Service System

Service dominant logic

- The emphasis is not on tangible product
  - Is on services the customer can get
- No matter if the service is realized through the product or someone else to perform the service
- Ownership is not important
- The customer obtain benefits by renting to:
  - use a physical object
  - hire the labour and expertise
  - pay for access to facilities and networks

Service dominant logic

- Customers do not buy goods or services
  - They buy offerings which render services that create value
- Traditional division between goods and services is outdated
  - Activities render services
  - Things render services
- The shift in focus to services leads to shift from producer perspective to customer perspective

Basic Service Economy Paradigms

- Service is the fundamental basis of exchange
- The customer is always a co-creator of the value
- All social and economical actors are the resource integrators
- Value is always uniquely and phenomenologically determined by the beneficiary

Advanced SDL Paradigms

- Indirect exchange masks the fundamental basis of exchange
- Goods are distribution mechanism for service provision
- Operant resources are the fundamental source of competitive advantage
- All economies are service economies
- The enterprise cannot deliver value, but only value proposition
- A service-centered view is inherently customer oriented and relational

Basic conclusions

- A service is an action bringing something usable. The mode of „use" is unavoidable
- A bearer of service is either an individual, or a group of individuals possibly in a way organized, or a tangible product the use of which provide a service
- In modern age of information intangible products could be bearers of service

and assumptions

- During a life-cycle of an organization or organized group or an individual these are only two important things:
  - Services, as something useful for the receiving subject
  - Bearers of those services that can be individuals / organized groups / products
- Service and non-service is a point of view and not essential categories of things in our world

Service modelling

- Service is some kind of action bringing some usefulness to receiver of this action.
- Purpose and/or goal of this action must be **the use** (usage) of the action results or outcomes
- Provided actions are strongly connected (related) to knowledge and information.
- Knowledge – information and final usefulness are positively correlated

Service proprieties

- Provider – somebody / something that perform the action and by this provide the service
- Client – somebody / something that receives results of this action
- Where somebody / something could be
  - Individuals
  - Organized group of individuals
  - Technology assembled and organized into value adding application
  - Any combination of previous items

Service proprieties

- Target is the part of the reality to be transformed or operated for the sake of client
- It could be practically anything
  - An individual
  - A group of individuals
  - An organization
  - Computer network
  - Technology
- It is the „source of the problem"

Service features

- A service can be one shot or repeatable
- Each service is connected with shared information
- Each service is connected with shared knowledge
- The key value is the performance (actions) of the services
  - Done now
  - Or promised in the future

Service system

- Provider
    - Individual
    - Organization
    - Any of previous combined with the technology and/or piece of environment
    - Technology that provider is responsible for
- Client
    - Individual
    - Organization
    - Any of previous combined with the technology and/or piece of environment
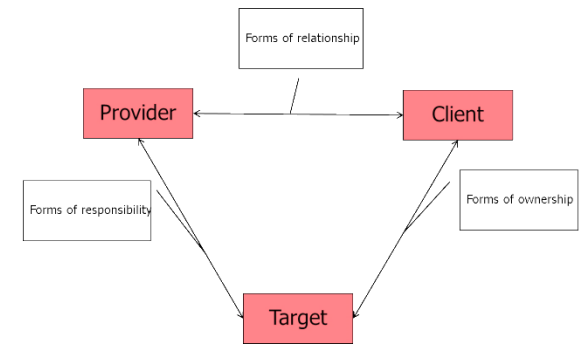   - Portion of reality owned by Client
- Target
    - The reality to be transformed or operated on by Provider for sake of Client
    - People, dimensions of business
    - Dimensions of products, technology artefacts & environment
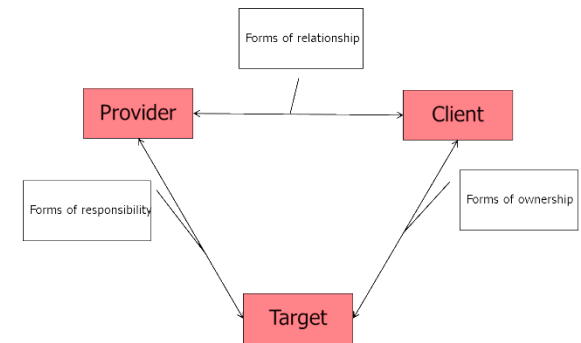   - Information, codified knowledge

Service system

Forms of relationship

Provider

Client

Forms of responsibility

Forms of ownership

Target

Client – Provider Relationship

▶ Information Sharing
▶ Knowledge Sharing
▶ Negotiations
▶ Balancing and establishing Value Proposition
▶ Repetitive reviewing of previous items
▶ In Mention Mode

