

BestServ Forum

# Industrial Service Business Models

Industrial Service Business Day

April 18, 2007 Helsinki

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**Teknologia  
teollisuus**

# Managing Industrial Service Business

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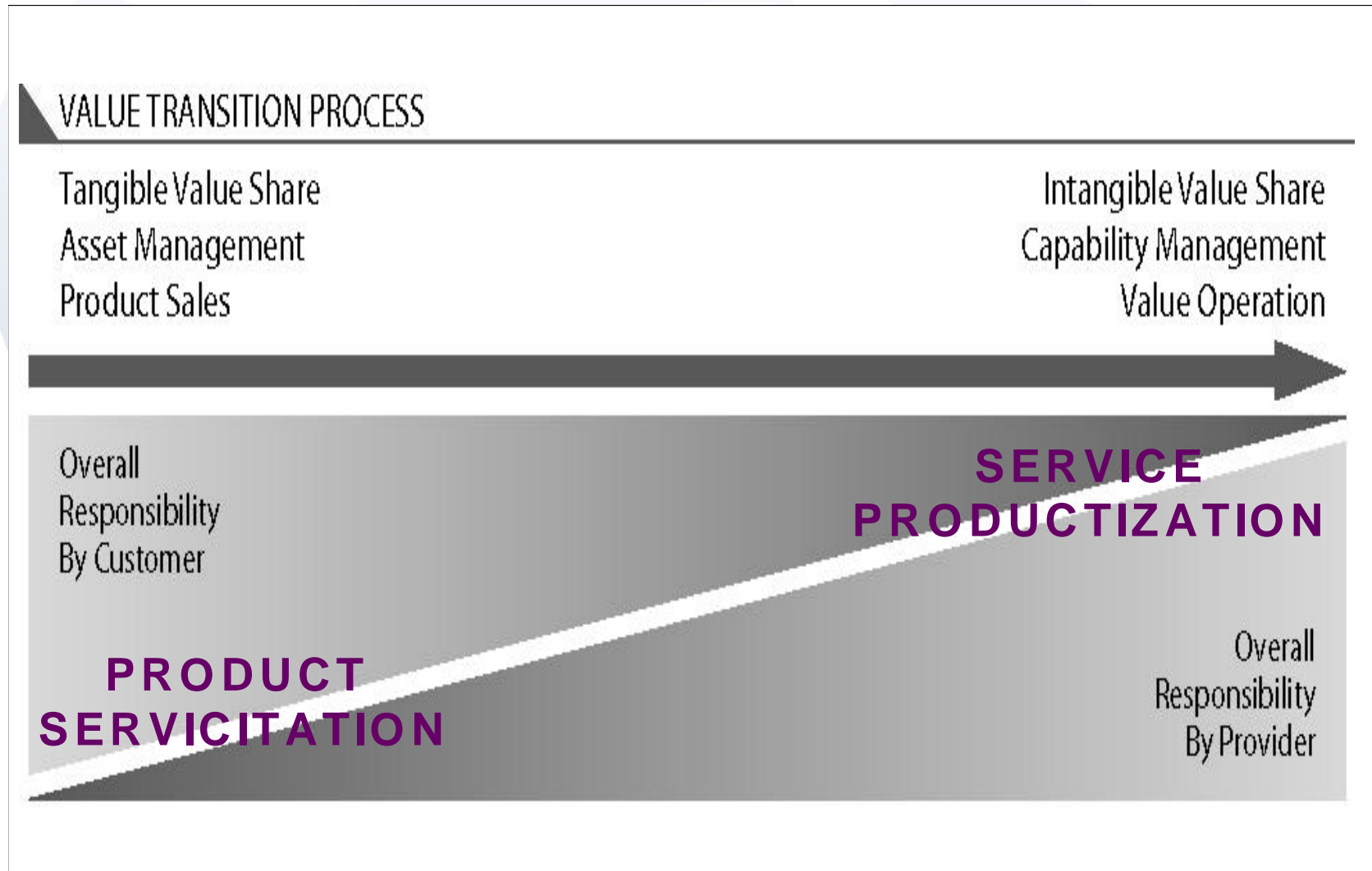
APPENDICES

REFERENCES

# Managing Industrial Service Business

- This publication presents the major findings of BestServ Forum of 32 Finnish Enterprises on Manufacturing Industry during 2005 and 2006.
- Benchmark of best practises, development needs and future challenges of Industrial Service business in Finnish manufacturing industries.
- This publication applies business model approach.
- Some case studies and best practices on industrial service business are described by business models.

