



# THE IMPORTANCE OF INTEGRATED SERVICE IN THE MANUFACTURING WORLD

## HIGHLIGHTS:

### P3

Thanks to emerging technologies, increasingly fickle target markets, rising competition and more, it's no longer about selling the product but about gaining a share of the value it generates in its use.

### P5

With integrated service, manufacturers have the ability to run their service as a profit center and make more strategic, product-based decisions, increasing overall profitability, efficiency, and ultimately customer satisfaction.

### P8

A holistic view of not only your service center but your service value chain will accelerate service achievement and transform your service into a profit center.

## THE CHANGING LANDSCAPE OF MANUFACTURING

As technology advances exponentially, the manufacturing industry as a whole has fundamentally changed. Manufacturing is now more fluid, more hybrid, and defined by a higher degree of technology from the actual making of products, to the process, down to distribution. There is now a significantly increased reliance on service jobs, inside the manufacturing company and externally.

### The Challenges

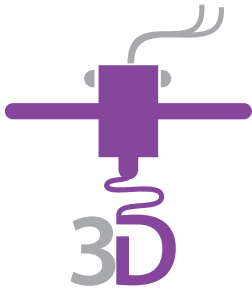
- New market entrants are able to operate at a much smaller scale thanks to easy access to new tools and technology
- The boundaries between product makers and product sellers is eroding, creating a greater demand for increased speed to market and customer engagement
- Products are losing traditional value which puts a strain on manufacturing companies to seek additional revenue streams for profitability

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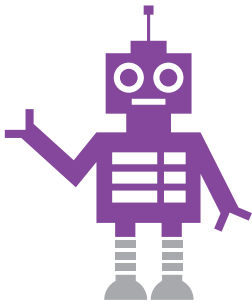
## THE MANUFACTURER'S TRADITIONAL BUSINESS MODEL IS BEING RENDERED OBSOLETE.

Traditionally, in the simplest terms, a manufacturer's objective was to create a product and sell it at profit. Thanks to emerging technologies, increasingly fickle target markets, rising competition and more, it's no longer about selling the product but about gaining a share of the value it generates in its use. Here are some of the developments that are causing manufacturing to change fundamentally:



### 3D PRINTING

3D printing is getting products to market faster, saving companies significant time and money



### ROBOTICS

According to Boston Consulting Group, industrial robots currently perform about 10% of day-to-day manufacturing tasks



### CONSUMER CREATION

Consumers are increasingly engaging in the conceptualization of the products they buy - representing a shift from passive recipient to active participant



### AGILITY

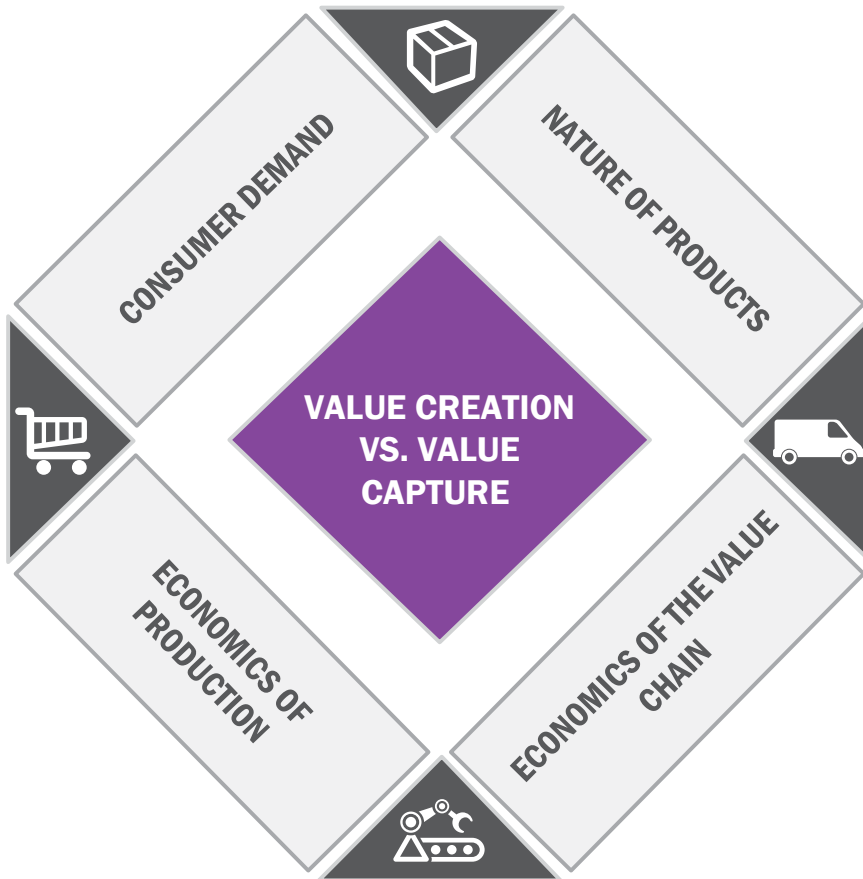
Agile manufacturing is helping companies remain competitive while staying responsive to increasingly fickle and unpredictable market signals

