

Water Efficiency Conference  
5-7 August 2015, University of Exeter



SERVICE INNOVATION TECHNICAL COMMITTEE

## **Water sector service innovation (SI): what, where, who?**

Sarah Ward (presenting), Steve Brown, Aaron Burton, Kemi Adeyeye, Suzy Armsden, Noel Mannion, Siraj Tahir, Craig Gordon, George Chen

**The Water Efficiency (WATEF) Network**

[www.watefnetwork.co.uk](http://www.watefnetwork.co.uk)

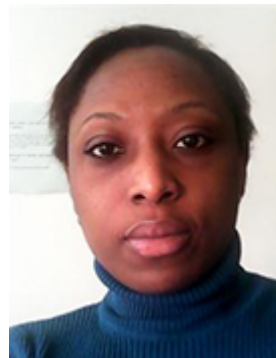
# Overview

- Introduction to the committee
- Activities
- Current study:
  - Service innovation theory/research
  - Key findings
- Summary/Future programme

# Introduction to the Committee

## Members

Mr Aaron Burton	Amec Foster Wheeler (Chair)
Mr Steve Brown	BRE
Mr Siraj Tahir	UCL
Mr George Chen	Heriot Watt
Dr Kemi Adeyeye	WATEF Network Lead
Mr Noel Mannion	Mace Group
Dr Sarah Ward	University of Exeter
Craig Gordon	Oxford Innovation
Suzy Armsden	WATEF Network Administrator



# Activities

## Official

- Inception meeting – Ricardo-AEA London Office – 26 January 2015 11.00 am
- Meeting - Ricardo-AEA London office - 17 March 2015 11.00 am
- London Workshop/ Masterclass - April 2015
- Virtual meeting 2 - June 2015
- Committee meeting London – July 2015
- Annual conference – August 2015

### Committee outputs:

- Interim Report
- Annual report *to be presented at the annual WATEF conference.*

### Meeting Minutes

Minutes of meeting held on 26 January 2015 click [here](#)

Minutes of meeting held on 17 March 2015 click [here](#)

<http://www.watefnetwork.co.uk/67-331>

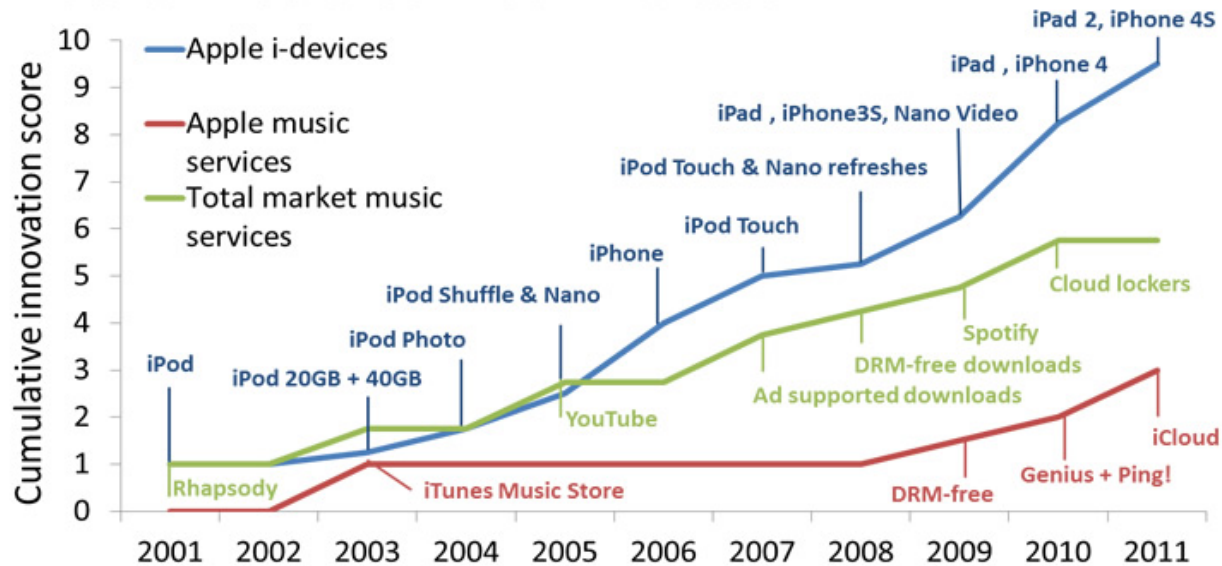
## Investigative

- Literature review on SI
- Discussions
- Survey (Gdocs)
- Case studies (Gdocs)
- Interviews (phone/Skype)
- WatefCON paper

# Current Study

- Examining SI rather than tech innovation
- Innovating products seems easier than innovating services...(even for apple...)...

