



# BUILDING A BUSINESS CASE FOR FIELD SERVICE MANAGEMENT

Scott Lawson  
Senior Solution Consultant

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[liveworx.com](http://liveworx.com) | #LIVEWORX





# SCOTT LAWSON

As a Senior Solution Consultant, Scott brings over 20 years of software implementation and sales consulting experience to ServiceMax. Prior to transitioning to a software career, Scott was also a Partner in an Atlanta based CPA firm, with 9 years experience providing accounting and consulting services to a variety of corporate clients. Focused on delivering high impact and long-term customer success, Scott has a broad background in all aspects of sales and implementation consulting, from project management, methodology, and delivering results for manufacturing, supply chain, financial, and service functions, as well as implementing best practice strategies for deployment, training, and adoption across large and complex organizations.

# GLOBAL CUSTOMER TRANSFORMATION



It is about helping you understand the value of service



It is about showing you what is possible



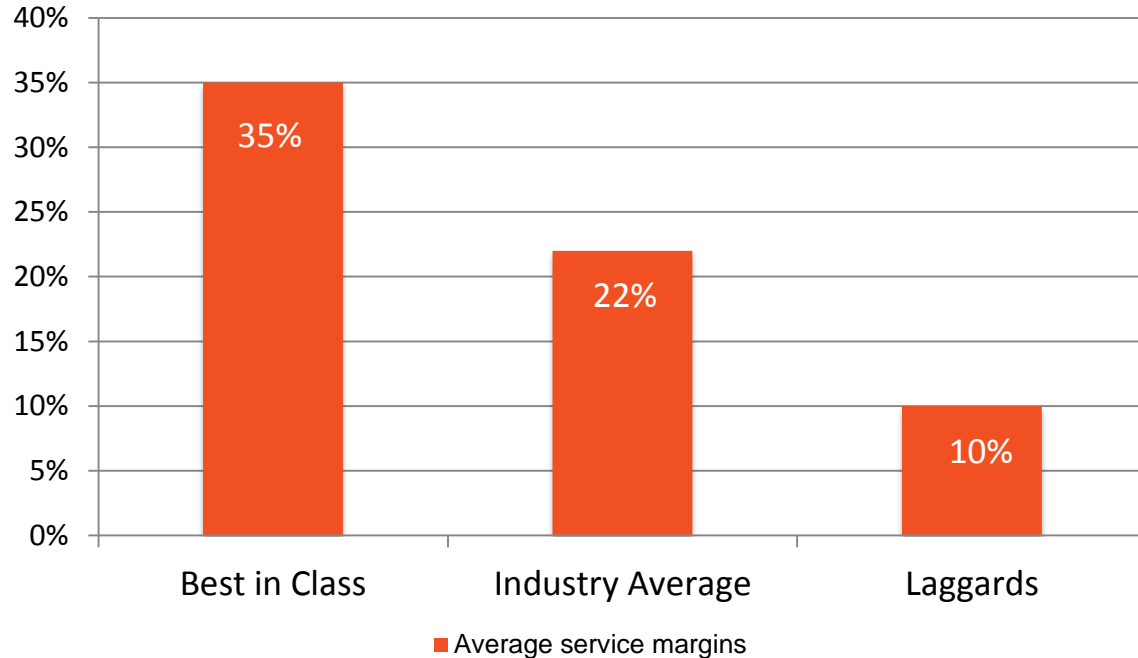
It is about being with you through your journey

# WHAT IS HAPPENING OUT THERE IN FIELD SERVICE?

# WHY SERVICE MAKES SENSE TO CEO'S



## Average service margins

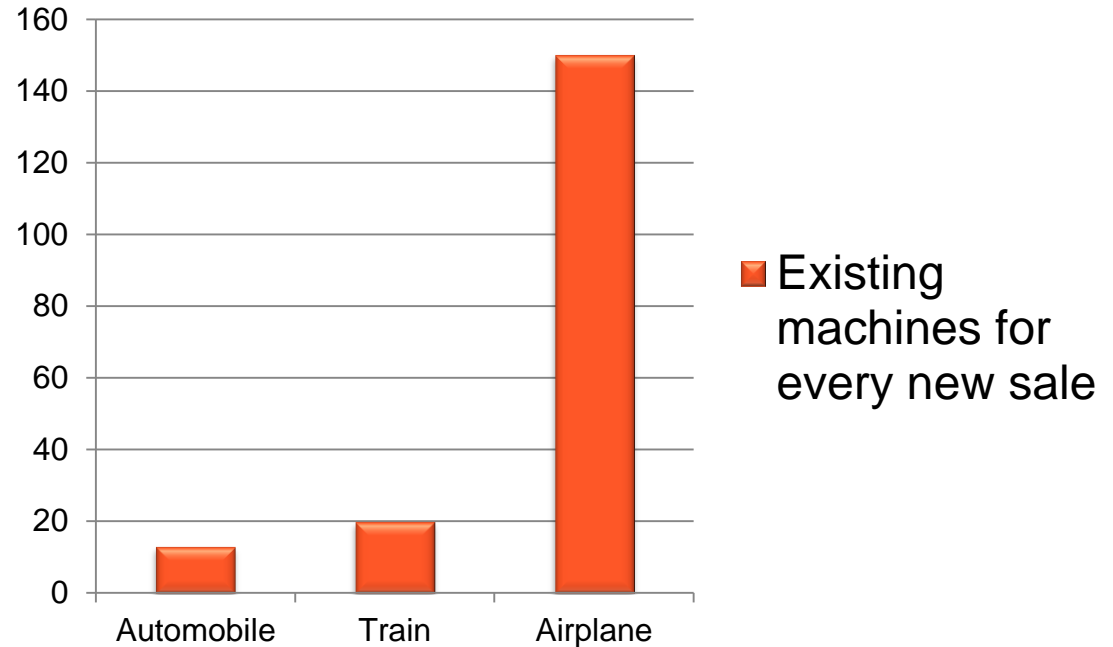


“Service margins  
on average are  
**10.7%**  
higher than  
equipment margins”

