



The Innovation Shift: From Products to Services and Customer Outcomes

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@ProfAliBigdeli  #servitization



Our Impact

Our research has included over 450 businesses of all sizes across different industries who have both informed and benefited from our services.

Our mission is to accelerate Servitization and the adoption of advanced services within businesses.

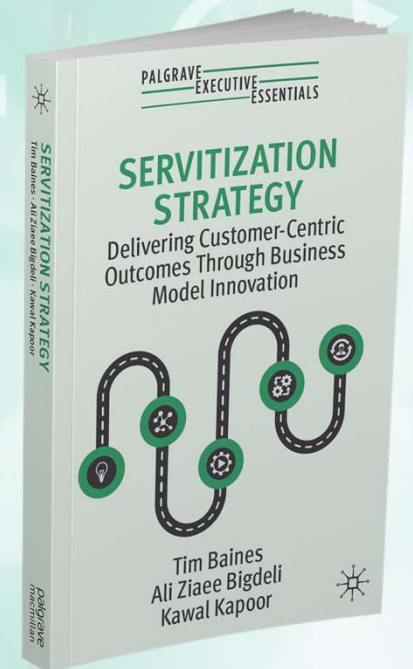



+ others protected by NDAs

PART 1: What is Servitization and what are Advanced Services

PART 2: Why Servitization and advanced services are important

PART 3: How to bring about Servitization through innovation of Advanced Services



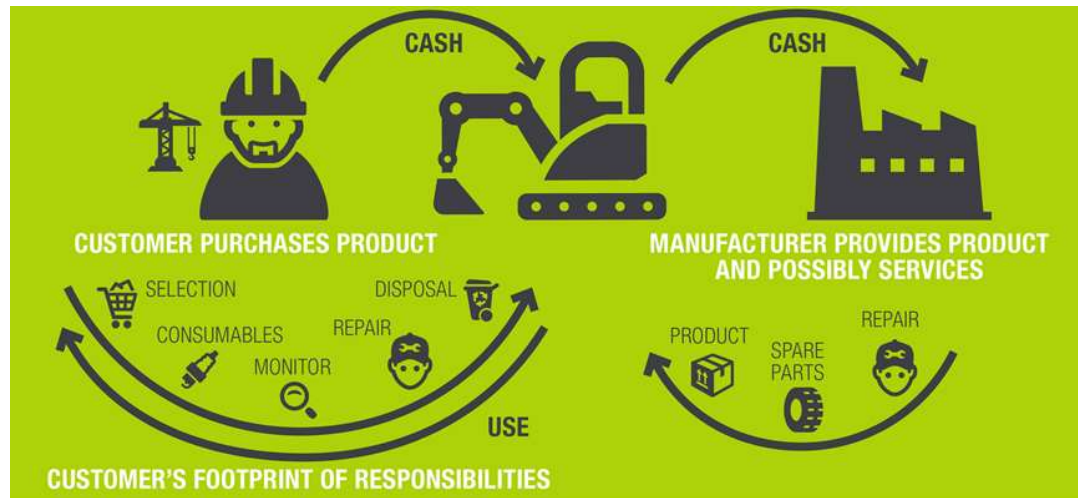


PART 1

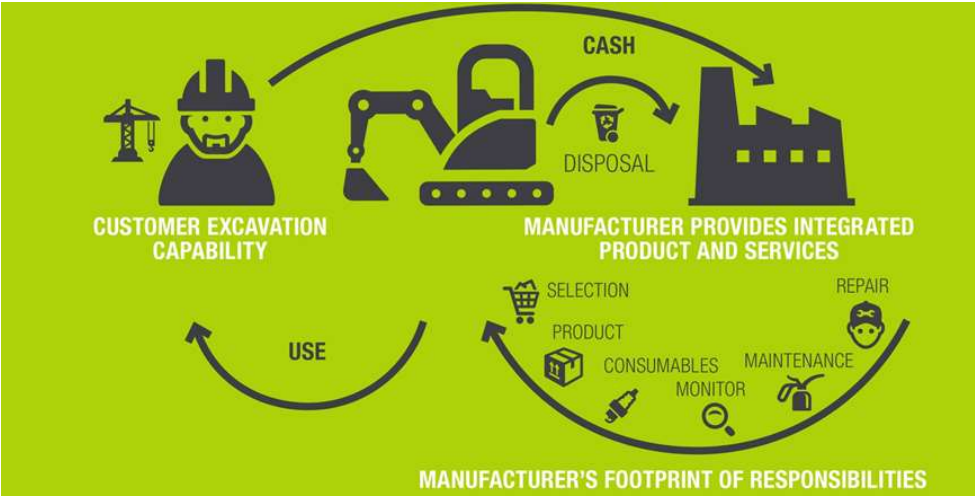
What is Servitization and What are Advanced Services