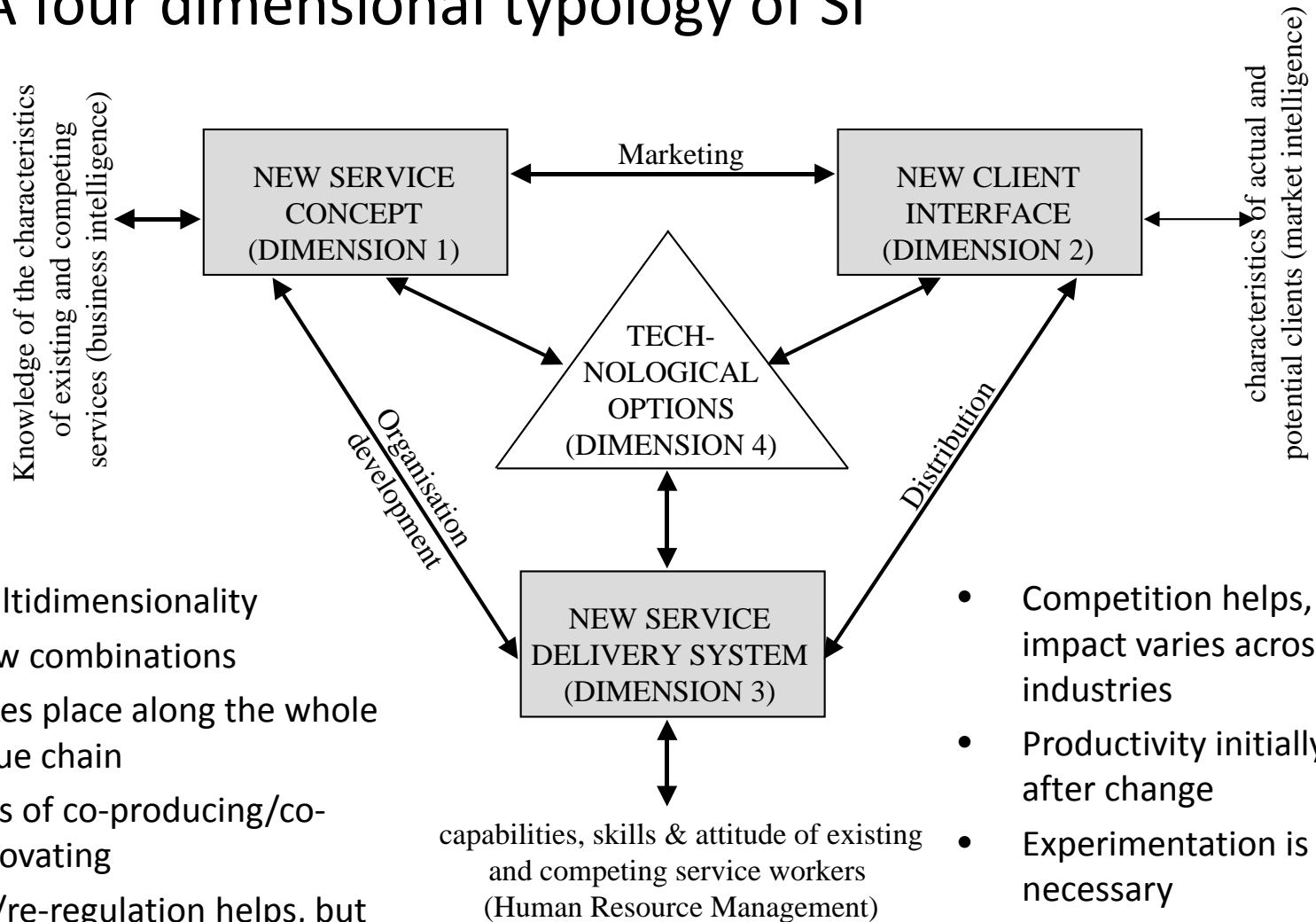
## Apple's Device Innovation Rate Far Outpaces Its Rate of Music Service Innovation



