

The future of the field service logistics in a new reality

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Content

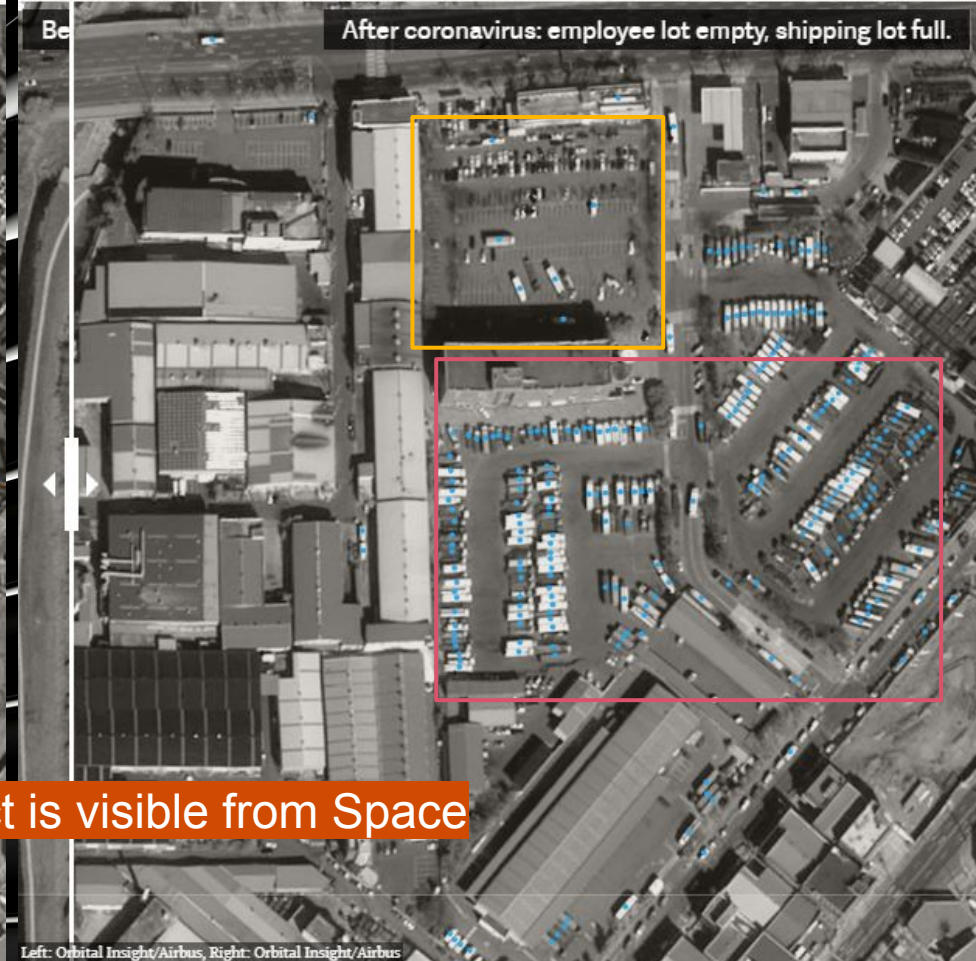
Supply chains have been struck by Covid19, especially global ones