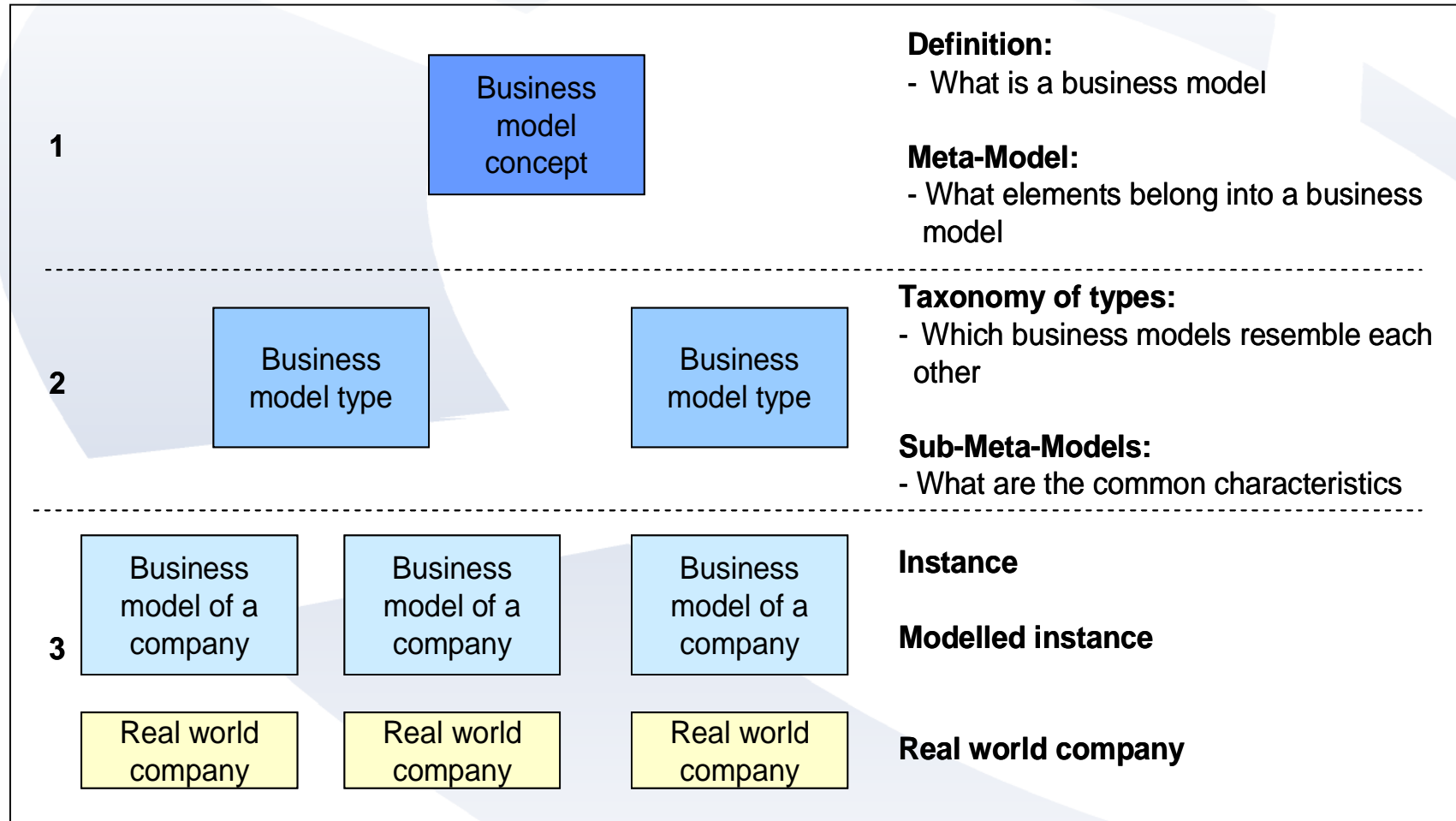
# Managing Industrial Service Business



# Business Model

- It describes how a company earns returns for its owners
- It includes a description of activities, transactions (related to the inputs and outputs of activities) and governance structure (internal, external or hybrid)

