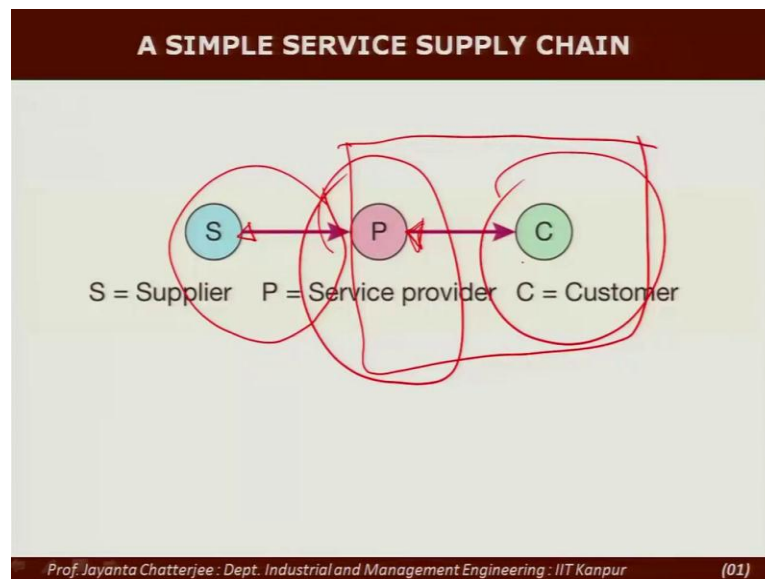


**Managing Services**  
**Prof. Jayanta Chatterjee**  
**Department of Industrial Management and Engineering**  
**Indian Institute of Technology, Kanpur**

**Lecture - 45**  
**Managing Partner Relationships**

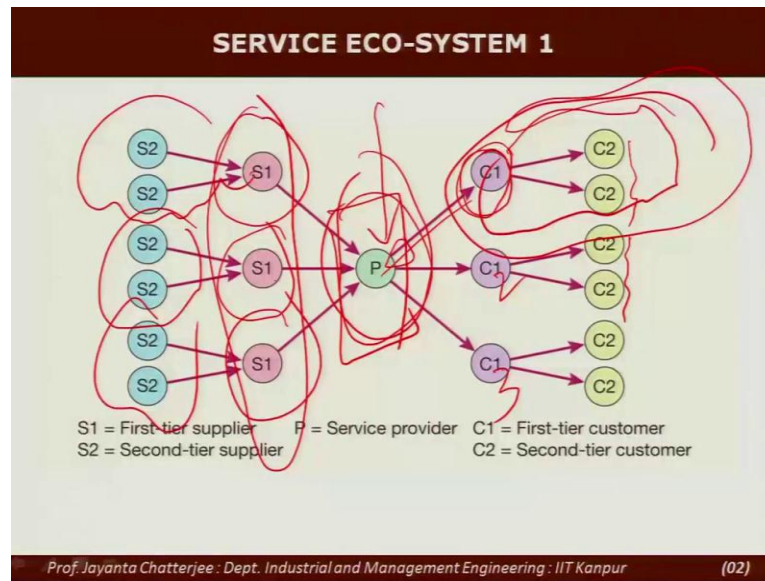
Today, from the Managing Services perspective, we will be discussing this topic about Managing Partner Relationships. We were already discussed in depth aspects regarding customer relationship and the high importance of relationship building in all service businesses. But, today side by side with managing partner relationships, which is as important in service business as is customer relationship management, because as you will see from today's discussion, that in many cases there is a partnership and customer ship overlap and defuse in to each other. So, from the contemporary issues perspective, what we want to discuss today is the emerging ecosystems of services around the world.

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So, today first we can look at this traditional supply chain, where we have a service provider and a customer. So, far we have been discussing, when we earlier discussed about relationship management, we discussed about this P to C relationship management and I just added bidirectional arrow, because it is an interactive relationship. But, what is happening today due to information and communication technology, this relationship which was earlier in the back ground is now part of the, it is now part of the overall very explicit range of relationships.