Underlying forces towards a shorter supply chain

How does this influence the future of Field Service Logistics

Content

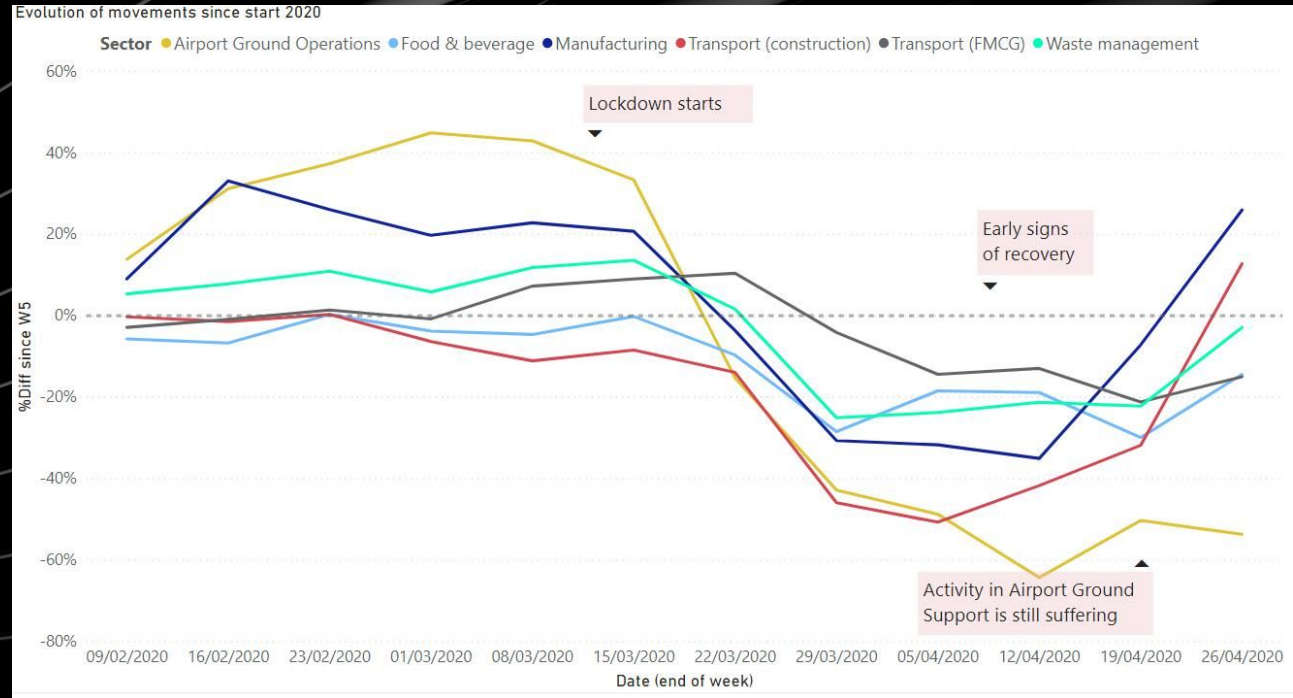
**Supply chains have been struck by
Covid19, especially global ones**



Industries have
been impacted
differently



Mainly global
supply chains
have been
vulnerable



Content

Underlying forces towards a shorter supply chain

Covid19 is an accelerator of forces already working on our industrial fabric

Survival of the fittest?

Foxconn ready to move production out of China if necessary

iPhone manufacturer seeks to reassure tech groups worried about US-China trade war



Foxconn said 25 per cent of its total capacity is now outside of China. © AP.

Made in England: why some manufacturing is coming home from China

A refocusing of the 'world's workshop' might be a progressive step all round

JONATHAN MARGOLIS [+ Add to myPT](#)



Tom Davies will continue to expand his glasses frames business closer to home

US companies reshape supply chains after China ultimatum

Trump's tariffs force businesses to respond rapidly with production shift



President Donald Trump has ramped up his calls for American companies to ditch China and bring manufacturing back to the US. © AP.

Europe Joins U.S. Companies Moving Out Of China



Kenneth Rapoza Senior Contributor @
Markets

I write about business and investing in emerging markets.

Make no mistake about it, the trade war is absolutely remapping global supply chains ... to the detriment of Chinese manufacturing.

The percentage of China-leaving businesses surveyed by quality control and supply chain auditor QIMA was 80% for American companies and 67% for those based in the European Union.

Supply chains for different industries are fragmenting in different ways

Clothes, cars and computers are all being affected



Print edition | Technology Quarterly >
Jul 11th 2019



GLOBALISATION IS BECOMING regionalisation. Analysis by MGI finds that the global value chains (GVCs) in 16 of 17 big industries it studied

Forces pushing towards more regional and fluid supply chains



Geopolitics



Customer expectations



Forces pushing towards more regional and fluid supply chains



Geopolitics



Customer expectations



Sustainability



4IR is the enabler to capture these trends



Geopolitics



Customer expectations

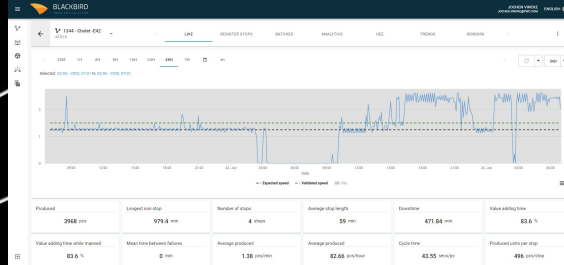


Sustainability



Technology

Remote monitoring



Lot size 1 production



Remote assistance

Content

How does this influence the future of Field Service Logistics



The Future of Service Supply Chain

Service@Core: insights into maturity, ambitions and challenges

This report gives insights about the service maturity level of organisations and the challenges they face in preparing their service solutions for the future. This 'Service@Core' transformation creates disruption in five dimensions explored in the report.

