



SERVICE TRANSFORMATION

SERVICE DISRUPTION DEMANDS INNOVATION & NEW
VALUE PROPOSITION IN SLM

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Agenda

- Service Life-Cycle Management Trends
- Service Parts Management Challenges
- Role of Technology in the Future of SPM
- Connected Products Driving Transformation
- What's Next?
- Q&A

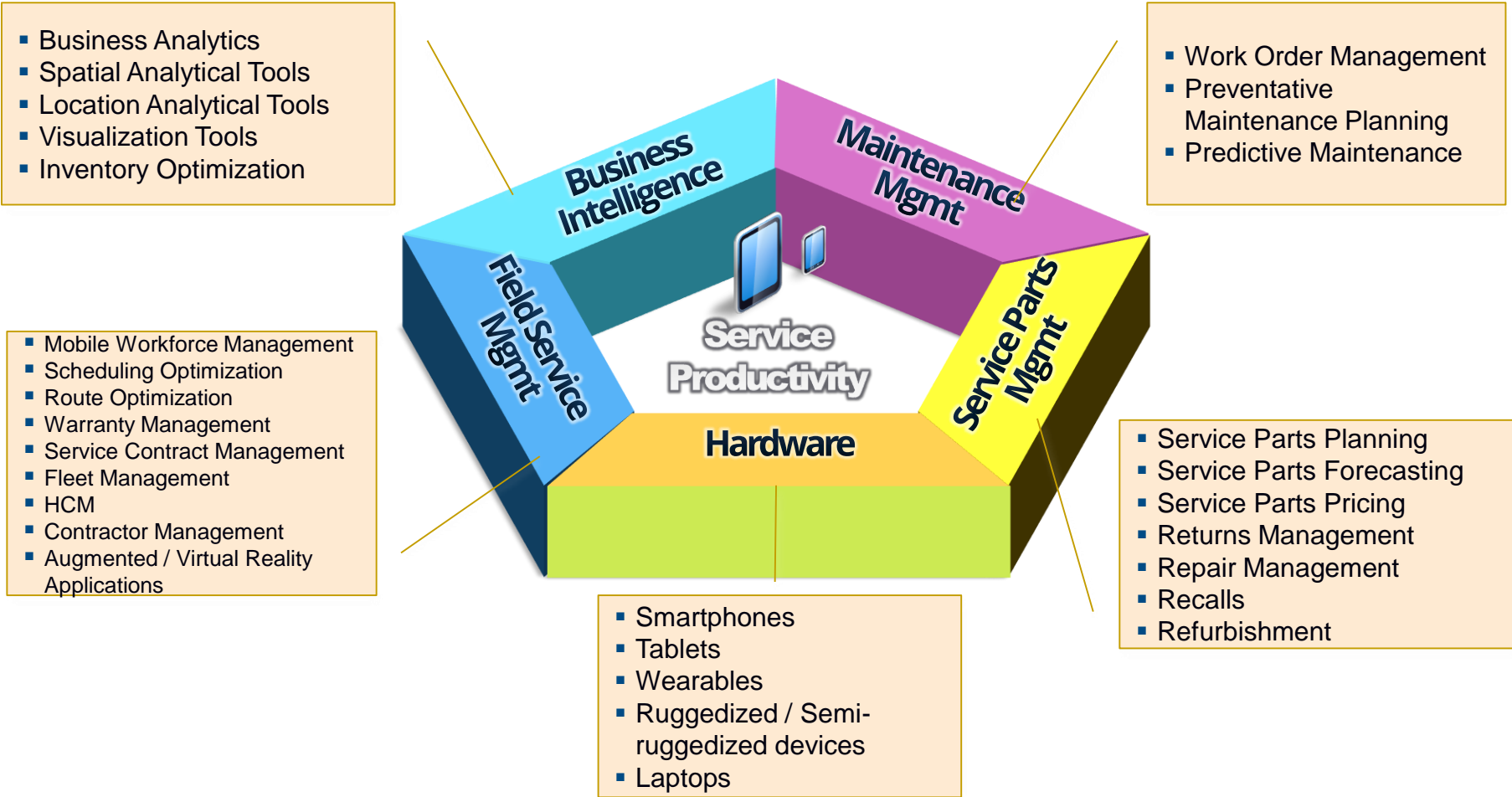




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SERVICE LIFE-CYCLE MANAGEMENT TRENDS

