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

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."

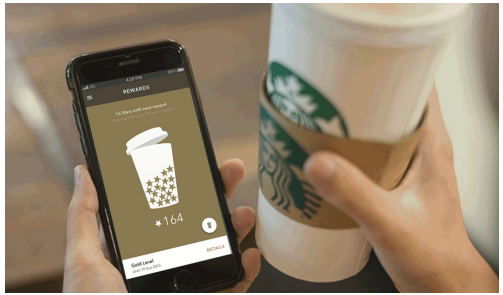
Service-dominant logic: continuing the evolution (Vargo and Lush, 2008)

Value-creation evolution, a new logic

Model A

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

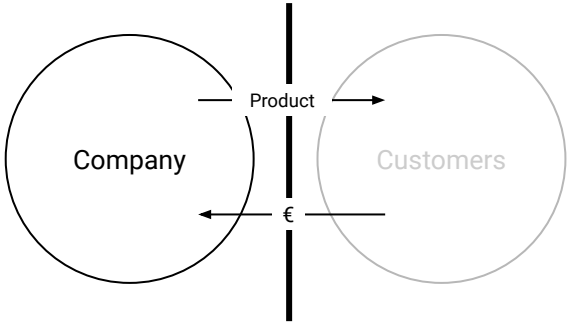
Model B



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

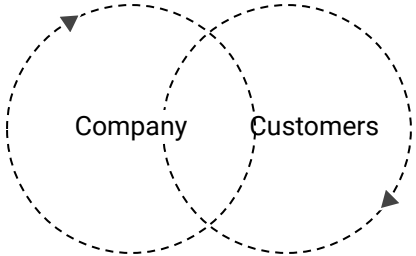
Value-creation evolution, a new logic

Model A



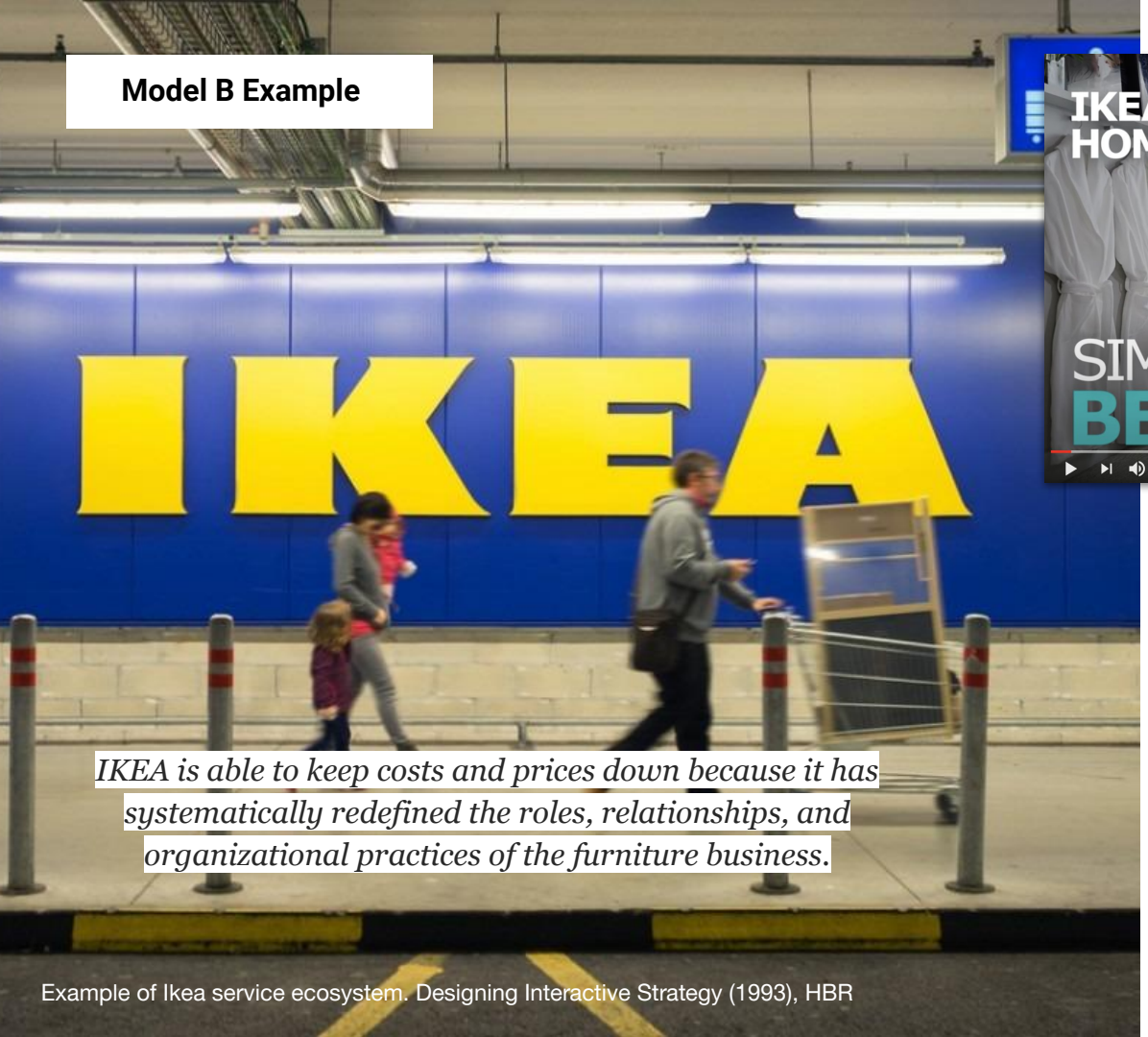
The customer is a passive consumer, outside of the company boundaries