56%

of respondents aim to put services at the core of their business model

85%

will invest heavily to increase their data and analytics capabilities within 3 years

40%

have limited or no visibility on their service activities

77%

of participating companies confirm that the service technician profile is changing

Some background on the respondents

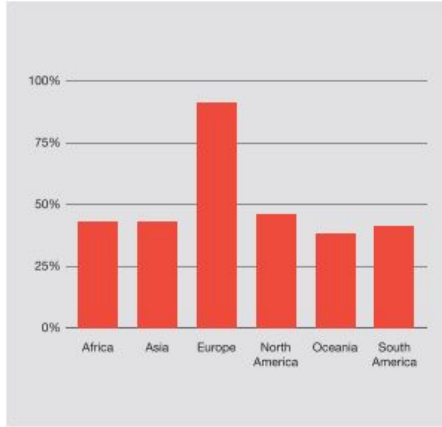


Figure 12. Where does your company offer services?

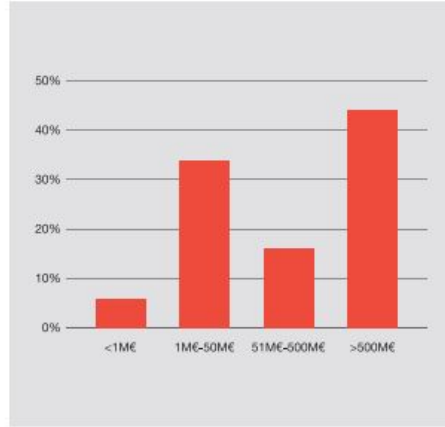


Figure 13. What was your company's annual revenue in the last year?

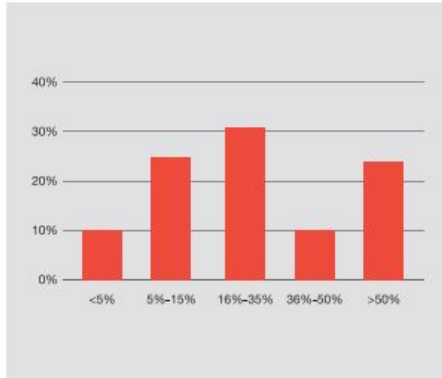


Figure 14. What percentage of your total business revenue is service related?

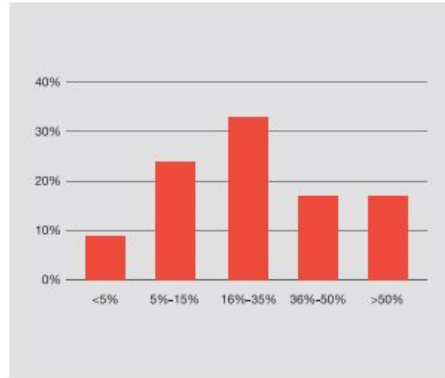


Figure 15. What is your gross profit margin on your services?

Services become more and more core of businesses but are faced with challenges on transparency