The IDC Service Lifecycle Management Framework



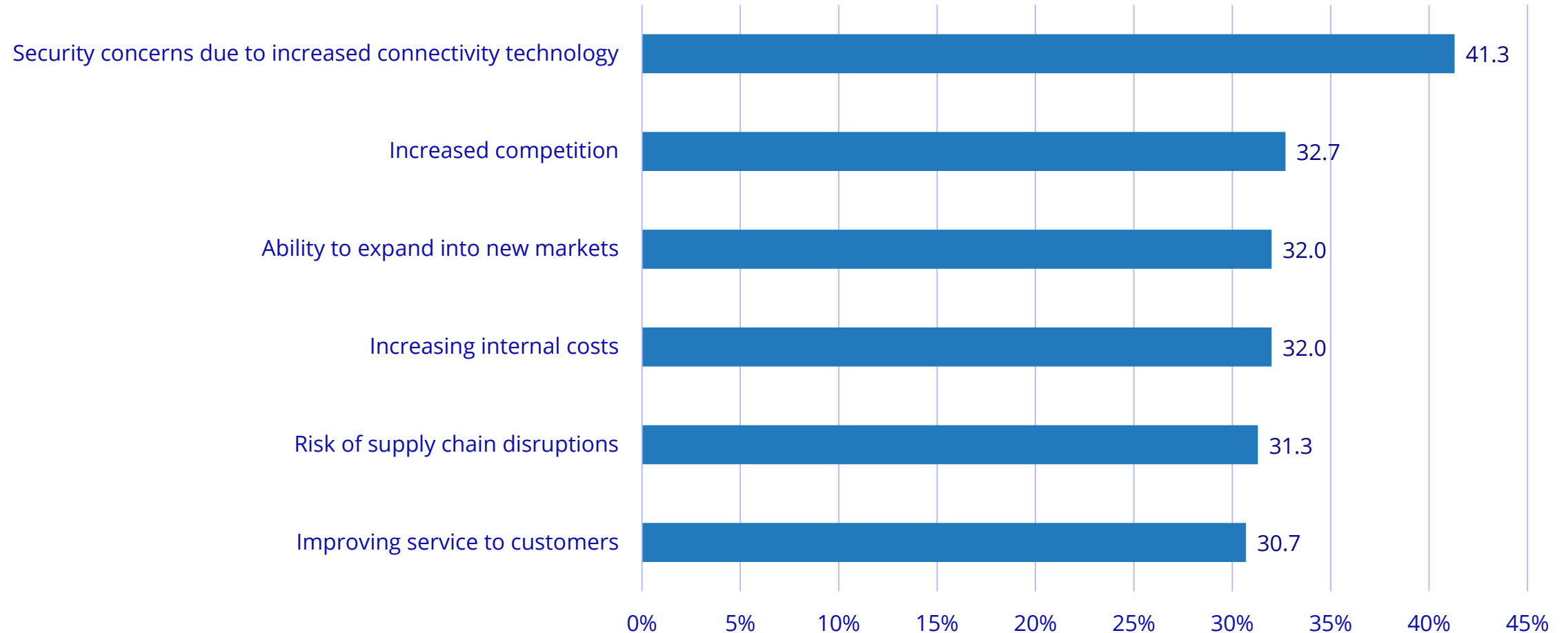
Drivers for Product and Service Innovation

- ✓ Rising Customer Expectations – More Convenience, Customization, and Control
- ✓ Sense, Compute, Actuate – Turning Data into Value
- ✓ Platforms, Platforms, Platforms – Industry Competes for Innovation at Scale
- ✓ The Race to Innovate – Speed of Change, Delivery, and Operations Separates Thrivers and Survivors
- ✓ Reimagining the Material World – Revolutionized Processes Expand Technology Reach
- ✓ Legacy Inertia – Retrofit the Old into the DX World
- ✓ Emerging Autonomy – Learning to Live With AI

For additional details on the above Drivers, please refer to report **IDC FutureScape: Worldwide Manufacturing Product & Service Innovation 2019 Predictions**, Doc # US43135918

What is Driving the Disruption

Q. What are the primary business concerns for your organization?



N=150

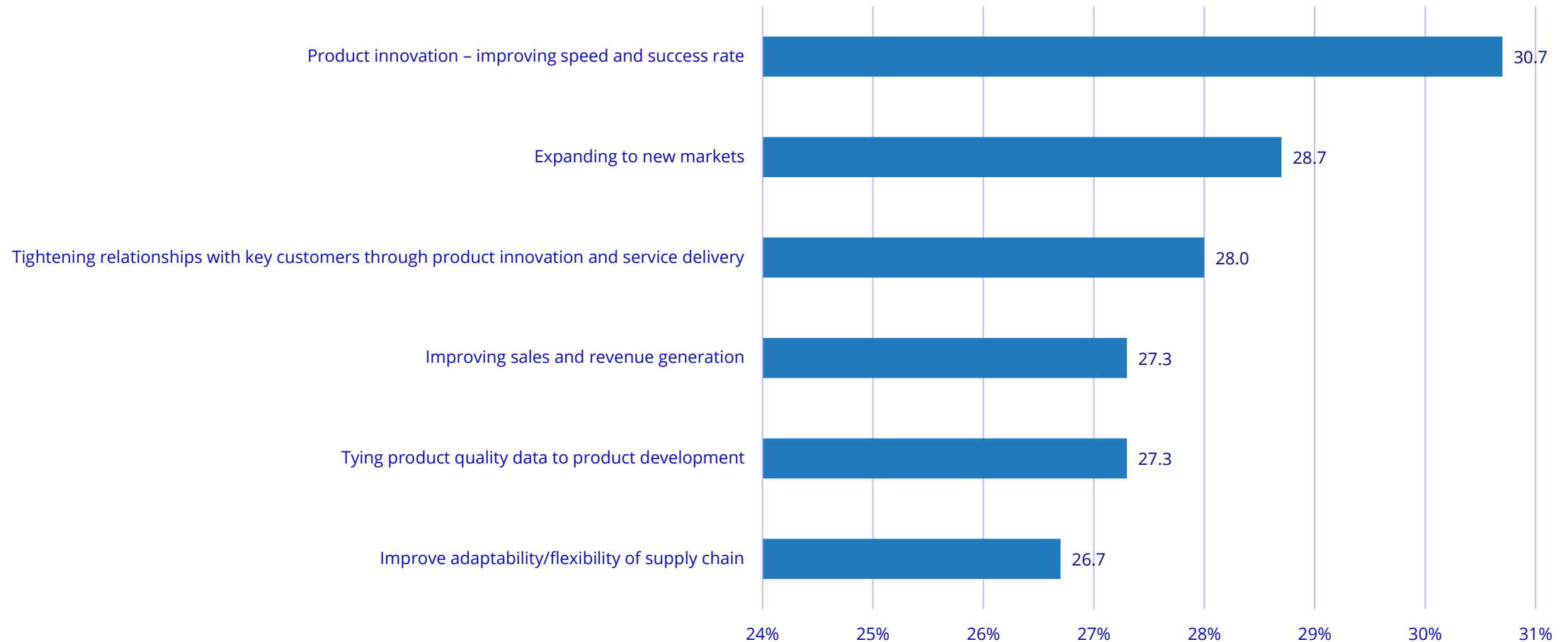
Base= Respondent is primary decision maker for SLM

