

Service Ecosystems

Today

- **Connect the main theories of value co-creation in relation to service innovation**
- **Recognise the role of ecosystems in service development**
- **Practise the new logic into your projects**

Today

9.15 - 10.15 Value co-creation logic

Break

10.30 - 11.00 Industry shifts and digital service propositions

11.00 - 11.45 Exercise

Short exercise

Discussion

10 min. in groups and 10 min. share back

Value-co creation logic

Constellation of partnerships

Value-creating systems

Service Ecosystems, definitions

System definition (Meadows, 2008)

A system is an interconnected set of elements that is coherently organised in a way **that achieves something**.

Service ecologies (Polain et al. 2001)

The service ecology is a term that describes the complexity of services. It uses the analogy of an ecosystem, **as a community of living organisms interacting as a system**.

Business ecosystems (James Moore, 1993)

In the increasingly interconnected world of commerce, Moore suggested that a company be viewed not as a single firm in an industry, but as a member of a business ecosystem with participants spanning **across multiple industries**.

Service ecosystems (Lusch and Vargo, 2014)

Service ecosystems are “relatively self-contained, self-adjusting systems of **resource-integrating actors** connected by shared institutional logics and **mutual value creation through service exchange**”.

The new logic

Ecosystems as a value-creating system

“Value is not exclusively created by the organisation, rather, by the interaction of several value chain members including the customers. Different actors integrate resources as in networks of networks. Value creation becomes interactive and therefore it is referred to as the co-creation of value.”

Service-dominant logic: continuing the evolution (Vargo and Lush, 2008)

Value-creation evolution, a new logic

Model A



Value is created in the exchange of money
at the moment of purchase

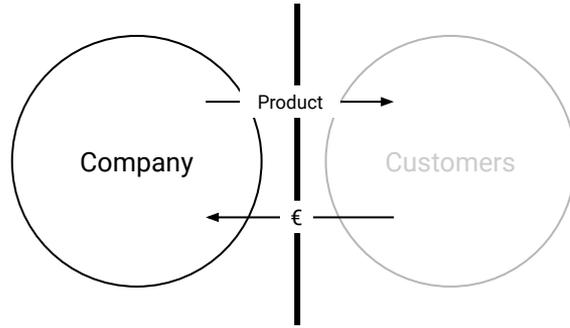
Model B



Value is created through active participation,
at the moment of interaction with the service,
through a network of actors and relationships

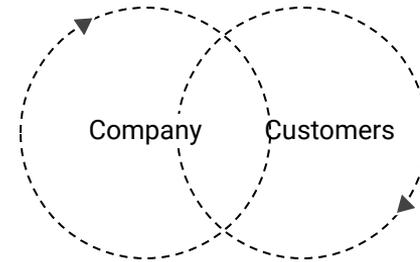
Value-creation evolution, a new logic

Model A



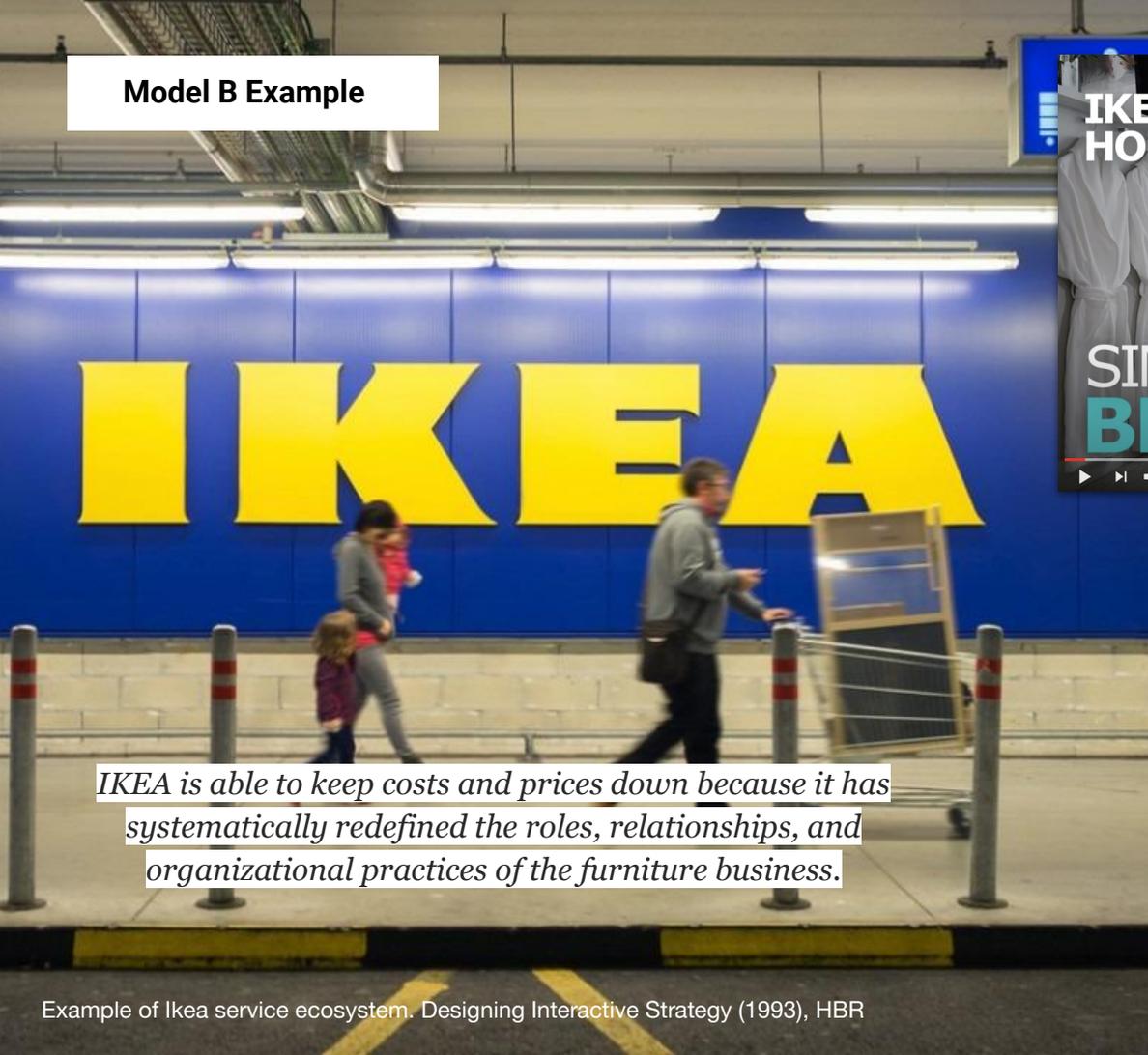
The customer is a passive consumer, outside of the company boundaries