# Levels of Business Models by Osterwalder



# Elements of Service Business Model

Classification of elements	Element	Description
<b>Strategic Business Choices</b>	Position in Company Strategy	Positioning of the (service) business in the company strategy.
	Target Customer Segments	Customer segments to whom a company wants to offer value to and who see the value of the offerings.
	Customer Relationships	The links a company establishes with its customer segments.
	Core Competencies, Capacity and Tools	The capabilities, competencies, and the capacity of these, necessary to execute and develop the business model successfully under certain period of time.
	Partner Network	The network of cooperative agreements with other companies necessary to efficiently offer and commercialize value.
	Value Proposition	Describes the offering that provides value to a customer.
<b>Customer Concern: Understanding and supporting customer value creation</b>	Customer Value Creation	Understanding customer value creation, addressed customer concerns of the customer segment.
	Value Capture	Describes how the value is created to the customer.
	Customer Advantages	Description of customer competitive edges with the services that base on the business model.
	General Customer Prerequisites	General requirements that must be fulfilled by the customer in order to benefit from the service.
	Implementation model	Provider and customer implementation.
<b>Profitable Service Business</b>	Earning logic	The logic how the value that customer gets is turned into earning of the provider.
	Pricing	Cost based or/and customer value based
<b>Delivery</b>	Delivery channel	Describes how a company delivers to a market.

# Generic Service Business Models

**Product Centric Business - Product Servitization**

**Service Centric Business - Service Productization**

**Mixed Service Business**

- Maintenance Partner
- Performance Partner
- Operation Partner

**Network Centric Service Business**

# Development of Service Concepts

	Service By Customer	Service With Customer	Service For Customer	Dealer
Spare Parts	X	X	X	X
Preventive Maintenance		X	X	X
Breakdowns	X	X	X	X
Inspections & Training	X	X	X	X
Repairs & Refurbishment		X	X	X
Comprehensive Service			X	(x)
Solutions			X	
Financing & Rental			X	

# Expansion of Service Business

## International Expansion of Service Concepts

- Virtual entry of a new market
- Prerequisites for market entry
- Selected market dedicated Issues
- Road map for entry of the selected market
- Penetration model of industrial service concept

