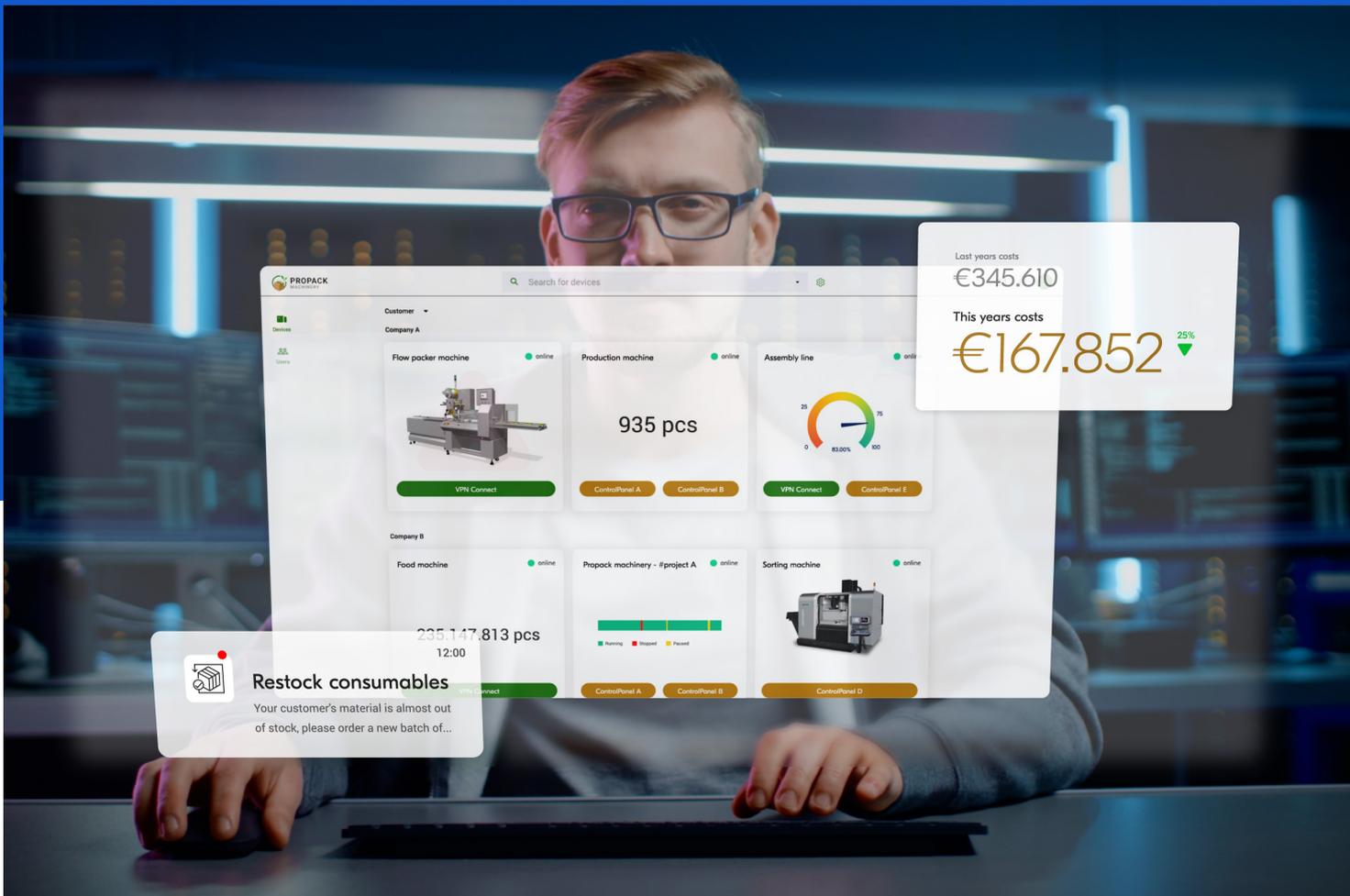




# Service opportunities for OEMs that **boost revenue** and meet customer demands

Deliver excellent service to your customers, and increase customer satisfaction and cash flow in no time.





