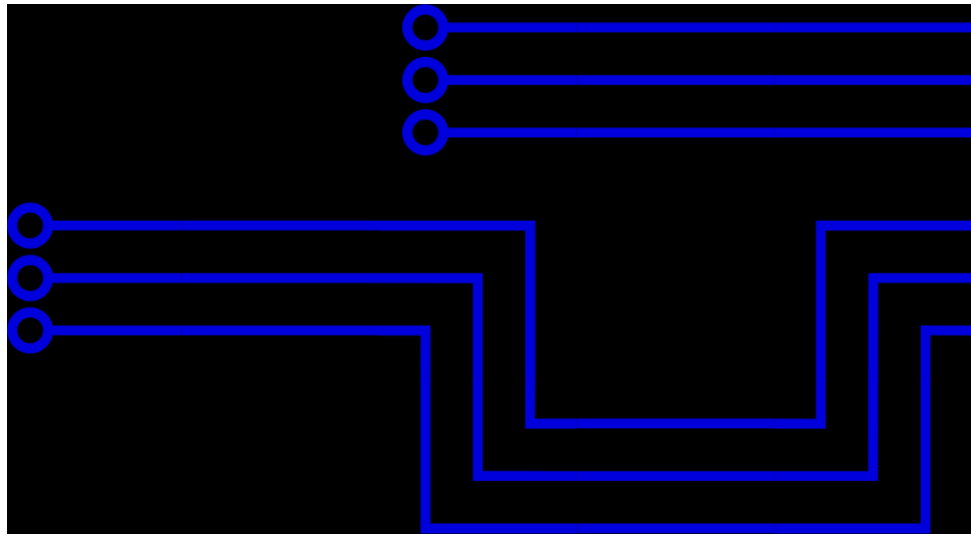
MUNI FI

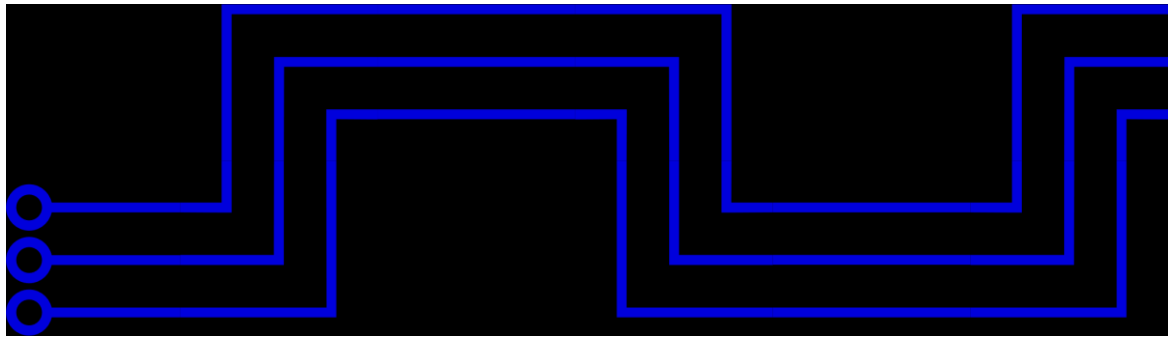
Laboratoř servisních systémů



Service Dominant Logic and asymmetric information

PA194

© Leonard Walletzký



In previous lessons

- Asymmetric information
- Information gap
- Filling the information gap
- Role of IT in filling the gap
- Role of government on information market

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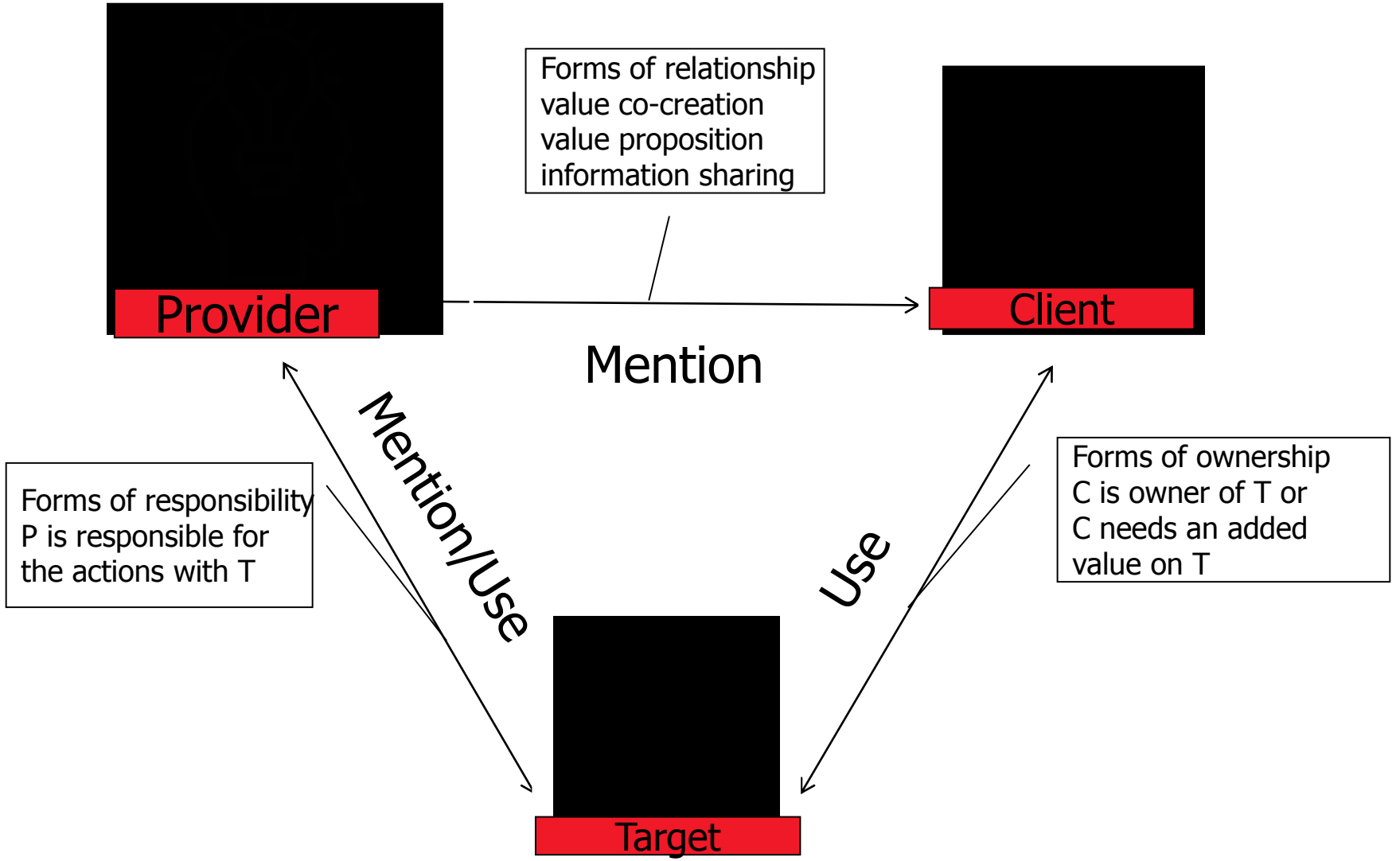
Mention - Use



