***Championing in servitization processes: the case of B2B company***

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In recent years, organizations have increasingly implemented servitization strategies aimed with digitalization tactics. Although industrial organizations struggle to succeed in integrating digital business models into existing ones, little is known about the role of champions in digitalization projects. This study uses explorative single case study of the development of Partners Opportunity Management Platform (POMP) in a large electrotechnical MNC. Over 4 years, the study traces the evolvement of POMP considering the role of leadership and champions, beginning with the initial decision and ending with country-wide implementation. The study explores and specifies the role of champions on organizational and industrial levels explaining the mechanics of POMP development and realization. The study contributes to the servitization literature bringing the human factor perspective to the study of digitalization projects.

*Key words*: servitization, digitalization, champion, leadership, electrotechnics, case study

*JEL*: M11, O14, O32, L84, L86

**INTRODUCTION**

Traditional manufacturing companies are switching from selling pure products to offering integrated product-service solutions (PSS), recognizing the possibility of higher profits [Biotto et al., 2012]. In this regard, the concept of servitization has been created. The concept is defined as ‘the innovation of an organization`s capabilities and processes to better create mutual value through a shift from selling products to selling Product-Service Systems’ [Baines et al., 2009; p. 555] where a product-service system is defined as ‘an integrated product and service offering that delivers value in use’ [Baines et al., 2007 p. 3]. The symbiosis between traditional manufacturing and services, through processes of servitization is at the core of innovative technologies, initiating new sectors or improving the competitiveness of the existing ones [De

Propris, 2016].

Digitalization refers to incorporation of digital technologies into the operations of the firm. The most common technologies in digital business settings are mobile applications and devices, analytical tools, platforms, and the Internet of things. Digital technologies facilitate the service innovation of manufacturers (Neu and Brown 2005; Kindström and Kowalkowski 2009; Belvedere, Grando, and Bielli 2013; Coreynen, Matthyssens, and Van Bockhaven 2017) by enabling novel product service offerings (Lerch and Gotsch 2015), transforming the structure of supply chains (Vendrell-Herrero et al. 2016) and reshaping industry competition (Porter and Heppelmann 2014).

Digitalization of business model and servitization are interconnected processes [Martin-Pena et al., 2018]. Digital technologies and servitization constitute potential opportunities for industry. Frequently, digitalization involves the introduction of services, and could become an enabler and a driver of servitization. Furthermore, servitization promotes digitalization as the process leading to the creation of new PSS.

There is an increasing interest in servitization as an empirical phenomenon and research topic. The number of research papers related to servitization has grown rapidly since its introduction by Vandermerwe and Rada [1988]. Previous research has focused on the identifying this phenomenon, its benefits and challenges [e.g. Zhang & Banerji, 2017]. Recently authors have begun focusing on servitization microfoundations [Lenka et al., 2018].

The topic of servitization in industrial firms remains underexplored. Industry must address the challenges of digitalization and servitization to generate sustainable competitive advantage [Myrthianos et al., 2014]. The role of context in servitization of industrial firms also requires clarification [Kowalkowski, Gebauer, & Oliva, 2017].

To address the above-mentioned research gaps, this paper analyzes the digitalization processes related to servitization of industrial firm and highlights the role of context.

The paper is structured as follows. First, relevant literature is reviewed and a theoretical basis for the investigation of the topic is built. Then the methodology adopted is explained. The empirical part consists of in-depth case study of a digitalization project integrated into company-wide servitization strategy. The findings are presented and discussed. Finally, managerial implications are given and conclusions are presented.

1. **THEORETICAL BACKGROUND**

**1.1 Process perspective on servitization**

There has been intense debate on what constitutes servitization, service design, service logic, service infusion, PSS [e.g., Vargo & Lusch, 2004]. However, the process by which new service logic and a new service ecosystem materializes has received much less attention. Recent study by Kurtmollaiev et al. [2018] discovers how micro-level processes result in new ‘SDL-compatible’ organizational routines thus legitimizing and institutionalizing service dominant logic (SDL) inside organization. Recent review of servitization literature [Brax & Visintin, 2017] reveals three different approaches to represent servitization as a process: 1) end-state models; 2) gradual transition models, and 3) stepwise progression models. End-state models focus on the ‘end-state’, an outcome of servitization. Gradual transition models show servitization along a continuum while stepwise models analyze the continuum further and identify subsequent stages of increasing level of servitization.

