

BUSINESS MODEL INNOVATION STRATEGY THROUGH VALUE PROPOSITION REDESIGN IN CORPORATE FINANCING: A CASE STUDY OF EVERGREEN FINANCE

Rizky Monica Virgine, Leo Aldianto

School of Business and Management, Institut Teknologi Bandung, Bandung, Indonesia

Kikimonica@gmail.com

ABSTRACT

This study examines how a corporate financing institution can redesign its business model to regain competitiveness in the working capital segment. Evergreen Finance, a multi-finance company in Indonesia, has experienced declining new customer acquisition and stagnating revenue for its working capital, despite overall portfolio growth. Using Business Model Innovation (BMI) as the overarching lens and Value Proposition as the analytical engine, this study diagnoses the misfit between Evergreen Finance's "procedurally safe" model and the evolving needs of corporate clients in time-critical industries such as coal and logistics. A qualitative single-case study approach is adopted, combining a fishbone analysis with in-depth semi-structured interviews of two key corporate clients representing an "at-risk yet active" user and a "loyal but in-dispute" client. The data are analyzed thematically and mapped onto the VPD framework to construct a Customer Profile (jobs, pains, gains) and an Internal Value Map. A systematic fit-misfit analysis across four BMI pillars such as Value Proposition, Service Operations, Market Interface & Relationships, and Finance reveals severe gaps in speed assurance, policy flexibility, collateral capability, loyalty recognition, and financial logic. The study proposes a three-pillar value proposition (Speed, Capability, Loyalty) supported by dual lane FMU design, conditional disbursement, relationship-aware collection, risk-based revaluation, and property-backed FMU products. The paper concludes with managerial implications for Evergreen Finance and theoretical contributions for business model innovation in emerging-market multi-finance industries.

Keywords: business model innovation; value proposition design; working capital financing; multi-finance; corporate financing; Indonesia.

INTRODUCTION

The multi-finance industry plays a crucial role in supporting business financing in Indonesia, particularly in the procurement of capital goods. Data from the Financial Services Authority (OJK) indicates significant growth in working capital investment, driven by rising national production targets in the coal and corporate sectors. Evergreen Finance, a key player in this industry, has demonstrated resilience with total assets reaching IDR 5.86 trillion in 2023. However, despite this asset growth, the company faces a strategic challenge: a decline in New Customer Acquisition for its Working Capital (FMU) and Factoring products, with 2024 realization reaching only 89% of the target.

This decline is symptomatic of a broader issue where the company's established business model is no longer aligned with the evolving expectations of corporate clients who demand speed and flexibility. Clients have voiced dissatisfaction regarding the lengthy approval process (10-14 days) and rigid financing terms. Concurrently, the competitive landscape has intensified with the emergence of fintech lending, which offers faster approval and digital onboarding, thereby eroding the market share of traditional multi-finance companies.

This research adopts Business Model Innovation (BMI) as the overarching theoretical lens. Amit and Zott (2012) define BMI as the process of redesigning the content, structure, and governance of transactions to create new value. Specifically, this study utilizes the Value Proposition Design (VPD) framework by Osterwalder et al. (2014) to diagnose the "fit" between the customer profile and the company's value map. The objective of this research is to analyze the current competitive positioning of Evergreen Finance, identify the primary customer pains, and formulate a new service model design to revitalize customer acquisition and retention.

RESEARCH METHODS

This study adopts a qualitative, exploratory single-case design focusing on Evergreen Finance. A qualitative approach is appropriate because the research aims to understand "why" and "how" the current value proposition underperforms, rather than to measure satisfaction scores or estimate causal effects statistically. The exploratory orientation allows unanticipated themes to emerge, which is important given the complexity of corporate financing relationships and the possibility of hidden or unarticulated needs.

Business Model Innovation (BMI) provides the overarching conceptual frame, while Value Proposition Design (VPD) serves as the central analytical engine. BMI conceptualizes the firm as a system of interdependent components value proposition, operations, market interface, and financial logic whose configuration can be redesigned for superior value creation and capture. VPD offers a structured way to align the firm's Value Map (products, pain relievers, gain creators) with the Customer Profile (jobs, pains, gains).

