms able to manage those risks. This is probably the most challenging part, but it is important not to ignore the other four elements, since all of them are strictly related to each other. Anyway, in this analysis phase it is necessary to assign a rating to each risk. For simple presentations, when the risk is seen as an uncertain event, this can be characterized by a qualitative definition of the impact on the activity. In this way, it is possible to have a complete mapping of the risks; the aim is to find the risk related to an object in order to analyze, in a second moment, only the objects with the higher level of risk. The analysis is performed taking in account the probability of the event and the possible impact, following a certain scheme;

- Control Activities:

The auditing procedures must be elaborated and applied to assure that the measures adopted by managers to reduce risks connected to the realization of objectives are efficiently applied;

- Information and Communication:

Around the control activities are placed the information and communication systems. They allow the employee to gather and exchange of information necessary to administration and audit;

- Monitoring:

The entire process must be monitored, with the right changes required by circumstances. In this way, the system can react rapidly to changes that can happen in the operative context.

Analyzing and describing the IT consulting sector is very challenging, since it is still considered a part of the traditional consulting industry and so observed data and previous studies do not state a clear differences in terms of market share and growth rates. Moreover, since the term “IT consulting” is still too broad and contains so many subsets according to the specific areas of interest, here the focus is on “business/strategy consulting” and “custom application development and maintenance”, which are the most technological and innovative ones. In fact, they are the fastest-growing branches thanks to the recent explosion of Saas (software as a service) and Paas (Platform as a service), with the former that perfectly represent the competitive landscape of EQV. For this reason, the top companies such as

IBM, Deloitte, Oracle, KPMG, Xerox and Dell, which are the undisputed leaders of the industry, are not useful in a comparison analysis, since they range between different other sectors and they do not have particular focus on Saas.

Although IT consulting is an emergent and growing industry, it is particularly threatened by economic crisis, having difficulty in maintaining customer relationships and in conquering new market shares, since corporations and governmental agencies, especially from the manufacturing and financial sectors, are the largest customers and consulting services are the most likely to be cut off. Anyway, after 2009, the larger competitors changed the competitive landscape with the absorption of a consistent market share, while many smaller competitors lost their profit. Obviously, in those periods, there is much more focus on ROI (return on investment), operating efficiency and reduction of overhead costs, so that the smartest choice is always to rely on the big and stable multinational.

Trust and loyalty play a key role in this sector also due to the high cost of software and related services and the fact that a company should provide all the electronical data possible, including personal and private information, in order to have an efficient outcome. This is why, in this industry more than in others, multinationals like SAP, Aris, SAS, ACL, Mega and List, have a great advantage over small and local companies, like EQV, and thanks to their brand status there is higher opportunity to enlarge the market share even in sheltered periods.

In general, the business strategy shared by all the players is to sell and implement the software at a high initial price and then provide maintenance and consulting services for a long period, even for the lifetime of the client in the case of EQV, and this is the best way to keep customers and inspire confidence. This behavior results in differentiation business strategy, which is what characterizes the IT consulting, also due to the potentially infinite combination of technologies, design, processes, methodologies and services that makes every single software completely different from the others.

It should be clear at this point that different organizations have different ways to look at internal audit. As every company has its own goals and follows its own strategies, there are differences in the structure of objectives and the relative control activities. Even if two organizations have identical structure and goals, their control activities will not be the same: every firm is composed by different individuals, who apply their personal judgement in the internal control. The uniqueness of the Sphera solution is the capacity in identifying processes and needs that are common to every kind of organization, but also in configuring the system for every possible necessary customization. Probably Sphera is, at the moment,

the only integrated solution, which allow developing and implementing one or more solutions at the same time in every part of the corporate processes. The key terms are flexibility and adaptability: the majority of competitors create a single and rigid software so that customers should adapt their organization to its configuration and settings, spending time and effort to understand it and learn how to use it. In the other hand, EQV provides a solution that is much more dynamic and versatile, which is able to adapt to any kind of structure and very easy to understand. In this way, EQV can focus on much more worthwhile and profitable services other than tutorial sessions and training, such as maintenance, upgrades and IT business/strategy consulting, which increase customer confidence and overall quality of the product/service bundle.