Model B



The customer is a co-producer, an active participant who is part of the business

Model B Example



IKEA

IKEA is able to keep costs and prices down because it has systematically redefined the roles, relationships, and organizational practices of the furniture business.

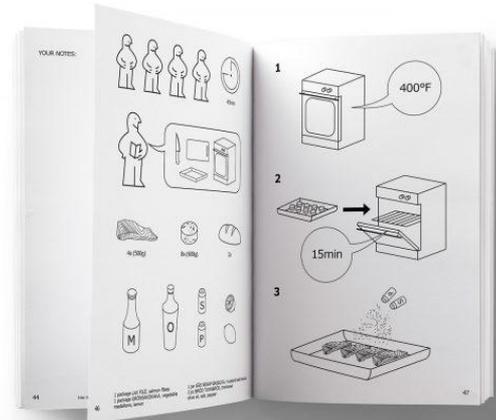
Example of Ikea service ecosystem. Designing Interactive Strategy (1993), HBR



IKEA
HOME TOUR

SIMPLE TIPS FOR A
BETTER BEDROOM

0:01 / 0:59



Value-creation evolution, design theories

Value co-creation (SDL)

Value is not exclusively created by the organisation, rather, by the interaction of several value chain members including the customers.

Service in SDL means the process of an actor using its resources for the benefit of another party or itself. As different actors integrate resources this way in networks of networks, value creation becomes interactive and therefore it is referred to as the co-creation of value (Vargo 2009).

Co-design and User participation

Stakeholders, non-designers, are involved as 'experts of their experience' to participate in the design process.

In Norway, Sweden and Denmark the Collective Resource Approach was established to increase the value of industrial production by engaging workers in the development of new systems for the workplace. The approach, thus, built on the workers' own experiences and provided them with the resources to be able to act in their current situation.

Value-creation evolution, innovation theories

Open innovation: Chesbrough

The locus of innovation is not seen to reside at any specific actor but at the network as whole which highlights the levels of ecosystems and national innovation systems

User-driven innovation: Von Hippel

In the innovation process both service providers and customers can not be left out, they become active participants of the innovation process, they are the ones with more knowledge and motivation.

