

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

Florian Urmetzer

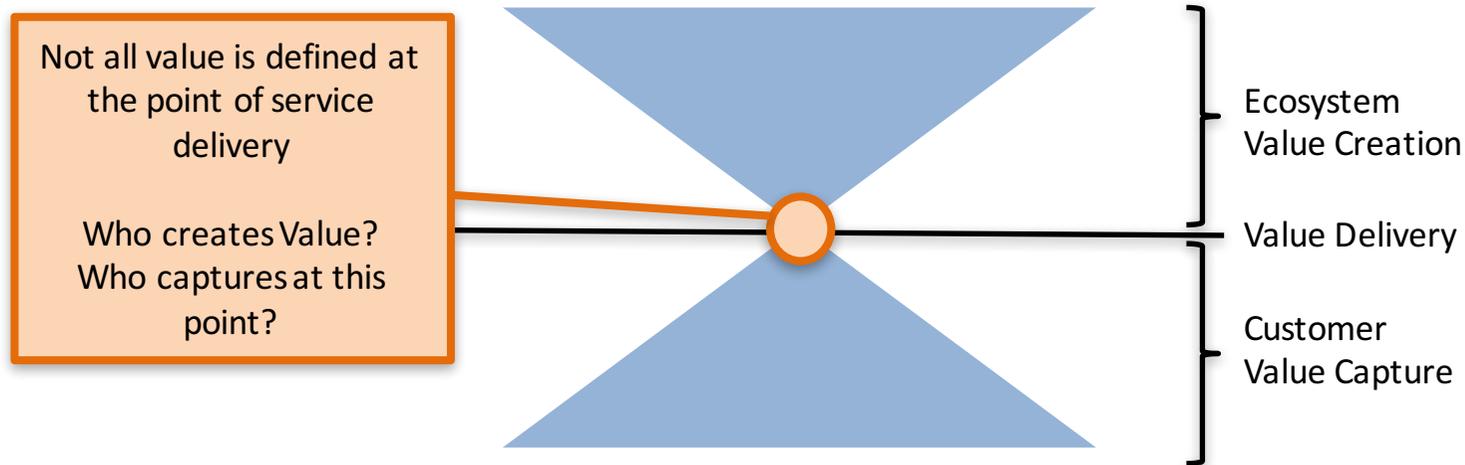
Veronica Martinez

Andy Neely

Agenda

- Background to the study
- Research question
- Research phases
- The Ecosystem Value Canvas
- Value transfer between partners in an ecosystem
- Summary

Problem statement?



1. Request for research from practitioners
2. Call for research in understanding value (Lepak et al., 2007)

Theory building

- 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).

Thoughts and theory Ecosystems

Why Ecosystems?

- Modern service delivery is 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