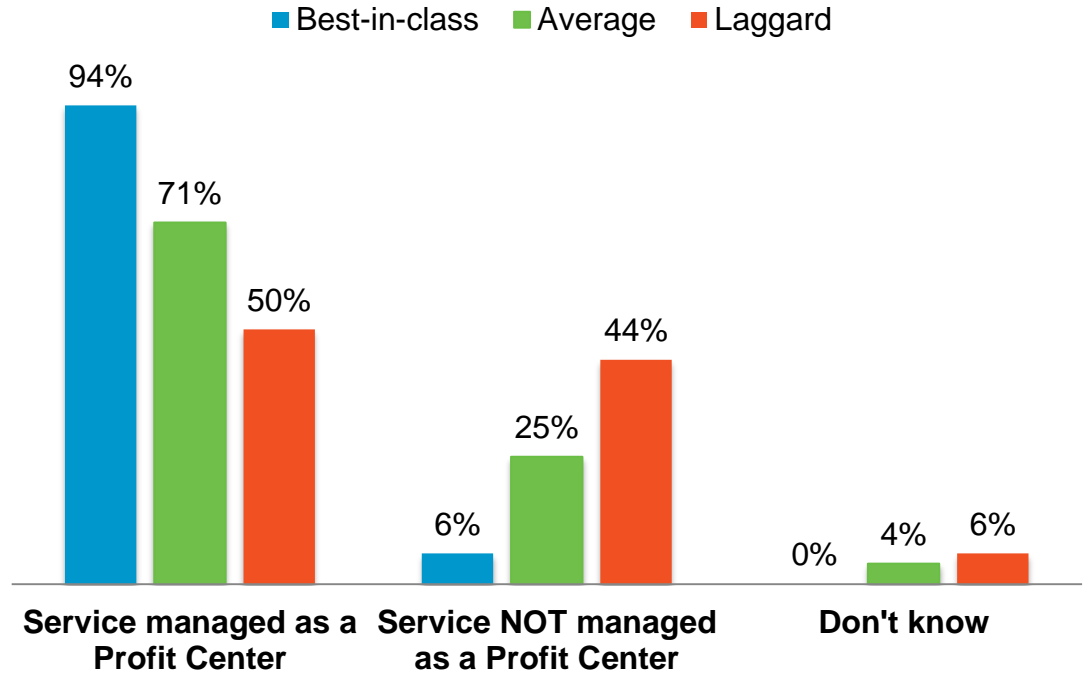
Aberdeen group – Feb 2014

# THE MOVE TOWARDS SERVICE AS A KEY REVENUE CONTRIBUTOR

## Existing Machines for Every New Sale

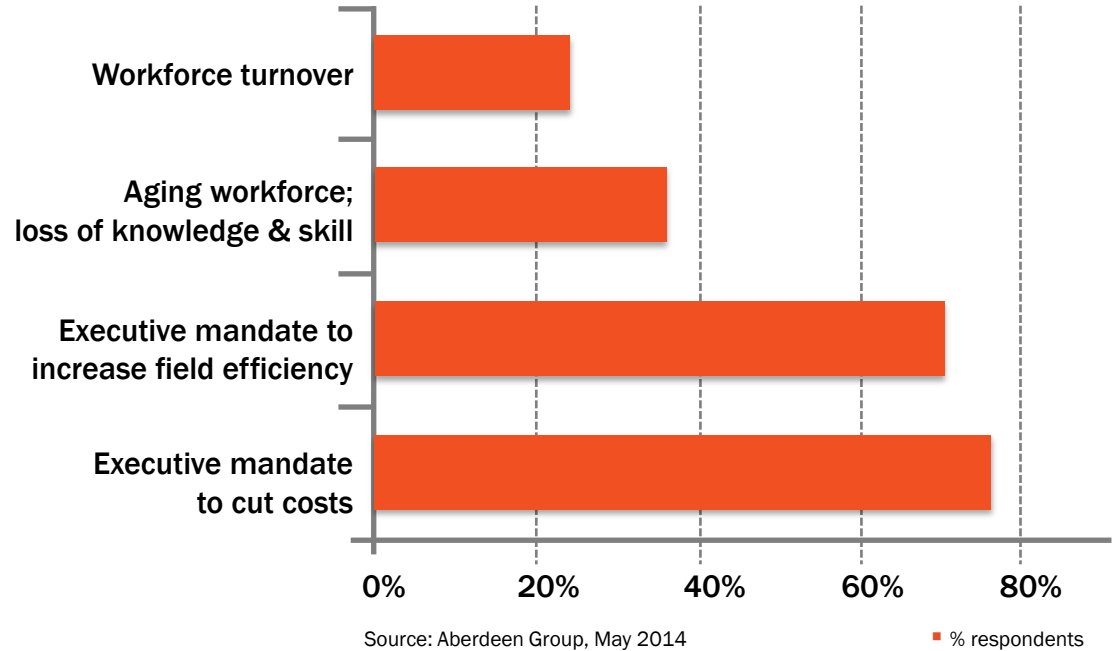


# PROFIT CENTER AT THE HEART OF GROWTH



Source: Aberdeen Group, 2014

# INTERNAL CHALLENGES





# WHAT DO YOU HAVE TO CONSIDER?

# REACTIVE SERVICE: MOVING TO OBSOLESCENCE



**CUSTOMER REPORTS  
ISSUE FIRST**

*Customer Dissatisfaction,  
Downtime and lost output*



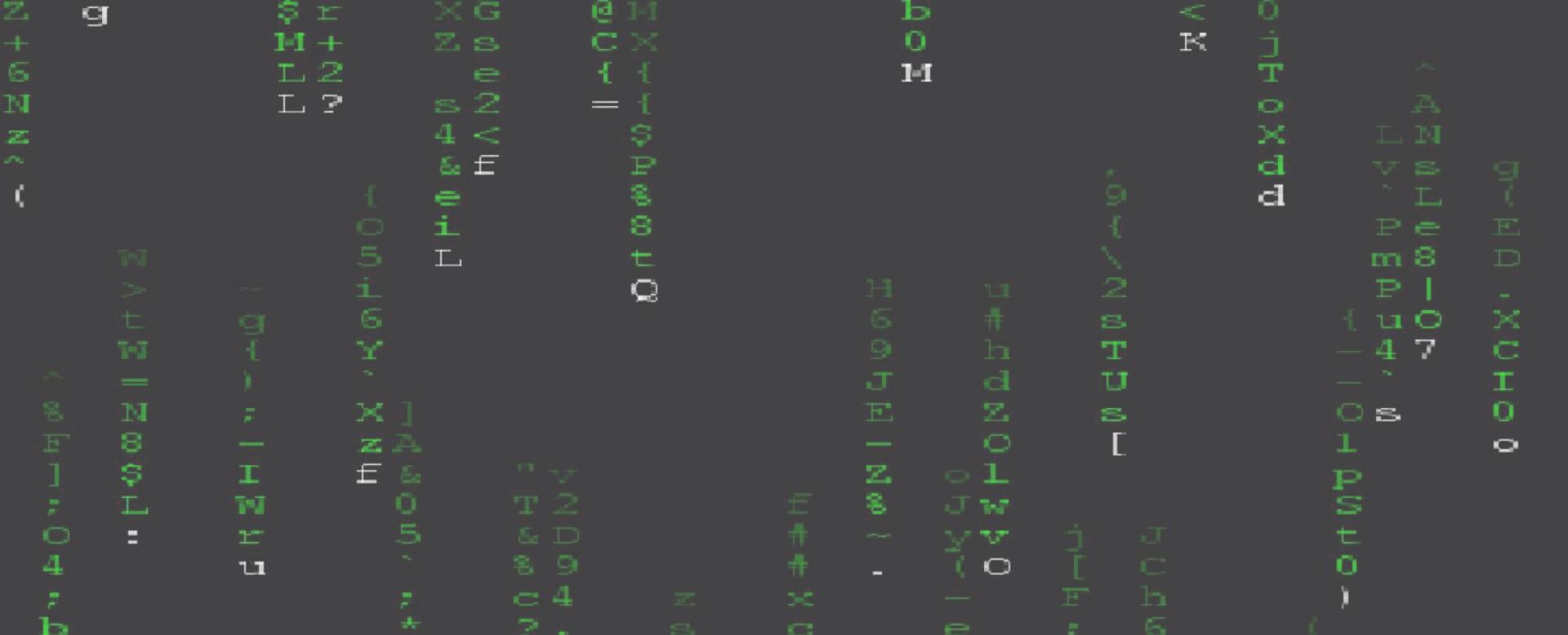
**EXPENSIVE  
DISPATCH**

*\$250-2000/  
truck roll*



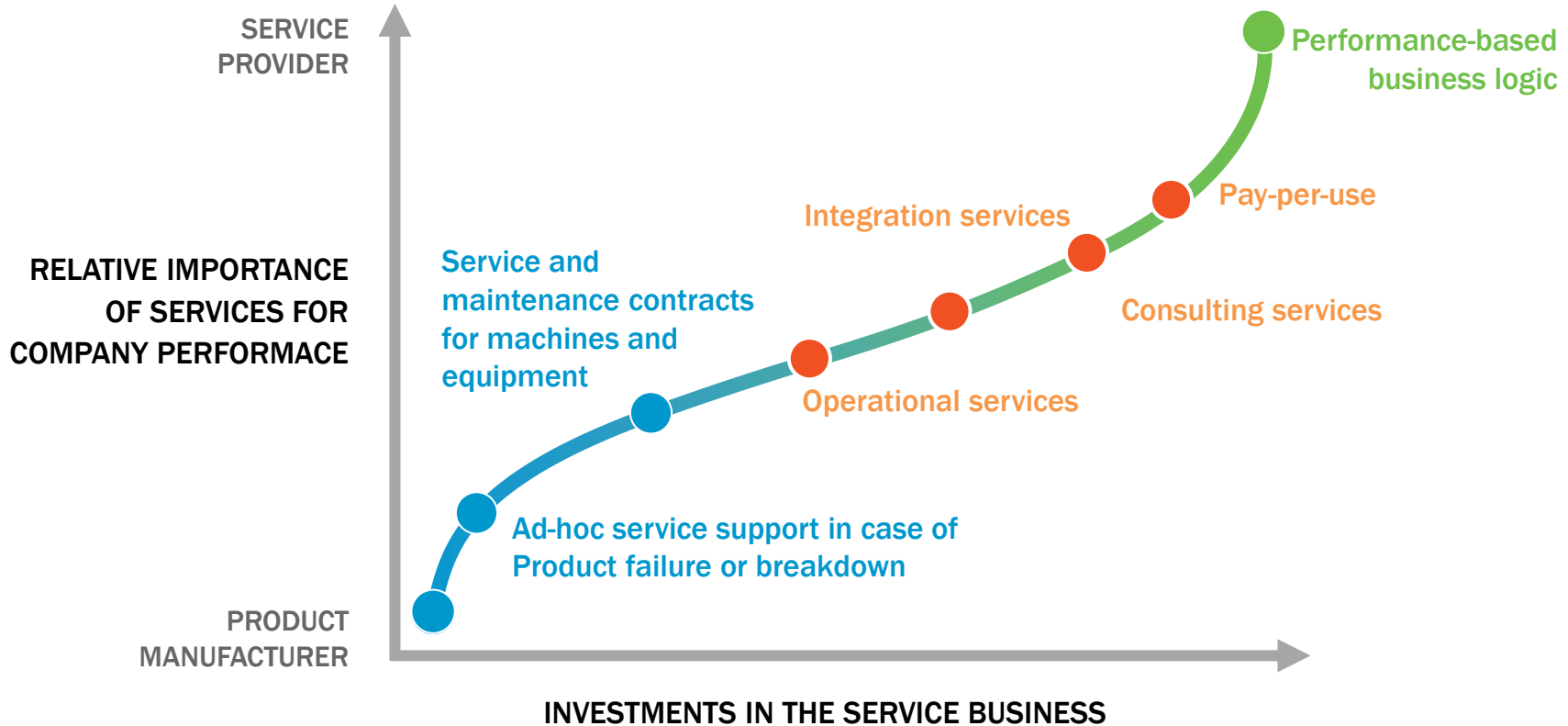
**REPAIR THE  
FIRST TIME?**

*Right parts & expertise to fix  
the first time?*



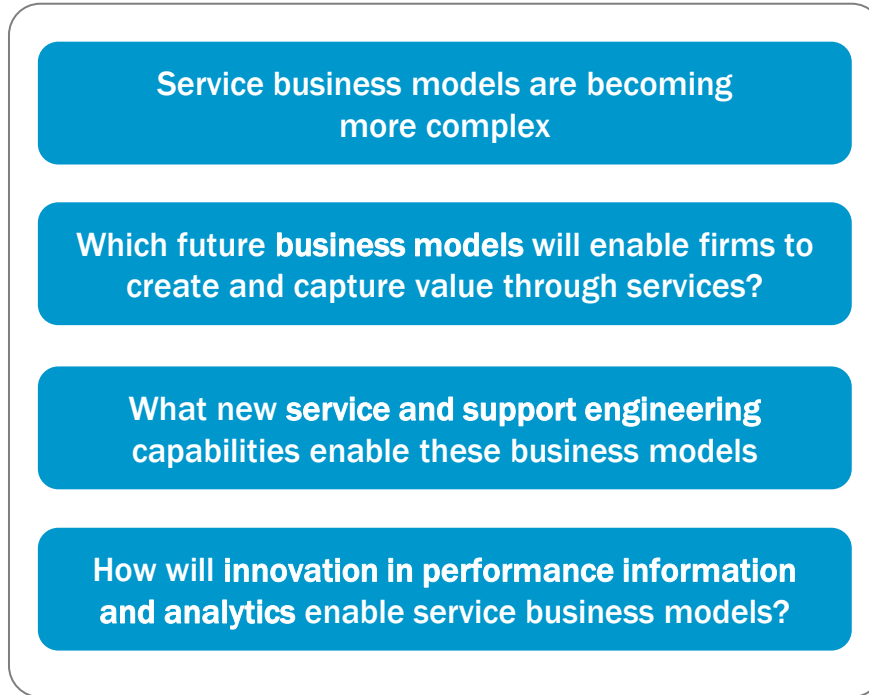
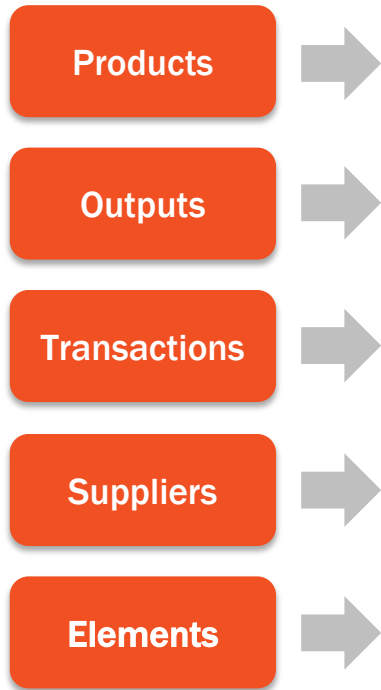
IoT IS NOT COMING... IT'S HERE!