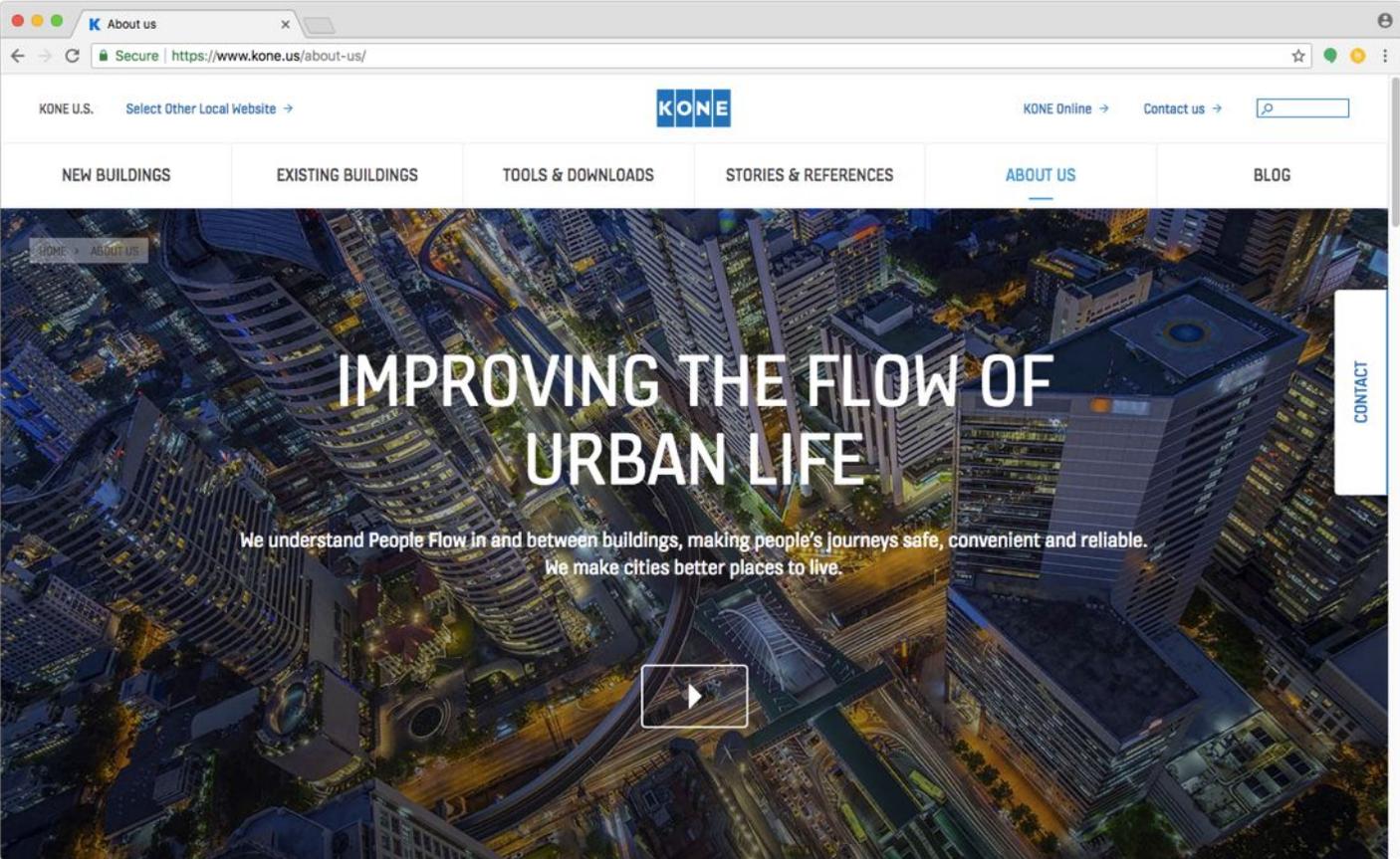
Industry shifts and emerging business ecosystems

From products to services

INDUSTRY	FROM PRODUCTS	TO SERVICES
Automotive	Cars	Mobility
Banking	Financial products	Life stage services
Pharma	Drugs	Care services
B2B	Technology & Infrastructures	Corporate strategic value
...		

