



# Promoting innovation in the services sector based on better practices

Ph.D. Irene Martinsson

Irene.martinsson@vinnova.se

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# About VINNOVA

- The Swedish Governmental Agency for Innovation Systems
- Established in 2001
- Leading governmental agency in the field of innovation under the Ministry of Enterprise, Energy and Communications
- Director General: Charlotte Brogren
- Budget 2009: Approx. 190 M€
- Staff: Approx. 200
- Located in Stockholm with an office in Brussels
- VINNOVA's funds constitute around 6,5% of Sweden's total R&D initiatives



# State of the art - service innovation

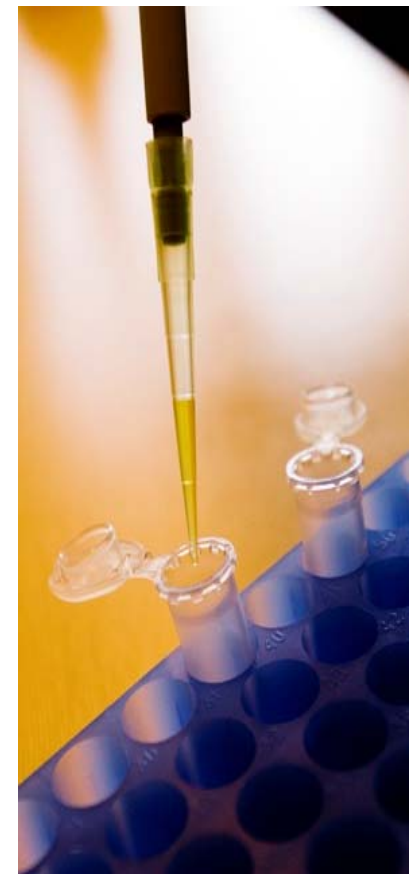
- Services characteristics that distinguish them from traditional products which create specific challenges in new service development . These characteristics are the aspects of intangibility, heterogeneity, inseparability and perishability (Johnes & Storey, 1998).
- Researchers investigated how service firms can take customers into consideration in service innovation projects. They argue that customers can be a *valuable source of information* (Abramovici & Bancel-Charensol, 2004)

Suggestion for further reading: Managing and organizing service firms  
<http://www.vinnova.se/upload/EPiStorePDF/vr-09-06.pdf>

# Better practise from 3 VINNOVA projects

Results from three VINNOVA project on service innovation covering:

1. A template for a new user oriented process for service development
2. Service innovation design
3. User-driven service development in the Transport sector



# "User oriented service development and dynamic business models"

Hans Malmqvist (hans@malmqvistab.se),  
Per Andersson (Per.Andersson@hhs.se)

Stockholm School of Economics  
Center for Communication and Information Research



# Project targets

- Develop a new user oriented process for service development
- Focus on information- and communication supported services
- Focus on professional services
- Involvement

