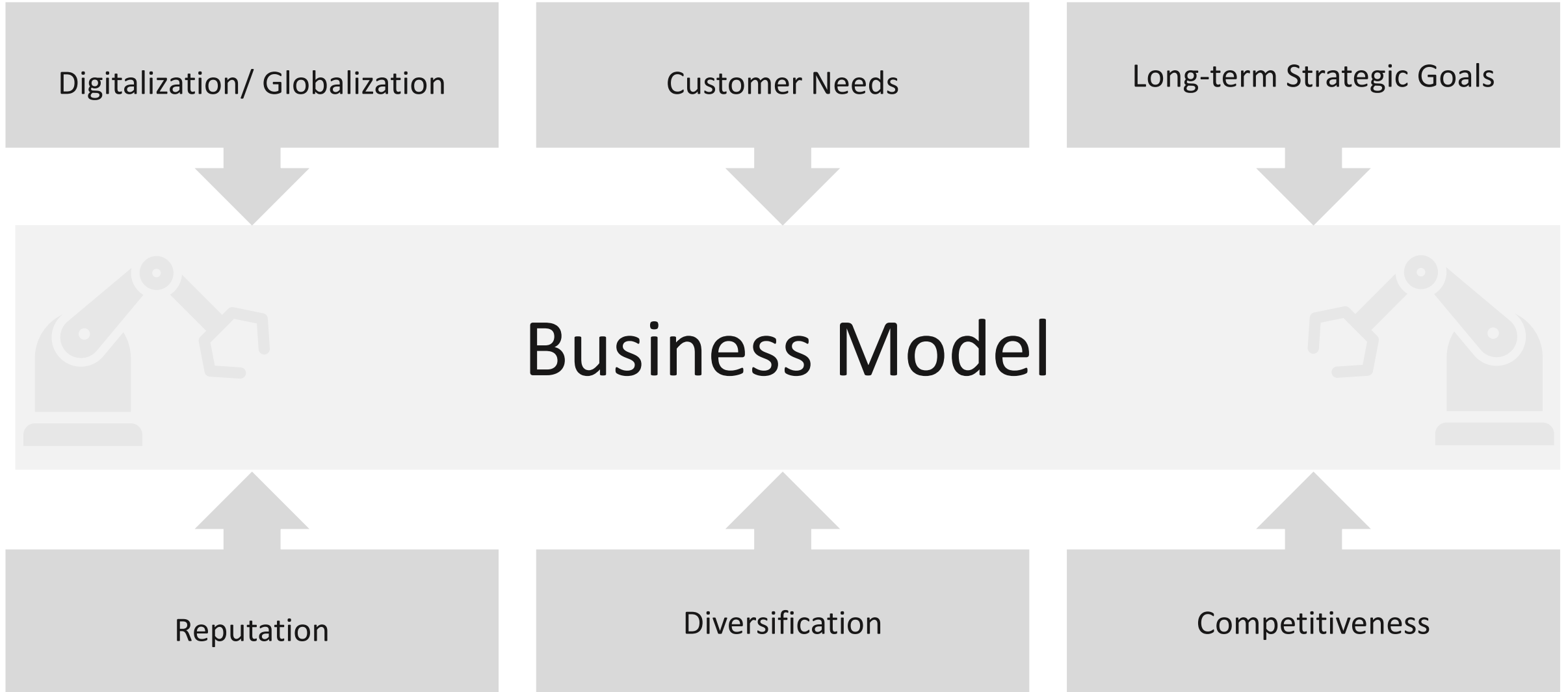


The Role of Risk Governance when Business Models Change – The Case of Servitization