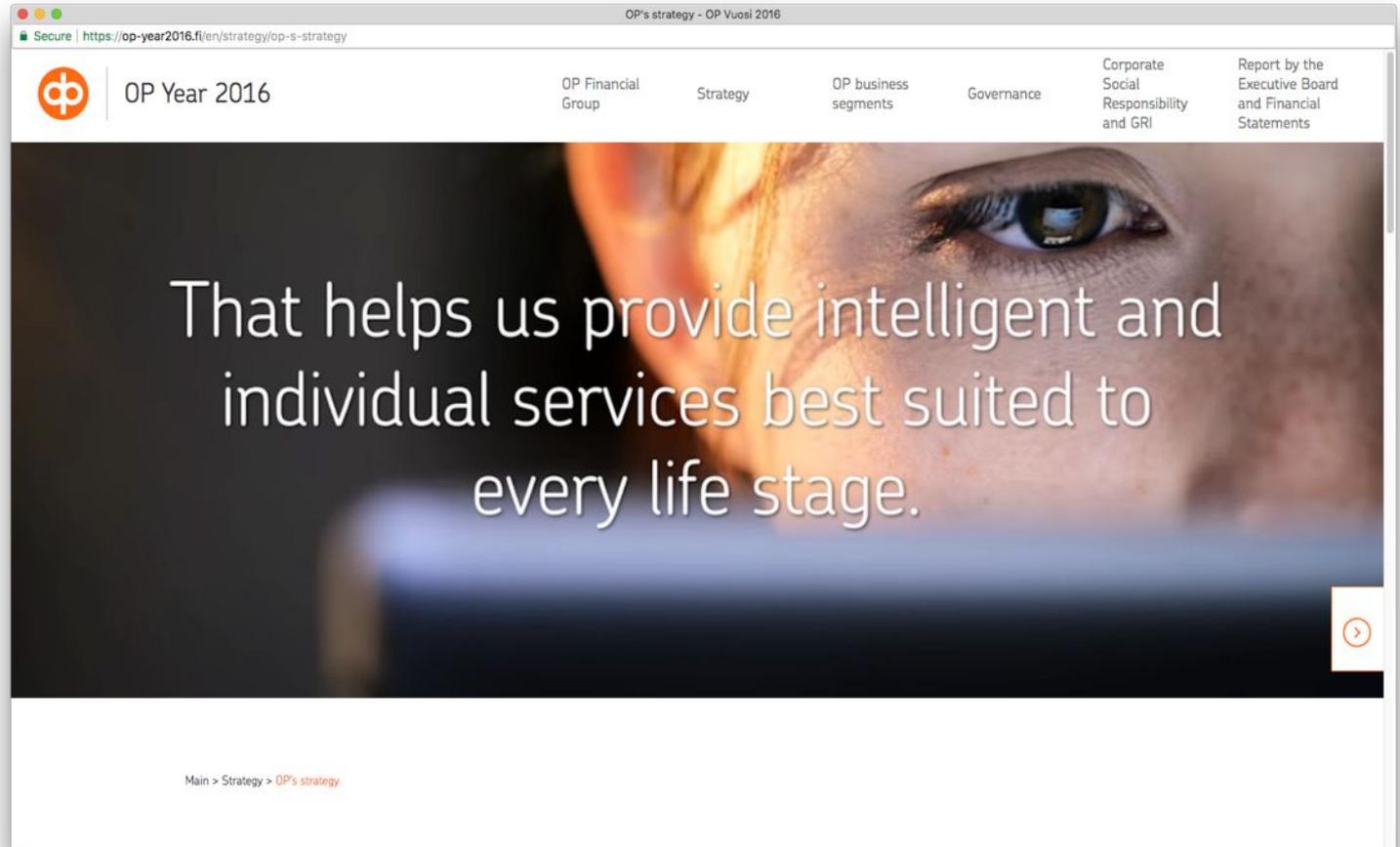
Examples of industry shifts

From manufacturing
to the people flow
business



Examples of industry shifts

**From financial products
to life services**



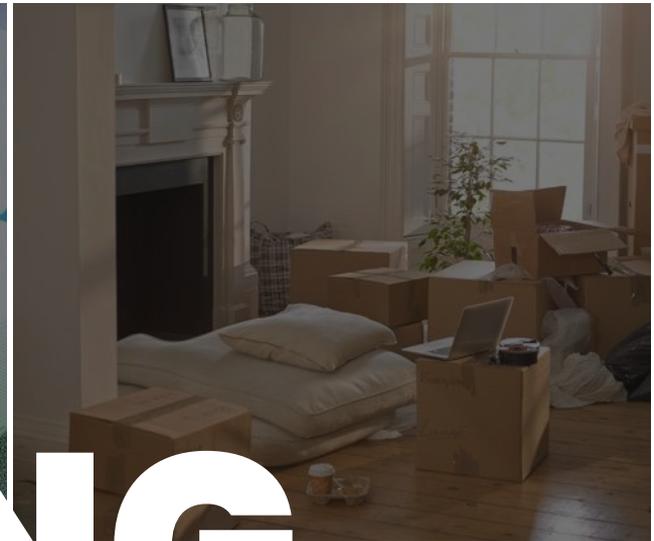
The screenshot shows a web browser window with the URL <https://op-year2016.fi/en/strategy/op-s-strategy>. The page features the OP logo and the text "OP Year 2016". The navigation menu includes "OP Financial Group", "Strategy", "OP business segments", "Governance", "Corporate Social Responsibility and GRI", and "Report by the Executive Board and Financial Statements". The main content area has a background image of a person's face and the text: "That helps us provide intelligent and individual services best suited to every life stage." A breadcrumb trail at the bottom reads "Main > Strategy > OP's strategy".