Thanks to emerging technologies, increasingly fickle target markets, rising competition and more, it's no longer about selling the product but about gaining a share of the value it generates in its use.



## 4 SHIFTS IN MANUFACTURING

According to Deloitte Consulting LLP, “changes in consumer demand, the nature of products, the economics of production, and the economics of the supply chain have led to a fundamental shift in the way companies do business.” Due to changes in these four distinct areas, manufacturing companies are moving towards new business models like “product to platform” and “ownership to access.”



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Two of these shifts are directly tied to the service element within a manufacturing business model. When it comes to consumer demand, integrated service can help manage consumers’ new demand for personalization and customization by feeding information back from the field. In regards to the economics of the value chain, finding value in direct consumer engagement can add additional value capture. When manufacturers operate their service department as a profit center, it becomes a driving force for profitability and value generation.

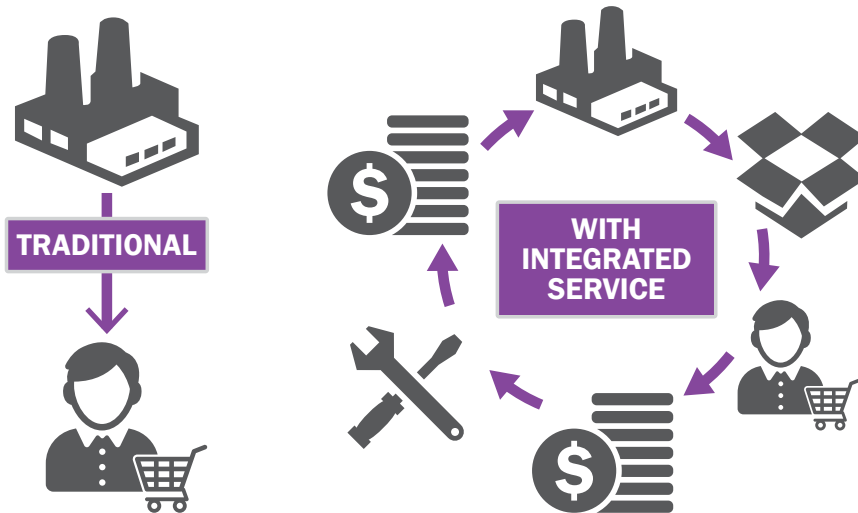
## WHY INTEGRATED SERVICE?

With profit margins reducing significantly, new market entrants (and rising competition), increased consumer demand, and other challenges emerging for manufacturer's in today's world, turning to the service element of the manufacturing business model can be a saving grace.

With integrated service, manufacturers have the ability to run their service as a profit center and make more strategic, product-based decisions, increasing overall profitability, efficiency, and ultimately customer satisfaction.

Adopting an integrated service approach starts with changing the focus of a manufacturing organization; the responsibility no longer stops when the product leaves the factory gate. The manufacturer's focus shifts to helping customers increase availability, reliability and usage of the products and equipment they supply.

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## PRODUCT-BASED DECISIONS

Fully integrated business intelligence, as part of an integrated service system, should be driving product decisions. This allows you, the manufacturer, to capture the most value from your operations.

### INFORMED DECISION MAKING

Real-time business intelligence drives efficiency and accuracy internally and externally...

### MEAN TIME BETWEEN FAILURE

Allowing manufacturers to more accurately predict and lengthen the MTBF, reducing the cost of service and overstocked inventory...

### MEAN TIME TO REPAIR

While shortening the MTTR through efficient schedule optimization, routing, and technician/parts assignment that maximize the first-time fix rate...

