

Article

Product or Service?



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What is the difference between a Product and a Service?

This can be as complex as one wants to make it, and there is no clear answer. However, whilst we know that ITIL® defines a Product as a “configuration of resources designed to offer value,” and a Service as “a means of enabling value co-creation by facilitating outcomes that customers want without taking on the ownership of specific costs and risks etc.”

Some providers will refer to something as a Product and others as a Service. For example, a payroll system offered as a cloud solution, will typically incorporate provider interactions such as technical support, data backup and storage management etc. Therefore, such a provider will likely refer to this payroll system as a Service rather than a Product, even though the configuration is made up of several tangible/intangible resources (e.g. servers, networks, back-up and storage devices).

Is this not what we refer to as software as a service (SaaS). The same principle would apply to what we know as platform as a service (PaaS), or infrastructure as a service (IaaS).

In simple terms, I believe the reason why we prefer to the label Service’ is because a service promotes a reciprocal, interactive relationship that co-creates value between the customer and the provider, i.e., the relationship is bi-directional or multi directional. Whereas a Product suggests that there is no further involvement by the provider in creating value once the product has been supplied, thus promoting a one-directional relationship. Meaning, the customer will assume full responsibility and to create value themselves through using the product.

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