Examples of industry shifts

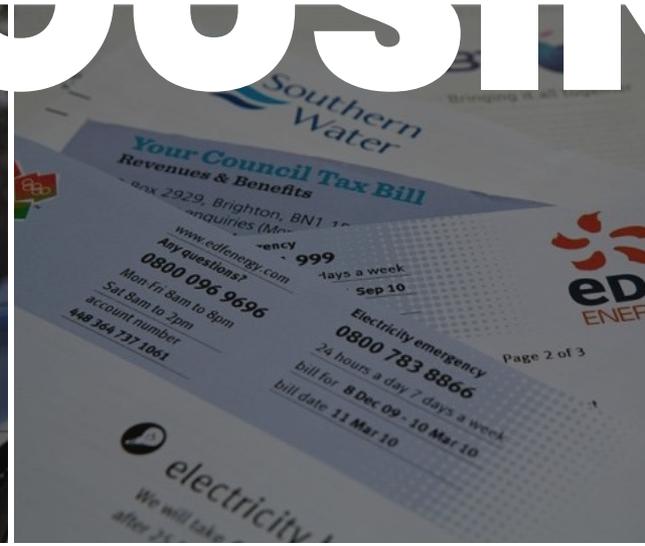
From cars
to mobility

The screenshot shows the Ford website's 'We're Not Just an Auto Company. We're a Mobility Company, Too' page. The page features a navigation bar with the Ford logo and links for 'Go Further', 'COMPANY', 'INNOVATION', 'CAREERS', 'INVESTORS', 'COMMUNITY', 'OUR STORY', and 'NEWS'. Below the navigation bar is a large heading: 'We're Not Just an Auto Company. We're a Mobility Company, Too'. The main content is a world map with various colored callouts representing mobility initiatives in different regions. A legend at the bottom right categorizes these initiatives into five groups: Customer Experience (green), Connectivity (red), Analytics (orange), Mobility Solutions (teal), and Autonomous Vehicle (blue).

Initiative	Location	Category
INFOCYCLE	San Jose & Palo Alto	Analytics
CAR SWAP	Dearborn	Customer Experience
FLEET INSIGHTS	Dearborn	Analytics
ONE DATA DRIVE	Dearborn	Analytics
RAPID RECHARGE & SHARE	Dearborn	Analytics
L.A. PARKING LOT 2.0	Los Angeles	Mobility Solutions
MEXICO CITY MOBILITY CHALLENGE	Mexico City	Mobility Solutions
REMOTE REPOSITIONING	Athens	Mobility Solutions
PARKING SPOTTER	Athens	Mobility Solutions
CITY MOBILITY	London	Mobility Solutions
DATA DRIVER HEALTHCARE	The Netherlands	Analytics
SÃO PAULO MOBILITY CHALLENGE	São Paulo	Mobility Solutions
ACCESSORY CHALLENGE	Innsbruck	Mobility Solutions
HANDLE ON MOBILITY	Dearborn & Dearborn	Connectivity
PAINTLESS PARKING	London	Connectivity
U.K. AUTORIVE	United Kingdom	Autonomous Vehicle
DYNAMIC SHUTTLE	London & New York	Mobility Solutions
TRAFFIC TAMER	London	Mobility Solutions
PERSONAL MOBILITY EXPERIENCE INNOVATION	Dearborn	Mobility Solutions
MOONSOON APP DOWNPOUR	Mumbai	Mobility Solutions
FORB CARSHARING	Germany	Mobility Solutions
SHARE-CAR	Singapore	Mobility Solutions
SUMMER GOLDEN HOUR	Dubai	Mobility Solutions
MOBILITY INTEGRATION	Chungking	Mobility Solutions
URBAN COMMUTER	Shanghai	Mobility Solutions
HUIHSHAN TUNING TRANSFORMS CHALLENGE	Taiwan	Mobility Solutions
AUSTRALIA CHALLENGE	Australia	Mobility Solutions
AUSTRALIA ACCESSORY CHALLENGE	Australia	Mobility Solutions
FUTURE OF MOBILITY	Argentina	Mobility Solutions



