



# **Executive Briefing: Is Servitization dependent on being OEM owned?**

FIELD **SERVICE** NEWS  
*think tank sessions*

# Introduction

*The Field Service News Think Tank Sessions are a unique project. 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 day 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...*

Whilst servitization frequently appears, in the context of whole-life support (and revenue), to be an integrated arm of the manufacturer (eg Mercedes Trucks), the reality is that Mercedes dealers, although badged, are not Mercedes Benz. Servitization is not dependent on being EOM-owned? Or is it?

Servitization consists of two elements, which the OEM seeks to control:

- Brand protection – because the in service experience is as promised
- In life revenue stream- from parts and labour

Revenue can be derived from the classic capex and in-life contracts – or from “up-time” or “in service” models – “assets as a service”.

What do potential OEM and Service Partner relationships look like?

How will Service Specialists work together with OEM’s for mutual support – and for the optimal customer experience?

- Is this polarisation likely, why and what are the respective defining competencies (& focus)
- Initial evaluation, agreements, in-service performance review of partnerships (both ways)
- Financials – why and how does the OEM derive revenue from the service relationship?
- Branding/white-label – how is this presented to the customer?

There are many nuanced talking points within this complex discussion, many different viewpoints and equally compelling perspectives. In short, it is the perfect topic for discussion for the Field Service News Think Tank sessions, where we allow our members to push each others thinking as we work towards some common understandings.

In this iteration of the Field Service News Think Tank Sessions, we were joined by service leaders from across Europe to give us their insights into all of these critical topics. As always, the level of insight that came from allowing the group to speak freely behind closed doors was exceptional. In this Executive Briefing report, we have tried to distil some of that excellent conversation into a series of salient takeaways to share with the broader industry. I am sure there will be food for thought for all service leaders within the report. Enjoy.



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



## Think Tank Session, Online February 2022

In attendance:

Chris Craggs, CEO, MCFT Food Equipment Services

George Roberts-Smith, Regional Director, MCFT Food Equipment Services

Terence Horsman, COO, ORCA Service technologies

Ralf Boots, Business Development and Performance Lead, International Markets at Philips

Sam Klaidman, Founder and Principal Advisor, Middlesex Consulting

Frank Odogu, Head of Service, Atlas Converting Equipment

Rajat Kakar, Managing Director, AEP Holding

Chris Raddats, Reader in Marketing, University of Liverpool

Shaun West, Professor of Product-Service System Innovation, Lucerne University

Nick Frank, Founder and Managing Partner, Si2 Partners

Jan Van Veen, Founder and Managing Director at more Momentum

Chris Hird, Editor, Field Service News

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

# Defining Servitization

Before looking at the question of, is servitization dependent on being OEM owned we discussed what does servitization really mean. By definition it is applying a service to a product in order to create additional value or a new offering to customers. In reality the way servitization is applied can vary significantly from business to business.

Chris Craggs, CEO MCFT food equipment services started off the conversation

"Understanding what the motivation is from the from the manufacturers point of view. I felt to me was twofold. First of all, that reputational protection, brand protection. The after-sale service and use of whatever asset was it was that was being provided, was as had been promised and didn't fail any more often than seem to be appropriate in the first instance."

"Secondly, and this takes off in a slightly different direction. The desire and it's been most obvious, perhaps over the course the last couple of years, in some instances, to earn a through life income from that asset, as opposed to the one off sale that was delivered and we collected the revenue solely from that. "

"Bit consumables, bit maintenance. There have been instances where the servitization model in the Rolls Royce model of sending hours on selling hours on are on an engine over the last couple of years know what the legal clauses in the contracts were that allowed them to that unless derive some revenue when planes are sitting on the ground through no fault of their own."

"As the world becomes globalised and consolidated and businesses become bigger and the independent start to fall, there's a long tail and I accept that. But broadly, when we're talking about mass markets, the manufacturers become bigger, I also believe that there will be a stratification of business around their core competencies, so manufacturers, will manufacture spare parts suppliers and consumable suppliers will contractually covered, but actually separate businesses"

"But the specialist in terms of having robot pickers, the classic Amazon model, it's stuff that goes out, and you can place orders at seven o'clock at night, you get them tomorrow morning, they're fitted in the machines back up and working, that's a specialist business that's not manufacturing."

