Service Disruption, Information Technology, and Innovation

Over the past few years, we have heard the terms ‘innovation’, ‘information technology’ and ‘service’, but what few know is that the three terms are linked together. Before we begin with this brief explanation of how these concepts are intertwined, let’s first understand each one separately.

Over time, innovation has been attributed different definitions such as: “The knowledge of how to do things (know-how), understood as a system by which needs, and desires are satisfied”. In a broader definition it is understood as: “set of knowledge, forms, methods, and procedures, which allow combining the different resources (tangible and intangible) and capacities in the productive and organizational processes, to make them more efficient”. (Burgelman, 1996; Morcillo, 1997; Tusman and Anderson, 1997).

We observe that innovations in structure, process or service are incremental with substantial improvements in the components of the structure, product, or service. Disruptive technology is when new technology causes a break in the trajectory of current technology. This technology brings improvements demanded by the current changing market, to meet their needs and expectations. When disruptive technology meets the demands, needs and expectations of customers, considering the value of demand, customers immediately switch to the new combination, as it has additional competitive advantages. Therefore, the market begins to value disruptive technology.

To be able to adapt a disruptive technology with value contribution, it is necessary to be able to count on flexible structures, since if this does not happen, companies do not have time to react in the short term to market demands. This leads to a decrease in costs in industries, specifically in the development of value chains.

For the past decade, the term ‘service’ has undergone great changes and has been disruptive in the structures, processes, products and services. Services have been modified in such a way that they have generated great impacts on the global economy to the point where service was recognized in 2018 as a science by WTO (World Trade Organization). We do not talk about a customer service, or an after-sales service or a process, we speak of a science which has a structure that, due to its characteristics, is infinite and which increases its size according to the value chain to which it adapts, whether productive or global.

It is important to know that there is a difference between the service industry, the structure of the service and service as a product. Below is a brief description.

The service industry is made up of multiple sectors, all those that contain intangibility within their value chains, for example, the technology sector, telecommunications sector, the financial sector, the tourism sector, etc. In what corresponds to services as a product, we can see the following examples, internet, cloud service, software, etc. Finally, and the most relevant is the structure of the service. We address it last because this is the one that is generating the greatest amount of change when compared to service industry or service as a product as well as innovation and information technology.

The structure of the service is the one term that has been developing and generating changes in the last 25 years, silently, until before the pandemic. The pandemic has made these disruptive changes very visible in an accelerated way. Adequate and visible recognition of its value has not been communicate, since this value increases in the same way as the structure, having an impact on both the market and companies.
The structure of the service has not only ceased to be part of a given sector, but its structure is increasingly reflected in the operations of value chains. It is important to mention that the structure of the service is a value chain, which is interrelated with the productive value chain, additional is multifunctional and multidimensional, since, being part of the aforementioned sectors, it has determining characteristics of the service industry. The characteristics of multifunctionality and multidimensionality, generate information technology, which can produce innovation at the structural level, in processes, administration, products or services, and business models, starting from diversification. This leads us to the fact that the structure of the service can have disruptors in the way of doing things or in this case in solving complex problems differently, that generate innovation and substantial improvements in the satisfaction of needs and expectations.

The structure of the service produces a continuous and constant improvement, which leads to the next level of satisfaction starting with the needs and ending in the expectations. This generates value for the client and for the company, in such a way that the structure of the service requires flexibility in order to satisfy the changing needs of the market. Companies must take these factors into consideration, which then allows a focus on the information collected about that specific market and about the value chain.

The structure of the service generates competitive advantages, which can be difficult to imitate, due to the degree of sophistication of data, information and knowledge that must be developed. These factors can be obtained through the implementation of service management systems and innovation management systems, which allow companies to obtain the competitive advantage, manage resources, manage the information obtained from innovation and service performance, which when analyzed, becomes proprietary knowledge for the organization. This knowledge is used to decrease the costs of the value chain and increase in added value for the market and for the company.

In conclusion, we see that, by implementing the structure of the service, competitive advantages are obtained through the diversification not only of the products or services, but also the generation of value for the market reaching niches not previously contemplated. In addition to the value generated by the company being able not only to react, at the right time, but rather to adopt and prepared to face the constant changes that we are currently experiencing. The service being a science contemplates a greater complexity of operation, which requires experts in the field. Additionally, we see that we can not continue with the perception of being only a customer service or an after-sales service. Services will continue to be part of the structure of the value chain, and the adaptation of the concept of service as a structure has additional benefits for the market as well as for the company.

It is not enough for companies to acquire technology and knowledge. The company must have the ability to use technology and knowledge to develop new skills, in such a way that it is actively involved in the transfer of knowledge and its use. Information technology and knowledge management of innovation generated by the service value chain give way to the transformation of the short- and long-term perspective in terms of potential future value.

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