Laboratory of Service Systems

Problem of moral hazard

a tendency to take undue risks because the costs are not borne by the party taking the risk

The customer is able to affect an event he is insured against, but the seller has no power to monitor or affect this event.

- ERP supplier has limited information about customers IT security
- Provider has limited information about the basement of the real client´s problem

Double moral hazard

- Client does not know if the provider is able to operate on the particular target

Double moral hazard

- Illusion of value proposition
- Provider is not able to see the basis of target
- Client is not able to see the benefits of the cooperation
- Both are motivated to share information and knowledge
- Value proposition can not be set up

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Value

Value proposition is hidden

- is hidden by the hill

Hierarchy of barriers hiding the target

- have to be overcame step by step
- leads to process of value estimation

Value can not be proposed

It can be only estimated

- is used to find value proposition
- there is not a target, only target area
  - target area is the space of all sub-targets, corresponding with particular value estimation

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Value estimation

- modified by the value co-creation process
- motivated by the decreasing of the level of information asymmetry of both parties
- the process is about particularize of value estimations
- till the moment of founding the value proposition

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Value proposition

can be found in the moment client and provider can see the target

- share the same point of view
- both can see the utility level
- and share as well

both partners agree with concrete mutual criteria of success

- variables to test
  - no of customers
  - profitability
- target values
  - number of customers rise of 30%
  - profitability rises more than 10%

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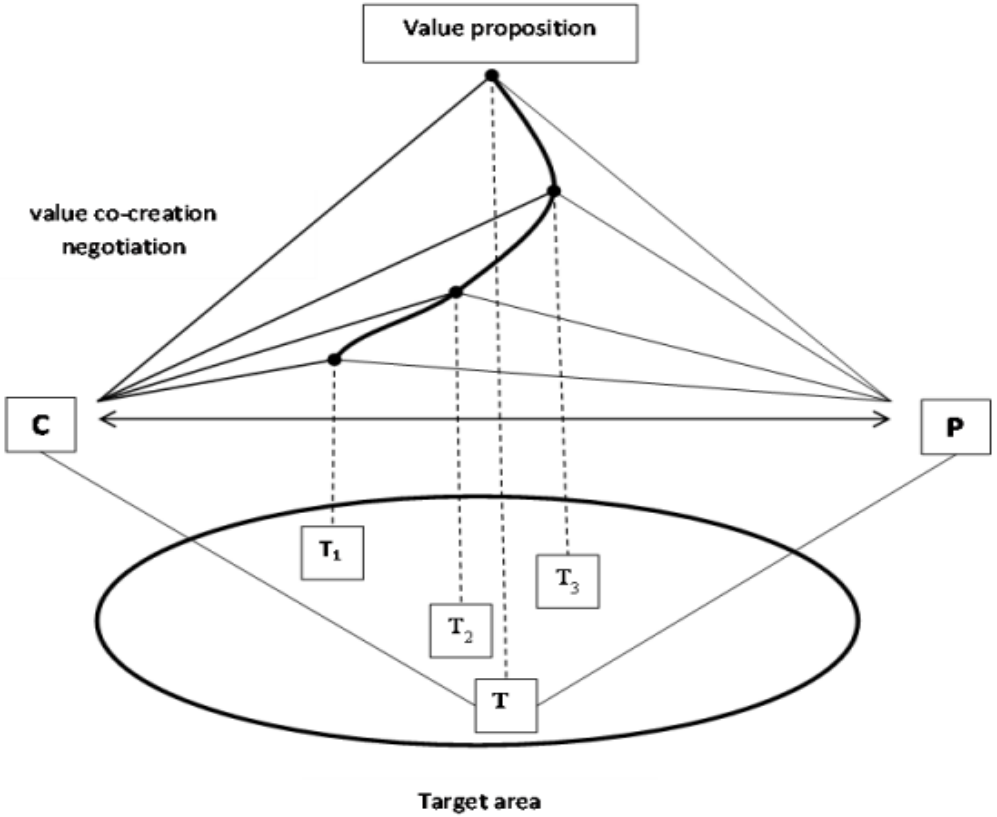
Value proposition



Costs of value estimation

must be shared and paid

- problem is complex
- must be understood and explored

provider must be paid for using his sources to do it

Client is paying for the analysis of the target area

Laboratoř servisních systémů

Management of Service company

- A lot of new methodologies inpired by services
- New business models
- Switch from Business model Canvas to Lean Canvas