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So, in a way instead of this kind of linear linkages by you are looking more and more at this kind of networks. I had already discussed previously the importance of networks and how the networks are changing all businesses and more so in case of service businesses. If you look at this, this is a systemic diagram and we will see it is instances are here with the examples soon.

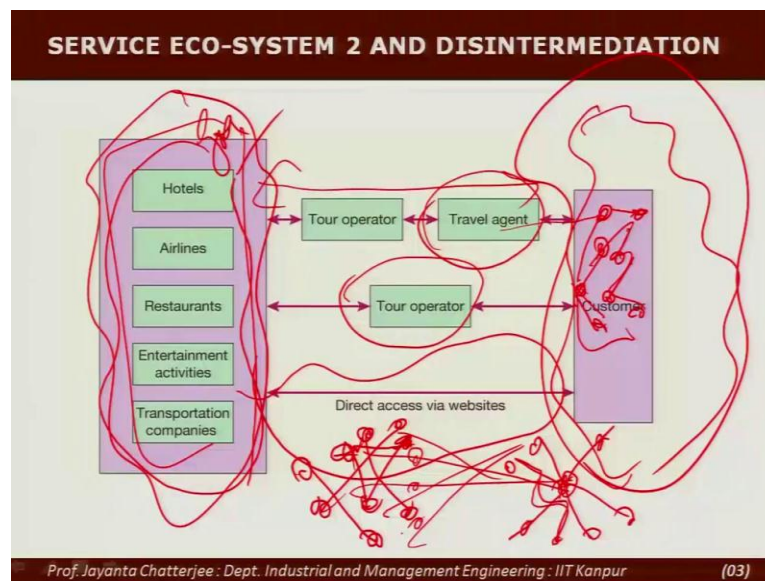
So, fundamentally what is now happening is that you will see even in this we have put P the service provider in the center, which means as if this is actually the mediating node between this range of service suppliers, who are themselves again nodes of next level service suppliers and as if this is the central node, which connects to customers and all the other types of customers. I mean like for example, you can think this a hotel at a holiday destination, a major hotel at holiday destination.

So, this will be that major hotel at the holiday destination, this will be the core service provider or in a way the hub service provider. Now, customer's will link to this service provider, the customers themselves will be, you know they may go with a family, they may go in a group, it can be a business convention, it can be a cricket team visiting a destination. So, therefore, the customer 1 or customer 2 or customer 3 themselves may also have, it actually represents a network.

And then, we have the hotel at the holiday destination, now there will be suppliers, there will be suppliers who are related to the hotel service like may be food and vegetable suppliers, there will be suppliers who are related to providing auxiliary services or

associated services like say local tourism or transportation and so on.

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So, as a result, what we see is like this, that hotels, airlines, restaurants, so this is actually we are moving away from that hub and spoke, where we were looking at this destination hotel as the kind of a hub. But, in the next diagram we look at customers and we have just understood that this itself is actually a network and then, there are hotels, airlines, restaurants, entertainment activities, transportation companies of a particular destination say Goa.

