Value Delivery Modeling Language (VDML)

(BA-SIG, June 19th, 2012)

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BA-SIG Overview

Fred
A business modeling language that integrates

- Collaborations, organizations, roles and activities
- Capabilities and methods (activity networks)
- Resources and stores
- Values and value propositions
- Measures specified with SMM
- Viewpoints for different concerns
Collaborations

- Participants in roles working together for a shared purpose
- Role may be filled by a person or a collaboration
- Collaboration is specialized to organization unit, community, business network and capability method
VDML Viewpoints

VDML

Deliverable Risk Analysis
Value Chains, Value Streams
Capabilities
Value Networks
Organization
REA-Resource Event Agent
Services Analysis
Stakeholder Business Model
e3Value Business Networks
Nested Collaborations (SOA)

Collaboration X

Collaboration Y

Collaboration Z

Graphical notation for illustration only
Example Activity

- Each of these is a Measurable Element
- Notation is for illustration only (non-normative)
Value Stream

Value Proposition transforms value contributions to weighted recipient levels of satisfaction.
Value

• Value is a deliverable characteristic that is desired by a recipient
  – Values include money, the utility of a product or service, goodwill, product reliability, timeliness of delivery,…

• Value Proposition
  – Expresses the values offered to a recipient in terms of the recipient’s level of satisfaction
  – In a business exchange, each participant must perceive that values received exceed values given
BA-SIG Overview

Verna
About Value Networks

Value Networks are sets of roles, interactions, and relationships that generate economic or social value.

*Any* purposeful organization or activity can be understood as a value network.

Value Network Analysis:

- Defines roles and how they interact as a network pattern
- Makes intangibles visible, negotiable, and manageable.
- Can model complex value flows and human collaborations
Value Network Mapping

Nodes represent participants (usually real people) and the Roles that they play.

Solid lines show tangible, formal or contractual, deliverables being transacted.

Dashed lines show intangible or informal value being provided.
BCAHC Website – All Transactions

Intellectual Capital Indicators

- Brand and Social Capital: 40%
- Internal Structure: 49%
- Financial Assets: 2%
- Human Competence: 9%
Vancouver Island Health Authority

Intellectual Capital Indicators

Brand and Social Capital: 29%

- Human Competence: 11%
- Financial Assets: 6%
- Internal Structure: 54%

- Internal Structure: 54%
- Human Competence: 11%
- Financial Assets: 6%
- Brand and Social Capital: 29%
Interior Health

Intellectual Capital Indicators

Brand and Social Capital 42%
Internal Structure 36%
Financial Assets 8%
Human Competence 15%
Ministry of Health Services

Intellectual Capital Indicators

Brand and Social Capital 35%
Internal Structure 47%
Financial Assets 9%
Human Competence 9%
Ministry of Children & Family Development

Intellectual Capital Indicators

Brand and Social Capital 21%
Internal Structure 58%
Financial Assets 4%
Human Competence 17%
Ministry of Advanced Education and Labour Market Development

Intellectual Capital Indicators

- Brand and Social Capital: 10%
- Financial Assets: 24%
- Human Competence: 17%
- Internal Structure: 49%
Kwantlen University

Intellectual Capital Indicators

- Human Competence: 17%
- Brand and Social Capital: 22%
- Financial Assets: 28%
- Internal Structure: 33%

Diagram showing relationships between entities such as Student, Educator, Teacher, Researcher, Financial Assistant, Award Giver, Regulator, with various themes linking them.
Vancouver Island University

Intellectual Capital Indicators

Brand and Social Capital: 23%
Financial Assets: 18%
Human Competence: 14%
Internal Structure: 45%
BC Institute of Technology

Intellectual Capital Indicators

Brand and Social Capital 20%
Internal Structure 44%
Financial Assets 16%
Human Competence 20%

Student → Financial Assistant → Business
Researcher → Research Supporter
Educator → Professional

Coop Education Opportunities → Cooperation → Commercialization Strategies → Funding Information → Research Assessment → Guidance
Awards → Partnership → Partnership → Funding Information → Partnership
Recommendations → Curriculum → Career Opportunity
Fees Program → Career Opportunity
Reputation → Remuneration
Detailed Value Network Workflow One

- Logistics coordinator
  - Logistics plan: 29
  - Venue requirements: 28

- Meeting planner
  - Meeting design: 10
  - Meeting requirements: 9
  - Previous experience: 8
  - Exercise plan: 7

- Exercise planner
  - Consideration of scope and complexity: 3
  - Issues and constraints: 5
  - Target timeframes and milestones: 4

