

Making the shift to service-based business models

Florian Urmetzer

Veronica Martinez

Andy Neely

Agenda

- Companies making the shift to services
- Background Service Alliance
- Developing a new service
- Value and Ecosystems
 - How to map an ecosystem
 - Value transfer between partners in an ecosystem
- Summary

Complex services are now commonplace



Apply for
a tax disc
NOW!



- From buying groceries and road tax to supporting equipment on the battlefield, customers are demanding complex, integrated services unimaginable only fifteen years ago.
- Maintaining a competitive advantage requires new research and learning from across industries.

Service business model innovation



John Deere iGuide system

Uses GPS technology to automatically shift the steering pattern of the tractor to compensate for implement drift



Customers design and complete market research

Exploiting the internet to enable crowd sourcing



Service business model innovation



Vestas wind optimisation

**Invest bank of wind maps to
Advice and deliver unique
solutions**



**GE data solutions in the
future - Google**

Exploiting the big data



Proximity to Customer



Process Outsourcing

Solutions

Maintenance



After Sales

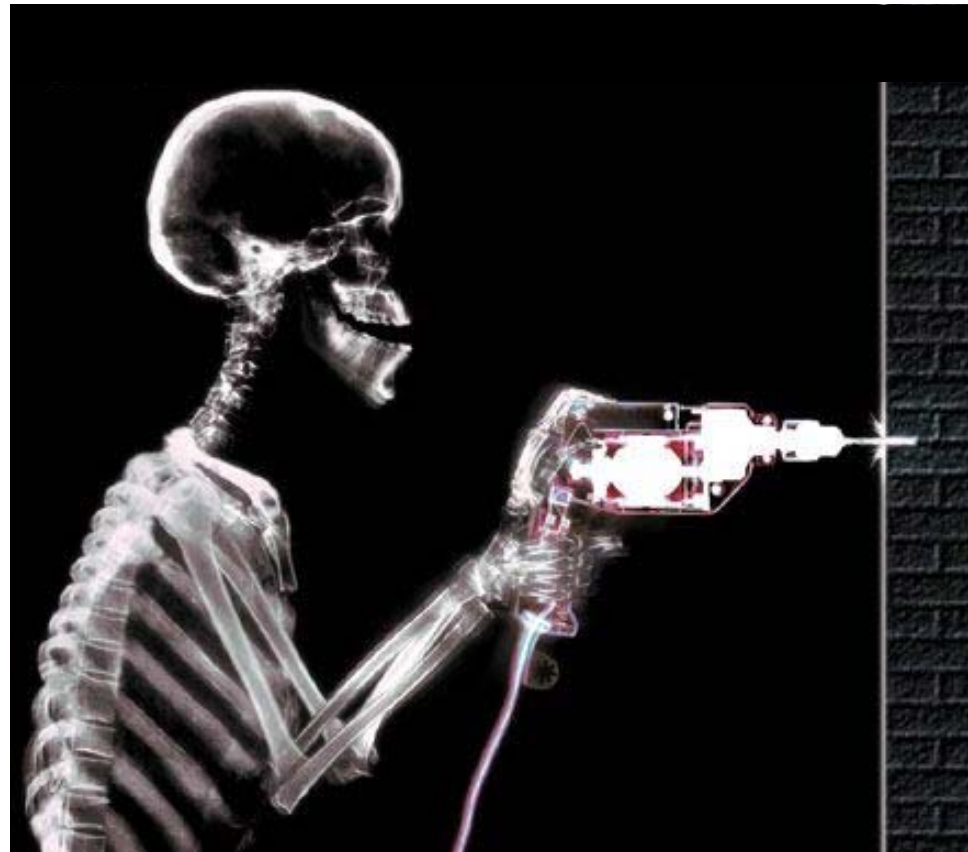
Manufacturing



Time

Theodore Levitt

Customers don't **even** want ¼ inch holes...



...service providers have to **understand the underlying customer need and provide a solution**

The Cambridge Service Alliance

The Cambridge Service Alliance is a unique global partnership between businesses and universities. It brings together the world's leading firms and academics all of whom are devoted to delivering today the tools, education and insights needed for Complex Service Solutions tomorrow.