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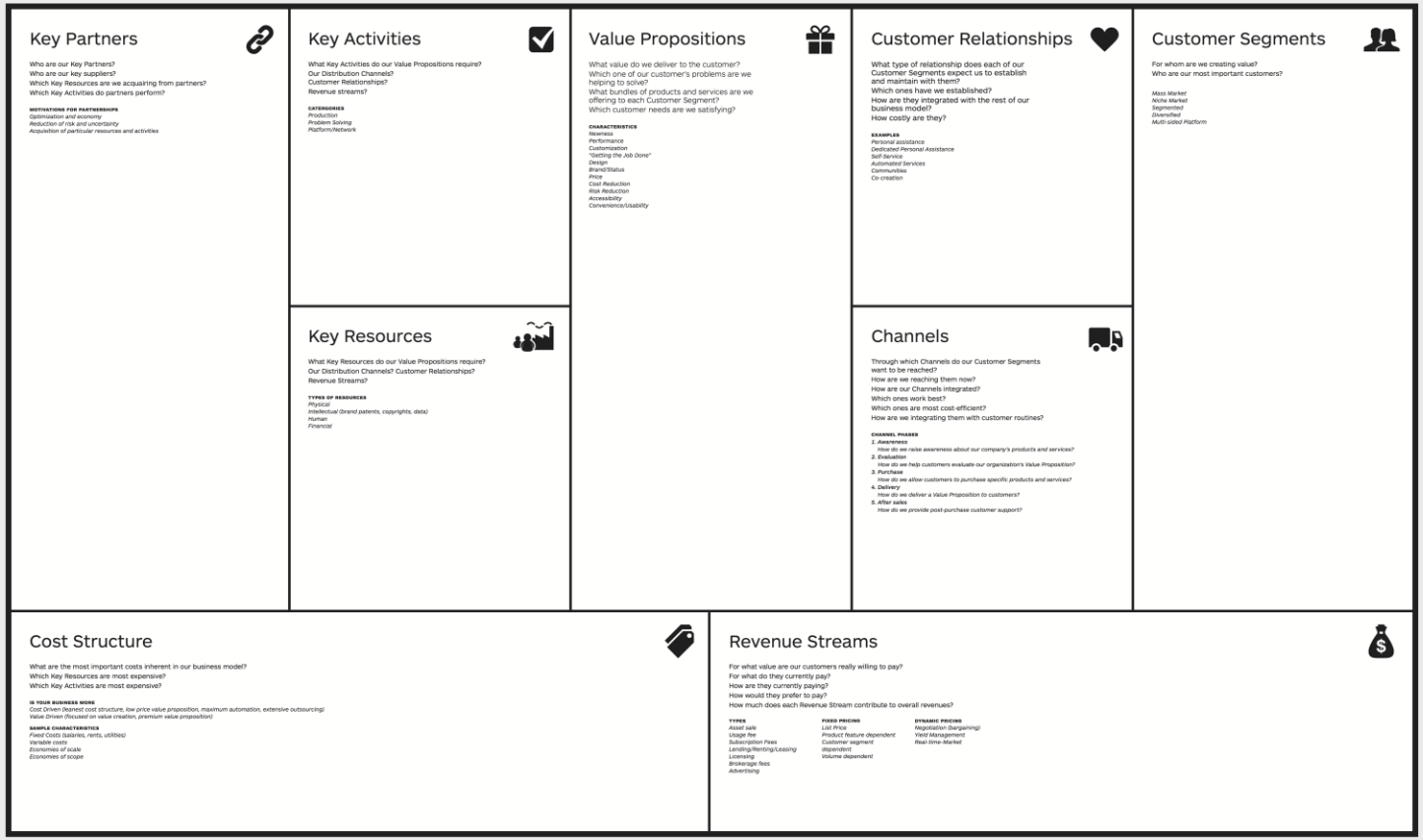
Business model Canvas



The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

Key Partners

Who are our Key Partners?
Who are our key suppliers?
Which Key Resources are we acquiring from partners?
Which Key Activities do partners perform?

MOTIVATIONS FOR PARTNERSHIPS
Optimization and economy
Reduction of risk and uncertainty
Acquisition of particular resources and activities

Key Activities

What Key Activities do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue streams?

CATEGORIES
Production
Problem Solving
Platform/Network

Key Resources

What Key Resources do our Value Propositions require?
Our Distribution Channels? Customer Relationships?
Revenue Streams?

TYPES OF RESOURCES
Physical
Intellectual (brand patents, copyrights, data)
Human
Financial

Value Propositions

What value do we deliver to the customer?
Which one of our customer's problems are we helping to solve?
What bundles of products and services are we offering to each Customer Segment?
Which customer needs are we satisfying?

CHARACTERISTICS
Newness
Performance
Customization
"Getting the Job Done"
Design
Brand/Status
Price
Cost Reduction
Risk Reduction
Accessibility
Convenience/Usability

Customer Relationships

What type of relationship does each of our Customer Segments expect us to establish and maintain with them?
Which ones have we established?
How are they integrated with the rest of our business model?
How costly are they?

EXAMPLES
Personal assistance
Dedicated Personal Assistance
Self-Service
Automated Services
Communities
Co-creation

Channels

Through which Channels do our Customer Segments want to be reached?
How are we reaching them now?
How are our Channels integrated?
Which ones work best?
Which ones are most cost-efficient?
How are we integrating them with customer routines?

CHANNEL PHASES
1. Awareness
How do we raise awareness about our company's products and services?
2. Evaluation
How do we help customers evaluate our organization's Value Proposition?
3. Purchase
How do we allow customers to purchase specific products and services?
4. Delivery
How do we deliver a Value Proposition to customers?
5. After sales
How do we provide post-purchase customer support?

Customer Segments

For whom are we creating value?
Who are our most important customers?

Mass Market
Niche Market
Segmented
Diversified
Multi-sided Platform

Cost Structure

What are the most important costs inherent in our business model?
Which Key Resources are most expensive?
Which Key Activities are most expensive?