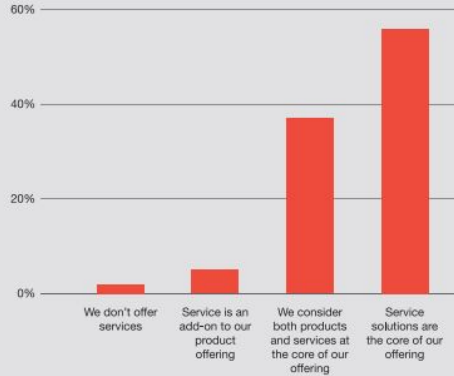


Figure 1. The role of service in business models within the next 3 years

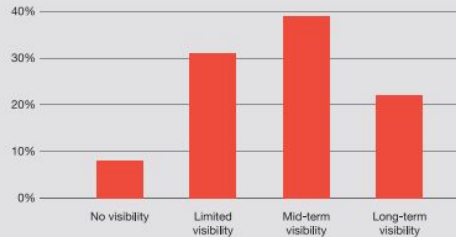
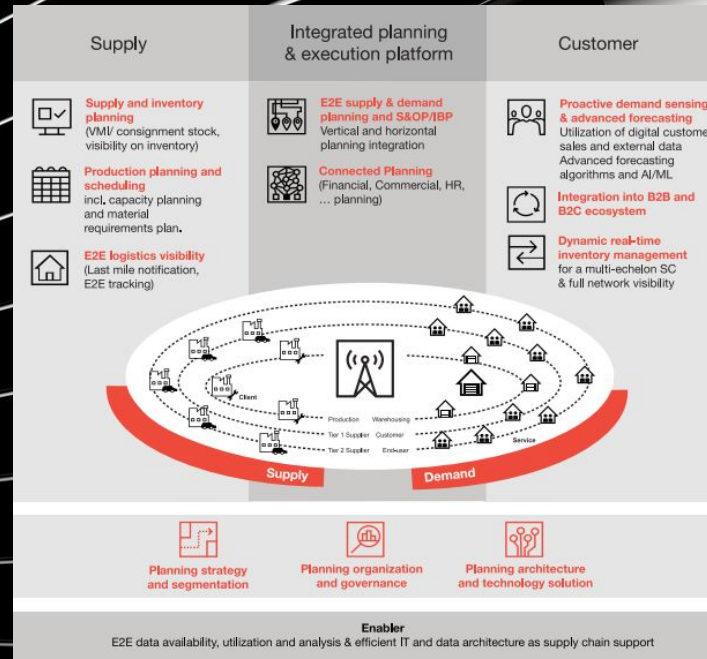


Figure 2. Visibility of service activities in the future



New technology adoption in field service will accelerate

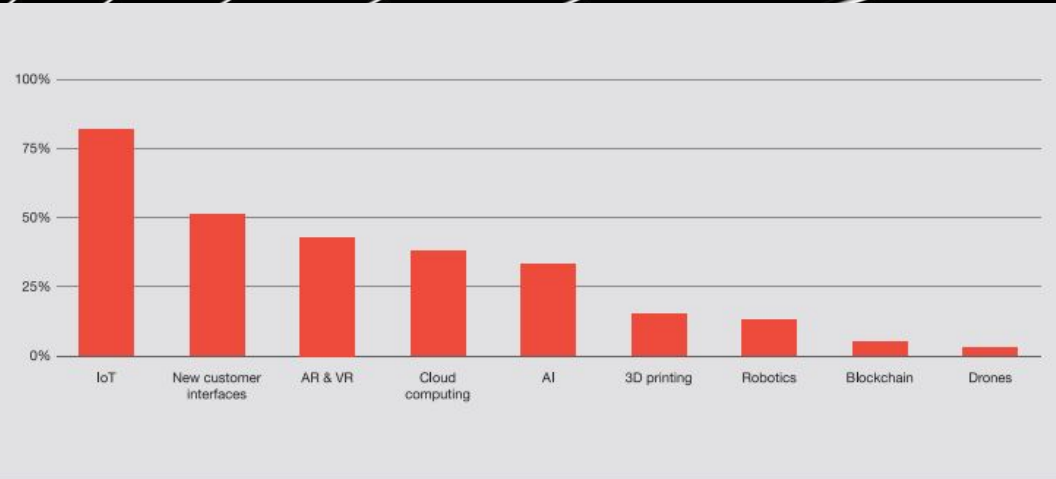
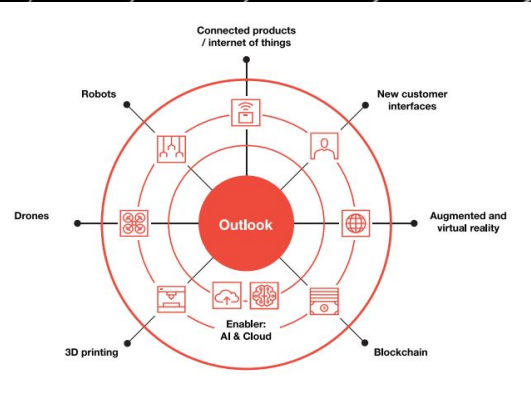