TYPICAL PRODUCTION & CONSUMPTION MODEL



PRODUCT SERVICE SYSTEM / SERVITIZATION





*We make money
when our customer
buys products*



*We make money
when our customer
repairs products*



*We make money
when we repair
products for
our customer*



*We make money
when our customer
uses products*



*We make money
when our customer
gets the outcomes
they need to
succeed*

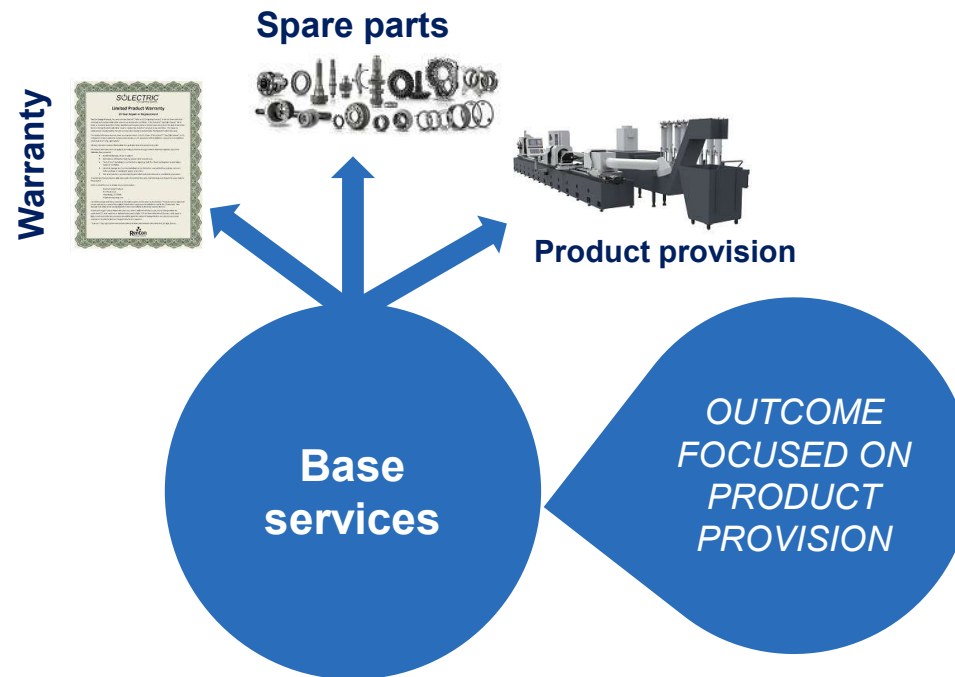