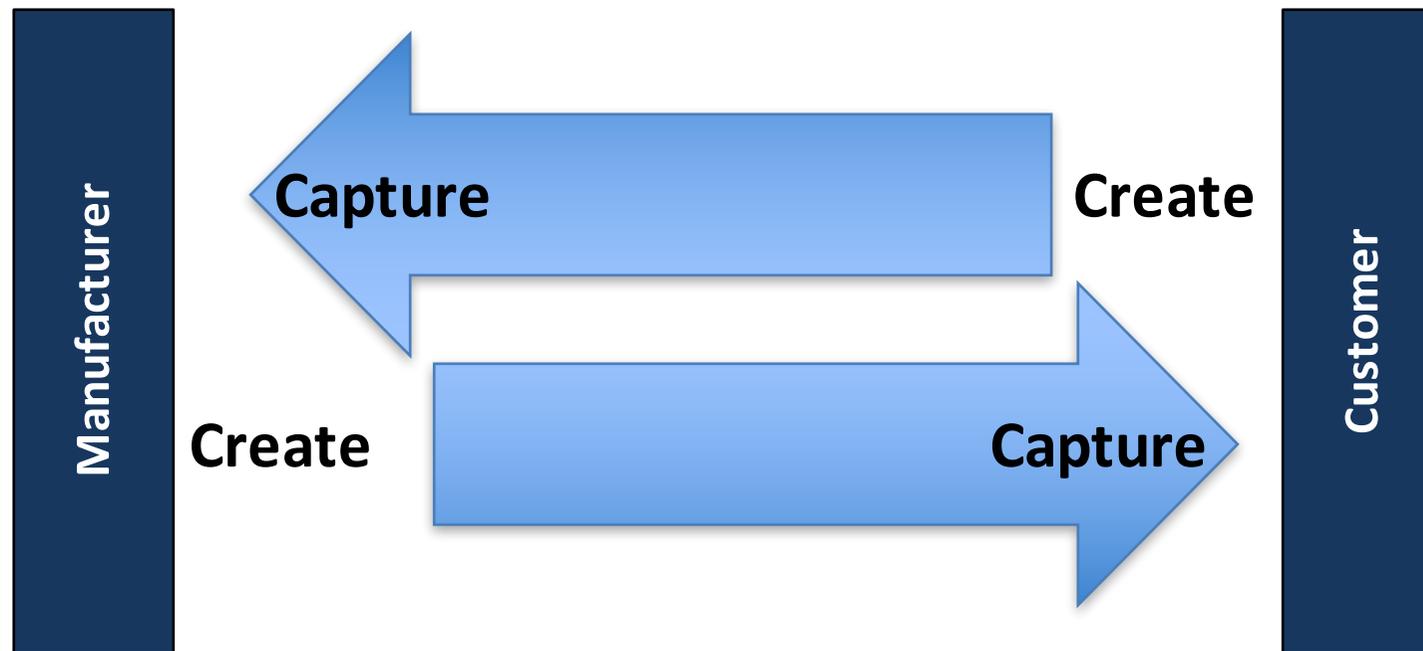
Which stakeholders do you include, which to exclude?