Model B

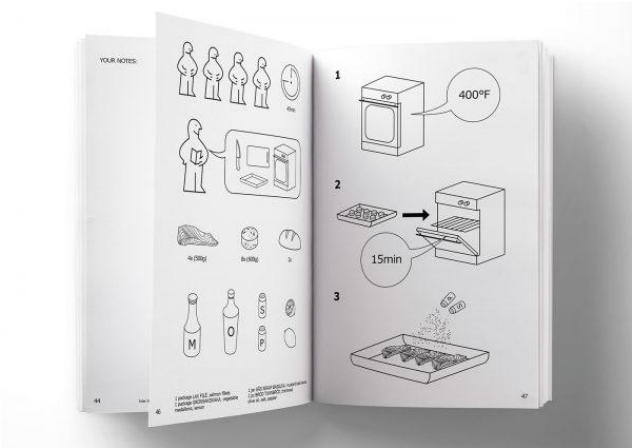


The customer is a co-producer, an active participant who is part of the business

Model B Example



IKEA 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

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.

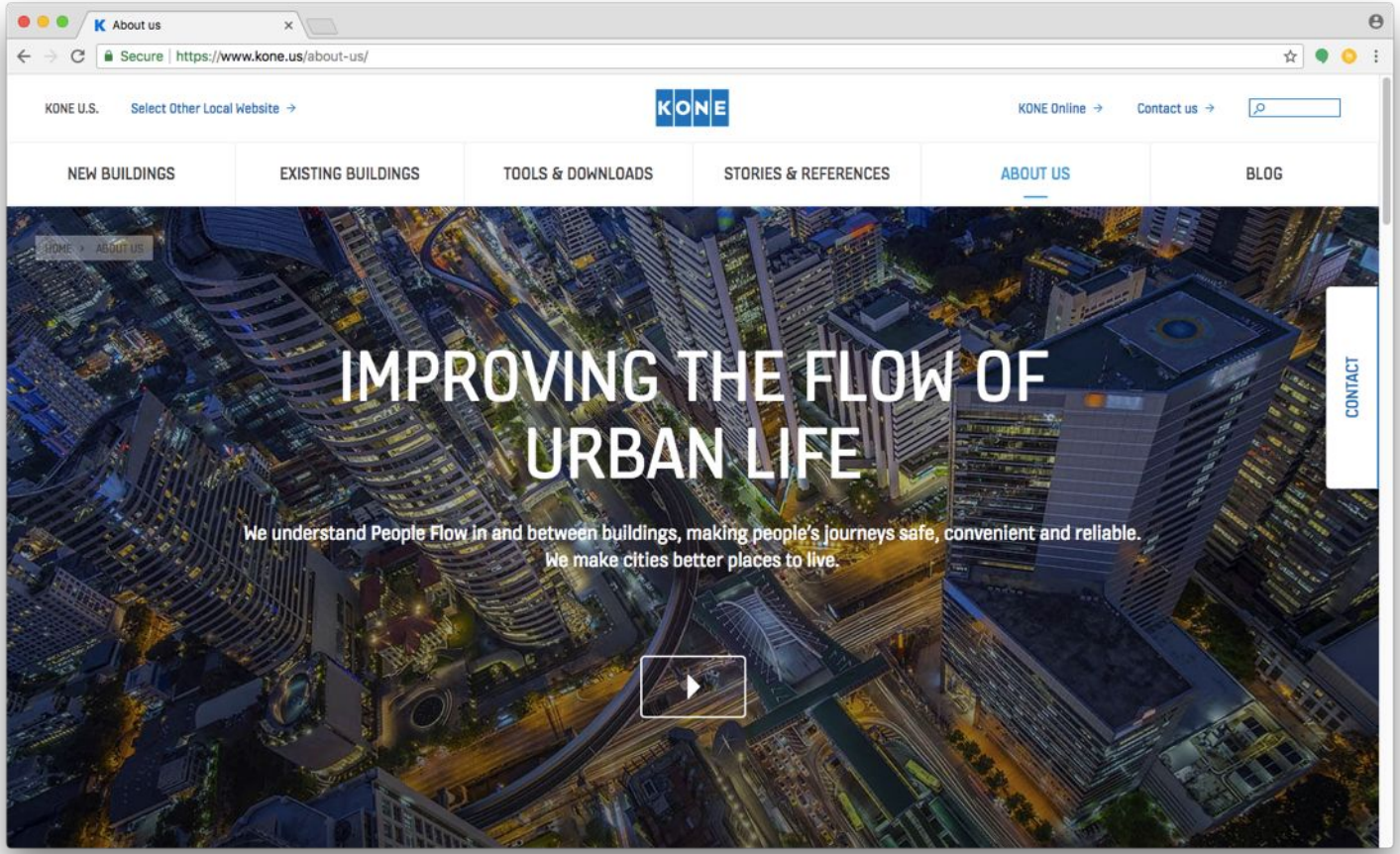
Industry shifts and emerging business ecosystems

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**
...		