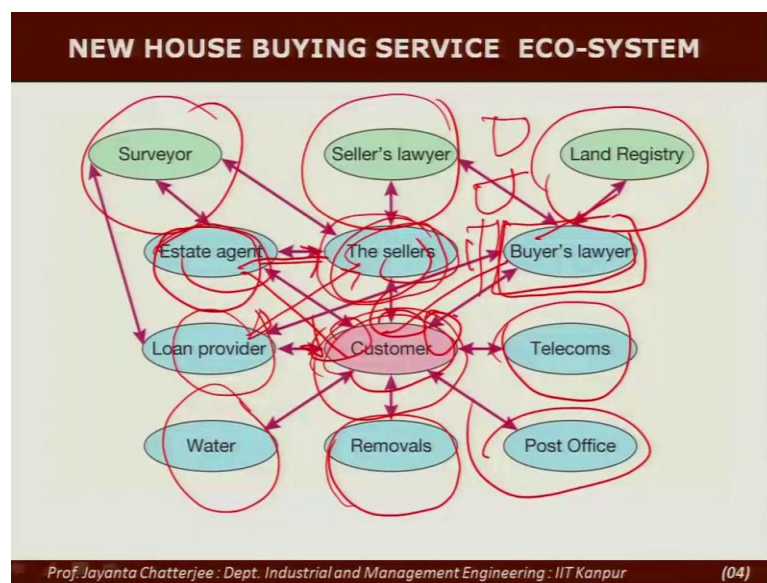
And then, connecting this eco system of all kinds of service customers, connecting to all kinds of service customers in this particular destination and then, there are connectors like tour operators operating through travel agents. So, that is one kind of connection, there are big tour operators with their number of branch offices at various places; that means instead of using a partner, they may do it through their own offices; that is another way this network connects to this network, this networks connects to this network or these days through internet and telephone, there can be a direct connection from this network to this network; that means, instead of this kind of a single channel there can be...

So, this is a network, I am deliberately putting some non-linear parts here and this is another network. So, there are no explicit absence spokes here and this network to this network there can be number of connections, some connections may go through one of the nodes, some connections may be... So, it has become quite easy now for a customer,

earlier the logistics used to be quite complicated, so people preferred to go to a travel agent, travel agent can contacted local tour operators and local tour operators sort of aggregated these services.

Now, the internet itself is a very efficient and very powerful aggregator. So, lot of customers can connect to lot of suppliers and there can be number of aggregated services, which will be utilized. So, this is what we mean by emergence of linear partner relationships, from linear partner relationships to emergence of service ecosystem. So, this is what we are meaning by service ecosystem.

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There are other kinds of service ecosystems also now emerging, they had always existed but in the background, but now they can become also quite explicit and so the background foreground divisions are now often getting refused. Take for example, the services with respect to buying a new house, so whereas, there is seller and there is customer. Now, earlier many of these services were often in visible to the customer, because there might have been in between an estate agent, who basically connected the seller and the buyer and the estate agent had other relationships to give a comprehensive service.

Today, the customer and the seller both know that there are other players in the ecosystem. There are loan providers, there are telecom service providers or people, who will help to do packing and forwarding or removals, water, electricity, post office, all of these are related for a customer, enabling a customer to move to a new house. And the

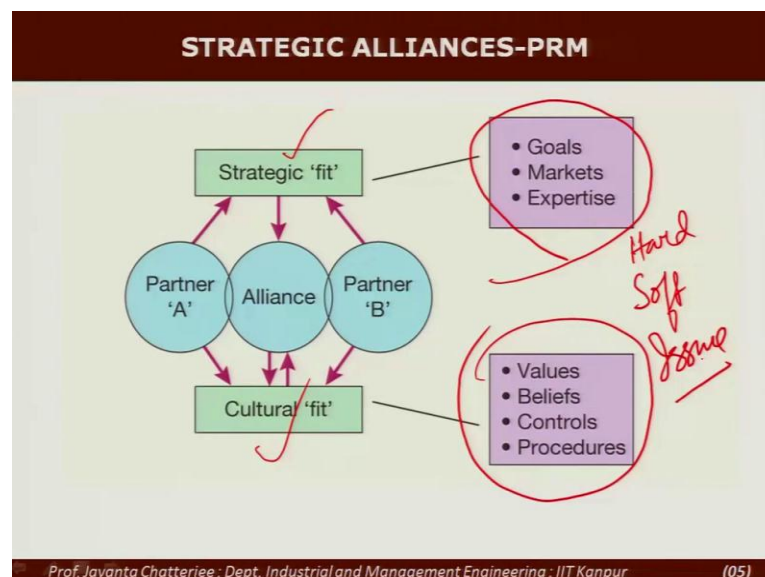
ownership transfer will you know involve land registry or lawyer, on both sides lawyer and surveyor and so on.