# SERVICE IS CONSTANTLY EVOLVING

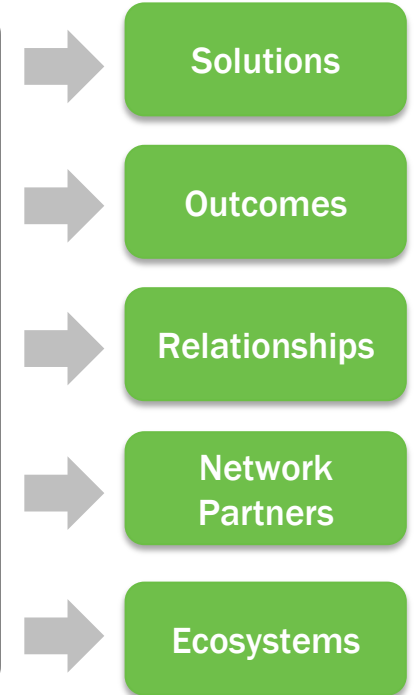


# THINGS ARE CHANGING...

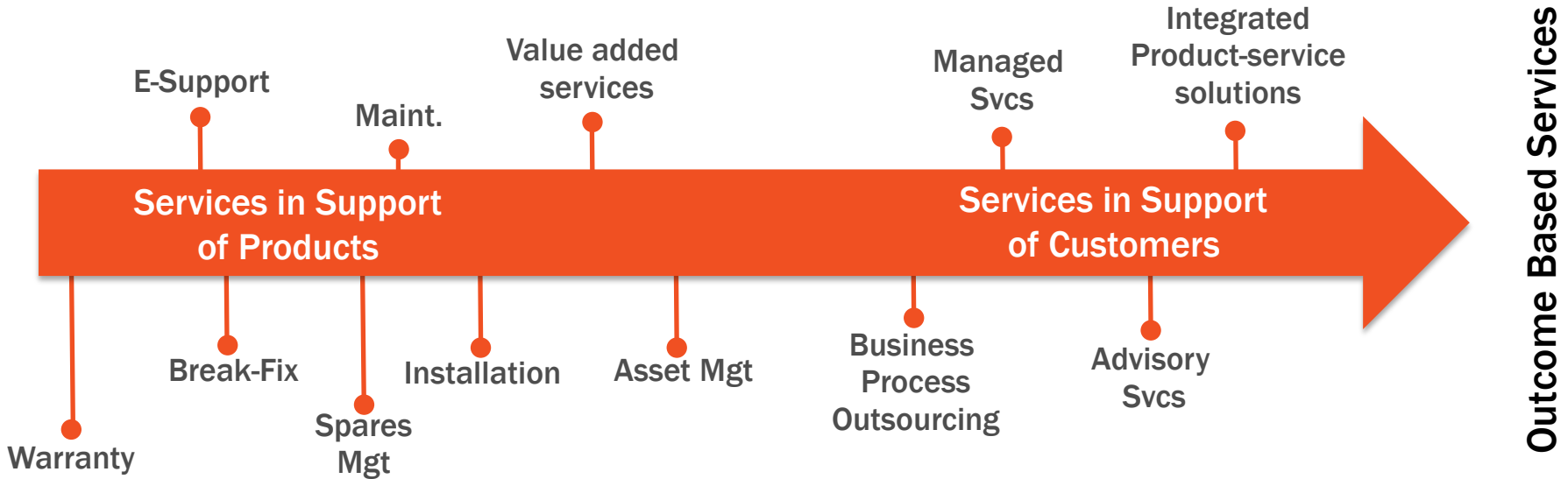
From a world of...



To a world including...



# THE SERVICE INFUSION CONTINUUM



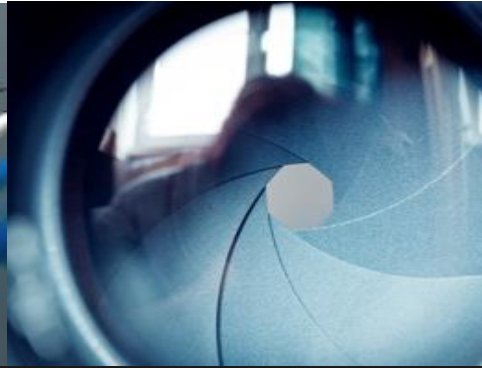
*Zeithami, Brown, Bitner, and Salas 2014*



Benchmark



Align



Focus



Execute



# Benchmark Your Field Service Maturity

Take your field service maturity a step further and start building your business case

- Learn where you are in the field service maturity model
- Find out what metrics you need to track to measure your field service maturity
- See the financial impact these improvements will have on your business

## What You Need to Build Your Business Case for Field Service

What are the top 2-3 objectives your field organization is focused on this year?

### Business Objectives

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### Key Maturity Dimensions

What new challenges are you facing as a service organization?

### Challenges

What are the "metrics that matter" when managing your service organization?

### Metrics & Impact






Know your Service Maturity

# QUESTION



- Do you measure your service business?
- Do you benchmark against industry standards or maturity dimensions?

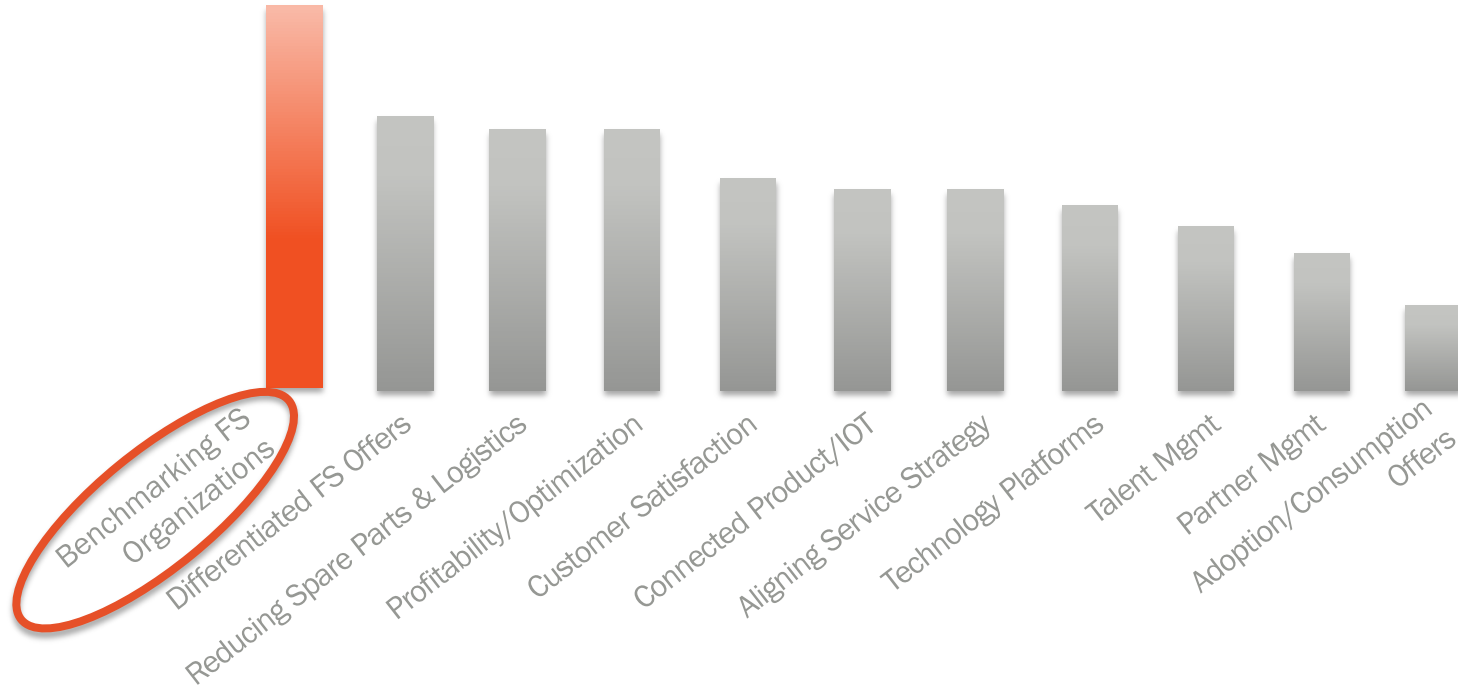


The slide features several large, colorful geometric shapes: a large pink triangle pointing down from the top left, a blue triangle pointing down from the top center, a small yellow triangle pointing down from the top right, and a large green triangle pointing up from the bottom left. These shapes are set against a light gray background.

*“Benchmarking is an integral part of every business transformation effort since it identifies successful business models and provides practices that can be used to close performance gaps”*

