Practice-oriented design of products, services and experiences

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Outline

- Practice-oriented design: Origins and premises
- Shift to focus on services
- Layers of IT enabled service design
- Experience Design (Midmarket IT Services)
- Design of IT Enabled Services (Communication Portal)
- Design of back-office IT for services (Solution Definition Manager)
- Lessons from participatory design and “design in use”
- Directions in b-2-b service design
Practice-oriented design

Origins
- Xerox, Palo Alto Research Center
- Focus on technology (product) design
- Focus on work practitioners as organizational actors and not “users” of technology

Premises
- Neither “pure” work analysis or field testing of designed technologies
- Focus on integration of new technologies with existing practices and technology environments
- Use of case-based prototypes and other representational artifacts
- Establish working relations among researchers, work practitioners, designers, developers, and other relevant actors (stakeholders)
Practice-oriented design (of products)

Target activities
Technology direction
Design and practice insights from previous projects

Field observations, interviews and analysis

Design ideas and representational artifacts

Time
What's different about services?

- Deeds, acts, processes or performances (Berry, 1980; and Zeithaml & Bitner, 1996)
- Activities provided as a solution to customer problems (Gronroos, 1990)
- Intangible and perishable – created and used simultaneously (Sasser et al., 1978; and Fitzsimmons, 2001)

<table>
<thead>
<tr>
<th>What's different about services?</th>
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<tbody>
<tr>
<td>Service providers and clients <strong>co-produce value</strong> in and through their interactions with one another</td>
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<td>Many services require the <strong>participation</strong> of the receiver of the service</td>
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<tr>
<td>- hair stylist – client</td>
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<td>- doctor – patient</td>
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<td>- teacher – student</td>
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<td>- IT service provider – business client</td>
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<td>Relationships matter!</td>
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<td>“… the important distinction is that the relationship has become a resource in itself… thus the returns have now more to do with extending the scope, content and process of the relationship.”</td>
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Bryson, Daniels and Warf – from Service Worlds
Layers of service design

Service experience

Technology that enables the service (experience)

Back-office technology that supports service delivery

March 20, 2007
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Experience Design:
Midmarket customer – Local IT provider – IBM relationships

- New business models for the delivery IT services to the Midmarket
- The customer experience should be one of the competitive advantages
- Responsive
- Knowledgeable
- Deliver what they sell

Design Points
- Access to real, known people
- Flexibility – one size does not fit all
- Multiple touch points – the most appropriate for the problem at hand
- Know my business and IT environment
- Reputation and trust developed through history of interaction and local networks
Design of IT enabled services: Communication portal

Study of executive level interactions between IT outsourcing Project Executives and Delivery Project Executives and their client counterparts - CIO, director of technology

The Portal Vision

Is my IT service provider doing all they promised?
Is my business supported by my IT investment?
Service level attainment
Access to account management team
Delivery team performance
Webserver Tower

Client

Delivery team

Help desk Tower

Manufacturing

Sales

Web Portal

Manufacturing

Sales
Motivation and goals of the portal project

- Enrich the interactions between clients and service provider and raise customer satisfaction by providing:
  - a single services management portal
  - information transparency
    - near real-time views on IT performance data
    - “visualization” of services to clients
  - a highly secure, resilient and available environment for interaction
  - support for the management of services contractual agreements across the offering portfolio

- IT service providers are going to market highlighting their portal dashboard capabilities (build trust and higher levels of credibility, identify problems sooner and solve them faster, execute decisions more effectively).

  “Service providers without a focused customer portal strategy will be left behind as the service provider industry consolidates and evolves.”

  Herb VanHook, Meta Group

- Push to accelerate portal/dashboard offerings to stay competitive and to leverage portal strategy as a key differentiator.

- Portal dashboard development effort initially focused on the executive level customer as the end-user (CIO, Director of Technology).
## What is IT Outsourcing Services?

### Outsourcing

- The delegation of tasks or jobs from internal production to an external entity
- In 2003 generated global revenues of $298.5 billion (Gartner Inc).

### Distinguished from Offshoring

Offshoring or the relocation of business processes (including production and manufacturing) to a lower cost location, usually overseas.

### Two main types of outsourcing

- **IT infrastructure** (database administration services, storage management, disaster recovery and security services, helpdesk, desktop services, etc.)
- **Business Process** (medical transcription, claims processing, accounting, HR, etc.)

### Reasons to outsource

- Cost reduction
- Focus on core competency
- Flexibility
- Reduce risk
Findings: Client – Delivery Team Interactions

- Contractual document exchanges – SLA reporting are often accompanied by face-to-face meetings or conference calls where meaning is negotiated, new issues identified, and problems addressed.

- Service delivery teams manage access to IT performance information through various means (e.g. delayed reporting, problem solution resolution, proactive analysis, etc.). They are reluctant to make “unfiltered” performance information available.

“Do you want the CIO to read problem reports from support team? No! It needs to be dressed up.”

Delivery Project Executive

“With regard to the SLAs (Service Level Attainment) and availability information, you want a review process before it goes to the customer. We need to get our story together and in some cases the information is just wrong. You want that level of review before the customer sees it. And if you had an outage you want to be able to work the details and get a good story together - what happened, why, what’s being done, when fixed - before the customer sees it if possible.”