- 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

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

Value Creation and 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

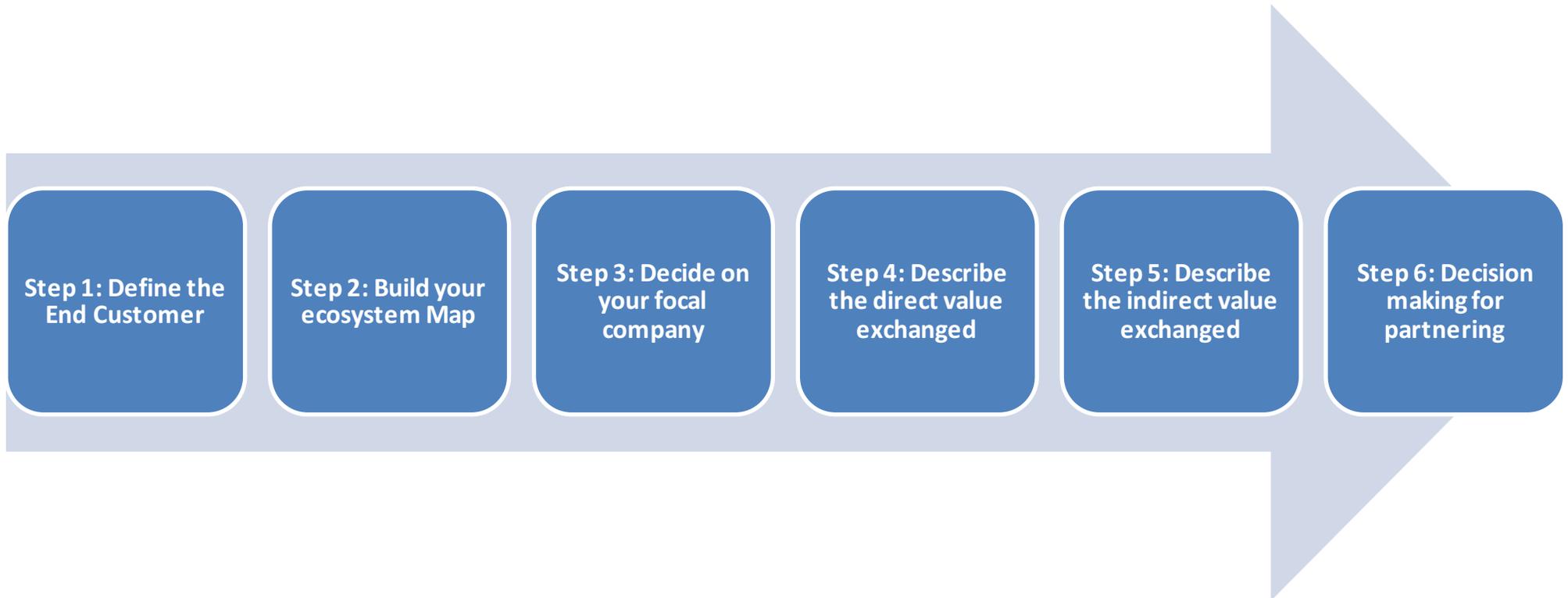