- Timeline planner
  - Scope of Exercise: 1
  - Consistency with multi-year training and exercise plan: 2
  - Issues and constraints: 6

- Exercise reviewer
  - Scope determiner
  - Consistency with multi-year training and exercise plan: 2

- Simulators
  - Invitation: 32
  - Registration: 35

- Actors
  - Invitation: 31
  - Registration: 33

- Players
  - Invitation: 30
  - Venue requirements: 19

- Exercise designer
  - Venue requirements: 19
  - Exercise policies: 22
  - Exercise appropriateness: 23

- Exercise documentor
  - Feedback on design: 21
  - Exercise document materials: 24

- Exercise plan: 17
  - Exercise policies: 25

- Exercise context: 12
  - Design suggestions: 13
  - SMART objectives: 11

- Scenario recommendations: 15
  - Advocacy: 16
  - Feedback on design: 21
  - Exercise document: 20

- Venue requirements: 19
  - Exercise policies: 22
## Process as Sequence of Deliverables

<table>
<thead>
<tr>
<th>From Role</th>
<th>To Role</th>
<th>Deliverable</th>
<th>Nature of Deliverable</th>
<th>Sequence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope determiner</td>
<td>Timeline planner</td>
<td>Scope of Exercise</td>
<td>Tangible</td>
<td>1</td>
</tr>
<tr>
<td>Timeline planner</td>
<td>Scope determiner</td>
<td>Consistency with multi-year training and exercise plan</td>
<td>Intangible</td>
<td>2</td>
</tr>
<tr>
<td>Timeline planner</td>
<td>Exercise planner</td>
<td>Consideration of exercise scope and complexity</td>
<td>Intangible</td>
<td>3</td>
</tr>
<tr>
<td>Exercise planner</td>
<td>Timeline planner</td>
<td>Issues and constraints</td>
<td>Intangible</td>
<td>4</td>
</tr>
<tr>
<td>Timeline planner</td>
<td>Scope determiner</td>
<td>Issues and constraints</td>
<td>Intangible</td>
<td>5</td>
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<tr>
<td>Exercise planner</td>
<td>Meeting planner</td>
<td>Exercise plan</td>
<td>Tangible</td>
<td>6</td>
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<tr>
<td>Exercise planner</td>
<td>Meeting planner</td>
<td>Previous planning experience</td>
<td>Intangible</td>
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<tr>
<td>Meeting planner</td>
<td>Exercise planner</td>
<td>Meeting requirements</td>
<td>Tangible</td>
<td>8</td>
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<tr>
<td>Meeting planner</td>
<td>Exercise planner</td>
<td>Meeting design</td>
<td>Intangible</td>
<td>9</td>
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<tr>
<td>Exercise planner</td>
<td>Exercise designer</td>
<td>SMART objectives</td>
<td>Tangible</td>
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<td>Exercise designer</td>
<td>Exercise context</td>
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<td>Exercise planner</td>
<td>Exercise designer</td>
<td>Design suggestions</td>
<td>Intangible</td>
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<tr>
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<td>Exercise designer</td>
<td>Scenario recommendations</td>
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<tr>
<td>Exercise planner</td>
<td>Exercise designer</td>
<td>Advocacy</td>
<td>Intangible</td>
<td>15</td>
</tr>
<tr>
<td>Exercise designer</td>
<td>Exercise documentor</td>
<td>Exercise Plan</td>
<td>Tangible</td>
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<tr>
<td>Exercise designer</td>
<td>Exercise documentor</td>
<td>Scenario Storyline</td>
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<tr>
<td>Exercise designer</td>
<td>Meeting planner</td>
<td>Venue requirements</td>
<td>Tangible</td>
<td>18</td>
</tr>
<tr>
<td>Exercise documentor</td>
<td>Exercise designer</td>
<td>Exercise documentation design</td>
<td>Tangible</td>
<td>19</td>
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<tr>
<td>Exercise documentor</td>
<td>Exercise documentor</td>
<td>Feedback on design</td>
<td>Intangible</td>
<td>20</td>
</tr>
<tr>
<td>Exercise documentor</td>
<td>Exercise designer</td>
<td>Exercise policies</td>
<td>Tangible</td>
<td>21</td>
</tr>
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<td>Exercise designer</td>
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<td>Intangible</td>
<td>22</td>
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<td>Exercise reviewer</td>
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<td>Tangible</td>
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<td>Exercise reviewer</td>
<td>Exercise policies</td>
<td>Tangible</td>
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<td>Exercise documentor</td>
<td>Approval</td>
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<tr>
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<td>Exercise documentor</td>
<td>Feedback</td>
<td>Intangible</td>
<td>26</td>
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<tr>
<td>Meeting planner</td>
<td>Logistics coordinator</td>
<td>Venue requirements</td>
<td>Tangible</td>
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<tr>
<td>Logistics coordinator</td>
<td>Meeting planner</td>
<td>Logistics plan</td>
<td>Tangible</td>
<td>28</td>
</tr>
<tr>
<td>Meeting planner</td>
<td>Players</td>
<td>Invitation</td>
<td>Tangible</td>
<td>29</td>
</tr>
<tr>
<td>Meeting planner</td>
<td>Actors</td>
<td>Invitation</td>
<td>Tangible</td>
<td>30</td>
</tr>
<tr>
<td>Meeting planner</td>
<td>Simulators</td>
<td>Invitation</td>
<td>Tangible</td>
<td>31</td>
</tr>
<tr>
<td>Meeting planner</td>
<td>Players</td>
<td>Registration</td>
<td>Tangible</td>
<td>32</td>
</tr>
<tr>
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<td>Actors</td>
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<td>Simulators</td>
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<td>Tangible</td>
<td>34</td>
</tr>
<tr>
<td>Meeting planner</td>
<td>Simulators</td>
<td>Registration</td>
<td>Tangible</td>
<td>35</td>
</tr>
</tbody>
</table>
How does scope determiner get feedback and input?