EQV probably is the only one who can guarantee the closest prototype of the perfect software, since they created the IT consulting sector (in Italy for sure), through a blue ocean strategy, and they had this vision in mind since the very beginning. This is the biggest first mover advantage with respect to competitors, even the multinationals, because they are arrear from an ideological point of view and they have less accumulated experience. The fact is that, during the birth of the IT consulting, the competitors started to develop software based on a specific area of interest and limited applicability, while Sphera was already a complete and all-inclusive system. For example, Aris and Mega used to focus on the description of business processes, SAP created an ERP solution (Enterprise Resource Planning), SAS and ACL made only data analysis and List was born to manage operative risks.

The basic concept here is that starting from a specificity and then shifting to the generic is a big issue in this kind of industry, considering the increase in demand for a definitive and single solution for automatization of internal control and the high degree of technological and ideological competence that are very difficult to obtain in this way. Meanwhile, EQV started from the generic in order to prototype, develop and modify other different models and upgrades in a second time, strengthening and enriching Sphera with those specificities. Of course, the same competitors can rely on all the advantages that derives from being a multinational, such as greater spread, more bargaining power, better networks, stronger brand credibility and reputation, which are able to overshadow all the weaknesses mentioned above. EQV does not have these characteristics at all for many reasons. Italy is not an innovative and cutting-edge environment, at least from a technological and IT point of view, where it is very hard to cross the border of the small-medium enterprise. However, supposing EQV was able to overcome this obstacle, the other reason is that the three entrepreneurs

decided to limit themselves to the Italian scenery and stay as a small entity in order to focus on few clients, having time and space to improve the system and ensure the best possible product/service bundle. This determined the missed opportunity to exploit all the first mover advantages and try to conquer immediately the worldwide market just established, probably because they were unaware of the potential subsequent growth of the industry and the increase in popularity of IT consulting.

This handcrafted trim is what restrained the innovative and promising path of EQV, but at the same time, it captures the strengths of the company and the weaknesses of the rivalry, which are naturally led to rely more on quantity than quality of the products and services provided.

Chapter 3: EsseQuamVideri and S.P.H.E.R.A.es Overview

The concept of business model is a fundamental part of the EQV reality since the company was built around a single project and the three entrepreneurs knew they needed to surround it with supportive activities and resources, defining the business strategy and the business plan. Of course, they took a completely different approach from all the methodologies previously explained, but there are some common elements that are going to be further analyzed, while at the same time they did a step forward from the theory. That single project, that is Sphera, was also the solution for the issue of building the right business model around the project. This is not a paradox, since this is an IT consulting firm: the founders decided to test their software on themselves, designing the business model with the latest computer technologies available and in parallel being certain of the success of Sphera. This innovative software greatly enhances the concept of business model, applying it to the IT environment. Sphera has many functions other than defining the business model of a company and it is definitely a practical and simple instrument for managers and consultants. The problem is the complexity in defining and explaining Sphera in a theoretical way and it is impossible to illustrate a business model outside the software. This is why Sphera is going to be very frequent from now on, in order to state its elements and features as much as possible and understand all of its potential, and why the EQV business model is studied with the business model canvas.

EQV is a well-recognized Italian society and a reference point in the IT consulting sector, developing software for the management of company's internal audit and business intelligence, mainly known for the realization of the web platform called Sphera. EQV offers solutions for firms of any dimensions and sector and since its foundation, it could boast of clients and partners from different principal realities of the Italian market.

While the concrete goal is to be the undisputed leader in Italy, something that is increasingly within reach, the ideal is to create the perfect and definitive software for the implementation and automatization of audit processes. Thanks to many years of experience, the company is already particularly specialized in the creation of software able to represent, monitoring and so optimizing any business process. It is born in 2001 from a group of professionals who worked in the auditing sector since the 1990. The reason behind the start-up was to bring to life immediately an integrated system for auditing using the new available technologies, something that did not exist at all at that time and it is still one of a kind.