TYPES OF SERVICES

*Services
Supporting
Customers*



*Services
Supporting
Products*

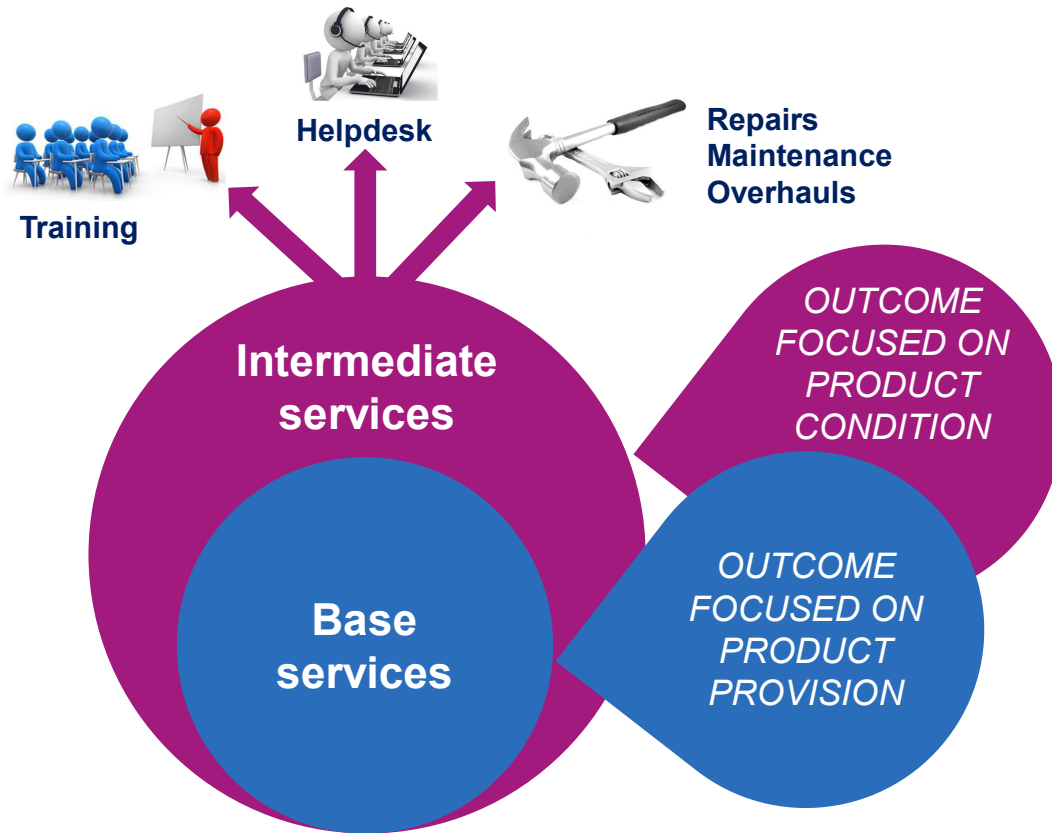


TYPES OF SERVICES

Services Supporting Customers



Services Supporting Products

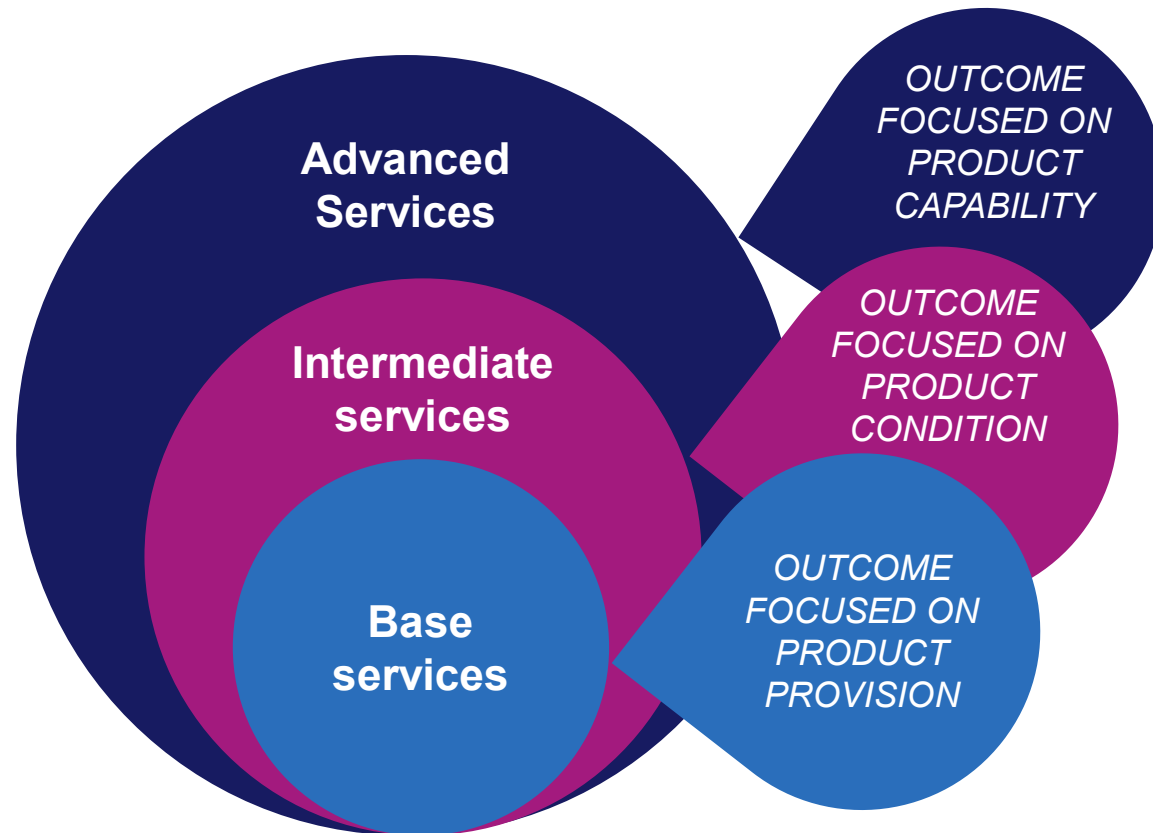


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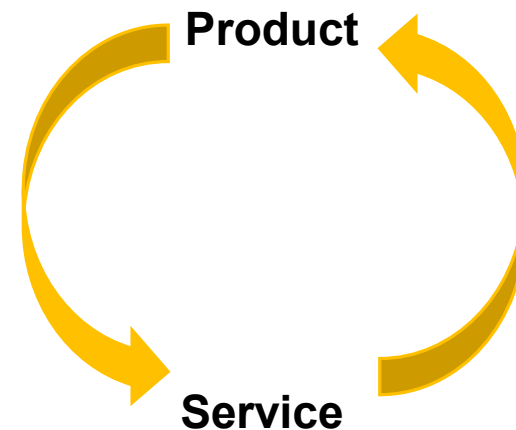


WHAT ARE ADVANCED SERVICES?