Data Collection

The research uses two main sources of data: primary data from in-depth interviews and secondary data from internal documents.

Primary data – external client interviews.

Two corporate clients of Evergreen Finance were selected purposively based on an “information power” logic. The first, PT Maryam Bara (MB, pseudonym), is a mining contractor that has experienced the full credit cycle, including default, repossession, and ongoing dispute, but still expresses interest in future investment financing. The second, CV Stone Ceck (SC, pseudonym), is an inter-island aggregate trading and logistics firm that is currently active but at high risk of churn, operating under tight 2–3-day payment windows for shipping and material loading.

Both interviews were semi-structured, one-on-one sessions conducted by the researcher. The guides began with business context and financing history, then probed deeply into the use of FMU and factoring, experience of approval and disbursement processes, perceptions of policies, interactions during stress events, and comparisons with alternative providers. Each interview was recorded, transcribed verbatim, and anonymized.

Secondary data – internal documentation.

Internal documents were collected to reconstruct Evergreen Finance's “as-is” service model and formal value proposition. These included product brochures and presentations for FMU, investment, and factoring; standard operating procedures (SOPs) for approval, collateral management, and collections; and internal performance reports. These documents represent the “official” articulation of the company's promises, safeguards, and risk logic.

Data Analysis

Data analysis followed four main stages, combining thematic analysis with the BMI frameworks. Familiarisation. Interview transcripts and key internal documents were read repeatedly. Initial notes were made on recurring issues such as batching delays, physical giro requirements, six-monthly re-valuation, repossession procedures, and perceptions of fairness.

Inductive coding and theme development. Transcripts were coded line-by-line using short descriptive codes (e.g., “ship payment window 2–3 days”, “treated like new customer”, “heartache after repossession”, “limit eroded after re-taxation”). Codes were then clustered into higher-order themes such as “slow and uncertain disbursement”, “policy rigidity and collateral limits”, “relational breakdown in collections”, and “loyalty recognition gap”.

Construction of Customer Profile and Internal Value Map. Themes derived from interviews were mapped onto the Customer Profile elements: functional, social, and emotional jobs; pains; and desired gains. Internal documents were analyzed to extract the current set of products and services, intended pain relievers, and gain creators, forming the Internal Value Map.

Fit–misfit (gap) analysis and BMI mapping. The Customer Profile and Internal Value Map were placed side-by-side in a comparison matrix. For each major job, pain, and gain, the analysis assessed whether the current service provides a fit, partial fit, or misfit. Each misfit was then located within one or more BMI pillars (Value Proposition, Service Operations, Market & Relationships, Finance) to understand the systemic nature of the gaps and to derive design criteria for the “to-be” model.

Reliability was strengthened through data triangulation between interviews and documents and by maintaining an explicit audit trail from raw quotes to codes, themes, and conceptual categories.

RESULTS AND DISCUSSIONS

Cross-case synthesis shows that clients “hire” Evergreen Finance not simply to obtain a loan, but to perform a complex set of jobs under tight operational constraints.

Functional jobs include paying time-critical obligations within 2–3 days (ships and materials), smoothing cash-flow across project cycles, acquiring or refreshing heavy equipment, and onboarding new vendors and routes quickly. Social jobs centre on preserving credibility with suppliers, shipping companies, and project owners. Emotional jobs involve reducing anxiety arising from uncertainty about approvals, disbursement timing, and policy interpretations.

From these jobs emerge several high-impact pains such as

1. Slow and unpredictable disbursement. Batching of approvals and the requirement to receive physical giro instruments before releasing funds mean that even “fast” cases can take around three days. For SC, whose barge loading windows are also about three days, this exposes them to missed slots, penalties, and reputational damage.
2. Policy rigidity at critical steps. A strict giro-only policy and narrow collateral acceptance (heavy equipment only) constrain clients' ability to use the facilities in ways that match

their real asset base and payment practices. Requests for flexibility frequently face lengthy committee cycles.