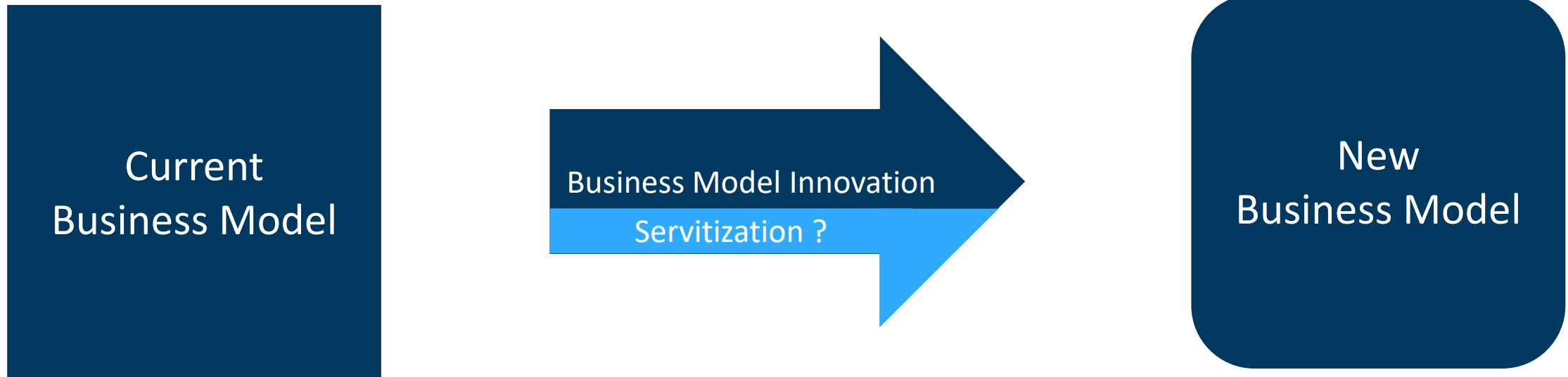
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Michelle Graversen, M.Sc.
October, 19th 2023

Motivation behind the Change of a Business Model



Is Servitization a Business Model Innovation?



Key Elements of Business Model Definitions

- **Actors and Roles** (Timmers (1998))
- **Business Logic** (Petrovic et al. (2001); Osterwalder et al. (2005))
- **Key Processes** (Johnson et al. (2008))
- **Key Resources** (Johnson et al. (2008))
- **Organization Architecture** (Osterwalder et al. (2005))
- **Organization Strategy** (Casadesus-Masanell and Ricart (2010))
- **Profit Formula** (Johnson et al. (2008))
- **Revenue Sources** (Timmers (1998); Magretta (2002); Morris et al. (2005); Teece (2010))
- **Value Proposition** (Timmers (1998); Amit and Zott (2001); Petrovic et al. (2001); Magretta (2002); Morris et al. (2005); Osterwalder et al. (2005); Johnson et al. (2008); Teece (2010); Osterwalder and Pigneur (2010))



For a successful transformation, the business model must be well defined.

Business Model Innovation describes the Process of Transforming the Value Proposition



Reaction to Market Changes (Romero and Molin (2009))



Process of Transformation (Mitchell and Coles (2004); Geissdoerfer et al. (2016))

- Change of Activities and Functions (Osterwalder et al. (2005), Paiola et al. (2021))
- Change of Strategy (Romero and Molin (2009))

→ Purposeful (Chesbrough (2007), Trischler and Li-Ying (2023))



Outcome

- New Products (Mitchell and Coles (2004))
- New Value (Lindgardt et al. (2009); Paiola et al. (2021))

→ Limited only by Imagination (Osterwalder et al. (2005))