Service-led competitive strategy based on the use of service, product and integrated business models

Emphasis is on the value of the **product in use** rather than the sale of product itself or the product and a menu of services

Services are designed to **leverage products**, and products are designed to **improve the effectiveness of services**

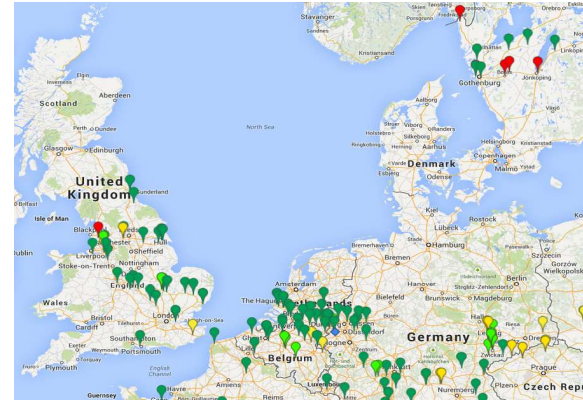


PAY FOR ACTIONABLE ADVICE: GOODYEAR



Offering a broad range of services including:

- Tyre pressure
- Temperature Monitoring
- Tread depth monitoring



Problem: Most breakdowns are related to improper management of tire inflation and can be prevented

Solution:

- Monitor tire pressure in real-time
- Predictive analytics can prevent 90% of roadside failures
- Goodyear fleet support network provides further differentiation



PAY FOR UPTIME: ROLLS ROYCE



Engine Health
Monitoring



Predictive
Maintenance



PAY FOR BUSINESS OUTCOME: ALSTON/VIRGIN

ALSTOM

Outcomes:

Alstom

€1.8bn

Contract

Virgin

140% increase

in passenger numbers



LEADING EXAMPLES



Power-by-the-Hour



Truck-as-a-Service



Lighting-as-a-Service



Preventative Maintenance



Train Life Services



Print Management

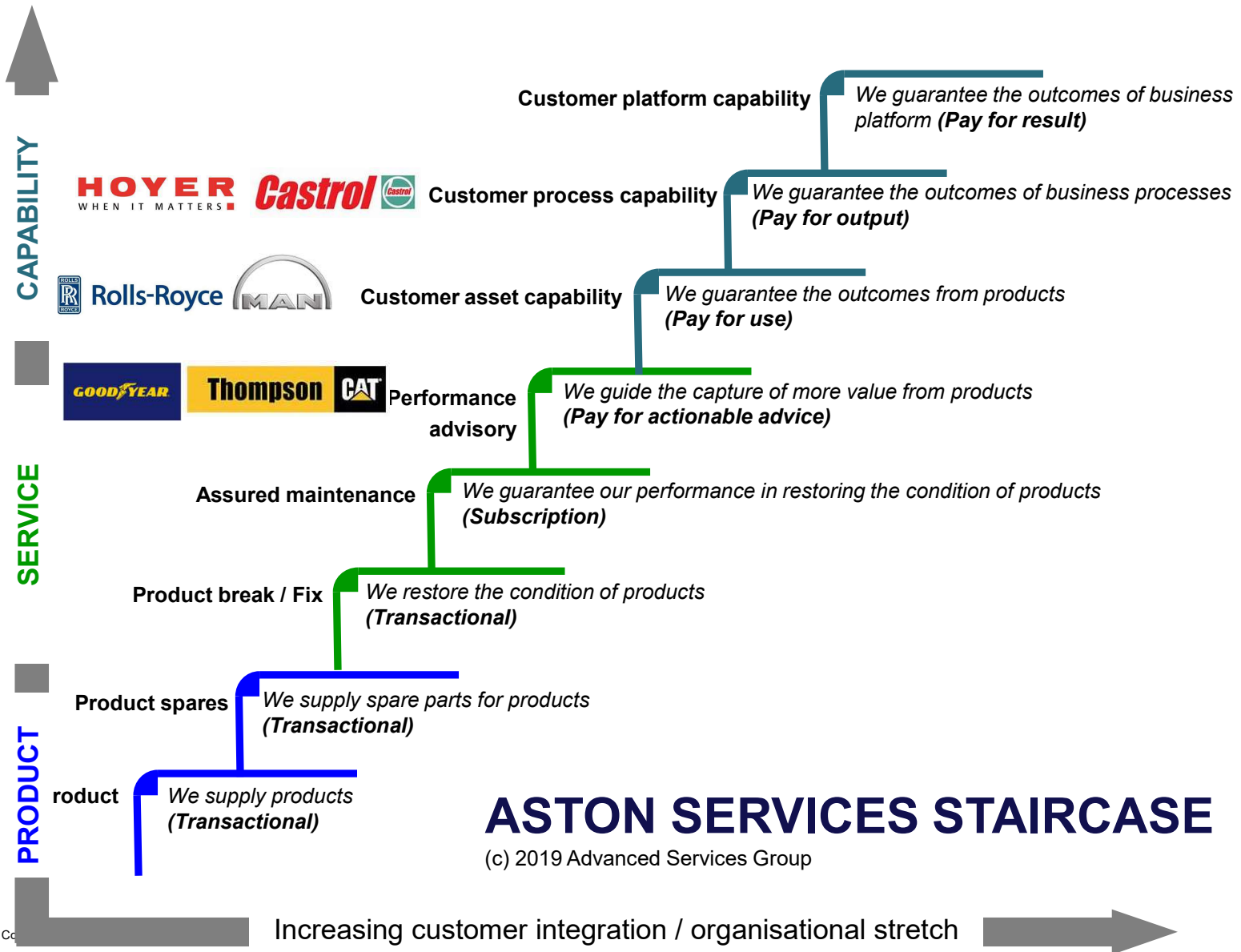


Assisted-Living-as-a-Service



Heat-as-a-Service





ASTON SERVICES STAIRCASE

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PART 2

Why Servitization and Advanced Services are important



WHY ADVANCED SERVICES?