"And in the same vein, that people carrying out service and maintenance, who again, we would advocate are a separate specialist business, the whole, you know, aspect of field service and getting people to different places and different times with the right parts and the right competence to be able to affect effects. That's not really a manufacturer's speciality."

"We've got something like 700 manufacturers on our database. And you can readily see that some of those guys will have their own field teams, the vast majority, like 99%, do not. How is the customer going to achieve maintenance and uptime, and they're in their commercial kitchens in our world? How is the manufacturer going to have that product supported and a reputation protected? Whereby the manufacturer there also derives an income, that we have a symbiotic relationship, that we're approved for warranty posts, warranty installation, commissioning all of those, and somehow the manufacturer derives an income."

## Shaun West, Professor of Product-Service System Innovation, Lucerne University of Applied Sciences and Arts

"I bought a business for 200 million Swiss francs or \$200 million dollars, based in the UK that repaired generators and motors, and had never ever been an OEM. And I think one of the flawed aspects on this is that Servitization services are often delivered through people who are not manufacturers on there's often a misconception, that you have to be an OEM to understand the equipment, particularly well. And I think that's got to do with people who don't understand manufacturers."

"If I look at our system, for instance, they went to Rolls Royce for Rolls Royce to do design work for the hot turbine blades because they couldn't do it themselves. And that's about competencies. And I think there's another aspect on business models."

"I've looked at some number of business models where the supply of spares is needed for both the new equipment manufacturer and the aftermarket services. And a system integrator is just as ready and able I believe or even just a field service business is ready able to deal with some of these things and construct a different value proposition or a similar value proposition, but with different skill sets."

## Rajat Kakar, Managing Director, AEP Holding

"It's very important to consider the set up of an organisation. If the organisation is placed more in the direction of the product lead organisation, generally they tend to see services, or especially the warranty as a cost barrier. They're not looking at this something which is generating new revenue is just something that the warranty, which has to be done, they have to build provisions for it. So a lot of the vendors might be working on the hardware side. And then on top of it you get hit with warranty obligations, or at least warranty provisions, which eventually lead to warranty obligations meaning that either the provisions are released or they're charged into the product group."

"If you have an organisation which is product minded, product centric, you will have a different mindset comparatively to an organisation which is driven. If they are product lead which is manufacturing things they will work with partners to see who can deliver the service the cheapest. If somebody who is doing the integration work for them may also be the partner who will actually go out into the field. And they will actively work with these partners in order to achieve this. It's important to take care at the customer side, provide your SLAs and ensure you are meeting the customers requirements."

"In summary it really depends on how the organisation or how the CEO is driving the company. The Servitization model as with Rolls Royce was charging for the engine time, and if the engines are not running it could be catastrophic. IBM for example generally went away from hardware, but they were still a product minded organisation. If they have to provide certain services, how can they expand providing services or in this case, multi-vendor services."

"IBM have worked hard at driving multi-vendor services. Not only will they service their own equipment but will also service HP, Dell, Fujitsu etc. It's important for these companies to evolve to ensure they survive. There is a need to look at other product areas, portfolio management and things such as project management. Diversification is key to surviving, and thriving"

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

"I remember writing about Intel, but we were talking about how IoT would turn the service paradigm upside down back in 2013. The technology is becoming an enabler and should become the easy piece. We know that we can move these bits, the data should be able to flow easily. It's paramount to get our heads right with the strategy with the workflows and processes and how we do this from an operational point of view."

"There is no single bullet answer which defines servitization. The service transformation is something on going, it's a trend, it's a mechanism. The key question is, how to apply it in your industry. How will it apply in your business, and in the end, that is one of the key questions. And that depends on some choices, but also the circumstances of your industry and your company. And that's one of the major challenges. That's a strategic thinking, strategic analysis and strategic assessments. And I think those are the things we have to take on board. And traditionally, that is not something that service leaders had to do a lot because it was more of an operational function, you had to manage, and now you have to manage a business or part of the business."

# Providing Value for Customers

Creating customer value increases customer satisfaction and the customer experience. In order to achieve this it's vital to have a good relationship with open lines of communication to understand their ever changing needs and requirements. As the customer's needs change service companies need to move with them to maximise growth opportunities in the coming years.

