TeamViewer

Future-proof your profits: After-sales service as a revenue stream

How to maximize your profits from the after-sales revolution



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Contact our experts
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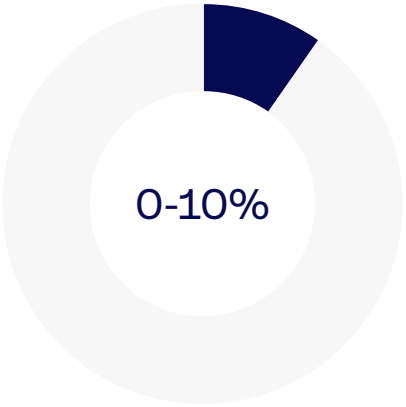
Introduction

In the past, OEMs viewed after-sales service as a headache. The goal was making and selling the machine — fixing it once it had broken was an afterthought.

Since then, four fundamental things have changed.

- The rise of customer focus
- Digitization and Industry 4.0
- The shift from capital expenditure (CapEx) to operational expenditure (OpEx)
- Everything “as service”

Luckily for manufacturers, after-sales service can be up to five times more profitable than selling the machine itself.



0-10%
Profitability of new machine sales

20-50%
Profitability of after-sales service

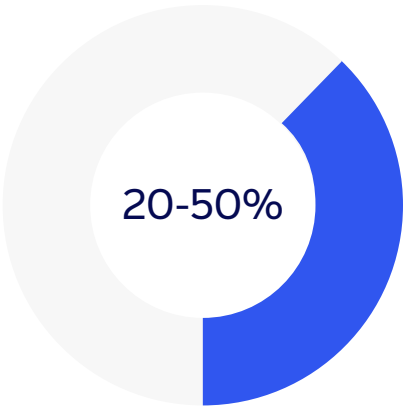


Fig. 1 : The huge potential for after-sales service in machine manufacturing

Deloitte. (2020). Digitalization as a growth driver in after-sales service A new Lease on Life for Machine Manufacturing. *Monitor Deloitte. (1), 11.*

And the best thing about after-sales?

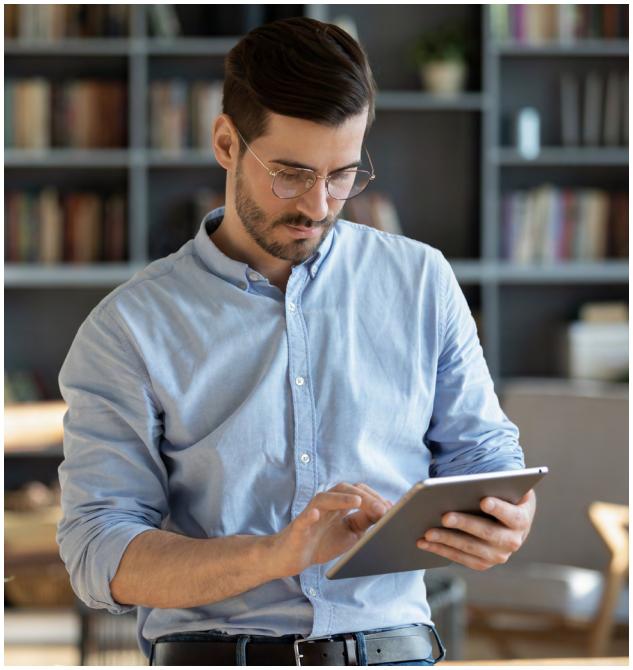
In contrast to capital expenditures, it's largely recession-proof. It's easy to put off a capital investment if the economy looks bad.

Cancelling a subscription for mission critical equipment service?

A much less likely scenario.



What's inside this eBook?



How far along is your company regarding after-sales service?

No matter where you are on the journey to servitization, this eBook will guide you along the next steps and help you make the most of your aftermarket opportunities.