And many of these relationships as you can see now, they are going criss cross, so they are going... The customer can directly connect to estate agent as they did before, but the customer can directly talk to the seller, customer can... Because, many of this web based estate agents allow the customer and seller to talk to each other. The customer will talk to the loan provider, but the seller if it is a housing development corporation, they may also talk directly to the loan provider to see that the customer gets the loan easily, the particular project, the housing project is certified by the loan provider.

Many of these issues like the buyers, lawyer, the seller themselves may provide a composite service to number of customers to deal with the legal agency and the land registry involves stoke. So, this becomes an additional service provided by a housing development corporation acting as a seller alone with estate agents, they provide these number of different services, which earlier where other discrete services.

Now, this becomes a composite service provided by the seller development agency and it is possible today to do it quite efficiently and effectively and at reasonable cost, because of the emergence of many different types of communication, technologies and facilities.

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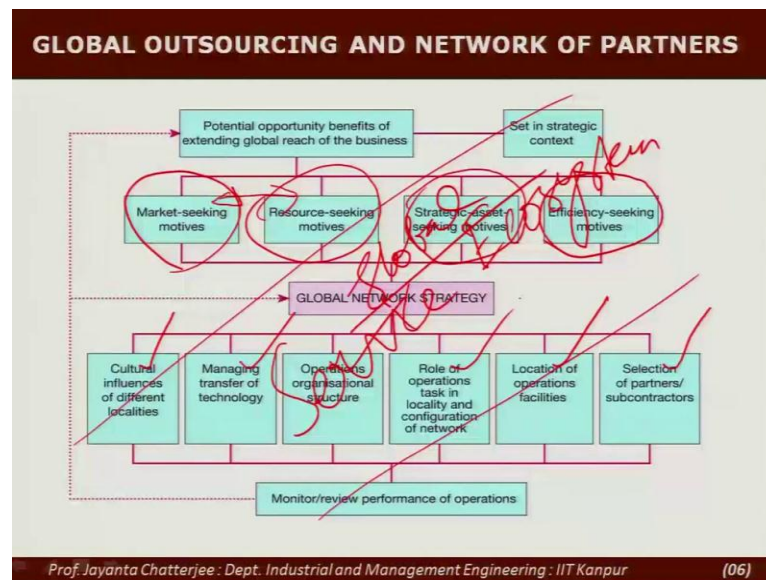


From this therefore, we see the emergence of different types of networks acting as alliances acting as ecosystems and; obviously, to be a part of the ecosystems between partner A partner B, there has to be strategic fit, there has to be a cultural fit. This in itself

is a very, very interesting area, that how the service ecosystems or I would say digital service ecosystems emerge, what are the properties when a digital ecosystem is successful, what are the possibilities of failure one has to got against.

And all these are interesting subjects on which, you can actually do some web search and you would be able to read some, quite a view interesting articles. Some of them are also written by me, so you can actually search for this digital business ecosystem or digital service ecosystem and see the importance of goals, importance of values, beliefs, controls and procedures. So, there are hard issues and there are soft issues, both are important to create, manage and propagate a service network.