**1.2 Servitization: levels of analysis**

Most studies of servitization focus on organizational level. Organizational-level studies often examine servitization by assessing the benefits of challenges for organizations for implementing servitization [Zhang & Banerji, 2017].

On the institutional level, impacts of regulations and informal norms are examined in Kurtmollaiev et al. [2018]. Industrial (network) perspectives have examined aspects of the emergence and development of servitization of industrial network as Industry 4.0 [e.g., Ibarra, Ganzarain & Igartua, 2018]

Individual level has been studied much less than organizational or industrial levels. Recent study by Lenka et al. [2018] identifies several individual tactics to overcome organizational rigidities concerning servitization. Evangelizing tactic includes building awareness and convincing others to adopt servitization initiatives; collaborating tactic implies use of collegial or legal authority to overcome obstacles to servitization initiatives; leveraging tactic includes use of internal and/or external resources and competencies to enhance efforts for servitization initiatives. The first two tactics are implemented on both strategic and tactical levels of analysis while the last one is presented only on tactical level. The authors also identified so called ‘bootleging tactic’ on operational level describing employees who is working on servitization initiatives covertly and without authorization. However, the study by Lenka et al. [2018] lacks understanding the motivations for individual responses during servitization.

The concept of servitization could be fundamentally tied to the concept of value co-creation [Green, Davies, & Ng, 2017]. Placing emphasis on the customer`s context, value is derived in use through the mutual integration of company and customer. The stream of literature proposes that a company must integrate its capabilities with that of the customer to develop joint capabilities that drive the consistent co-creation of valuable outcomes [e.g., Barnett et al., 2013].

**1.3 Servitization: business-to-business (B2B) specifics**

Zhu & Zolkiewski [2016] reveals that B2B service adaptation is a dynamic and interactive process. The paradigm of interaction, relationship and network [Hakansson et al., 2009] provides a guiding framework to understand and analyze relationships in manufacturing/industrial context.

The strive for increasing quality of customer experience has led many companies to the development of customized solutions as the servitization and digitalization of industrial companies lead to competitive advantage.

**1.4 Servitization and digitalization**

Digitalization could be approached from the viewpoint of dynamic capabilities theory. For instance, authors such as Neely [2008] claim that the process of servitization can be viewed as the development of new organizational innovative capabilities. So instead of offering products, the organization can provide customers with complete product‐service systems (PSS) [Visnjic & Van Looy, 2013]. In this context, information and communication technologies (ICTs) have had a major impact [Belvedere, Grando, & Bielli, 2013]. ICT has increased efficiency and effectiveness in terms of the development of new products, and has contributed to the emergence of new kinds of product‐service.

Previous literature recognizes the role played by the development of ICTs as enablers of servitization strategies [e.g., Kryvinska et al., 2014]. Recent developments in ICTs have allowed industrial firms to adopt new business models based on the possibility of using and rapidly processing real‐time data.

ICT facilitates servitization further, not only by enabling the provision of PSS, but also by reducing costs, improving internal efficiency, and promoting the firm’s service orientation [Lerch & Gotsch, 2015]. Besides, fast data processing is important for effective decision‐making processes.

Other authors recognize the development of ICTs as a driver of servitization [ e.g., Belvedere et al., 2013]. The literature agrees that the most distinctive ambition which drives servitization is decreasing margins of manufacturing and in selling goods [Neely, 2008]. Digitalization and servitization have to converge; firms have to trigger the digital transformation of business. Digital transformation changes the value proposition (how the organization creates value) and value capture (how the organization makes profit) [Iansiti & Lakhani, 2014]. Often digital opportunities move faster than the firms’ adaptive ability.

* 1. **Business models’ digitalization in industry**

Through the Data–Information–Knowledge–Wisdom (DIKW) model, we discuss how the abovementioned technologies transform low-level entities such as data into information and knowledge to support the service transformation of manufacturers. We propose a set of digital capabilities, based on the extant literature and the ﬁndings from four case studies. Then, we discuss how these capabilities support the service transformation trajectories of manufacturers. We ﬁnd that IoT is foundational to any service transformation, although it is mostly needed to become an availability provider. PA is essential for moving to the performance provider proﬁle. Besides providing scalability in all proﬁles, CC is speciﬁcally used to implement an industrialiser strategy, therefore leading to standardised, repeatable and productised offerings [Ardolino et al., 2018].