IS YOUR BUSINESS MORE
Cost Driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing)
Value Driven (focused on value creation, premium value proposition)

SAMPLE CHARACTERISTICS
Fixed Costs (salaries, rents, utilities)
Variable costs
Economies of scale
Economies of scope

Revenue Streams

For what value are our customers really willing to pay?
For what do they currently pay?
How are they currently paying?
How would they prefer to pay?
How much does each Revenue Stream contribute to overall revenues?

TYPES
Asset sale
Usage fee
Subscription Fees
Lending/Renting/Leasing
Licensing
Brokerage fees
Advertising

FIXED PRICING
List Price
Product feature dependent
Customer segment dependent
Volume dependent

DYNAMIC PRICING
Negotiation (bargaining)
Yield Management
Real-time-Market

DESIGNED BY: Business Model Foundry AG
The makers of Business Model Generation and Strategyzer

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Strategyzer
strategyzer.com

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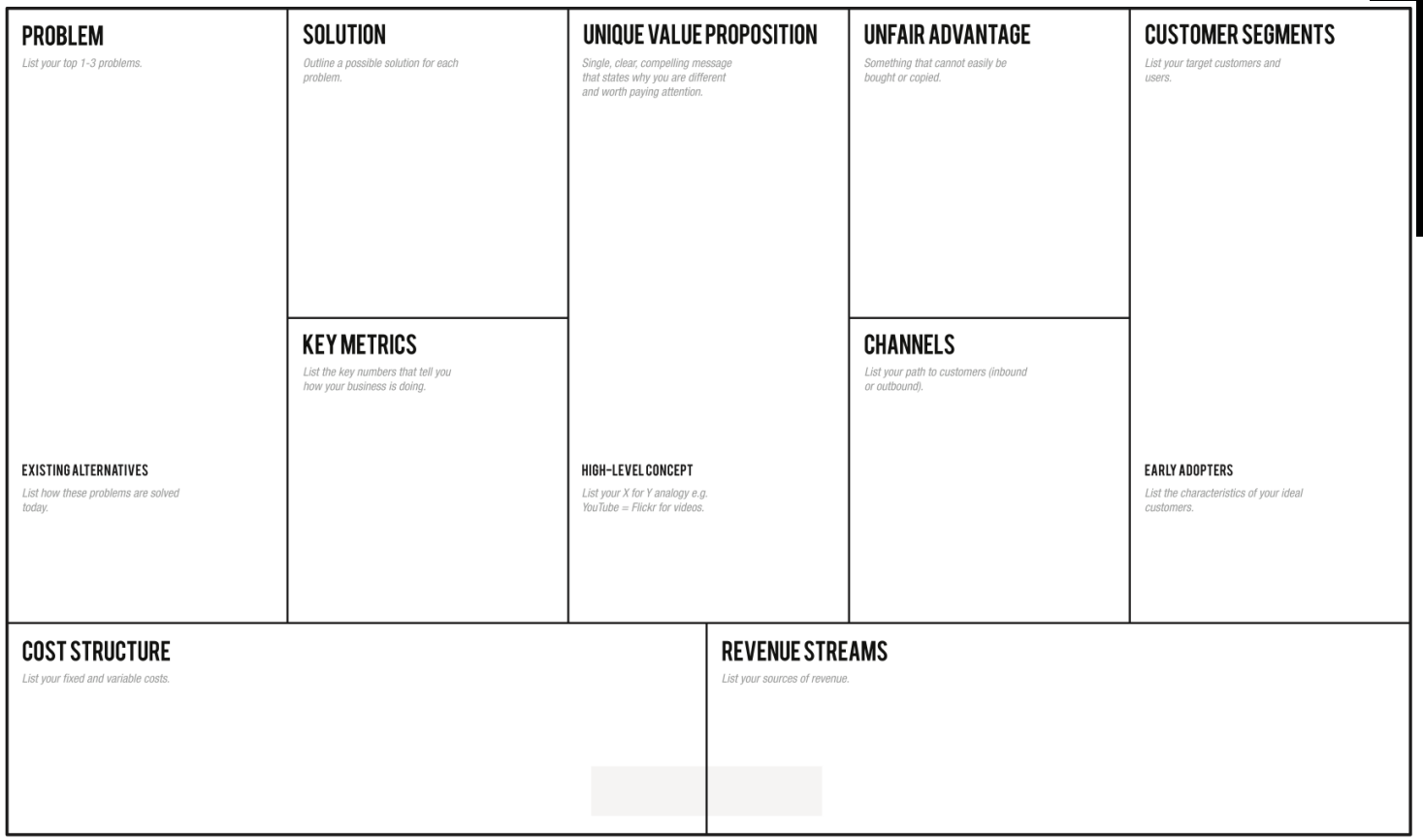
Lean Canvas



Laboratoř servisních systémů

Service Practices, Outcomes and Institutionalization

A service interaction has always an outcome.

An interaction can reach a value co-creation point, and each party gains benefit from the service interaction.