Cambridge Service Alliance

Introduction

Alliance Partners:

BAE SYSTEMS

CATERPILLAR®

IBM

Cambridge Service Alliance Team:



Andy
Neely



Michael
Barrett



Duncan
McFarlane



Chander
Velu



Ornella
Benedettini



Jacqueline
Brown



Jingchen
Hou



Katarina
Grieve



Xia
Han



Jianyu
Ji (Ari)



Chara
Makri



Ajith
Parlikad



Taija
Turunen



Veronica
Martinez



Torsten
Steinbach



Florian
Urmetzer



Anna
Viljakainen



Ivanka
Visnjic



Angela
Walters



Claire
Weiller



Mohamed
Zaki

CSA Research Focus

Collaboration with research partners in following areas

Ecosystems value mapping and analysis

How the service ecosystems will best enable firms to create and capture value through services?

Performance information and analytics

How will innovation in performance information and analytics enable service business models?

Making and sustaining the shift to services

How organizations make a successful transition to services and what is the service strategy model?

Why to shift to services?

Why shift to services?



Rationale for services	Maintain a leadership position, broaden relationship cust. + growth	Support of main products and increase revenues	Decrease of demand of the core business (Printed books)
Meaning of services	Services will contribute to the total value proposition, but not major revenue generator for the Co.	Means to an end	Services as future main revenue generator

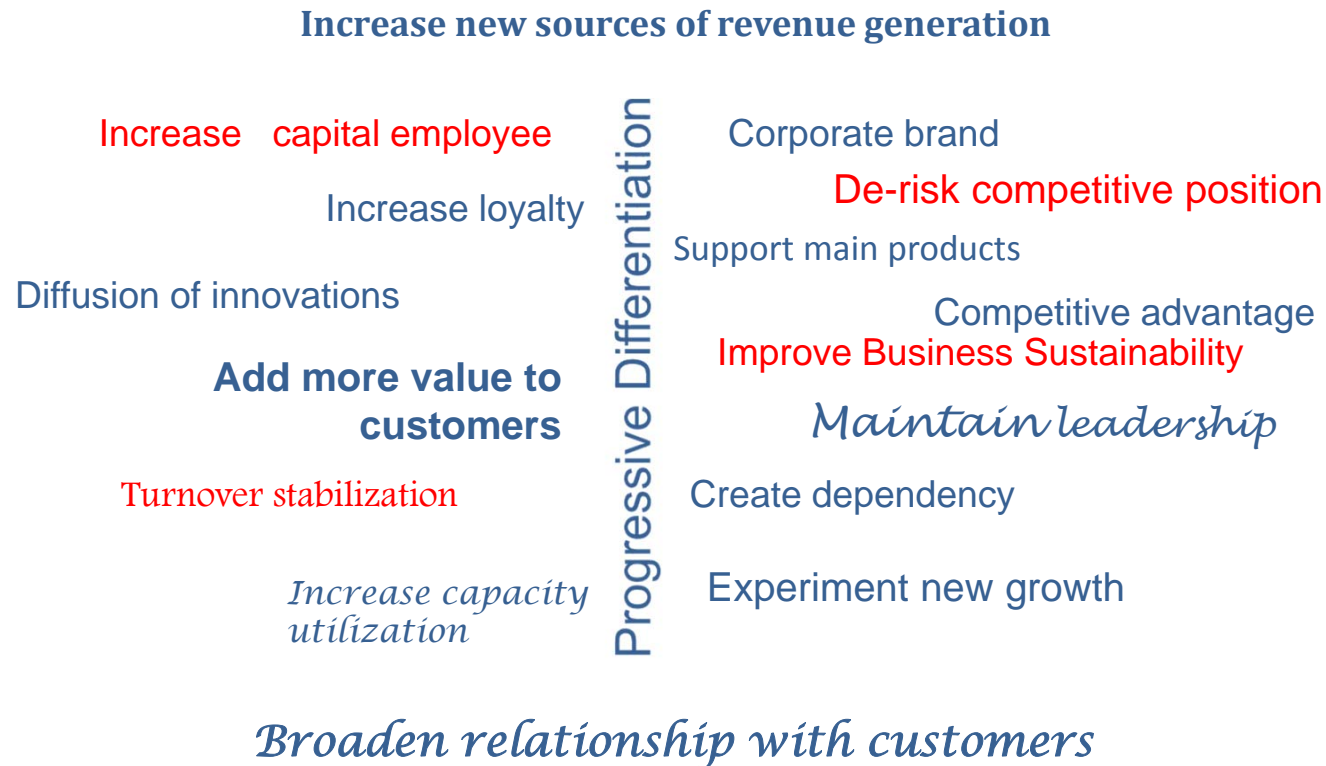
UNIVERSITY OF CAMBRIDGE
Cambridge Service Alliance



STARTING WITH EFFICACY

A New Era of Learning...