* 1. **Championing process**

The term ‘champion’ was originally introduced by Schon (1963) and later further developed by Witte (1973). Informal promoting roles in internal innovation have early been described by Schon (1963), and they have received a lot of attention in prior research (e.g., Howell et al., 2005; Markham, 1998). The most popular expression for these informal roles is champion, but also the terms promoter, innovator, and sponsor have been applied (Hauschildt and Kirchmann, 2001). Besides different terminology, various definitions have been used to delimit championing roles. In particular, prior works have shown that one person may champion various projects and that multiple champions may promote a single project (Howell and Higgins, 1990; Walter and Gemu¨nden, 2000). If multiple champions emerge in a specific innovation project, they often do not have the same role in the innovation process, which helps explain the variety of expressions.

* Sustained competitive advantage is increasingly dependent on team members working together to enhance end customer value by delivering innovative products at unprecedented speeds (Brown & Eisenhardt, 1995; Kessler & Chakrabarti, 1996).
* The success of these individuals
* depends on their ability to overcome organizational
* bureaucracy and their resourcefulness in obtaining the
* commitment needed to accomplish their objectives
* (Burgelman and Sayles, 1986; Day, 1994; Markham,
* 1998, 2000; Quinn, 1985; Schon, 1963, 1967; Twiss,
* 1986).

-managing innovation champions - managers are more likely to exert

control when projects are less strategically related and

when resource requirements are high. And third, the

sponsor role increases with higher innovativeness and

strategic relatedness. This suggests that managers balance

empowerment with a sponsor role when projects

are highly innovative yet strategically related. On the

other hand, they exert more control when the project

requires greater resources and diverges from the company’s

* strategy and operations.

Innovation is an uncertain process, the nature of

which is specific to a particular context—providing

few predictable and repeatable elements (Nelson and

* Winter, 1982).
* In particular, prior works have shown that one person may champion various projects and that multiple champions may promote a single project (Howell and Higgins, 1990; Walter and Gemu¨nden, 2000). If multiple champions emerge in a specific innovation project, they often do not have the same role in the innovation process, which helps explain the variety of expressions.

groups. In the ter- minology of Brass (2002), network theory is about the consequences of network variables, such as having many ties or being centrally located. In contrast, theory of net- works refers to the processes that determine why net- works have the structures they do - the antecedents of network properties, in Brass's term

Burt "captures the causal agent directly and thus provides a stronger foundation for theory"

 Since that time, there has been a considerable interest in the role of individuals in promoting innovation (Fichter, 2009; Rothwell, 1992). In general, champions are defined to be individuals who actively promote new innovations in their organizations, take risks in the innovation process, possess in-depth knowledge regarding the innovation and exhibit a transformative leadership style (Chakrabati, 1974; Howell & Higgins, 1990). The activities and processes in which champions engage to promote innovations are commonly called ‘championing’.

While Tushman and Nadler (1986) describe champions as

individuals who emerge informally in organizations, and make a

contribution to innovations by actively and enthusiastically

promoting their progress over time, Howell and Higgins (1990)

refer to them as individuals who are innovative, who are prone

to take risks, and who exhibit a transformational leadership

style. In contrast, Chakrabarti (1974) identifies the characteristics

of champions as technical competence, knowledge about

the company, knowledge about the market, drive and aggressiveness,

and political astuteness. Burgelman (1983b) defines organizational champions as

those who establish contact with top management to keep them

informed about the development process.

In adding the concept of network

champions (Woodside, 1994), this paper provides an understanding

of: (a) the role of champions from pre-birth to the

implementation phase of a creation process; (b) the relationships

among different champions in networks; and, (c) the

strategic impact of champions on new venture electronic

networks.