Nick Frank, Founder and Managing Partner, Si2 Partners

"We understand the motivation from the OEM manufacturers perspective, brand reputation and through life income. Actually what makes a Servitization strategy successful is will the customer pay for it? So its key to understand how we can drive value for the customer, and we're talking in the broadest sense of the word, we can be successful at servitization. How do you actually release that value for some manufacturers? Going direct, it's a fairly simple process. So working with their customers is probably the most efficient way."

"From my experience with companies who've been successful with Servitization it starts with the customer working back. With most of the successful companies what the customer says, drives what the requirement for success. They had some ideas, but the real drive came from the customer because they're paying for it."

Jan Van Veen, Founder and Managing Director at more Momentum

"We have to understand how our customer needs are going to develop. What are different segments to focus on, that can change, what kind of capabilities do we need to develop that? Also what is the competition doing? What are other players in the ecosystem or in the value chain doing? And that all together is going to give you a kind of picture of where are the opportunities and where are the threats?"

"But as a service leader, we have to find the answers for our business for the next five years. And I think that's a unique opportunity. But it's also challenging."

"its key that's in the customer needs, and maybe good to translate that you solve a customer problem, a big problem that they urgently want to solve. But that can be reactive. It can also be proactive by developing a vision about their pain points now or in the near future, and start developing a solution for that. That's also what Apple did. They didn't ask the customers, but they did have a very strong vision."

"So are you moving to your customer needs reactive? Or are you articulating your needs? And do you are you able to move the customers towards your solution? Because it's solving a problem for them, and that's more latent nature to solving. With these kinds of trends its also good to look into the future, which is maybe less reactive and more positive, proactive from your own vision."

## Shaun West, Professor of Product-Service System Innovation, Lucerne University of Applied Sciences and Arts

"We also have to keep in mind that in different industries, the manufacturers or technology providers have different scope in the value chain of the customer service support. Manufacturers providing a piece of technology for a major part of the whole value chain of the customers can in some cases be as high as 90%."

"At a paper factory manufacturer, they build the whole production line and that's the whole production facility for their clients. So they control the whole thing. And then they are more dominant than another manufacturer which produces one product or component. I think that also has a big difference in what is the opportunity for the manufacturer or other players to increase the value."

## Chris Craggs, CEO, MCFT Food Equipment Services

"It's vital to provide value for customers and this may require pointing them in the direction of solutions. They may not be aware of problems and as a service provider you may have to guide them to a suitable solution. This may involve a complex ecosystem of service providers such as OEMs, the integrators, the dealers, spares suppliers, and field service companies, it lives within the market framework. It may also involve working with competitors."

"Coming back to the constituents of that ecosystem, they are going to have different skills, abilities and strengths. Value for customers relies on technical competence, the ability to communicate, API's, footprint and ability to deliver on the ground. Data literacy and the ability to interpret the data and make insightful recommendations is also important. Providing choice architecture and directing people towards decision making is key."

# Ecosystem to Deliver Service

In today's connected world, people expect to engage and be engaged by organisations in new ways, in ways that are most convenient for them. To help businesses respond to these changing expectations we are committed to providing the most comprehensive service offering, and this includes the best field service capabilities.

This may involve a service organisation being part of a larger customer service ecosystem and connected to other organisations.

Nick Frank, Founder and Managing Partner, Si2 Partners

"An ecosystem is a group of people or companies that are interdependent on each other."

"For many other manufacturers, and in many situations, it's actually much more complex. It's almost like there's an ecosystem of suppliers/partners, with specialists that go towards actually delivering the complete through-life system and, then, partnership starts to make more sense. And even the people taking the lead in that partnership, sometimes will not be the OEM, it will be the service specialist or supplier, because they are best, if you're best situated to actually manage that ecosystem to have the most leverage the most power."

"A good example of that, you'll see is in UK defence, and aerospace, but especially in defence, very complex, advanced services involved around advanced products. They cannot deliver those services and support requirements cannot be delivered by a single entity."

"So therefore, what happens is that there's an ecosystem of partners comes together. And those are literally ecosystems, because some of those partners are competitors. Some are suppliers to each other. So they're a supplier, they're a customer, they're a competitor, but they come together, and they're brought together to deliver the value."

"Two key things I would add to your thinking is, start with the customer value, because that will tell you what the customer really needs, and what kind of services and the sophistication the services that are required. And then look at the ecosystem to deliver that service. And if you're safe coming from it as a non-OEM, if you are in a strong position within that ecosystem, because of the assets, you have the expertise, the knowledge, the information, then you're in a good position to actually drive that ecosystem and then hence manage the servitization, in the loosest sense of the word of that product system to a customer."