You'll find:

- A practical framework to identify and capitalize on opportunities
- Answers to the most common challenges
- An overview of relevant technologies
- Examples illustrating how leading companies are profiting from technology in after-sales

Any company including OEMs of industrial equipment, medical device makers, large enterprises, mid-sized manufacturers, consumer electronics makers, and even retailers can benefit from optimizing after sales.

And they should. Because the benefits are tremendous.

- New revenue streams and **higher operating margins**
- Differentiation from the **competition**
- Stronger **customer relationships**
- **Increased efficiency** in after-sales and related departments
- **More reliable planning** through subscription models
- Much easier **global expansion**

Read on to find out where the opportunities are, and how you can sail past the inevitable stumbling blocks.



Start simple: Optimize existing service and maintenance operations

If your company has yet to embark on the path towards servitization, it's best to start with the low-hanging fruit.

Leveraging remote access, augmented reality, and other digital tools can dramatically enhance the efficiency of your existing after-sales service and support.

Remote access allows technicians to diagnose and sometimes even rectify issues without the need for on-site visits, saving both time and resources.

Augmented reality (AR) can further empower field technicians by providing them with real-time, expert guidance and visual overlays that detail complex procedures, thereby reducing error rates and accelerating issue resolution.

These technologies can

- Enable **quicker response times**
- Minimize **downtime**
- Better use of time for **expert support technicians**
- Lead to higher **customer satisfaction**
- Reduce **service costs**

Remote access for the **Cimbali Group**



GRUPPO CIMBALI

Cimbali is one of the world's largest and most renowned manufacturers of professional coffee machines.

In the past, when a customer had an issue with their coffee machine, a Cimbali technician would need to travel to the machine. The employee would then investigate and troubleshoot the problem on-site. The Cimbali Group needed a digital solution to help reduce machine downtime for its customers. A TeamViewer remote connectivity solution now lets Cimbali experts look at settings remotely and identify the problem.

Each one of Cimbali Group's fully automatic Series S machines now ships with TeamViewer installed.
This way, support techs can quickly resolve many problems, reducing travel time and cost for Cimballi as well as machine downtime and lost revenue for its customers.

The benefits of remote access to equipment in the field

Remote access benefits both customers and OEMs alike.

Provide remote assistance
Many problems can be solved remotely

Reduce travel
The OEM reduces travel time and costs

Save time
Description
Instant problem resolution and reduced downtime

Augmented reality (AR) lets technicians see **what's happening on site**

Augmented reality (AR) is a technology that overlays digital content or information onto the physical world without separating the user from their physical surroundings.

The user either wears smart glasses or looks at the screen of their mobile device (phone or tablet) with the camera on. Digital content appears onto the glasses or the phone's screen.



MARPOSS

Marposs, is a world leader in developing and distributing inspection and testing tools, provides cutting-edge solutions for quality control on the most advanced shop floors.

Through AR, Marposs can remotely deliver information such as 3D models of mechanical parts, electric setups and machinery instructions to technicians, clients, and production site operators at five global sites.

The benefits of augmented reality in after-sales service

Access to on-site assistance
Technicians can personally assist customers on-site without travelling

Faster response times
Customers experience much faster response times

Opportunity for growth
Enables global expansion

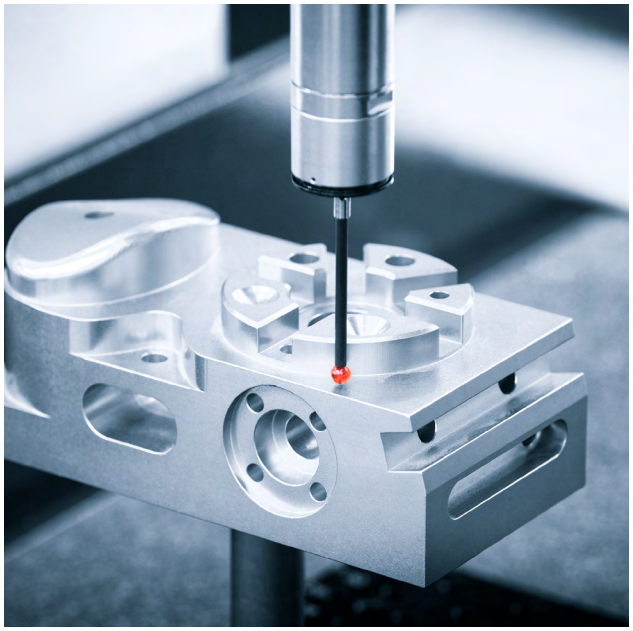
From CapEx to OpEx: Buyers are switching to subscription models, and not just for service