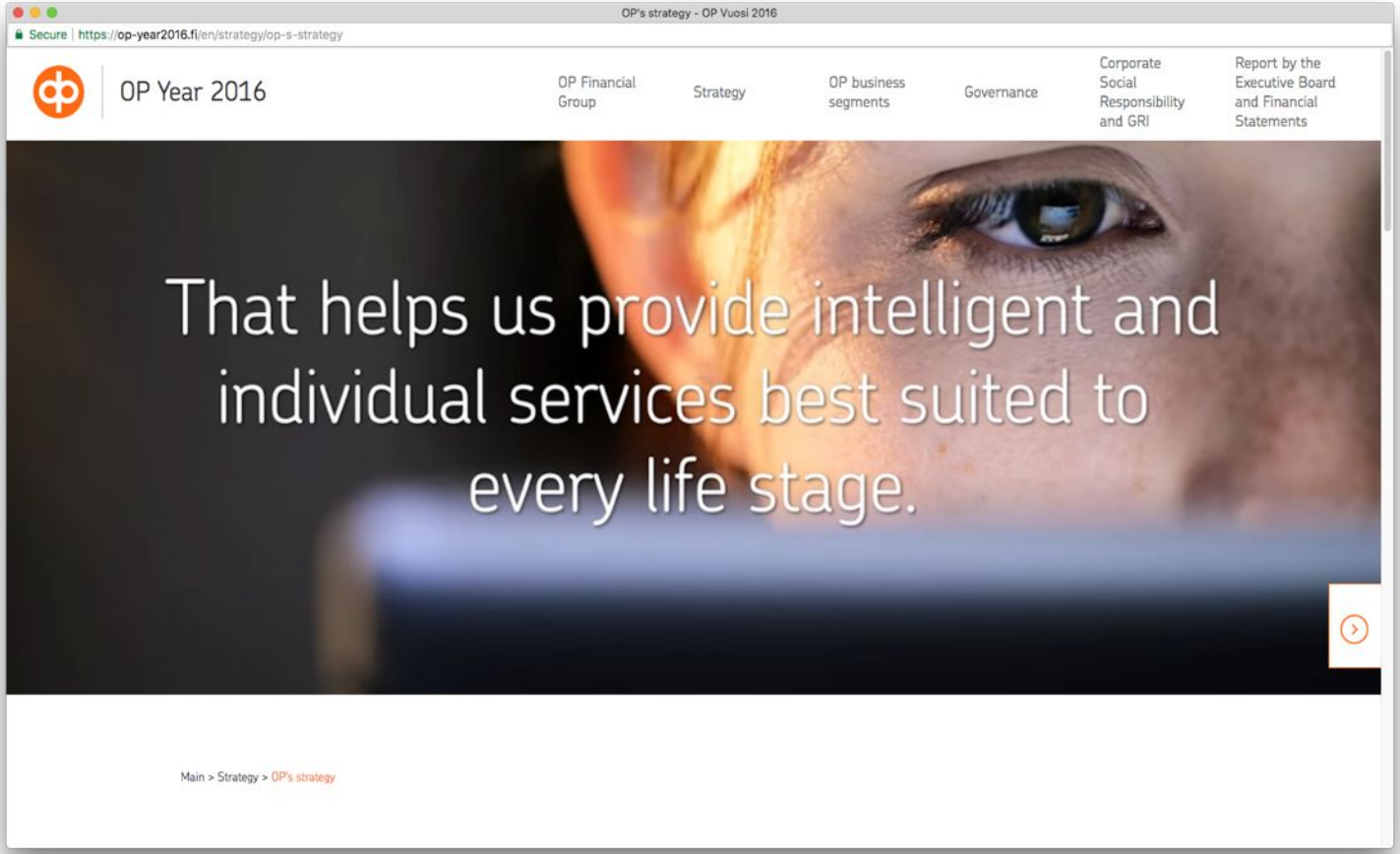
Examples of industry shifts

From manufacturing to the people flow business



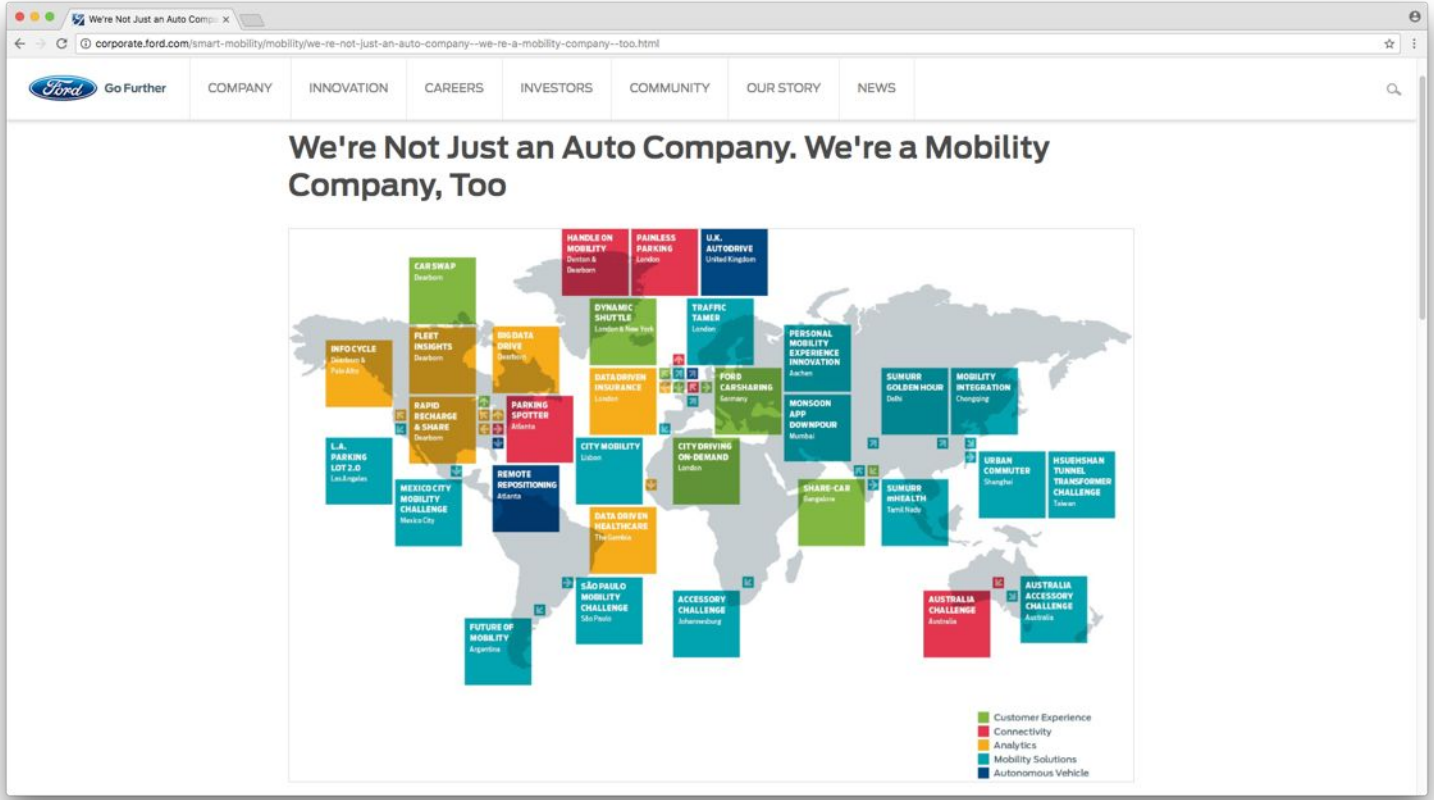
Examples of industry shifts

From financial products to life services