Rules for building the ecosystem canvas

- 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

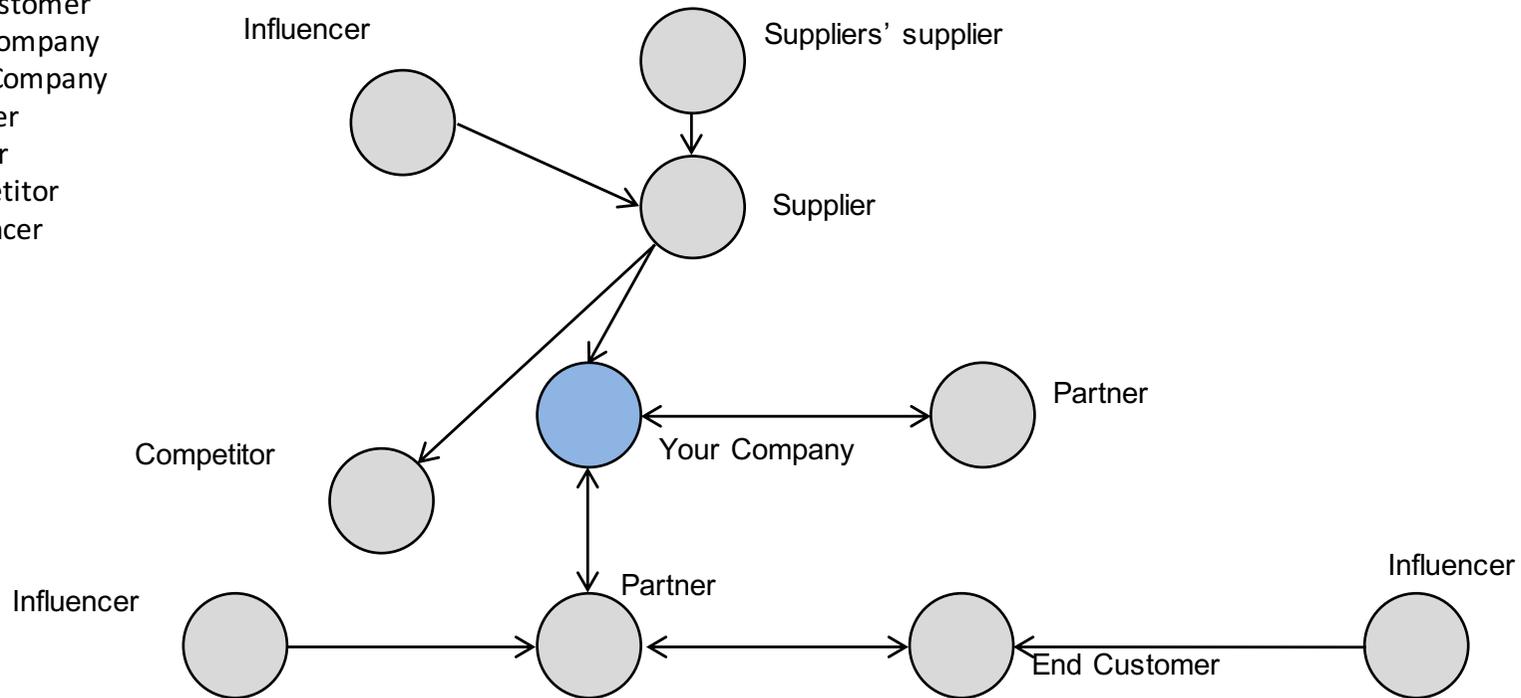


Mapping your ecosystem

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

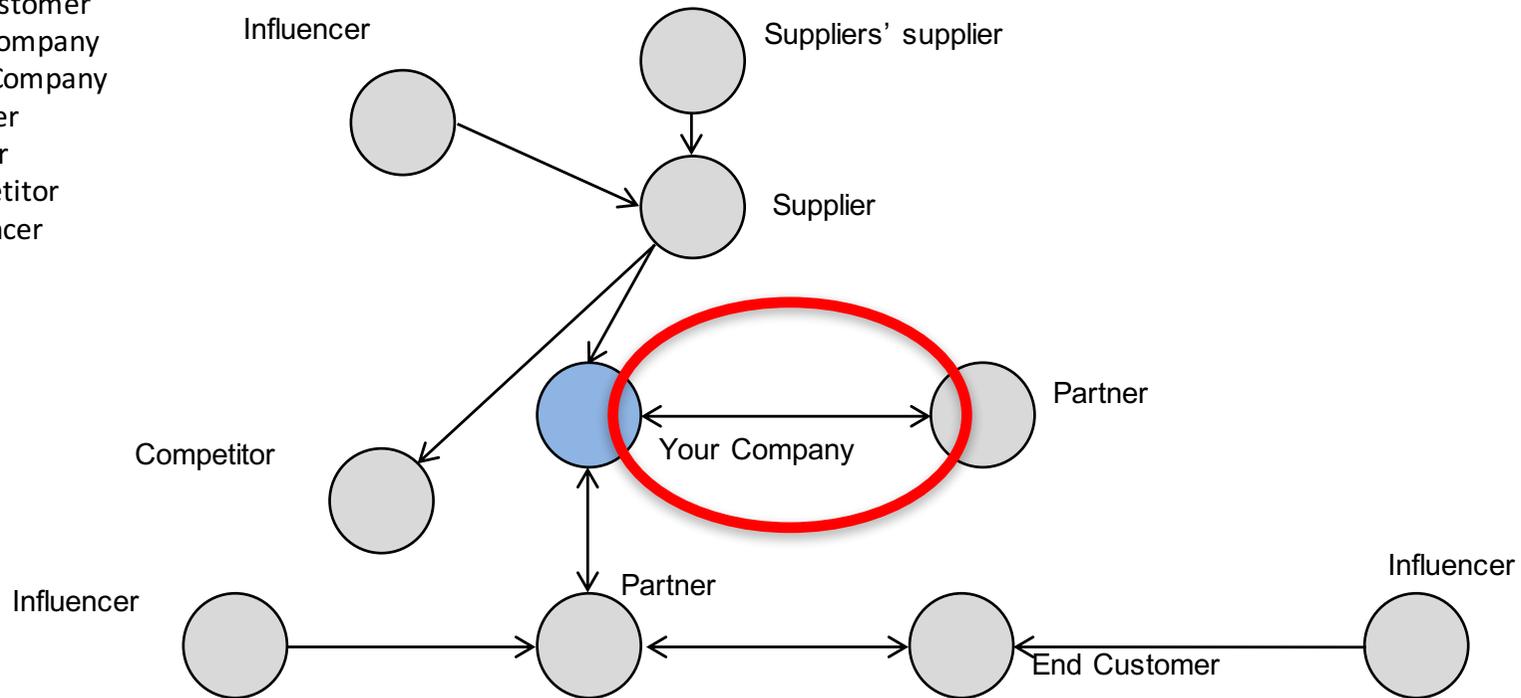