Ratio of tangibles/intangibles suggests a high level of collaboration needed here.
Exercise designer and planner not involved in approval?
### Revised Process Completed

#### Conduct Exercise to Evaluate Organizational Response Capacity

<table>
<thead>
<tr>
<th>Role</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approver</td>
<td>A Scope Determiner</td>
</tr>
<tr>
<td>Coordinator</td>
<td>B Timeline planner, C Meeting planner, D Logistics coordinator</td>
</tr>
<tr>
<td>Designer or Export</td>
<td>E Exercise Planner, F Exercise designer</td>
</tr>
<tr>
<td>Reviewer</td>
<td>G Exercise documentor, H Exercise reviewer</td>
</tr>
<tr>
<td>Participant</td>
<td>J Actors, K Players, L Simulators</td>
</tr>
</tbody>
</table>

**Diagram:**
- 28. Venue requirements
- 29. Logistics plan
- 30. Invitation
- 31. Invitation
- 32. Invitation
- 33. Registration
- 34. Registration
- 35. Registration

**Question:** How are participants selected/recruited prior to invite?
BA-SIG Overview

Henk
VDML & Value Driven Transformation

As-Is

To-be strategies

Ideas

Issues

VDML model / scenario

Objectives

Initiatives

Tactics

1

2

n
VDML big picture

Value Proposition articulates Value
creates and/or consumes Value
provides and/or receives Role
performs Activity
requires Capability
Defines work collaboration of Method
supports Resource
supports Org Unit
defines formal or structural collaboration of Role
defines informal or "weak" collaboration of Community
defines business collaboration of Business Network

High-level abstraction of detailed meta-model, that is being standardized in OMG

Bridge between “Business Model” and “Process”

A business model describes the rationale of how an organization creates, delivers, and captures value (Osterwalder)

Value Delivery Model

Model that supports business analysis and design based on evaluation of performance and stakeholder satisfaction achieved through the activities and interactions of people and organizations using business capabilities to apply resources and deliver stakeholder values
Positioning VDML

- Business Model
- Business Values
- Value Delivery Model
- Service Models
- Process Models
- SoaML
- BPMN
## Business Model (Osterwalde)
## Business Model Constituents

<table>
<thead>
<tr>
<th></th>
<th>OSTERWALDER ET AL.</th>
<th>HBR (JOHNSON ET AL.)</th>
<th>NEFFICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer segments</td>
<td></td>
<td>Customer value proposition</td>
<td>Target users (non-invoiced stakeholders), customers and market segments</td>
</tr>
<tr>
<td>Customer relationships</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Channels</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value propositions</td>
<td></td>
<td></td>
<td>Value propositions</td>
</tr>
<tr>
<td>Key activities</td>
<td></td>
<td>Key processes</td>
<td>Internal value chain, using the functions that are applied to create value</td>
</tr>
<tr>
<td>Key resources</td>
<td></td>
<td>Key resources</td>
<td>Competences, representing resources and activities</td>
</tr>
<tr>
<td>Key partners</td>
<td></td>
<td></td>
<td>Network and network partners</td>
</tr>
<tr>
<td>Revenue streams</td>
<td></td>
<td>Profit formula</td>
<td>Profit formula, or more generally, value formulas</td>
</tr>
<tr>
<td>Cost structure</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
## VDML Requirements

