

# Aligning the Mindset and Capabilities within a Business Network for Successful Adoption of Smart Services

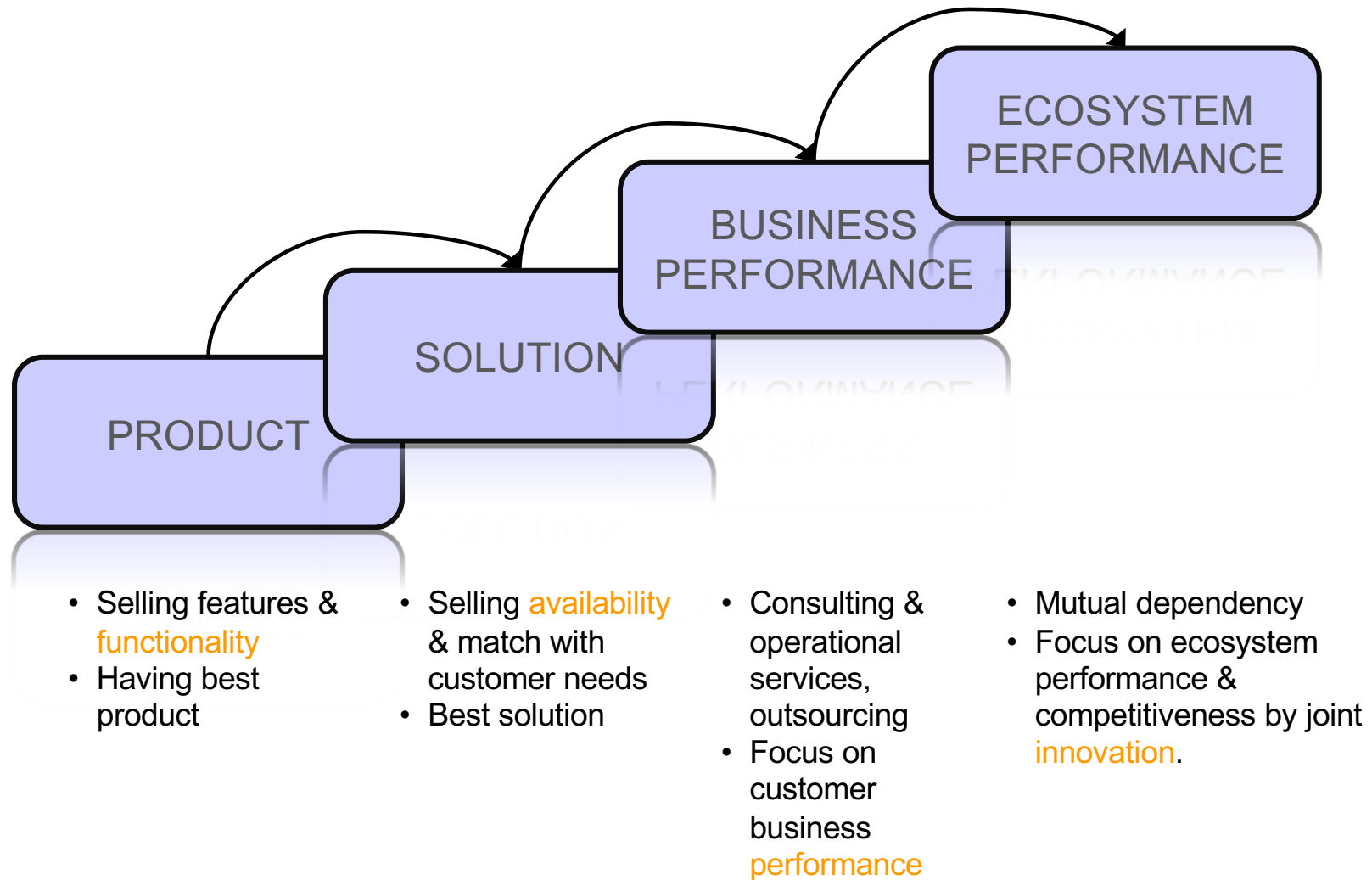
Pekka Töytäri<sup>1</sup>, Taija Turunen<sup>2</sup>, Ville Eloranta<sup>1,2</sup>, Maximilian Klein<sup>3</sup>, Sebastian Biehl<sup>3</sup>, Risto Rajala<sup>1</sup>

<sup>1</sup>Aalto University, School of Science, Department of Industrial Engineering and Management

<sup>2</sup>Aalto University, School of Business, Department of Management Studies

