



Decision Resources, Inc.

Whitepaper

## The New Face of Service in the Equipment Industry

Companies embracing Product-as-a-Service



*Inside:*

*What is Product-as-a-Service?*

*Why is this an important trend for manufacturers of capital equipment?*

*How two leading equipment manufacturers are making Product-as-a-Service work for them.*

[www.decision.com](http://www.decision.com)

Product-as-a-Service, like many trends in technology, can mean slightly different things to different people in different industries. We are going to address this trend as it relates the equipment manufacturing industry.

At Decision Resources, we have seen a significant change in how our equipment manufacturing customers define “service.” A high level of customer service used to be measured by on-time delivery rates and repair capabilities. While these measurements are still very important, service is often now measured in end-to-end capabilities and the depth and quality of customer relationships. Instead of expecting a customer to supply the specifications for a new machine, our equipment manufacturers are working with their customer to build the specifications. Providing on-site installation, service, and repair is now common. So what’s next? How are the leading equipment manufacturers differentiating themselves today? The answer is Product-as-a-Service.

**An analogy:**

*Yesterday:* When it was time for a new car, I would go to the dealer and buy a car. I would bring that car to the dealer, or my local service station, to have it serviced when needed. When I decided I needed a new car, I would go back to the dealer and trade in my old car for a new one.

*Today:* The dealer sells me a lease that includes all of the preventative and standard maintenance that the car will need. I pay a flat monthly fee that covers the car and the service, and I know exactly what my costs are going to be - and exactly when I will be trading in this car for another.

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*How are the leading equipment manufacturers differentiating themselves today? The answer is product-as-a-service.*

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*Tomorrow:* Instead of buying a car, I use Zipcar. Zipcar sells me exactly what I need – the ride from where I am, to where I need to be. I don’t have to buy the car, worry about maintaining it, paying for insurance, or even gas! This is product-as-a-service.

## Real-world examples:

This model certainly doesn't work for everyone, but some of our customers are already making product-as-a-service work for them in some very unique ways.



General Kinematics® provides vibratory equipment, rotary equipment, and process systems to leading manufacturing and material processing organizations throughout the world. When their customers need equipment to move material, they don't just give General Kinematics the specifications or requirements for the equipment, they give them the material the equipment will be moving. The General Kinematics demonstration lab allows customers to test their material on different types of equipment before working with General Kinematic engineers to design their own machine. In addition, customers are offered quarterly or semi-annual maintenance contracts as part of the purchase, along with on-site advisory services (even for competitors' equipment).

*General Kinematics can be found online at [www.generalkinematics.com](http://www.generalkinematics.com).*



For more than 60 years Stein, Inc. has been providing slag processing and steel mill services. Stein, and its sister company KT Grant, manufacture the equipment used to remove slag from steel and blast furnaces. But most often, they are not simply selling or renting their equipment, they are providing an overall solution that ensures customer furnaces are working properly and the by-product slag is removed appropriately. At most of their customer sites, Stein employees operate Stein-owned equipment and work side-by-side with the customer's employees. Stein takes care of cleaning out the furnaces, removing the slag, selling the slag, and providing and maintaining all of the equipment necessary for the job. The customer can focus on making steel, and leave the furnace maintenance and slag reclamation to Stein. Stein even takes care of maintaining union memberships for employees that need to work in customer's union shops.

*Stein can be found online at [www.steininc.com](http://www.steininc.com).*

Product-as-a-service is a natural extension of the increasing focus on customer service in the manufacturing sector. In many industries, we are also seeing a compression of the entire supply chain. Companies are working more closely together in all aspects of product development, product life cycle support, repair, and management in order to reduce the complexity, cost, and time within their supply chain. As a result, they are often looking for partners within their supply chain that can deliver greater value and deeper services around a particular product.

This is not a trend that any manufacturer can afford to ignore, but it will be especially important for companies that make large, complex equipment with significant service requirements. In fact, according to [IDC's Worldwide Manufacturing Predictions for 2015](#):

- “In 2015, customer centricity will require higher standards for customer service excellence, efficient innovation, and responsive manufacturing, which will motivate 75% of manufacturers to invest in customer-facing technology.”
- “By 2018, 40% of the top 100 discrete manufacturers and 20% of the top 100 process manufacturers will provide Product-as-a-Service platforms.”

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*Decision Resources is the leading provider of the Infor CloudSuite Industrial (SyteLine) ERP system with offices in Pittsburgh, Austin, Wichita, and Chicago. Learn more about our customers and the software systems that they use at [www.decision.com](http://www.decision.com).*