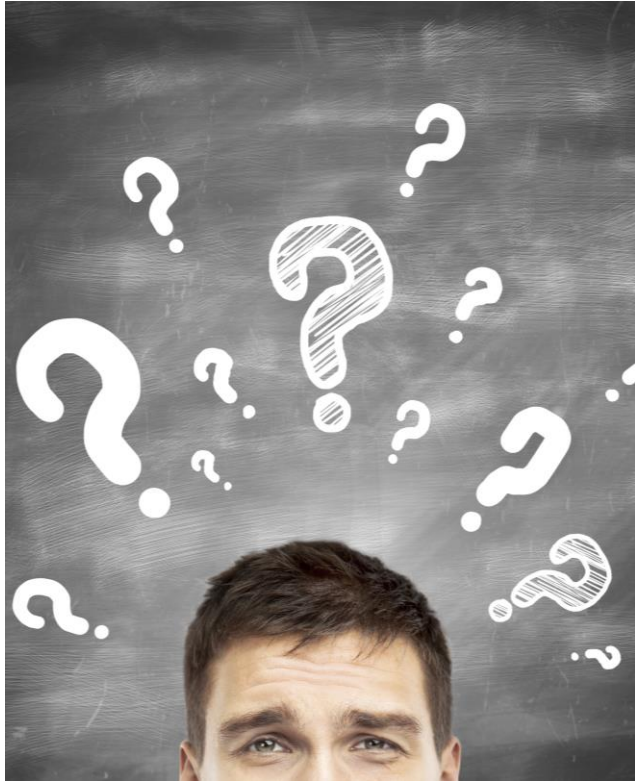
TSIA Research January, 2016

# TOP FIELD SERVICE BUSINESS CHALLENGES



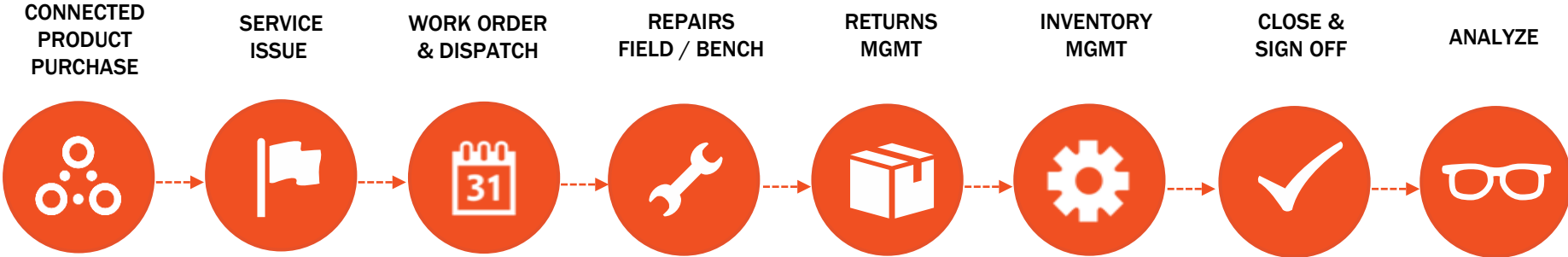
TSIA Research January, 2016

# GETTING STARTED

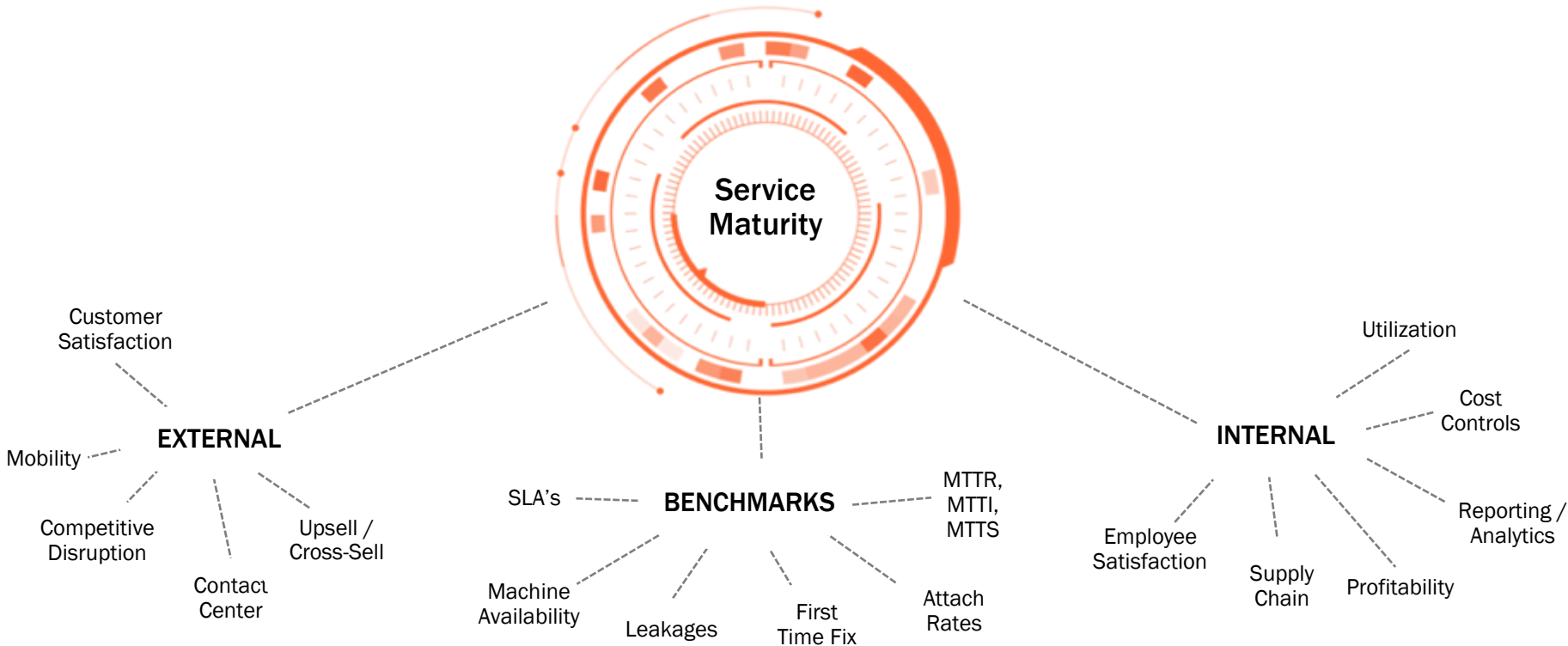


- “Where do we start?”
- “What do we & should we measure?”
- “Why do we measure that?”
- “Are others in our industry measuring it?”
- “Are we even talking about the same thing?”

# DIMENSIONS ADDRESSING COMPLETE SERVICE DELIVERY CHAIN



# DIMENSIONS ADDRESSING COMPLETE SERVICE DELIVERY CHAIN



# FIELD SERVICE MATURITY MATRIX DIMENSIONS



- Statement Dimensions

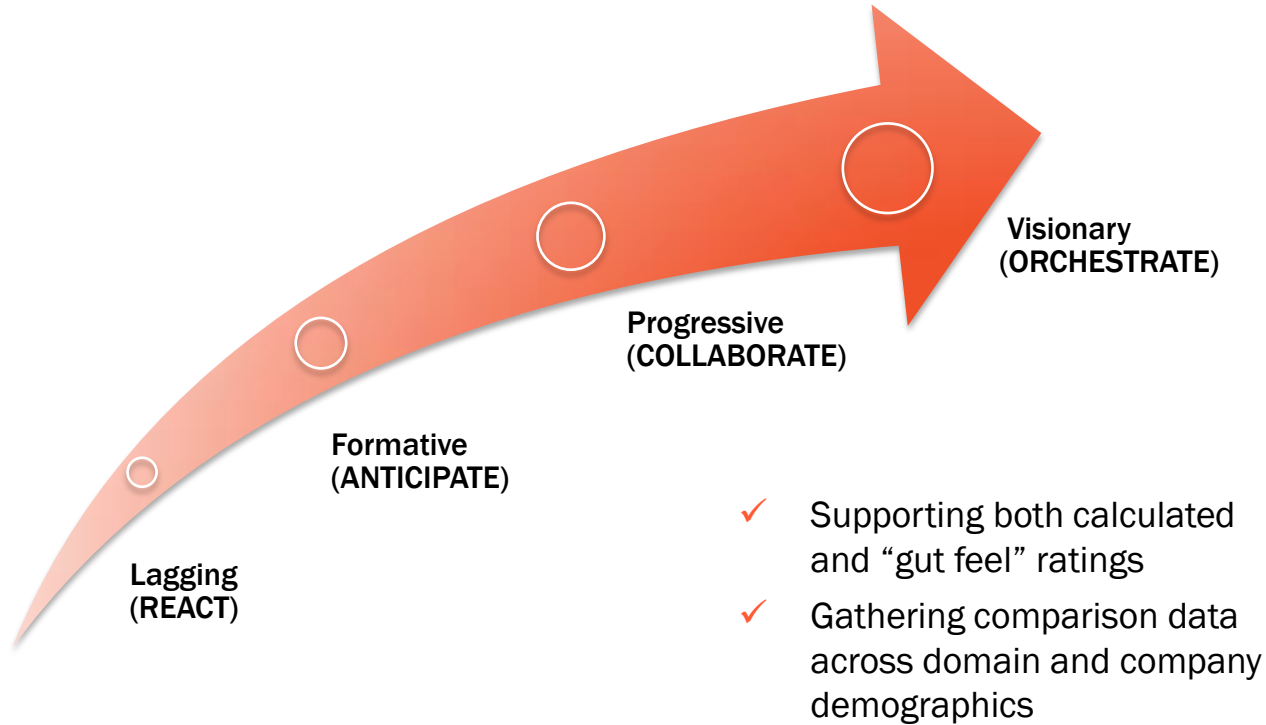
- Employee Satisfaction
- Customer Satisfaction
- Cost Controls
- Reporting / Analytics
- Utilization
- P&L Profitability
- Upsell / Cross-sell
- Supply Chain
- Contact Center
- Mobility
- Competitive Disruption

- Benchmark Dimensions

- Attach Rate (POS)
- Attach Rate (Post POS)
- First Time Fix
- Leakage
- SLA Attainment
- Machine Availability
- MTTR, MTTS, MTTI



# THE SERVICEMAX MATURITY ASSESSMENT TOOL



# P&L PROFITABILITY



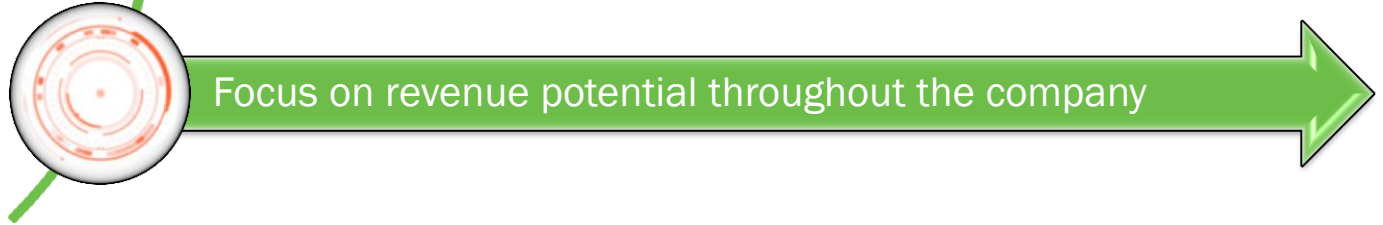
**Profitability Strategy**



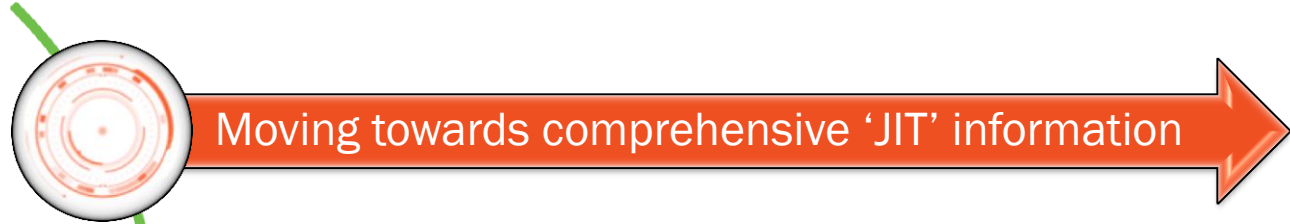
**Margin**



**Service Revenue Mix**



**Cost Mgmt**



Moving towards comprehensive 'JIT' information

**Automation**



Moving towards full track and trace

**Visibility**



Moving towards real-time visibility

# UPSELL / CROSS-SELL

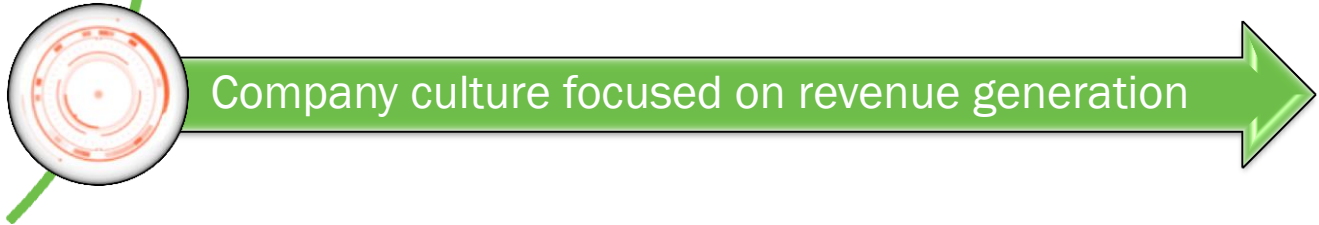
**Strategic  
Alignment**



**Training**

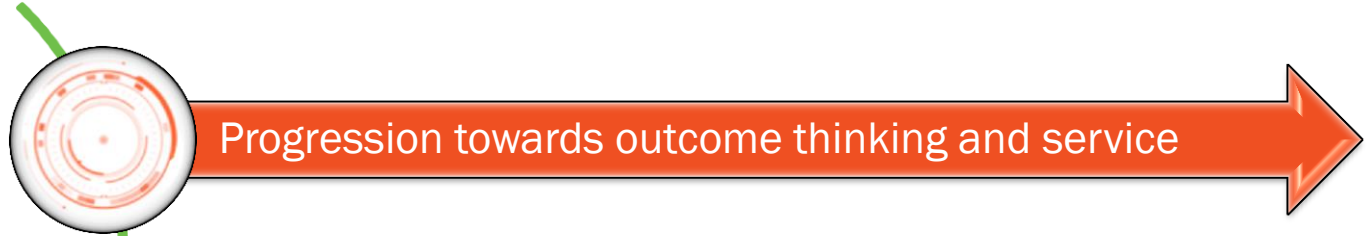


**Service  
Proactivity**



# COMPETITIVE DISRUPTION

**Outcome-Based Services**



**Analysis**



### Maturity Dimension: P&L Profitability

Self assessment (on a scale of 1-20)

**Profitability Strategy**

- Cost center structure only
- Profit revenue

### Maturity Dimension: Supply Chain

Self assessment (on a scale of 1-20)

**Visibility**

- No visibility; engineer carries manual spreadsheet of trunk inventory
- Telephone support to supply chain for parts ordering, etc
- Limited web-based search with periodic stock checks. Ability to look into other trunk inventories within "X mile" radius, and ability to see
- Full RFID real-time inventory tracking, with automated parts ordering

### Maturity Dimension: First Time Fix (FTF) Rate

Self assessment (on a scale of 1-20)

**Benchmark Band**

- <63% FTF
- 63%-75% FTF

### Maturity Dimension: Cost Controls

Self assessment (on a scale of 1-20)

**Control Processes**

- Lack of control (emergency shipments, credits, warranty, etc)
- Formal policies, controls, and guardrails in place
- Exception based approval/signoff process in place
- Empowered employees to spend where it makes sense

**Management Focus**

- Service run as a cost center
- Service organization valued but deemed to be in a supportive role only. Still run as a cost center
- Service as a profit center with active management participation in revenue generation
- Outcome based service organization—whole organization gets behind field service. Field service as a competitive differentiator and supported by company in social media, etc

### Maturity Dimension: Leakages (M)

Self assessment (on a scale of 1-20)

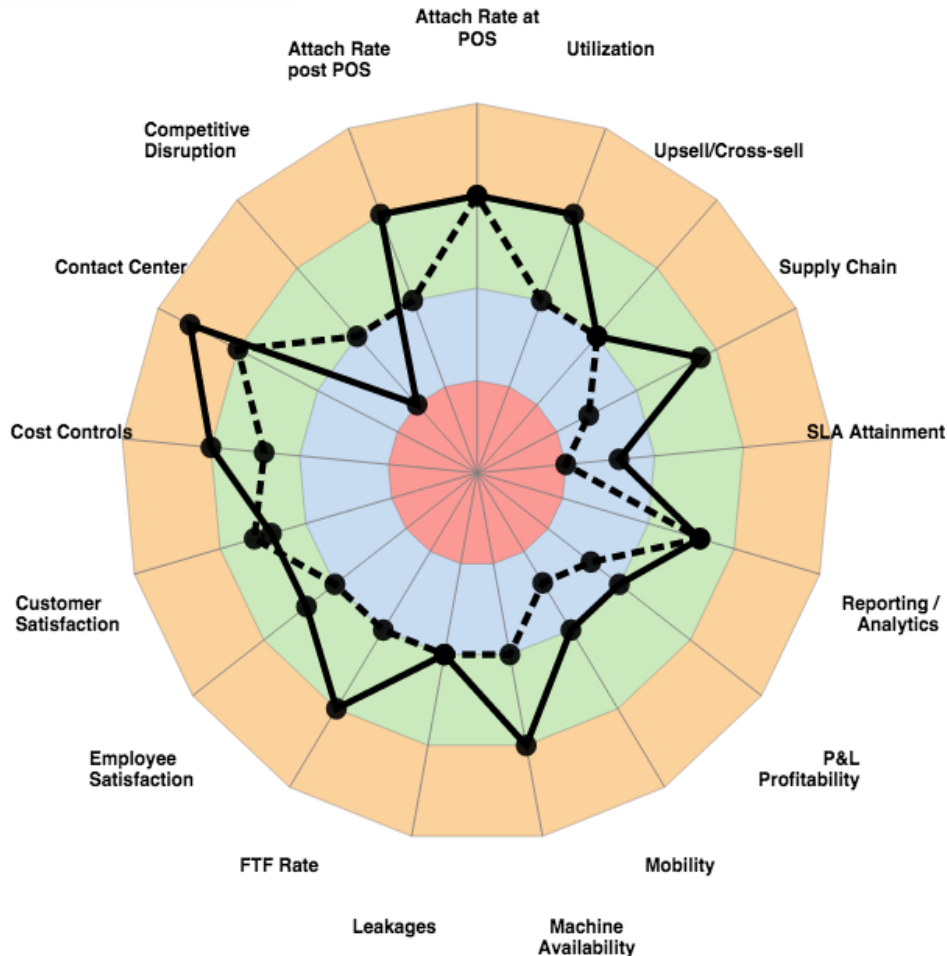
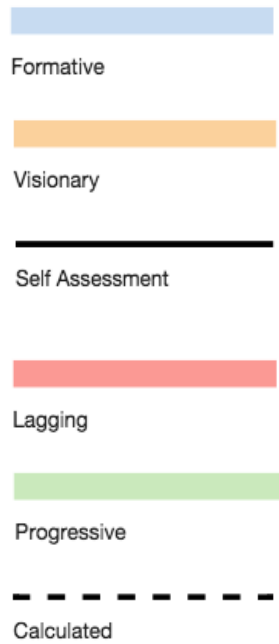
**Benchmark Band**

- >40%
- 20%-40%

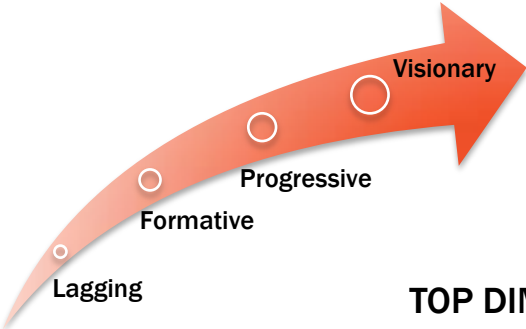
# X-TRONIK INDUSTRIES



Maturity Model Report (created on Feb. 10, 2016)



# FOCUS AREAS



## TOP DIMENSIONS

15	Attach Rate at Point of Sale (POS)
15	Contact Center
13	Customer Satisfaction
13	Reporting/Analytics
12	Cost Controls



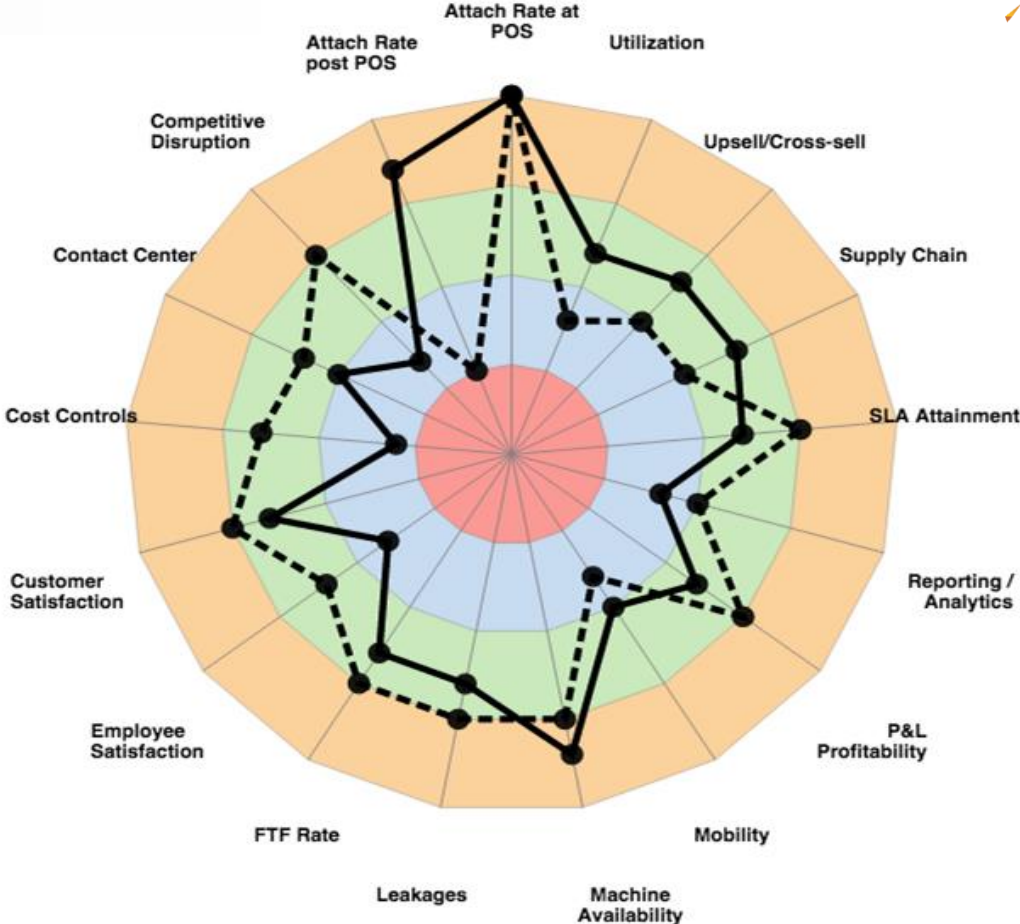
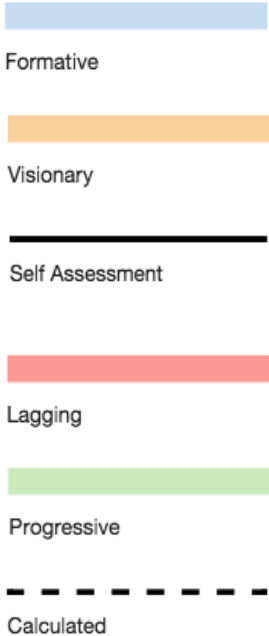
## BOTTOM DIMENSIONS