Client – Target connection

▶ Client owns the Target

▶ Client owns rights to use and/or manipulate the Target

▶ Client has (owns) problem

  ▫ Client recognizes a problem on the Target

  ▫ Client is willing to invest to the problem solution

▶ The solution involves an operating and/or transformation of the Target

▶ Relation is in Use mode

Provider – Target Connection
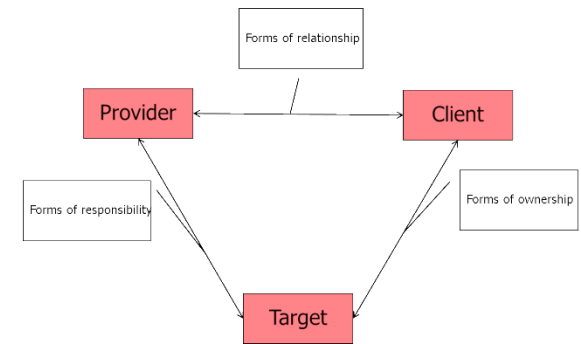
▣ Kind of competence

▣ Provider knows and is able to operate on the Target

▣ Provider knows how and is able to transform the Target

▣ Provider understands the Target and is able to plan operation on transformation of it

▣ Provider improves in a way the Target for its better utilization by the Client (benefit for the Client)

Value creation

- What is the value?
  - Sake of client?
  - The benefit of the client
- Value is strongly related with the target
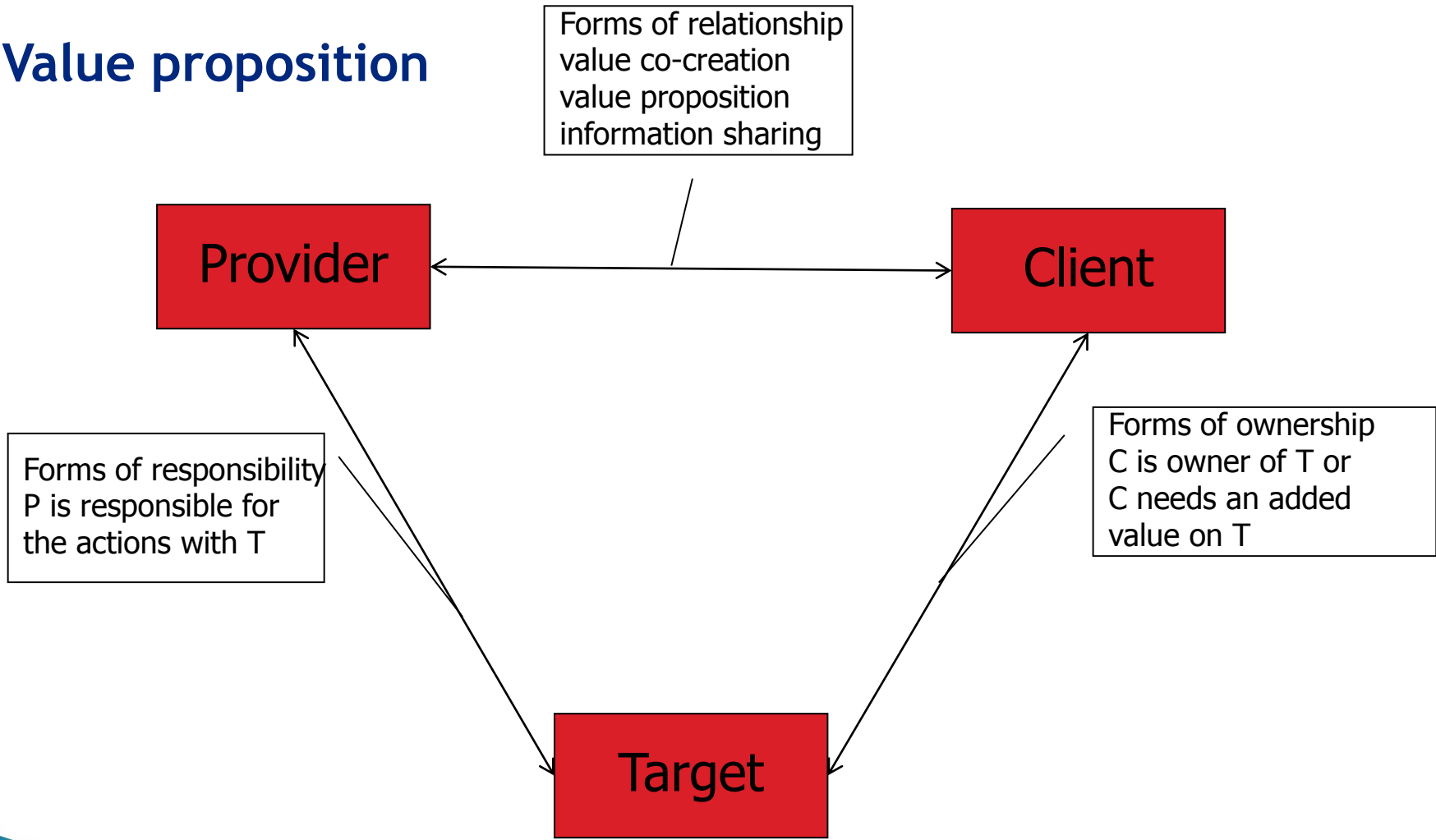- Value is created by both (client + provider)
  - Value is co-created
- Value can be created only if Client wants (or needs) an added value on Target
  - Identifying a gap