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

"This is where ecosystem thinking comes in, where there's a friction almost from the way that is described between the OEM, a third-party service provider, but the customer isn't really concerned about that. They just want that one transition through. So as for me, it's reliant, not on the customer relationship there the customer conversation, but on the ecosystem between the OEMs and the third-party service providers."

## Sam Klaidman, Founder and Principal Advisor, Middlesex Consulting

“So far as ecosystems go, a few years ago I was in charge of constructing a new building in my local town, and it was a \$8 million project. I learned something about how the construction industry works and it was mind boggling. So here we have in Massachusetts, this legislature has identified 18, unique trades, plumbing, electrician, dry wall, steelwork etc. And when we went to bid on our project, first we bid each of those 18 specialties, then we bid out the general contractor and as part of the general contractors bidding. “

“So we ended up with 19 contracted independent businesses working on our project, managed by the general contractor, their strength was scheduling, and organising all the various contractors. And then over seeing them all was the architect who knew what had to be done and kept checking to make sure it was being done correctly.”

## Terence Horsman, COO, ORCA Service Technologies

“Reliability is what we sell the data centres. Reliability is critical to them, ensuring they always have a reliable source of power to meet all their operational needs. We also sell gas generators into the store market.

“When the grid calls upon them, they will turn on the gas generator to produce electricity for the grid which in turn powers our homes in the UK. Our customer use the generators to produce and sell power. So, when the generators are called upon, they need to respond. At present we have quite a few customers who are very successfully in this market at present with the increase demands on the grid.

“It is the reliability that our customers look for from us and that is what drives our approach to innovating to meeting those needs.”

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

“But you could take the ecosystem thinking into any environment. In fact, I did it with a colleague of mine who runs a small router business, and was developing an IoT solution. They couldn’t do all themselves. And they were basically created an ecosystem. Its quite interesting that you can use that kind of thinking to actually deliver a service which is far more complex in scope, then you’re able to deliver by yourself by working with partners in this kind of in this kind of way.”



## Ralf Boots, Business Development and Performance Lead, International Markets at Philips

"At Phillips, we try to provide a solution for our customers. So therefore, we think it's important to stay connected with that customer. We want to play that role by increasing our relevance and our core business. Now, that is connecting the systems. So making sure we've got that connection, and we have that connection built on that, but also provide outcome services, for the customers, and then setting up this ecosystem to partner up to provide a solution."

"Now that can be outcome driven, but the solutions can also be a finance solution. So we partnered with a bank because it's heavy investments for customers, professional services, outcomes. So looking into, who are the partners in the industry, and that we can partner up to provide this the solutions to our to our customers."

"On the operational side, also looking to partners who can help us to deliver these services. And here, you can think of the traditional model and address service providers. we do that. But we see ourselves as more the conductor, and the owner of these solutions. So moving from the OEM planner into servitization, or solution business."

## Chris Craggs, CEO, MCFT Food Equipment Services

"It's about complexity, and therefore horses for course. We experienced extreme frustration in trying to integrate with our customers, we have, no problem at all with our supply chain, and guess why the supply chain is motivated, because if they integrate with us, they're going to derive work from it, tried to persuade a customer that actually couldn't our systems linked via an API to your system, so that you're sitting in your control room, placing orders, seeing real time information about attendance, resolution, insights into the state, all that sort of stuff cannot be done."

"I think where we're at is we've got various software investments that people have gone into, that aren't necessarily compatible between systems, and then therefore, or eaten compatible with anything else, quite deliberately. And that, therefore, people have real challenges in trying to get to talk to different systems. And until we get over that problem, I think we're going to have a real problem, and particularly when you're trying to build ecosystems, because ecosystems absolutely rely on frictionless communication."

"To the point that that ecosystem will rely on the specialists being specialists in their area. It won't be generalists. And it may be manufacturers, manufacturing, dealers dealing because they have local knowledge, spares, suppliers, robot pickers and so forth, and service companies, being specialists and one of the strengths that that requires, and obviously competence on the one hand communication subject to API's, with footprints in the territory. The ability to provide insights that feed back to client user and OEM to say, you need to do more of this and less than the other. Integration, depending on where you are in various systems."