Acquiring expensive machines involves a complex procurement process. It also means considerable risk for the buyer. Industrial equipment often has a service life spanning decades. Mechanical shortcomings or inopportune investments can thus have far-reaching business impacts.

And manufacturers must provide good service and quick replacement parts over the entire lifecycle — or risk disqualifying themselves for repeat and referral sales.

What's more, consumer demands are changing much faster. Companies can no longer accurately estimate future capacity needs for static equipment. Should the market change, a company can find itself unable to pivot quickly enough due to sunk costs.

CapEx	OpEx
Large, one-time expense	Monthly or annual subscription
Depreciation accounted for over 3-10 years	Expenses booked immediately
Property on the balance sheet	Operating cost
Customer must dispose of at end-of-life	Supplier must dispose and can re-use



The megatrend from CapEx to OpEx is the logical next step for a service-oriented manufacturer looking to turn service into an even bigger revenue stream.

How to transform after-sales into a **revenue stream with equipment as a service (EaaS)**



For a hot trend, the “as-a-service” model has been around a very long time. Rolls Royce introduced “power by the hour” in 1962!

While the global power systems company’s approach to machine maintenance was pioneering, it wasn’t until 2002 when Rolls Royce introduced its Engine Health Monitoring to track on-wing performance, lease engine access, and a global network of authorized maintenance centers, that EaaS really came into its own.

This Rolls Royce service initiative allows operators to remove risk related to unscheduled maintenance events and make maintenance costs plannable and predictable.

And it also transitioned itself from CapEx to OpEx and situated within the subscription economy. Many manufacturers are testing the waters with similar pay-per-use models.



How is equipment as a service defined?

Equipment as a service is more than just a rental or lease with spare parts on demand. It’s the combination of elements that makes this type of service so valuable. The digital aspect is key here, with remote access allowing superior, more efficient service and support as well as access to machine and usage data.

Product

+

Spare parts
and consumables

+

Service and
maintenance

+

Digital products

=

Value package



Benefits of EaaS — **Advantages for providers**



By understanding and leveraging the advantages EaaS, providers can better position themselves in the market, build stronger customer relationships, and achieve sustainable growth.

Recurring revenue
Ensure a steady income, leading to more predictable cash flow

User data and feedback
Consistent customer feedback enables consistent product improvement

Cross-selling opportunities
Increased customer satisfaction through EaaS allows for more cross-selling opportunities

Competitive differentiation
Standout from competitors with a world-class service that lives beyond the sale

Customer loyalty
Regular touch points with customers helps to strengthen existing relationships

Global reach
Use remote technology to offer customers a boundless experience

Higher customer lifetime value
Regular, recurring revenue helps to to increase customer lifetime value

Benefits of EaaS — **Advantages for buyers**



The great thing about providing EaaS is that you're not only doing yourself a favor, you're also responding to customer needs. The benefits are substantial on this side of the deal, too.

Lower upfront costs
Customers pay for the service they receive over time

Predictable expenses
Regular payments mean customers can evade any large, unexpected payments

Flexible scalability
As a customer's business grows, so can the service to support it

Enhanced uptime
Access to an expert service provider reduces downtime

Buyers can focus on core competencies
Consistent support allows development of core competencies

Reduced risk
The subscription model reduces the risk of loss on a large purchase for customers

Access to the latest equipment
Customers are always using the most up-to-date equipment

A simple, actionable approach to **service design**

Ok, so you're ready to jump headfirst into servitization, the process of selling outcomes as opposed to once-off products. But what's the best way to choose and design your new services?

