



Service Lifecycle Management (SLM): Future-proofing the Manufacturing Industry by Enabling Equipment-as-a-Service (EaaS)

Table of Contents

- ii** Executive Summary
- 01** Leveraging Digital Solutions to Adopt EaaS
- 02** Challenges with Implementing EaaS
- 03** Optimizing the Aftermarket Business
- 03** A Holistic Approach to SLM
- 04** The Role of Optimized Prices in SLM
- 04** How Do Warranty Operations Impact SLM?
- 05** Cloud-based Software: The Future of SLM
- 06** Synchron Connected Service Experience
- 07** A Turnkey Solution for SLM
- 08** Conclusion



Executive Summary

Technology impacts almost every aspect of 21st Century life, reshaping the world faster than ever. As a result, today's leading manufacturers are under immense pressure to keep up and stay relevant. To stand out from the competition, OEMs must meet and exceed the ever-evolving needs of their client base, and turn complex challenges into competitive differentiators.

With the added challenge of rising costs, manufacturers risk decreasing margins unless they transform their business models and adapt to the new service economy. OEMs are moving away from the traditional break/fix model of providing services on an as-needed basis. Instead, they are adopting a proactive, outcome-based approach based on equipment usage or output.

Shifting from a product-centric business model to an Equipment-as-a-Service (EaaS) approach has led many OEMs to increase their focus on aftermarket services including maintenance, repair, spare parts, warranty management, and other value-added services. In doing so, manufacturers can improve operational efficiency and sustainability, establish stable and predictable revenue streams, and offer an enhanced customer experience.

Adopting an EaaS-based model requires a comprehensive Service Lifecycle Management (SLM) system that connects and aligns all aftermarket components. To accommodate this shift, many manufacturers are digitizing their aftermarket processes.

According to a recent study from IDC examining the growth and success of manufacturing companies through challenges such as supply chain constraints, geopolitics, and shifts in customer buying behavior, the companies that embraced digital transformation were able to return to growth faster than those that have not gone digital. They are leveraging advanced technologies such as artificial intelligence (AI), machine learning (ML), and the Internet of Things (IoT) to deliver responsive, service-based experiences to their customers.

Now, more than ever, rising customer expectations are forcing OEMs to pivot, and the success of these manufacturers depends on whether they can shift to an outcome-based approach. With a digital backbone for SLM, manufacturers can move toward an EaaS-based model, securing margins and positioning themselves as service partners with their customers.

Leveraging Digital Solutions to Adopt EaaS

Digitization has changed how manufacturers meet their customers' needs. According to a recent Service Council report, Research Insight: Journey to Predictive Maintenance, service leaders are prioritizing investments in technology throughout 2022 and for the next five years. This study states, organizations that have digitized their processes are seeing substantial growth in increasing market share and improved customer relationships. Digitization has transformed service delivery models from reactive and preventive to value-oriented and outcome-based.

Leveraging digital solutions makes the EaaS model a realistic option for industrial goods manufacturers. With EaaS, businesses develop recurring revenue streams based on output or equipment usage. Customers pay for a holistic solution including equipment, services, digital tools, and a guarantee of equipment effectiveness and output, instead of a one-off sale that comes with the responsibility of maintenance and repair.

EaaS allows for improved efficiency and sustainability, increased revenue streams, optimized working capital, and a better overall customer experience. In this service-based model, the OEM maintains ownership of the equipment, and the customer only pays for what they want and need. Moreover, manufacturers take on the responsibility of all aftermarket services, including repair and maintenance, relieving the customer of this duty. EaaS is a mutually beneficial model for manufacturers and customers alike.



Challenges with Implementing EaaS

There are some challenges with implementing the EaaS model to capitalize on aftermarket opportunities. For such a transformative business model to succeed, its supporting technology must seamlessly integrate into all operational processes. However, in the study from Service Council, 41% of service leaders point to “integration of technology into existing workflows” as the greatest challenge to digitization.

Moreover, manufacturers need platforms that ensure secure collaboration for all stakeholders. Without this capability, aftermarket operations would be siloed, lacking in efficiency and optimization. They also need self-service analytics, allowing easy access to all traceable product data.

Another challenge is capturing, maintaining, and utilizing all relevant data for cross-functional processes. To accomplish this, manufacturers need a scalable, top-of-the-line processing platform capable of handling large quantities of data and computations.

Consider the automotive industry as an example. With an increasing variety of models, manufacturers need to track a broader range of spare parts. These parts need to be priced for different markets and distribution channels resulting in several million price points requiring non-stop recalculation to reflect inflation and the overall competitive landscape.