# What is the Role of the non-OEM in Servitization

Whilst companies shift from strictly new product sales to instead selling the outcome a product delivers, it's an embodiment of change. As we know regardless of the circumstances, change can be unnerving. The manufacturing industry in particular has remained relatively unchanged for decades, but this new era of servitization is requiring OEMs to completely upend the status quo.

Chris Raddats, Reader in Marketing, University of Liverpool

"The roles of non-manufacturers in servitization are significant. I can see at least three roles. You have the role of the tide intermediary. So, think of JCB and GM, JCB, which is a distributor. It's an independent company. But it's essentially battling for the same team, it looks like JCB, and essentially just sells JCB doesn't sell Caterpillar or any arrival brands."

"Then you have the more independent distributor. An example from the Telecom sector. At Ericsson, and we used to use independent service companies to provide the services because that had the market access and they would also sell products from other vendors as well, other OEMs so that they weren't tied in that respect, but we needed them for market access."

"And then the third category is almost where the OEM is replaced by an independent service company DXT technology, for example, very large IT player, which would coordinate and bring to the table other OEMs cloud providers, software providers and coordinate the offering."

"I would say there's at least three roles there and clearly, they all going to need different strengths. So the OEM type model, perhaps they need innovation in what they do, the independent distributor needs this customer intimacy is knowledge of tailoring the solution to their markets. And the independent service provider needs the ability to coordinate or orchestrate a partner of other actors such as Cloud providers, other manufacturers, software companies, so they will need different strengths to give that value. But there are definitely different roles for other actors other than manufacturers in Servitization."

Sam Klaidman, Founder and Principal Advisor, Middlesex Consulting

"I have a colleague in America who manages the end user service for robots and Drive systems. He explained his organisation set up. He has his own service team, and he's got a network of service organisations. That may be one man or it may be a large company, but he requires that in the end the service people have to be certified by him and have to use genuine parts."

"He believes, as I do that, at the end of the day, your name is on the product, and you're responsible for it and you may not have the right resource in the right place to fix it. But you can assure that the person who is fixing it is high enough quality to win your certification."

# Service Consolidation

Depending on the complexity of projects it may be optimal to consolidate the various service providers under the umbrella of a single service contract. This provides a far more manageable project for the customer who may otherwise be dealing with a multitude of different services and contractors.

Sam Klaidman, Founder and Principal Advisor, Middlesex Consulting

"Moving forward we are going to see more of that general contract, the subcontract mentality, because the world is getting more and more specialised. Even today, every business is a software company, and I think it's great analogy."

"So I think that's that general contractor model is going to be more generic. The general contractor will work with their customer, to figure out how the services that the customer needs are ordered and paid for, it may well be through the OEM and the OEM uses a third party service, or the service representative, may well be an ex-employee of the end user. And you have to say yes, because the customer almost always is right. But this has to be balanced."

Shaun West, Professor of Product-Service System Innovation, Lucerne University of Applied Sciences and Arts.

"One thing I wanted to pick up with the motor repair business, we used to work for both Siemens and ABB. And we would compete against both of them. If we were working for them as a contracted service business, we would use their parts and their written instructions. And if we compete against them, we could undercut them because we knew how to do the job cheaper and make our own parts."

"So it's a very complicated environment that we're in, the system integrator often seen as a potential service partner, in terms of system integrating. If I look at an aeroplane. Rolls Royce supply the engines. But then there's an airframe. And that needs to be looked after as well. I don't think Rolls Royce really are the guys to look after the airframe itself. I still need the airframe and the engines to work together. Otherwise, I haven't really got an aeroplane. And I think that links to some of the road contracts that I've seen in the UK, where you have a general contractor that is able to put it together in terms of a long-term contract and understands what crafts and skills they need to actually do that."

## Terence Horsman, COO, ORCA Service technologies

“One thing that really came to mind for me, when talking about one throat to choke is my background in facilities management, we’ve been talking about the concept of total facilities management for a few years now, where, instead of having an in house facility management team, people go out to companies like CBRE or other facility management firms and say, you’re my throat to choke, you know, you consolidate the service, you got to the service vendors, It up to you to manage how you’re going to do it. But this is the price of which we want the service delivered. And these are the SLAs that I’m looking after.”

