

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- ❏ Traditional division between goods and services is outdated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
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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
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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

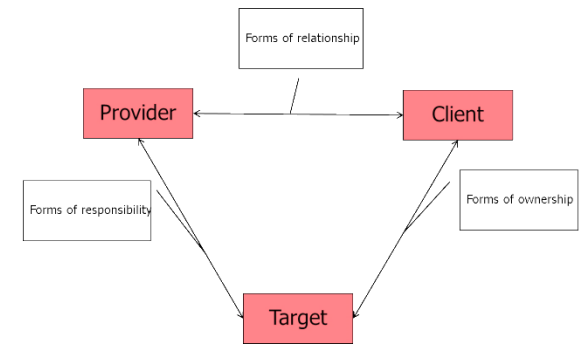
- The reality to be transformed or operated on by Provider for sake of Client

- People, dimensions of business

- Dimensions of products, technology artefacts & environment

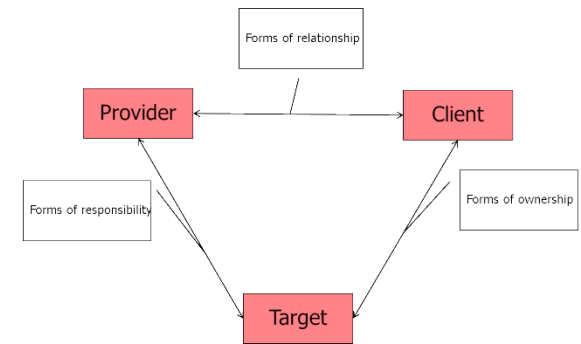
- Information, codified knowledge

Client - Provider Relationship



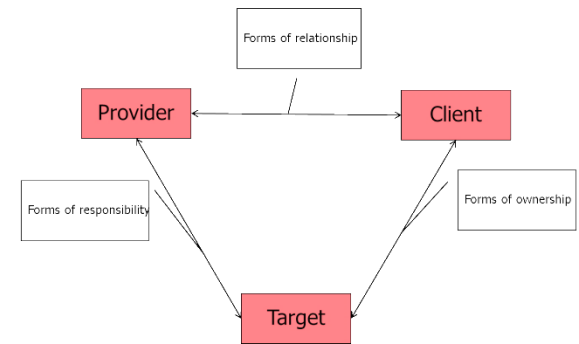
- Information Sharing
- Knowledge Sharing
- Negotiations
- Balancing and establishing Value Proposition
- Repetitive reviewing of previous items
- In Mention Mode

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

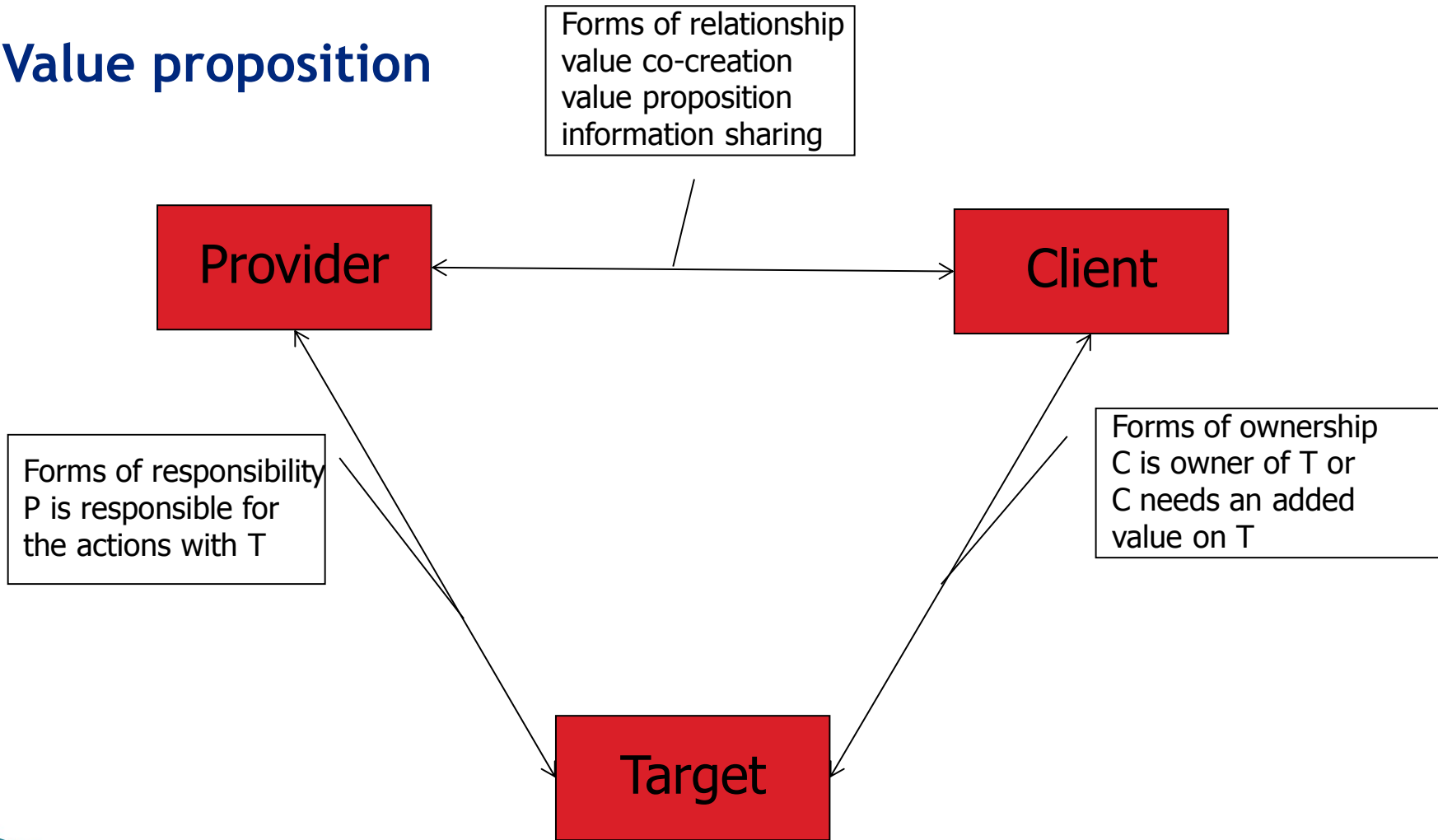
- Value can be created only if Client wants (or needs) an added value on Target