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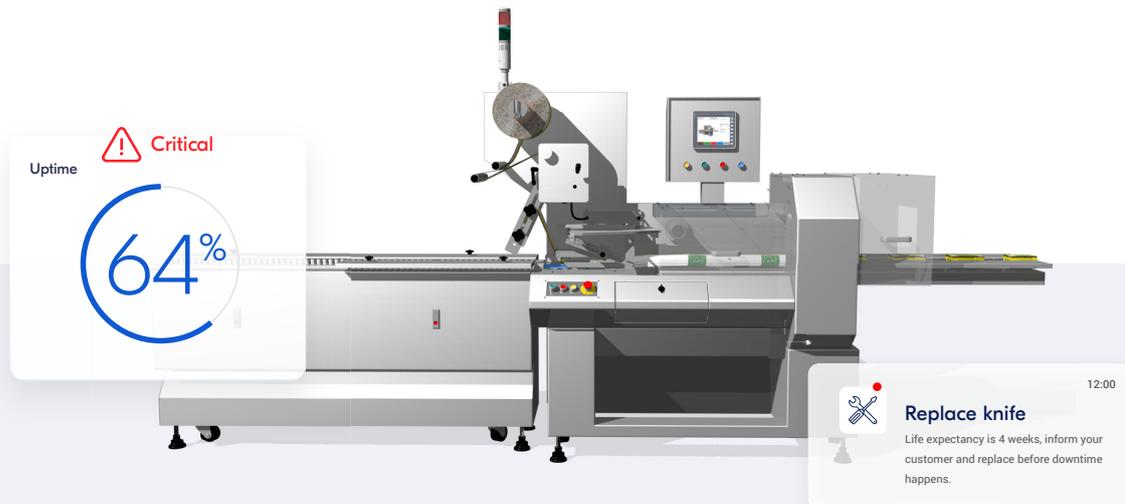
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# What do customers expect from machine builders?

Everyone in the manufacturing industry is talking about digital transformation, Industry 4.0, predictive maintenance and Industrial IoT (IIoT). The main focus has been on production optimisation with a clear end-user orientation. This left machine builders looking for their value contribution often in vain. On top, there is a strong focus on technology and to a much lesser degree on solutions.

More than ever we see people starting to realise that technology shouldn't be the starting point. Digital transformation is a strategy, and instead of technology, customers demand value. In fact, they expect excellent service, which means this becomes increasingly important during the entire lifecycle of your machines. The use of technologies such as IIoT enables you to achieve that.



## Create a win-win situation

Satisfy both your customers' and your own needs. Find out what your customer considers as excellent service during the entire lifecycle of their machines. Support them by acting more proactively, while increasing your cash flow at the same time. Choose a strategy that fits your needs and Industrial IoT will enable you to start small with low investments, a fast time-to-market and ROI in no time.

Let's have a closer look at the opportunities for machine builders to deliver the excellent service that customers expect, with customer satisfaction and new revenue streams as a result. In the next chapters, two business opportunities are explained with use cases of a mid-sized machine builder with their calculated revenue potentials.



## How Propack Machinery generates recurring revenue with new service models

Throughout this e-book we'll use Propack Machinery as an example customer. Here's what you need to know about them:

- Mid-sized machine builder
- Creates flowpackers
- Sells an average of 50 machines per year
- Also sells foils as consumables to its customers

Propack standardised IXON's IIoT solution by installing an IXrouter for remote connectivity in each machine. This resulted in cost savings and complementary **recurring revenue equal to 10% of their total turnover** prior to implementing these service models, within the first 18 months. They deliver a high level of service during warranty. If the customer wants that to continue after, they can purchase service add-ons.

### Service level agreements

To help their customers with proactive services that boost their machine's uptime, Propack decided to create service level agreements (SLA) and offered those to their customers after the warranty phase.

SLA Bronze	SLA Silver	SLA Gold
<ul style="list-style-type: none"> <li>✓ Remote access as a service</li> <li>✗ Wear &amp; tear part monitoring</li> <li>✗ Predictive maintenance of critical parts</li> </ul>	<ul style="list-style-type: none"> <li>✓ Remote access as a service</li> <li>✓ Wear &amp; tear part monitoring</li> <li>✗ Predictive maintenance of critical parts</li> </ul>	<ul style="list-style-type: none"> <li>✓ Remote access as a service</li> <li>✓ Wear &amp; tear part monitoring</li> <li>✓ Predictive maintenance of critical parts</li> </ul>
<p><b>Add-on</b>    <b>Consumables as a service</b>    ✓ <b>Monitoring and on-time delivery of consumables</b></p>		

Before Propack can sell these SLAs, they need to first establish a high level of service during warranty. So let's delve deeper into what you can do during warranty to set yourself up for more turnover down the line.



Use case 1

# Optimise field service to deliver excellent service

As a machine builder, you are responsible for ensuring the machine runs well during the warranty period. Downtime will cost your company money and results in unhappy customers. By providing remote service during warranty, Propack Machinery decreases the risk of financial penalties and keeps their customers satisfied with high response times.

## Make an interesting offer to your customers

Propack equips every machine with remote connectivity at no extra costs for their customers. The investment in IXON's IIoT solution is recouped from the first saved service trip as, on average, 3 out of 5 issues are small software issues that can be easily fixed from remote.

Since about 60% is now solved remotely, Propack saves on the valuable time of their software engineers and cuts on travel expenses.





## Instantly reduce machine downtime

Because Propack offers their customers a free remote access solution, they are often allowed to capture data from their machine. Machine standstill due to lack of consumables, operator issues or worn parts is measured and engineers can solve these problems instantly. A major benefit for the customer who will experience less downtime.

At the end of the year, Propack can hand over a report with data from IXON Cloud about failures, breakdown and root causes. This shows their customer that they saved them an estimated X hours of production time by decreasing the amount of service trips and downtime with remote access.