HOUSING





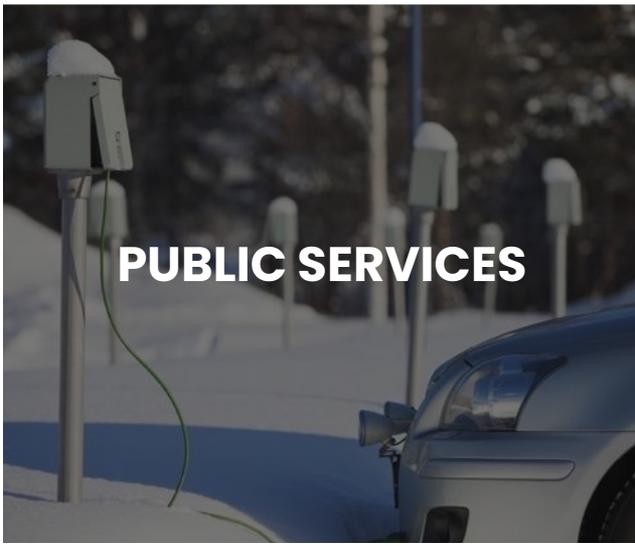
REAL ESTATE



BANKING



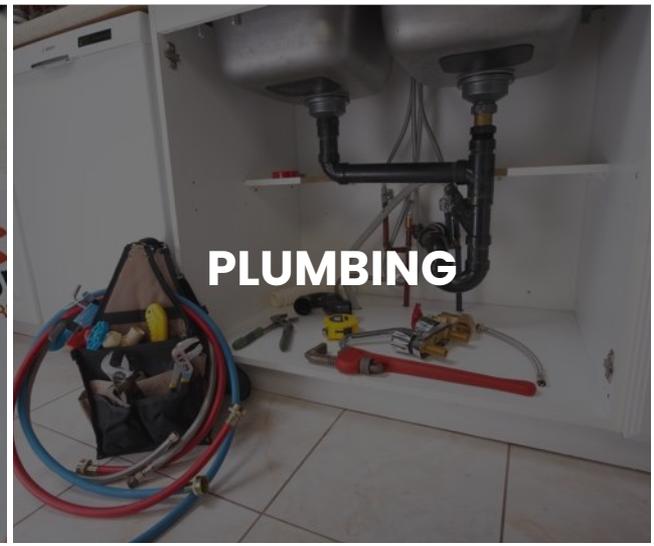
LOGISTICS



PUBLIC SERVICES



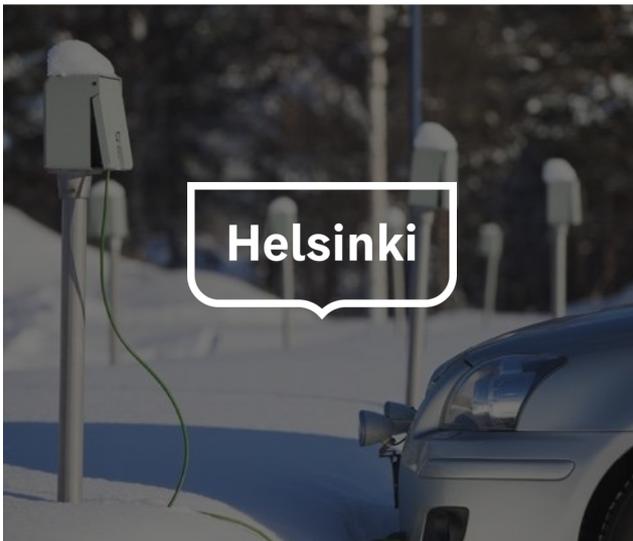
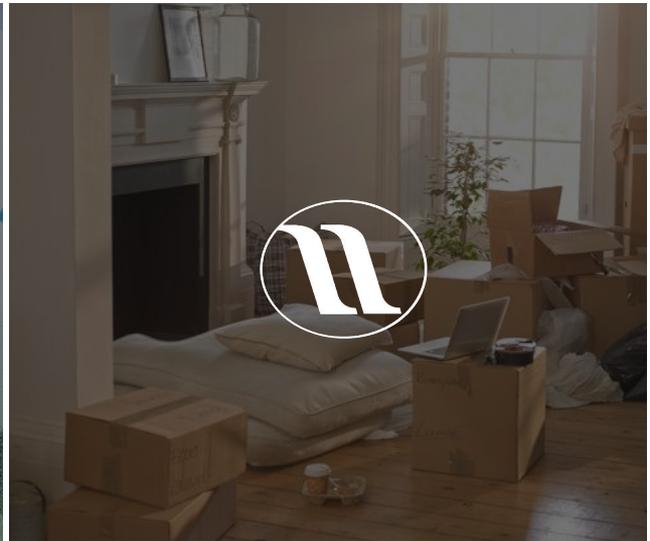
UTILITY