The range of possible services spans everything from installation and set-up to calibrations, system optimization, preventive maintenance, inspections, green or eco initiatives, complete system overhauls and even re-manufacturing.

The following flow should give you a solid framework for designing your next after-sales service.

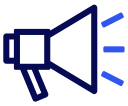
01 Research and discovery



Customer interviews
Speak with a broad range of customers to understand their needs and pain points.



Competitive analysis
Evaluate competitors' after-sales services to identify gaps and opportunities.



Market research
Look for broader market trends and technologies that could be relevant.

02 Definition of objectives



SMART goals
Set specific, measurable, achievable, relevant, and time-bound goals for the after-sales service department.



KPIs
Define key performance indicators to measure success.

03 Idea generation and brainstorming



Internal ideation
Use methods like customer-focused workshops or brainstorming sessions to generate a wide array of ideas.

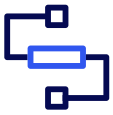


External inputs
Solicit ideas from customers, partners, or consultants to get an outside perspective.

04 Service mapping and planning



Customer journey map
Visualize all the touchpoints where the customer interacts with your after-sales service.

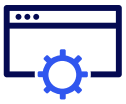


Service blueprint
Develop a blueprint outlining the service processes, actors involved, and resources required.



Resource allocation
Decide on the human, technical, and financial resources needed.

05 Service design



Design the interface
If your service includes digital or physical interfaces (like a support portal or call center), design them for user-friendliness.



Develop protocols
Create scripts, troubleshooting guides, and service protocols for staff.



Training
Equip your service team with the knowledge and skills they need.

06 Pilot testing



Prototyping
Develop a minimum viable version of your service.



Pilot testing
Run the service as a pilot with a small group of customers.



Feedback loops
Set up mechanisms for capturing feedback during the pilot phase.

07 Full-scale implementation



Roll-out plan
Develop a detailed plan for launching the service to all customers.



Launch
Implement the service, monitoring closely for any issues.



Quality checks
Regularly audit the service to ensure it meets quality and performance standards.

08 Review and iterate



Performance review
Periodically analyze KPIs and other metrics to gauge success.



Customer feedback
Continually gather customer feedback for continuous improvement.



Iterate
Make data-driven improvements to the service and repeat the cycle.

09 Scaling

Standardization
Standardize successful elements of the service for easier scaling.

Expansion
Consider expanding the service to other products or customer segments.



By carefully working through each of these phases, a machine manufacturer can establish a robust, customer-focused after-sales service that not only solves problems but also adds value to the customer experience.

