

Market Strategy: TTS Public Benefits Studio

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Need and Purpose

This document provides a business-oriented logic model that underpins the broader Studio Theory of Change. The purpose of this approach is to clarify the parameters of the types of solutions the Studio incubates, as well as the criteria on which growth decisions within the Studio are made. We need a clear rationale to justify where, how, and why we take on different problems and ideas. To ensure this theory doesn't conflict with the existing commercial market or other organizations' offerings *and* to make sure the Studio can continue to demonstrate value over time, we need to make sure our position is based on unique and defensible attributes, is measurable and ordered, and is free of internal conflicts.

Value Proposition

Typically organizations have a singular value proposition focused on their customer. Since the Benefit Studio exists as a public sector provider of agency-focused tools, our 'market' is skewed. The public is ultimately who we are concerned with serving, but we do not create direct to consumer (or the public) products and do not receive their investment. We create solutions for implementing agencies because as a government agency focused on technology, our primary responsibility is to the government party that is purchasing technology. Further, the funding required to develop those solutions is provided by TTS, based on wider funding justifications. Therefore, we need to articulate values for each group.

In practice, this means that the expression of our value proposition to our customer, benefits implementing agencies, is pre-eminent, but cannot conflict with the value for our investors or our value to the public. All three aspects must also be realized.

Our value to the public is easier and more effective interactions with public safety net programs. A long term outcome of our work is improved customer experience of safety net programs.

Our value to public benefits implementing agencies is that we solve critical fail points in their service provision using affordable, simple, and accessible digital tools. A long term outcome of our work is a more effective use of public funds.

Our value to TTS and the wider government ecosystem is that we incentivize market change for public technology tools. A long term outcome of our work is an increase in the provision and use of affordable, simple, and accessible digital tools across government.

What we expect to see in the world if we're successful

Our short term goal is to demonstrate the viability and value of a federally-provided shared service that the existing market is unwilling or unable to offer. Our mid term goal is to increase governmental incentives (demand side) for cross-cutting products that support a more effective safety net system. Our long term goal is to increase market incentives (supply side) for cross-cutting services that support a more effective safety net program.

Solution Criteria: Customer Needs

Our target offerings are solutions that address shared problems that are creating critical fail points in the safety net ecosystem.

- We focus on shared problems because governmental funding restrictions create high barriers for any single agency to build cost effective shared solutions.
 - Publicly funded programs must follow the regulations around use of those funds, which means that individual programs are unable to create shareable solutions without also creating and signing to cost sharing models. Since the safety net programs are split across multiple federal departments and are frequently administered by states, these cost sharing models are prohibitively complex.
- We focus on problems that create critical fail points because we want to solve for high impact problems (e.g. demonstrate clear and necessary value)

- We focus on scaling successfully tested solutions because this is a market gap we are well positioned to fill.
- We target solutions that directly support implementing agency needs towards the ultimate goal of improving beneficiary experience. We take this approach because:
 - As a government agency focused on technology, our primary responsibility is to the government party that is purchasing technology.
 - Beneficiaries of safety net services do not design, build, or buy technology products for the government programs.
- We focus on the safety net ecosystem because it is the most operationally complex within public services. We believe that proving the viability of solutions in this domain will accelerate adoption in other domains.

Solution Criteria: Market Needs

To demonstrate that a solution cannot or will not be addressed by the market without our demonstration support, we look for the following circumstances:

- **Low saturation:** a product or solution exists in the commercial sector for the public benefit's ecosystem shared problem, but uptake is low. The product may be noncompliant with federal or government requirements, lack features or characteristics that would make it appealing to public sector use cases, or be so complex that its acquisition in public uses is cost prohibitive.
 - *Product doesn't do what the government needs it to do in its current private market form*

OR

- **Non competitive pricing or support:** a product or solution has been developed for a public benefit ecosystem shared problem, but there is insufficient competition in the marketplace to enable competitive pricing. Costs for the product or solution far outweigh the impact, and individual agencies' negotiation power is limited.

OR

- **Insufficient consumer protection:** a product or solution exists in the commercial sector but its usage in the public domain creates unacceptable security or privacy risks. This may manifest in features that implicitly or explicitly create civil liberties threats, or failure to pass federal operating requirements.

OR

- **SME barrier:** a product or solution exists in the commercial or public domain, but acquisition or usage of the product requires subject matter expertise that the government cannot provide. For example, acquisition of a complex technology solution may require procurement processes reliant on technology acquisition expertise that some agencies do not have, and/or usage of a technology solution requires product management or engineering expertise to be effective that some agencies do not have. This barrier is most likely to appear in smaller agencies, either because the size is insufficient to afford expert staff and/or the comparative size of the program is insufficient to be prioritized for shared experts (e.g. a central IT department or centralized procurement office).

Differentiation of the Studio

Market failure	Defensibility - near term	Competitive Influence ⇒⇒⇒⇒⇒⇒⇒⇒⇒⇒⇒⇒⇒⇒⇒	Defensibility - long term	Differentiator
Low saturation	high	Private companies can saturate the market given adequate incentives.	medium-low	As a part of GSA, we can provide services across the public sector. We can create non profit-maximizing solutions.
Non competitive pricing	high	Nonprofits can provide the same, but are subject to philanthropic priorities and have less credibility than the government for solutions.	medium	We can provide services at no cost, then increase competition by incentivizing more supply and demand in the market.
Insufficient consumer protection	high	None, since the government sets its own standards.	high	Risk management is not subject to profit maximization.
SME barrier	medium	Private and non profit consultancies can provide SME training, though typically for a fee.	low	We can teach needed expertise at no cost. As a government entity, our governmental expertise has more credibility.

Near term defensibility provides justification for why we should intervene in this space. Higher defensibility= stronger reason to get involved.

Long term defensibility is less of a justification for intervention; instead it informs how a solution might graduate or be deprecated.