### VISIBILITY FROM THE FIELD

Real-time data from the field feeds back into BI reducing boundaries between manufacturer and consumer...

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## SERVICE AS A PROFIT CENTER

REPLACING LOW PRODUCT MARGINS WITH HIGHER SERVICE MARGINS

How does a manufacturing organization go about profiting from their service delivery? By addressing the service value chain in these specific ways, manufacturers can reap the benefit of their service centers.

IN THE SERVICE-SUPPLY CHAIN	IN THE FIELD
MOVING FROM REACTIVE TO PREDICTIVE	INCREASING TECHNICIAN EFFICIENCY
EFFECTIVELY MANAGING SERVICE CONTRACTS	INCREASING TECHNICIAN PRODUCTIVITY
MOVING FROM FIELD REPAIR TO RTB OR REVERSE LOGISTICS	INCREASING FIELD VISIBILITY
REDUCING INVENTORY MANAGEMENT COSTS	OPTIMIZING SERVICE DELIVERY
REDUCING PARTS LOGISTICS COSTS	MAXIMIZING THE FIRST TIME FIX RATE
REDUCING OTHER OPERATIONAL COSTS	MINIMIZING THE PARTS USED PER JOB

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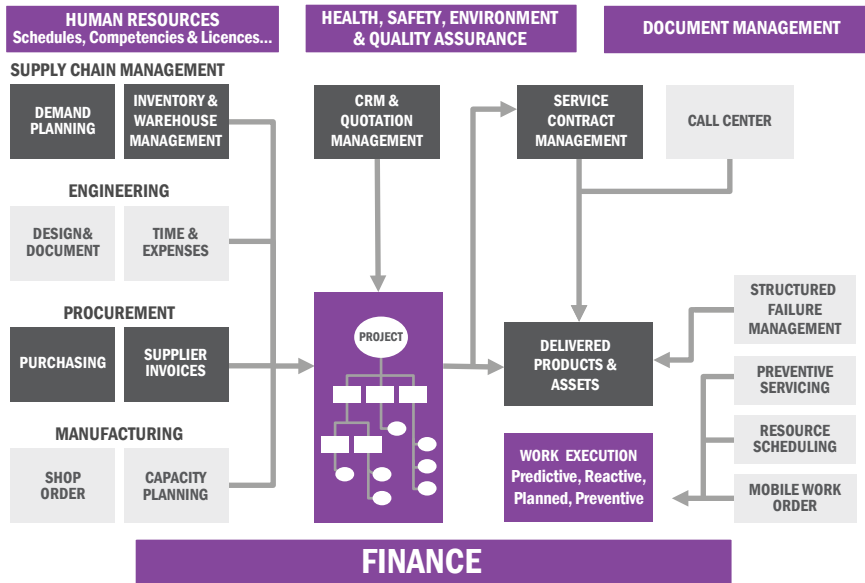


“Historically after-sales service was viewed in most manufacturing firms as a necessary supporting, but relatively minor, function in the overall role of the organization,” writes consultant Donald F. Blumberg, president of D.F. Blumberg & Associates, in the report “Emerging Strategic Value of Service as a Line of Business.” He continues; “understanding the critical value of service means recognizing that service itself can be, and is, a separable, well-defined product with a measurable value in use.”



## INTEGRATED SERVICE FOR THE WIN...

In isolation, manufacturing and service conflict and increase costs. Servitization creates an integrated, holistic model, reducing cost and waste, maximizing customer value and creating a competitive edge.



A holistic view of not only your service center but your service value chain will accelerate service achievement and transform your service into a profit center. Bringing suppliers and other parties you collaborate with into the value chain adds value to them, you and ultimately your customers.



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Integrated service from IFS Service Management™ will help you to:

- 1 Better diagnosis or triage at the dispatch/initial call level.
- 2 Improve field-based access to parts (in van, en-route, other technicians).
- 3 More intelligently schedule your technicians (based on parts availability or customer availability)
- 4 Improve training (on-the job training or the use of additional tools)

This enables your organization to take control of your service offering, increasing efficiency while maximizing your service margin. All this while feeding vital business intelligence back into your core business, driving better operational decisions, driving more profitable products, and helping you adjust to the ever shifting manufacturing landscape.



## ABOUT IFS

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