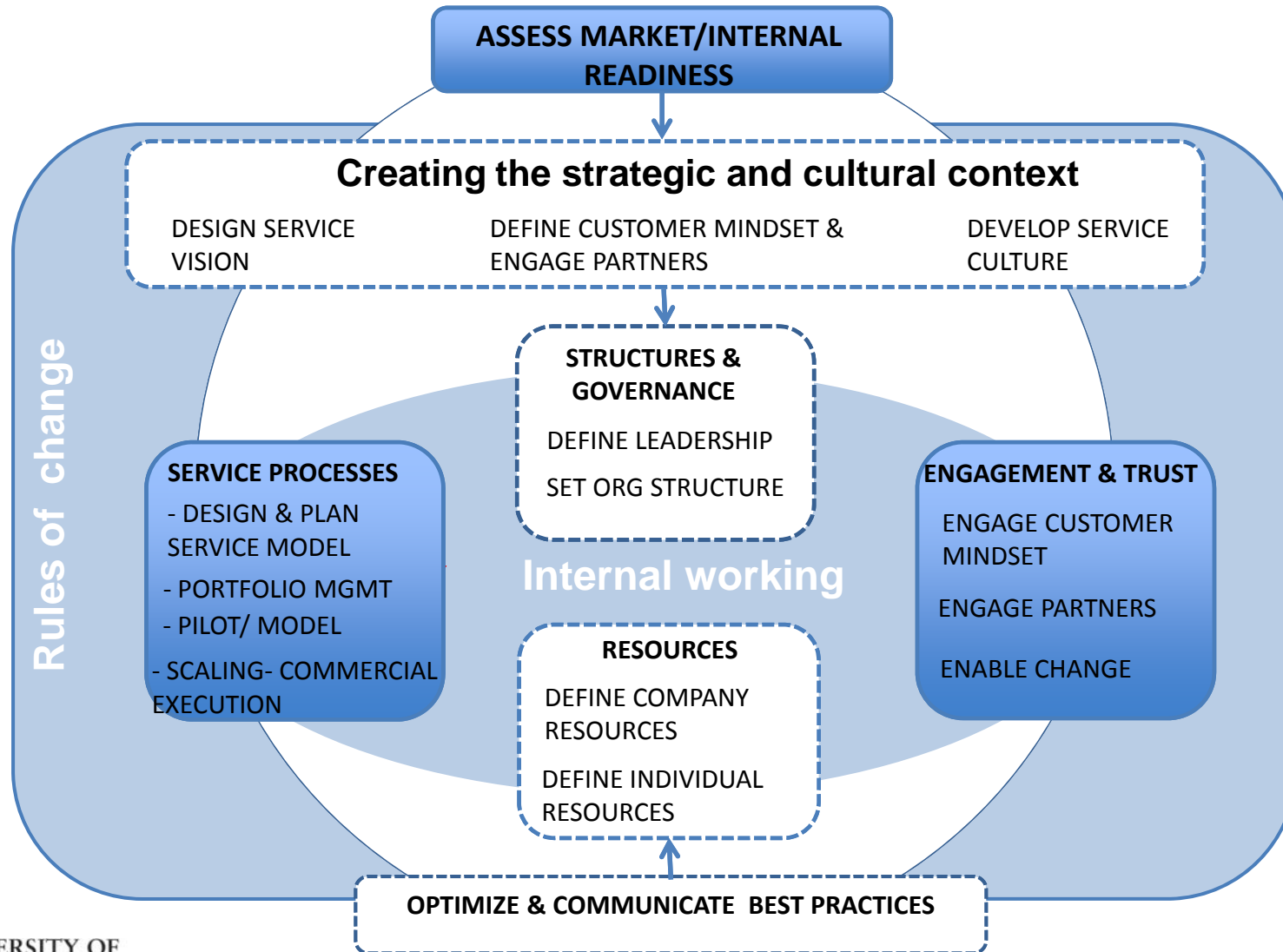
The logic for shifting to service



Manage the shift to services – Strategy Model



The service strategy model



Manage the shift to services

- Considering your ecosystem



Thoughts on Ecosystems

Why Ecosystems?

- Modern service delivery is often intertwined with other companies. Often these connections are not only supplier relationships.

Why Value from Ecosystems?