Customer Benefits

- Improved operations (uptime)
- Lower total cost of ownership
- Reduced administrative and monitoring tasks
- Pay more directly for use/benefit
- Peace of mind

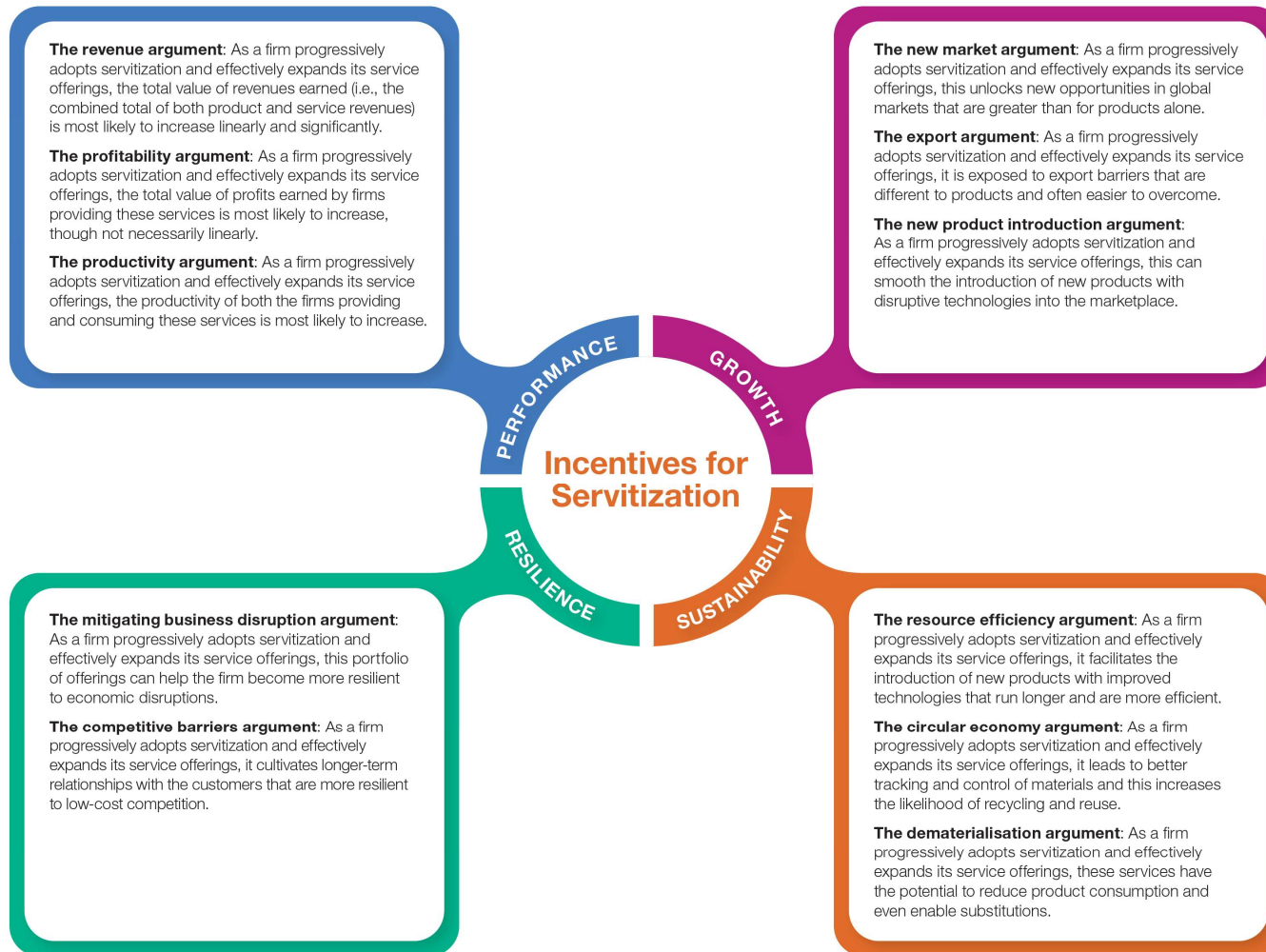



WHY ADVANCED SERVICES?

Supplier/Manufacturer Benefits

- Differentiation beyond product
- Value-based pricing
- Participation in a larger portion of the customer's value stream
- Customer retention for related products







PART 3

How to bring about Servitization through innovation of Advanced Services



SERVITIZATION: TWO CHANGES



Business Model

(new business model / business model innovation)



Organisational Change

(capabilities, processes, boundaries, etc.)