Figure 8. Technologies with the most potential in service supply chain

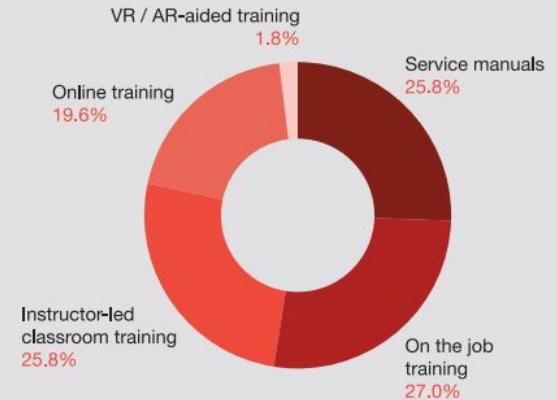
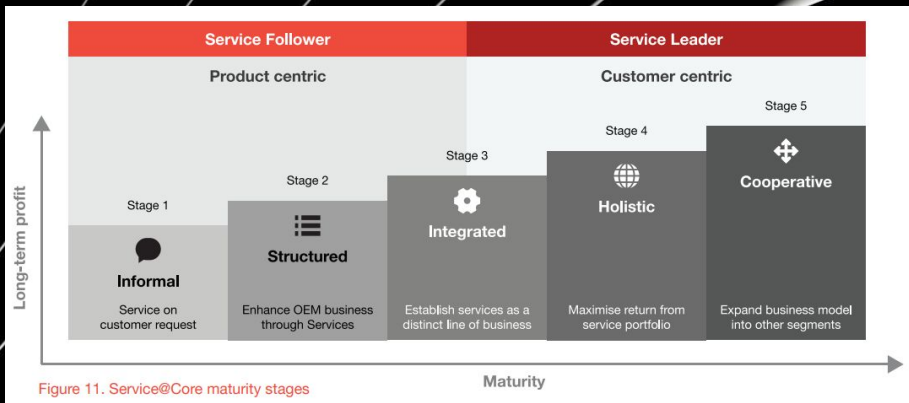


