1. Course Introduction

The Information & Service Economy -- 27 August 2007

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Plan for Today's Lecture

Introductions

What is a Service?

Syllabus Overview

Assignments and Administrivia
So What is a Service?

The Economist: "Services are anything sold in trade that cannot be dropped on your foot"

Most people understand (or think they do) what makes something a product or goods:

- Goods are things that can be owned, traded, and distributed to different places at different times without changing their identity

But there is much less agreement about the definition of service:

- Intangible
- Perishable
- Experiential
- Co-produced between the service provider and service consumer
News: "Service sector" growth slows

Service sector growth slips

December's ISM index edges lower, but decline in line with Wall Street's estimates; prices-paid component rises, new orders fall.

January 4 2007: 12:33 PM EST
NEW YORK (Reuters) – Growth in the service sector slowed in December, following a less-than-expected rise in factory orders the previous month, reports showed Thursday, pointing to a slackening economy.
Services as a Category for Economic Analysis
But A "Residual" Definition Isn't Very Useful

Service sector is >70% of GDP in US and other developed countries

> 52% in developing countries

Fastest employment growth is in service sectors:

1. Professional & business services
2. Health & education services
3. Leisure & hospitality services
News: Hotel Industry Consultants Had a Good Year

HVS International reports strong demand for its services in 2006

Jan 10, 2007
H&MM Week In Review

Steve Rushmore, President and Founder of HVS International, the leading global hospitality services and consulting firm, proudly announces that 2006 proved to be another successful year. Worldwide, the firm was involved in nearly 3,000 hotel assignments.

“In the New York office alone,” Rushmore explains, “we were engaged in more than 700 consulting and service assignments, exceeding 2005’s total of just
News: Self-Service Banking with ATMs Hits China

ATM Dynasty Dawns for Chinese Banks
Cash Machines Are Replacing People as Cost Cutting Pares Bloated Payrolls

By JAMES T. AREDDY
December 28, 2006; Page B3

SHANGHAI, China -- Chinese banks are quickly shedding employees from their bloated ranks, but they are eager to deploy one type of worker: the ATM.
Self-Service

In "Self-service" a service provider takes an activity formerly performed by an employee and allows/requires the customer to do it, generally to reduce costs.

The customer might do the same work done previously by the employee, using the same facilities or equipment (e.g., laundromat, cafeteria).

But more often the employee has been replaced with an automated system involving software and/or equipment (e.g., ATMs, kiosks, touch tones -> IVR, web sites for commerce, tracking, etc.).

Self-service allows for 7-day, 24-hour services and this flexibility and convenience is valuable to customers.
News: Cisco Systems "Servicifies" its Products

Cisco: Not a Network Box Seller Anymore?
By Paula Musich
December 13, 2006
Cisco Systems may end up being thought of as a software company, five years from now, rather than a networking box supplier, if its network-is-the-platform strategy is successful.
The Trend Toward Services for Hardware Firms
The "Product Life Cycle" Is also a "Services Life Cycle"

- Determining requirements and justifying purchase of the product
- Finding a product supplier
- Financing the product
- Installing the product
- Modifying other products or processes to work with the product
- Maintaining the product and replacing parts
- Training personnel to use the product
- Upgrading the product
- Disposing of product waste
- Disposing of the product
Tangible v. Intangible Goods v. Services

Intangible goods have all of the economic characteristics of tangible goods, but no physical dimensions or spatial coordinates.

Intangibles have always existed, but have become far more economically significant because of dramatic innovations in information technology.

Classic examples of intangible goods are music, legal documents, software.
Software as a Service

Significant amount of enterprise or "packaged" software is being transformed from an installed product to a hosted service (CRM, HR, BI are significant sectors, Supply Chain and ERP are coming)

Instead of installing the software on a local machine, the customer pays on a subscription or per use basis to access the functionality using a Web browser

Many "deployed" software applications have become hybrids with a significant hosted or "vendor-managed" S-as-a-S component
News: Microsoft Offers "Software As A Service"

Microsoft To Offer Software-As-A-Service CRM This Summer

Hosted CRM already is available through Microsoft business partners, but the company plans to directly sell an offering it's calling Microsoft Dynamics CRM Live.

By Mary Hayes Weier
InformationWeek
Jan 10, 2007 09:00 AM

Microsoft will offer its customer-relationship management product via a software-as-a-service (SaaS) model, but interested customers will have to wait until summer. The company will announce today it's starting to preview its next-generation CRM product to business partners, and expects to have it available for purchase in the third quarter.
News: Web APIs Enable the "Programmable Web" and Service "Mash-ups"
Web Services

Web Services -- with a capital "S" -- generally means a particular set of specifications developed by OASIS, WS-I, or similar standards organization for sending XML documents as the request and as the response from some service, function, process, whatever...

But a "web-based service" -- with a lower-case "s" -- can be defined as any network-based functionality that is invoked and delivered by XML documents

Almost any service can be implemented to use documents as interfaces (request and response)

A "mashup" of information from different services is accomplished through services requested via web APIs
Web Services {and, vs} Service Oriented Architecture

Web services are an important physical architectural idea and a set of standards and techniques.

Service Oriented Architecture (SOA) is a conceptual architectural perspective and design philosophy to think about "what a business does" in more granular terms so that a business can be a mix of core, internal functions that it does itself and outsourced ones provided by other businesses.

MBAs and CIOs talk about SOAs, software architects and developers talk about web services.
News: Amazon.com "Productizes" its Web Services

Evolving Amazon's services into products
Developing internal Web services is easy; the hard part is bringing them to market
By Jon Udell
October 04, 2006

The announcements from Amazon Web Services LLC just keep on coming. The latest news flash is FBA (Fulfillment by Amazon), which will make Amazon's warehouse, its customer service, and its pick, pack, and ship machinery available to sellers.
News: IBM Standardizes Consulting as "Service Products"

New IBM service products ease information management and storage of data

Summary
IBM unveils first service products for end-to-end information management

Published: 19Oct2006
Industry: Cross-industry
Defining "Service" -- Like the Blind Men
"Defining" the Elephant?
A Tour of the Syllabus [Saxenian]
Course Deliverables

Assignment 1 (10/1-10/8) - Analyzing a Service System
Assignment 2 (10/22-10/29) - Take Home Short Answer Midterm
Term Paper -- proposal due 11/5; final paper due 12/14
Grading

Assignments 1 and 2: 20% each of course grade
Class participation: 10%
Term paper: 50%
Course Administrivia

Sign up for "i210" mail list by sending mail to "majordomo@ischool.berkeley.edu" with body "subscribe i210"

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Introductions

Who are you, and why are you here?