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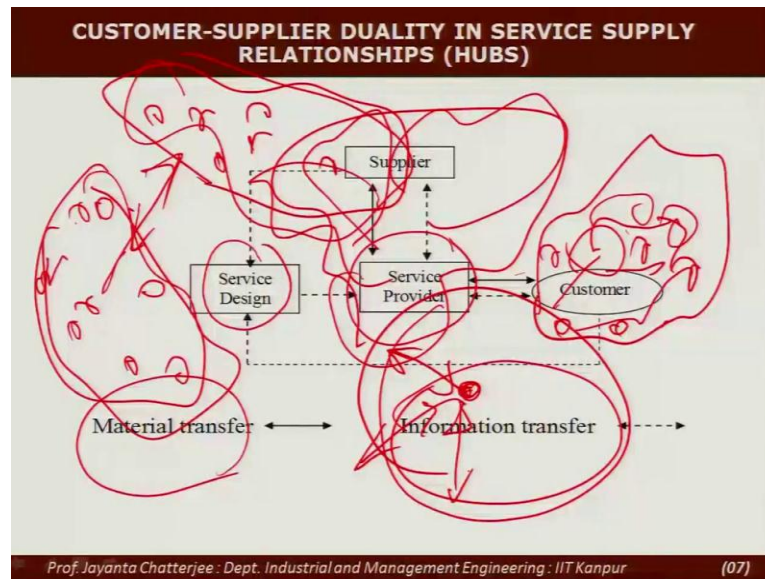
This is a set of a more composite academic picture of global outsourcing and networking of partners, emergence of service ecosystem. So, I think we can call this whole diagram as service ecosystem and we are adding a new word global service ecosystem. I will discuss this in greater depth in the next lecture, today I want to just point out before I conclude few interesting characteristics and examples.

So, in the global network strategy as you will see that people join these ecosystems with different types of motives. There can be market seeking motives, there can be resource seeking motives, there can be strategic asset or complementary asset seeking motives. So, which means that there can be a hotel and the hotel can have alliance with some local tour operators or local boat operators or local excursion operators.

Because, and that is actually a lines based on market seeking and resource seeking or

mutual sharing of strategic asset sometimes due to core competence of one type of supplier there can be also efficiency seeking; that means, the whole service offering will be shared among the most efficient partners with respect to one particular section of that service. Within the at there will be some issues at the background like cultural influences transfer of technology issues organizational structural issues and location selection of partner sub contractors etcetera.

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Let us take some more let us go deeper into this, so what we are saying is that there are service providers and there are many, many service providers they all forms certain kind of an ecosystem with an ecosystem of customers. So, there are customers, their families, their friends their it can be a business groups, so there are customers and subsidiary customers service providers and subsidiary service providers.

In case of service subsidiary means we have the first diagram, that we looked at that it is some kind of a urban spoke relationship. But, as we also discussed, that there can be a constellation of service providers on one side interacting with a constellation of customers on the other side. But, all these relationships even though this looks a pretty passive sort of setting service design and certain rules of the game are very important; otherwise the technical network will not operate properly.

So, service design is an important point there are material transfer, they are information transfer. And we will see those of course, those digital business ecosystems are digital service ecosystems are quite successful when the service as this more of information

transfer information of course, can lead to for example, information about seat availability can lead to finally, a material attribute like a seat on a particular boat going to a particular island.

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**TWO-LEVEL BIDIRECTIONAL SERVICE SUPPLY RELATIONSHIP**

*Handwritten notes: P -> O -> D -> M -> P -> T*

Service Category	Customer -Supplier	>Input Output<	Service Provider	>Input Output<	Provider's Supplier
Minds	Patient	>Disturbed Treated<	Therapist	>Prescription Drugs<	Pharmacy
Bodies	Patient	>Blood Diagnosis<	Physician	>Sample Test Result<	Lab
Belongings	Driver	>Car Repaired<	Garage	>Engine Rebuilt<	Machine Shop
Information	Home Buyer	>Property Loan<	Mortgage Company	>Location Clear Title<	Title Search

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But, mostly the transactions are based on information transform this gives you number of different these are two level or bidirectional service supply relationship are networks like for example, service category mind customer supply patient, so the patient is disturbed there is some kind of mental acne. So, there is a service provider is a mental therapist and as a result of, which there can be prescription and drugs leading to pharmacy.

So, there is a pharmacy is serving the patient and the therapist is also serving the patient and there is a network formation here. And, so this is the patient this is the pharmacy and this is the therapist and that there is an interactivity, there could be like a physician patient and pathology lab similar type of network small network formation or there can be a driver or an owner and there is a garage and there is a more detail are more exhaustive engine rebuilding, where there is a machine shop, which serves this garage, which interns serves as drivers.