 - 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



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**

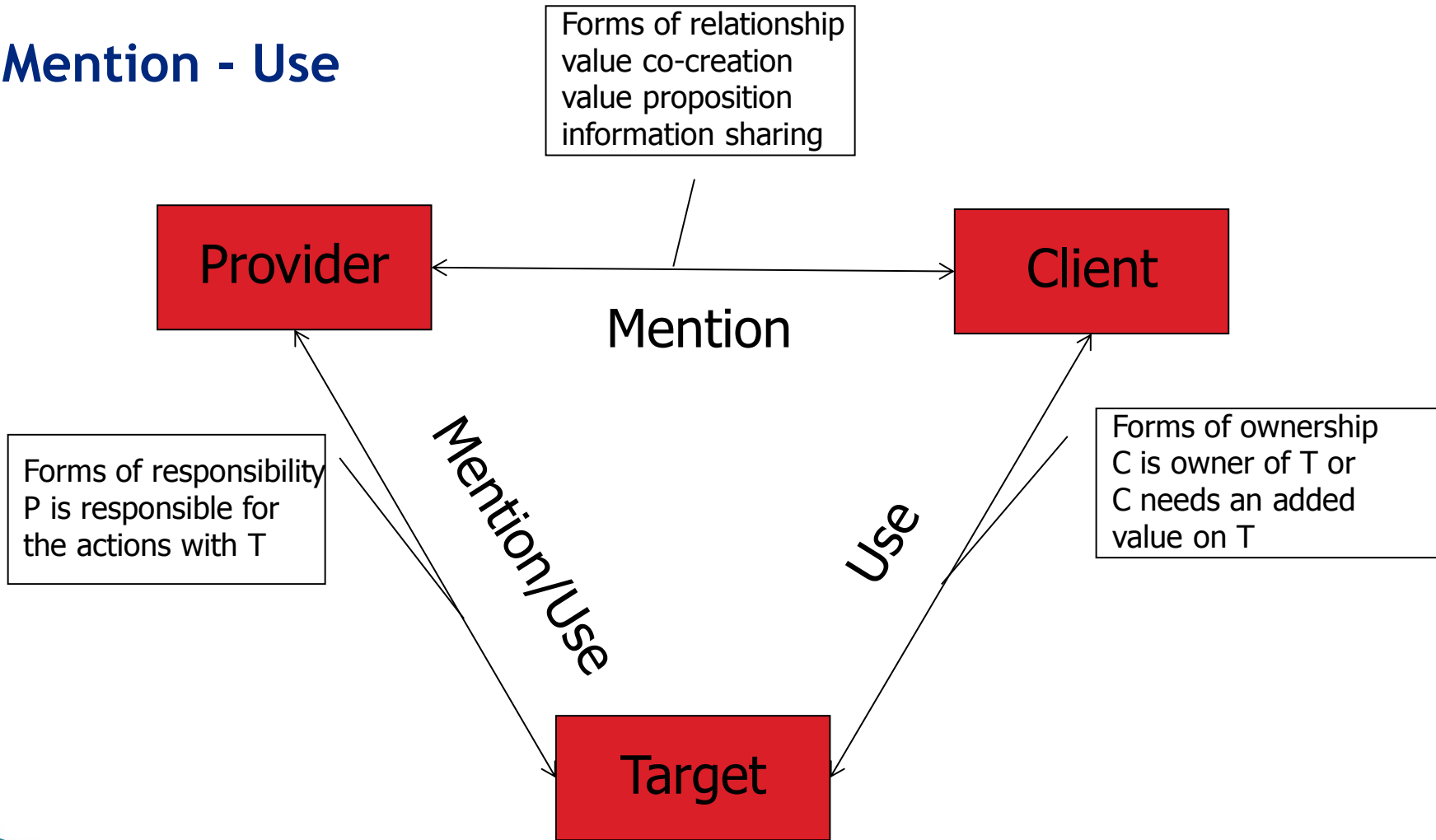
☞ Duality between mentioning and using

- ☞ Each entity can mention, use or make both

☞ Project management

- ☞ Application of the principle of mention / use

Mention - Use



Conclusion

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