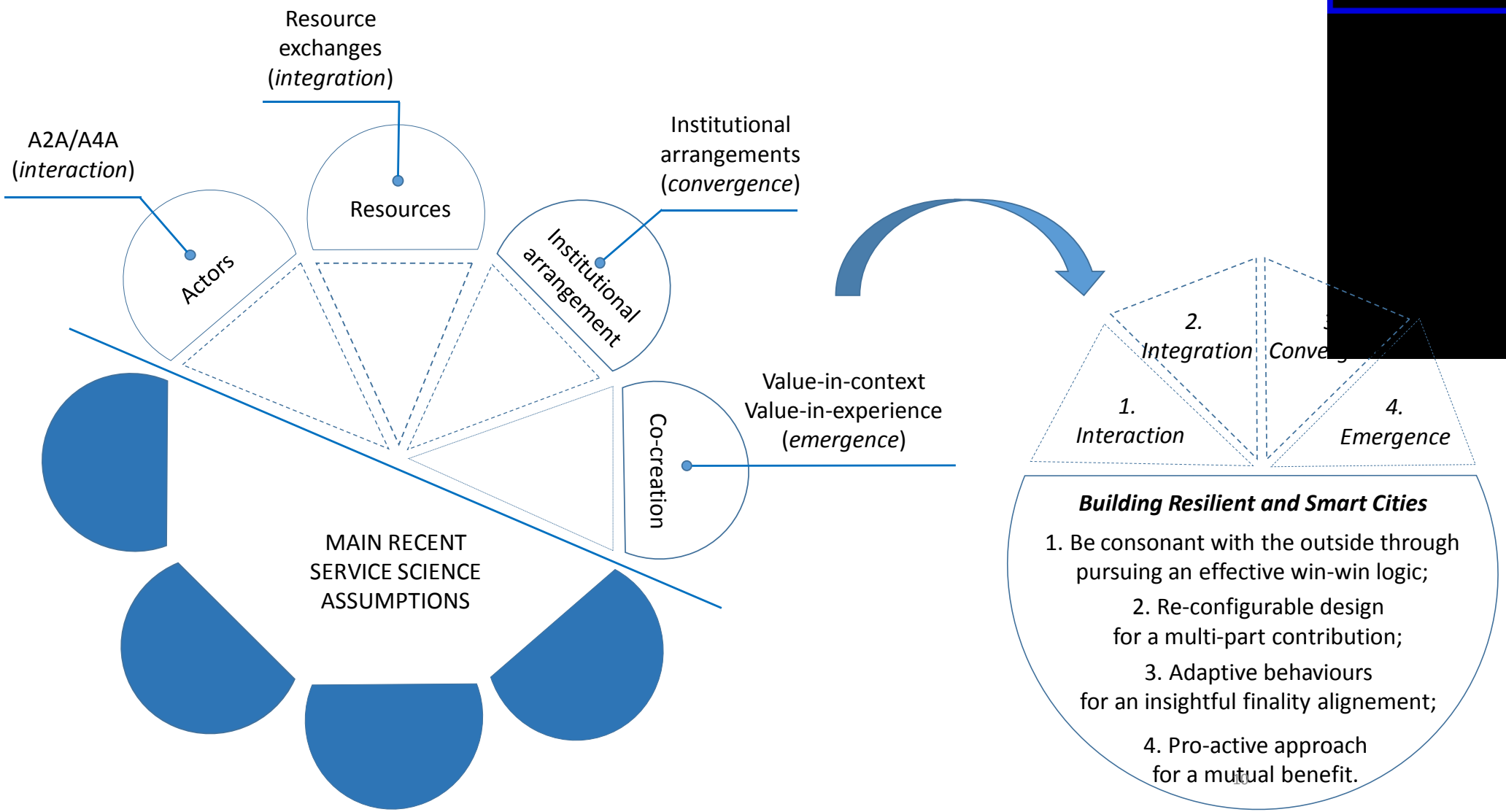
Sometimes, the service interaction acts the context, in terms of environment, society, or nation.

Value co-creation and value co-creation processes.

In the Service Science perspective, value co-creation is a holistic view.

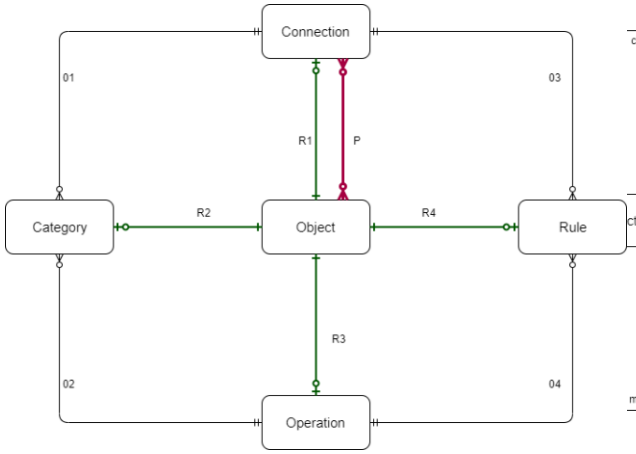
Mainly, it refers to the process of resource integration, where customer resources are integrated with different resources provided from various sources (market, private and public)