Scoring criteria	Score
New product type	1.00
Major product enhancement	0.75
Incremental product enhancement	0.50
Minor product enhancement	0.25
No change	0

# We've been looking at SI theory/research:

- A four dimensional typology of SI



- Multidimensionality
- New combinations
- Takes place along the whole value chain
- Lots of co-producing/co-innovating
- De/re-regulation helps, but impact varies across industries

- Competition helps, but impact varies across industries
- Productivity initially slows after change
- Experimentation is necessary

Source: den Hertog and Bilderbeek (1999)

- Drivers & markets for SI

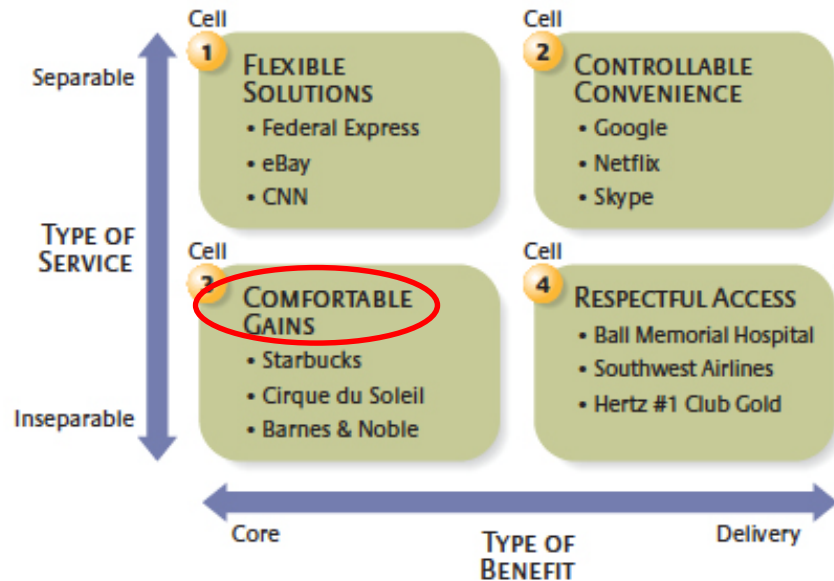
### The Nine Drivers of Successful Service Innovations

There are nine success drivers behind market-creating service innovations. Some are more important for service innovations; others apply to all innovations. The most innovative companies exploit all these drivers.



### The Four Types of Market-Creating Service Innovations

These innovations can be characterized on two dimensions: (1) whether they offer a new core benefit or new way of delivering a core benefit, and (2) whether the service must be consumed where and when it is produced or can be consumed separately from its production.



