ORACLE

Three Key Ingredients for Outcome-based Service Excellence

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Introduction

There's a major shift happening across manufacturing service organizations. While cost savings and operational efficiencies are still top benefits, companies are generating new revenue from service agents' up-selling/cross-selling products and subscriptions. Meanwhile, for manufacturers pivoting to outcome-centric or "product-as-a-service" business models, field service is becoming more remote, contactless, and intelligent—adding pressure on service organizations to adapt so they can continue to meet customer needs and expectations.

What are some key factors driving this change?

- **New business models** to protect and grow install base revenue while reducing customer capital expenditure

- **Digital-first experiences** that allow you to pivot to low-or no-touch services at a lower cost

- **Guided support tools** to quickly ramp up the next generation of mobile workers

- **Connected assets**, remote telemetry and Internet of Things (IoT) monitoring to capture, track and predictively act on your customers' behalf

- **Platforms** that consolidate business functions and deliver a seamless customer experience

Manufacturers have begun incorporating an enterprise service management strategy into their overall digital transformation. They understand that service needs to be integrated with sales, marketing, finance, supply chain, and operations to become truly predictive and prescriptive. In addition, service leaders are recognizing the value of using consolidated data from all lines of business to reduce process friction, capture predictable revenue and deliver exceptional customer experiences.

This guide will examine the strategies and technologies service organizations are implementing as they pivot to new economic models and position their businesses for long-term growth.

The new normal: Digital first, predictive service

Even before the pandemic, manufacturers were closely eyeing their service organization as a business unit ripe for transformation. At the same time, customer expectations were changing, and buying habits shifted toward "as-a-service" or value-based offerings with reduced CapEx. The convergence of these themes presented a massive opportunity for manufacturers: Shifting service from a cost center to a predictable revenue generator with increased customer value.

In late 2019, Gartner predicted that over half of all equipment manufacturers would adopt outcome-based service contracts in less than five years *[Gartner, The Future of Field Service, Dec. 2019]* But this timeline was dramatically escalated when the realities of COVID hit. Almost instantly, on-site deployments of field personnel were highly restricted for equipment and device manufacturers. Fortunately, when remote or contactless support became the only safe way to provide service, customers quickly adapted.

Pushing past the COVID recovery phase, we're seeing even greater urgency for and adoption of digital service transformation. Research and trends back this up:

45% of manufacturers are defining a vision for transformation

49% are investing in AI and advanced analytics to design proactive customer service
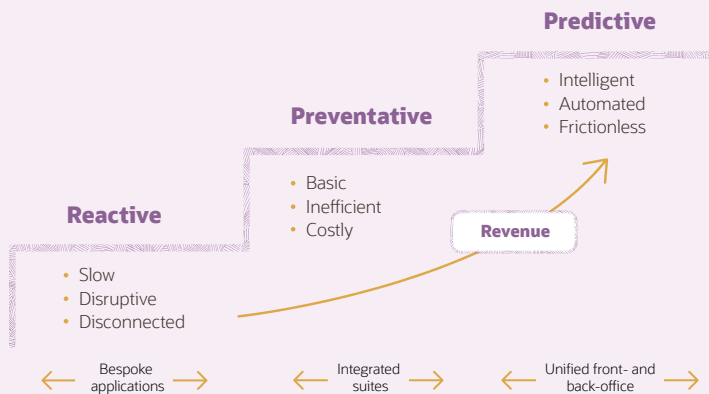
75% will update operating models with IoT

37% already have diagnostic capabilities connected to the service organization

Manufacturers fully recognize that the significant shifts in the customer relationship are accelerating digital transformation initiatives to meet the moment and prepare for the future.

"Although the specter of disruption has been front and center in 2020, we do not believe that invalidates the manufacturing transformation journey that so many companies are pursuing—in fact, we think it justifies and accelerates it."

IDC
ANALYZE THE FUTURE

Spotlight: Service is evolving from reactive to proactive

Digital transformation in service allows you to predict customer needs and automate service delivery, eliminating downtime and maximizing the value you create for your customers.

The chart above illustrates the evolution we see with many service organizations.

- Many manufacturer service organizations are still delivering service with a break/fix or reactive model that requires customers to identify and report issues. This slows customer productivity and increases

service costs. And even when technologies are in place to capture service requests, schedule field service events, and manage related inventory, they are often disconnected and plagued by data inconsistencies.

- Other service organizations have graduated to an integrated suite of applications from multiple vendors to take a more preventative approach. And while this improves customer experience, it can also create process friction, inefficiencies, and higher service costs.