The challenges of servitization and how to overcome them

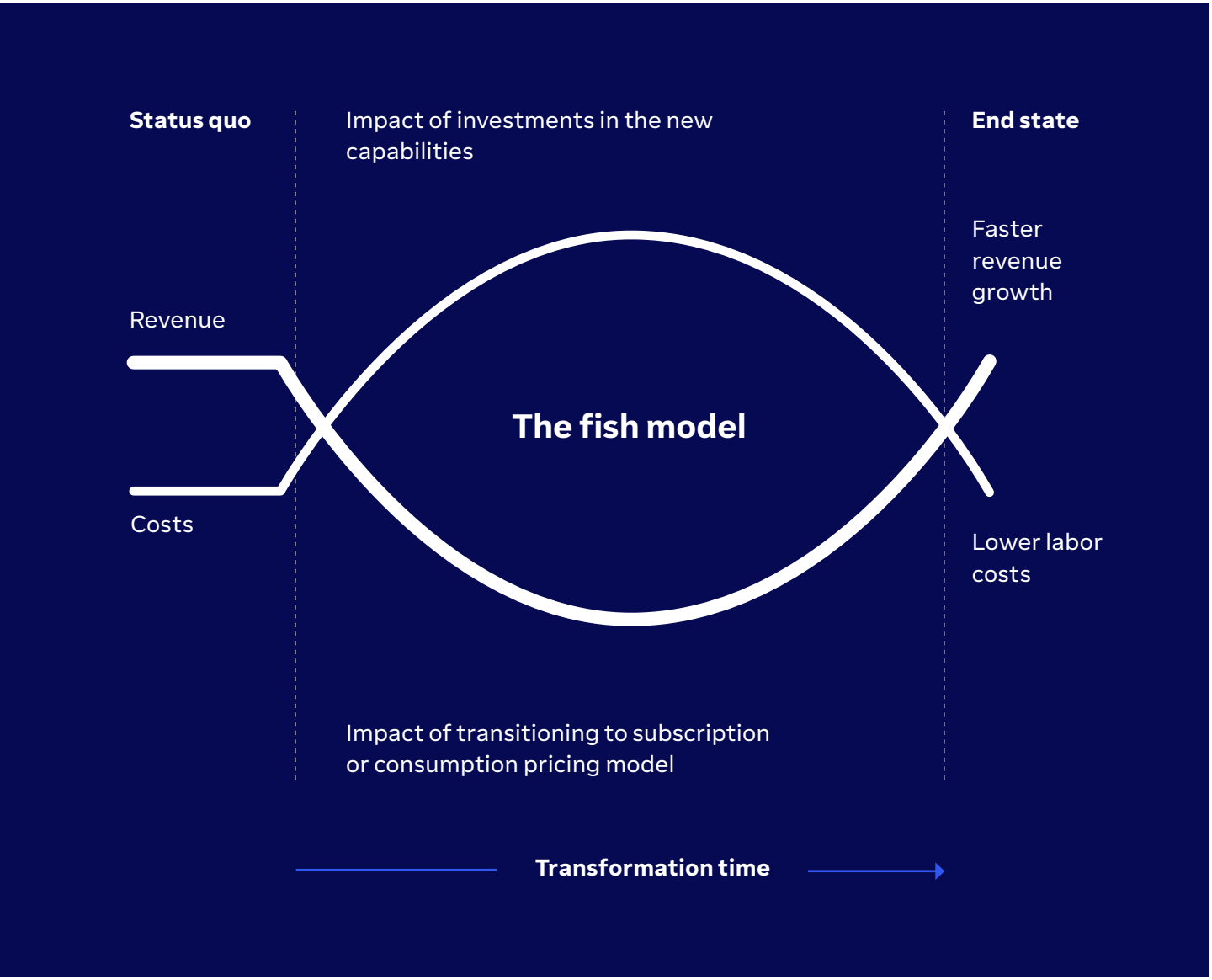
It seems the old way of marketing machines and devices has been exhausted.

So, in order to start profiting from digitally enhanced servitization, you need to move in a different direction.

Starting as a purely CapEx-driven manufacturer, transitioning to a more service-heavy business model can involve a temporary decrease in revenues and increase in costs.

That's because the sale of an expensive machine generates immediate, one-time revenue. Signing a customer to a subscription model instead defers that revenue, while the internal transition generates additional costs.

Over the medium term, once subscription income has a chance to catch up, your company is primed for accelerated growth. Nevertheless, this revenue gap can be a big problem.



How do you swim past the fish?

Several strategies can help overcome any initial dip in revenue. To navigate around it, a gradual transition may be the best route.

Go with a hybrid offering
To cushion the initial blow to revenue, consider offering both CapEx and EaaS models concurrently.

Choose a tiered launch
Introduce the EaaS model gradually, starting with a limited number of products or services to minimize the immediate impact on revenue.

If a financial impact is unavoidable, the solution could also be a financial one.

Cash reserves
Plan for the revenue drop by building a cash reserve that can sustain the business through the transition period.

Investor Relations
Clearly communicate the long-term value and revenue potential of the EaaS model to investors, to manage expectations and reduce pressure on short-term financial performance.