# Degree of user involvement

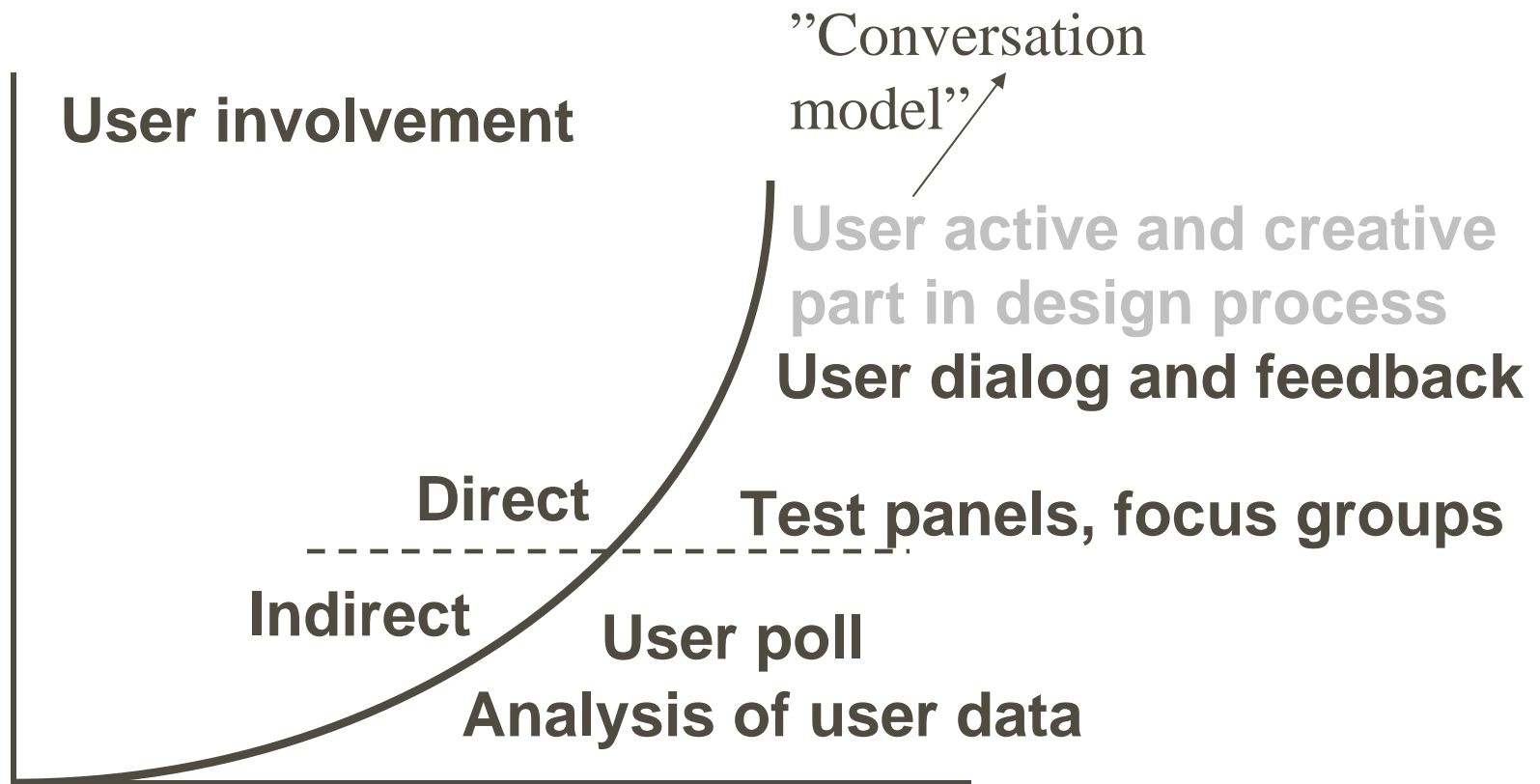


Figure 1: Developed by Andersson & Malmqvist



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# Service innovation and design thinking

Stefan Holmlid

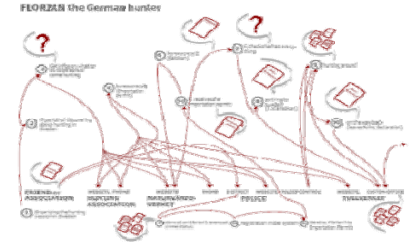
Linköping University

<http://www.ida.liu.se/~ixs>



# Design and service/innovation

The role of designers in service innovation and service development. What designers do when working with service organisations.



## Results

- Designers visualize for involvement and communication
- A few preferred design techniques
- Old service logic techniques have severe limitations
- Design disciplines hold different ways of seeing
- Co-creative approaches, engaged involvement and pluralistic participative techniques

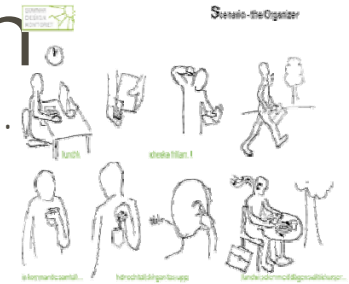
## Challenges

- Co-design techniques
- Designing value-in-use
- Pluralistic management of design and innovation
- Implementing innovations through design and organizational transformation



# User driven innovation

The role of designers in user driven innovation.  
What difference designers make.



## Preliminary results

- Design as essential
- Assuming openness in processes
- Education of designers, innovation managers and product developers
- Promoters of social and public innovation

## Challenges

- The organizational role of the designer
- Incorporating user driven innovation techniques in organizations
- Organizational transformation





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# **METHODOLOGY FOR SERVICE INNOVATION IN A MULTI-DISCIPLINARY CONTEXT**

**Lars Almfelt  
Oskar Rexfelt  
Johan Malmqvist  
MariAnne Karlsson**

**Chalmers University of  
Technology**

**Daniel Zackrisson  
Teres Hallman**

**Volvo Technology Corporation**



## Service innovation experiment:

- Aim: Develop, apply and evaluate methods for the early phases of service development.
- A research team selected and developed methods and work practices. The proposed approaches were applied in a service development experiment based on workshops.
- These workshops implied teamwork involving actors from a manufacturing firm in the automotive industry and a transportation firm, in Sweden.





Observation and  
interviews at the  
customer firm

Pre study 

Problem analysis 

Workshop series  
Idea generation 

Concept development 

Evaluation 



Service concepts

## Results:

- The most central result is (as intended) methodology for development of service concepts, having the focus on the early stages of the process. This process now constitutes the basis for early service development within the company
- The process resulted in four synthesized concept proposals;
  - “Optiflow”, a web-based service providing a marketplace for coordination of current transport needs and available capacity
  - “The Service Service”, an IT support for planning of vehicle maintenance
  - “Green Stop”, a truck stop that provides qualified services such as education and secure parking
  - “Radio Convoy”, a radio station with an associated internet site for professional drivers.

**Fictitious promotion leaflets  
describing the resulting service  
concepts.**



# Policy development to support service innovation

- Make R&D visible (in opposition to embedded)
- Management of service innovation processes
- Where is the market failure?
  - Businesses not doing service innovation
  - Systemic failure (not understanding how service innovation is done)
- Recognize service innovation in all sectors
- Disseminate practices on how to engage users in new service development
- Integrate research into the operations
- IPR