The great experience accumulated during the years has suggested the Board of Directors,

still composed by the original three entrepreneurs, to reduce everything to a common denominator in order to form an expert and qualified task force with considerable “know-how” skills, so that nobody inside the company sets any realization limit to himself. This generated a strong unity and continuity inside the organization, while the openness policy, adopted since the very beginning, led to a pleasant and stimulant working environment and so the realization and development of other different projects. The organizational structure is kept very simple and essential as a “horizontal grouping”, in order to speed up internal communication and processes in a direct way and concentrate efforts to small amounts of tasks each time. However, there are fundamental functions, regarding the administrative and operational part, of course:

- Board of Directors, that represents also the management team
- Administration - Finance and Control
- Administration – Projects and Customer Relationships
- Software Development
- Graphical Development
- Project Development
- System Administrator

The recognized professional competence allows EQV to proceed in outreach depth analysis of corporate strategies and the relative results can only be very reliable. In particular, considering the compatibility and adaptability of their software, EQV assures rapidity and execution certainty, so that the standard working rhythms within client companies should not be altered. All the creations of EQV are always distinguished from a perfect union between consulting activities, the most advanced information technologies and an accurate and original graphical design.

Now it is time to introduce and describe properly Sphera, trying to overstep the initial definition of it as a “software” that is right in a general sense, but wrong if the aim is to fully understand its complex nature and huge potential. The idea behind this project is that the traditional auditing approach is not able to understand sufficiently the human behavior. This determines the necessity to have new instruments, which gather experiences and data in order to increase knowledge and prevent anomalous behaviors. In particular, the simple control of the respect to internal processes cannot be considered anymore as an activity that guarantees efficiency and efficacy of any business operation, in a globalized market that is

getting more and more competitive. Instead, there is the need to create a preventive system, which may identify possible critical issue, risks and eventual problems, but also may provide to the manager the possible solutions, or at least valid information to find them. In a fast-changing economy with high degree of innovation, they are prerequisites for the surviving and gaining competitive advantage. This change nowadays is going mostly towards auditing, the management of processes. The effort on control, made particularly expensive by the great complexity of the corporate events, is rapidly shifting to the front of prevention and indications relative to the contents of that formative activity that every single entity has to provide to its members. EQV, thanks to its technical and systematic competencies, realized that integrated solution, which applicability and adaptability to changes has been demonstrated in numerous corporate contexts. Before going into details, it is possible to give a schematic overview answering to the five “W questions”:

What It is not a product, but a methodology of software development, supported by an IT system in step with the latest technologies;

Why Not being a closed product, allows to realize solutions in a rapid, reliable and precise way, going to meet all the necessities for development;

When In those situations characterized by a dynamic business management, continuously changing and evolving, that is always nowadays;

How Implementable without interrupting the current activities, but flanking the organization and consultancy in supporting, auditing and optimizing the internal processes;

Where Born in the scope of corporate internal auditing, where the internal structure and regulatory obligations are in continuous and rapid changing, but also suitable for any other kind of need.

Sphera is an expert system for defining, organizing and evaluating business processes, able to provide knowledge thanks to the possibility to unify the representation of complex organizations, the structure of operating flows and the analysis of the electronical data correlated. From this new perspective, the choice from an organization to adopt the Sphera solution allows to get hold of instruments and information that, exploited in the right manner, permit to analyze the whole company’s operation at every process level, contributing in suggesting correct choices and preventive actions. Using a solution such as Sphera, means transforming completely the activity of auditing and entering in the world of the “revision management” with an instrument extremely flexible, which makes available to the Board of

Directors everything needed to better execute the proper duties of corporate governance. Moreover, the complexity of the adjustments required by new regulations and policies, involves an approach necessarily integrated and multidisciplinary; a concrete and efficient support to management, in particular on organizational, control, informatics and normative aspects:

- Normative: to provide professional support continuously, focusing on interpretative issues about the reference;
- Organizational and control: to provide solutions able to create the necessary legal infrastructure as a substantial prerequisite of adjustment;
- Product: to provide reference informatics support to management in order to assist in the activity of verifying the operational, economic and financial data;
- IT: to provide informatics support to the organization to define and manage the relationships between the product and the systems.

The solution is modulated to result flexible as a function of the multiple and different corporate needs. This means that an entity can use even a single function of Sphera, or a few of them, to keep things simple and focus on a single issue at a time, but also exploit all the possible features to manage information in one handy platform. This is possible because the system includes all the functionalities that are usually realized with different and separate software applications, which are the following:

- Support for multiple regulations across multiple business units
- Support for multiple language
- Support for multiple control frameworks
- Policy management
- Business process modelling (WFL)
- Resource management
- Assessment
- Self-Assessment
- Survey
- Risk management
- Controls automation and monitoring
- Simulation & Testing
- Evaluation management

- Remediation management
- Business application integration (ETL)
- DataWareHousing
- Dashboarding (OLAP)
- Reporting
- Document and records management
- Communication management (Mail, Web)