5	Service Level Agreement (SLA) Attainment
7	Mobility
7	Supply Chain
8	P&L Profitability
10	Multiple dimensions (click to expand)

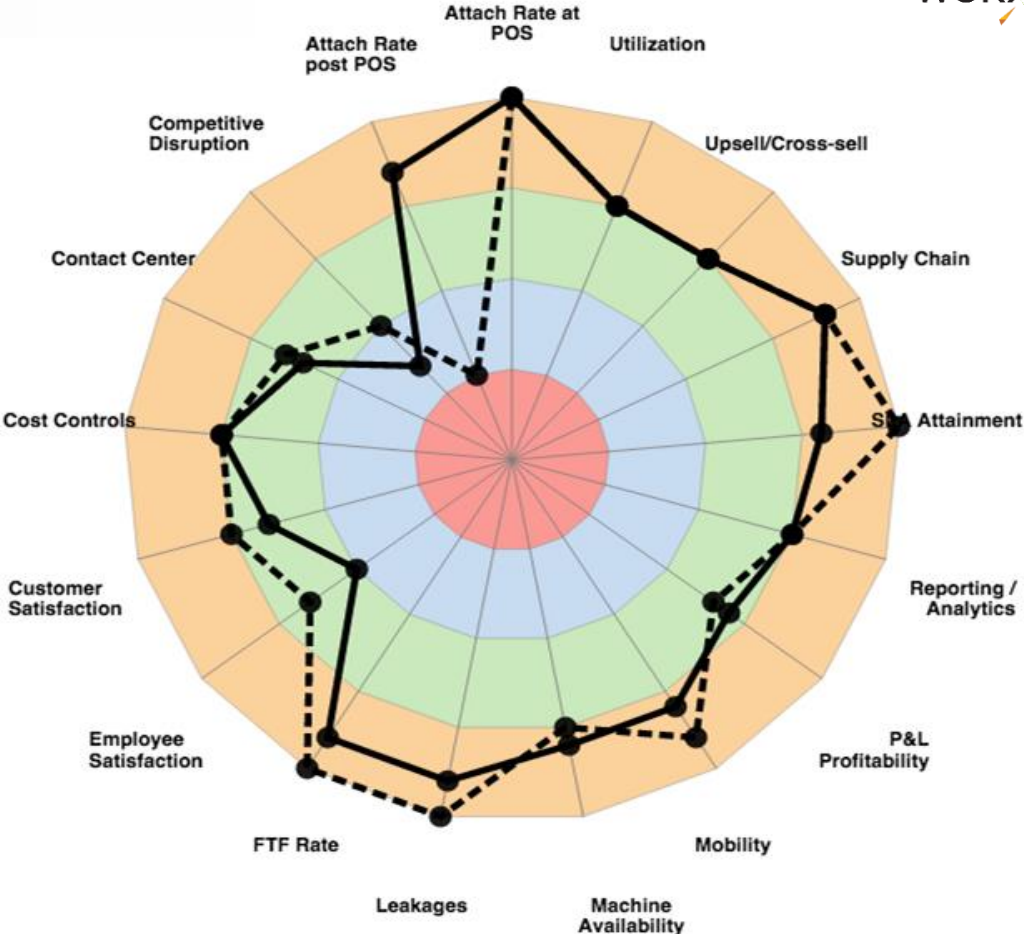
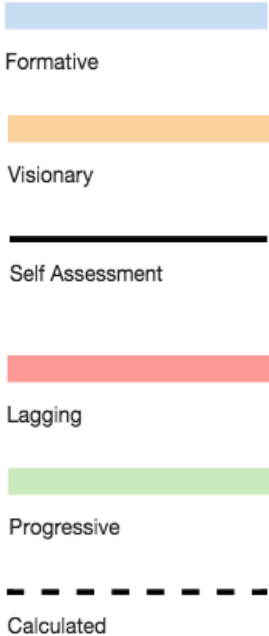




# GLOBAL ENTERPRISE BEFORE



# GLOBAL ENTERPRISE AFTER



The background features several large, colorful, triangular shapes pointing towards the center. On the left, a large pink triangle points downwards. At the top, a blue triangle points downwards and a yellow triangle points upwards. At the bottom, a green triangle points upwards.



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# FIELD SERVICE MATURITY DIMENSIONS



- Employee Satisfaction
- Customer Satisfaction
- Cost Controls
- Reporting / Analytics
- Utilization
- IoT Strategy
- Strategic Planning
- P&L Profitability
- Upsell / Cross-sell
- Supply Chain
- Contact Center
- Mobility
- Competitive Disruption
- Process Efficiencies
- Installed Base Understanding

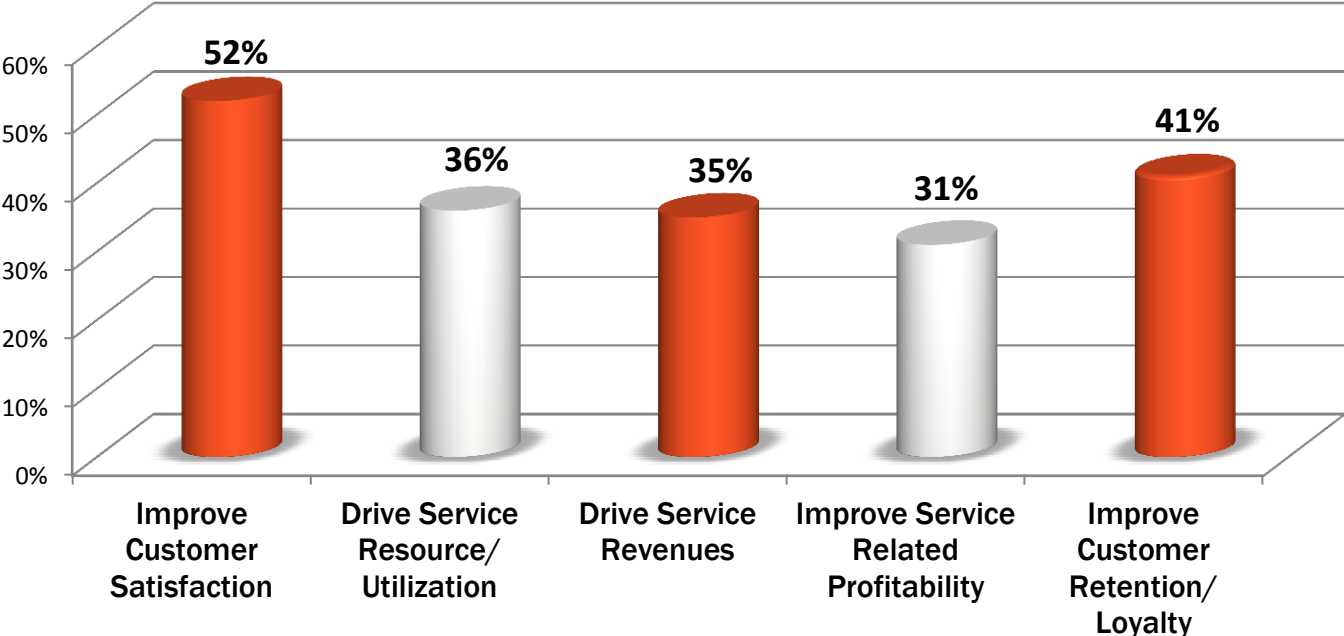


## Goals – Objectives – Challenges

# SERVICE GOALS TO MOVE BEYOND SCHEDULING EFFICIENCIES



2014

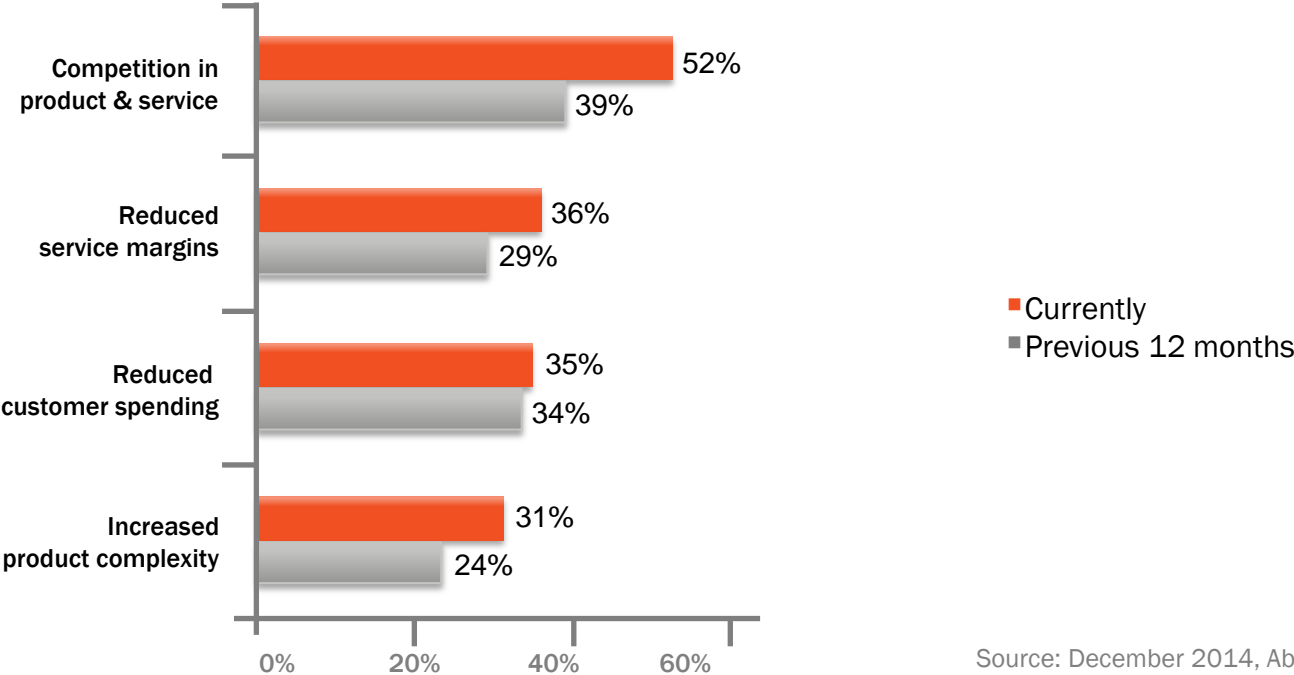


Respondents 170. Aberdeen group – May 2014

# EVOLVE OR GET LEFT BEHIND



TOP CHALLENGES, PERCENTAGE OF RESPONDENTS, N=170



Source: December 2014, Aberdeen Group



# TOP SERVICE PRIORITIES



- Improve Service Revenue & Cash Flow
- Reduce Costs & Optimize Working Capital
- Increase Employee & Partner Productivity
- Increase Customer Satisfaction & Loyalty
- Enable Regulatory Compliance



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Metrics & Impact

A close-up, artistic shot of a camera lens aperture, showing the blades and the central opening. The background is blurred, suggesting a person in a meeting or presentation setting.