Note: Managed by IDC's Quantitative Research Group; Data Not Weighted; Multiple dichotomous table - total will not sum to 100%; Use caution when interpreting small sample sizes.

Source: Product and Service Innovation Survey, IDC, May, 2019

Business Priorities to Combat Disruptive Forces

Q. In the next 12-24 months, what do you anticipate will be your organization's business priorities?



N=150

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Source: Product and Service Innovation Survey, IDC, May, 2019

What will Lead to Service Success

Q. Overall Ranked - What are the top three drivers for your organization's service lifecycle management (SLM) efforts?



N=150

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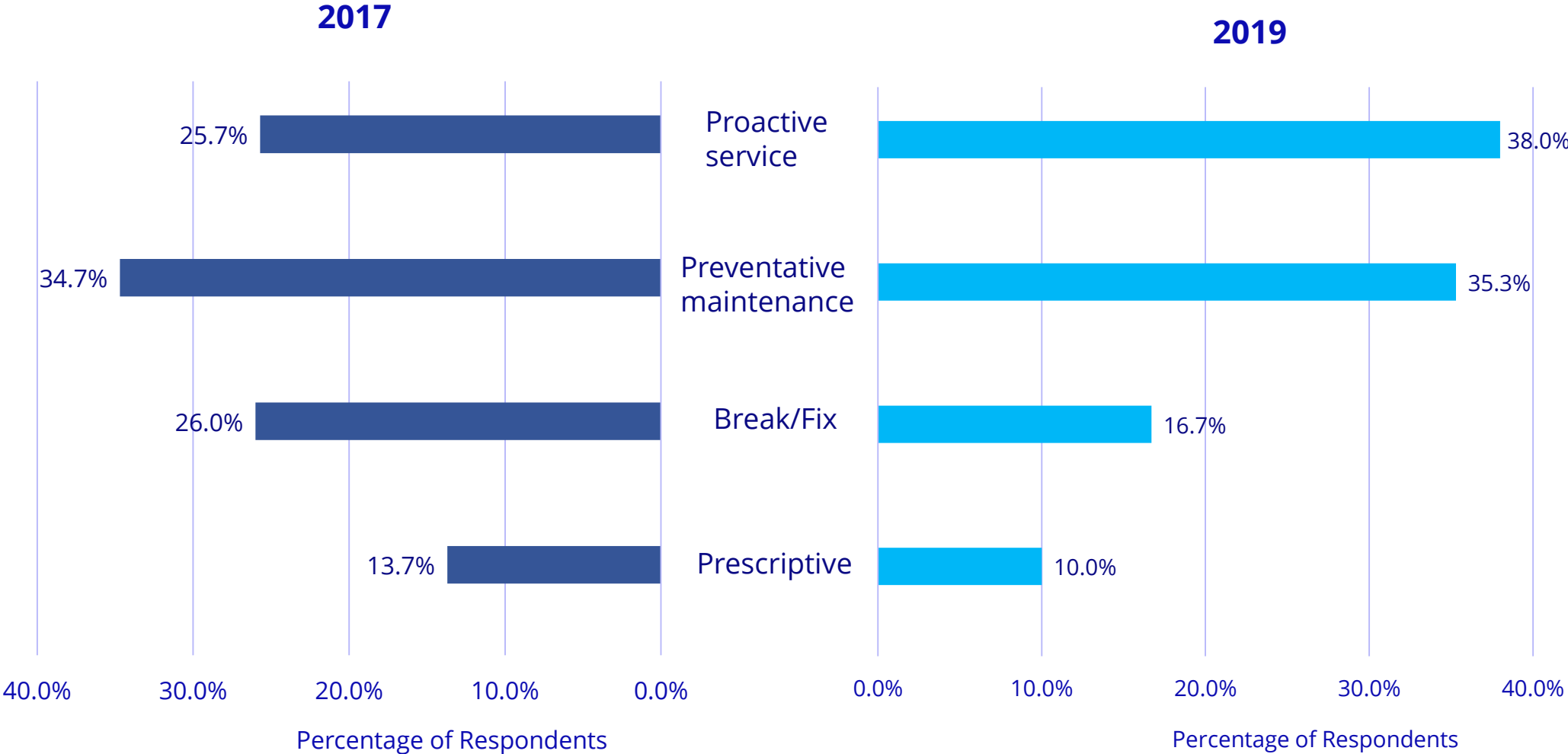
Source: Product and Service Innovation Survey, IDC, May, 2019



