



SERVICE AS STRATEGY

How getting control of service helps you manage complexity, maximize customer value and move ahead of the pack.

Your Service Imperative

Your priorities, as a service leader, have never been so clear or urgent.

Your service organization's mission is to deliver the highest value from your products. Whether through your own service team or through your partners, it requires the service expertise to:

Get the right service person with the right service part and the right service information to the right location at the right time to fix the problem *right*.

The first time. Every time.

That's how to retain customers and increase service revenue and profits – critical business goals for your company. Simple, right?

If only it were so simple.

At a Glance

Your Service Imperative:

- Increase service revenue
- Increase service profitability
- Increase customer value



You know how complicated service has become

There are so many variables to juggle.

More products, parts, and configurations. More suppliers, partners, and dealers. More customers, countries, and locations. More warranties and documentation. More of EVERYTHING.

When service functions are disconnected and service information is separated in silos, it's nearly impossible to coordinate and optimize your service performance. Your people are just tactically reacting to service challenges, not driving service opportunities. Revenue slows, profits decline, and the customer experience suffers.

You risk losing customers – for good.

Needed: a strategic view of service.

Getting the big picture on service will help you get it right. You can master the complexities, transform your processes, and provide best-in-class service.

When you gain a strategic view of service, you'll not only retain service business, you'll grow it. Your company will achieve the service advantage. And with better service you get better insight into your products' performance, so you'll get product advantage, too.

The result is a sustainable competitive edge. This e-book helps point the way.



A best-in-class service organization has the right parts and information at hand, right when they're needed, to get the service right. This is the key to satisfying customers. Whirlpool's service goal: to keep customers for life.



Your Service Opportunity

How big can best-in-class service be to your company?

BIG!

Clearly, service is no longer simply an afterthought to product sales. In fact, for more and more companies today, service is their key competitive differentiator. Consider:

- Over 50% of major manufacturers now run their service organizations as profit centers, having full P&L responsibility.¹
- Aftermarket services now account for about 24% of manufacturers' total revenue and 40% to 80% of their total profits.²

These shares of new business activity dedicated to service are sure to grow.

If your company isn't already driving toward a better model of business where delivering exceptional service is your strategic driver for growth – the time to act is now.

At a Glance

Your Service Opportunity:

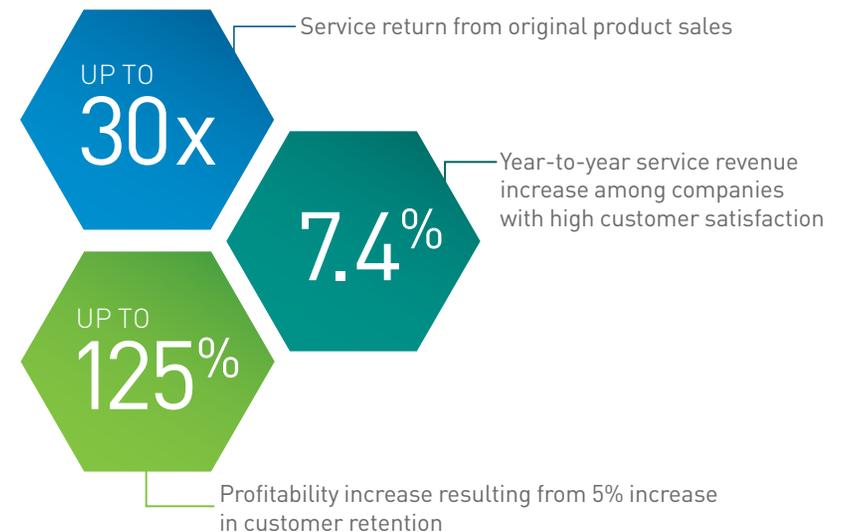
- Grab a larger share of your products' service lifecycle
- Differentiate with service
- Gain service advantage and drive revenue and profit gains

By the Numbers

Your Service Opportunity:

Service revenue can dwarf new product revenue. Return from basic and value-added services totals as much as 10 to 30 times the return from original product sales per year.³

Good service makes for happy customers. And happy customers spend more. Companies reporting 90% or more in customer satisfaction have seen a 7.4% increase in year-to-year service revenue. Compare that to a 4.1% rise for companies with sub-90% satisfaction scores.⁴



Your Service Challenges

What keeps service organizations from optimizing performance?

They are, in a word, fragmented.

The typical service organization today is disconnected in structure. The contact center, parts desk, field service, technical documentation, and warranty and service contracts management – all operate independently. They react individually to service events, not strategically as one organization. Collaboration that could increase efficiency is nearly non-existent.

Instead ...