(Digital) Servitization as a Business Model Innovation

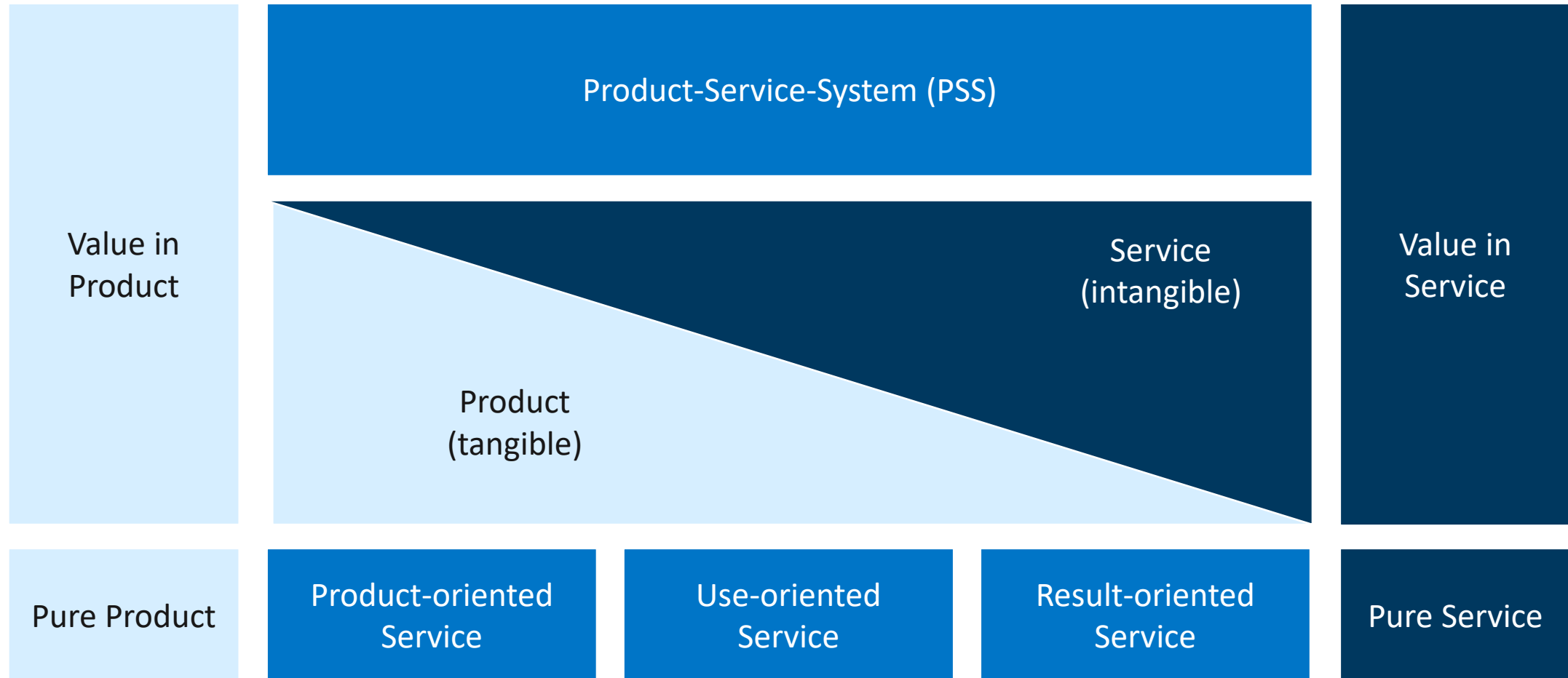
Authors	Definition
Vandermerwe and Rada (1988)	Customer-focused combinations of goods, services, support, self service, and knowledge.
Baines et al. (2009)	Shift from selling products to selling Product-Service-System (PSS) .
Bustinza et al. (2018)	Enable firms to achieve a competitive advantage by providing customer knowledge-based digital services during the entire product life cycle.
Kotamäki et al. (2019)	Servitization is the transition to integrated PSS . Digital Servitization is the transition toward smart PSS
Paschou et al. (2020)	Development of new services and/or the improvement of existing ones through the use of digital technologies.
Sjödin et al. (2020)	Transformation in processes, capabilities, and offerings within industrial firms and their associate ecosystems to progressively create, deliver, and capture increased service value .