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SERVICE PARTS MANAGEMENT CHALLENGES

Servitization: Business Model Transformation



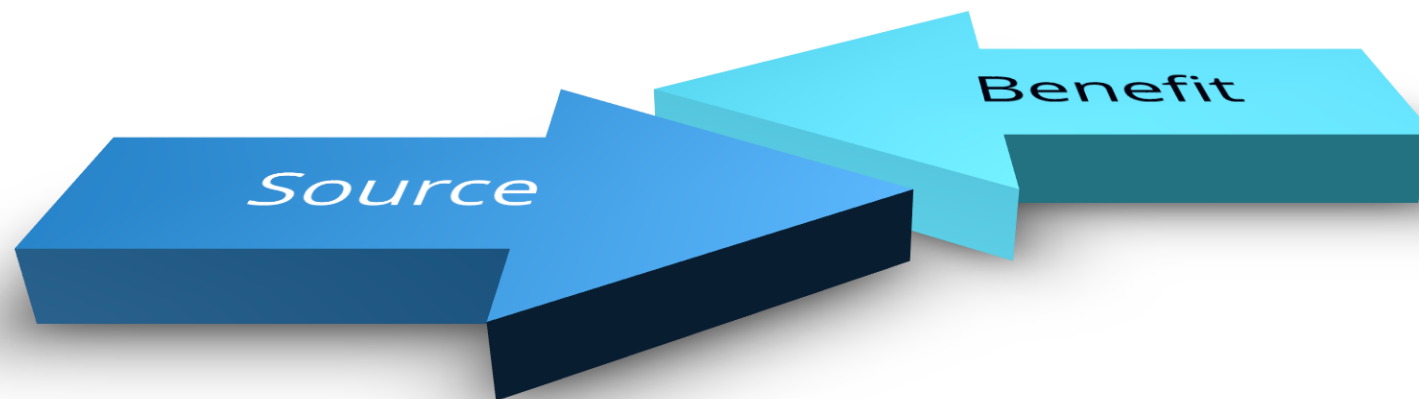
Benefits to the Service Organization

Source

- Parts Planning
- Margin Growth
- Product service model transformation
- Dealer engagement
- Service revenue
- Empowered customer

Business Benefit

- **Shrink the inventory** in tech truck stock or warehouse
- Stocking only parts needed to **solve future failures**
- **Sell** consummables, **uptime**, and **outcomes** based
- Create a **real-time view** into end customer needs
- **Technicians can sell** consummables or spare parts
- **Customers** with connected product data **can work with the manufacturer**