and are used for value creation with all involved parties



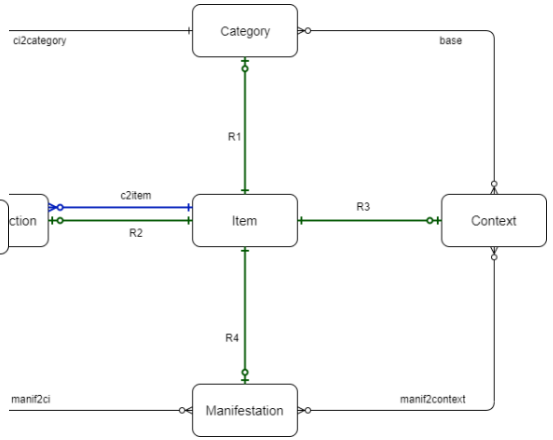
Laboratoř servisních systémů

Model of 4-diamonds



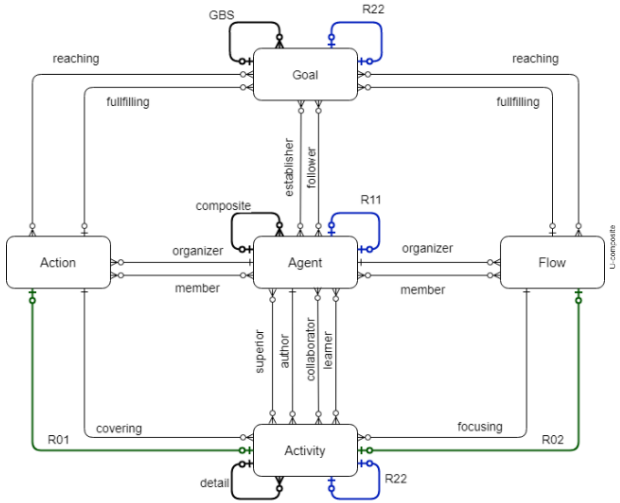
See

Diamond of Attention Focusing



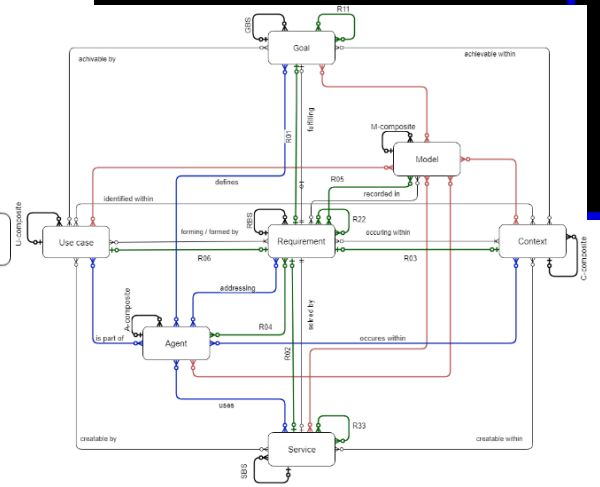
Recognize

Diamond of Cognitive Elements



Organize

Diamond of Agent- Team Organization



Do

Diamond of Predictive Behaviour

1. Stanicek, Z: SSME Manuscript, http://is.muni.cz/el/1433/jaro2013/PV202/um/SSMEstar_manuscript.pdf (2009)
2. WALLETZKY, L., L. CARRUBBO a M. GE, 2019. Exploring complex service design: Understanding the Diamonds of Context. In: Naples Forum on Service. 2019 Salerno.
3. WALLETZKÝ, L., L. CARUBBO a M. GE, 2019. Modelling Service Design and Complexity for Multi-contextual Applications in Smart Cities. In: 23rd International Conference on System Theory, Control and Computing. Bucharest: ICSTCC, s. 101-106.