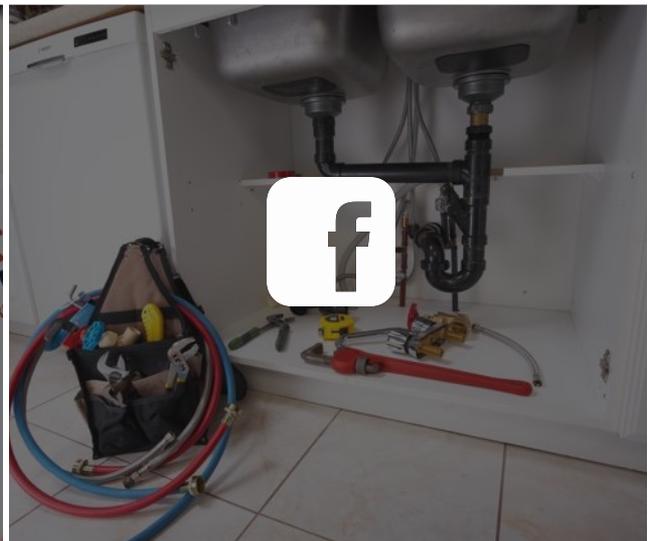
PLUMBING



OIKOTIE



Helsinki



Find a home

Buy

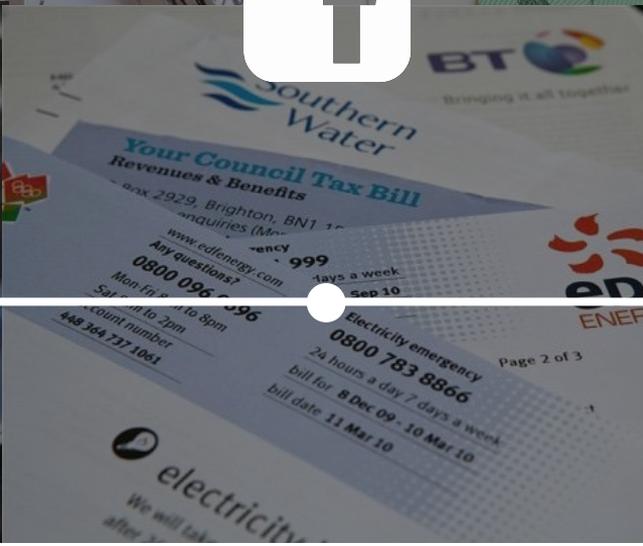
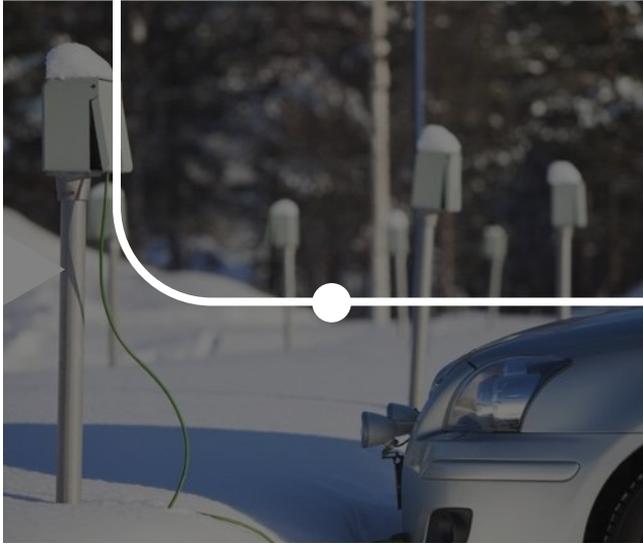
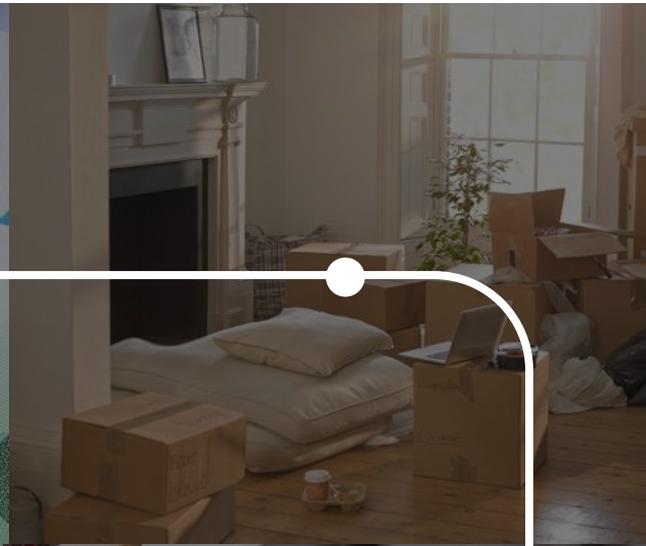
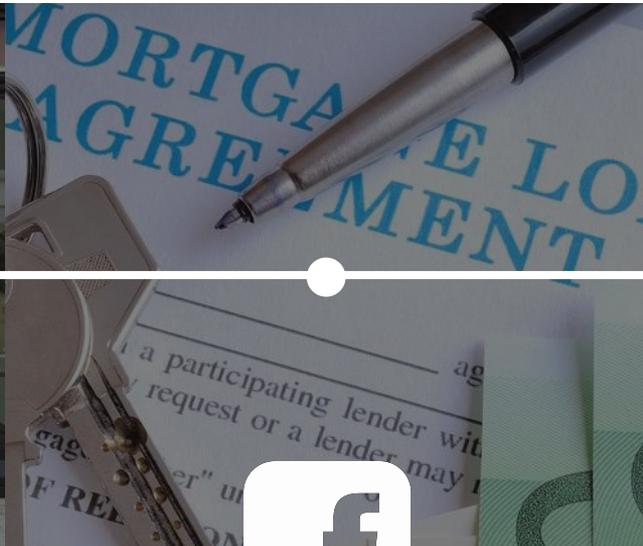
Moving in/out