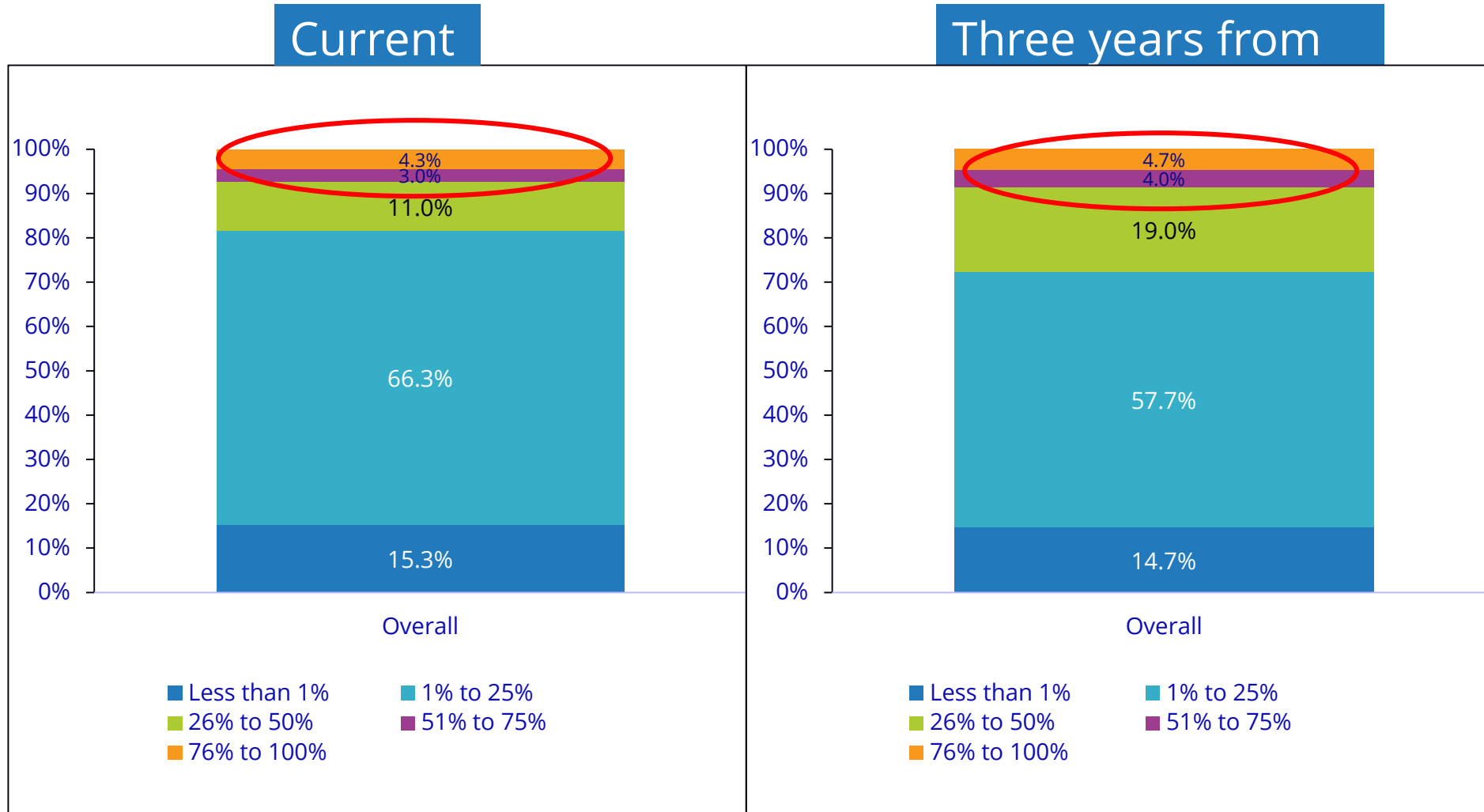


What has Changed for the Service Parts Leader?

- End customers have varied **options beyond the OEM** for service
- Complex service supply chain network has become **more complex**
- **Drowning in data**, now we need to **get to insight**
- Low-hanging fruit in service improvements has largely been achieved, where are **the next wins** & revenue streams
- IoT excitement waning, show me the **business value** and use cases
- Build out an **ecosystem** and partner network

CONNECTED PRODUCTS DRIVING
TRANSFORMATION

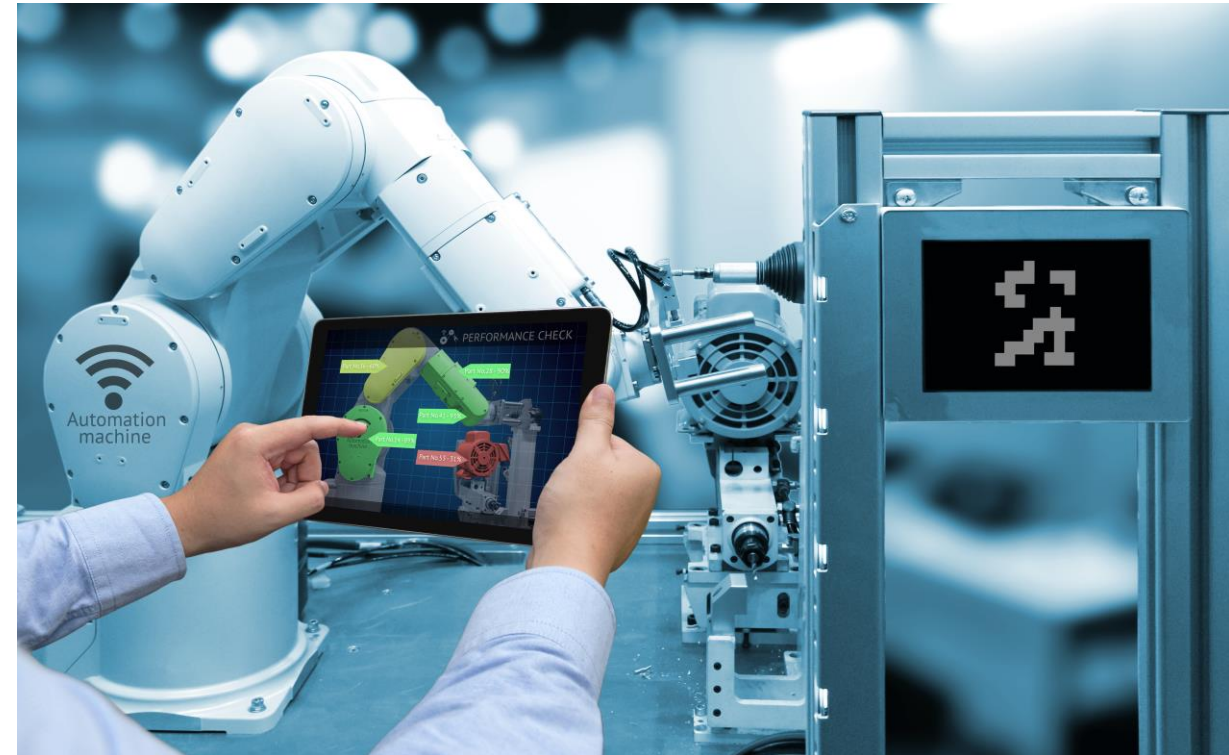
Long Tail of Disconnected Products – Opportunity and Challenge



More Connected

Prediction – By 2021, 90% of manufacturers will leverage real-time equipment and asset performance data to self-diagnose issues in advance and trigger a service intervention.

IT Impact	<ul style="list-style-type: none">✓ Disconnected asset management systems and service tools constrain predictive service capabilities.✓ Silos of data limits intelligence.✓ Data from the product to service enables better asset utilization, faster issue diagnosis.
Guidance	<ul style="list-style-type: none">✓ Provide the service team, partners, and suppliers with asset performance data.✓ Equip the field team with real-time asset intelligence✓ Form cross functional teams to innovate self-diagnosis and self-healing products.



Prediction – Threatened by a more demanding customer base, 50% of manufacturers will deploy a dynamic service parts stocking model to enable near 100% first-time fix rate by 2023.