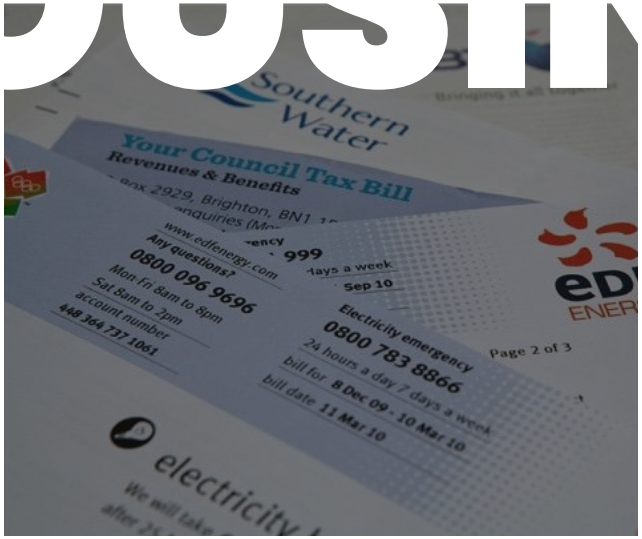
Examples of industry shifts

From cars to mobility



HOUSING

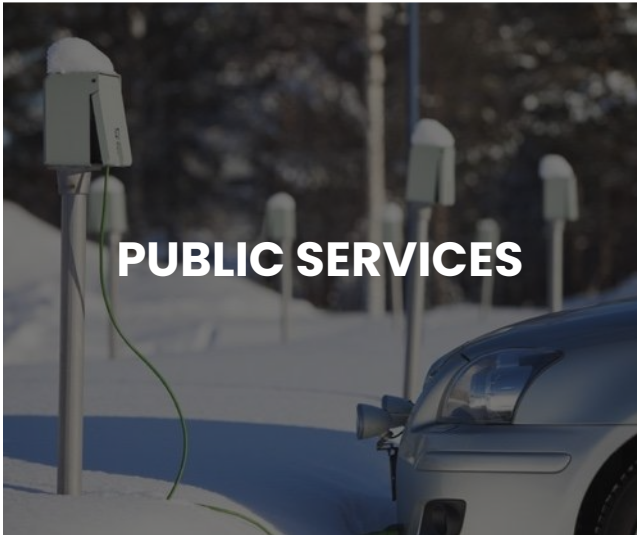

MORTGAGE LOAN
AGREEMENT
a participating lender wit
request or a lende


Southern Water
Your Council Tax Bill
Revenues & Benefits
Any questions?
0800 096 9696
Mon-fri 8am to 8pm
Sat 8am to 2pm
account number
448 364 737 1061
Sep 10
Electricity emergency
0800 783 8866
24 hours a day 7 days a week
bill for 8 Dec 09 - 10 Mar 10
bill date 11 Mar 10
Page 2 of 3
electricity