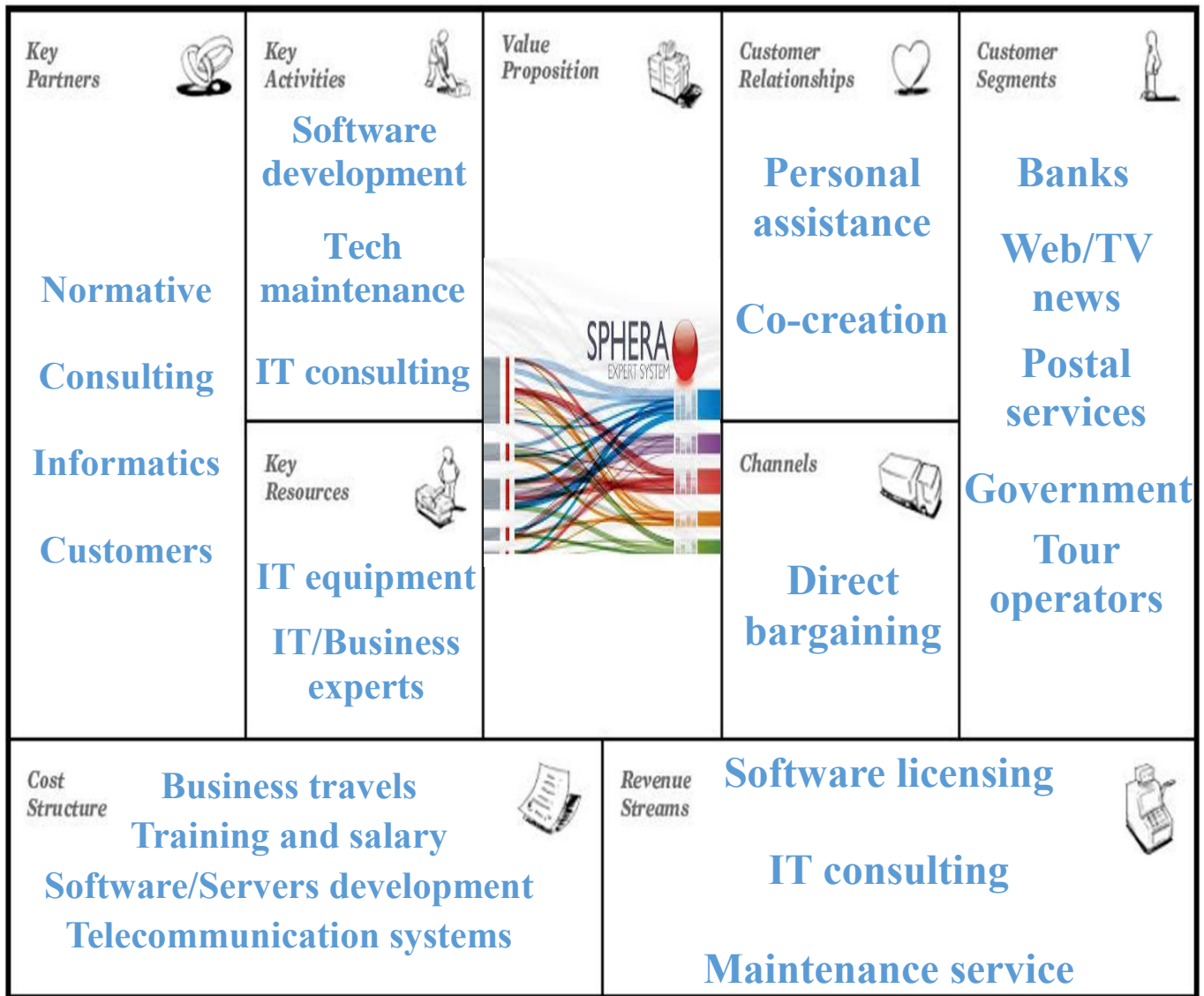
It is easy to see that business modelling is a single feature among the many possibilities, but still one of the most fundamental and essential, meaning the EQV willingness of going beyond the simple representation and description of a business model. The breadth of the applicability of Sphera can be commensurate only with the variety of the different business processes and it is conditioned only by the depth of their knowledge, of course giving more weight to the availability of the informatics information, which are essential of course. The legislation on the organizational model of the company for crimes committed by their employees, the necessity and advantages to show the requirements requested by certifications, the control and optimization of the operating flows, the necessity to conform to external and internal regulations, the classification and evaluation of company's assets, the sharing and spread of information and documents are some of many other valid reasons to use an essential instrument such as Sphera. Considering all these possibilities, EQV realized a significant variety of Auditing Models in order to adapt Sphera to certain circumstances and situations, which do not have necessarily an economic aspect:

- Evaluation of internal control system
- Auditing
- Inspection
- Compliance
- Legal Inventory
- Supervisory Review and Evaluation Process
- Data Governance Tool
- Risk Management
- Control Risk Self-Assessment (CRSA)
- Credit Monitoring (Early Warning)
- Remote Control

- Complaint
- Incident Management
- Loss Data Collection
- Fraud Detection
- Financial Investigation
- Quality Certification
- Privacy
- Safety

Sphera is suitable for any kind of organization, independently from the size, structure, environment and industry, with the possibility to represent and manage the whole entity or a single department. In fact, “expert system” means flexibility, adaptability and the ability to grow and evolve with the company: given the necessary amounts of electronical input and the right knowledge and competence of the managers, the quality of Sphera is assured and it can only get better in the long run. Another major strength is that the system can embody any of the auditing models at the same time, combined with one or more of the functions previously stated, having so many possibilities that is impossible to see the same use of Sphera even in two similar firms. All these characteristics make Sphera unique and original, something competitors still cannot comprehend and so imitate in any way.

Chapter 4: EQV Business Model Canvas



As already stated, EQV used Sphera to build its business model. This feature is the most essential one and it is the reference point for the virtual configuration of a customer's company. The quality and quantity of the available electronical inputs are directly proportional to the efficiency and efficacy of the Sphera solution. Starting from the general organizational structure, with a simple click it is possible to examine in detail the content of a single department or function, then analyze the single process or activity and going on until the smallest representable task. In this path, electronical data show almost everything: simple numbers like inventory, financial ratios and balance sheets that can be easily managed and updated on a daily basis; feedbacks like risk coefficients, employees and activities

performance and that are definitely helpful for the decision-making process; links between different activities and processes to better understand the causal relationships and find the problem at the root. This is how EQV applies the concept of business model to the IT world, going beyond the simple, static and theoretical linear relations and representation of the traditional methodologies. Sphera is able to capture even the most intricate and complex structure of biggest multinational entity, thanks to the infinite potential of the multi-dimensional virtual environment and its unique characteristics: openness, dynamicity, flexibility, adaptability, multi-tasking, accessibility and ease of use.

Of course, it is impossible to illustrate a business model in such a way outside the system without creating confusion, even for the EQV one, which is a small company with an almost linear structure of the processes. Regarding academic studies, the best way of looking at business models in a general and effective way is the business model canvas developed by Osterwalder and Pigneur (2010). The canvas is a good instrument to understand the basic elements in each of the nine blocks and the relations between them, which represent the foundation of a company.

In particular, the pattern that perfectly embody the EQV business model is the open one. The open standards of the Internet and the resulting technologies available are definitely one of the best example of “outside-in” innovation and EQV did not miss this opportunity. At the same time, they repay the debt with “inside-out” innovation, publicly providing their own ideas that contributed to create and define the IT consulting industry. The industry itself is centered on the consolidation of strong customer relationships through reciprocal openness, trust, loyalty, idea and information sharing with the consequent mutual benefit between the parties. Always from the EQV perspective, every single experience with a customer represent an opportunity to gather data and identify problems, in order to prototype new audit models with new customers and improve Sphera (“outside-in”). In the other hand, through consulting activity and licensing of Sphera, EQV provides to customers ideas and suggestions for the management of the software and improvement of internal audit of processes (“inside-out”).