## Business case Field service optimisation

To calculate the ROI of field service optimisation, answer the following questions:

- What does an average service trip cost you?
- How many issues do you solve on average during warranty? And how many issues could easily be solved from remote?
- What is the investment of standardising remote access in your machine?

### ROI formula

$$\left( \frac{\text{Average service trip costs} \times \text{saved service trips} - \text{IXrouter investment}}{\text{IXrouter investment}} \right) \times 100\% = \text{ROI}$$

### Example calculation for ProPack

$$\left( \frac{\text{€1.500} \times 3 - \text{€700}}{\text{€700}} \right) \times 100\% = 542\%$$

Find out more about field service optimisation

[Learn more >](#)



Use case 2

# Remote access as a service

Customer satisfaction has increased, since excellent service prevented a lot of downtime. After warranty Propack gives their customers insight into how many production hours were saved to easily prove the cost savings they made. They sell a **Bronze SLA** to customers who want to continue receiving excellent service, using remote access, as they were used to during warranty.

## Lower rates and faster response times

Customers who are interested in the Bronze SLA, will get priority when issues occur. With the Bronze SLA different rates for physical and remote support are calculated and the customer gets a discount on hour rates.

This means the customer can expect faster response times and lower costs for solving issues from remote.





## Report uptime and root causes to customers

Propack used IXON Cloud to make data about the failures and its causes tangible. With shareable dashboards, the customer gets access and insights into reports about root causes and uptime.

Propack proactively informs their customers about this, which is very much appreciated and serves as a basis for the upsell to a higher SLA.

## Business case Remote access as a service

To define the price of Bronze SLA, you need to answer the following questions:

- How many percent of machine issues are caused by operator mistakes?
- What does a production hour cost?
- What response times are achievable during and after working hours?

### SLA Bronze revenue formula

$$\text{SLA pricing} \times \text{Number of customers} = \text{Yearly recurring revenue}$$

### Example calculation for Propack

$$€1.800 \times 25 = €45.000$$

### SLA Bronze

- ✓ Remote access as a service
- ✗ Wear & tear part monitoring
- ✗ Predictive maintenance of critical parts

Find out more about remote service & maintenance

[Learn more >](#)



# Upselling with 3 additional service models

Your customers demand excellent service during the entire lifecycle of their machines. Unburden your customers by offering on-time replacement, scheduled maintenance and stock supply of consumables. On top of that, managing the lifecycle of industrial equipment is the ideal way to get the best economic life out of a machine – maximising uptime, reducing downtime costs and driving commercial success.



Find out how to unlock new business models

Learn more >



## Expansion of SLAs to unburden customers and increase revenue

After the Bronze SLA proved its value, Propack decided to expand their SLA offering with three new options to solve even more customer challenges. The additional earnings of the first two service models enabled them to develop the new service models including SLAs with their R&D team and launch them accordingly.

### SLA Silver

#### Wear and tear part monitoring

Propack started offering the **Silver SLA** where remote access as a service and wear and tear monitoring service is included. They monitor the condition of the sealing knife of the flowpacker to see if it's getting dirty or dull. Quality output is checked regularly, so they know at what point in time the machine might underperform.

Service engineers are informed with an alarm when replacement is needed. This eliminates unplanned downtime and allows Propack to sell machine parts from their own stock with a certain margin.

### SLA Gold

#### Predict maintenance for critical parts

Most custom critical parts are not kept in stock and replacement is difficult. Propack tackled this by offering a **Golden SLA** for predicting critical component breakdown. With the help of existing sensors and IXON Cloud, Propack can monitor the sealing unit and get notified when the temperature of the motor is increasing, due to mechanical wear. They will plan maintenance and carry out the part replacement without sending an invoice. The switch from unplanned to planned maintenance guarantees new turnover.

### Add-on

#### Consumables as a service

Propack's flowpackers are packing candy bars with foils, which are consumables. When these foils run out or bad quality foils are used, this causes unnecessary downtime and production loss. As an add-on to the other service level agreements, Propack unburdens their customers with a smart consumables service. They track the number of foil rolls used, and predict when their customer is running low on consumables. This helps them to proactively reach out to the customer and send a new shipment with foil rolls just-in-time, which increases production efficiency.

- i** It is expected that in 5 years, 20% of machine builders' revenue will come from digital service models. So, it's time to take the first steps towards a new service focused strategy to keep up with the competition, but also to increase your cash flow. Get started with these new service level agreements and see your cash flow growing!



# About IXON

With IXON Cloud you will benefit from a fast time-to-market and a future-proof solution. As a full service IoT partner for machine builders, we actively help you move forward in your digital transformation.

Not only with our IIoT solution that offers easy remote access, data logging and monitoring tools, but also our industry experts that help you to determine what digital strategy fits your needs. How are you going to increase customer satisfaction and generate revenue from new service models?

Our industry experts are ready to discuss your options

[Book a call >](#)