So, this is another kind of network formation linkage formation, so here is the garage and there is the machine shop and there is the owner or driver. Similarly, there can be home buyer and the mortgage company and there can be services like the title search, so again you see there are different bidirectional linkage formations here.



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IMPACT OF SERVICE SUPPLY RELATIONSHIPS		
Element or Link	Before	After
Service Recipient	Passive	Active as a co-producer
Flow of Service	Available waiting for demand	Activated upon demand
Flow of Information (upstream)	Pull: manual reporting of demand data results in delayed management response.	Push: high level of connectivity and transparency with fast or instantaneous access to most recent demand data.
Flow of Information (downstream)	Little or no knowledge of resource deployment	Real-time tracking and dispatching
Demand Management	Limited to use of appointments and reservations.	Proactive involving customer in scheduling to achieve bi-directional optimization
Capacity Management	Limited to use of part-time employees	Creative use of cross-trained employees, outsourcing, and customer self-service.
Service Delivery	Inflexible; standardized and impersonal	Flexible; personable with customization possible.
Routing and Scheduling	Static; fixed daily schedules	Dynamic; based on system connectivity and process visibility
New Service Design	Marketing initiatives based on firm's perception of customer needs	Virtual value chain design with customer data base information driving new services
Pricing	Fixed	Variable; yield management promotes off-peak demand and avoid idle capacity

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So, this kind of looks at the contemporary shift compare to the situation as we had before. So, earlier service recipient were passive, because of this network formation and ecosystem formation service recipient described active as a co producer this aspect we have discussed number of times during this course. Flow of service was earlier often waiting for demand, now because of these interns digital activity among the players this is also often available activated upon demand.

So, the pipe line set of inventory, now if often not required, because real time information about demand will be available to all the appliers. So, it is not going from to different stages as a result of, which there is latency introduced in the network. Now, there are all one to one connections, so all players are simultaneously informed if a passenger has decided to shift his or her arrival in Goa by a week.

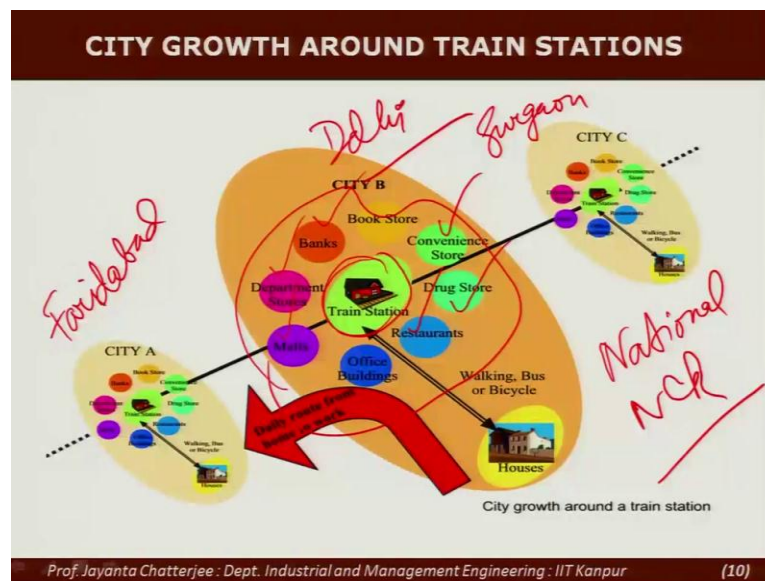
So, everybody knows that particular, so there not waiting with a particular earlier booking status they all know, that now everything is to shift on the customer also interaction knows the some of the services therefore, may not be available, they me look for alternative services and so on.

So, flow of information, upstream, downstream is now more based on push pull mechanism and there is a real time tracking and dispatching is now, possible a demand management is proactively done by the customer themselves schedule in just as the example, that we will discuss in this now, about number in Goa and the Goa system as we saw in a previous presentation is that hole hotels restaurants tour operators different

types of excursion facility these are all for being one ecosystem.