IT Impact	<ul style="list-style-type: none">✓ Disconnected systems lack visibility and inability to source across network✓ CIOs net to understand variability of quality and location of service parts compared to finished goods✓ IT lacks the product and equipment data to provide full visibility into parts in the field
Guidance	<ul style="list-style-type: none">✓ Invest in systems and tools that can provide full visibility into spare parts✓ Incentivize field team and support staff to accurately report part usage and maintain real-time view✓ Connect all equipment and assets to enable real-time data collection on asset performance and pending issues

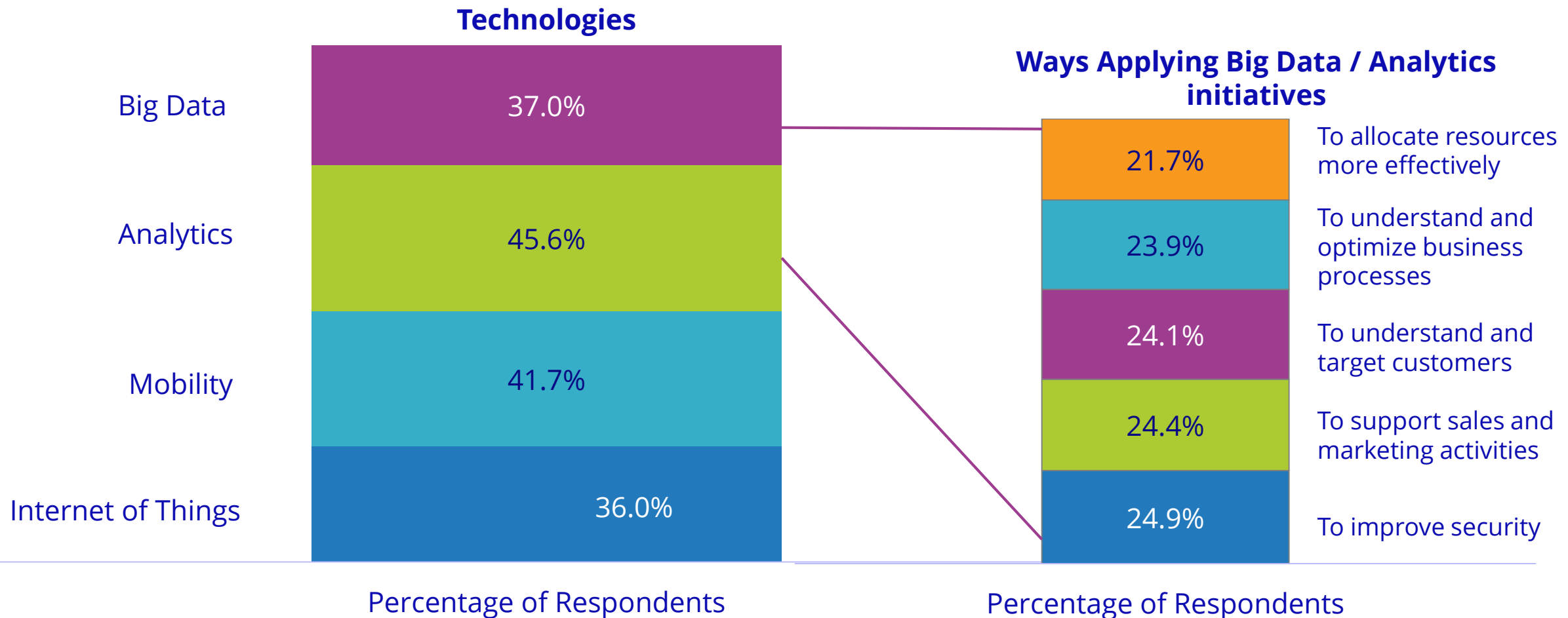


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ROLE OF TECHNOLOGY IN THE FUTURE OF SPM