- The delivery of value from an ecosystem should go beyond the capability of the counted single entity in the ecosystem

Capability expectation for participant?

- There has to be a conversation about collaboration, capability and trust within the partners
- The participants have to be able to take Risk within the ecosystem as well as participate in creating trust and exchange of information.

Definition of Maturity & Timeline?

- To have a discussion on Ecosystems a group of people needs to first define the maturity / timeline of the discussion (New Ecosystem vs Enhance / Current, one year, five year planning horizon)

Which stakeholders do you include, which to exclude?

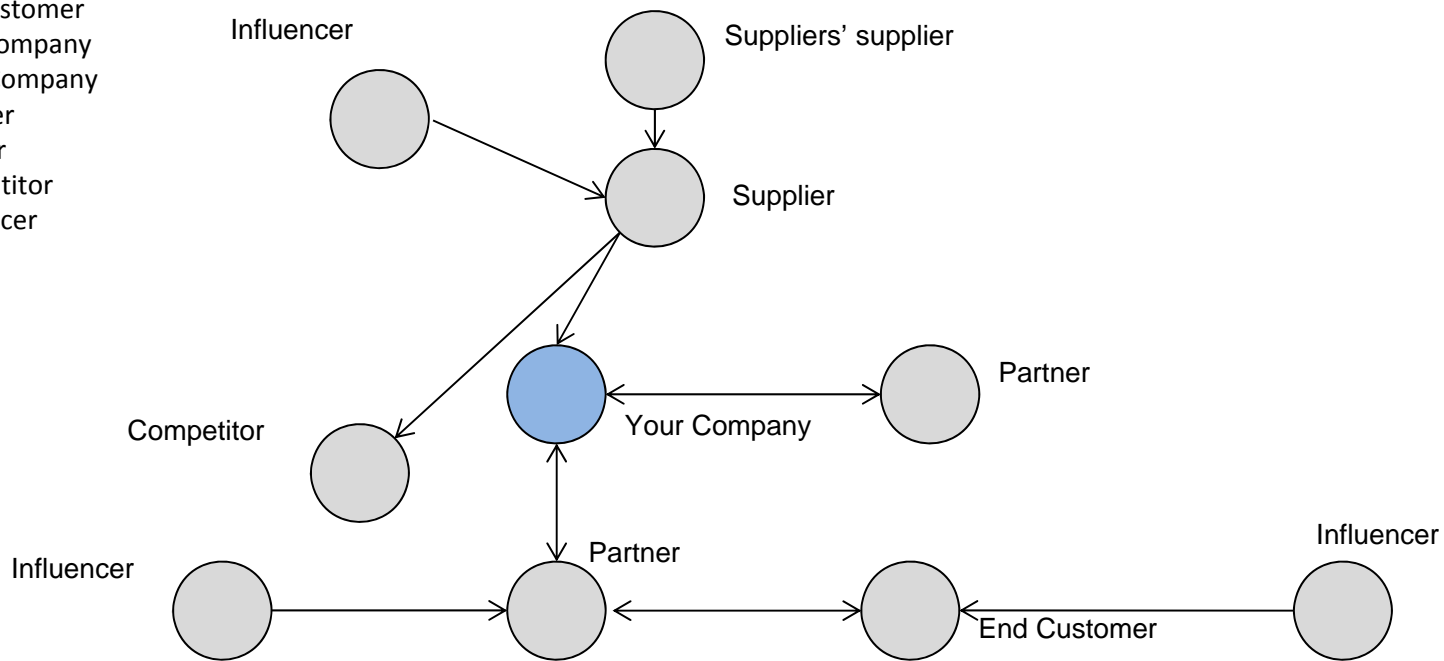
- Stakeholders to include are available for exchange of value (not just supply)
- Stakeholders to exclude are those who supply to the partners
- “Leaches” need to be identified and potentially excluded

Mapping your ecosystem

Considering all important participants

Map your Ecosystem

1. Define the end customer
2. Define all participants
 - End Customer
 - Your Company
 - Focal Company
 - Supplier
 - Partner
 - Competitor
 - Influencer