Value Proposition

Sphera is the core of the EQV business model and it is practically the only source of profit. As a breakthrough innovation of an emergent industry, customers understood all the potential economic value only thanks to the great effort spent by EQV on the improvement of recognizable value creation attributes:

- **Newness:** it is the most natural one, since it satisfy different corporate needs with a new automated audit system, definitely more concrete and efficient than the old traditional consultancy methods;
- **Performance:** it is guaranteed thanks to the great accumulated experience of EQV and the use of the latest computer technologies available, as long as there are reliable electronical data and frequent updating, which are just the basic requirements;
- **Customization:** it is what distinguishes the Sphera solution from competitors, as EQV developed a set of Audit Models for every situation and also completely configures the software to fit into the specific organizational structure, or a part of it;
- **Getting the job done:** it is the essence of IT consultancy, but again Sphera is an instrument that performs many tasks and it can help customers in consultancy, control, personal evaluation, management and decision-making;
- **Design:** it is very simple, essential and also elegant, as the employee should be at ease when using a tool that is tidy, well-structured and easygoing, since it assumed to spend time and effort on it;
- **Brand:** it is for sure a lacking element, at least outside Italy since EQV can boast of a high degree of reputation in the national territory, but again Sphera works behind the scenes and the usual advertising methods cannot be profitable;
- **Price:** it is high due to the craftsmanship activity of a small company, with high maintenance and development costs, but still competitive with rivalry which have high overhead, operative and administrative costs;
- **Cost reduction:** it is the reason why customers are willing to pay the high price, since the software brings many benefits inside the company that allow to increase overall efficiency;
- **Risk reduction:** it is completely absent because there is no risk at all when purchasing Sphera and even after-sales, since the selling is always personally and directly followed with guaranteed personal assistance after-sales;
- **Accessibility:** it is very limited due to the nature of the software, that is protected by patents and so it is available only after the purchasing and the contract signing of the customer privately;
- **Convenience:** is the characteristic that, going along with customization, makes the complex structure of Sphera easy to understand and use, thanks to its flexibility and simple design.

Customer Segment

Market segmentation is at the basis of the development and improvement of Sphera. EQV rightly believes that does not make sense to provide different entities the same standard and identic solution. Every single company is unique from all the others: environment, industry, policies, regulations, culture, strategies, size, organizational structure, internal processes and activities. Potentially any kind of firm, corporation, enterprise (or any other entity that is not strictly of economical nature) can be an EQV's client and a Sphera user, since there is a common need for IT control and consultancy in the modern era. Thus, EQV created a great variety of Audit Model, which are used as reference point for a further customization according to the customer characteristics and particular needs. The complexity and cost of this process increase with the complexity of internal organization and surrounding environment. It is the case of the Italian reality, where companies are very highly hierarchical and static and have to face many regulations, obligations and strict bureaucracy. That is the reason why for EQV is impossible to manage a large number of customers and at the same time provide them the same high quality outcome.

The majority of Italian banks are EQV's customers and they have many obligations to respect and face frequent changes to adapt, in particular in this period of crisis. The difficulties of banks are usually solved through partnerships and aggregations, which decrease investments and reduce market share. Nevertheless, EQV can rely both on old and new customers from this area, like Banca Antonveneta (now Monte Paschi), Banca Nazionale del Lavoro, Banca Popolare di Sondrio, Banca Popolare Emilia Romagna, Capitalia (now Unicredit), Centro Leasing Banca and San Paolo IMI (now IntesaSanpaolo), Credito Valtellinese, Credito Emiliano, Gruppo Banco Popolare, Gruppo Carige, Popolare Milano and Istituto Centrale Banche Popolari. As already stated, EQV succeed to explore other realities through market segmentation: news and television, like Agenzia Giornalistica Italiana (gruppo ENI), ANSA, RAI Televideo, SkyItalia (Istituto Piepoli spa) and Kataweb; postal service, like Bancoposta (Gruppo Poste Italiane), Poste Vita and Poste Assicura; government, like DS (now Partito Democratico) and Ministero dell'Interno; tour operators, like RoadToItaly inc.

Other industries that EQV is trying to explore and approach are insurance agencies, pharmaceutical companies, public services and utilities and health services. In addition, the public administration is the most desirable sector, but the cultural and technological backwardness of the Italian market makes it impossible to access with the Sphera solution.