### Value Delivery Model

<table>
<thead>
<tr>
<th>“Motivated by Business Values”</th>
<th>“Supports Business Model”</th>
<th>“Discovers Process and Service Models”</th>
</tr>
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<tbody>
<tr>
<td>Value identification</td>
<td>Value proposition</td>
<td></td>
</tr>
<tr>
<td>Value flow, intra and inter-enterprise</td>
<td>Customer, market segments and other stakeholders</td>
<td>Collaboration to engage capabilities</td>
</tr>
<tr>
<td></td>
<td>Network partners</td>
<td></td>
</tr>
<tr>
<td>Activities and activity networks</td>
<td>Resources and activities</td>
<td>Capabilities and interfaces of capabilities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Organizational alignment of capabilities, activities and resources</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Loose coupling of activity networks through stores</td>
</tr>
<tr>
<td>Value measurement</td>
<td>Profit and value calculations</td>
<td>Monitoring-based scenarios and measurements</td>
</tr>
</tbody>
</table>

**NEFFICS Research**  **Bus. Model Frameworks**  **SOA-RM, SOA-RA, SoaML**
VDML and its “Blood Donors” (Existing Approaches in Value-X-Arena)
# VDML Leveraging Existing Approaches in the Value-X-Arena

## Value Delivery Model

<table>
<thead>
<tr>
<th>“Motivated by Business Values”</th>
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<th>“Leveraging existing approaches”</th>
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<tr>
<td>Value identification</td>
<td>Value proposition</td>
<td></td>
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<tr>
<td>Value flow, intra and inter-enterprise</td>
<td>Customer, market segments and other stakeholders</td>
<td>Collaboration to engage capabilities</td>
<td>Value flow through role collaboration</td>
</tr>
<tr>
<td>Network partners</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activities and activity networks</td>
<td>Resources and activities</td>
<td>Capabilities and interfaces of capabilities</td>
<td>Capability and value stream / chain analysis</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Organizational alignment of capabilities, activities and resources</td>
<td>Explicit modeling of resources, resource stores, resource use and deliverables</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Loose coupling of activity networks through stores</td>
<td></td>
</tr>
<tr>
<td>Value measurement</td>
<td>Profit and value calculations</td>
<td>Monitoring-based scenarios and measurements</td>
<td>Measurement of performance and value, also applied in scenario-based analysis</td>
</tr>
</tbody>
</table>
Implementation (Cordys)

- Development of Research product ($\alpha$)
- Driven by European Research (NEFFICS)
- Intended exploitation: Low-priced cloud-based modeling & analysis environment
- Productization ($\alpha \rightarrow \beta \rightarrow \text{GA}$) prioritized based on sponsoring / early adopter customers (... we are early in the market ...)
- Ultimate goal: business simulation (e.g. Monte Carlo, Discrete Event, maybe System Dynamics)
- Exploring opportunity for extended European Research of VDML-based simulation development
BA-SIG Overview

Arne
BMI VDML - Context and Requirements

Arne
# Zachman with OMG standards

<table>
<thead>
<tr>
<th>Scope (Contexts)</th>
<th>Data (What)</th>
<th>Function (How)</th>
<th>Network (Where)</th>
<th>People (Who)</th>
<th>Time (When)</th>
<th>Motivation (Why)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business (Concepts)</strong></td>
<td>List of things important to business</td>
<td>List of processes that the business performs</td>
<td>List of locations which the business operates</td>
<td>List of organizations important to the business</td>
<td>List of events/cycles important to the business</td>
<td>List of business goals/strategies</td>
</tr>
<tr>
<td><strong>System (Logic)</strong></td>
<td>List of business concepts</td>
<td>List of processes that the business performs</td>
<td>List of business concepts</td>
<td>List of organizations important to the business</td>
<td>List of business concepts</td>
<td>List of business concepts</td>
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<tr>
<td><strong>Technology (Physics)</strong></td>
<td>Logical Data Model</td>
<td>Application Architecture</td>
<td>Distributed System Architecture</td>
<td>Human Interface Architecture</td>
<td>Process Structure</td>
<td>Business Plan</td>
</tr>
<tr>
<td><strong>Component (Assemblies)</strong></td>
<td>Physical Data Model</td>
<td>System Design</td>
<td>Technology Architecture</td>
<td>Presentation Architecture</td>
<td>Control Structure</td>
<td>Business Rule Model</td>
</tr>
<tr>
<td><strong>Operation (Instances)</strong></td>
<td>Data Definition</td>
<td>Program</td>
<td>Network Architecture</td>
<td>Security Architecture</td>
<td>Timing Definition</td>
<td>Rule Definition</td>
</tr>
</tbody>
</table>