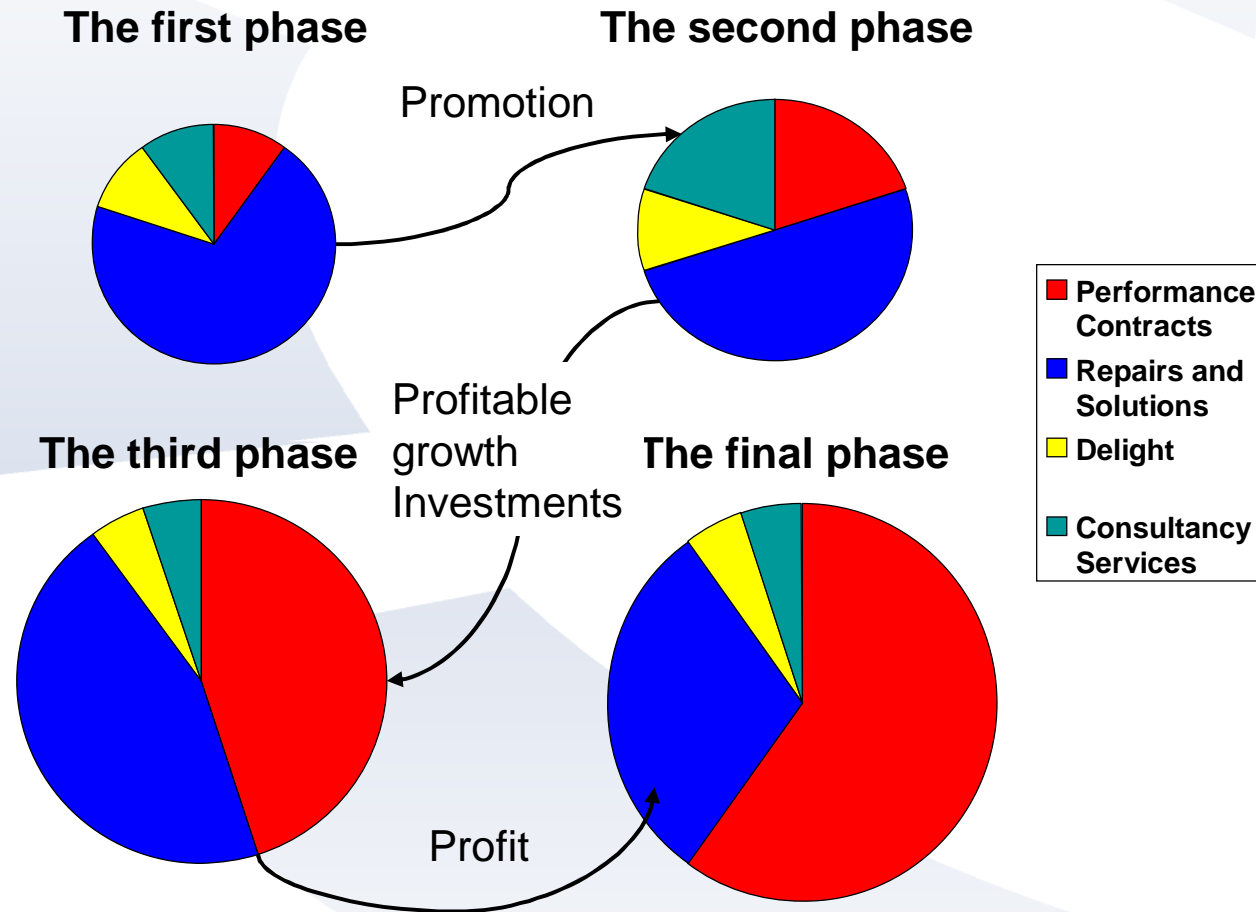
## Licensing

- Licensing services
- Licensing of service packages

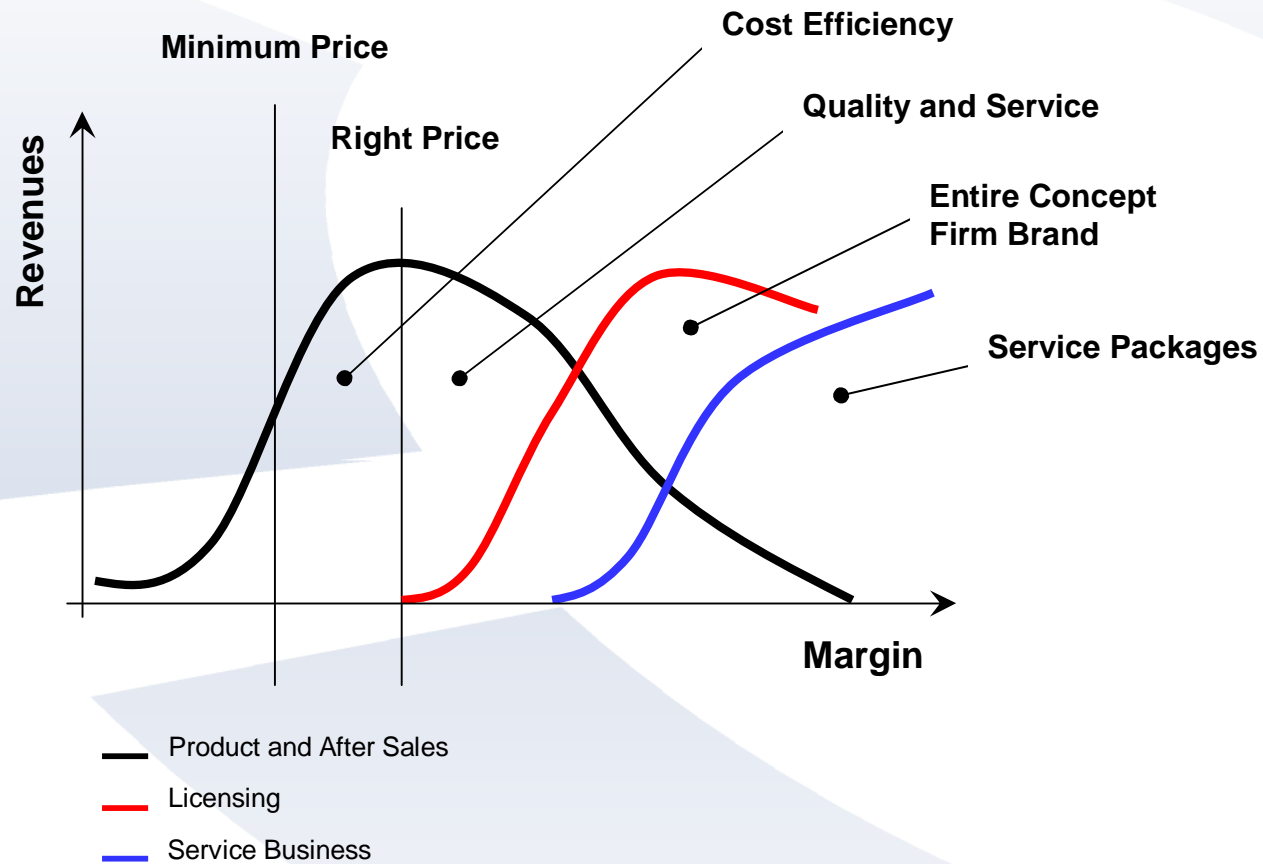
