

CASE STUDY

LUUP

MARKET STRATEGY DEVELOPMENT

»THE FUJITSU AND RULE FINANCIAL TEAM HAS SUPPORTED LUUP IN ENHANCING ITS WINNING BUSINESS STRATEGY. WITH THEIR TEAM WE DEFINED HOW WE SHOULD DIFFERENTIATE, WHERE WE SHOULD FOCUS OUR BUSINESS – AND HIGHLIGHTED HOW WE CAN DRIVE OUR SUCCESS.«

Thomas Bostrøm Jørgensen, Chief Executive Officer, Luup



THE CUSTOMER

- Luup is a leading global provider of mobile payments solutions, systems and infrastructure
- Its advanced technology enables users to manage financial transactions from handheld devices



THE CHALLENGE

- The market for Mobile Banking, Mobile Payments and Mobile Commerce has developed rapidly. Market dynamics are changing and the industry “ecosystem” is maturing
- Recognising this, Luup had already embarked on a change in its business model, shifting the business to consumer model to business to business to consumer
- The company wanted a trusted partner to verify its business plans

THE SOLUTION

- Fujitsu and its partner Rule Financial worked with Luup over a ten-week period to refresh and extend the market strategy, business and financial plans
- The assignment was carried out by an experienced senior team who worked very closely and collaboratively with Luup’s Executive Team

THE BENEFITS

- **DEFINED MARKET POSITION** – enabling Luup to focus attention on its points of differentiation, and the consequences for action
- **CREATED MARKET EXPANSION STRATEGY** – aiding rapid market penetration in selected regions, with visibility of objectives in each
- **IDENTIFIED MARKET PROPOSITIONS** – giving Luup a strong basis for proposition and new product development
- **CREATED BUSINESS SCALE-UP AND ROLL-OUT PLANS** – helping Luup to shape and scale its business, organisation and growth plans
- **BUILT FIVE YEAR FINANCIAL PLAN** – providing a basis for planning, managing and measuring performance to deliver shareholder returns

CHALLENGE

Luup, a leading global provider of mobile payments solutions, systems and infrastructure, provides financial institutions with payment processing, mobile payment applications and virtual mobile phone accounts. This advanced technology enables mobile phone users to initiate and manage a wide range of disbursements directly from handheld devices. Luup partners with banks and other firms in the payments supply chain with the aim to securely transform the way financial services are delivered.

Significant reshaping of the mobile payments value chain is taking place and this provides many new and exciting opportunities for organisations such as Luup.

In developed countries, innovative mobile payment mechanisms are enabling financial institutions to transform the way they deliver many banking products and services. It is anticipated that by 2012, five billion people will own a mobile device – increasingly using it for more than voice and SMS. By 2013, the mobile payments market is expected to be worth around £365B per year, with 110 million Europeans using mobile payment services. This provides many opportunities for innovative propositions – delivering corporate businesses and end-users increased value as well as giving banks access to new customer and revenue streams.

In developing countries, most consumers already embrace mobile phones as the leading communications device (ahead of PCs) but few have access to banking facilities. Consequently, mobile payment solutions are bringing banking services to communities previously excluded from the financial system.

Thomas Bostrøm Jørgensen, Chief Executive Officer, Luup, explains: *“Under a business-to-consumer model, we have been running a successful business in Europe for some time. However, to aid rapid growth and maximise new global market opportunities, we recognised that moving to a business-to-business model was the best way forward. This strategy allows us to supply mobile payment solutions directly to banks and telecommunication companies, and to help them reach new communities, such as migrant populations, as well as new segments, such as urban youth Generation Y.”*

Changing its business model has proved a wise move. Luup has already secured Deutsche Bank’s Global Transaction Banking division as a major partner. Customers in the Middle East and Asia are also deploying Luup’s propositions, including under new distinctive brands.

“The mobile payments market has massive growth potential. It is the speed, convenience and ‘anytime-anywhere’ nature of mobile-enabled services that makes them especially attractive to end-users. For our clients – the banks – it is easily the most cost-effective channel for delivering banking services,” continues Thomas Bostrøm Jørgensen. “Having decided to change our business model, we needed a trusted partner to work with us to define the consequences and build an actionable plan.”