In addition, launching an EaaS offering can potentially make your product attractive to new segments of the market.
This is an excellent time for the marketing department to revisit its **segmenting**, **targeting**, and **positioning**. A profitable new niche could offset some or all of the missing revenue.

Organizational culture and **change management**

For many manufacturers, the company's success is built on an obsession with product excellence. Both provider and customer base have a long history of being enthralled with superior performance.

In such organizations, a focus on one-time CapEx sales normally informs how sales teams work and deals get made, for instance. Often, a strong bias towards top line sales makes service contracts an afterthought.

In the worst case, service and maintenance is never even pitched, but instead gets thrown in for free to close the deal.



Aligning the organization behind the new strategy

Transitioning to a service-oriented business requires alignment across all areas of the organization from the C-suite through to sales and customer service.

Vision and communication
Leadership needs to be clear on the reasons for the transition and how it aligns with the company's long-term strategic objectives.

Organizational culture
In an EaaS model, customer satisfaction, lifetime value, and retention rates become more critical. Employees should be educated in these new success metrics.

Training
Sales teams accustomed to selling products must be trained to sell services.

This involves understanding customer needs over the long term and aligning those with the new EaaS offerings.

Sales and marketing alignment
The compensation models for the sales team might need to be restructured to incentivize the sale of EaaS contracts.

Resource allocation
In a service-oriented model, post-sales services like customer support, regular maintenance, and software updates become crucial. Resources should be allocated to meet these new operational requirements.

Customer education
Marketing needs to communicate the value proposition of EaaS not just to potential clients but also to existing ones who might consider transitioning from CapEx contracts.

Redesign processes
Traditional supply chain and delivery models may need to be adapted for EaaS. Companies may also need new billing and revenue recognition systems to handle subscription revenue.

Create cross-functional teams
Representatives from sales, marketing, finance, operations, and product development can work together to guide the EaaS transition and ensure alignment across departments.

Long-term customer engagement
Companies need to move from transactional relationships to long-term partnerships. This requires ongoing customer engagement and potentially new roles within the organization focused on customer success.



Who will provide the services?

In transitioning to more after-sales services, companies may find after a skills gap analysis that they lack the right human resources to deliver the envisioned services.

The long-term answer is of course to recruit new talent or train existing personnel to obtain the required skills.

This may include not only technical skills, but also customer management, sales, and other soft skills.

Your company's leadership structure may also need to adapt to facilitate the revamped service arm of the business.

Another key to overcoming a potential human resource bottleneck on the service side is to ensure you have the right technical infrastructure in place to support new services.





By reducing time-to-resolution and travel time for support technicians, for instance, you can serve more customers with your existing staff.

How TeamViewer **helps you servitize**

With TeamViewer solutions, you can simplify and expand your after-sales support for embedded devices in any industry.



Remote access and control
One-click secure access to industrial zone assets with the world's most trusted remote access, control, and support solution.



Remote operations
Configure remote devices, push updates, and operate equipment in the field.



Secure attended access
Offer customers in sensitive industries the ability to access and manage their equipment, but only when an employee has granted permission and is monitoring the access.



Device management
Manage connected devices remotely

TeamViewer specializes in providing tailored after-sales services for organizations of all sizes, including AR remote support and AI guidance solutions. If you want to make your after-sales service and support more efficient or design new service offerings, we have the technology to make it happen.

Whether you're a global enterprise or a machine shop, TeamViewer has the secure, scalable solutions to build your digitized services on.

Get in touch today to learn how we can help make your service goals a reality.

TeamViewer

About TeamViewer

As a leading global technology company, TeamViewer offers a secure remote connectivity platform to access, control, manage, monitor, and support any device — across platforms — from anywhere. With more than 600,000 customers, TeamViewer is free for private, non-commercial use and has been installed on more than 2.5 billion devices. TeamViewer continuously innovates in the fields of Remote Connectivity, Augmented Reality, