



Executive Briefing: Reimagining our Relationship with our Customer

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Introduction

The Field Service News Think Tank Sessions are a unique project where we bring together an intimate group of senior field service management professionals and pick apart some of the pressing issues facing the global field service industry across a days worth of detailed discussion and debate.

The topics are varied, in-depth and full of insight and Field Service News is proud to facilitate these sessions and share with our audience the learnings from these collaborations - which we present to you verbatim to ensure the insight from each panel of industry leaders comes to you undiluted and in its essential form...

The impact of Covid-19 and the subsequent lockdowns across the world have become the backdrop to the world, perhaps not just in 2020 but for many, many years to come.

In this Think Tank Session, hosted online as a result of the pandemic, we took some time to try and digest exactly what the impact of Covid-19 has been before looking forward to how we build the new normal of tomorrow. It was a thought-provoking conversation, with each of us testing each other's viewpoints. As would be expected in such unprecedented times, there were disagreements and debate about many of the key issues but also a lot of common ground in our collective thinking.

Similarly, when we bring together a selection of leaders with this much experience and insight in their ranks and give them the space to talk freely and openly, the conversation becomes passionate, and the discussion dives far deeper than the surface level arguments and suggestions we may see elsewhere.

Indeed, this is the very reason why we devised the Think Tank format in the first place. To tackle the big topics in-depth, and in this session, where we faced the most significant discussion of a generation, the group rose to the challenge magnificently.

The conversation was exactly what we need at the moment, honest, robust and productive.

In fact, it was such an insightful conversation full of intelligent and essential points that we felt we couldn't condense it into one executive briefing report so we will be producing a series of reports from this session. Here in this third and final report from the series we turn the lens on the changes in thinking we need to consider with regards to how we approach our conversations with our customers.



Kris Oldland, Founder and Editor-in-Chief, Field Service News



Think Tank Session, Online, May 2020

In attendance:

Alec Pinto, Regional Service Manager DACH & High Growth Markets, Leica Biosystems

Ged Cranny,
Konica Minolta (BEU)

Rajat Kakar, Executive, IBM, Services EMEA

Daniel Brabec, Director, Digital Transformation, Service Max

Tony Chapman, General Manager, Customer Services, Siemens

Jan Van Veen, Founder and Managing Director at moreMomentum

Kieran Notter, VP Global Customer Transformation, ServiceMax

Kris Oldland, Editor-in-Chief, Field Service News

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Covid-19 and the Conversations with Our Customers...

The Covid-19 crisis has impacted the field service sector significantly. In a world of lockdown, accessing customer sites to provide essential maintenance has been challenging in most cases, and impossible in others. However, as we look towards the next normal, while reassessing our processes is critical, the most crucial part of the equation is going to be understanding the challenges and new requirements of our customers...

Ged Cranny, Konica Minolta, BEU

"One of the questions we should begin to expect is 'where has your engineer been today?' "When the engineer gets to the third call in a day, there is a risk that customer is going to reject that engineer because his attending other sites may compromise their bio-security. There are going to be issues in this vein, and this is why we've got to think about remote as default because it's an excellent opportunity for us to this to set the conversation in motion to customers."

Tony Chapman, General Manager, Customer Services, Siemens

"One significant benefit of the presence of a service engineer on-site is the visibility. You make sure you park your car in a prominent position when you get there, have your have a banner down the side of your van, and you make sure you the customer sees that they are getting something of value. With remote service such as we're talking about now, you've got to promote what you've done for the customer because without that presence; the customer may think 'we're paying X amount a year for a contract and I see nothing for it.' The machines are working, but the customer may ask is that what we [in service] are doing or are they just just working anyway?"

Jan van Veen, Founder, More Momentum

"I think it's an excellent point that the customer experience or brand experience is a key differentiator. However, I believe that, this game also is going to change - because as soon as you can deliver certain services with less interaction, the concept is either going to shift and disappear or it will shift to another kind of value where you have still human interaction."

Kieran Notter, VP Global Customer Transformation, ServiceMax

"I think the onus is really on us, especially now coming out of this pandemic, to be able to go back and explain to the customer what the true value is and having that information and data from whatever tool we're using, to go back and prove to the customer the value that we have shared. That's one of the things that we as service organizations don't necessarily do very well."

Redfining the Value of Service in a Post Pandemic World...

In a world suddenly far more accepting of remote services as we pivoted to a remote-first default out of necessity, do we run the risk of losing sight of where the value of service delivery now lies? Is it enough to push the conversation to one of uptime guarantees, or is there a more intrinsic value that exists within the knowledgeable service engineer being on-site?

Kieran Notter, VP Global Customer Transformation,
ServiceMax

"If a company reduces on-site service and moves towards remote as default, then a critical discussion is the shift away from revenue generation as a focus to margin generation. If you're putting less cost into it, and your customer wants to downgrade the cost that they are willing to pay you for the contract is that a bad thing? If you effectively look at the margin element of it, rather than a revenue element, then you will likely see an improvement."

Jan van Veen, Founder, More Momentum

"This is about commercializing, on monetizing and capturing the value, you deliver. If you can remotely deliver higher value, that would be an uplift, even if you do that at lower costs. That would improve your productivity and your margins. However, on the other hand, everybody's doing the same thing so, in the end, the buyer can still say, 'hey, but there I can get the same service cheaper than from you.'

"Whatever value you offer, if everybody's doing the same thing, the pressure on the price will still be there, so there is still a price battle going on. If it's downscaling, it's downscaling, and at some point, you have to start also looking at other kinds of values you can offer to make sure that you're not being marginalized."

Rajat Kakar, Executive Service Leadership, EMEA

"Purchasing is not putting a value I would say, on quality.

"Having worked for a decade in purchasing in quintessence, there's a perfect understanding; in fact, it is outlined in an excellent book called 'free, perfect and now.' Every purchaser understands you can generally have two of those three at any given moment. I don't think people will go away from putting pressure on pricing.

"To the contrary, I believe that pressure on pricing is going to get even harder. If you continue to focus on 'how do I provide a field engineer' I think that's going to be a difficult value proposition to hold on to."

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Redfining the Value of Service in a Post Pandemic World...

Tony Chapman, General Manager, Customer Services, Siemens

"I think one of the biggest problems that we're going to face is around the procurement side of the conversation.

"The technology is there to do remote support. The skills of the engineers are there to support our customers. The question for me is will the procurement team on the customer side be able to switch their thinking so that they place value on uptime rather than driving the cost of the contract down to 'x', and that's an entirely different change.

"It is the procurement managers that are driving this in one sense. If our customers don't want to take that route or want to push the price still down; if they're not looking at the situation through life engineering costs but from a procurement cost perspective, then that will dictate what will survive and what won't in terms of remote service."

Kieran Notter, VP Global Customer Transformation,
ServiceMax

"If a technician is travelling home at four o'clock in his car that is effectively the end of his working day, if he's already at home, he can take another call at four o'clock. So he's getting paid more because he's adding more value. So I'm trying to see if that is the balance to convince procurement that yes, you do get a reduction in your price, but you get an uplift in value.

"Then beyond that, the outcome-based scenario is the real driver, across the lifetime of the product."

Jan van Veen, Founder, More Momentum

"In the end, the long term trend of everything that goes digital is it becomes demonetized, commoditized and in the end, even democratized, which means everybody has access to the same data. The question is, how are we going to add value to that?"

Has the Covid Crisis Accelerated the Case for Servitization?

In times of economic turndown, we have consistently seen service revenues become the backbone of recovering economies. Indeed, many point to the global financial collapse of 2008 as a significant driver for the mass adoption of the Software as a Service model. So it would hold, that the pandemic could accelerate the growing momentum of the service-centric approach to revenue. Will the ultimate upshot of Covid-19 be an Everything-as-a-Service economy?

Kris Oldland, Editor-in-Chief, Field Service News

"The big question is, how has the pandemic, all the lockdowns and the borders crashing down changed the level to which we are reliant on service provision. Also, we have to stop and consider the fact that all industries are going to be facing significant cash-flow issues.

"I'm still not quite sure if this has been helpful or a barrier for those trying to instigate conversation around servitization."

Kieran Notter, VP Global Customer Transformation,
ServiceMax

"Twelve years ago, when I worked in service operations, we had a client where we **renegotiated their contract**. Technicians covering on-site shifts **twenty four**. Which, in effect, meant we had to employ thirteen or fourteen technicians to cover those ten technicians because of sickness, holiday, etc. We swapped their contracts to an uptime contract.

"Having done this, we could dictate when and how often those technicians needed to be on site. Initially, in the first period after the switch, it was a quite a struggle, because the customers were saying, 'there's no technician here, or 'there's not enough technicians here'.

"The only way we could overcome such objections was to go back to them with the actual data compared to what it used to be. Was it any more uptime, or was it any less uptime? We were guaranteeing them the uptime, which was their output, and the people we had put on site were achieving that. It secured the ability for us to reduce the number of people on site which reduce our cost, which allowed us to reduce the client's cost as well.

"Our revenue decreased, but our margins grew. So it had to be a joint approach to this, it also had to be a good piece of education as well, and you have to educate with actual factual data rather than anecdotal evidence."

Has the Covid Crisis Accelerated the Case for Servitization?

Tony Chapman, General Manager, Customer Services, Siemens

"Maybe I can give you an anecdote of something that happened in our organisation. A client had an asset that had an issue, and we knew we had the perfect guy to fix it. However, that ideal guy couldn't travel the site for three days, but we had a technician that could go, and with the help of this remote person, we could have it fixed within a day.

"As leaders in the industry, we have to get that message out there that, customers are putting their trust in our engineers' service, in our organizations' service. Essentially, we need to say to them, please let us deliver the best service we can for you, and we'll take care of that while you go off and deal with what you need to deal with. We'll fix this problem for you, and the outcome will be uptime.

"That's the whole point of why we're here."

Kieran Notter, VP Global Customer Transformation,
ServiceMax

"Someone has to recognize what that value is within the customer. To differentiate between, 'I see a human. Therefore I'm getting value' versus 'I see the output, and there is my value.'

"We moved the commercial aspect of service contracts into the service department and not into the sales department. So the sales guys could bill the product, but they could not discount the service, they could not change the prices of the service, and they had to get that from the commercial aspect of the service business. Again initially, this caused a bit of a problem internally.

"However, it turned around and made it a lot, a lot better in the aspect of the company overall, because there's nothing worse than the discount being applied to the contract that's going to last for another ten years. After all, that's ten years of extra additional discount."

Ged Cranny, Konica Minolta, BEU

"The education isn't just about the customer. Education needs to be with our salespeople as well. Often it is the case that the salesman has found adding additional layers of service is an easy way to sell as they don't get charged with the value which goes back to us all in service. This is something I didn't pick up on for a long time.

"I used to think that writing a service catalogue was a real challenge to find the balance between value for the customer and something realistic. We've got to grow up as organizations and stop being the kids, the kids with the Mechano set and being pleased our salesmen give us Mechano sets.

"We need to write out our service catalogues, in a way that is fair to customers but fair to ourselves, which allows us then to be able to develop trend and create a marketplace where the young kids of the day want to come into this industry because they don't at this present moment in time."

Are We Innovating Enough to Keep Pace with the Requirements of the New Normal?

Everyone is in accord that whatever the 'new normal' that we will find ourselves in as we move out of the lockdowns will be a very different world to what came before. With a massive challenge ahead of us to get the economic recovery back on track, we have to rebuild and perhaps more importantly rethink our old processes collectively. The question is, are we able to innovate quickly enough to do so?

Rajat Kakar, Executive Service Leadership, EMEA

"Introducing remote services is not being the innovator; most of the colleagues here sitting in this ThinkTank, we are already offering remote support remote services.

"That is a business model of most of the companies, it is not innovation"

Kieran Notter, VP Global Customer Transformation,
ServiceMax

"Innovation is a great thing, but you'd be surprised how many people are using tools such as remote services or not using them as the case may be.

"When we all go and attend the industry conferences, everybody talks about what nirvana looks like; everybody talks about self-healing products; everybody talks about AI, AR, etc.

"However, you'd be surprised how many companies that we see as market leaders that don't have the ability to do this or don't have these tools in place.

"A question we need to consider, is whether the information that you're gleaning from your systems in service operations and your knowledge of how you've worked your past is this getting back to your design teams to see if you can help drive development and product innovation?"

Are We Innovating Enough to Keep Pace with the Requirements of the New Normal?

Alec Pinto, Regional Service Manager DACH & High Growth Markets, Leica Biosystems

"When you're talking about product and the innovation that we in the service operation bring to product, one of the critical things that our customers also pay for is the relationship that they have with service engineers.

We're all moving towards a place where we talk about the commoditization of services, everything that we can copy from the competition will be copied, and that will drive the price down.

However, what is difficult to copy is culture. What's difficult to replicate is how we train and build expertise and keep and retain and engage our teams. That's going to be how we innovate, and the level at which we do that is going to be the difference from one organization to another."

Jan van Veen, Founder, More Momentum

"I think there's another trend or thing to keep in mind in the discussion around innovation. Then as soon as we see our products become more of a commodity, or at least with little differentiation, probably your maintenance service and break-fix services or remote service will have the same kind of tendency, at some point a bit later.

"In the end, the same thing will happen and even more, if it's more in the remote area. We will start designing our products or machines differently, so clients easier maintain them with the support of remote support from our company. So we must also look at other ways in which we can add value to our clients, to their value creation process and their business.

"It's not only how they manage their assets or how they expect their vendors to manage the assets. It's also looking at how they manage their operations, how they manage their people, how they manage their energy or fuel consumption or materials usage and so on.

"I think manufacturers have an excellent opportunity to be more relevant in that domain. Still, it means that you're also shifting or adding some consultancy service or outsourcing services or support services around improving those kinds of performance areas. Then we're doing something on top of pure product related service, and it becomes more business-related services.

"This is also an area where we can have a lot of innovation, and that will be data-driven as well."

Is There an Emerging Need for Multiple Tiers Within Our Service Offerings?

There appears to be something of an emerging dichotomy in these embryonic conversations around the new normal of service delivery. On the one hand, we talk of remote assistance and the embracing of self-help and zero-touch service. Yet on the other, we are required to be subject matter experts leveraging our knowledge and experience. Does this mean we need to consider multiple variants of service offering?

Alec Pinto, Regional Service Manager DACH & High Growth Markets, Leica Biosystems

"I see an analogy with omnichannel contact centres. When our customers reach out to us, they can come up come on through chat, phone, email etc. we offer several options for them which is the most convenient to them. Yet, in service, we tend to offer the customer just one or two options. Currently, we're talking about remote services or on-site. I'm thinking why don't we fragment our delivery and look at which customers require which full customer experience contact and when does the customer require a lighter level of service? If I'm looking to solve a simple issue with my phone, then I will use self-help.

"However, if I want to solve problems with our crucial equipment in the hospital, then I need that customer contact, I need to trust a subject matter expert- so that need fluctuates. So being able to provide omnichannel support across our service offerings, not just providing service generically to each customer, but switching in different aspects in different situations, this might be a way to go for the future."

Jan van Veen, Founder, More Momentum

"It is a very valid point to look at a differentiated or hybrid model for service offerings. If we see more intelligence being in the cloud and the remote support desk and we have our products redesigned so that it's easier to maintain by swappable components, then part of the service future is maybe smart couriers. Hence, they come to deliver a component, they swap it, they press a button, somebody in a remote support centre can do the commissioning or the testing protocol, and the client is ready to go.

"On the other hand, we will probably also see that our different parts of the field service delivery are going to be more complex because it's three hours of application technology, more complex tasks that are going to be for the more advanced field service engineers. Then this is back to where we expect the experts. We trust that customer; we will ask that engineer all kinds of questions and seek their advice as to the trusted expert. If that engineer can give an excellent sensible answer, then for sure your customer experience will go up. I think that's very sensible to have a kind of segmented approach and looking at customer segments, the type of call the kind of complexity involved, etc."

The Biggest Immediate Change we will see in the Aftermath of Covid-19...

The language around the impact of the Covid-19 crisis has been dramatic. However, it is not hyperbolic, this really has been a once in a generation scenario that has shaken much of what we knew to its very deepest roots. However, within every crisis comes opportunity, for every moment of adversity there is greater learning. So what is the greatest change that we will see in the immediate future that has been brought forward by Covid-19...

Tony Chapman, General Manager, Customer Services, Siemens

"I think the biggest change we will see moving forward is the fact that homeworking and remote support is now embedded in our societies. My fear then is will we get paid for it?

"Because if we don't get paid for it, I can't pay the engineers and I can't scale the engineers up and then we gradually lose that skill set that we've been talking so much about. I think that is the challenge for me, it will be monetizing that support strategy to make sure that we've still got enough money within this element to train our team up and keep your skills there."

Jan van Veen, Founder, More Momentum

"I think our biggest risk is thinking we know exactly what's going to change and anticipating that, and then be taken by surprise. I would say customer needs are going to change several times in a row. Right now, they need something to overcome this current period. However, then it will change again and will change again. The priorities of our clients are going to change, make sure you know it and adapt to it. An interesting example is in some sectors, the challenges are not about any more about uptime and efficiency. That's not the problem anymore. It's about cost savings, because that's the main priority now."

Daniel Brabec, Director, Digital Transformation,
Service Max

"One of the biggest things that we're going to see is a shift in capacity planning, especially for multi-national organizations. Let's use New Zealand as an example. They've eased all restrictions within the country, their people can move freely going back to work mostly as usual, but that doesn't include anyone from the outside. So, no one from the outside can come in as an expert to fix a piece of equipment. Companies are going to have to start to think about the structure of the organization, the structure of their technician teams.

"Where they're located, what skill sets they have in those various locations to meet the demands of the work moving forward. I think they're really, you're going to have to focus on the training and capacity planning to ensure you're able to meet those uptime, requirements and other challenges that you have into the future."

The Biggest Immediate Change we will see in the Aftermath of Covid-19...

Ged Cranny, Konica Minolta, BEU

"We're going to have to get our specialists working with our customers; we've got to get our specialists in one place. We pay them the most; they do the least. If we could go back to the service desk and make our engineers generalists and find the person who can get the customer site quicker to keep the uptime for the customer.

"If we can empower them to do a great job if we have to hit the field site and use our specialists to make them clever utilizing visual visualization tools and remote diagnostics and such like with the machine.

"We as a business and as a community have got to start realizing knowledge is of value and be proud of it and stop being worried about standing up and saying, you know, we spent a lot of money. We spend a lot in our service school, fourteen days a year was put aside for each engineer to go to service schools. Once you start getting into hundreds of engineers, this is an expensive part of the operation. Yet, we don't proudly stand up and talk about how we, as a company, have invested in this knowledge."

Kieran Notter, VP Global Customer Transformation,
ServiceMax

I think a lot of companies that you wouldn't usually expect are currently using hope as a policy and a plan because they don't know where it's going. They don't know what's happening.

From an immediate impact of what's happening now, I think one of the biggest challenges we will face as service organizations is the backlog of work that is out there, especially if you have a heavy maintenance schedule. The worry for many companies I would imagine is they'll work on this backlog immediately. Still, if there is anything around time-based, periodic maintenance, that backlog and spike is going to occur every year from now until they work out a way of doing it differently.

I think from a longer-term plan that the gig economy, which has been something many companies have talked about but never really delivered on but Covid-19 has become a compelling event in their organizations to start looking at that in a much bigger, faster manner.

This brings other problems to the fore. Which would then cause other issues such as how do you protect your brand? How do you protect your data? How do you upskill those technicians? How do you get into training for those? What level of work do you get them to do? Do you get them to do the maintenance, the repetitive call types and keep your specialist for the break-fix? I think that that's the sort of elements that the world is going through. That is also why I believe hope is still a plan for many because they don't know what's going to happen.

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About ServiceMax

We lead the way in field service management. We continue to innovate within the industry and evolve with our customers as their needs change and grow. The combined power of ServiceMax – with field service management and realtime communication solutions – enable our customers to transform their service from reactive break-fix model to predictive service that minimizes unplanned downtime.

Our focus is on the outcomes generated from the use of field service technology — outcomes that matter and make a positive impact on your business. For us, it's never been just about the products; it's about what you can gain, whether that's more productive equipment, more efficient technicians, great customer experience or perhaps most importantly, increased revenue.

The knowledge that comes with more than 10 years of experience has enabled us to help hundreds of companies around the world.

Our customers do amazing things with ServiceMax technology to enhance their field service operations. ServiceMax processes more than two million work orders every month, created by more than 350,000 technicians around the world, servicing more than 200 million units of equipment.

Find out more about how ServiceMax can help drive your digital transformation @ www.servicemax.com

About the Think Tank Members

The Field Service Think Tank members are a group of senior field service leaders whose experience and insight we believe can help guide the field service sector at large on the core topics, challenges and opportunities our industry faces. They come from a diverse group of industry verticals, from companies all across the world and from organisations of all sizes to provide a cross section of thoughts from across the service sector. However, all members of the Think Tank offer their insight on a personal basis only and the views and opinions expressed within these sessions are not necessarily reflective of or endorsed by the organisations they work for.

Be Part of a Future Think Tank session

If you would like to be part of a future Think Tank session we host meetings across various times to allow members from EMEA, APAC and US time zones to participate and access to these sessions is now available as part of our VIP membership subscription which also includes Chatham House peer-to-peer coaching groups, regional in person meet-ups, accredited online courses and an all access pass to the fieldservicenews.com premium content library from as little as just £500/\$650 per year.

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