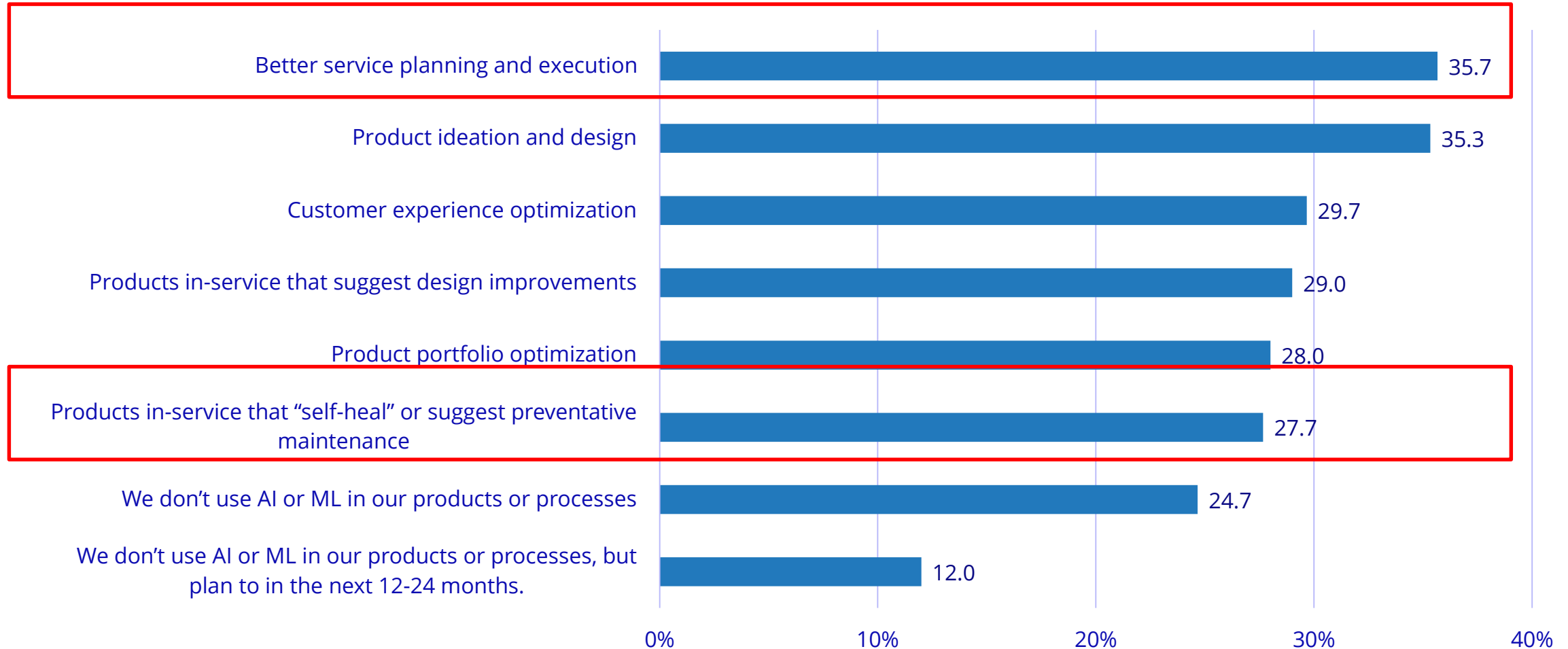
Digital to Business Value

Big Data and Analytics Driving Digital Service Transformation



AI Driving Service Parts Disruption & Innovation

Q. Does your organization plan to apply Artificial Intelligence (AI) and machine learning (ML) for the following?



N=300

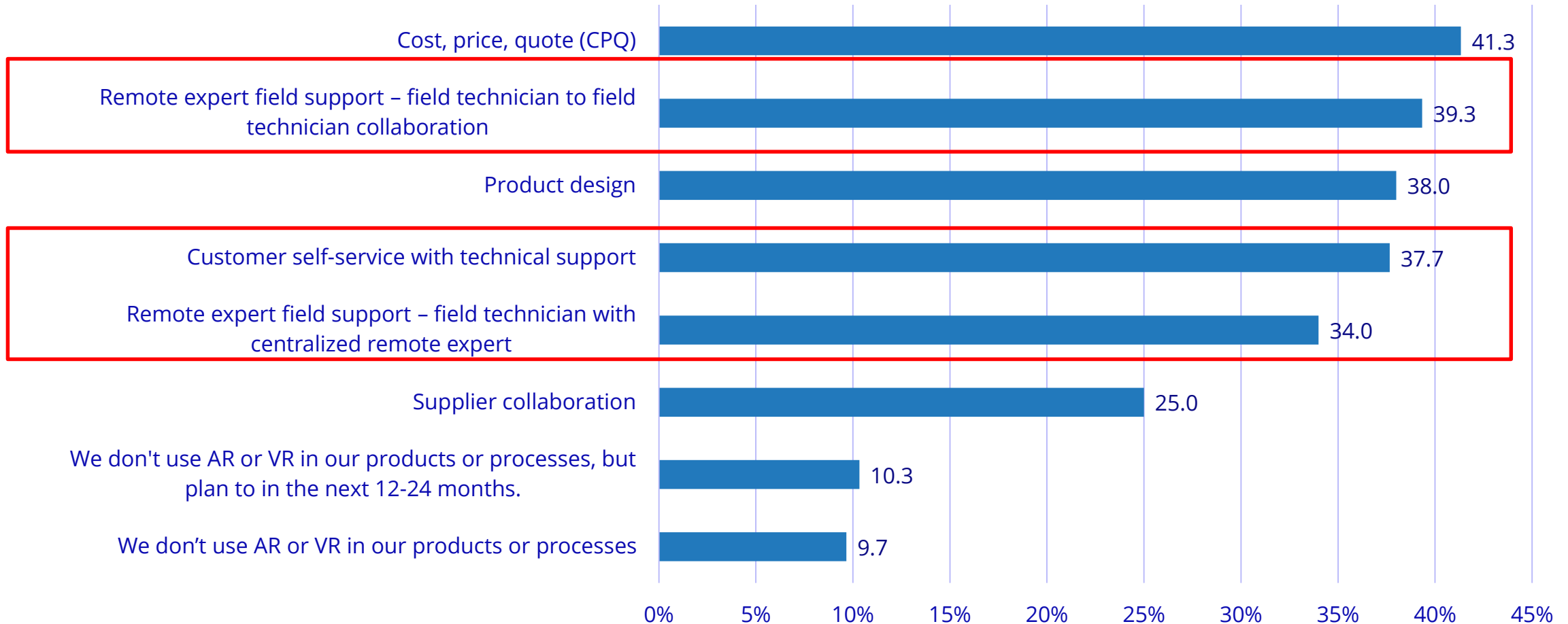
Base=All Respondents

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Source: Product and Service Innovation Survey, IDC, May, 2019