Figure 10. Current forms of field service training

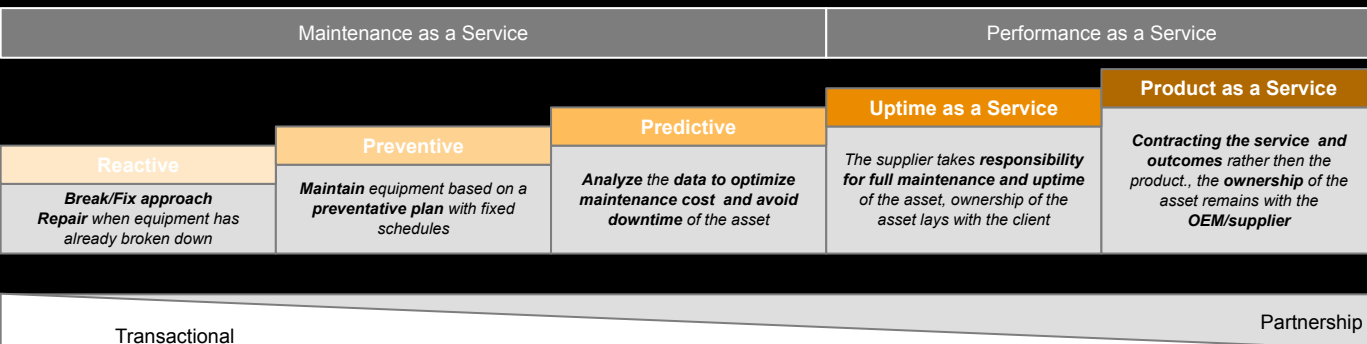


A model to go for service leadership

	Maturity level 1 Informal	Maturity level 2 Structured	Maturity level 3 Integrated	Maturity level 4 Holistic	Maturity level 5 Cooperative
Business model	- Reactive service based on customer requests - High competitive environment - Fragmented service organisation	- Service as a support for sales - Basic service offerings as add-ons to product offerings - Service is often part of other business functions	- Service portfolio meets customer's needs throughout the lifecycle - Service business unit with own profit and loss statement - Basic customer segmentation	- Advanced service offerings - High customer retention - Service as a cross-enterprise process in which all divisions participate - Multiple service offering solutions	- Service as part of a total value offering - Long-term customer relationships - Service activities as an independent organisation with its own C-level management - Integrated, customised service value offerings
Planning	- Reactive planning - Manual spreadsheet planning tools - Basic/intuitive setting of planning and inventory parameters (min-max, etc.)	- Reactive planning - Empirical setting of planning and inventory parameters (e.g. reorder points, safety stock, EOQ, etc.) - Basic short-term forecasting	- Preventive planning - Standard medium-term forecasting	- Predictive planning - Advanced forecasting with basic collaboration between supply chain partners	- Prescriptive planning - Advanced forecasting with extensive collaborative planning throughout the entire supply chain
D&A	- Capture historical data (historical parts consumption, historical customer interactions) - Describe historical data and events	- Capture observed customer behavior (historical parts consumption, historical customer interactions) - Describe historical data and events and identify root causes	Use data to compare multiple scenarios to find the best performance under given constraints	Use data to predict trends or future events	Use data to recommend one or more courses of action and show the likely outcome of each decision
Emerging technologies	- No interest in emerging technologies - Not part of the strategic agenda	- Not implemented - No proof of concept (POC) planned - Awaiting initial results of other companies' POCs - Engineering does not incorporate new technology capabilities in new product releases	- POC planned - No large-scale projects - No collaboration with technological innovators	- First implementations with selected technologies based on POC - First investments made - Clear mission to apply selected technology as a differentiator - Limited interest in collaborating with technology niche players	- Innovators, market leaders - Large budget - Top priority - Multiple programmes in place - Partnerships with innovative technological companies
Human Capital	- No digital skills - No training on new technologies or competencies - No recruitment of new skills (digital) - Training via service manuals	- Regular use of traditional training methods - Raising awareness of new technologies	- Active investment in upskilling current workforce - Frequent use of traditional and more innovative training methods	- Frequent use of innovative training methods - Combination of upskilling programme with search for digital talent	- Frequent use of innovative training methods - Top performer in the war for talent - High employee retention

Field service is moving towards Performance as a Service [PaaS]

Performance as a Service is radically rethinking the way you deliver services to your customer and helping them achieve their goals:



Appendix

Locally present, globally connected

COVID-19, a catalyst to glocalisation

Economies of scale thinking is being challenged

Globalisation, as we knew it, is over. While the tariff wars had already pushed companies to reconsider their dependence on China and long, global supply chains, this **trend of relocating and regionalisation is being accelerated due to COVID-19**.

In the past, decisions on how to organise supply chains have been based on **scale effects and lowest cost**, supply chain risk wasn't really considered. This has changed. Not only are long supply chains vulnerable to disruption, but geographical disparity in manufacturing costs is slowly disappearing and increased automation has made labour cost even less of an item in the balance. **COVID-19 made it clear that supply chain risk also has a cost**. Global supply chains, like those in the Technology industry in particular, proved to be very vulnerable. Just think of the Apple store limiting the number of iPhones consumers could purchase in March 2020.

Of course, not all industries will be able to go fully regional, and certainly not in the short term. But better articulated risk-reward claims are bound to be at the forefront of footprint decisions in a wider selection of industries and activities in the future. Automation changes the requirement for talent, focusing less on quantity and more on quality. **The enabling skills base** therefore continues to be a critical location selection factor when deciding where to produce or distribute products from. That means we'll need to **invest in upskilling** to complement already existing advantages in institutional framework, business environment and infrastructure.

75%

of the world's global manufacturing output has been impacted by COVID-19 (WEforum)

Acceleration towards a new industrial fabric

As indicated, the current crisis will only accelerate the pace at which we move towards more regional supply chains, closer to customers. The **underlying forces** will get a boost, but were already having an impact on our industrial fabric:

1. Individualisation and impatience

Industries close to the end consumer, in particular, are shifting to ever-faster delivery (e.g. Amazon Prime) and products specifically designed for you (e.g. Twikit to personalise your Mini Cooper). The only way to make this happen is through more local production and logistics.

1. Sustainability and circularity

A floating farm in Rotterdam houses over 30 cows and delivers yoghurt and milk by electric vehicle to the city centre. It's a perfect example of how production can move closer to the customer base and the positive effect it has on our ecological footprint.