Mapping your ecosystem

Focus on value exchanged between partners

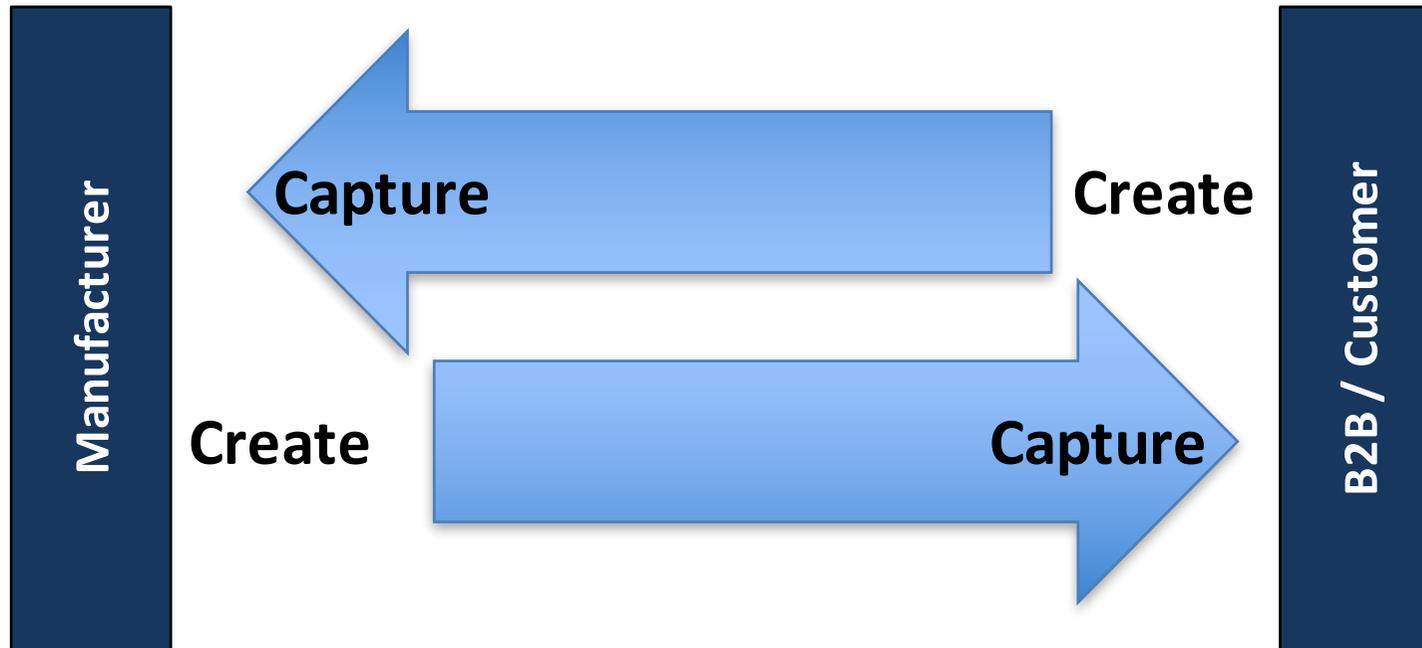
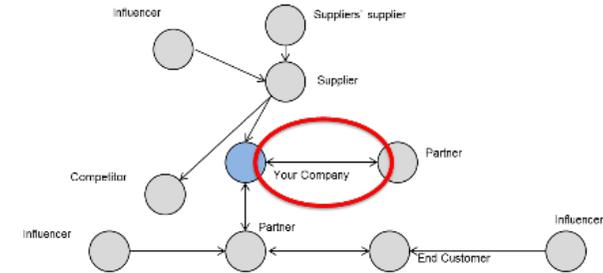
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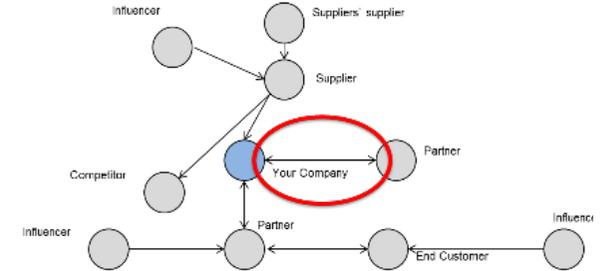


