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Towards Developing a Service Innovation Canvas

Workshop Paper –

Service Science: Towards Digital Service Innovation

University of Kassel, Hessen, Germany

University of St.Gallen, Switzerland

Nikolaus Lipusch, Dominik Dellermann, Stefan Kleinschmidt, Philipp Ebel, Jan-Marco Leimeister

{lipusch, dellermann, ph.ebel} @uni-kassel.de

{stefan.kleinschmidt, janmarco.leimeister}@uni-st.gallen.ch

Corresponding author: Nikolaus Lipusch

Introduction

Business is increasingly migrating towards a service dominant logic today (Vargo and Lusch 2004). Popular examples include companies such Facebook, Air BnB and Uber that disrupt the service industry. At the heart of these successful companies is usually an innovative service idea. While such creative ideas where once considered to be the result of eureka moments (i.e. serendipity) and believed to be the outcome of creative individuals, more recent research suggests that given the right tools and techniques creative ideas can be systematically developed by anybody (Burtch et al. 2014; Ebel et al. 2016).

One of the most popular if not the most popular tool that is used to develop new business ideas is the Business Model Canvas (Osterwalder et al. 2005). While the Business Model Canvas has established as an innovative tool to ideate one's business logic it's applicability to new innovative services is restricted as it fails to capture the complex characteristics that form the basis of new innovative service ideas. Thus, the process of developing new services is idiosyncratic in a way that it requires not only to consider a new value proposition but rather the holistic logic of complex interactions that are required to create, exchange and capture value (Lusch and Nambisan 2015; Spohrer and Maglio 2008). Against this background we propose a new model, the service innovation canvas. Our model presents a first effort to represent the dynamic and complex interactions that are inherent to services. In doing so we hope to provide to service practitioners a tool that supports them in coming up with and fledging out new innovative service business ideas.

Proposing a Service Innovation Model

Service-Orchestrator

The service orchestrator is the owner or if you will the main contractor of the service. Thus, he is responsible to manage all value generating activities and resources (i.e. capital, partner, things) that are necessary to fulfill the service. Since the service orchestrator assumes the main responsibility in conducting the service his role, resources, requirements and tasks must be taken into consideration.

Customer Segments

These are participants who have a need for the provided values. Costumers can be buyers of a service (e.g. people paying for a transport service), but do not need to be. Thus, customers can also be non- paying users of a service (e.g. people watching videos on YouTube). Customer segments denote the type of customers a service company wants to reach. Customer segmentation can be conducted along different dimensions (e.g. a-priori-segmentation, need-based segmentation, value-based segmentation). Moreover, it is important to consider if the service addresses one customer segment or if it addresses different customer segments as it is the case for multisided markets

Partner-Ecosystem

These are participants in service business models that essentially provide values across the service. The values provided can be material things like infrastructure (AirBnB) or goods (Amazon). But these values can also include services (for example, transport options at BlaBlaCar) and digital products as well as information (for example reviews on Amazon). Furthermore, partners act as enablers of services. Thus, they have a decisive influence on making the service work (e.g. suppliers). These enablers can work in the background, such as technology providers (hosting, cloud) or even actively appear on the platform themselves (for example, advertisers who switch banner advertising).

Value Co-Creation

Value Co-creation denotes all activities that are needed to co-create value with the user. This includes activities on the side of the service orchestrator as well as activities on the side of the customer that need to be joined so as to create mutual value (i.e. co-creation) during the service provision.

Value-Exchange

Value exchange refers to how values (e.g. goods, services or information) are exchanged by the different actors that are involved in the service provision. It is thereby the task of the service orchestrator to ensure a balance between give and take and to consider the creation of this balance during the implementation of the service.

Value Capture

Value capture refers to how value is captured. This entails how revenues are generated through the service provision but includes also other monetization strategies (e.g. indirect monetization through advertisement).

Value Proposition

The value proposition denotes the value a service provides to a specific audience. The generated value fulfills customer needs or solves a customer problem. Furthermore, a perceived value of the customer may affect his or her preferences regarding the choice of certain service provider. As a result, companies need to ask themselves what value they convey to customers, what customer needs they fulfill and, ultimately, what service packages they offer. In crafting the value proposition, it is important to consider the added value for every participant who partakes in the service provision. If this is not the case the entire service model is in jeopardy as the network required to fulfill the service is unlikely to come into existence. Hence, it is important to communicate the value added for every participant so that it is easily understood and comprehendible.

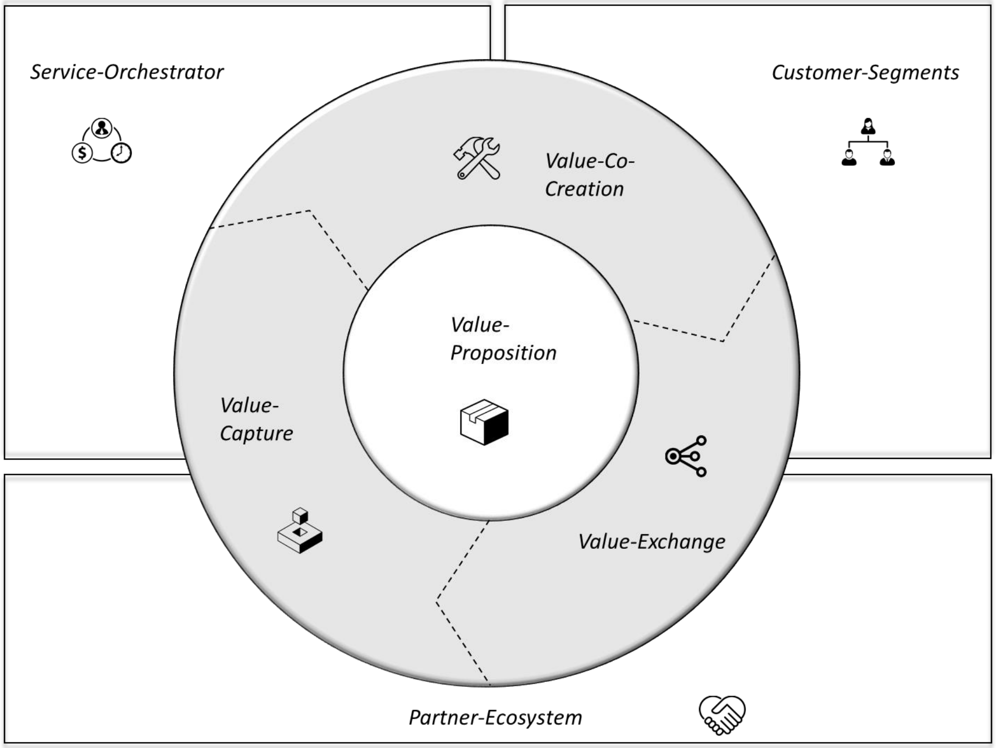
Service-Orchestrator
Customer-Segments
Value-Co-Creation
Value-Proposition
Value-Capture
Value-Exchange
Partner-Ecosystem

Figure 1: The Service Innovation Canvas

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