The EaaS model relies on predictive analytics for pricing models and optimization. With an undefined scope, service-based models can result in thin or no margin if the right technology isn't in place to ensure productivity, revenue, and profit.

A manual approach using Excel spreadsheets, employee-built systems, and other self-made tools has significant limitations and can't compete with the automation inherent to an EaaS-based model. Given the sheer volume of data, it's impossible to identify optimal, value-based prices without intelligent software solutions specifically designed for aftermarket pricing. Without them, OEMs risk costly errors.



“41% of service leaders point to ‘integration of technology into existing workflows’ as the greatest challenge to digitization.”

- Service Council

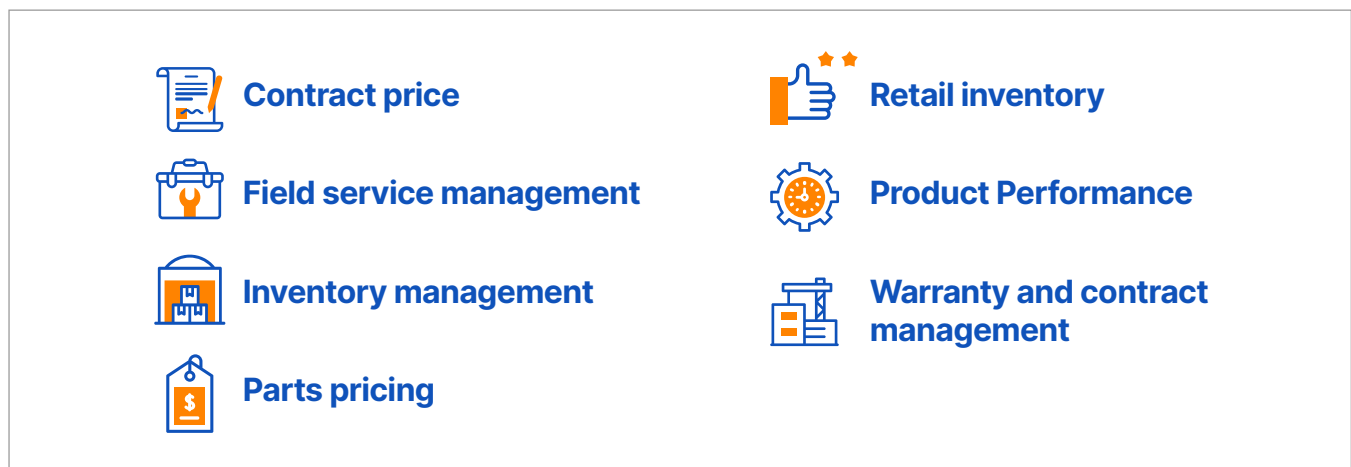
Optimizing the Aftermarket Business

OEMs need end-to-end solutions to optimize their entire aftermarket business. While successful integration of a SLM system that enables EaaS sounds ideal, execution requires comprehensive, automated support for asset analytics, predictive maintenance, usage-based billing, transparency, and data security.

Since the OEM is responsible for all aftermarket services, they must account for all anticipated and unexpected costs resulting from planned maintenance and unanticipated product failures. Doing so can only be done through digitization.

A Holistic Approach to SLM

A holistic approach to SLM includes the following aftermarket components:



When manufacturers succeed in aligning these components, they have a turnkey solution for SLM.

All of these components work together seamlessly to optimize the entire aftermarket business. For instance, when intelligent software detects anomalies with a connected asset, it can trigger predictive maintenance. This process involves field service management technology that can automatically coordinate an appointment with the service provider and the customer.

Inventory and retail inventory management become involved at this point, ensuring the availability of the requested part either through the OEM or their dealer network. Accurate forecasting technology

can reduce aftermarket supply chain costs, improve parts availability, and automate planning processes for increased efficiency.

“Accurate forecasting technology can reduce aftermarket supply chain costs, improve parts availability, and automate planning processes for increased efficiency.”

From here, predictive aftermarket pricing strategies ensure optimized, outcome-based pricing for parts and service contracts. An automated, data-driven pricing tool reduces risk and secures profit and margins.

The Role of Optimized Prices in SLM

A strategic parts pricing strategy and optimized contract pricing can help manufacturers unleash significant profit potential. An automated price management solution can leverage historical data for predictive analysis, ensuring that OEMs identify an optimal, competitive price point.

According to IDC's [MarketScape 2021 B2B Price Optimization and Price Management Applications Report](#), Synchron pricing software ranks as a leader based on its deep understanding of aftermarket service management, ease of use, and pricing agility.