“A Product-Service-System (PSS) is a **marketable set of products and services** capable of jointly fulfilling a user’s need.” Goedkoop et al. (1999)



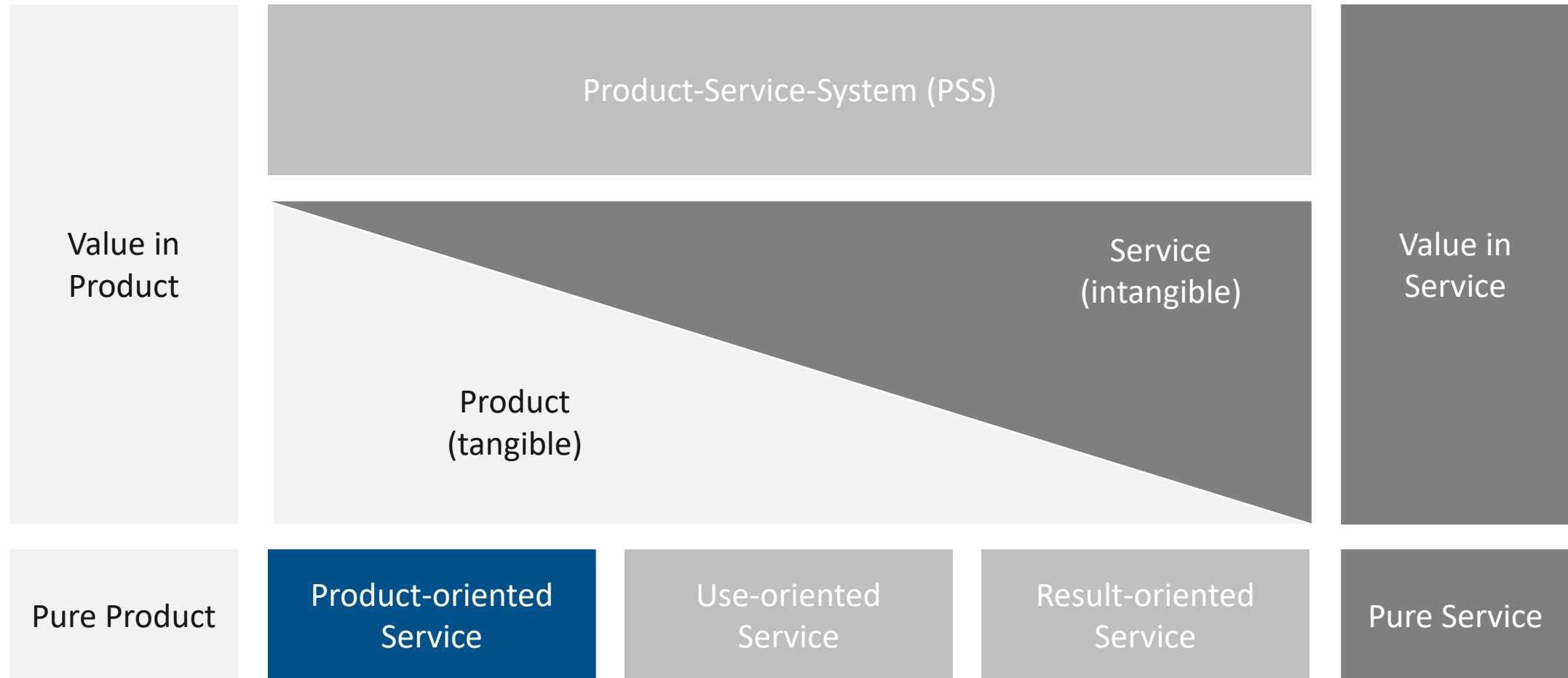
Servitization results in a new Business Model

Classification of Product-Service-Systems



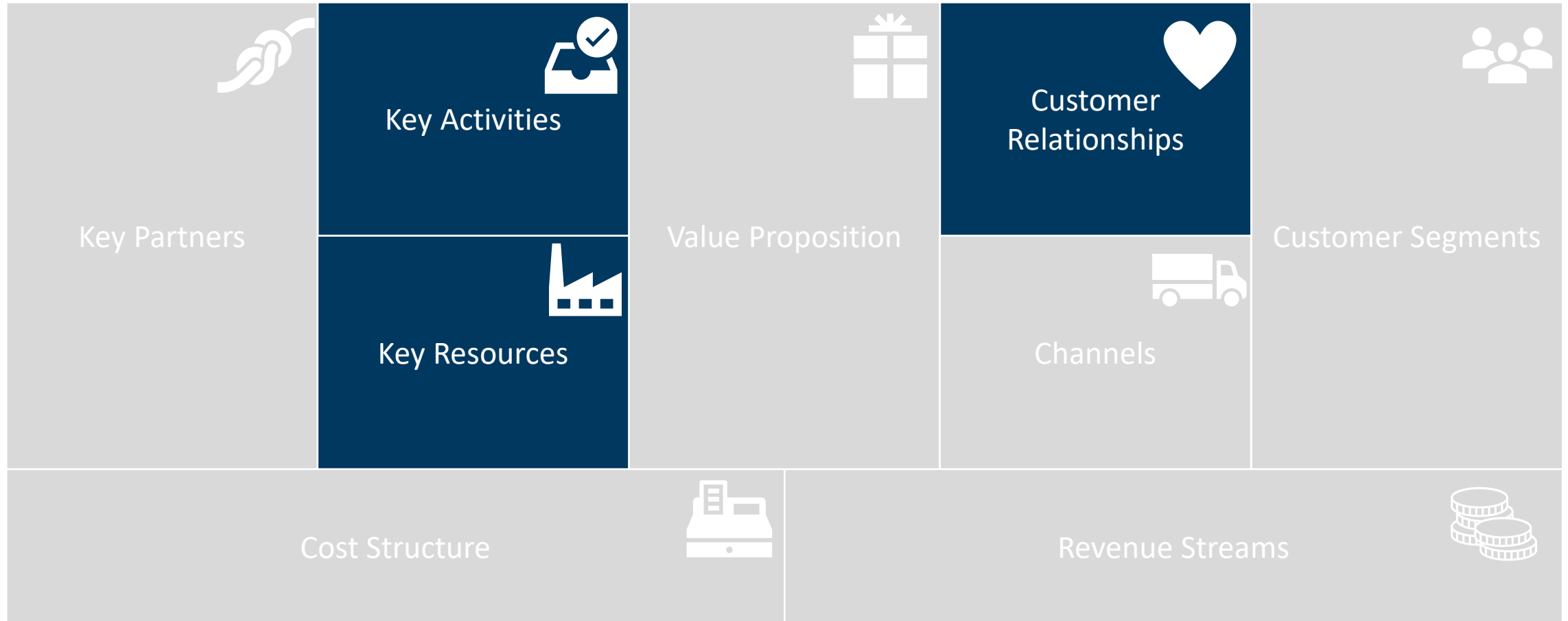
Barquet et al. (2013)

First Case: Product-oriented Service



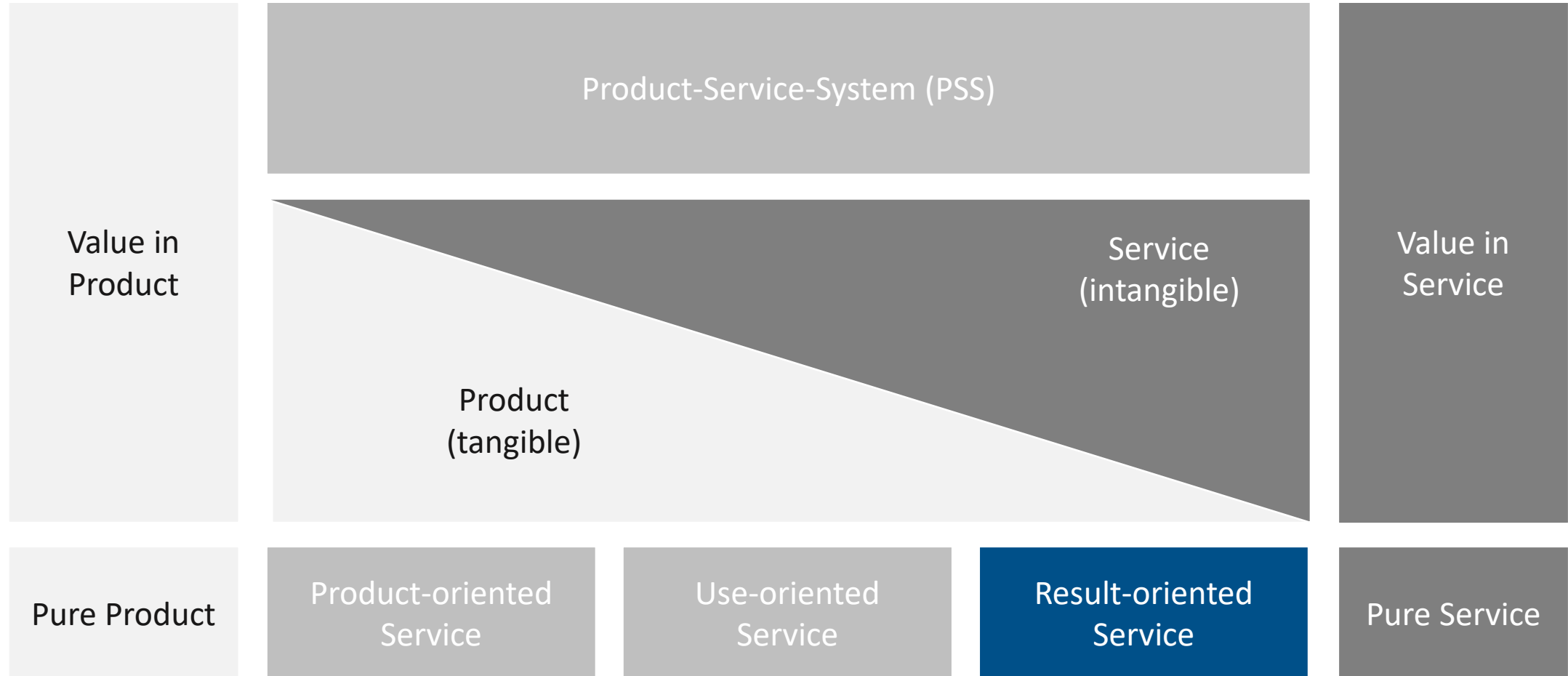
Barquet et al. (2013)

First Case: Changes in the Business Model (Canvas)