3. Limit erosion due to six-monthly re-valuation. For FMU backed by heavy equipment, re-valuation every six months with haircuts can reduce usable limits mid-tenor, even when clients are performing well, generating a sense of being “punished” by the system.
4. Opaque and impersonal collection and disposal. In the MB case, repossession was perceived as abrupt, with poor communication and no opportunity for the client to propose a buyer. The asset was sold at a price far below the outstanding principal, leaving a significant shortfall and a long-lived dispute, described as “heartache”.
5. Loyalty recognition gaps. Clients who have been with Evergreen Finance for five or more years feel they are treated like “new customers”, with no visible operational privileges or policy discretion that acknowledges their track record.
6. Pricing perceptions. FMU interest rates are sometimes perceived as expensive, especially when non-price value (speed, flexibility, stability) is weak. Interestingly, clients consistently state that speed and flexibility matter more than headline rates.

Desired gains reflect the mirror image of these pains, but with more nuance. Clients value reliable, published SLAs for both decision and funding, rules-based flexibility (e.g., conditional funding based on verified transfer proofs, expanded collateral menus with clear guardrails), stability of usable limits, transparent and humane treatment in stress situations, and operational loyalty benefits (fast lane eligibility, lighter re-checks). Competitive pricing is important but clearly secondary to these non-price dimensions.

Internal Value Map: As-Is Promise

Internal documents portray Evergreen Finance as a “fast” lender offering three main product families: FMU (including bridging variants), investment financing for heavy equipment, and factoring. Marketing materials emphasize “fast access to working capital”, support for tight cashflow windows, and the convenience of dealing with a single institution across investment and working capital needs.

Operationally, however, the safeguards are strongly risk-first and procedure-heavy: batch-based decision and disbursement cycles, document-first processing, physical giro receipt as a common prerequisite for funding, centralized collections and disposal processes, and six-monthly collateral re-

valuation. Collateral policy is centred on heavy equipment, with property and vessels generally outside the accepted risk appetite except in special programs.

Relationship management is framed around relationship managers as single points of contact, but enhanced benefits are mostly tied to specific vendor or ecosystem programs rather than general loyalty tiers. Financially, the model relies on interest and fee income, with some promotional rates for tightly defined cases.

Fit–Misfit (Gap) Across BMI Pillars

Direct comparison between the Customer Profile and the Internal Value Map reveals systematic misfits across all four BMI pillars.

Value Proposition. Evergreen Finance’s promise of “fast access” translates into an indicative three-day process, which is too slow and too uncertain for clients operating on 2–3-day shipping windows. The “one-stop shop” claim is undermined by the inability to accept property collateral for FMU, even when clients possess such assets. Furthermore, the current model does not explicitly promise limit stability or loyalty privileges, leaving high-tenure clients feeling undervalued.

Service Operations. Operational safeguards batching, physical giro requirements, and automated six-monthly re-valuation—directly generate several of the most severe client pains. Rather than enabling the value proposition, operations often “sabotage” it by introducing latency, unpredictability, and mid-tenor shock to limits. Collection procedures focus on recovery and legal compliance but pay insufficient attention to communication, transparency, and relational equity.

Market Interface & Relationships. While RMs position themselves as partners, structural silos mean that relationship history and loyalty rarely translate into differentiated treatment in operations or risk decisions. In the MB case, years of cooperation did not prevent a repossession and disposal process perceived as abrupt and unfair, damaging trust and blocking future business even though the client still needs financing.

Finance (Cost Drivers/Revenue Streams). The financial logic is heavily tilted towards cost avoidance such as not investing in property appraisal capabilities at the expense of potentially large new revenue streams from property-backed FMU. Similarly, the six-monthly re-valuation policy may preserve a conservative risk stance but also erodes revenue opportunities by shrinking limits for performing clients. Because non-price value is weak, clients perceive FMU pricing as expensive, leading to churn to bank factoring or other providers.

Collectively, these misfits position Evergreen Finance as “procedurally safe” but competitively weak in a market where speed, flexibility, and partnership matter most. The core

problem identified in the thesis—declining new-customer acquisition and stagnating working capital revenue despite growing demand—is thus explained not by lack of product availability, but by a misaligned business model.

Business Model: Three-Pillar Value Proposition

Guided by the gap analysis, the study proposes a redesigned service model built around a three-pillar value proposition: Speed, Capability, and Loyalty.