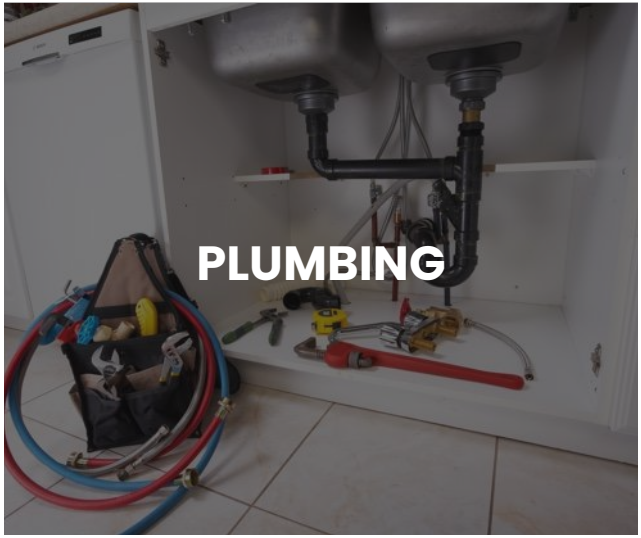

REAL ESTATE


BANKING

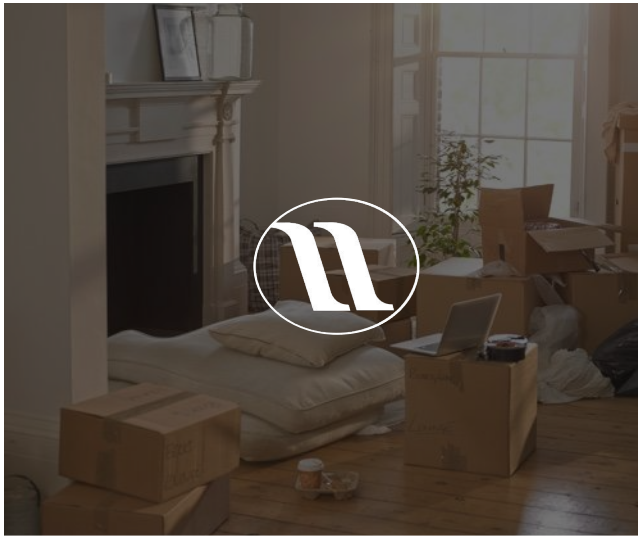

LOGISTICS


PUBLIC SERVICES


UTILITY
Southern Water
BT
Your Council Tax Bill
Revenues & Benefits
0800 096 9696
Electricity emergency
0800 783 8866
Page 2 of 3
electricity


PLUMBING


OIKOTIE




Helsinki


Southern Water
BT
Bringing it all together
Your Council Tax Bill
Revenues & Benefits
Any questions?
0800 096 9696
Mon-Fri 8am to 8pm
Sat 8am to 2pm
account number
448 364 737 1061
Electricity emergency
0800 783 8866
24 hours a day 7 days a week
bill for 8 Dec 09 - 10 Mar 10
bill date 11 Mar 10
Page 2 of 3
electricity