Augmented Reality Beyond the Hype

Q. Does your organization plan to apply Augmented Reality or Virtual Reality for the following?



N=300

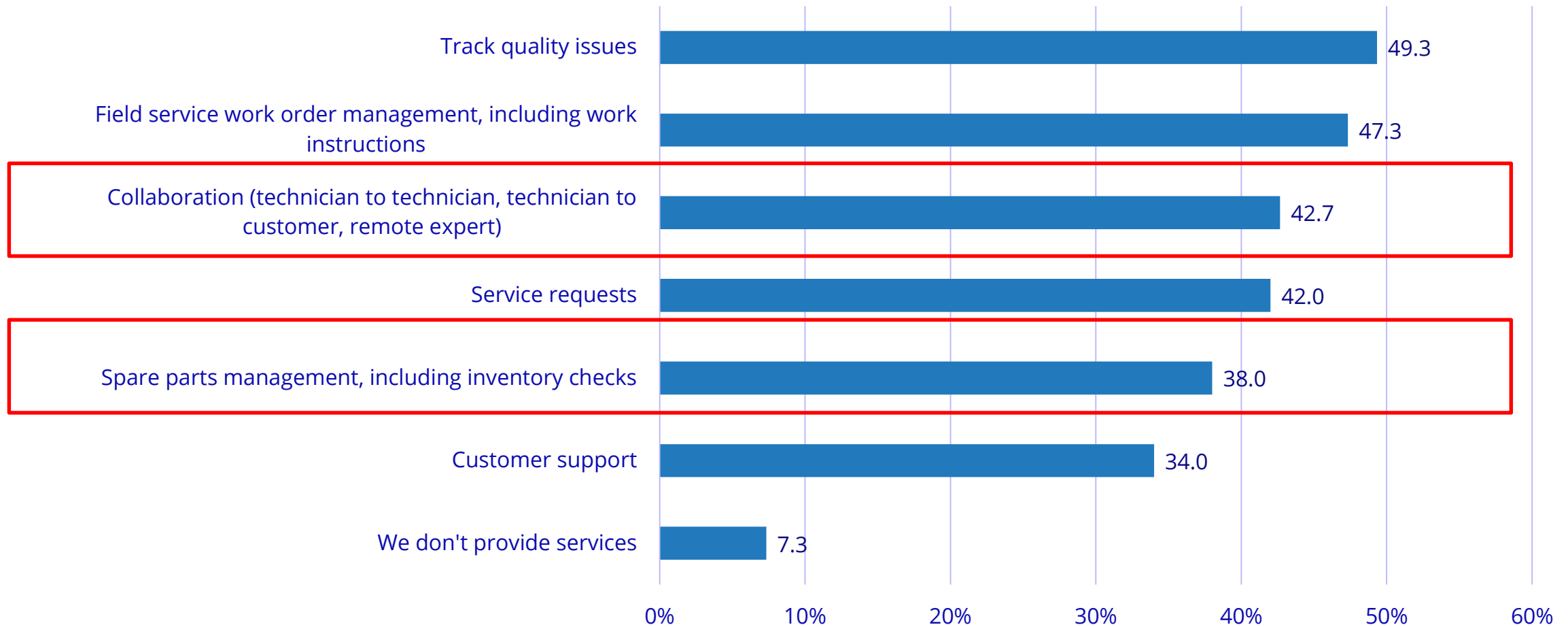
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Source: Product and Service Innovation Survey, IDC, May, 2019

Mobility Connecting the Service Organization

Q. What does your organization plan to use mobile devices for during SLM in the next 12-24 months?



N=150

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Source: Product and Service Innovation Survey, IDC, May, 2019



WHAT'S NEXT?

Future Outlook for SPM?

Service leaders will continue to explore and invest in solutions that provide industry-expertise and robust capabilities to enable innovation within service parts management, but look for integration in enterprise technology infrastructure

Aging workforce, dearth of a talent pool for the next generation of workers, and competition for the available pool will pressure service leaders and manufacturers to capture knowledge and implement tools that can streamline training for less experienced service teams

Buyers are becoming more critical in their purchase criteria for technology as their decisions become more visible up the organization and need to have a bigger impact on the service supply chain, beyond efficiency gains – lengthening sales cycles

Service parts management has an opportunity to become a differentiator for manufacturers as the need to efficiently and quickly resolve issues becomes more dependent on having the right part to service ever more complex equipment within more complex service networks

Essential Guidance

1 Strengthen relationships with a partner ecosystem to support deployment, services, consultation, and continued digital transformation. Customer-first culture drives innovation.

2 Explore the impact of new technologies to enable service parts management to go beyond afterthought to a driver of differentiation and growth.

3 Focus on creating an integrated data flow across SLM functions including SPM and other enterprise systems such as CRM , PLM, and ERP.

4 As end customer expectations rise, manufacturers must disrupt their own mindsets and business models to deliver value and enhance the end customer experience.

“Everyone has his day and some days last longer than others” – Churchill

Thank you.

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The logo features the words "LIVE" and "WORX 19" in a white, sans-serif font. A bright blue, glowing diagonal slash cuts through the "E" in "LIVE" and the "X" in "WORX". The background is dark with abstract, angular shapes in shades of purple, blue, and green, creating a futuristic, high-tech atmosphere.

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