

Roundtable on Servitization

Service Logistiek Innovatie Symposium, June 20, 2019

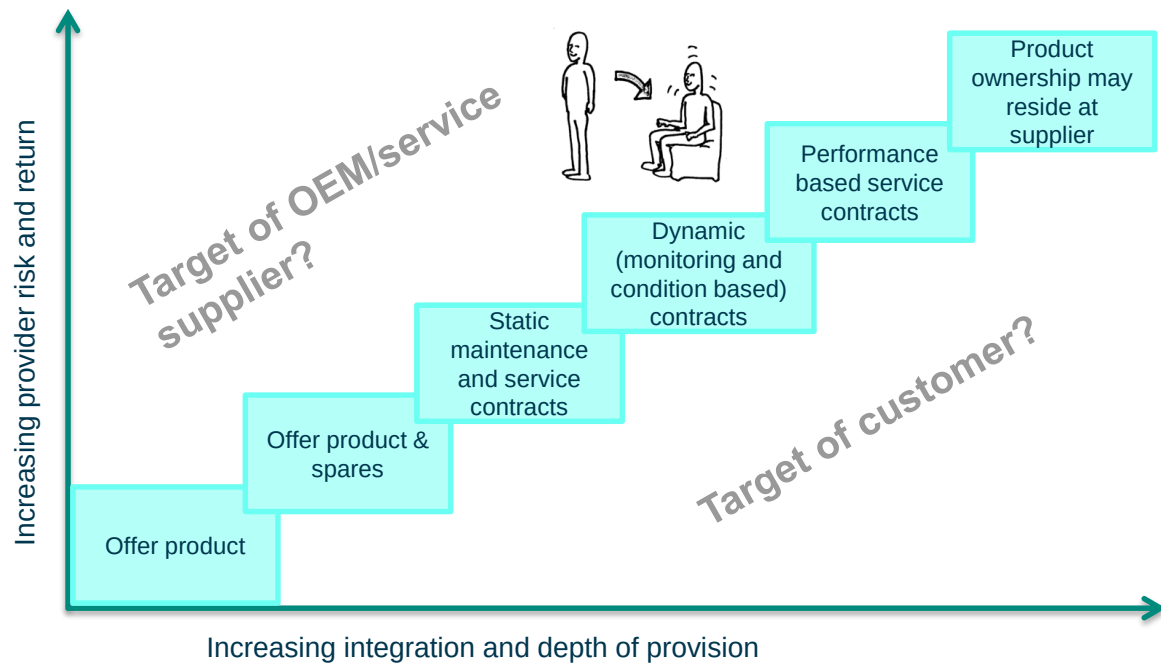
chairs: Henk Zijm (UT) and Daniel Stoye(IHC)

A service perspective on customer relations

- *Since 1990, more and more companies in the US, Western Europe and Japan have stopped pushing products and started delivering the value that customers get out of using those products (offering not just products but solutions, cf. Cohen, HBR 2006)*
- *Selling spare parts and after sales services, i.e. repairs, upgrading and reconditioning equipment, inspections and day-to-day maintenance, technical support and training, arranging finances, prove to be a great source of revenues and profits. In some mature markets, aftermarkets may be four to five times larger than the OEM business.*
- *US service market: 8 % of GDP (larger than all but the world's eight largest economies (Aberdeen Group studies). Also, studies revealed that in various companies service accounts for 24 % of business revenues but generates 45 % of gross profits (AMR Research)*
- *Maintaining close relationships with your installed base customers yields key information on the use of systems delivered, and therefore is an important input source for next generation design.*
- *Customer loyalty to a company is perfectly predicted by how they value the firm's after sales service*



Service Market Developments



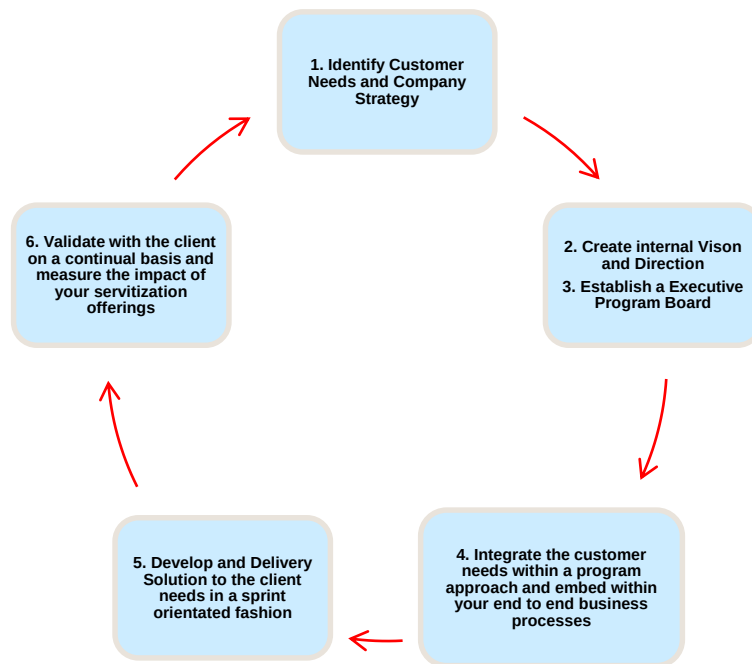
Modified after Andy Neely, Cambridge Service Alliance, 2013

Case study- cutter suction dredgers

The challenge

1. Client A has the need to dredge inland water ways for irrigation purposes over a very wide geographic area in a very undeveloped country.
2. Client A Serves a Regional Government as their internal Client and need 450 small cutter dredgers.
3. Both Client A and the Governmental client have minimal experience in dredging or the knowledge of the equipment they are buying.
4. IHC is a well known product manufacturer that has its own service centers and can be considered a “Value added Manufacturer” but cannot enter the region of Client A.
5. How to make the step from a “Value Added Manufacturer” to enabling a 3rd Party to be a “Full Service Provider”

The approach



The product



Case study- key takeaways

One size does not fit all, your servitization offerings must be modular and follow the “chocolate box” selection concept to be adaptable to more than one client and region

To create value of servitized offerings requires an end to end strategy, from business development through to a full life cycle relationship with your client lasting 20+ years.

Think big and start small, aiming to solve your client immediate pain points and creating a relationship

servitization is a long term investment and can require internal business process and business model step changes, also accompanied by large cultural and behavior changes.

Analyze the customer demand and potential market sizing based on this, validate it!

Create a strategy and share holder buy in.

Identify your market segments and the products your sell in these along with a “Jupiter” vision

JUPITER VISION