- Service history gathers in silos within groups. Rarely is intelligence shared across functions. Service people, lacking the most up-to-date product insights, strain to make smart decisions at the point of service. Productivity fails to improve.
- Service analysis is inconsistent. Disparate service teams struggle to coordinate on process improvements. Worse, they often fail to identify product and service performance issues that could help drive necessary product design changes.
- Service is reactionary and task-focused. It's not proactive and value-driven. The entire enterprise – not just the service organization – suffers. Opportunities are lost.

The typical service organization today is disconnected in structure.

By the Numbers

Your Service Challenges:

Service professionals spend about 40% of their time looking for service information.⁶

The average service worker's productivity rate is only 56% – far from optimal.⁷

Manufacturers capture only 25% to 40% of total service revenue available to them.⁸



The best-in-class service organization breaks down the silos between service teams. When information is shared across functions, all can work together to resolve customers' product performance issues – quickly and completely.”

When Service Falls Short

Ultimately, who cares most about good service?

Your customers, of course.

When service falls short of expectations, you miss the chance to increase customer value. Customers become impatient with product downtime. Their product experience suffers. Their business operations may even stall. Eventually, they'll take their service business elsewhere. It's an unsustainable state of affairs.

If you can relate to this difficulty, take heart: You're not alone.

Service teams everywhere struggle to achieve high rates of first-time fixes. Warranty costs are much too high. Meanwhile, they may overlook troubling trends that could point to needed corrections. Product and service performance continues to lag, and customer satisfaction keeps taking the hit.

This strikes hard at the most precious asset you have: your brand.

The long-term impact – on your company's revenue and profits, on your market share and stock price – can be devastating. You must act strategically, not just tactically.

This calls for transforming your service processes.

By the Numbers

When Service Falls Short:

The typical service organization today achieves a first-time fix rate of only about 80%.⁹

Fully 25% of the time, the parts needed by service aren't immediately available or the wrong parts get delivered because service information was incomplete or incorrect.¹⁰

Manufacturers each year lose from 2% to 9% of service revenue to warranty costs.¹¹

At a Glance

When Service Falls Short:

- When products are down, your service and warranty costs rise.
- Customer satisfaction drops, and your brand suffers damage.
- Customers seek out alternatives. New opportunities are lost.

Your Service Strategy

Best-in-class Service Lifecycle Management is the key to service transformation.

By definition: Service lifecycle management (SLM) optimizes the system of people, processes, and technology that manufacturers, service providers, and equipment operators deploy to improve service productivity and increase customer value.

But that's only the highest-level description. Let's look at the specifics of a best-in-class approach to SLM ...

- Your best-in-class approach to SLM breaks down the silos between service teams. All groups share the latest and best service intelligence. Collaboration between teams becomes easier. They work with each other, not against. Service productivity improves.
- Your best-in-class approach to SLM maximizes customer value. That's your customers' bottom line. They get the most value from every contact with your service organization.
- Your best-in-class approach to SLM connects your entire service organization. It's enabled by a suite of software solutions that provide visibility across service functions.
- Your best-in-class approach to SLM provides a strategic view of service. It truly gives you the big picture. Service planning, delivery, and analysis link in a closed loop of shared insight. Your service teams work together efficiently and effectively – consistently.



Your Product and Service Advantage

Who should be especially invested in SLM's success?

Not just your customers. Not just your service teams.

Your entire enterprise.

SLM's benefits – in addition to improving your service people's productivity and better satisfying your customers – extend in so many ways:

- You can optimally manage service parts across the supply chain. Parts inventories are only as big as they need to be. This minimizes service costs.
- You can more rapidly identify and correct parts failures at customers' sites – and increase the rates of recovery from your suppliers.
- You can more effectively leverage warranty data. This helps you limit costs from claims and add revenue from extended service contracts.

Even bigger: SLM lets you capture vital product performance data from the field.

The intelligence then feeds back to quality and engineering for faster corrective action. Insights gained through SLM can help your company improve current products, replace ill-suited suppliers, and drive future design improvements. Plus, with better future design and service product information always close at hand, your service teams will work even more efficiently.

What your best-in-class approach to SLM promises, then, is nothing less than a continuous cycle of product and service improvements. What could be better for you, your customers and your products?

How Best-in-Class Service Providers Stand Above the Rest:

- 9% higher service workforce utilization
- 12% higher first-time fix rate
- 20% higher serviceable asset uptime
- 19% higher contract renewal rate
- 21% higher customer satisfaction
- 22% higher customer retention
- 18% higher service margins
- 10% higher service revenue increase and 5% lower service cost in previous 12 months

Source: [Aberdeen Group's State of Service Management: Outlook for 2013](#)



Ultimately, the main reason to invest in SLM is to increase customer value. Happy customers remain customers – and spend more. This makes great service your company's best opportunity for competitive advantage.