From “Uncovering…. “: the influence of champions in promoting their ideas (Burgelman, 1983b; Dean, 1987); the

impact of strategy on process models in intra-corporate domains

(Galunic and Eisenhardt, 1996); types of championing

processes that explain the innovativeness of a single firm

(Day, 1994); the concept of prior alliance that facilitates new

alliances and the role of direct ties over time (Gulati, 1995b); the

role of management in creating new ventures over time

(Kazanjian and Rao, 1999);

In recent years, a substantial literature has emerged on

management of network alliances (Koza and Lewin, 1999;

Kraut et al., 1999; Tushman and Nelson, 1990). Marketing

literature informs this body of knowledge by highlighting the

importance of network organizations to firms involved in

innovation (in particular, Achrol, 1997; Achrol and Kotler,

1999; Day, 1994; Day and Shoemaker, 2000). By examining the

dynamics of multi-organizational relationships between participants,

Gulati et al. (2000) argue that in the post-industrial era

organizations are better understood in networks rather than in

dyads or alliances. Strategic management literature also informs

the concept of networked organizations.

Transformational

leadership is defined as leaders’ ability to motivate and develop employees through

inspirational motivation, vision, intellectual stimulation and personal support (Sanders

and Shipton, 2012).

-how to foster champions in china-

TL was viewed as one of the most effective leadership styles (Thomson et al., 2016). Bass

(1985, 1990) described TL as having four characteristics:

(1) idealized influence (providing a vision and perceiving a mission, instilling pride

and gaining respect and trust);

(2) intellectual stimulation (focus on promoting intelligence, rationality and careful

problem-solving);

(3) inspiration motivation (activities like communicating high expectations, using

symbols to focus efforts and expressing important purposes in simple ways); and

(4) individualized consideration (focus on giving personal attention, treating each

employee individually, coaching and advising).

Scholars paid great attention to TL, as it had emerged as one of the most influential

leadership theories (Mhatre and Riggio, 2014).

Leadership is considered one of the most important components for successful

transformation (Kotter, 1995). It has a close relation to a variety of positive outcomes

(Yasir and Mohamad, 2016) and is considered a crucial factor towards change capacity

(Judge, 2011). Many previous studies indicated that leadership plays a central role in

both the process of change and change implementation (Higgs and Rowland, 2001;

Higgs, 2003; Lutz Allen et al., 2013). Transformational leaders pay more attention to

promoting new skill development among individuals, foster emotions and trustworthy

culture. They continuously seek new opportunities for the organization’s development

(Harms and Credé, 2010; Chen et al., 2013) and provide a vision for change (Bennis and

Nanus, 1985). Lutz Allen et al. (2013) suggested that individuals must put the TL style

behaviors into practice to manage and implement organizational change successfully.

More specifically, transformational leaders are positively related to innovative culture

and capable champions because TL inspires employees to attain and overcome their

performance levels or duties by positively transforming their attitudes, beliefs and

values (Burns, 1978; Bass, 1985). Therefore, TL can establish norms of change,

encourage innovative activities, increase ability and willingness of employees to

perform changes by making them more conscious of the importance, value and benefit

of changes, stimulate the employees to fulfill their duties relating to implementing

change and innovation and persuade employees to overcome their self-interest or

difficulty to meet the change goals of the organization. According to Oreg and Berson

(2011), transformational leaders create interpretations or beliefs about change events

by establishing a clear vision of the future. In addition to beliefs, Connelly et al. (2013)

supposed that transformational leaders create shared organizational positive affective

responses to change by bringing a clear vision to inspire hope and optimism. Recently,

Yasir et al. (2016) asserted that TL can be the most pertinent leadership style for

effectively managing the change process.

Mumford, Scott, Gaddis, and Strange (2002) recently described the innovation process as comprised

of two stages. First, ideas are generated. This activity is commonly referred to as creativity, where novel

and useful ideas are produced (Amabile, Conti, Coon, Lazenby, & Herron, 1996; Mumford & Gustafson, 1988; Scott & Bruce, 1994). Second, ideas are evaluated, and those deemed worth pursuing are

promoted and implemented. This is commonly referred to as innovation (Amabile et al., 1996; Mumford

& Gustafson, 1988; Scott & Bruce, 1994).

Field and case studies of innovation highlight that champions, individuals who informally emerge to

actively and enthusiastically promote innovations through the crucial organizational stages, are pivotal to

the successful implementation of an innovation (Achilladelis, Jervis, & Robertson, 1971; Burgelman,

1983; Day, 1994; Ettlie, Bridges, & O’Keefe, 1984; Howell & Shea, 2001; Markham, Green, & Basu,

1991; Markham & Griffin, 1998; Rothwell, 1977). In order to overcome the social and political

pressures imposed by an organization and convert them to its advantage, champions demonstrate

personal commitment to the idea, promote the idea with conviction, persistence, and energy through

informal networks, and willingly risk their position and reputation to ensure its success (Maidique, 1980;

Schon, 1963).