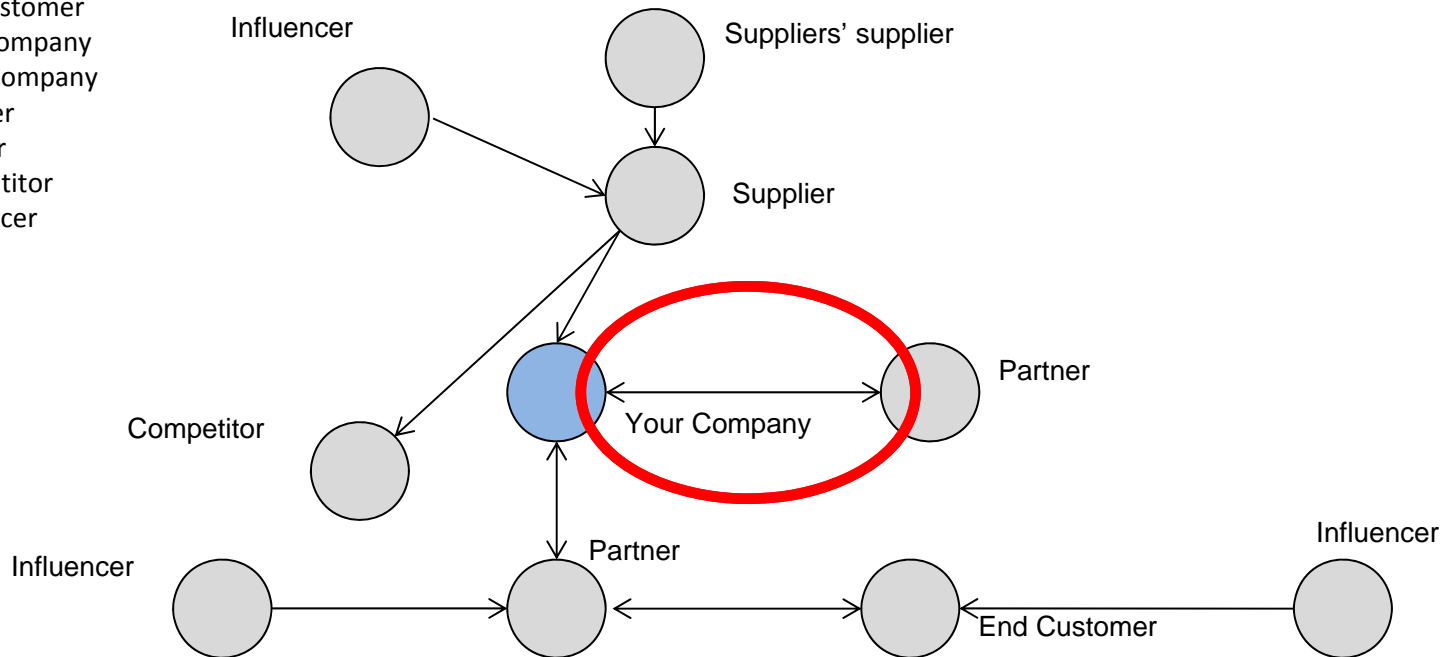


Mapping your ecosystem

Focus on value exchanged between partners

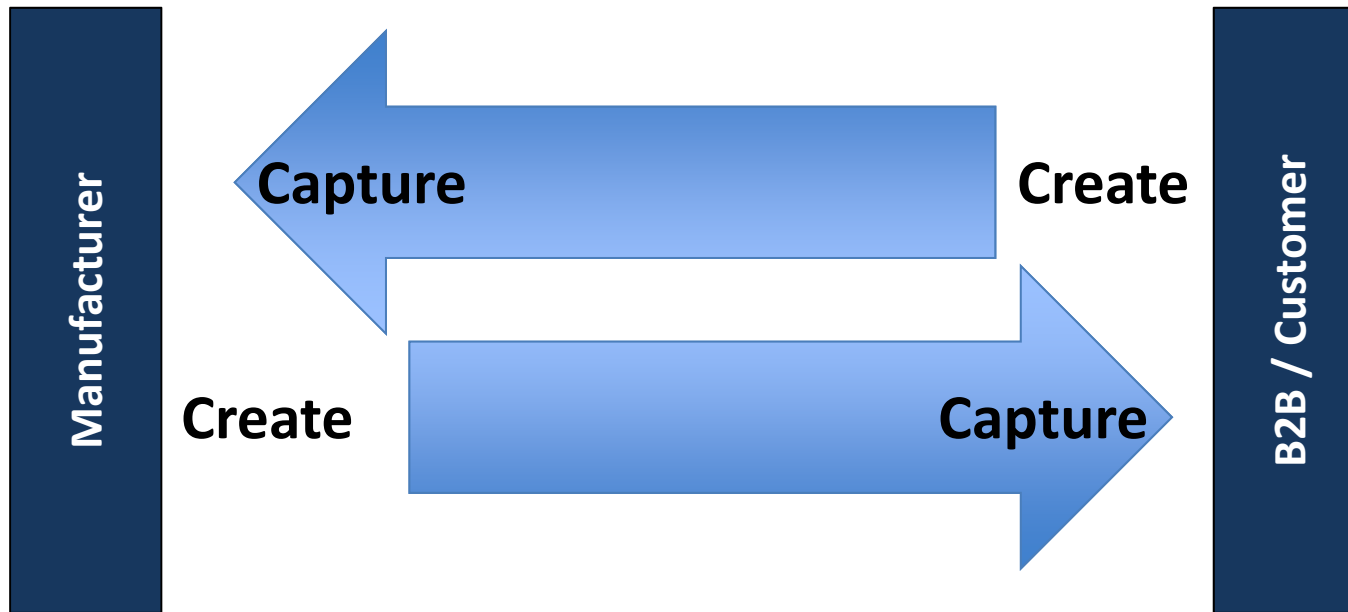
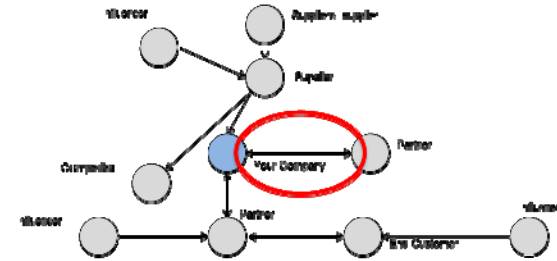
Map your Ecosystem

1. Define the end customer
2. Define all participants
 - End Customer
