Due to the desire for organizational growth and the urge for achieving competitive advantage, it is crucial for companies that their business model continues to give lasting and relevant value to all the stakeholders throughout the whole life cycle. Consequently, there is a need for adding value to their existing business model. In order to add value, activities generating this value need to be identified. Furthermore, innovation is essential to succeed with this. It has been shown that innovation is crucial for organizations in order to maintain a competitive advantage. In addition, in today's globalized economy, in which knowledge and competences are crucial, innovation plays a key role in sustaining and developing a competitive edge.

All innovations originate from ideas, which can be seen as fuel to the innovation process as it supplies the process with new or improved concepts that finally may trigger innovation. However, to be able to generate ideas, it is important that the companies first identifies and analysis valuable opportunities. These opportunities need to be generated with a focus on the market and its needs together with the business strategy and the organizational capabilities.

Moreover, it has been shown that it's in the first phases of an innovation process that the organization decides whether to invest resources into further development of ideas and concepts. It is therefore of high importance for a company that their business model gives enough early value for all the stakeholders, to motivate them to continue investing. Furthermore, it is also of importance that the business model continues to give extended value to all the stakeholders throughout the whole life cycle to maintain a lasting competitive advantage. Consequently, there is a need for value enhancing activities to a business model. The process to identify and analyse value-adding opportunities is therefore an interesting research area as well as a practical application area for practitioners.

The initial phase of the innovation process is called the Front End Innovation, FEI. The FEI focuses on how to identify and analyse opportunities, and has been shown to give some structure when developing concepts. The authors of the Master Thesis Front End Innovation: on Identifying Value-Adding Opportunities, Key Factors to Enrich an Existing Business Model felt that FEI was useful even when identifying and analysing value-adding opportunities to an existing business model. Consequently, the FEI approach was used as a theoretical foundation when developing a framework for identifying and analysing value-adding opportunities. Furthermore, the FEI is considered to be the weakest area in the whole process of innovation, since it seen as abstract and hard to structure. This has resulted in the need to further structure the FEI area.
Structured Front End Innovation Model

So how could a company increase the understanding for how to identify and analyse value-adding opportunities in order to enrich their business model?

The authors of the Master Thesis have created a framework called the Structured Front End Innovation model, see figure 1. The framework is based on existing concepts and theories from areas that the authors have found necessary in order to increase the understanding when identifying and analysing value-adding opportunities.

The Structured Front End Innovation model is a combination of different concepts and theories, primarily in the area of FEI. The framework should be used by companies as a schematic guide when identifying and analysing value-adding opportunities to a business model. The aim with the framework is to enable a concept development of value-enhancing activities to be included in a business model.

The Framework in its Entirety

The Structured Front End Innovation model uses a non-solution oriented approach, with a strong focus on the beginning of the process.

Since the purpose with the framework is to identify and analyse value-adding opportunities to a business model, it involves three elements: influencing factors, opportunity identification, and opportunity analysis. FEI is not seen as a linear process, hence, iteration between the different elements could be necessary. The arrows between the elements points out the possibility of iteration in the Structured Front End Innovation model.

As mentioned above, the framework should be used as a schematic guide, and therefore needs to be further adjusted and adapted after the specific case and the unique company.
**Influencing Factors**

- Market Research
  - Macroenvironment
    - PESTEL
  - Microenvironment
    - Culture
    - Trends
    - Stakeholders
- Business Strategy
- Technology Strategy

The influencing factors aims to an understanding of the outside world, together with the company’s strengths and weaknesses. The element consists of a market research and an understanding for the organization’s business and technology strategy. The purpose of the element is to find the key factors that could have an impact on the company, its business model and the Front End Innovation process.

The market research is divided into macro- and microenvironment. To be able to understand the macro environment it is analysed with the PESTEL-model, with a specific focus on trends. The microenvironment is analysed through looking at culture, trends and stakeholders on the specific market.

To be able to understand the company’s technology strategy, the core competences and knowledge are researched. The organizational capabilities are looked at together with the business strategy.

**Opportunity Identification**

To be able to identify opportunities, the practitioner needs to identify market gaps and understand the company’s strengths. In this element the influencing factors are used, together with a stakeholder assessment and a business model analysis with the purpose to identify opportunities that could give potential value for the company’s business model.

A stakeholder approach is used, which means that the stakeholders are divided into primary and secondary stakeholders, since they are of different importance and will affect the company and its business model in different ways. In the framework the primary stakeholders unmet needs are identified and analysed since it has been shown that these needs could identify important opportunities.

Since the purpose is to add value to a business model, this phase also consists of a business model analysis. The existing business model is analysed and evaluated through looking at opportunities within it, and through looking at its surroundings i.e. in its context. When looking at the surroundings one of the great focuses is on the secondary stakeholders since they could also influence the business model.

- Strategic Framing
- Market segment assessment
- Customer assessment
- Competitor analysis

**Opportunity Analysis**

The framework uses four different strategies in order to analyse and evaluate the identified opportunities. The different strategies are: strategic framing, market segment assessment, competitor analysis, and customer assessment.

The strategic framing is used in order to determine how an opportunity fits within the company’s market and technology strengths, gaps and threats. The market segment assessment involves an analysis of the targeted market and its growth rates. The customer assessment is used to determine which current products or services are meeting major
customer needs. The competitor analysis is used to determine who the major competitors are in the identified market segment.

The purpose with the opportunity analysis is to prioritize and narrow down the amount of potential opportunities to know which ones to pursue to create lasting value-enhancing activities which can give a company a competitive edge.

**Conclusion**

The Structured Front End Innovation model has been tested and verified within the university and the industry to be a useful framework for companies when identifying and analysing value-adding opportunities to enrich their business model. It is created in order to increase the in depth understanding for how companies can identify and analyse these value-adding opportunities. Moreover, it shows to give more content and structure to the FEI phase in the innovation process.

In addition, the proposed framework aims to support the practitioners working with the FEI process. The framework is created to give a more structured “hands-on” approach to companies. Hopefully, the Structured Front End innovation model can provide guidance for practitioners that want to enrich their business model with value enhancing activities.