* Network theory and the literatures of process innovation management and strategic marketing are used to generate theory about the roles champions play in the creation of network organizations.
* Network is defined as a group of actors connected by a set of links through which they exchange information or resources or both (Borgatti and Foster, 2003).

In order to contribute to idea generation and promotion, champions must have a broad knowledge and

vision of their role (Mumford et al., 2002). Indeed, to motivate others to innovate and to tailor their

arguments to promote the innovations effectively, champions may need to adopt multiple perspectives

and to work collaboratively with people, a concept referred to as perspective taking (Parker & Axtell,

2001). Perspective taking involves seeing and understanding ‘‘organizational and environmental events

from multiple rather than single perspectives’’ (Parker & Axtell, 2001, p. 1086). Integrated understanding

and flexible role orientation have been proposed as antecedents to perspective taking (Parker &

Axtell, 2001). Integrated understanding refers to the breadth and complexity of knowledge about the

work environment, and flexible role orientation concerns how broadly individuals construe their role in

terms of ownership and accountability. Parker and Axtell (2001) reported that integrated understanding

and flexible role orientation predicted perspective taking, and that perspective taking was positively

related to employees’ contextual behavior, that is, cooperative and helping behaviors towards others.

-champions of technological innovation –

Leaders

further support idea generation by securing access to the resources necessary for creative ideas to be

developed and by recognizing each person’s contribution to the innovation. Finally, leaders can also

contribute to the creative effort by getting involved and encouraging others to get involved in developing

new ideas (Mumford et al., 2002). For example, in his longitudinal case study of the internal corporate venturing

process in a diversified major firm, Burgelman (1983) reported that champions were deeply involved in

the definition of new business ideas with others, created market interest in the idea, scavenged for

resources to demonstrate the feasibility of the idea, and hid their efforts until they could show definitive positive results. Howell and Higgins (1990a) asserted that champions encouraged others to generate new

ideas by linking them to diverse sources of information and expertise and by adopting a participative

approach in identifying and developing new ideas.

The terms creativity and innovation are often used interchangeably in research studies, and the distinction between the two concepts may be more one of emphasis than of substance (West & Farr, 1990). Nonetheless, some agreement about the terms' definitions has emerged recently; creativity has to do with tbe production of novel and useful ideas (Mumford & Gustafson, 1988), and innovation has to do with the production or adoption of useful ideas and idea implementation [Kanter, 1988; Van de Ven, 1986). Although creativity is often framed as "doing something for the first time anywhere or creating new knowledge" (Woodman, Sawyer, & Griffin, 1993: 293], innovation also encompasses the adaptation of products or processes from outside an organization. Finally, researchers exploring innovation have explicitly recognized that idea generation is only one stage of a multistage process on which many social factors impinge (Kanter, 1988).

Organizational climate and active strategy are found as internal determinants of championing (Lichtenthaler & Ernst, 2009).

1. **METHODOLOGY**

**2.1 Research methodology**

A single case study methodology is most appropriate when the study is aimed at not well researched phenomena [Yin, 2009].

The present research employs purposeful sampling technique which refers to the selection of ‘archetypical’ cases where phenomena are most likely to serve the theoretical purpose of the research [Silverman, 2000; Stake, 1995]. A large B2B electrotechnical firm following servitization strategy as a subject of analysis corresponds to the research goal.

Besides, the study contributes to recent stream of ‘contextualization’ papers in business research [Poulis, Poulis, & Plakoyiannaki, 2013] meaning that the context is integrated in the investigation framework.

The primary data source is semi-structured interviews. The primary data include altogether 11 semi-structured and in-depth interviews with key decision makers (product manager, channel marketing manager, power solutions department lead) and one external industry expert (CEO of the case company`s partner) . The secondary data includes industry analytics, corporate web site, reports and media news. The data analysis results in detailed description of the digitalization process and the effects of multilevel contextual factors.

Interviews were chosen because they are particularly convenient to studies requiring an understanding of deeply rooted phenomena [Eriksson & Kovalainen, 2008]. Semi-structured interviews were used to pay attention to the important topics related to the phenomenon while in-depth interviews were used to gain an overall understanding of the case context. All interviews were conducted in person.