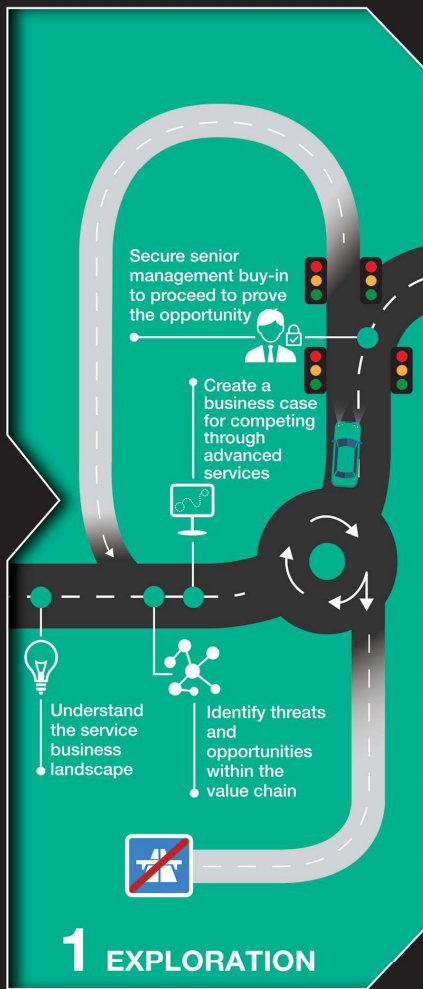


SERVITIZATION AS A BUSINESS MODEL INNOVATION

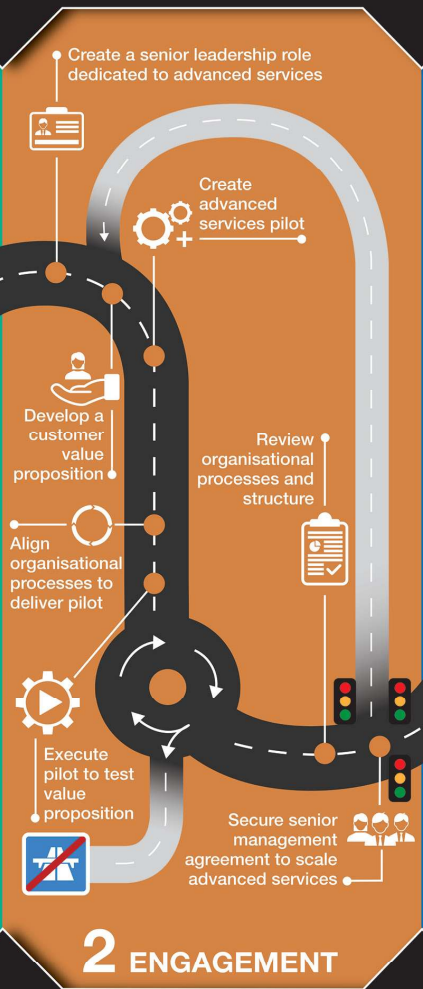


ORGANISATION CENTRIC FORCES

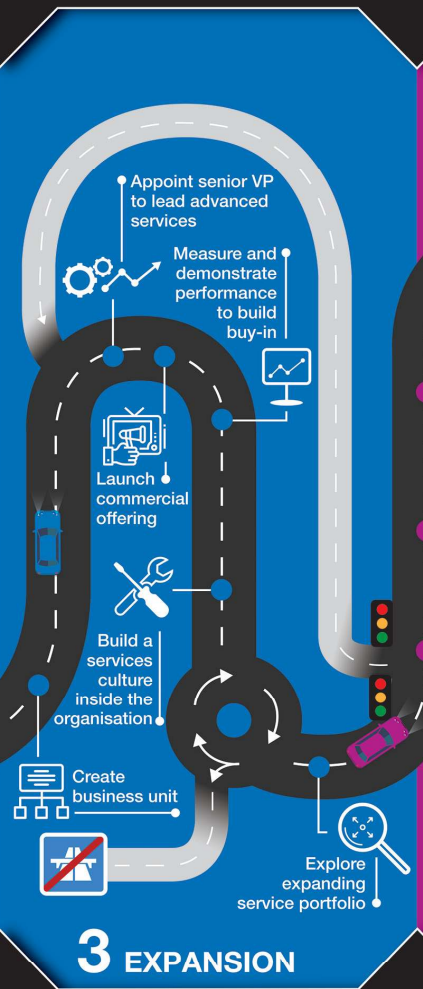
Forces within the organisation that affect whether or not the process start, and how fast it proceeds



