

Manufacturing Servitization in the Asia-Pacific

Jing Wang · Michitaka Kosaka · Ke Xing
Editors

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 Springer

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Preface

Instigated by the globalization and fast development of information technology, the manufacturing industries across the Asia-Pacific region are going through a new wave of modernization. The drive for improving the capability for value creation and competency in the increasingly competitive market has seen a profound integration between manufacturing and services, known as “servitization,” which transforms businesses from being product-centric (i.e., supplying the market with standardized products) to being service-oriented (i.e., providing integrated product–service solutions tailored to the needs of individual customers). Such a paradigm shift presents unprecedented challenges and opportunities for manufacturing enterprises, large or small, in both developing and developed economies.

Although there have been abundant case reports and research articles on manufacturing and service integration in the literature, to date most of them focus on successful business practices in the European Union and North America, with only very limited Asia-Pacific cases studied. The Asia-Pacific region has the highest concentration of global manufacturing firms. With unique sociocultural, political, and economic characteristics, the manufacturing industries of the Asia-Pacific are very much different from their American and European counterparts in terms of their states of development, business strategies, and management approaches and hence their paths for servitization. With this in mind, this book represents the very first effort dedicated to investigating state-of-the-art business practices for servitization in various industrial sectors and manufacturing firms across the Asia-Pacific region. Through in-depth case studies, the book aims to explore main drives for change, to examine key factors for success, and to identify the patterns of transformation and business model innovation, which can help to inform and inspire other manufacturing companies within the region for developing their own servitization strategies and processes.

As the major markets for goods and services in the Asia-Pacific region, China, Japan, and Australia were particularly focused on as the context for the servitization case studies. The manufacturing industries of the three countries have distinctive states of development that represent, respectively, characteristics of “resource and labor intensive,” “capital and technology intensive,” and “service intensive.”

Many of manufacturing companies have already undertaken the servitization process that bear strong sociocultural hallmarks of the region and achieved encouraging outcomes. In line with the objectives of the book, 18 business examples of servitization transformation were selected based on the results of investigations on original equipment manufacturers in China, Japan, and Australia, which cover a broad range of sectors and products including digital devices, electrical and electronic appliances, apparel and textiles, energy systems, construction materials, heavy machinery, and mining equipments. For each case examined, detailed information about the company's internal and external environments for its business operations, product and service features, provider–customer relationship, supply chain characteristics, and business management systems were collected through a series of fieldwork and structure interviews. By applying relevant theories from the areas of service science, operations management, product–service systems, and business model innovation, the collated data were further analyzed to reveal main servitization patterns of companies of different characteristics (e.g., size, industrial sector) from different contexts and those common and context-specific factors that influence choices of product–service integration and potential for business success. This also entails identifying what may and may not work, affected by socioeconomic environments and market conditions.

Based on how products and services are integrated for engaging customers and value creation, the servitization cases reported in the book are largely categorized into five basic patterns, i.e., product with information service, product with business operations service, product with financial service, customized production and service integration, and product-based value co-creation. Suppliers can also provide their customers integrated solutions by combining these basic patterns, as IBM, GE and many other companies have been doing. By looking into different case examples of the same category and comparing those across categories, readers can gain insight into and draw inference from what to do, how to do, and what pitfalls to avoid in the transition process from manufacturer to service provider with regard to solutions for product and service designs, changes in corporate culture and internal processes, provider–customer relationship development and management, as well as workforce and skill set management for product–service delivery. For business leaders and government agencies in the region, the first-hand information from fieldwork presented in the book may help them to develop informed business strategies and policy decisions can be made for effectively fostering service-oriented innovation and capability building to support the transformation of local manufacturing firms. We also hope that this book can provide practical research materials for scholars focusing on production economics, operations management, business administration, entrepreneurship, and product and service innovation.

The completion of this book will not be possible without a concerted effort by a multinational and multidisciplinary team of researchers, practitioners, and graduate students who conducted the case studies and contributed greatly to the writing and translation of the case reports for the book. The names of the authors are acknowledged in the respective chapters. Meanwhile, the book development

received strong support from a number of national and local government agencies. The case studies in China were enabled by the funding and administrative supports from the Ministry of Industry and Information Technology as part of its research on the current state and the future trend of servitization in Chinese manufacturing industries. In Australia, the investigations on local companies were instigated and assisted by the Business Model Innovation program of the Department of State Development (DSD), South Australia. We are also grateful to Springer for providing us with the opportunity to publish the results of our work. Not least, we like to express our sincere gratitude to all the companies and various people who participated in the case studies for assisting so willingly with data collection, case analysis, and case report development.

We hope that this book can stimulate further interest and lead to more exploratory and empirical studies on this important topic for the transformation of manufacturing industries across the Asia-Pacific region and beyond. Valuable critiques and approaches for collaborative work will be highly appreciated.

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