**2.2 Case description**

Electrotechnical industry was chosen because of its innovativeness and high level of knowledge intensity. Moreover, electrotechnics equipment lies at the core of any technological development such as smart buildings, smart cities, and advanced manufacturing.

The case company, Sigma (pseudonym), offers integrated solutions to utilities and infrastructure, industries and machine manufacturers, non-residential building, data centers and networks and residential markets. Sigma is a large multinational company with several plants located in Russia. The company operates through four business segments: Building, Industry, Infrastructure, and IT.

Sigma`s strategy includes broad extension of its services portfolio including big data analytics and energy management consulting. Moreover, Sigma`s servitization strategy is supported by recent acquisitions of software companies.

To get deeper understanding of the mechanics behind the digitalization and servitization projects, I have chosen one project as a case unit. This project, Partners Opportunity Management Platform, was developed and realized in Sigma`s marketing department in Moscow and described in detail in the following chapter.

1. **RESEARCH FINDINGS**

**3.1 Description of Partners Opportunity Management Platform**

Partners Opportunity Management Platform (POMP) is a tool to increase value co-created by Sigma and its partners while working on customers` projects. POMP allows Sigma to get the information on customers` projects early on the project life cycle. POMP is an innovative tool. As one respondent noted, “no one has such system. But it was a living necessity”.

Typical project life cycle lasts about 2 years and covers the following stages: requirements definition, design development phase, detailed documentation phase, and tendering.

The goals of POMP include stimulation and support for partners` investments in projects including Sigma`s products and providing the best service for customers. The system is based on transparency and competitiveness. As a product manager puts it, “POMP is the company`s answer to the changing market environment”.

Besides, POMP allows Sigma to choose the best partner for the project in terms of added value. Partner is a company providing engineering, supply, design of technical solutions implementing Sigma`s equipment. There are two types of partners: direct partners who have direct agreement with Sigma and indirect partners - those who buys Sigma`s equipment from official distributors. Both direct and indirect partners may participate in POMP. The opportunity should satisfy three conditions to be eligible for registration. First, the opportunity should be implemented in Russia or Eurasian Customs Union. Second, it should include one of several product groups. Third, the opportunity should have value higher then specified minimum.

POMP is based on the digital platform. To register (assign) the opportunity, the partner sends the request with information on the opportunity, end user, design institute, main contractor, and subcontractor. Then the information is checked by the system administrator.

The decision on which partner should have this opportunity assigned to him, the system of criteria was developed. These weighted criteria help to calculate value added for partner/project pair:

1. Participation in design from the customer side;
2. Experience in implementing similar projects;
3. Technical competences;
4. Number and range of Sigma`s product lines involved in the project;
5. Antecedence during registration (being first at registration).

All criteria are binary (yes/no) and have different weights.

Decision upon project`s assignment is made by special committee comprised of commercial directors of business unites, channel leaders, system administrator, and director of prescription department (dealing with design institutes).

Opportunity is assigned (registered) to the partner with maximum score, but not less than a minimum score. If all partners do not approach minimum threshold, Sigma does not register this opportunity. If two or more partners have the same score, Sigma does not register this opportunity for any of them. Partner disagreeing with registration decision might ask for revision. After the opportunity is registered for particular partner, Sigma provides support during the whole project life cycle.

After registration of the opportunity, the partner may receive the following additional support from Sigma: further discount, increasing credit limit, extension of payment, professional support (technical consulting, design, sales consulting). However, the selection of support options is individual and is based on circumstances.

**3.2 POMP: case timeline**

POMP development could be divided into three stages.

The first stage (about 2 months) includes analysis of current business model, identification of bottlenecks. The second stage (10 months) includes pilot project which had full functionality but was limited to one region of Russia. The pilot project was introduced in 2017. After 10 months, 57 requests resulted in 25 registered projects. The third stage (ongoing) includes full scale implementation of the project, expanded to Russia and Eurasian Customs Union.