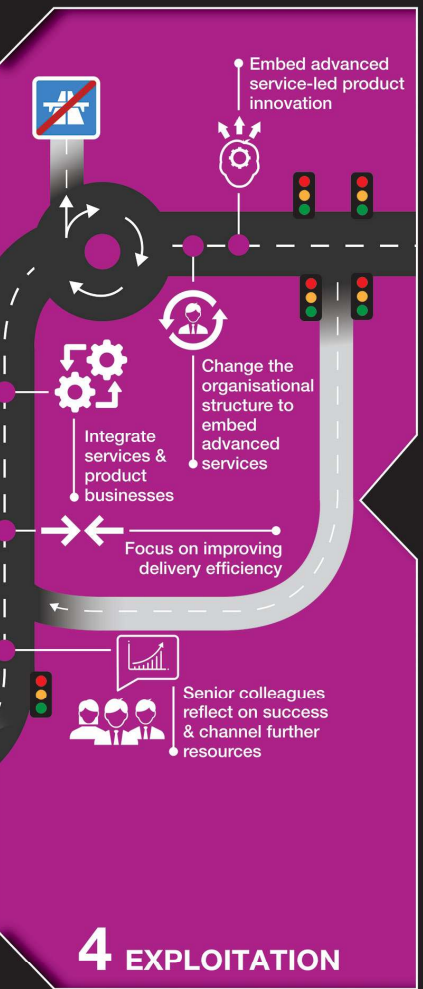
1 EXPLORATION



2 ENGAGEMENT



3 EXPANSION



4 EXPLOITATION

MARKET CENTRIC FORCES

Forces within the market environment that affect progression

TECHNOLOGY CENTRIC FORCES

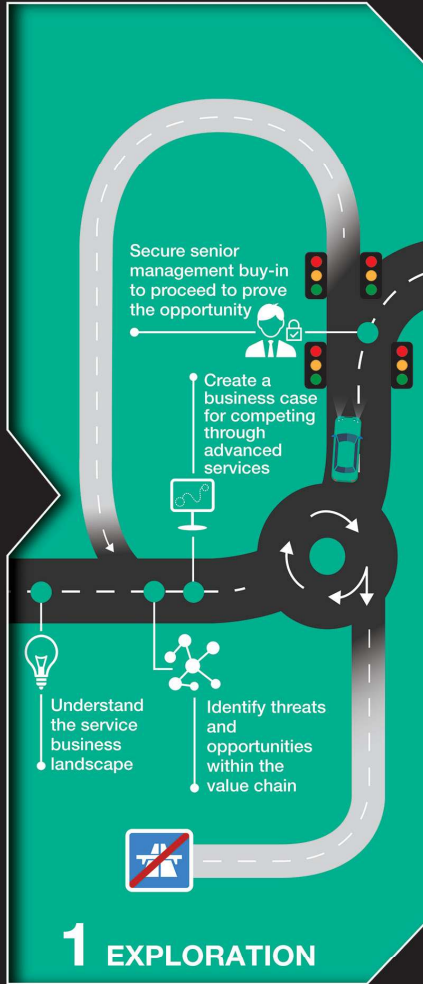
Forces associated with digital technologies that affect progression

