

ABSTRACT

Industrial service innovations – a disregarded growth engine

The industrial growth problems in Sweden are sometimes looked upon as a problem of too few investments in R&D combined with some macro economic problems. Service and service companies are also playing an important and growing role as growth factor. An area not focused in the debate is the industry companies` service innovations and service related business activities. Little bit in the hidden a powerful and sophisticated development of new services and service innovations are developed and these are playing an important role in the growth of these companies. Industrial companies are also responsible for the fast development of many service companies in that they outsource internal service functions within IT, personnel administration etc. to specialized service companies. They function as growth engines for service companies.

This report is focused on how service is developed in leading industrial companies and how service is gradually becoming a much more important part of the business concepts and offerings. Based on some ten case studies, we analyse different forms of growth and service concepts and try to identify the most important success criteria for developing a successful business in this area.

The main trend is a gradual development from focus on spare parts and repairs to the development of long term relations with key customers and to explore the value of a large customer base. In leading companies, the customer base is more and more regarded as the most important asset. Another trend is to supply customers with functionality and productivity improvements rather than the product itself. Focus is much more on preventive services and long term maintenance than solving upcoming problems. Different service concepts are built into the product often with the support of IT and electronics. Service concepts are more and more becoming integrated parts of a system delivery where it is difficult to differentiate between service and product. Service is influencing product development and is becoming an integrated part of R&D in the most sophisticated companies. However, in consumer oriented companies focus is more on brand development and new designs than on classical forms of services.

For most companies it is a long development process to establish the more sophisticated and complex service forms. It requires the development of a strong market and customer oriented culture. The distinction between service and industry companies is also becoming obsolete. There is a need for a revised branch and industry classification.

In the future service will have an even more important role. We also foresee the development of independent industry service companies that will service products from many different suppliers. For many industrial companies service will be one of the most important growth areas, but technical leadership will continue to be vital in order to also be able to have leadership within service. Product and service leadership is going together.