Channels

EQV has its own direct channel to address, reach and communicate with customers that can be easily described through the five channel phases:

- **Awareness:** advertising is big issue in general for IT consulting services, in particular for small firms like EQV without a strong brand reputation. In general, the customers themselves are searching for these kind of solutions, which are highly demanded. In the last five years, it has doubled the number of companies that planned and implemented an automated system for internal control. In Italy customers tend to trust EQV thanks to the shown experience and its diffusion depends on word of mouth and information-sharing between parties, that may seem very restricting but is a common custom in the Italian environment;
- **Evaluation:** with the first contacts and meetings, it is sufficient to describe the characteristics of the product, its strengths and advantages with respect to competitor solutions in order to demonstrate the true value of Sphera. Every single appointment is followed directly by one or more exponent because there is the need to understand also the customer requirements and attributes in order to start to think about all the possible features to be included in the software;
- **Purchase:** after the presentations and the consequent discussions, there are tutorials and practical demonstrations, where the system is prototype in accordance to the customer needs and the sectors of the company to be covered. This prototype is co-created and completely customized as the price that is agreed during the bargaining;
- **Delivery:** when the definitive Sphera expert system is configured, the product is ready-made and personally handed to the customers, in order to give the first instructions and basic suggestions for the right use. Once the customer is satisfied with the outcome, Sphera is approved, implemented in the virtual platform of the company so that it is accessible from every employee;
- **After-Sales:** a personal and direct post-sale service is guaranteed for the lifetime of the firm. In the first phase are solved some technical problems that have not been noticed during the test. Very often, the customer has the need to expand Sphera, control other or new activities and add new functionalities, so he asks for updates and new models. Moreover, the company itself is subject to small or radical changes and so Sphera needs to be modified and readapted, without changing the core of the

system.

Customer Relationship

The previous description of the channels has given all the information to state that the customer relationship is a combination of personal assistance and co-creation, both of them concerning the bargaining phase and the subsequent maintenance service. Despite the fact that anyone may think about a large use of indirect communication through networks or platforms when talking about an IT company, for example like remote control for the software management, the nature of Sphera implies a more personal approach. This is why EQV spend the majority of effort and human resources in the after-sales service, where both EQV consultants and customer's experts work together for the creation, customization, development and implementation.

Revenue Streams

Revenues are generated by three distinct sources, which can be seen as subsequent phases from the first contacts with a potential customer: software-licensing, IT consultancy and maintenance service.

- Software licensing: the price of the Sphera license is not fixed, but it depends on some characteristics of the customer that are evaluated during the bargaining phase, such as company's size, expected degree of utilization given a certain time period, the number of Audit Models which are going to be included in the system and, more importantly, the complexity of each single Audit Model in relation to the organizational structure and internal processes of the company (in particular regarding the quality of the supportive IT structure and relative electronical data);
- IT consultancy: it is divided in two parts, which are software and business/strategy consultancy. The former is guaranteed in the contractual obligation and the customer can receive information about the proper use of Sphera constantly over time, with a great opportunity to propose upgrades and additional features at the right moment and so earn extra revenues. The latter is optional and a consequence of the former, in the sense that the customer may request for business/strategy consultancy for a bonus in order to combine the two and obtain the complete set of IT consultancy at the same time from a single entity;
- Maintenance service: it is offered along with the Sphera license for the lifetime of the company, as long as it continues to use the expert system, and the price is based

on a fixed percentage of the license price. So, the higher the price of Sphera, the higher the price of the service. Of course, this makes sense, as the evaluation of the customer characteristics for the definition of the initial price applies in the same way.

Key Resources

A small and well-organized company such as EQV makes it easier to identify and describe the fundamental resources for the value creation:

- **Physical:** EQV is situated in a single office in a large apartment in the city center of Rome, where all the business activities are performed. As for any other IT firm, the other specific resources, which correspond to machinery and equipment, are not numerous and do not require large inventory space. The office is able to contain efficiently the servers for the software development and the network management for both internal and external communication. Each employee has its own workstation with the personal computer and the other related electronic devices;
- **Intellectual:** as already stated, EQV does not invest on the brand status, so it should be logical that it decided to focus on the protection of Sphera with patents. In general, it is very difficult to protect a software, because it is sufficient to slightly change some functionalities, through the infinite possibilities of the IT environment, in order to have a completely new outcome. Sphera is particularly threatened by this eventuality thanks to its generic and wide elements. However, EQV realized that it created a system that is so complex in its inner foundation and structure that, even making it open source, competitors would not be able to imitate it;
- **Human:** it is probably the most constant and valuable aspect of EQV, which have built an incredibly competent team over time. It is divided into business and IT experts, which perform two different tasks but are obviously complementary at the end. In fact, when the former is able to find a new need that is not covered by the existing functions, then the latter is instructed to develop the appropriate new function;
- **Financial:** from this perspective, EQV has always been self-financed, since the revenues from the after-sale services are sufficient to cover all the costs, while the majority of profits generated by the licensing are reinvested in the company.