1. Technology maturity and willingness to adopt

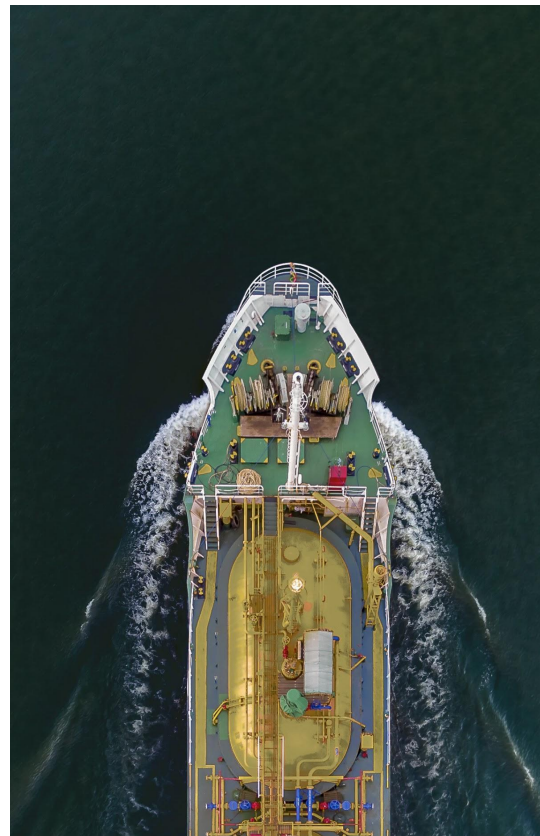
COVID-19's massively accelerated the adoption rate of new technology. In the supply chain and manufacturing, we'll see an additional surge to connect digitally and produce tailored products for specific individual customers.

1. Urbanisation

The increased level of urbanisation will create viable business models for direct-to-consumer delivery. Production will also move closer to these hotspots; Oatly (oatmeal drinks), for example, is building its Singapore production facility in an existing skyscraper.

1. Geopolitics

Trade wars and tariffs have reshaped global trade over the last few years. We've already seen many companies relocating because of this, a trend likely to continue or even grow.



Locally present, globally connected

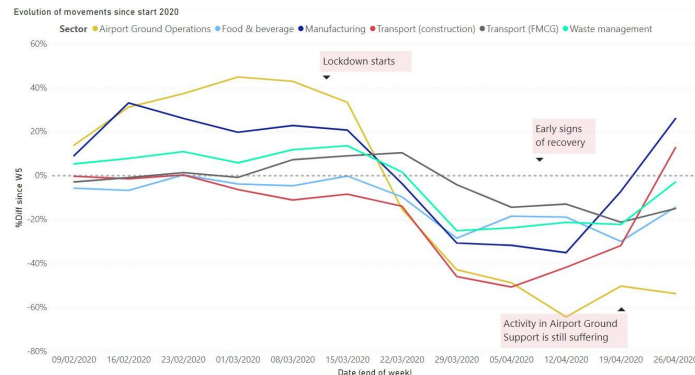
How to start building short value chains

While most companies have been focused on restarting their operations (see graph), very soon we'll see supply chains transform more fundamentally. It's clear that reshaping supply chains takes time. In doing so, make sure to consider the following (in order of short-term feasibility):

1. **Build in security:** duplicate critical supply sources, increase safety stocks on critical resources and products
2. **Gain real-time transparency:** map your supply chains in depth with new track-and-trace technology: critical resources, suppliers, customers, etc.
3. **Get closer to your customer:** evaluate your strategic product portfolio with the new insights you've gained
4. **Invest in advanced manufacturing technology (Industry 4.0):** increased automation in production, logistics and administrative environments, remote assistance app, Industrial IoT applications, etc.
5. **Adapt your footprint:** go for more local production sites, connected via a digital backbone
6. Review the **tax implications** of a change in footprint and related supply chain flows
7. **Build a connected supply chain using technology:** videoconferencing, track-and-trace solutions, integrated business planning tools, etc.
8. Investigate the **circularity** of your operations and their ecological impact
9. **Develop multiple channels** to market, especially including direct to customer online
10. Use the **gig economy** in more traditional industrial environments (e.g. to support a new channel to market)

COVID-19 brought down a critical barrier and supply chains will undergo fundamental changes over the coming six to 24 months.

New technology can bring instant transparency and a competitive edge



Sensolus data: activity level of IoT devices in supply chains and operations, indicating a restart's underway