LIVING

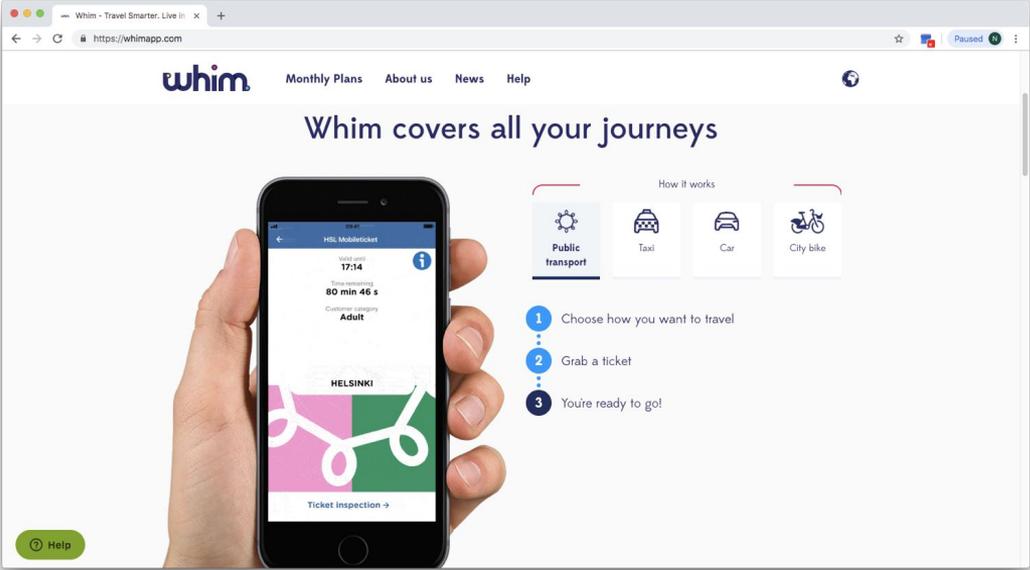
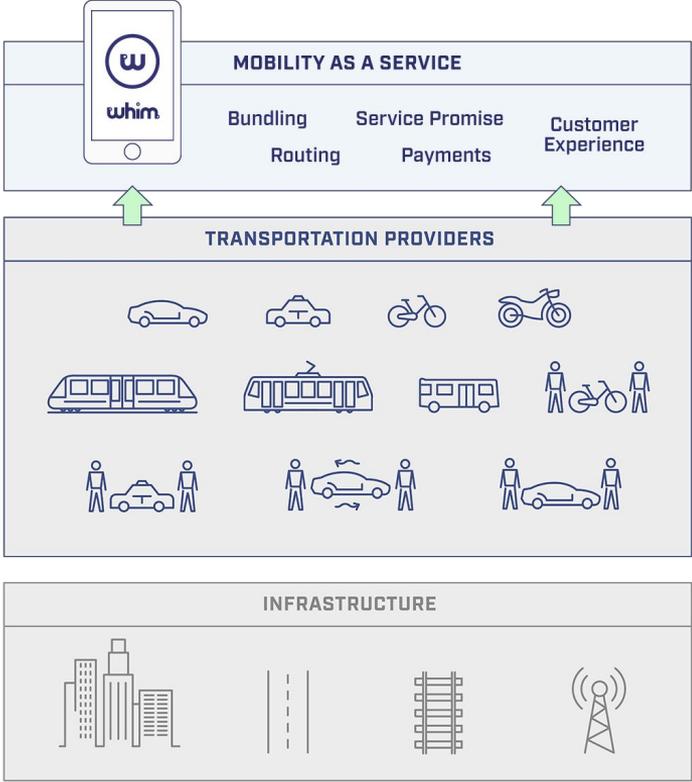
Park car

Manage costs

Fix incidents



Examples of digital services



Examples of digital services



Value proposition of (digital) service ecosystems

Multi-actor stakeholder service ecosystem

- The service ecosystem becomes a 'value-creating system' that operates as a complex web of interdependent relationships between actors.
- Integrated business system that invents value by matching the various capabilities of participants more efficiently and effectively
- Tech platforms integrate with multiple service providers in one single interface

One single customer relationship interface

- The more diverse this ecosystem the richest, and the further the customer can go in one single touchpoint. E.g. Skyscanner vs. Globo
- Experienced as one smooth service
- One customer owner, one data owner, with monopolistic tendencies

Customers as part of the business

- Customers take on tasks traditionally done by manufacturers and retailers
- Businesses invents value by enabling customers' own value-creating activities.
- Value propositions tailored to maximise the user's and provider's goals

Exercise

Map your service ecosystem

- **Map the key actors of your service ecosystem (value-creators, co-producers)**
- **One colour per service organisation**
- **Identify the main interface (entry point)**
- **Discuss their core strengths/resources/competences (people, technologies, and other resources)**
- **Discuss what (other) role each could play in the service you are designing?**
- **Explore what would happen if the interface main entry point would change?**