SOLUTION

Luup chose the Fujitsu and Rule Financial partnership to work with the Executive Team for an intensive, highly focused ten week period. Explaining the decision to work with Fujitsu and Rule Financial, Thomas Bostrøm Jørgensen says: *“A Fujitsu and Rule Financial team had already reviewed our IT strategy. Their people therefore had a good understanding of our business, the skills we required and excellent working relationships with our key personnel.”*

Together with Luup’s Executive Team, Fujitsu and Rule Financial identified the market opportunity that would place it as a leader in the market. The team assessed the company’s target markets; developed a market strategy, identifying geographic markets, propositions and customer segments; generated a business roll-out and scale-up plan; and produced a comprehensive financial model.

In developing the market strategy, the Fujitsu and Rule Financial team helped Luup identify and differentiate the business potential of various markets and build winning market strategies and propositions. Fujitsu and Rule Financial assessed around 20 important factors including infrastructure maturity and the propensity of consumers to use new technologies. In addition, the team analysed Luup’s competitors by assessing their offerings, target markets and funding.

A clear market strategy emerged from this detailed and thorough analysis. Through a series of Executive Team workshops, facilitated by Fujitsu and Rule Financial, Luup was able to confirm which markets to enter, the regions and countries to penetrate and where to build physical distribution and service presence. The team helped Luup identify and plan for extended offerings and products. Moreover, the analysis revealed how Luup’s overall proposition would win, in a market where both small and large scale competitors were also bringing new ideas to market rapidly.

“The market strategy work has been extremely useful and we are using it to move the business forward. We can gauge different countries and regions and fully understand market drivers as well as the national, regional and global players within highly competitive environments. Now we have an excellent market roadmap that will enable us to move forward with confidence and commitment.” says Thomas Bostrøm Jørgensen.

Together, the Luup, Fujitsu and Rule Financial team moved on, through a series of workshops, to create the Luup business scale-up plan. The plan that was developed clearly pointed to the countries and regions that Luup should enter, where it should seek distribution agreements and how it should develop partnerships. In addition, it addressed the future size, structure and operating locations for the Luup organisation.

“The scale-up plan was extremely valuable – it did not stop at the strategic imperatives. Fujitsu and Rule Financial helped us decide how we should implement it. We planned a portfolio of initiatives that would make the strategy real,” says Thomas Bostrøm Jørgensen.

In parallel to developing the business scale-up plan, Fujitsu and Rule Financial worked very closely with Luup’s CFO to review the company’s financial and business model and to assess the levers that could be operated to increase returns on investment. Together with the CFO, Fujitsu and Rule Financial built a detailed financial model, based on over 100 cost and revenue variables, and created a dashboard to measure and manage financial performance. This enabled dynamic modeling of P&L, cashflow and investor returns, and enabled Luup to make key decisions on the pace of growth consistent with the scale-up plan.

IMPACT

The consultancy services provided by Fujitsu and Rule Financial have helped Luup to:

- Define the basis on which Luup will win in its chosen markets
- Build a strong vision and plan for the markets, segments and propositions that Luup will address
- Create a business growth plan that enables Luup to gain and service new clients in its chosen markets with staged investment
- Secure organisational commitment – to the direction, funding and initiatives necessary to secure success

“The recommendations will help Luup to deliver its mobile banking solutions across the world. We are currently active in Africa, Europe, the Middle East and southern Asia. Fujitsu and Rule Financial have supported Luup in clarifying where we are going as a company, how we will get there – and why,” declares Thomas Bostrøm Jørgensen.

EXPERTISE

With over 40 years experience of supporting the needs of the public sector and businesses around the world, Fujitsu has a proven track record in strategic business consultancy, complex systems integration, application development and technology services that help their clients grow their business, reduce costs, improve productivity and customer services and deliver a compelling return on investment.

Rule Financial specialises in helping Banks and Financial Institutions to increase revenues, lower costs, improve productivity and extract maximum value from business and IT investments.

“Fujitsu and Rule Financial’s combined skills, collaborative approach and team-orientated methodology match our organisation well. Everyone was clearly committed to our business future, both personally and professionally. The insight, hard work and spirit of partnership shone through, making this a defining moment in our evolution and growth,” concludes Thomas Bostrøm Jørgensen.

FOR MORE INFORMATION

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