LIVING

Find a home

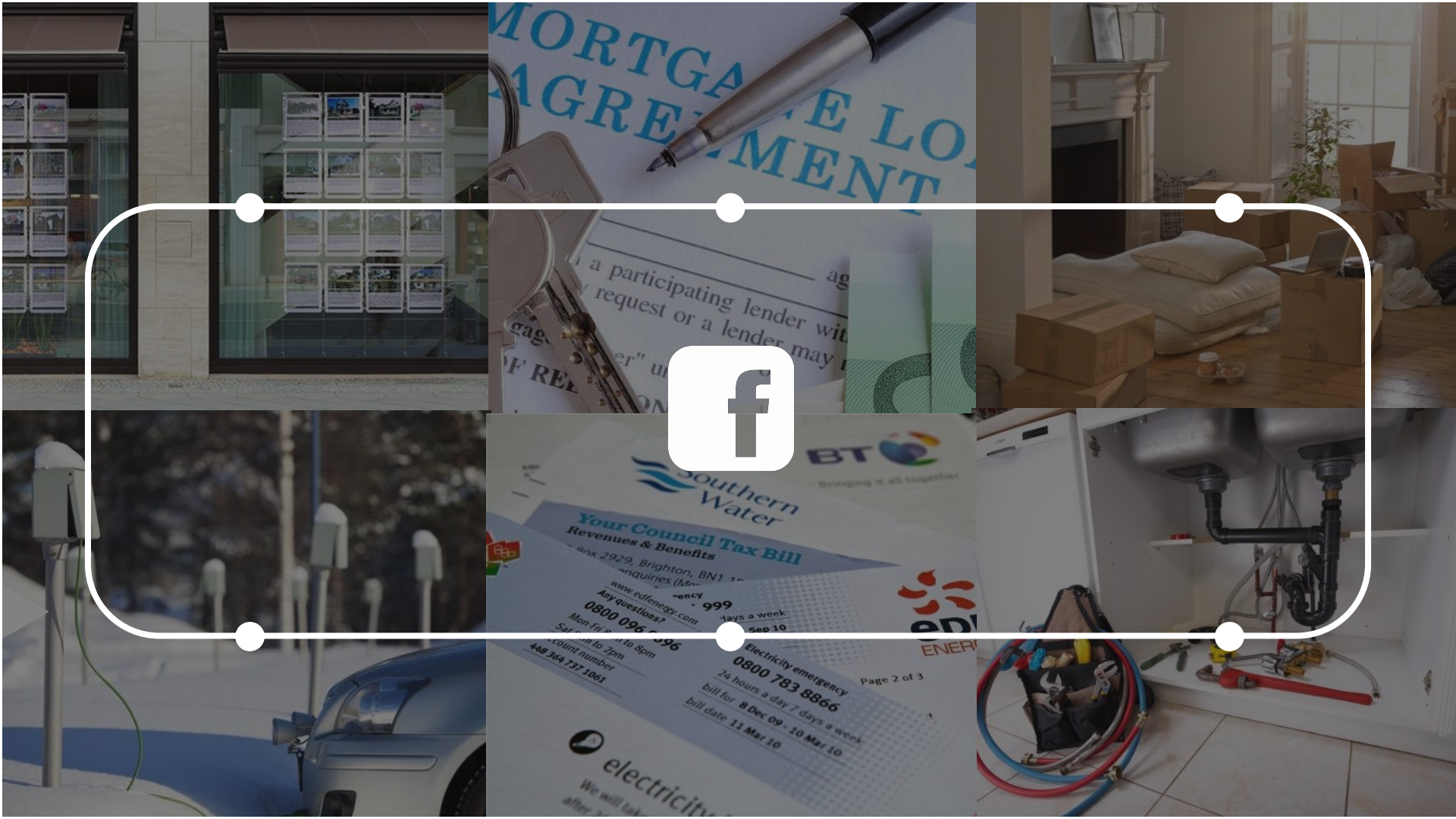
Buy

Moving in/out

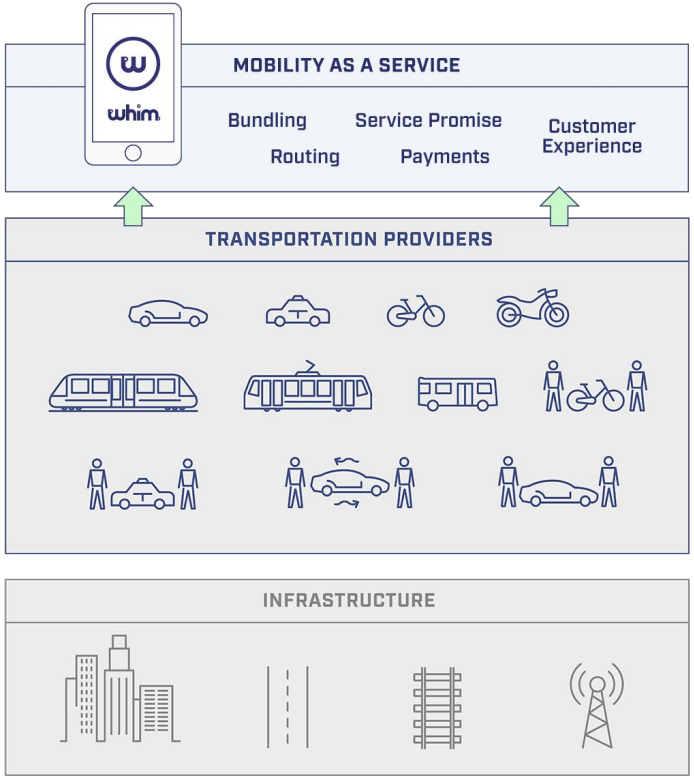
Park car

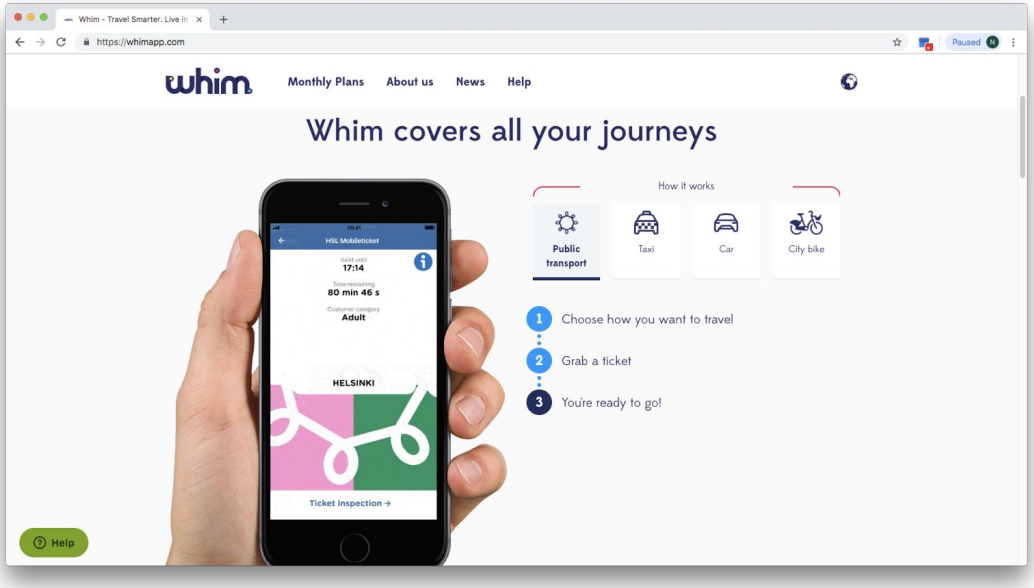
Manage costs

Fix incidents

