The Ecosystem Value Framework: 
Supporting Managers to Understand 
Value Exchange between Core 
Businesses in Service Ecosystems 

Florian Urmetzer 
Veronica Martinez 
Andy Neely
Agenda

• Background to the study

• Research question

• Research phases

• The Ecosystem Value Canvas

• Value transfer between partners in an ecosystem

• Summary
1. Request for research from practitioners

2. Call for research in understanding value (Lepak et al., 2007)

• This study is based on the **resource dependence perspective** (Jaffrey Pfeffer and Gerald Salancik, 1978). Hence companies coexist in a strategic interaction. This theory defines companies’ inability to be sustainable without external dependencies.

• Business ecosystems evolve in different stages. The starting point is described as a mix of capital, customer interest and talent base, which is the starting point for an ecosystem’s formation. This is followed by expansion, leadership and, finally, self-renewal or death (Moore, 1993; Ritala and Tidström, 2014).

• Value is created by the company itself or by its partners for the end customer. Therefore, every actor in the ecosystem creates and also captures value. This can take place upstream or downstream the value chain (Adner and Kapoor, 2010).
Why Ecosystems?
• Modern service delivery us 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

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
## Research Phases / Methods

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<thead>
<tr>
<th>Phase</th>
<th>Data</th>
<th>Participants</th>
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<tr>
<td>1 – Building theory from Literature</td>
<td>Seventy peer-reviewed papers</td>
<td>Selection criteria reviewed by three other senior researchers</td>
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<td>2 – Interviews testing of the Theory</td>
<td>Qualitative open-ended interviews, recorded and Transcribed</td>
<td>Managing directors and general managers</td>
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<td>3 – Verification Workshops</td>
<td>Four case studies in multinational organizations</td>
<td>Managing directors and general managers</td>
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Value Creation and Capture

Create → Capture → Create → Capture
Aim of this presentation
Introduce the Customer Value canvas

The value canvas will enable to:

Describe, discuss, challenge, understand and converse about the types of value which are exchanged between the focus company and its customer!
Rules and assumptions

Rules for building the ecosystem canvas
1. Mapped by a team
2. Facilitated by a moderator
3. Parking issues
4. Collect Tasks for validation
5. Multidisciplinary team with the strategic vision should participate in the canvas design

Assumptions (under what conditions is this canvas valid?)
1. Context (service contract)
2. Time (expiry/subject to changes in the ecosystem)
3. The benefit of this is dependent on the people involved
Value Mapping Process

Step 1: Define the End Customer
Step 2: Build your ecosystem Map
Step 3: Decide on your focal company
Step 4: Describe the direct value exchanged
Step 5: Describe the indirect value exchanged
Step 6: Decision making for partnering
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
Map your Ecosystem

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

Focus on value exchanged between partners
Direct Value Creation and Capture
Considering the ecosystem partners

Urmeter, Neely, Martinez (2016); “Engineering Services: Unpacking value exchange” Whitepaper from the Cambridge Service Alliance
Describe the indirect value exchanged

1. What is the direct value for:
   2a. Company
       (e.g. Financial or other capability, Proximity, Trust)
   2b. Managers
       (e.g. Coordination Experience, Technological Knowledge, KPIs)
   2c. Strategically
       (e.g. strategic intent of the organisation or other stakeholders)
   2d. Risk
       (e.g. aversion of market and other risks)

2. What is the indirect value for:
   a. Company
      (e.g. Financial or other capability, Proximity, Trust)
   b. Managers
      (e.g. Coordination Experience, Technological Knowledge, KPIs)
   c. Strategically
      (e.g. strategic intent of the organisation or other stakeholders)
   d. Risk
      (e.g. aversion of market and other risks)
Decision making for partnering

6a Decision making on partnering based on Direct Value

Capture ➔ Create

6b Decision making on partnering based on Indirect Value

Capture ➔ Create

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

Capture ➔ Create
Using the Value Canvas for practitioners

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**

“the model proved to be an excellent way of discussing the issues we unearthed”

“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”
• Contributed to the idea that different types of value created and captured within an ecosystem

• Deepened understanding of the complexity of ecosystems and its different value flows, acknowledging that there are dependency between companies

• Contributed to resource dependency theory by defining that there are direct and indirect dependencies in service delivery between companies
## Forthcoming Webinars

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<td><strong>2017</strong></td>
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<tr>
<td>March 13th</td>
<td>The Ecosystem Value Framework: Supporting Managers to Understand Value Exchange between Core Businesses in Service Ecosystems</td>
<td>Florian Urmetzer</td>
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<td>April 10th</td>
<td>Investigating risks of outcome-based service contracts from a provider’s perspective</td>
<td>Jingchen Hou</td>
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<td>May 8th</td>
<td>A Process for B2B Partnerships: designing to deliver capability across companies</td>
<td>Florian Urmetzer</td>
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<td>June 12th</td>
<td>Exploring the Service Journey</td>
<td>Veronica Martinez</td>
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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