# Key Findings – SI case studies

## Initiative

Rainwater harvesting or greywater reuse equipment leasing

Runoff capture and sharing

Retail competition in Scotland

Reverse auction

Water efficiency retrofit

Combining water & energy efficiency in Wales

Enhanced service

Green tariff

Service rather than product access

Examine B2B\* operations

Enhanced communication with subsidised monitoring

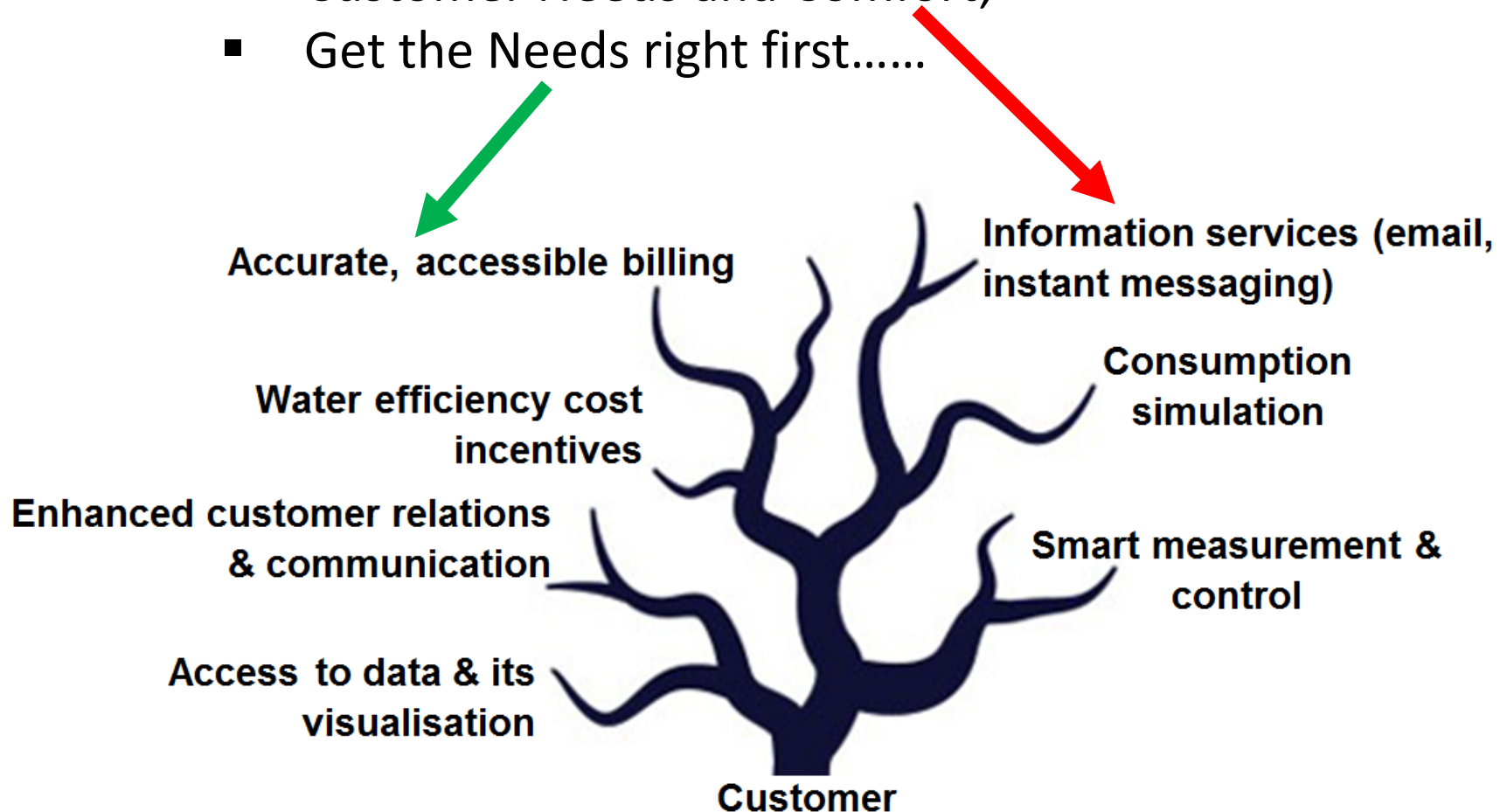
Rising block tariff

See conference paper for full table/details!



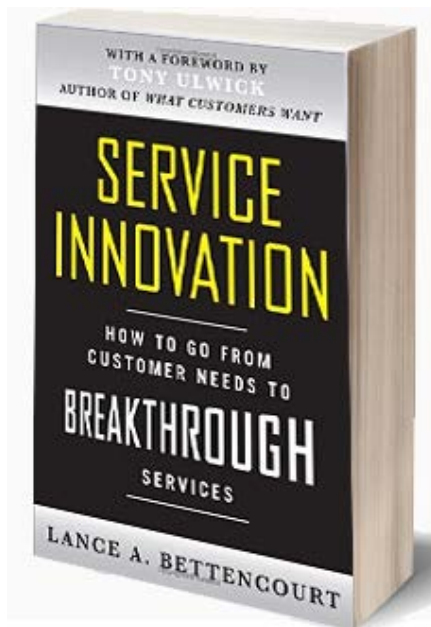
# Key Findings – theory & data combined

- Translating research for the water sector in the context of the Water Act (2014) & retail separation (->2017):
  - Customer Needs and Comfort;
  - Get the Needs right first.....



# Summary/Future Program

- A lot of theory/research on SI already exists – need to translate/maximise benefit from this
- SI case studies already exist – need to make them more visible
- Developing actions on how to move from:



**Customer Need (Business  
As Usual Services)**

to

**Customer Comfort  
(Breakthrough Services)**