Direct Value Creation and Capture

Considering the ecosystem partners



Describe the indirect value exchanged



Capture

Create

YOUR Company

1. What is the direct value for:
2. What is the indirect 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)

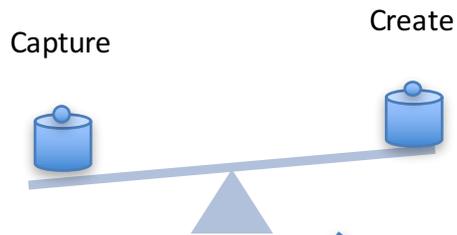
Create

Capture

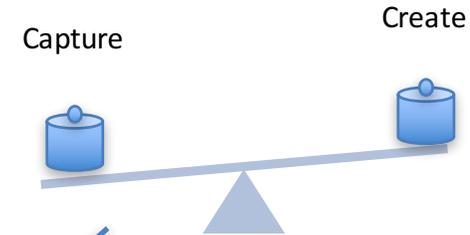
B2B Customer

Decision making for partnering

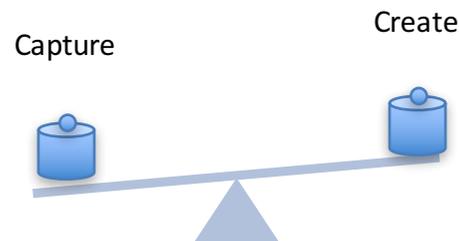
6a Decision making on partnering based on **Direct Value**



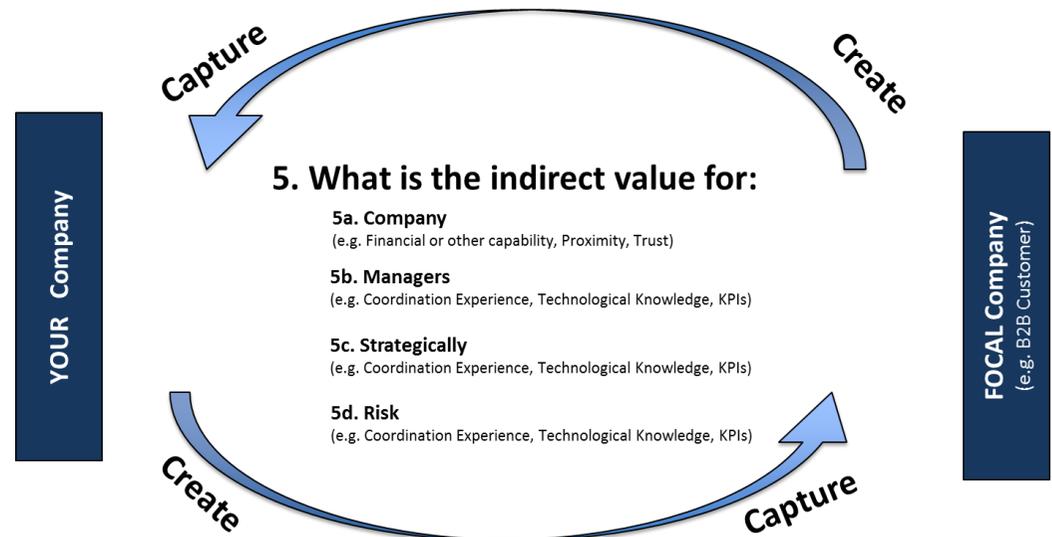
6b Decision making on partnering based on **Indirect Value**



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



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”

Summary and conclusion

- 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

Date	Topic	Invited speaker
14:30hr GMT		
2017		
March 13th	The Ecosystem Value Framework: Supporting Managers to Understand Value Exchange between Core Businesses in Service Ecosystems	Florian Urmetzer
April 10th	Investigating risks of outcome-based service contracts from a provider's perspective	Jingchen Hou
May 8th	A Process for B2B Partnerships: designing to deliver capability across companies	Florian Urmetzer
June 12th	Exploring the Service Journey	Veronica Martinez

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