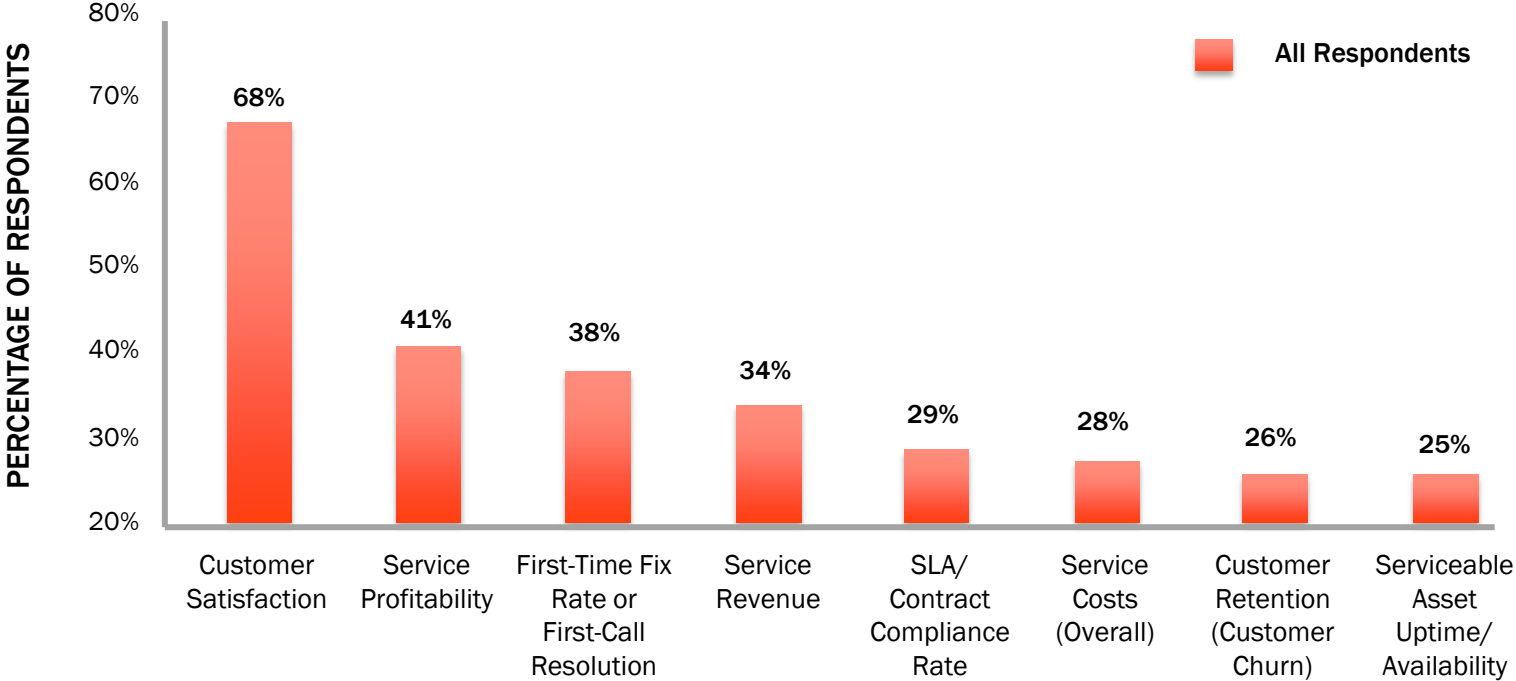
## Metrics that Matter

# THE “UNIVERSAL NINE”



- 1 Contract Attach Rate**
- 2 Leakages**
- 3 Net Promoter Score (NPS)**
- 4 First Time Fix**
- 5 Service Level Agreement (SLA's)**
- 6 Technician Productivity**
- 7 Mean Time to Repair (MTTR)**
- 8 Upsell/Cross-Sell**
- 9 Uptime**

# KPI'S DEFINING SUCCESS IN SERVICE



n=219

Source: Aberdeen Group, March 2015

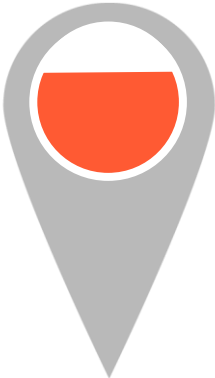


FIRST TIME FIX

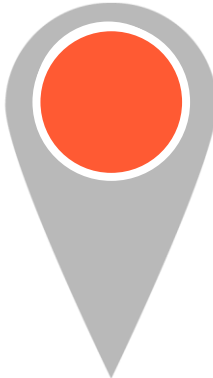
# FIRST TIME FIX (FTF)



**63%**  
Laggard



**80%**  
Average

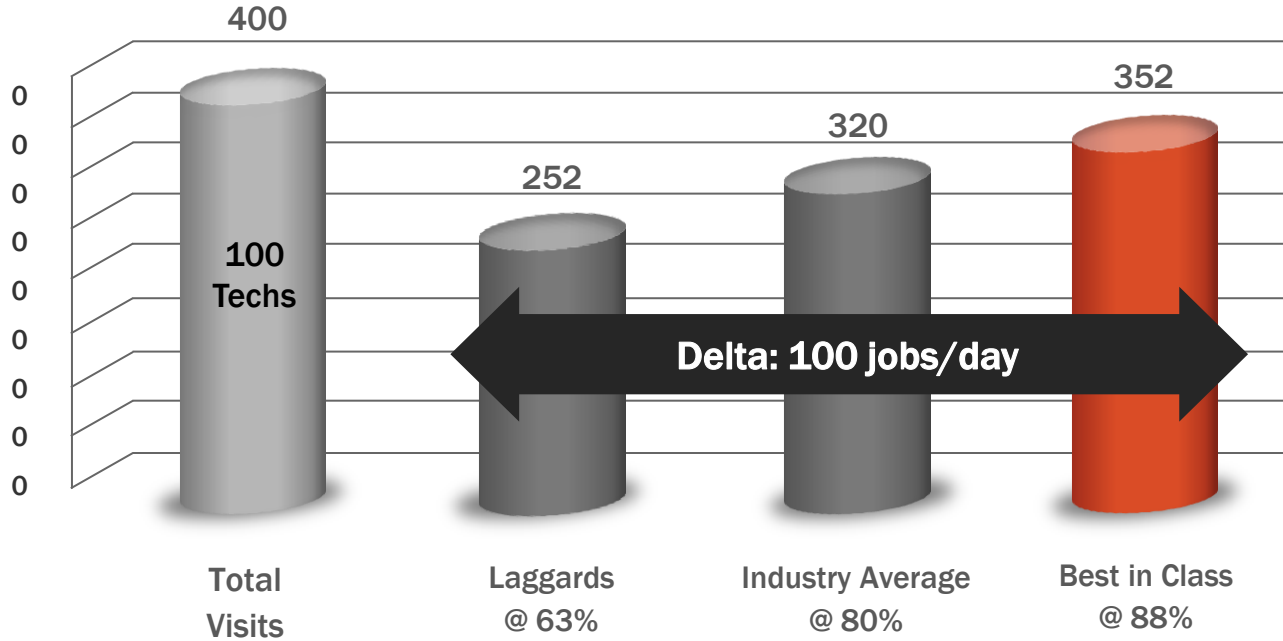


**88%**  
Best in Class



Source: Aberdeen Service to Services, 2012

# A STORY OF TWO COMPANIES...





# THE BOTTOM LINE...



100 jobs per day

= 25,000 extra jobs per year

= 25 extra technicians needed...

just to keep up with the competition!

25 Open recs \*

Recruiting costs \*

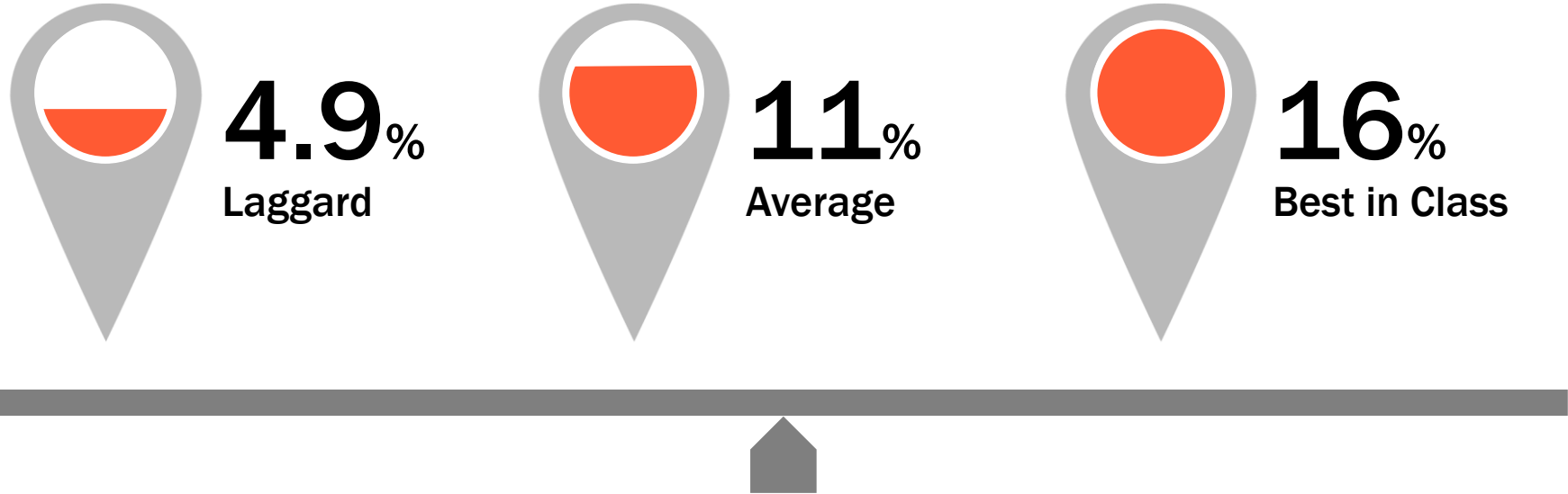
Onboarding costs \*

lost time to ramp...

The background is a grayscale image that is heavily blurred. On the left side, there is a large, stylized dollar sign (\$) that is out of focus. On the right side, there is a dark silhouette of a person's head and shoulders, also blurred. A solid black horizontal bar runs across the middle of the image, containing the text "ATTACH RATE" in white, uppercase letters.