- However, a growing number of manufacturing service organizations are embracing a fully unified,

end-to-end approach to managing the service lifecycle—reaching the optimal state of predicting and proactively addressing service disruptions before they occur. They've deployed capabilities such as artificially intelligent customer portals and knowledge libraries to trigger next-best actions that help customers become better users of their technology. And some manufacturers have prioritized integrating their sales and marketing systems with service to deliver relevant customer offers during service appointments and provide field technicians with guidance and tools to complete new sales or contract renewals during their on-site service.

- Supporting service evolution of this magnitude will require a change in organizational mindset. But we believe manufacturers are at a critical point that justifies the transformation. Key forces such as the generational workforce shift, the emergence of next-generation technical capabilities, and customer buying preferences upending economic models are converging and forcing the issue.

Three key ingredients for outcome-based service excellence

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To capture predictable service revenue, drive renewals, and expand customer loyalty, organizations recognize the need for an enterprise service solution. Based on our experience working with customers, we've found these three key ingredients are critical for delivering service excellence:

1	2	3
A connected suite of capabilities that span the service lifecycle	Seamless unification of customer, asset, process and workflow data	Availability anytime, anywhere, on all customer channels

We'll explore each of these areas in more detail in the following sections. As a service leader, you'll quickly note that this is not an exhaustive list of what's needed to excel in an outcome-centric model. For example, we won't cover how to embed smart technology required for IoT monitoring or organiza-tional design changes to support new business models. Instead, we'll focus on the technologies, capabilities, and strategies that will help you deliver the best possible outcomes for your customers and your business.

1. A connected suite of capabilities that span the service lifecycle

Historically, once a sale was complete, service was the key to driving continued customer satisfaction, loyalty, and brand advocacy. But for manufact-urers pivoting to "product-as-a-service" business models, service is now also critical to financial success, specifically renewals and upselling.

To meet customer demands while increasing shareholder value, outcome-centric service organizations need to equip their teams with a full range of connected sales and support capabilities. Moreover, in our digital-first world, an omni-channel approach ensures that your agents can handle customer inquiries, issues, and new sales opportunities quickly and efficiently while delighting customers at every step.

These capabilities include: (see diagram)

- Service requests and case management

- Contracts, warranties, subscription management

- Field service planning and execution

- Service inventory and logistics

- Digital promotions and order management

- Billing and payment management

Service request and case management

Optimize resource alignment

Returns, advanced exchange and claims

Manage service partners

Manage activities, service requests, work orders and cases

Billing and payment management

Determine billable items

Determine warranty coverage offsets

Generate invoice

Contract, warranty and subscription management

Manage product coverage

Ensure contract compliance

Capture and manage warranty claims

Digital promotion and order management

Install base sales and marketing execution

Digital commerce portal

Configure, price, quote and book

Solutions

Subscriptions

Parts

Contracts

Field service planning and execution management

Manage, schedule, route and optimize your field service workforce

Manage and execute complex projects and installations

Optimize partner resources

Service inventory and logistics management

Manage repair depot operations

Manage service cost, claims, returns settlement

Manage service parts

Manage returns logistics and disposition

Capabilities overview

- **Service request and case management** manages service requests, work orders, and cases. When unified with the rest of the service life cycle, service agents can quickly and efficiently resolve issues with full visibility to all touchpoints of a customer's service journey. Digital tools, such as self-service, chatbots, and virtual assistants, deflect minor service issues so agents can focus on specific, high-value customer interactions. Additionally, embedded AI capabilities increase the speed of resolutions through pattern detection and by surfacing recommended actions.

- **Contract, warranty, and subscription management** manages product coverage, confirms contract compliance, and captures and manages warranty claims. Customer satisfaction increases because partners, employees, and even customers themselves can validate warranty coverage and entitlements before service has to happen. Payments are captured for services provided. Businesses can drive new revenue streams with AI-powered recommendations for selling, delivering, and renewing contract-based offerings and subscriptions. Tools that intelligently process warranty claims offer greater efficiency and focus resources on claims with a higher likelihood of fraud-reducing revenue leakage, optimizing warranty reserves, and improving supplier recovery.

- **Field service planning and execution** automates how you manage, schedule, route, and optimize your mobile workforce, as well as make the best use of partner resources. With robust mobility tools, field technicians can resolve issues quickly and intelligently upsell, cross-sell, and renew subscriptions. Your dispatch or service team leaders also benefit from a real-time view of their technicians in the field and can efficiently handle unplanned or emergency work. This service component should also connect to your supply chain to ensure all needed parts are in stock at the right locations and on technicians' vehicles.

- **Service inventory and logistics management** captures service costs and manages service parts, returns logistics, disposition, and repair depot operations. With this functionality, businesses can easily check part availability and order service parts, all from within a Service Request. They can also manage technician truck inventory levels to verify the correct parts are always available. What's more, leveraging IoT and AI allows service reps to pivot away from reactive repairs to proactive maintenance.