VALUE NETWORK CENTRIC FORCES

Forces within the value network structure that affect progression

ORGANISATION CENTRIC FORCES

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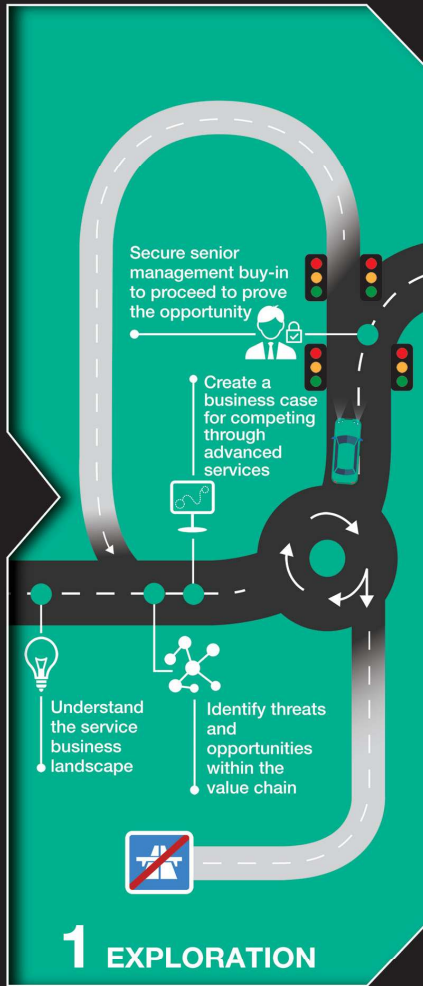
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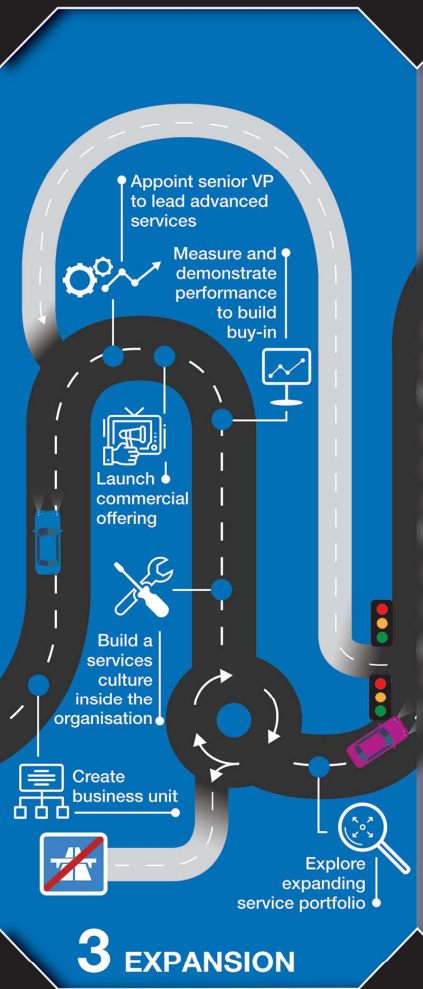
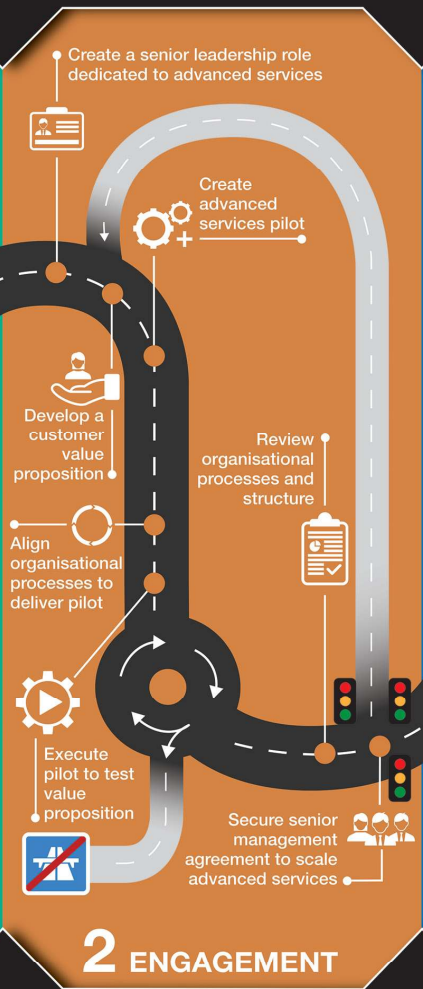
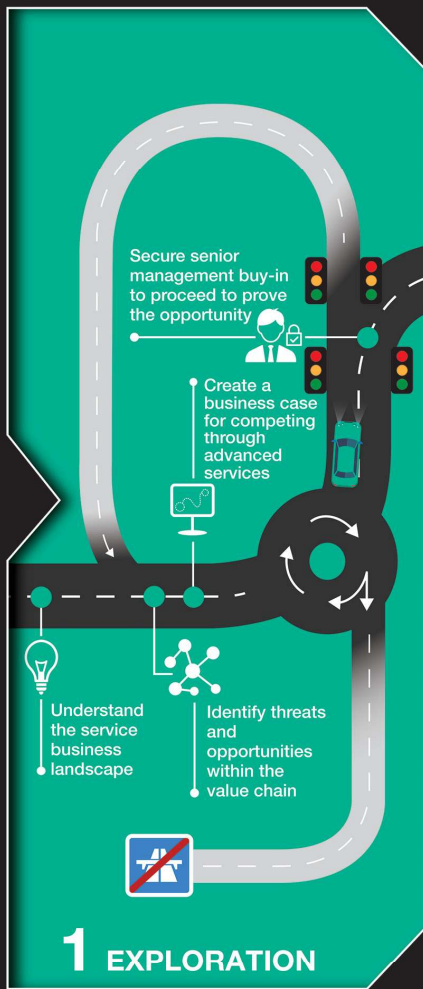
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1 EXPLORATION

- Understand the service business landscape
- Identify threats and opportunities within the value chain
- Create a business case for competing through advanced services
- Secure senior management buy-in to proceed to prove the opportunity

2 ENGAGEMENT

- Align organisational processes to deliver pilot
- Execute pilot to test value proposition
- Develop a customer value proposition
- Review organisational processes and structure
- Create advanced services pilot
- Create a senior leadership role dedicated to advanced services

3 EXPANSION

- Build a services culture inside the organisation
- Launch commercial offering
- Measure and demonstrate performance to build buy-in
- Appoint senior VP to lead advanced services
- Secure senior management agreement to scale advanced services
- Create business unit
- Explore expanding service portfolio

4 EXPLOITATION

- Integrate services & product businesses
- Change the organisational structure to embed advanced services
- Focus on improving delivery efficiency
- Senior colleagues reflect on success & channel further resources
- Embed advanced service-led product innovation

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**GROWTH AND
COMFORT
NEVER COEXIST.**

GINNI ROMETTY

Advanced Services Group

We are a **research-led advisory firm** that helps businesses grow, compete and differentiate through innovative services. We provide advice, consulting, training, and a community of like-minded practitioners around advanced services and servitization.



Partnering

Guided programmes for a business consortium transforming through advanced services



Advisory

Specialised engagement and guidance to transform your business



Research-led tools

Practical tools, decision-frameworks and methodology grounded in research



Training

Training, resources and masterclasses in the design and adoption of advanced services





Thank You!

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