Your Service Future with SLM

When you get control of service you get ahead of the game.

Customers today expect to get much more out of their products. Equipment must remain on the job longer – and more productive than ever. Your customers – pressured by tough competition and shrinking profit margins – not only want high rates of product uptime, they demand them.

A long, healthy product life fully delivering on its promise for performance is essential to your customer's ongoing success.

And yours.

That's why a best-in-class approach to SLM is so critical. It's your best opportunity for growth.

Gartner's [service life cycle management maturity model](#) outlines the journey from being a reactive, product-focused company with a limited service component, to becoming a proactive, customer-focused product and service organization.

Where are you right now in your service transformation?

Are you ready to make service your strategic business driver?

Your key differentiator?

The basis for your industry-leading brand?



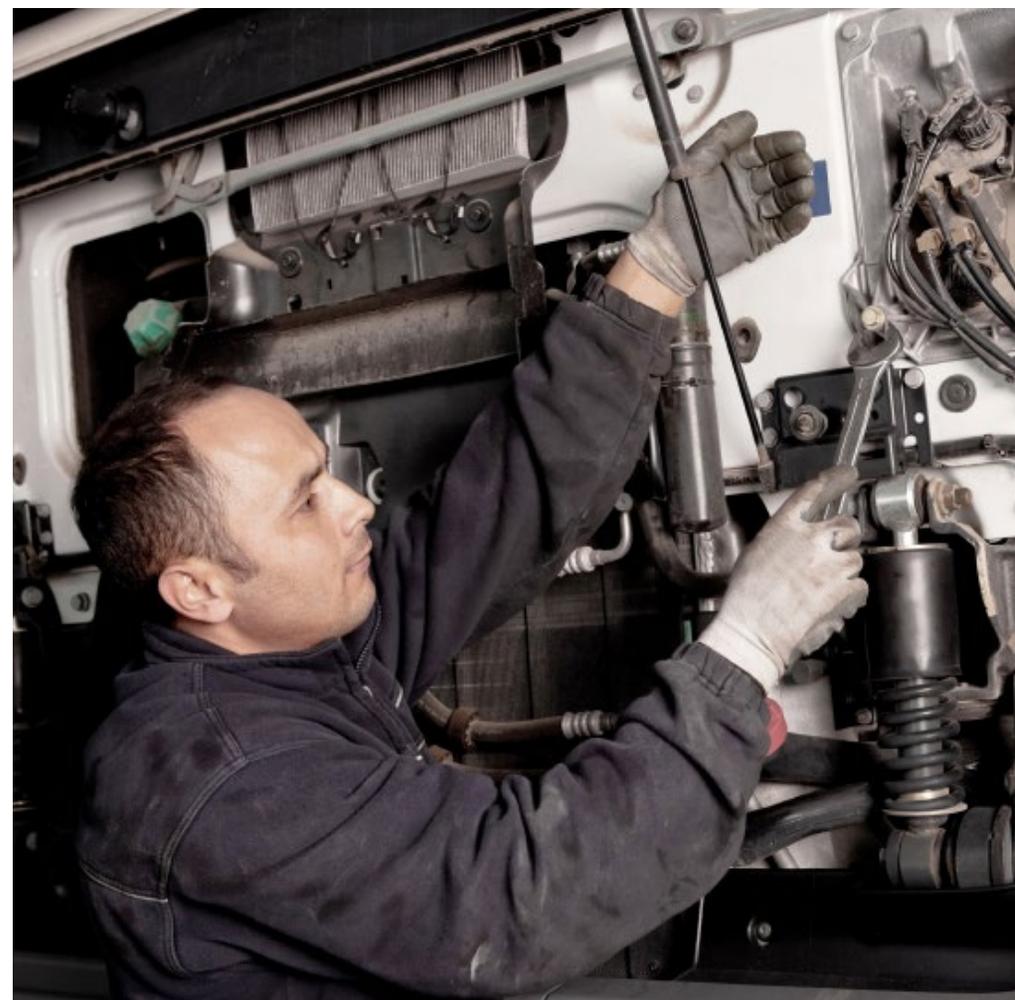
Delivering high-quality service, driven by high-quality service information, has helped DMG maintain leadership in the machine tool industry.

Let PTC help. We'll show you how a best-in-class approach to SLM will enable you to optimize the system of people, processes, and technologies driving your customer's service experience – and speed your path to competitive advantage.

► Visit: [PTC.com/go/service](https://www.ptc.com/go/service)

Citations

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