<sup>3</sup>University of St. Gallen

# SYSTEMATIC DIFFERENTIATION BY EXPANDING INTO CUSTOMER SPACE



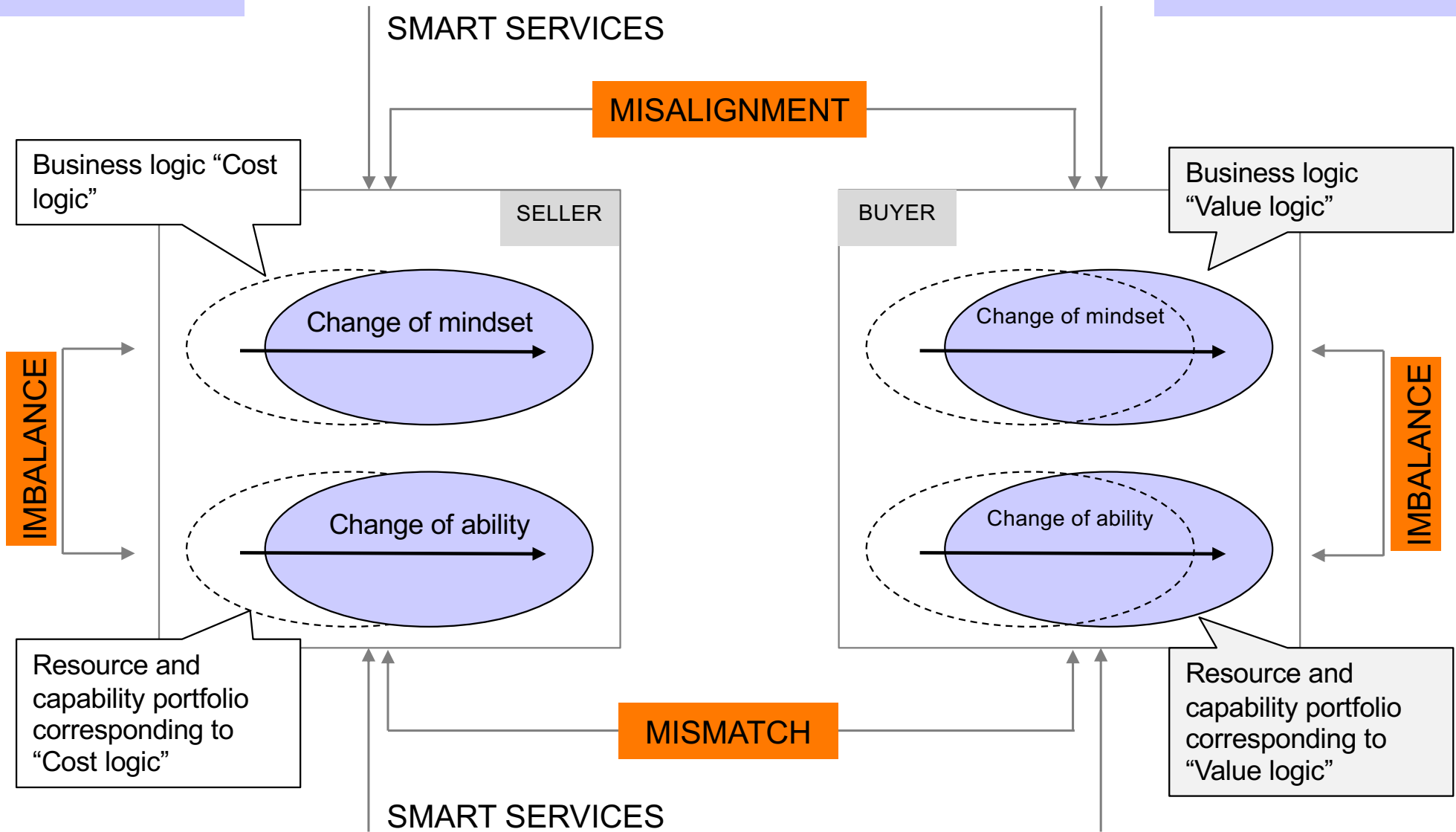
# CHANGE OF BUSINESS LOGIC

| KEY DIMENSION                  | COST LOGIC                         | VALUE LOGIC                 |
|--------------------------------|------------------------------------|-----------------------------|
| <b>Exchange focus</b>          | Transaction                        | Lifecycle solution          |
| Decision criteria              | Narrow                             | Holistic                    |
| <b>Optimization focus</b>      | Value-in-Exchange                  | Value-in-Use                |
| <b>Exchange scope</b>          | Product                            | Solution                    |
| <b>Temporal focus</b>          | Short-term                         | Long-term                   |
| <b>Relationship logic</b>      | Arms-length / independence / Power | Partnership                 |
| <b>Primary exchange goal</b>   | Value capture                      | “Value first, sharing then” |
| <b>Offering market cycle</b>   | Commodity                          | Innovation                  |
| <b>Solution vision</b>         | Buyer’s                            | Jointly created             |
| <b>Value sharing reference</b> | Supplier cost                      | Customer value              |
| <b>Theoretical perspective</b> | TCE, Porter                        | BM Literature               |



# SUPPLIER

# CUSTOMER



# IMPLICATIONS

- Smart services are a part of a fundamental change in industrial relationships and business models (networked value creation, risk sharing, ...)
- We find that successful change requires synchronized change in beliefs, norms, and practices AND renewal of capabilities and resources within the entire service system



# RESEARCH FINDINGS

- We study the barriers that industrial companies face when expanding their offering by **smart services**
- **MINDSET BARRIERS**: Industrial companies hold (internally) **institutionalized beliefs, attitudes and identities (“Business logic”)** impeding the transformation, and face industry-wide norms and relationship practices (externally, within service systems) resisting the change.
- **CAPABILITY BARRIERS**: Industrial companies also lack **capabilities** and resources for implementation, and meet external capability and resource mismatch impeding resource integration and value creation.
- Successful change requires **synchronized change** in beliefs, norms AND renewal of capabilities and resources within the entire service system