And the customer in interaction therefore, now proactively you can talk about in scheduling or changes and so on. So, as a result they are many different approaches to capacity management, which will discuss before, so the capacity constrains is often now, manage, because of a shift by cross training of people and a different shorts of outsourcing the relationships this becomes much more easier to manage capacity or avoid loss or perishability of capacity. So, these are some interesting things that are emerging in the service business, because of technology availability.

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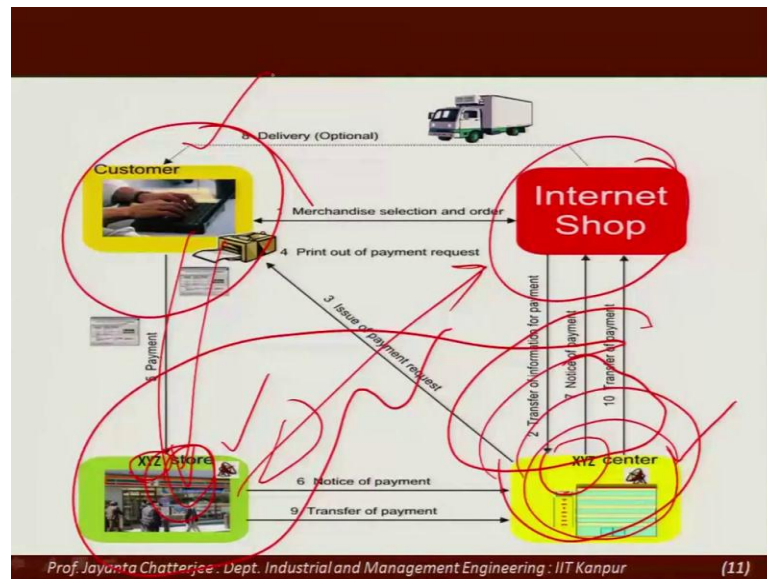
I will end one interesting diagram, that is how actually this ecosystem often develop our time. So, this you can check for example Delhi and Gurgaon and Noida and Ghaziabad are now actually all part of network themselves connected through high speed different types of transport linkages. And the railway system are more interestingly this metro linkages, which are making high speed transport quite easy and a possible across these.

So, this is say Faridabad this would be Gurgaon, this can be Delhi and this met Delhi metro as it is called this now, connecting all these places of the national capital region know as NCR is short. And as you see here, because of this the emerging nature of life line like connectivity and this becomes a drunk of the network touching all most all of point.

So, at the service nodes like a metro stations you see emergence of different types of services and as this the metro service matures you will see that each metro station will,

then become an eco system of different types of services have been convenience to your are permissive you can store restaurants office buildings malls, department stores, banks, they will call kind of grow as a glister around this network modes and this as happened in most ever cities around in the world and will definitely see happening in our country as well.

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So, and it makes it possible therefore, to change the nature of the service this is I am moving to another way this is actually the internet shop on the physical shop at now, connected through at the background this different types of, so the customer can actually choose stuff on the internet and a take delivery from the physical store of the customer can browse at the physical store and finally, buy from the internet store.

In some cases this store and that a background the service they can be all part of the same organization XYZ are they can actually be even in a collaborative competitive type of relationship do all relationship and the customer getting all the preferences. So, in conclusion, what I would like to say is that increasingly we see emergence of different kinds of networks due to emergence of different types of network riding on continuing at wants pence of information communication technology.

These act as service eco systems each entity in the eco system focuses on the service providing side, each entity focuses on its four competence. As a result over all the eco system is now increasingly becoming more efficient and more effective and offering larger variety of services at a lower cost per service. And as a result we are also seeing

different kinds of relationships and the diffusion among the traditional roles of customers and service provider's competitors and collaborators.

And this quality of a emerging relationships and this quality of customer sometimes as partnership, but partnership sometimes as customers create new paradigms for services management, which perhaps in an another course one more advance topics will be able to business better. However, I will take up some key issues of these emerging situations in the next lecture.

Thank you.