“I see almost a spectrum on the one end, you’ve got OEM, Servitization, really vertical integration all the way. So thinking about Rolls Royce highly complex assets, very high value, very specialist knowledge, this is very difficult for any, service organisation to dive into, there’s a high barrier to entry.”

“On the other end of the complex OEM servitization model is consolidation. The complexity of the service is lower, there is not a lot of uniformity in the asset portfolio, there’s a diversity in OEM and in the ecosystem so it’s not very monopolistic. That turns into a very interesting proposition for the customer to say, I don’t want to warranty services of 15 different companies, I want one throat to choke, this give me this one aggregated service partner.”

“And I think in those cases, service organisations can really start to evaluate, how do I deliver that value back to the OEM? Is there data integrations that we can deliver? If components are failing can we take that back to the design team for example.”

“API’s have been known to the industry for a while. Supply chain partners are already switched on to it, it’s easy to integrate. But it still requires either a software developer or some form of intermediary service, some EDI.”

# Does Servitization vary from Country to Country depending on Cultural differences

Service and servitization varies from country to country. Is this because of cultural differences or is it something more fundamental.

Due to the boom in servitization, and OEMs taking responsibility for ensuring equipment is up and running as much as possible, what is the role of the non-OEM in servitization?

Sam Klaidman, Founder and Principal Advisor, Middlesex Consulting

“One of which is the OEM name is on the product, they sold the product, they have a commitment to support it. And in America, at least, we have an expression that customers want one throat to choke. And, and if they can’t get that, they certainly don’t want to be required to shop around when they have a problem and need service and support. They just want to know who’s going to do it, who’s going to be efficient and effective, that cost in line with what the OEM has, and just get my problem solved, my problem will leave me alone. And so unless the OEM has a tight partnership with the third party organisation, the customers are not going to be satisfied, at least here in America.”

Rajat Kakar, Managing Director, AEP Holding

“I agree there is a cultural issue here also. So in the US and some of the other cultures, especially in the Asian cultures, you are in a situation where customers always right. And then you come to Germany, and suddenly, you know, let’s say you have, you go to a restaurant or something like that. And then it just happens to be the Break Time for the for the waiter or waitress, and in the middle of the service, they will take the break. Different cultures have a different understanding of service. “

Chris Hird, Editor, Field Service News

“From my experience service certainly varies from country and with different cultures. I believe this lies with contracts in place with the service provider. In places like the US and many Asian cultures a far larger portion of a service providers income relies on the tip system where in places such as Europe, UK and Australia the major percentage of an individuals income is salary based. So there is less incentive and drive to provide immaculate service.”

# What is the Motivation of Customers

By proactively eliminating potential customer problems and proactively fixing those that arise, customer success gives your business a better chance at retaining customers and driving revenue. To do this, it's vital first to understand what customer success actually looks like.

Rajat Kakar, Managing Director, AEP Holding

"How do I balance between a partnership landscape . In order for us to be able to get into the Servitization model, you also have to understand what the motivation of the vendors, the OEMs, and to understand where their business model is and where they see the strengths. And then once you have understood that now you can start discussing how to maximise potential."

"If I'm making water pumps, I'm charging for the amount of water that's going through, rather than for the pump itself. So that's, that's effectively now we can start dwelling into what are the different models that you can go into for my for my cost recovery or from a revenue generation perspective."

Sam Klaidman, Founder and Principal Advisor, Middlesex Consulting

"The right answer is, it all depends on the situation and the terrain. How we approach delivering the services that we offer will depend not only on us and our capabilities, but on the customer and what their needs and wants are. And, unfortunately, the combination is pretty generic and general."

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

"Having spent a lot of time with service organisations across the continent and also having been a regular attendee of the academic servitization conferences since 2014 I would say that the key drivers are customer pull and a streak of innovation within the corporate DNA of the service provider, rather than geographical location."

# Is Servitization a Process or a Business Strategy

As servitization becomes a pervasive business strategy among manufacturers, enabling them to grow their competitive advantage. How much of the transition is a process and how much is the business strategy.

Frank Odogu, Head of Service, Atlas Converting Equipment

“When I think about Servitization especially in my current company. I’ve always wanted to have a shift in strategy, because it’s something that we’ve now embraced. I came up with a business plan here. And I said, we need to kind of embrace this because we don’t think we can maximise part sales and revenue stream from part sales through servitization.”