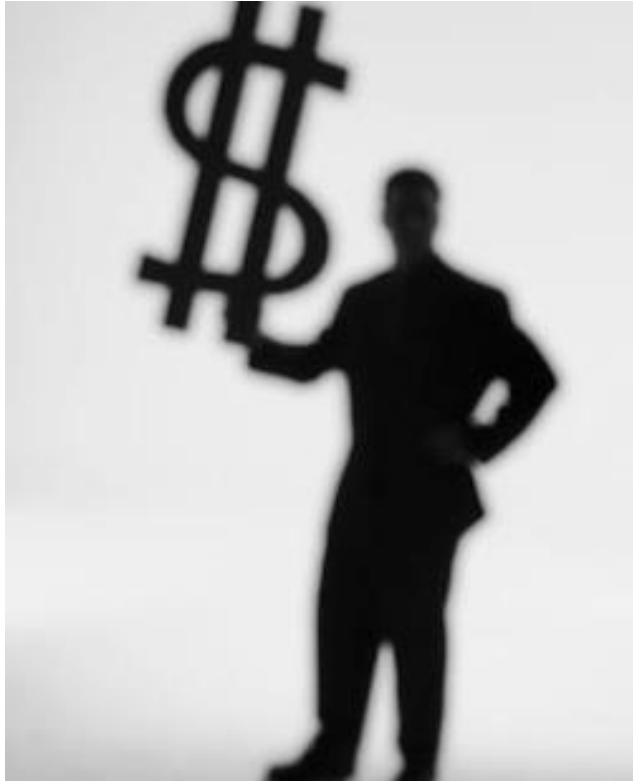
ATTACH RATE

# ATTACH RATE



Source: Aberdeen Service to Services, 2012

# FINANCIAL IMPACT



- Revenue increase
- A/R increase
- Potential Cash increase
- Increase in profit

A close-up photograph of a person's torso. They are wearing a grey t-shirt with several brown, irregular patches or stains on it. A black horizontal bar is overlaid at the bottom of the image, containing the text "CONTRACT & WARRANTY LEAKAGE" in white, uppercase letters. The background is a dark blue gradient.

CONTRACT & WARRANTY LEAKAGE

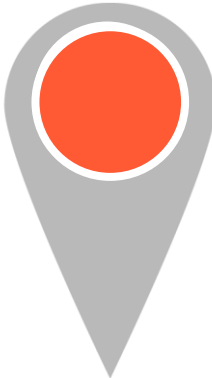
# CONTRACT LEAKAGE



**40%**  
Laggard



**24%**  
Average



**14%**  
Best in Class



Source: Aberdeen Service to Services, 2012

# FINANCIAL IMPACT



- Revenue increase at 100% margin\*
- Profitability increase



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Metrics & Impact



# FSU1 – THE “UNIVERSAL NINE”



1

**Contract Attach  
Rate**

2

**Leakages**

3

**Net Promoter  
Score (NPS)**

4

**First Time Fix**

5

**Service Level  
Agreement (SLA's)**

6

**Technician  
Productivity**

7

**Mean Time to  
Repair (MTTR)**

8

**Upsell/Cross-Sell**

9

**Uptime**



EXECUTE

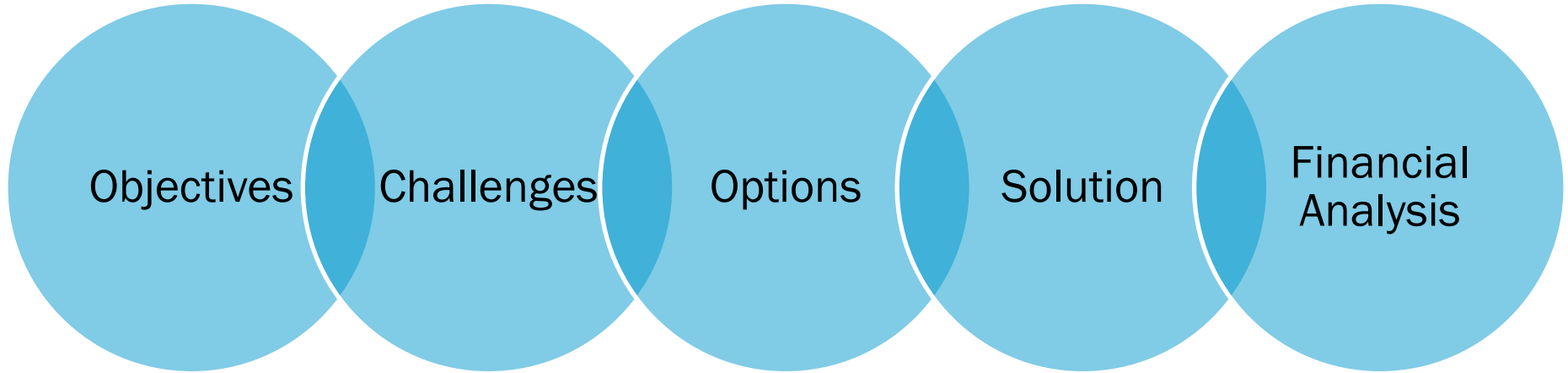
A large green triangle pointing downwards, located in the top-left corner of the slide.

EVERY FINANCIAL  
INVESTMENT  
MUST BE  
SUPPORTED BY A  
BUSINESS CASE

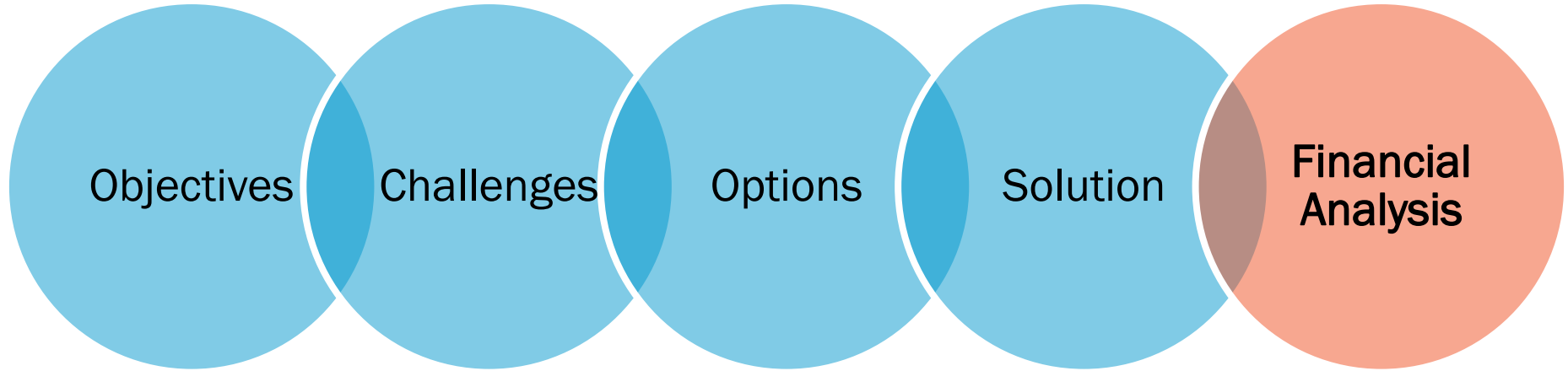
Three overlapping triangles in blue, yellow, and pink, pointing upwards, located in the bottom-left corner of the slide.

- Justification on the basis of expected benefit
- Sell Management on the value of the solution
- Sell Finance on the investment
- Help **everyone** understand the impact of no action

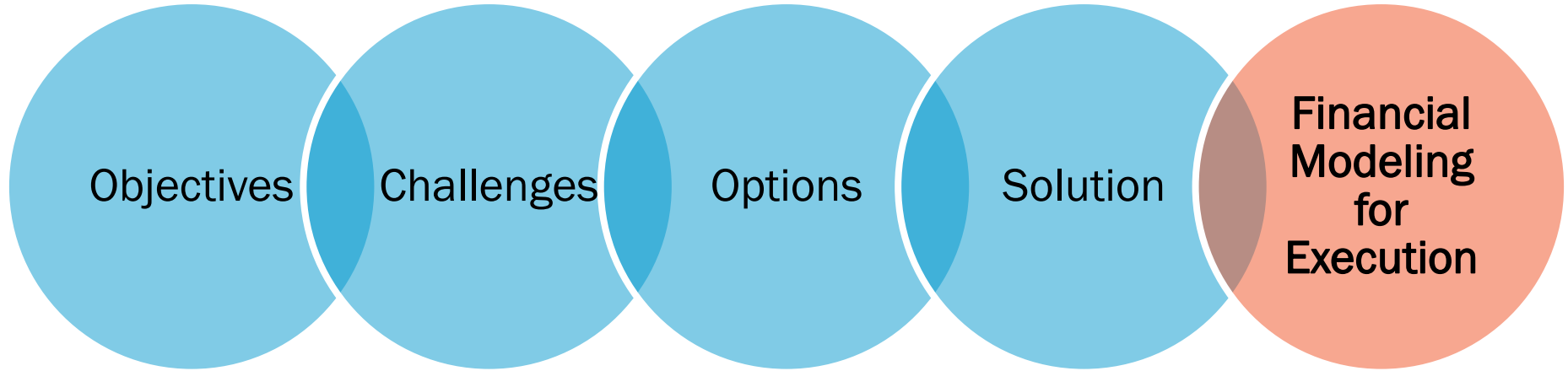
# COMPREHENSIVE BUSINESS CASE



# COMPREHENSIVE BUSINESS CASE



# COMPREHENSIVE BUSINESS CASE



# BUSINESS VALUE REALIZATION

- Cost Focus
- Revenue Focus
- Field Service Specific
- Connection to Objectives
- Realistic
- Comprehensive



# TACTICAL BENEFITS - INCREASES



- Attach Rate (Post POS)
- FTF Rate
- SLA Compliance
- Contract Renewal Rate
- FSE Utilization
- RMA Fill Rate
- Spare Parts Fill Rate
- Call Deflection Rate
- T&M Profitability
- Parts Refurbish Rates
- FSE Productivity
- CSR Productivity
- Back Office Productivity
- Estimation Accuracy
- Upsell Service Contract Revenue (IB Visibility)
- New Service Contract Revenue (IB Visibility)
- Recycling against corporate goals
- Manager / Field span of control



# TACTICAL BENEFITS - DECREASES



- Warranty Leakage
- Contract Leakage
- Service-to-Cash Cycle Time
- MTTR
- Inventory Carrying Costs
- Service Supply Chain Costs
- Emergency Shipments
- Spare Parts Shrinkage
- Field Service Dispatch Rate
- Field Operating Costs
- Truck Rolls

# THE “SOFT” BENEFITS



## Benefit:

- Increase in Brand Loyalty
- Increase in Employee Satisfaction
- Increase in C-Sat / NPS
- Increase in Customer Retention/reduction in churn
- Increase in Close rates on contracts due to decrease in elapsed time to generate quotations



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*“The greatest concern (we) continue to have for member companies is that they delay their efforts – holding on to legacy business models that will not be sustainable when the industry transition is complete”*



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the conversation on social media  
**#LIVEWORX #IoT.**