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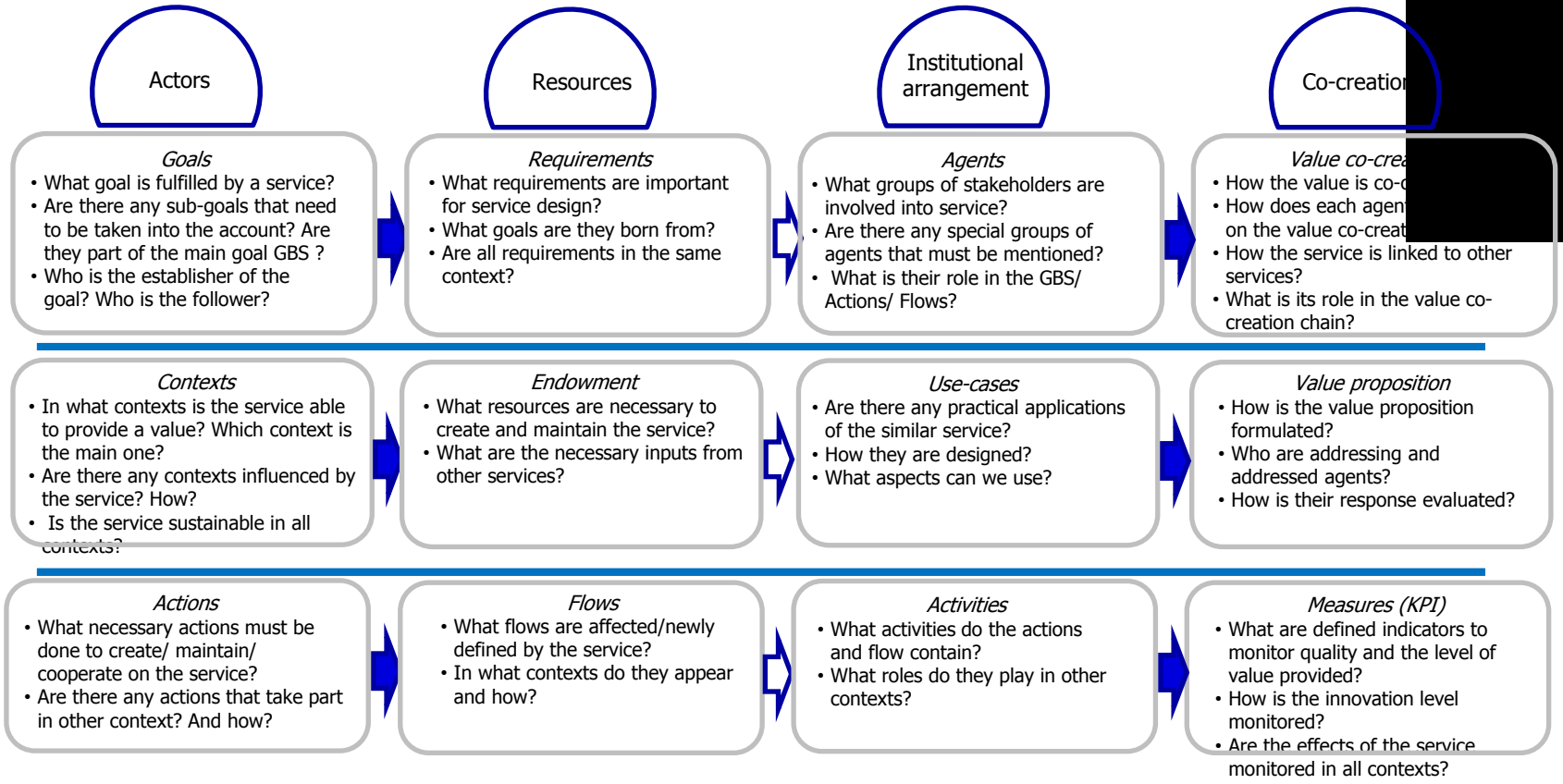
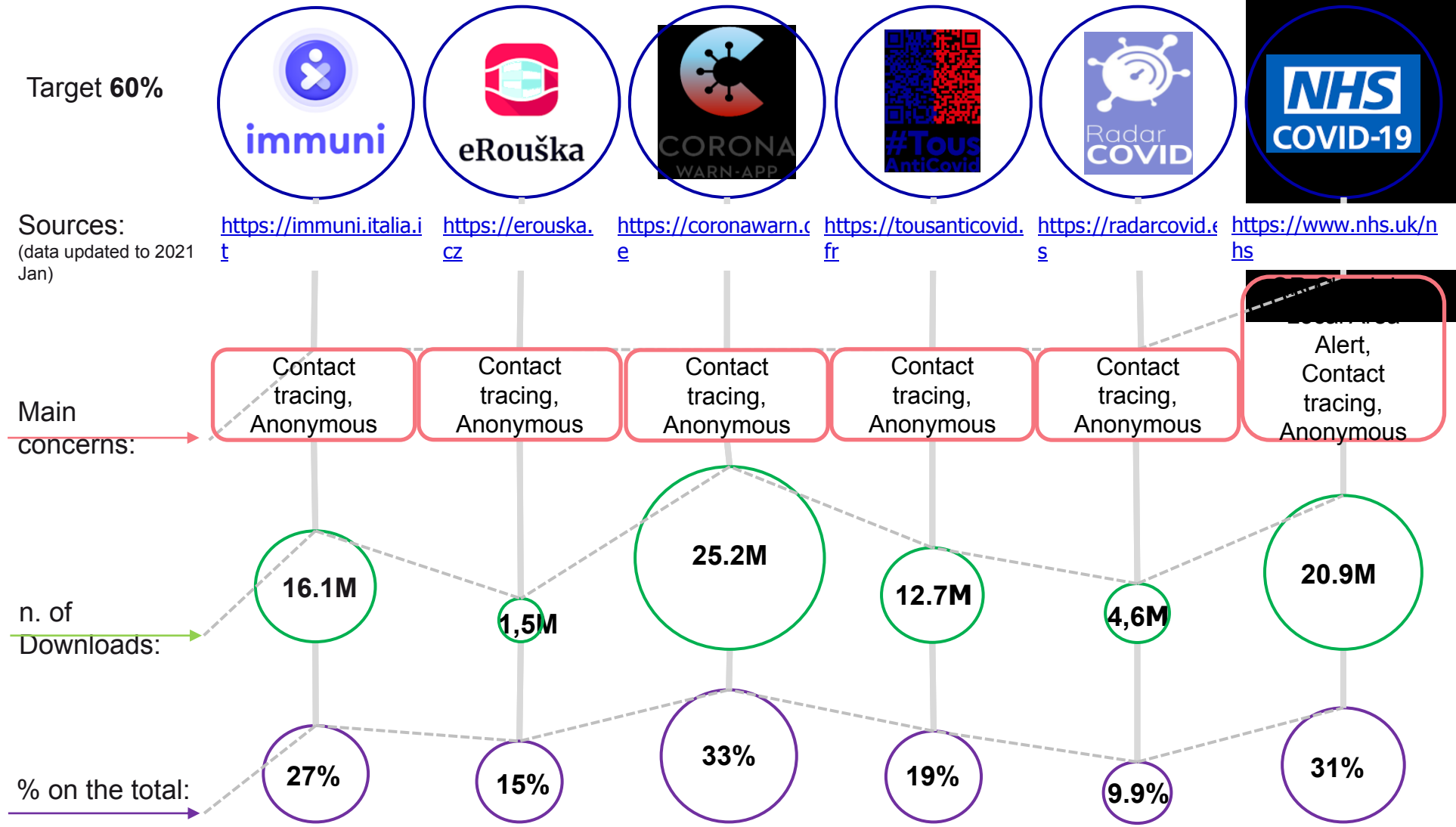
Smart Service Canvas