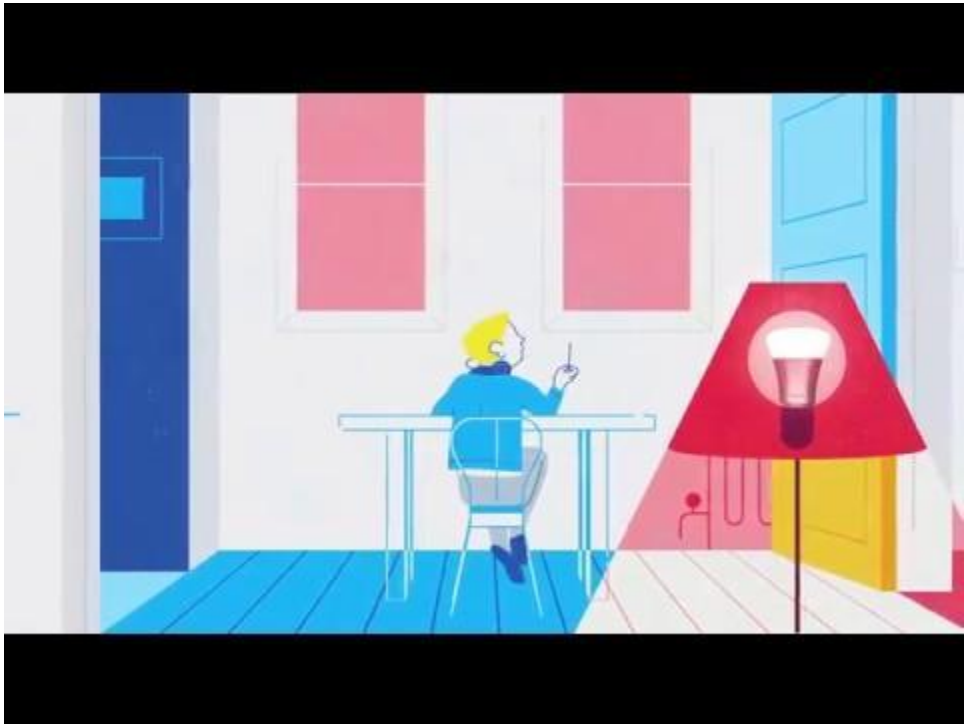

Southern Water
Your Council Tax Bill
Revenues & Benefits
BT
Electricity emergency
0800 783 8866
Page 2 of 3
electricity

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?