OEMs today struggle with developing profitable contracts, which must be able to anticipate underlying costs. With automation and database processing, manufacturers can set value-based prices. An automated, data-driven platform ensures proactive contract pricing, enabling OEMs to reduce contract risk and secure profit and margins.

How Do Warranty Operations Impact SLM?

Warranties are vital assurances for customers, but when warranty management gets neglected, OEMs can face skyrocketing operating costs. Digital management can increase registration and attach rates, shorten claims processing times, decrease processing costs, strengthen supplier performance, and elevate customer experiences.

By streamlining all claims processing, manufacturers can eliminate the dependence on Excel spreadsheets, freeing their employees up to forge meaningful customer relationships. Warranty management software enables seamless collaboration with supplier partners to maximize cost recovery, improve supplier collaboration, and provide real-time data visibility.





"By streamlining processes and improving efficiency, cloud-based solutions can also lower operating costs and increase aftermarket business profitability."

Cloud-based Software: The Future of SLM

As the service economy evolves, your SLM strategy must also transform. Manufacturers today need a custom-made, cloud-based, AI- and ML-driven platform to help them revolutionize their SLM approach.

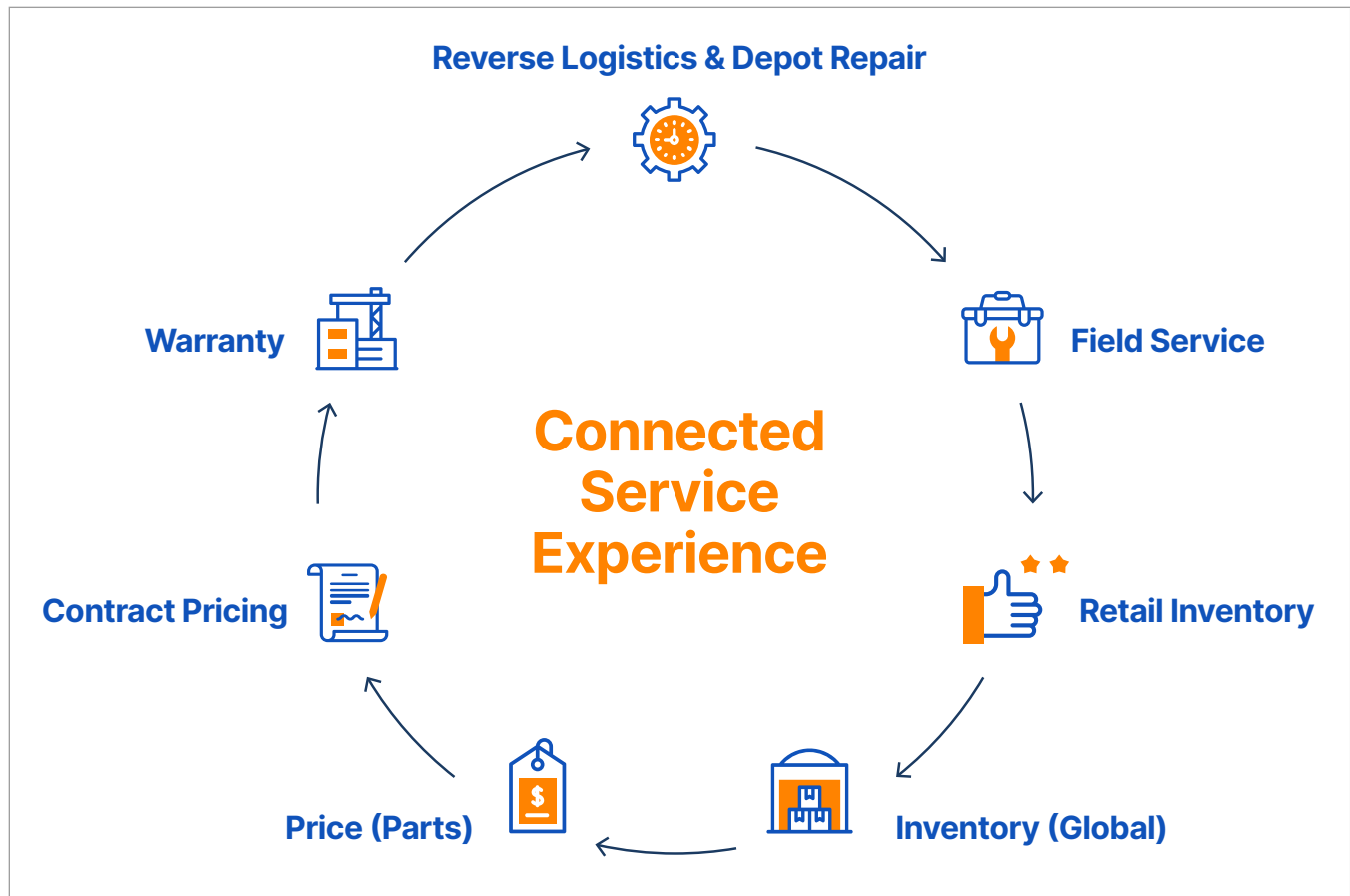
With an easily accessible cloud-based platform, manufacturers can view, store, and manage all products and service processes in one place. By leveraging advanced manufacturing, these solutions can provide instant, up-to-date information, aligning stakeholders across the entire service delivery network.