- **Digital promotions and order management** includes sales and marketing execution to current customers, a digital commerce portal, and configure-price-quote solutions to support subscriptions, parts, and contracts. Tools in this category save customers, partners, and employees time since they can use digital channels to automate purchases, facilitate repeat orders, check order statuses, initiate returns, and check available inventory. A typical order platform captures, configures, prices, and checks availability across all channels and provides various fulfillment options, including direct ship, same-day pickup, same-day delivery to a job site, or pick up from a channel partner.

- **Billing and payment management** identifies billable items, determines warranty coverage offsets, and generates invoices. Organizations reduce errors and days sales outstanding (DSO) by consuming pro-forma invoices from service operations and validating against contracts, warranty, subscription, regulations, revenue recognition guidelines, and tax laws to generate and issue a full commercial invoice. A single platform supports billing processes for a company's mixed offerings of products, services, and subscriptions. Finally, real-time insights measure the performance of goals and renewal rates.

2. Unified front-and back-office systems, processes, and data

When customers buy products or need support, they expect a cohesive experience. To meet and exceed this expectation, service must be embedded in everything your company does. This means the entire organization needs to continuously consider how each role and function impacts the service experience and the customer relationship. The illustration below shows how many touchpoints and functions need to stay in sync to ensure a seamless transfer of data between them.

To avoid frustrating customers and exacerbating friction inside your business, manufacturers should seek to break down the walls between the front office and back office at each step in the service lifecycle. We find that taking a hard look at your data—how it's managed and shared across the organization—is likely the most critical step to successful business transformation.
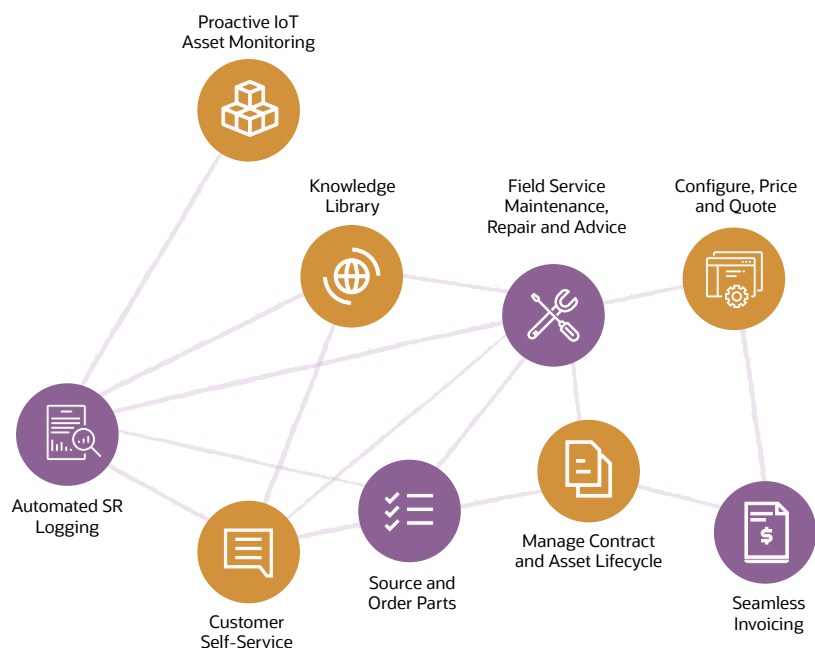
When service operations are tied to a global data management strategy, it becomes much easier to shift from reactive to proactive, automating processes and empowering customers with modern digital experiences.

It's also important to achieve a holistic view of customers by combining their data from all systems into a single customer profile. This focused customer data management strategy allows you to:

1. Consolidate/centralize data in one location— all accounts, contacts, activities, leads, opportunities, quotes, assets, and other customer-related data in one place

2. Ensure clean, accurate data across processes, workflows and applications

3. Surface complete data when and where it's needed by automatically enriching and extending your first-party customer data with third-party data

4. Reduce process friction and improve operational efficiency by coordinating what you know about your customer—to deliver a 360-degree view of customers across marketing, sales, service, CPQ, commerce, and ERP

Why is digital service transformation so challenging?

Disconnected data and processes stand in the way

Proactive IoT Asset Monitoring

Knowledge Library

Field Service Maintenance, Repair and Advice

Configure, Price and Quote

Automated SR Logging

Customer Self-Service

Source and Order Parts

Manage Contract and Asset Lifecycle

Seamless Invoicing

3. Service availability anytime, anywhere, on all customer channels

The final component of service excellence is availability. Whether you require 24/7 uptime or have specific business hours, it's critical that employees, partners, and customers have access to service whenever they need it, on whatever channel they use. This means taking inventory of your current service capabilities to plan for the eventual migration to a holistic enterprise service management system.

Here are some considerations for your strategy

	Include customer data management (CDM) to collect various customer information elements into universal identifiers, while retaining the original data sources
	Include process automation to provide businesses with actionable insight and rapid iterations of business process model
	Embed AI and machine learning (ML) in the platform to deliver easy insight, detection, automation, and expert guidance
	Incorporate IoT functionality to allow organizations to connect, analyze, integrate, and learn directly from their products
	Offer knowledge management tools to improve self-service capabilities and speed time to resolution by allowing customers and service agents to find answers quickly, anytime, anywhere
	Provide collaboration tools to help stakeholders convene quickly to determine the best solutions

A word about AI and machine learning
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Applying advanced data science and machine learning to your company's data allows you to react, learn, and adapt in real time. It also gives you the right information (from historical and dynamic customer data, such as clickstream, social activity, weather, look-alike audiences, IoT, and more) to deliver customized insights across all of your customer-facing activities that improve with every customer interaction.

The benefits reach across your organization.

1. Empower your marketing team

- See when customers received messages (and whether or not they engaged) and use that information to optimize channel and send time

- Separate most actionable customer data for intelligent messaging that converts

- Determine the content of emails at the time your customer opens it, allowing you to send more relevant information and build long-lasting relationships

2. Connect the right audiences to campaigns for more personalized experiences optimize the selling process

- Offer guidance derived from opportunity analysis and account engagement

- Utilize smart call points

- Present the right offer and/or take the next-best sales action—optimized for each customer

- Employ lead scoring and look-alike audience models

3. Resolve customer issues faster (and smarter)

- Present the next-best service action in the right channel at the right time

- Deliver predictive product failure, predictive account health, and predictive recommendations

- Utilize chatbot (and enhanced mobile, video, and social messaging capabilities) to provide automated answers and interact with customers across a variety of channels

4. Deliver AI-powered digital commerce capabilities

- Provide personalized, targeted products and content that is most relevant to your buyer's immediate needs

- Offer smart product recommendations based on account data, third-party shopper data, and real-time inputs

- Include intelligent search capabilities that can understand customers and their requirements

- Produce cross-channel contextual content in real time

The future of Service:
Always on, predictive service

If there's one thing we know about service, what works today won't necessarily work tomorrow. Digital technologies, media, content, and data have changed both the culture of service organizations and the demands of customers. Exceptional service has become the expected norm, and with it comes the power to turn one-time customers into loyal advocates for your products, your company, and your brand.

Digital is the only way to meet these continually changing expectations for around-the-clock availability, real-time fulfillment, immediate access to information, and personalized, proactive service—to name a few.

Successful organizations will be those that can successfully execute their service strategy to transform their operations.

The truth is customer experience (CX) is the ultimate business differentiator. Organizations that elevate after-sales service as part of their customer experience will achieve:

Increased service contract renewals

Improved sales of more aftermarket parts and accessories

Greater incremental/ upsell/cross-sell sales

Enhanced support for product-as-a-service models and renewals

Increased customer loyalty thanks to their ability to proactively serve their customers and improve first-call resolutions in the field.

Greater efficiencies and cost savings through better management of resources, inventory, and repair depots

Organizations that stay ahead of customer needs and expectations set themselves up for success. And a sharp customer focus, delivered through state-of-the-art digital user experiences, enables service to shift from a cost center to a profitable, revenue generating line of business.

Why choose Oracle for enterprise service management?

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Service organizations are embracing digital transformation to increase efficiency, improve customer and employee experiences, reduce cost to serve, and capture new predictable revenue streams.

When it comes differentiating service, only Oracle provides a complete platform of cloud solutions to support the entire service lifecycle. You benefit from a seamless connection across the front-office, back-office, and the field ensuring a 360-degree view of customer, asset and process data to reduce cost to serve while enabling proactive service and maintenance across connected assets. Oracle helps you complete the digital transformation on your schedule, empowering your service organization to make every customer interaction matter, while protecting and growing revenue.

About Oracle Enterprise Service Management

Oracle's Enterprise Service Management solution provides manufacturers a platform to transform their aftermarket service operations from reactive to predictive by automating the service lifecycle and empowering their customers with a modern digital experience. This enables manufacturers to shift to new service business models, capture the next wave of revenue growth and retain customers for life.

The solution provides critical connections between data, workflows, assets and service teams including IoT monitoring to diagnose problems, self-heal assets, or trigger and manage a field service event to service inventory and logistics management to contracts, warranties and subscriptions to commerce, quoting and sales performance management to enable field technicians to drive additional revenue.

Let's get started

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Competition is tough. That's why so many companies are elevating their after-sales service experience to stand out. But to create an exceptional experience, you need the right technology platform to help you get there. A digital, end-to-end solution that addresses all service issues—effortless for your customer and unified for your brand. Start realizing the benefits of loyal brand ambassadors, increased upsell and cross-sell opportunities, and decreased costs through improved efficiencies with Oracle.

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