Laboratoř servisních systémů

Case study



Laboratoř servisních systémů

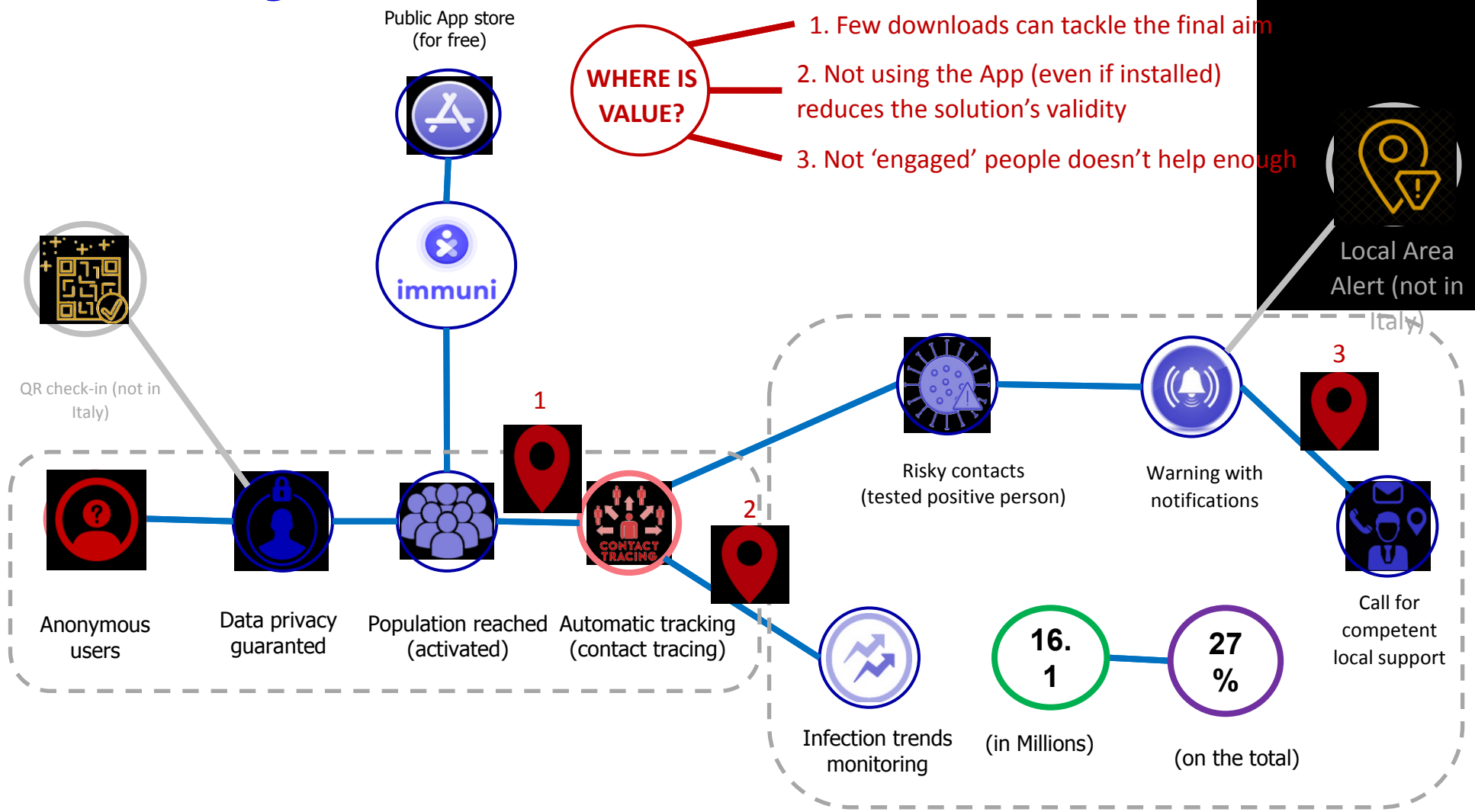
Case study

The application of immuni (ITALY)

First, the value of current application is analyzed

Second, the design of „an ideal application“ is suggested with the examples of the value

Case study



Laboratoř servisních systémů

Goals

1. To monitor a spread of covid-19.
2. To prevent covid-19 infection.
3. To help people to get oriented.
4. To protect non-infected people
5. To enable normal life

CHECKED

Requirements

1. To inform about the contacts
2. To provide information about current situation

PARTIALLY-CHECKED

Agents

1. Inhabitants
2. Medical institutions
3. Sanitary stations

PARTIALLY-CHECKED

Value

MISSED

Contexts

1. Medical – the key is to prevent the congestion of hospitals
2. Social – people need to understand why the must be isolated

PARTIALLY-CHECKED

Endowment

1. Information about test results

PARTIALLY-CHECKED

Use-cases

1. Are All Covid -19 applications

CHECKED

Value

1. To be informed about the possible infection
2. To know what to do

PARTIALLY-CHECKED

Actions

1. Send warning – this actions happens if the user is infected. The users who were in contact with him/her will be warned.

PARTIALLY-CHECKED

Flows

1. To monitor surrounding
2. To receive positive test information

PARTIALLY-CHECKED

Activities

1. Detect all close devices
2. Send information to sanitary station
3. Receive information about positive contacts

PARTIALLY-CHECKED

Measures (MPI)

1. No of installations
2. No. of informed users

PARTIALLY-CHECKED

Laboratoř servisních systémů

Goals

1. To monitor a spread of covid-19.
2. To prevent covid-19 infection.
3. To help people to get oriented.
4. To protect non-infected people
5. To enable normal life

CHECKED

Requirements

1. To inform about the contacts
2. To provide information about current situation
3. To link to register of tests and vaccination

PARTIALLY-CHECKED

Agents

1. Inhabitants
2. Medical institutions
3. Sanitary stations
4. Business entities – will use the app to confirm the person health status

PARTIALLY-CHECKED

Value

1. The interaction based on information sharing (the confirmation about healthy status)
2. The control on the vaccination and testing

MISSED

CHECKED

Contexts

1. Medical – the key is to prevent the congestion of hospitals
2. Social – people need to understand why the must be isolated
3. Economic – to enable economy to run

PARTIALLY-CHECKED

Endowment

1. Information about test results
2. Information about the vaccinations
3. Control of private data

PARTIALLY-CHECKED

Use-cases

1. Are All Covid -19 applications

CHECKED

Value

1. To be informed about the possible infection
2. To know what to do
3. To get proper date and place for tests and vaccination

PARTIALLY-CHECKED

Actions

1. Send warning – this actions happens if the user is infected. The users who were in contact with him/her will be warned.
2. Get the status – get the current health status from register
3. Connect to register – connect to the register of test and vaccination

PARTIALLY-CHECKED

Flows

1. To monitor surrounding
2. To receive positive test information
3. To monitor the validity of test and vaccination

PARTIALLY-CHECKED

Activities

1. Detect all close devices
2. Send information to sanitary station
3. Receive information about positive contacts
4. Get the information about new test or vaccination

PARTIALLY-CHECKED

Measures (MPI)

1. No of installations
2. No. of informed users
3. No. of tests linked with app
4. No of vaccinations linked with app
5. No. of questions

PARTIALLY-CHECKED

Laboratoř servisních systémů

Conclusion

Information asymmetry and its role in service system

Value estimation

Smart City services are complex services that integrate various activities developed with the participation of various stakeholders evolving in various contexts.

Their contexts must be analyzed, understood, integrated, and managed collectively.

It is important to explore further how to integrate various aspects of value, such as value-in-use, value-in-context, and value-in-experience in the design of the services within their environment.

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