Value proposition

The most important connection between C and P

The offer done by provider to the client

What he/she is able to do with the target to increase beneficiary of the client

Based on

- Knowledge about target
- Information about client
- Similarities on the market

What we can do for what price

Value proposition

Forms of relationship
value co-creation
value proposition
information sharing

Provider

Client

Forms of responsibility
P is responsible for
the actions with T

Forms of ownership
C is owner of T or
C needs an added
value on T

Target

Mentioning and Using

- Mentioning
  - To think about future actions
  - What / how / who / where / when / why / for how much
  - Negotiation between client and provider
- Using
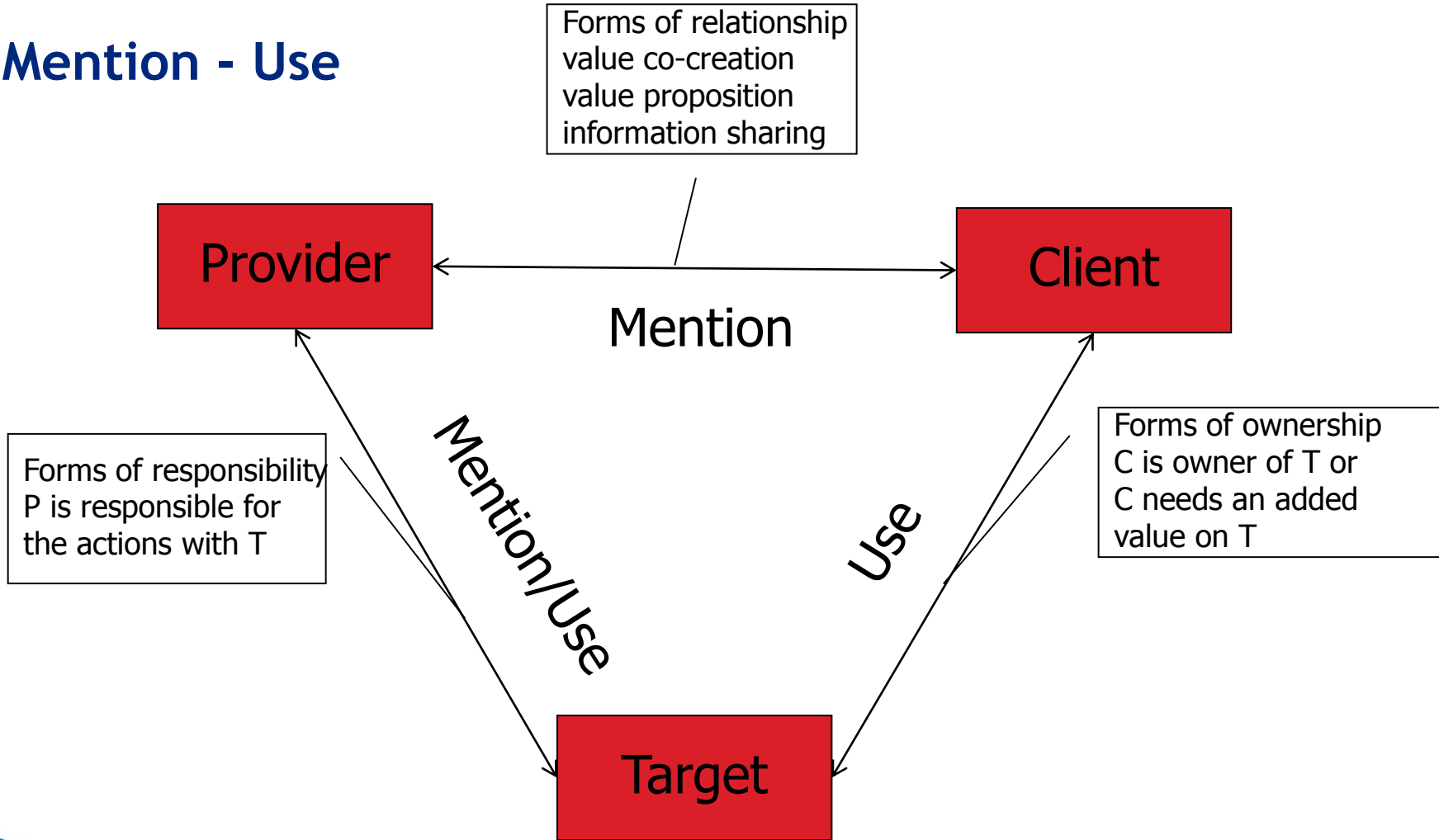 - Use our capabilities to do some action to **bring a value**
- Duality between mentioning and using
  - Each entity can mention, use or make both
- Project management
  - Application of the principle of mention / use

Mention - Use

Forms of relationship
value co-creation
value proposition
information sharing

Provider ← Mention → **Client**

Mention/Use

Use

Forms of responsibility
P is responsible for
the actions with T

Forms of ownership
C is owner of T or
C needs an added
value on T

Target

Conclusion

- Service features and properties
- Service modelling
- Service system
- Relations between items of service system
- Mention / use principle
- Examples mentioned during presentation