“I can see that we can significantly change our position in the market when it comes to part sales, and what we offer to customers, and how we can better control the OEM parts that come into our machines and how we offer it to customers and our moment. I can control the market and the revenue stream coming from parts, which is a key part for surviving in this current industry.”

“With the pandemic, that actually changed our focus on how we can have more ownership on the services that we give to customers. So Servitization actually changes a lot of things for us. I have been thinking from a strategic viewpoint. How we can change and create a section within our business to embrace it, and maximise our position for better business and offering to our customers.”

“Putting together a business case, putting together a change in direction, putting internal policies that will make our current owners and the CEO to see things differently, has been my challenge the last two years. We have ownership of our capital equipment sitting down within our business for a much longer period of time.”

“I believe you have a much more longer revenue stream for years and years to come. So I see the benefit of Servitization. How do we deliver servitization to the day to day business is one of the major questions? How do we change the mindset of people to start to think like the Rolls Royce of this world to say, Okay, how do we change our business model? Is capital intensive, that’s how I see an all the system of processes that needs to be in place, if you don’t have any appreciation of it, and you have to change.”

# How Can Technology Be Used as an Enabler

Many after-sales service businesses still manage their service parts supply chain efforts through time and labour intensive processes. In the shift to servitization, however, service companies must take a much more comprehensive look at their operations and invest in technology that can help them manage the real-time service needs that arise in a servitization-centred world. This includes tools that allow for enhanced data analysis, as well as IoT and customer service technologies. The sooner service companies put themselves in a position to adopt new technology, the smoother the transition to servitization will be.

Jan Van Veen, Founder and Managing Director at more Momentum

"I firmly believe technology is an enabler. And it's digital, its data. Even though the technology is out there, to some extent, it's also developing very rapidly. It's also about how can you absorb that technology and use it. How are you going to reap the benefits of that potential, which means that's hard work. It's hard work in figuring out what technology, how to integrate it, how to combine it, but also developing the digital mindset, data literacy, the data skills and capabilities, the process around it, which are going to be quite different."

"And so I think it's not the right way to think it's just technology, we have to focus on process and strategy. It's part of that strategy. It's part of the capability."

"I think there's another important aspect as well is we're not just talking about manufacturing something and doing the maintenance, as we have been doing for a long time things are changing. And we have an ongoing digitalization, which means off the way we do service changes, where is the complexity of service is changing from the minds of engineers into cloud-based problems through solving systems, predictive systems."

"You also see that the needs of customers are changing everywhere, and they also have to digitalize their operations and they need to optimise their processes, which means there are having other needs and have other problems to be solved. Which means the whole ecosystem is changing as well. We have to develop domain expertise in your industry. That could be system integrators that could be pure service players, that could be the manufacturer? And to some extent, that depends on the structure of the industry at this moment, but it also depends on how companies are responding."

"A product-oriented company will play another game, then a more service oriented company, software is becoming more and more important as well, services can be provided by software. So is that service or is as a software solution. So just to add more complexity, I do think this is critical to have the right answers. It's not about manufacturing, doing maintenance and doing repair by engineers, the whole industry is changing, step by step. That also changes your position, your value proposition as a technology provider, instead of just manufacturer."



## Rajat Kakar, Managing Director, AEP Holding

"I think Servitization and digital transformation go hand in hand moving forward. So even areas such as building technology companies are finding new core competencies such as working on the Command Control Centre. If you're able to control Siemens from this and you're able to control the heating elements from the company, the escalators, access management, elevators, all the stuff as an example. These companies are discovering, their core competencies and really creating new business models are of it."

"You also now see Servitization moving digital in the area of delivery, connected devices. Whether they're IoT devices, or whether they're standard technology that you already have these are all now getting easier and easier to connect because of such existing technology."

"In addition you have automation and repetitiveness. You are actually starting to build intelligence into these automation elements. And to really help and speed up the things to manage your costs better."

## Chris Raddats, Reader in Marketing, University of Liverpool

"It's really looking at this this role of what I would term the System Integrator as the as the driver of Servitization, rather than the OEMs, or manufacturer. Academics once conceived this term Servitization and they conceived it as something service companies could do in terms of a value adding offering."

"Digitalization and the use of digital technology is important. Its key to turn it into something which can be marketed and sold as a value added extra, which companies are going to want to pay for."

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