1. Speed Proposition.

- a. Introduce a dual-lane FMU structure: a Time-Critical Lane guaranteeing disbursement within ≤24 hours for qualifying cases (e.g., ship and barge payments) at a premium fee, and a Regular Lane with standard 2–3-day processing at normal pricing.
- b. Implement conditional disbursement, where funding can be released based on verified digital evidence of giro or transfer (e.g., courier receipt with online tracking), with physical documents reconciled shortly after. Access is restricted to vetted loyalty tiers to mitigate fraud and operational risk.

2. Capability Proposition.

Develop an FMU variant backed by property collateral (land and buildings) for asset-rich corporate clients, supported by internal or partnered certified appraisers and conservative loan-to-value ratios. Over time, this capability can be extended to selected vessel collateral, expanding Evergreen Finance’s addressable market and deepening wallet share.

3. Loyalty Proposition.

- a. Establish loyalty tiers (e.g., Silver, Gold, Platinum) based on tenure and payment behaviour, with clear operational privileges for higher tiers: eligibility for the Time-Critical Lane, conditional disbursement, and relationship-aware collection.
- b. Replace rigid six-monthly re-valuation for performing accounts with risk-based re-valuation and explicit limit stability rules (e.g., annual reviews, buffer factors), especially for loyal clients.
- c. Implement relationship-aware collection, where potential repossessions for loyal clients trigger mandatory negotiation windows via RMs and management before execution, and where clients are given a defined opportunity to propose buyers before auction.

These changes require modest but targeted investments in appraisal expertise, system configuration, and governance design. Financial justification comes from three sources: (1) new revenue streams from property-backed FMU;

(2) retention and deeper utilisation of existing clients who might otherwise churn; and (3) monetisation of the Time-Critical Lane through premium pricing that clients are willing to pay for reliable speed.

CONCLUSION AND SUGGESTION

This study set out to understand why Evergreen Finance, despite strong overall growth, has struggled to sustain new-customer acquisition and revenue momentum in its working capital products, and how business model innovation could address this problem.

First, the research shows that Evergreen Finance’s current value proposition is misaligned with the realities of its corporate clients. The institution is effectively positioned as “procedurally safe” and slow, rigid, and document-led while clients value predictable speed, rules-based flexibility, expanded collateral capability, and relationship-sensitive governance. In this configuration, competitors such as banks and fintech providers are better able to capture time-critical opportunities, even when their pricing is not lower.

Second, the most critical customer pains are generated not by isolated failures, but by the interaction of policies and processes across four BMI pillars. Rigid operational safeguards (batching, physical giro, six-monthly re-valuation) undermine the value proposition, market-relationship silos prevent loyalty from being recognized, and financial logic that focuses on cost avoidance damages long-run revenue potential and client trust.

Third, applying a BMI framework anchored in VPD allows the design of an integrated “to-be” model. The proposed three-pillar value proposition such as Speed, Capability, and Loyalty reorients Evergreen Finance around client priorities while maintaining prudent risk management. Dual-lane FMU, conditional disbursement, property-backed FMU, relationship-aware collection, and risk-based re-valuation collectively transform Evergreen Finance from “procedurally safe” to “fast, flexible, and loyalty-driven”

Managerial suggestions

Prioritise policy and governance quick wins. Evergreen Finance should first revise collection and re-valuation policies for loyal, performing clients, introducing relationship-aware collection and risk-based limit stability. These changes require limited IT investment but can immediately reduce disputes and improve retention.

Pilot enabling mechanisms before full rollout. Conditional disbursement and loyalty tiers should be piloted with a small set of Platinum-tier clients in time-critical industries. The pilot can test fraud

controls, operational feasibility, and client willingness to pay for the Time-Critical Lane. Invest selectively in capabilities. Building or partnering for property appraisal expertise, and enhancing existing CRM and collection systems to support tiering, escalation rules, and SLA tracking, are essential to making the new business model sustainable and scalable.

Academic suggestions

Future research could quantitatively evaluate the financial and risk outcomes of the proposed model, for example by comparing pre- and post-implementation data on facility utilisation, portfolio yield, non-performing loan ratios, and dispute costs. In addition, organisational studies could explore how relationship-aware collection, loyalty tiers, and conditional funding reshape roles, incentives, and coordination between marketing, risk, and operations in multi-finance institutions.

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