- **SBVR**: Semantic Business Vocabulary and Rules
- **VDM**: Viewpoint Development Methodology
- **VDM**: Viewpoint Development Methodology
- **OSM**: Organizational System Model
- **DTFV**: Dynamic Time-Focused View
- **BMM**: Business Model Management
- **ODM**: Object Data Model
- **IMM**: Information Management Model
- **UML**: Unified Modeling Language
- **BPMN**: Business Process Model Notation
- **CMPM**: Contextual Model Management
- **SoaML**: Service-Oriented Architecture Modeling Language
- **BMM**: Business Model Management
- **SBVR**: Semantic Business Vocabulary and Rules
OMG standards coverage

<table>
<thead>
<tr>
<th>Data (What)</th>
<th>Function (How)</th>
<th>Network (Where)</th>
<th>People (Who)</th>
<th>Time (When)</th>
<th>Motivation (Why)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBVR</td>
<td>VDM</td>
<td>OSM</td>
<td></td>
<td>BMM</td>
<td>SBVR</td>
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<tr>
<td>ODM</td>
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<tr>
<td>IMM (CWM)</td>
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<tr>
<td>SoaML</td>
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<tr>
<td>UML</td>
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<tr>
<td>CMPM</td>
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<tr>
<td>DTFV</td>
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</tbody>
</table>

Scope (Contexts) | Business (Concepts) | System (Logic) | Technology (Physics) | Component (Assemblies) | Operation (Instances)

Data | Function | Network | Organization | Schedule | Strategy
Business Model Innovation

The Alexander Osterwalder canvas
## Business Model Frameworks – with Modeling support – from NEFFICS

<table>
<thead>
<tr>
<th>Building block</th>
<th>Incremental innovation</th>
<th>Radical innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><em>‘Do what we do but better’</em></td>
<td><em>‘Do something different’</em></td>
</tr>
<tr>
<td>Value proposition</td>
<td>Offering ‘more of the same’</td>
<td>Offering something different (at least to the company)</td>
</tr>
<tr>
<td>Target customer</td>
<td>Existing market</td>
<td>New market</td>
</tr>
<tr>
<td>Value chain</td>
<td>Exploitation (e.g. internal, lean, continuous improvements)</td>
<td>Exploration (e.g. open, flexible, diversified)</td>
</tr>
<tr>
<td>architecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>[Internal]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competences</td>
<td>Familiar competences (e.g. improvement of existing technology, HR, organizational system, culture)</td>
<td>Disruptively new, unfamiliar, competences (e.g. new emerging technology, new HR skills, organizational systems, culture)</td>
</tr>
<tr>
<td>Network Partners</td>
<td>Familiar (fixed) network</td>
<td>New (dynamic) networks (e.g. alliance, joint-venture, community)</td>
</tr>
<tr>
<td>Relations</td>
<td>Continuous improvements of existing relations (e.g. channels)</td>
<td>New relations, relationships (e.g. channels physical, digital, virtual, personal)</td>
</tr>
<tr>
<td>Profit formula</td>
<td>Existing processes to generate revenues followed-by/or incremental processes of retrenchments and cost cutting</td>
<td>New processes to generate revenues followed-by /or disruptive processes of retrenchments and cost cutting</td>
</tr>
</tbody>
</table>
Service Innovation

**SERVICE INNOVATION**

Service design, service innovation, design thinking, design strategy

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**AT • ONE**

Akers - Services are often delivered by complex collaborations of actors in the form of a value network. There is considerable opportunity to be gained from innovating services based upon new actor constellations.
A
ctors - Services are often delivered by complex collaborations of actors in the form of a value network. There is considerable opportunity to be gained from innovating services based upon new actor constellations.

T
ouch-points - Services are delivered across multiple touch-points over time. Often, touch points are not exploited well, or are poorly co-ordinated. Focus upon touch-points and how new touch-points can be integrated allows a new view of service provision.

O
ffering - Services are usually based upon a core offering, although not all companies understand what their core offering actually is. By describing a company's projected offering and how this is perceived by the market, new services can be developed.

N
eed - Services should be based upon customer needs, wants and desires. This part of the method uses this as an innovation start-point.

E
xperience - Services are experiential in nature and experiences can be designed and staged. By defining desired experiences and developing a vocabulary for this, we hope that services can be developed from experience-pull rather than the traditional technology-push.