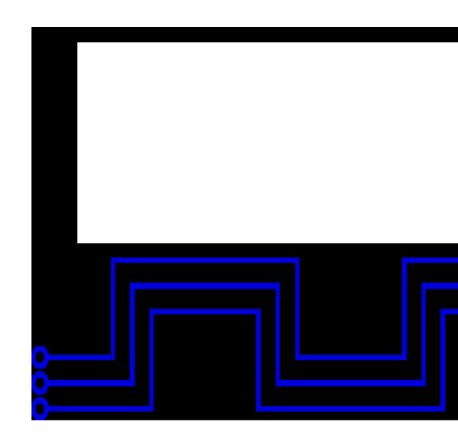




# **Service System**

Introduction to Service Science

Leonard Walletzký 2020



# Service dominant logic

### The focus 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Traditional division between goods and services is outdated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.

Services are information and knowledge intesive

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

Knowledge and information are the key sources, needed for service provider and service customer



## 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





# Why do we need the 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



### What features do we need to include?

A service can be one shot or repeatable

Each service is connected with shared information

Each service is connected with shared knowledge

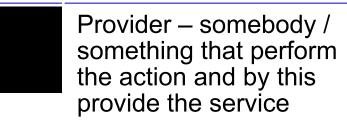
The key value is the performance (actions) of the services

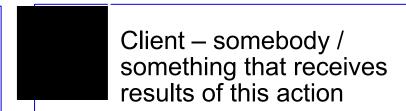
- Done now
- Or promised in the future





### **Service elements**





### Where somebody / something could be

- Individuals
- Organized group of individuals
- Technology assembled and organized into value adding application
- Any combination of previous items





### One more element.....

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"





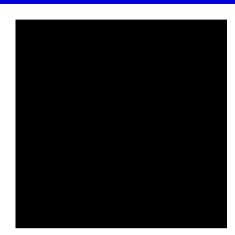
# The elements of service system

### 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 ownership Forms of responsibility **Target**

## Client - Provider Relationship

**Information Sharing** 

**Knowledge Sharing** 

Negotiations

Balancing and establishing Value Proposition

Repetitive reviewing of previous items



## **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





## **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



## Value proposition

### The most important connection

- The offer done by provider to the client
- What can the provider 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 Client Provider Forms of ownership Forms of responsibility C is owner of T or P is responsible for C needs an added the actions with T value on T P transforms target to C must use the target bring the value to get the value **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

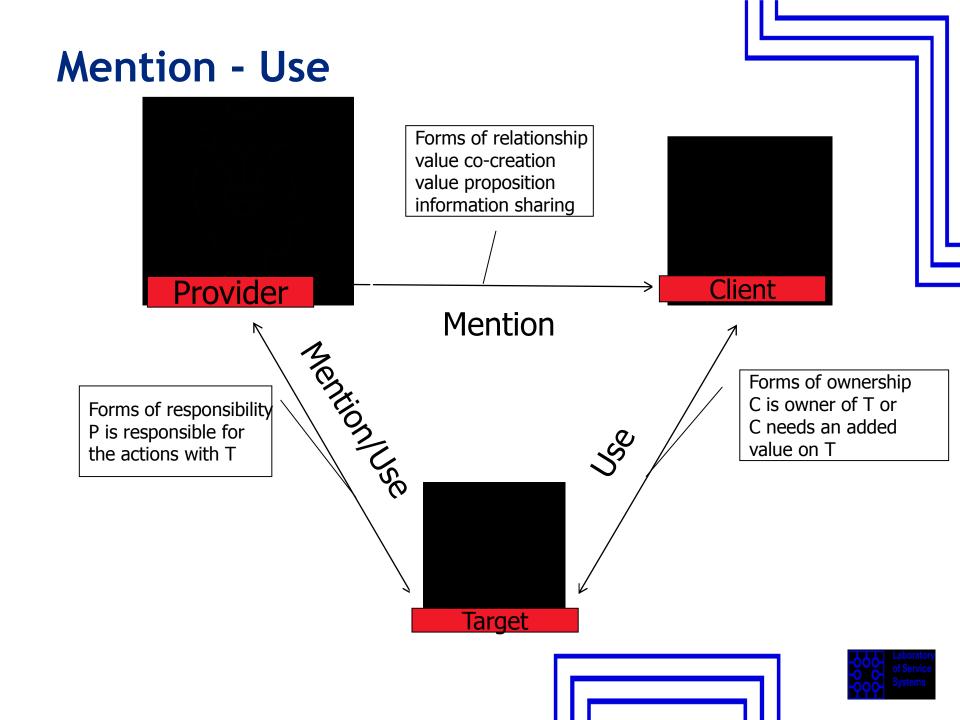
Use our capabilities to do some action to bring a value

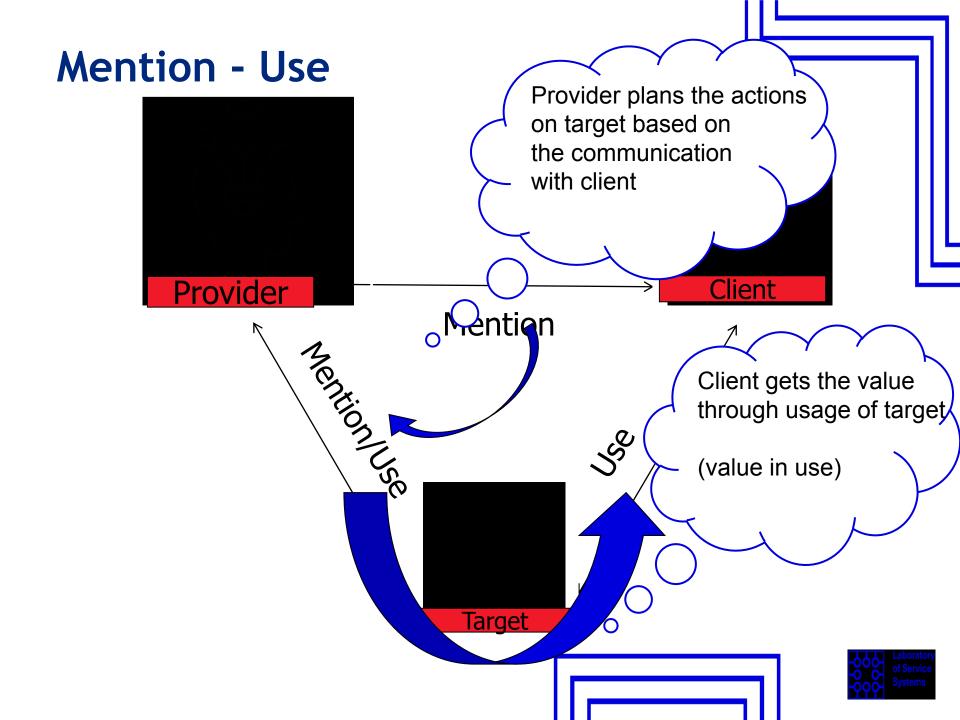
## Duality between mentioning and using

- Each entity can mention, use or make both
- Project management









### **Conclusion**

Service features and properties

Service modelling

Service system

Relations between items of service system

Mention / use principle

Examples mentioned during presentation