## Franchising

- Generic model for industrial service business

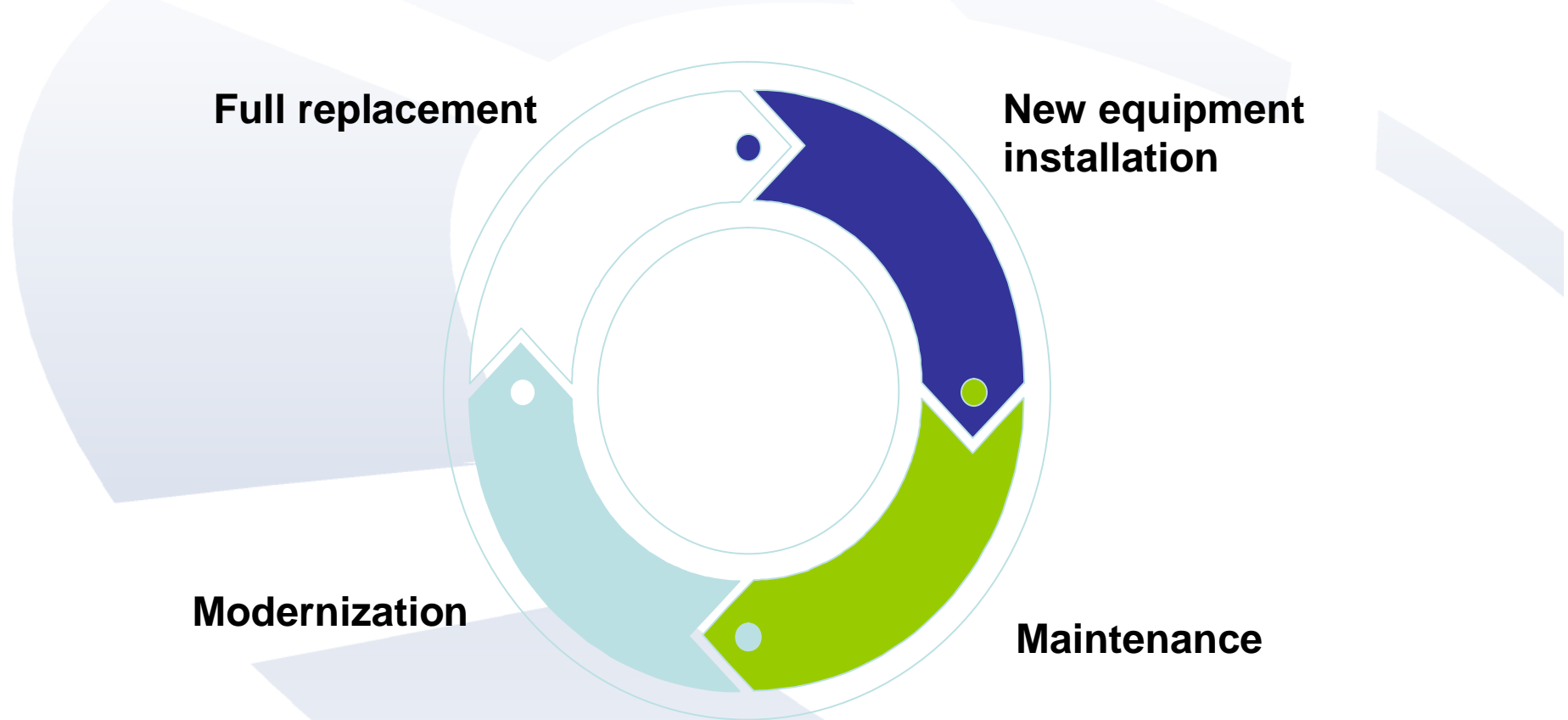
# Penetration of Industrial Service Business