 - Your Company
 - Focal Company
 - Supplier
 - Partner
 - Competitor
 - Influencer

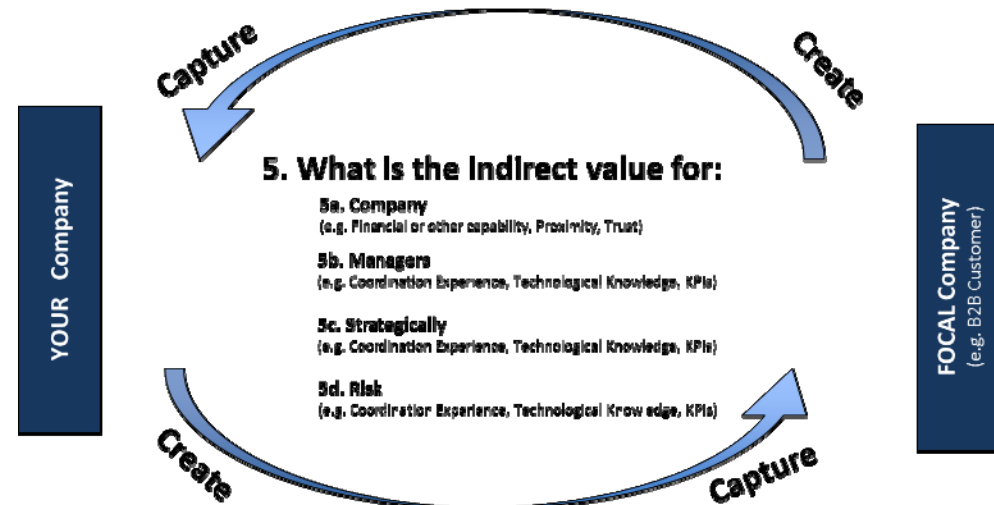


Direct Value Creation and Capture

Considering the ecosystem partners



Using the Value Canvas



After using the framework in a workshop:

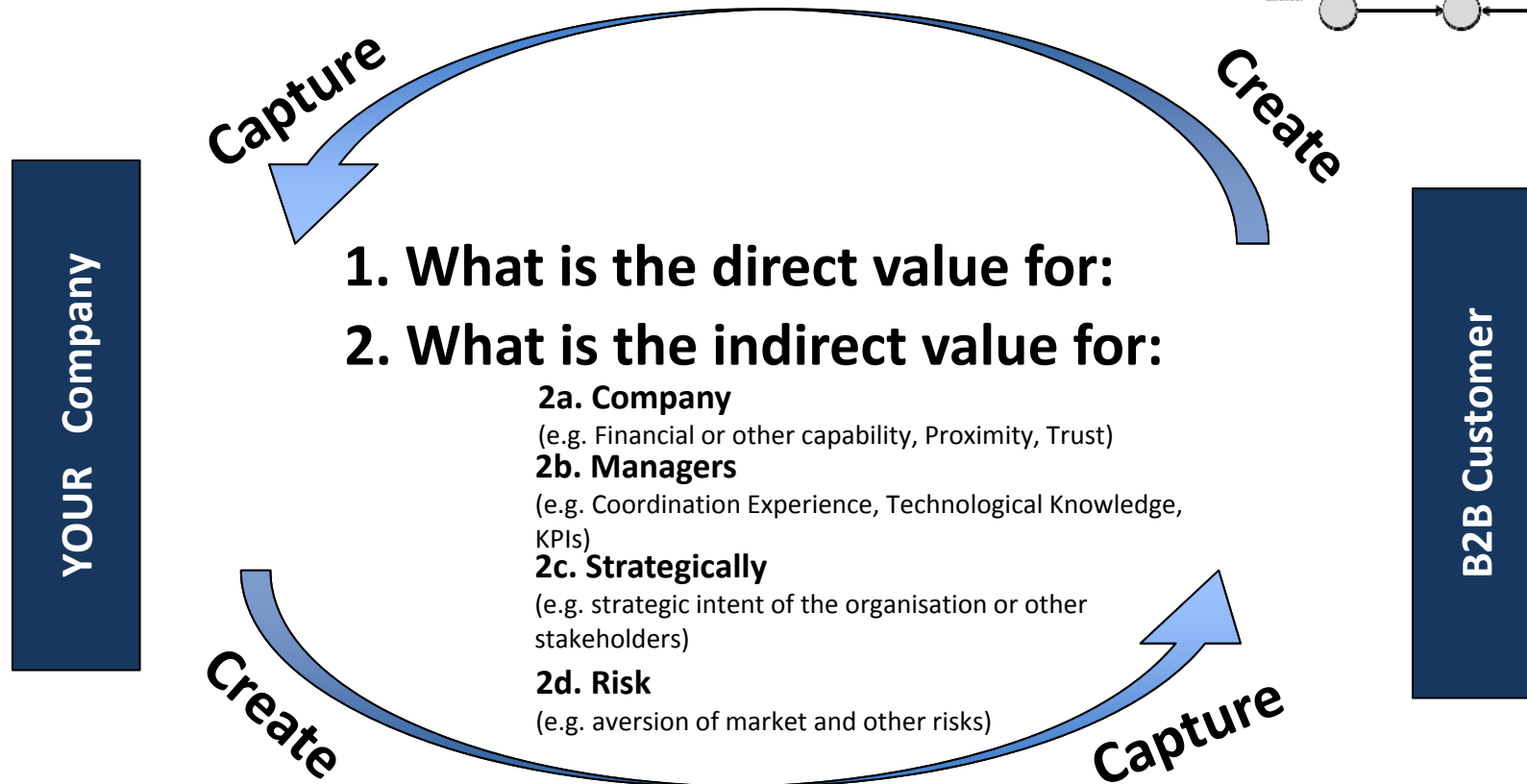
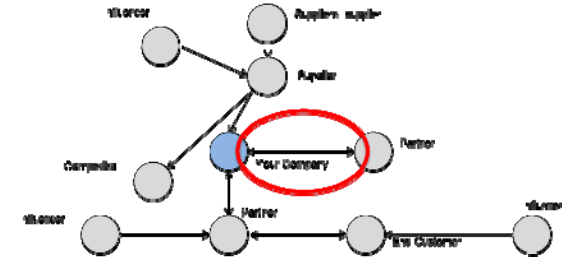
“If we had known then what we know now, we would have made our value offer not to the start of the production chain (vets and farmers) but to the completely other end of the chain (retailers)” **Director Operations, of a multinational Pharmaceutical company**

“we would not have had the impact in discussions after using the model”

“using the model has given us an advantage in being a collaborator as we were aware of the complete value exchange”

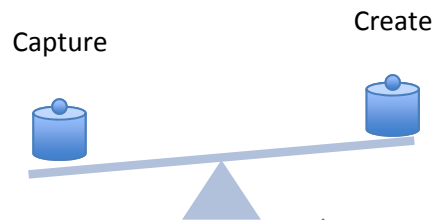
“before using the model we have been going around in circles on value”