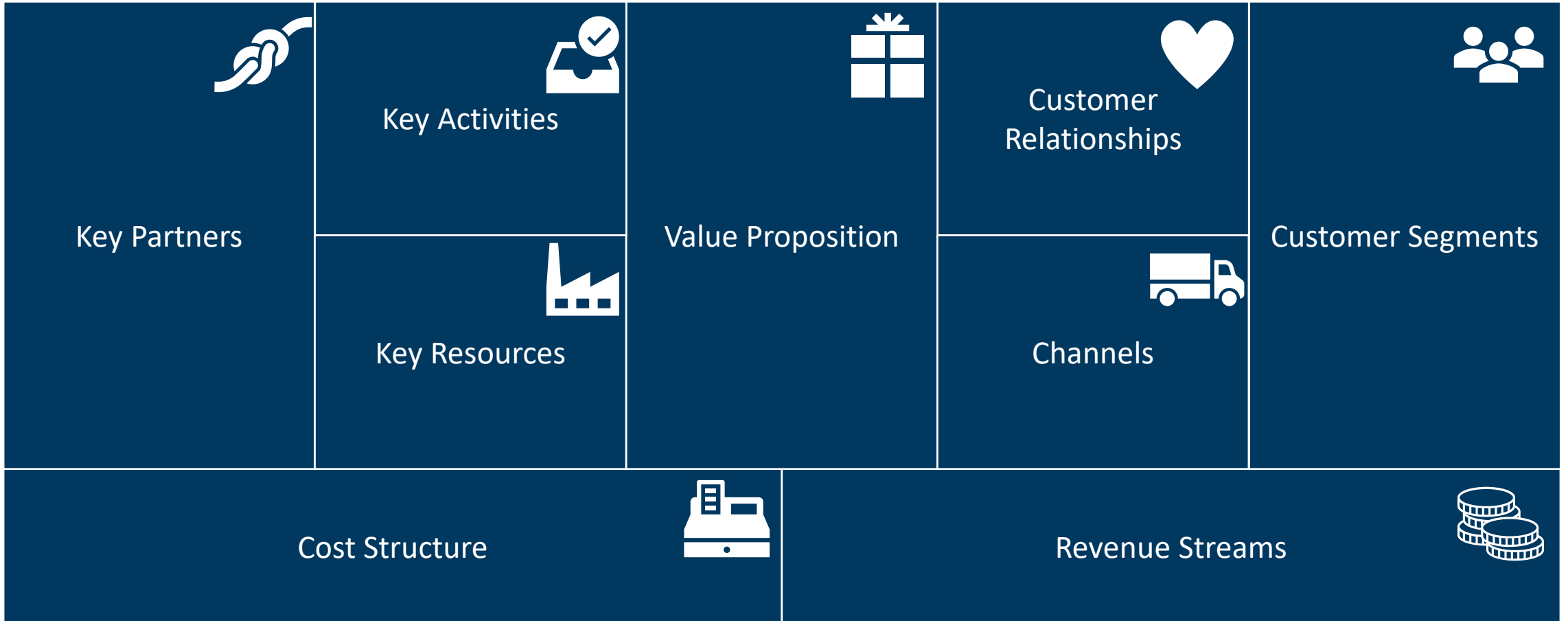
Osterwalder/Pigneur (2010)

Second Case: Result-oriented Service



Barquet et al. (2013)

Second Case: Changes in the Business Model (Canvas)



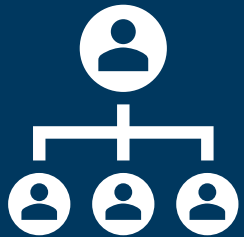
Osterwalder/Pigneur (2010)

Description of the influencing factors with the TOE-Framework



*“The **technological context** includes all of the technologies that are relevant to the firm”*

Examples: Complexity, Cyber Security Issues, Data Protection, Scalability, ...



*“The **organizational context** refers to the characteristics and resources of the firm”*

Examples: Knowledge and Skills of Employees, Financial Resources, Organizational Culture (Resistance to Change), Top Management Support, ...



*“The **environmental context** includes the structure of the industry, the presence or absence of technology service providers, and the regulatory environment.”*

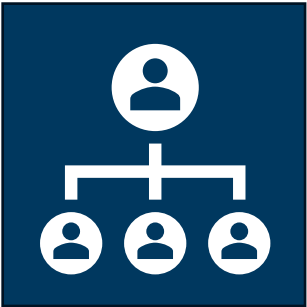
Examples: Customer-Provider Relationship, Knowledge Exchange, Partnerships, Trust, ...

Tornatzky/Fleischer (1990)

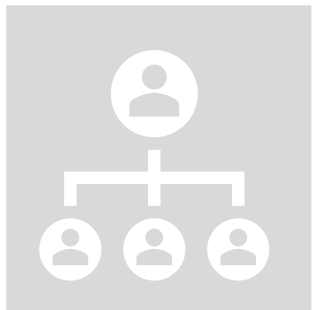
The influence of Risk Governance on the challenges in the O- and E-Context



Proposition 1: “Risk governance has a positive impact on the challenges described in O and E.”



The influence of Risk Governance on the challenges in the T-Context



Proposition 2: “Risk governance has no influence on the T-factors.”

Proposition 3: “Risk governance needs to expand to influence these factors.”

Thank you for your attention!