Cloud-based solutions can also integrate with other enterprise systems, making it easy to connect service management operations. By streamlining processes and improving efficiency, cloud-based solutions can also lower operating costs and increase aftermarket business profitability.

Cloud-based software also enables secure collaboration with all internal and external partners. It also expands self-service access to traceable product data to non-experts in a user-friendly way, resulting in a seamlessly connected solution.

Syncron Connected Service Experience

The Syncron Connected Service Experience (CSX) aligns all aftermarket processes, optimizing the entire SLM system.



Syncron CSX is an industry-leading platform with the following capabilities:

- **Syncron Field Service Management:** Efficiently resolve in-service issues by creating service appointments and dispatching technicians, enabling them with supporting service content.
- **Syncron Depot Repair and Reverse Logistics:** Accelerate the turnaround time of assets through depot repair while increasing profitability.
- **Syncron Inventory (OEM):** Strengthens service levels and optimizes parts inventory at the lowest possible cost.
- **Syncron Retail Inventory (PoS):** Connects and aligns aftermarket strategies with dealer networks.
- **Syncron Parts Pricing:** Ensures price competitiveness with intelligent software, allowing manufacturers to set optimal prices as their businesses scale.
- **Syncron Contract Price:** Enables accurate and efficient contract pricing inherent to the EaaS model.
- **Syncron Warranty and Contract Management:** Connects and enhances the end-to-end warranty lifecycle through digital management.
- **Syncron Insights:** Unlock data insights from legacy systems and connected devices to power AI / ML driven outcomes.

A Turnkey Solution for SLM

Synchron comprehensive solution for SLM has the following benefits:

- ✓ **Better aftermarket profitability**
- ✓ **Ability to integrate with other enterprise systems**
- ✓ **Enables secure collaboration across all members of the value chain**
- ✓ **Expanded self-service access to traceable product data**
- ✓ **Streamlined, efficient operating processes**
- ✓ **Optimized working capital**
- ✓ **Improved customer loyalty**

Synchron is a leading provider in mapping partial aftermarket solutions and comprehensive enterprise systems that address the entire service lifecycle. With SmartBlox technology that enables the incremental deployment of product modules according to business needs, Synchron CSX can adjust to support both product-based and service-based manufacturers in delivering a bespoke, targeted customer experience.

The future of manufacturing relies on leveraging AI/ML to improve operational efficiency and productivity, and facilitate responsive, data-driven analysis. Although OEMs can take a patchwork approach to digitization, they will see maximum long-term growth by connecting and enhancing the entire service lifecycle. Doing so will help ensure continued growth and development for years to come.





Conclusion

Transforming your service business by enabling EaaS can be profitable for your company, and a better overall experience for the customer. However, there are significant hurdles to overcome on the journey to EaaS, specifically around data and technology.

Recent trends have driven the C-level to evaluate whether or not their business is right for EaaS. Service leaders are often the ones who have to turn this idea into a reality. It's critical that service organizations understand all the elements to EaaS for SLM and ensure that the processes are supported by the right infrastructure. Synchron Connected Service Experience platform enables service organizations to accelerate the time to value and minimize risk by supporting all aspects of SLM.

Are you ready to up your field service game? Connect with our team, let's see how we can help, www.synchron.com/contact/

Connect with us on social media:    

About Synchron

Synchron empowers leading manufacturers and distributors to capitalize on the world's new service economy. We improve aftermarket business profitability, optimize working capital, increase customer loyalty, and enable customers to successfully transition to service-driven business models. With industry-leading investments in AI and ML, Synchron offers the first innovative, customer-endorsed, end-to-end intelligent Service Lifecycle Management solution portfolio. Delivered on our Connected Service Experience (CSX) platform, our solutions encompass service parts inventory, price, warranty, service contract, and field service management. It's no secret that the world's top brands trust Synchron, the largest privately-owned global leader in intelligent SLM SaaS solutions. For more, visit synchron.com.