Describe the indirect value exchanged

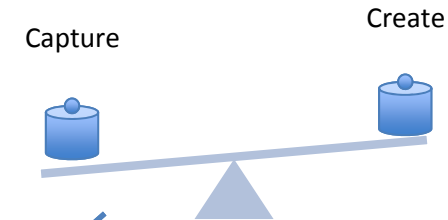


Decision making for partnering

6a Decision making on partnering based on **Direct Value**



6b Decision making on partnering based on **Indirect Value**



6c. Final decision making on partnering based on **Total Value**



Outcome of the workshop

- Full ecosystem map, including influencers of the ecosystem
- Definition of a end-customer value (or multiple)
- Deeper understanding of the complexity of the ecosystems and its different value flows
- Short term value proposition for the ecosystem
- Short term and Long-term value creation and capture between two focus parties

Summary

- Companies making the shift to services
- Service Alliance and how we work
- Service strategy model
- Value and Ecosystems
 - How to map an ecosystem
 - Value transfer between partners in an ecosystem
- Summary

CSA communication

Stay in touch with us



www.cambridgeservicealliance.org (public)

(including white papers, podcasts and executive briefings)



Monthly Newsletter (public)

Cambridge Service Alliance
Welcome to the Cambridge Service Alliance website and newsletter. It brings you news and updates on the latest service solutions of tomorrow. In the spirit of the University of Cambridge's motto: "In the twenty-first century our competitive advantage. By bringing minds, the Cambridge Service Alliance model innovation in your firm".
Professor Andy Sawley, Director, Centre for Service Innovation
Copyright © Cambridge Service Alliance



Annual Report (public)

Cambridge Service Alliance: Community of Interest

Community of Interest

What is the CSA Community of Interest?

The Cambridge Service Alliance is a unique global partnership involving the University of Cambridge and BA. The Alliance seeks to create, develop and deliver solutions that address the challenges of service education, research, practice and policy.



Cambridge Service Week is a series of events hosted by the Cambridge Service Alliance to bring together leading academics, industrialists and policy-makers to address the evolving challenges facing service education, research, practice and policy.

Monthly Webinars

Why was the CoI created?

The Cambridge Service Alliance is a unique global partnership involving the University of Cambridge and BA. The Alliance seeks to create, develop and deliver solutions that address the challenges of service education, research, practice and policy.



Cambridge Service Week

Cambridge Service Week is a series of events hosted by the Cambridge Service Alliance to bring together leading academics, industrialists and policy-makers to address the evolving challenges facing service education, research, practice and policy. Find out more about previous events as well as the 2013 Cambridge Service Week plans below.



Who can get involved?

The Community of Interest is open to all those who are interested in service education, research, practice and policy. The Community of Interest is open to all those who are interested in service education, research, practice and policy.



Cambridge Service Week 2013

The fourth Cambridge Service Week was held from 29 September to 3 October 2013. It included an industry conference on 'Successfully Making the Shift to Solutions', as well as a series of workshops, a partner event day and an academic conference on 'New Directions for Service Research'. Find out more here.



Cambridge Service Week 2012

The third Cambridge Service Week was held from 17-20 September 2012. There was a combination of events for academics, practitioners as well as member organisations of the Alliance. The 2012 Cambridge Service Week also hosted the European Service Operations Management Forum. More information on the 2012 can be found here.



Cambridge Service Week 2011

The second Cambridge Service Week was held in Cambridge, on 23 September 2011. It was designed to be a combination of partner, open and academic events designed to push the boundaries of service knowledge.



Cambridge Service Week 2010

The first Cambridge Service Week was held in Cambridge, on 23 September 2010. It was designed to be a combination of partner, open and academic events designed to push the boundaries of service knowledge.

Service Week 2016: (Public)

Public Industry day:

11 October 2016

Making the shift to services
Two-day executive workshop
(Public)

Dr. Florian Urmetzer

Senior Research Associate | Cambridge Service Alliance | Institute for Manufacturing |
Department of Engineering | 17 Charles Babbage Road | Cambridge | CB3 0FS | UK |

www.cambridgeservicealliance.org

ftu20@cam.ac.uk

Service Week 2016: Industry Day Conference

Growing Your Service Business in an Age of Digital Disruption

11th Oct. 2016

cambridgeservicealliance.eng.cam.ac.uk/ServiceWeek/ServiceWeek2016/serviceweek2016Industry

Making the shift to services

Two-day executive workshop; 23 - 24 November 2016

<http://www.ifm.eng.cam.ac.uk/events/shift-to-servicesnov16/>

