

Chapter 17

Service Innovation in Information Business

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ABSTRACT

This chapter discusses the structural shift toward service industry that has been occurring in the information business industry in Japan. Fujitsu is one of the major information business companies in Japan, and its “Field Innovation” is explained as an example of the structural shift. Not only does it describe the case, but it also explains why Fujitsu could begin it. Fujitsu’s Field Innovation is a novel consulting service to help customers start their own service innovation in their respective fields. Specially trained “Field Innovators” carry out the mission, and the method they follow is described as field innovation cycles. In addition, a video tool of rapid ethnography is described for the service innovation’s practitioners, which will contribute to reducing the cycle time and cost required to execute the field innovation cycles.

INTRODUCTION

This chapter discusses the structural shift toward service industries that has been occurring in the information business industry in Japan. The new trends including cloud computing are forcing enterprises in the industry to migrate from solution to service businesses.

As many people have pointed out, the industry has changed from the age of products to the age of services and this change in the industrial

structure has been progressing on a large scale all over the world (Council on Competitiveness, 2005). In response to this, IBM has suggested a new discipline named SSME (Service Science, Management, and Engineering) (IBM, 2008).

The change in the industrial structure means not only quantitative but also qualitative change. Let me explain an example that is very common but has recently changed dramatically, which involves making a reservation for a hotel room. Just a short time ago, we had to make several phone calls one after the other until we found a vacant room, because there was no way to check

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whether a room was available before we called a hotel. The Internet has now completely changed the situation. We can see the availability of hotel rooms on an online map, and all we need to do is select one from the map.

What made this change eventuate? The answer is ICT, which stands for information and communication technology. ICT is the key driver to create new services. Our world can no longer exist without ICT. Any work that can be digitized can be processed anywhere. For example, there are now numerous call centers for global companies in India.

Figure 1 outlines the expansion of standard technical capabilities and their effect on qualitative changes to service innovations.

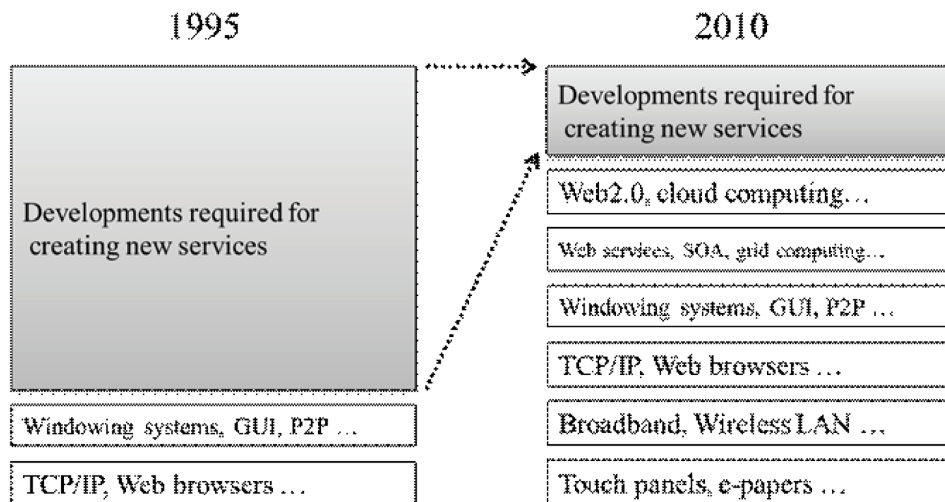
We had to stack additional custom-made layers on top of thin standard technical capabilities up to the required service level in the mid-1990s. We only had basic Internet technologies, such as the TCP/IP protocol and unsophisticated Web browsers, and a basic user interface, such as that on X Windows systems. At that time, we needed to implement a primitive “push” function by ourselves, for example, if we wanted to achieve an instant alarm system.

The situation completely changed. It has now become easy to construct new services. Once enough Internet technologies have been provided which have standard technical capabilities, all we need to do is place our own service layer on top of fully fledged standard technical capabilities. Consequently, we can say this is the time for the “idea first, technology second” era.

Cloud computing is the latest trend in the information business and is about to bring a huge paradigm shift in the industry. Cloud computing means that even the operation and maintenance of computer systems are becoming commoditized, following the commoditization of computers and applications. Cloud computing might have the possibility of making the so-called system integration business (SI business) and operation and maintenance business (O&M business) obsolete.

At one time, start-up companies began by buying computers and connecting them to the Internet to launch their services, but now no start-up companies buy computers. Instead, they begin by renting computers from cloud computing providers. Small financial investments are now sufficient to use the power of ICT. At one time, people who had service ideas could do anything

Figure 1. The “idea first, technology second” era



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