Key Activities

The basic activities performed by EQV directly derive from revenue streams section.

Software licensing is the result of a strong virtual production and platform activity, which regard the internal development of the Sphera expert system and the improvement of the network with customers. IT consultancy matches problem solving activity and so both the software and business/strategy aspects. The maintenance service can be divided in two levels. The first is technical maintenance, about the tracking of the IT platforms changes and the upgrade of the innovative elements. The second is content maintenance and it regards the assistance in the software configuration and the adjustment according to the internal changes of the organizational structure of the company.

Key Partnerships

The openness EQV can be seen in the numerous partnership relations that can be divided into four categories:

- **Legal/Normative:** typically law and accounting firms, which recommend to their customers the realization of an efficient systems for internal control like Sphera in order to respect the existing and new regulations and policies;
- **Consulting:** different traditional consulting firms, which needed to conform to the increasingly new requests by their customers for consultancy through automated systems;
- **Informatics:** the big IT firms often do not satisfy customer needs with their knowledge and systems, so they ask for collaboration to EQV in this particularly innovative industry;
- **Customer:** the same customers show interest in the creation of multy-year agreements for the development of Sphera, because they perceive how such an expert system is able to satisfy numerous needs over time and so they are very interested in establishing a partnership more maintain a simple buyer-seller relationship.

Cost Structure

There are no particular structural costs, since the principal element of the EQV business activity is the human intellect, skills and competence. The only structural costs are the IT instruments that are used for the software and hardware development and the telecommunication systems like internet and mobile phone networks. For the rest, other than the human costs, there should be included the frequent train and plane trips to reach the customer head offices spread in Italy, since it is required the physical presence of EQV.

Conclusion

This thesis has fully demonstrated the importance of the concept of business model in achieving and sustaining competitive advantage, through a complete theoretical review and an interesting study case. All the topics discussed in the theory part have been included and developed in the EQV business analysis and the results are clear and evident. Contrarily to the common belief, long-term success and profitability are not intended only to the big players of the industry, along with their international spread, brand reputation and bargaining power. Even in a non-supportive country like Italy and in an emergent and highly competitive industry like IT consulting, the small and local EQV is still maintaining its leadership position in the national landscape, thanks to an incredible breakthrough innovation, such as Sphera, which is sustained by a strong open business model and a proper business strategy. EQV has definitely improved and updated the concept of business model in a more practical and technological way and the effects on the theoretical groundings and academic studies will emerge very soon. However, talking about the business case, this new perspective of business modelling, incredibly, represents the main limit for EQV, because it focuses only on the practical aspect of the business model through the Sphera expert system. A tool such as the business model canvas is still essential within the company, thanks to its ability to summarize and represent a business activity in a simple and immediate way. In fact, the representation of the EQV business model through the nine building blocks of the canvas is an idealization made only for this thesis, since it was never used inside the firm. For this reason, EQV completely misses also the business model planning part, which is about the design and strategy elements introduced by Osterwalder, Pigneur and Tucci (2005) that are necessary for the creation and development of a valid business model. In fact, the lacking in visual thinking, ideation, prototyping, storytelling and evaluation of business model can explain why EQV has stabilized in the recent years. This aspect, combined with the economic crisis, the non-entrepreneurial environment, the intrinsic handcrafted trim of the company and the focus on Sphera, are the factors that have hindered the renewal of the EQV business model and so the opportunity to overcome the national boundaries. Sphera is so a powerful innovation, able to sustain on its shoulders the whole company and the three entrepreneurs have bet everything on it, but it is unthinkable that the situation will remain unchanged for many other years. The reality is that EQV have voluntarily chosen to be a small entity, work with a limited number of customers within the national area and, above all, spend the majority of time and effort on software development and after-sale services

more than caring about business planning. It is important to remember that EQV, proportionally, is second to nobody in the industry, as it exploits its full business capacity with efficiency and no waste of assets. Thanks to this work, which has been encouraged by the Board of Directors who have provided a great amount of information, EQV has approached more closely to the business model from a theoretical perspective. The company is small, but highly entrepreneurial and open minded, and its IT nature allows even big structural changes without incurring heavy costs. This is why for sure, at the appropriate moment in the future, EQV will have what it takes to exploit properly the advantages of business modelling and business planning to grow again and start to think in a worldwide perspective.

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