# Expansion of Service Concepts

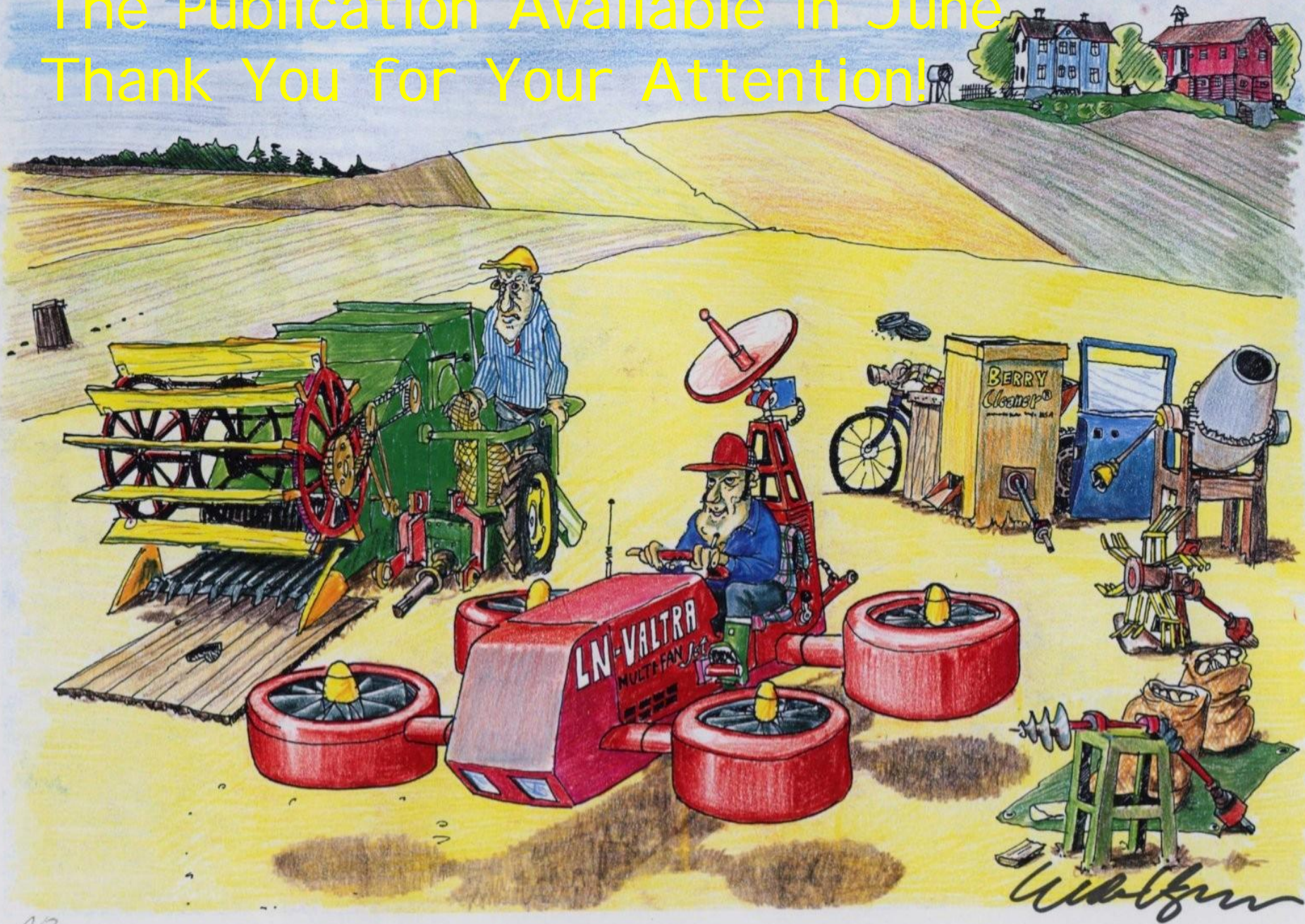


# Industrial Cases by business models in brief



**KONE takes the full life-cycle of the equipment into account.**

The Publication Available in June  
Thank You for Your Attention!



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