Delivery Project Executive
Findings: Presenting IT performance data

- Service contracts, IT performance measures, and reporting formats are dynamic and evolve
- SLA performance measures are but one indication of the health of an account.
- Presentation and analysis of the IT performance data depends on the focus of interaction.
  - Emergency response to an acute IT failure
  - After the fact Critical Situation evaluation
  - Capacity planning for the future
  - Different “roles” involved in the interaction depending on the activity

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“The SLAs are green month after month, but my employees are complaining about IT service.”
Delivery Project Executive

“It’s frustrating to me that when the SLAs are green month after month, no one pays any attention to them. You can’t see how hard we work to keep the SLAs green month after month. I wish there was a way to make this more visible.”
Delivery Project Executive

“I don’t care whose fault it is, when the cash registers aren’t working my business suffers.”
Customer
Findings: IT performance data is not enough

- SLA performance recedes into the background when remain relatively constant over time.
- Complete self-service isn’t what many clients want, but proactive service provider who provides client specific information and analysis.
- Want service delivery teams to be a business partner, but requires
  - Access to the client’s business critical information and LoB managers
  - Expertise in the client’s business
  - Ability to coordination across multiple service providers in developing business (not IT) metrics

“The SLA measures are great, but I don’t feel like I’m getting what I signed up for with my service provider. I want you guys to bring your IT expertise to be proactive and help me with my business problems.”

Delivery Project Executive

“I don’t want the LoB executives to have direct access to IT performance information. They wouldn’t know how to interpret it. And I don’t want them talking directly to the IT delivery teams. They might ask for things that are not part of our overall IT strategy.”

Project Executive
Implications for portal design

- Integrate portal with existing modes of communication
- Provide information and (business) analysis not data
- Support continued evolution of IT requirements in relation to ongoing changes in the client’s business.
- Develop tools and strategies to help service delivery teams and clients manage information transparency.

- Portal communication affordances should be integrated with, for example, face-to-face meetings, telephone interactions, email, hardcopy reports.
  - Ability to print
  - Ability to download into standard document file formats
  - Use of portal in face-to-face meetings
- Provide access to trending analysis and proactive recommendations, not just SLA data.
- Explore ways of leveraging Portal strategy to shift focus of delivery team -- client interactions from IT performance metrics to client business metrics.

“The work doesn't stop once all the SLAs are in place, either. The agreements require constant discussion and renegotiation as the needs of the business change. E-mail response time and network availability statistics may look great to IT, but the business may actually be seething about a wholly unrelated issue.”

CIO Magazine November 1998
Rethinking information transparency

- Transparency of meaning cannot be taken as a given
- **Negotiation** and re-interpretation of information is at the core of **meaning making**
- There is no single, transparent window on service delivery performance
- Multiple ways of representing performance
  - inscribed in the tools
  - based on information accessible
  - motivated by situation at hand
- The meaning of information is negotiated in **working and organizational relationships**
- Negotiating the meaning of IT performance is the ongoing work of client -- service delivery collaborations

“We’re selling a dream.”

but

*We must deliver an ongoing collaboration!*
Design of back-office enablers of IT outsourcing services: Solution Definition Manager

<table>
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<th>IBM’s Strategic Outsourcing business is responsible for roughly $35b in revenue</th>
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<tr>
<td>The tools used for creating, tracking and managing outsourcing deals are old, incompatible, slow and awkward</td>
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<td>The business is committed to making the changes necessary to build the platform (SOA) on which a new suite of tools can be built</td>
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<td>Focus initial efforts on solution definition</td>
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| Gain views on the work practice and organizational dimensions of the engagement solutioning practice |
| Analyze engagement solutioning using complex service system framework |
| Examine the business, organizational, and individual practices of SO engagement |
| Identify key integration points, information and value flows, and transformations between the organization, people, and technology |
| Challenge Engagement Solutioning is owned by multiple stakeholders and organizations |
### Designing for participation and ongoing design in use

**Co-construction of value in service relationships**

#### Design in Use

- Differences between the way systems are envisioned and how they are used
  
  "Planning IT change, it seems, has proven to be as challenging as the change itself." – Rob Kling

- In attempts to change organizational practices new understandings emerge
  
  "If you want to understand something, try to change it." – Kurt Lewin

- Reciprocal relationship between technology and social/organizational change

#### Participatory Design Principles

- Mutual respect for the different knowledge that all participants bring to the interaction

- Opportunity to learn about each others’ domain of knowledge

- Joint negotiation of project goals, objectives and agenda

- Recognition that all participants should benefit from the interaction although not necessarily in the same way

- Focus on the organizational context in which participation is possible

- Development of the tools, processes that enable participation (future workshops, case-based prototypes, design games, envisioning)
Directions in b-2-b service design

IBM Challenges

- How to scale services? (a people-intensive industry)
- How to standardize services (industrialized service delivery)
- How to develop and use “assets” in service engagements
- How to manage the globalization of service delivery?
- How to leverage IT to enhance the client experience? (not just reduce costs)
- Future workforce (SSME)

- Understand the service provider – client interactions/relationships (where value is created)
- Recognize the risks of undermining the service provider – client relationship
  - in self-service and automation
  - in standardization of services
- Recognize that innovation occurs in the interactions between service provider and client
- Design for (ongoing) participation and design in use
“… modern economies are both service economies and economies of innovation. Paradoxically, they are not regarded as economies of innovation in services, that is as economies in which service firms’ innovation efforts are proportional to their contribution from the major economic aggregates. It is as if service and innovation were two parallel universes that coexist in blissful ignorance of each other.”


“Our economy is increasingly dependent on services, yet our innovation processes remain oriented to products.”

Stefan Thomke
from Harvard Business Review, April 2003

“Services dominate economic activity in developed economies, and yet understanding of innovation in this sector remains very limited…… At this early stage, academic research about innovation in services is not well defined.”

Henry Chesbrough
from Financial Times, October 2004

“Services is an understudied field”
Matthew Realff, Director, NSF program on service science
from NY Times article April 18, 2006
Academia Dissects the Service Sector, but Is It a Science? - Steve Lohr