**3.3 Role of context**

The business in electrotechnics industry is highly specific to the country and varies depending on country-level conditions. The following macro-level factors were identified as the most important for Russian electrotechnical market: privatization heritage, lack of qualified engineers, volatile exchange rate, political sanctions. The first contextual factor, privatization heritage, means that some local market players did not changed business models since foundation (most often large electrotechnical plants were privatized in the 90s). Therefore, this factor would not support the spread of digital tools. Another factor playing against digitalization is lack of qualified engineers on the labor market.

Political sanctions and subsequent paternalistic trend changed electrotechnical market substantially as domestic companies enjoyed incentives from the government. Fall of the ruble exchange rate also influenced the market favoring the local firms. These two macro-level factors reflect in industry level factor labelled as ‘increasing pressure from local competitors’. Another industry-level factor is technical certification bureaucracy; Russian electrotechnics industry is heavily regulated, all equipment must be certified by legal authorities.

At the organizational level, the following factors were identified: acquisitions of software firms, hiring preference for millennials, and emphasis on creativity and enthusiasm as corporate values. All of these factors positively related to the digitalization and servitization processes.



Figure 1. Multi-level context of the case

**3.4 Champions roles**

Power champions use power derived from a position of authority or personal influence to steer the network’s actions. Collaboration champions focused on addressing one of the key barriers to any innovative project in MNC: crossing departmental boundaries, as different business units/departments operate under different KPI and may have conflicting goals. Expert champions have access to the technological resources, knowledge and know-how required to realize identified opportunities. Finally, institutional champions primarily facilitated the regulatory, legal and permitting aspects of POMP project.

**Table 1.** Champion’s roles (1 – idea genesis stage; 2 – pilot project; 3 – scaling up)

|  |  |  |  |
| --- | --- | --- | --- |
| 1 | Champion | Domain | Role |
|  | Institutional | Network | Organizational | Power | Collaboration | Expert |
| Channel Marketing Manager |  |  |  |  |  |  |
| Business Development Manager |  |  |  |  |  |  |
| Sales Director |  |  |  |  |  |  |
| Vice President-1 |  |  |  |  |  |  |
| Vice President-2 |  |  |  |  |  |  |
| Digital Channel Marketing Manager |  |  |  |  |  |  |
| Senior Lawyer |  |  |  |  |  |  |
| 2 | System Administrator |  |  |  |  |  |  |
| Channel Marketing Manager |  |  |  |  |  |  |
| Sales Director |  |  |  |  |  |  |
| Vice President-1 |  |  |  |  |  |  |
| Digital Channel Marketing Manager |  |  |  |  |  |  |
| 3 | System Administrator |  |  |  |  |  |  |
| Sales Director |  |  |  |  |  |  |
| Vice President-1 |  |  |  |  |  |  |

On the first stage of the project (idea genesis) the organizational and network domains were most important, however, Senior Lawyer worked on the institutional level to comply the project with Russian antitrust law.

At the pilot project stage, Senior Lawyer did not participate, however System Administrator worked as an expert champion.

As during the pilot project all the processes were developed, during the scaling up stage the number of champions decrease to three. They all operated on organizational level.

**CONCLUDING REMARKS**

The study focused on the single digitalization project from initiation to implementation. Studying digitalization in a broader scale over a longer period of time would benefit the reliability of the study.

The present study is based on case study methodology, so the findings should be regarded as initial hypotheses that require further testing using confirmatory approaches.

Nevertheless, this study presents an attempt to open the black box to study multi-level perspectives that could deepen our understanding of the challenges and underlying dynamics in servitization.

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***Цифровая трансформация бизнеса как часть сервисизации: многоуровневые контекстуальные факторы***

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В последнее время организации все чаще прибегают к стратегиям сервисизации, воплощаемым с помощью цифровой трансформации бизнеса. Хотя промышленные компании прилагают существенные силы для того, чтобы интегрировать цифровые бизнес модели в существующую структуру, роль многоуровневых контекстуальных факторов остается мало исследованной. Данная статья использует метод глубинного кейс стади для изучения многоуровневых контекстуальных факторов, влияющих на реализацию проектов, связанных с цифровой трансформацией бизнеса в рамках стратегии сервисизации. В ходе исследования, выявлено 9 контекстуальных факторов, находящихся на организационном уровне, уровне сферы промышленности, и макроуровне.

*Ключевые слова*: сервисизация, цифровая трансформация бизнеса, электротехническая индустрия, кейс стади

*JEL*: M11, O14, O32, L84, L86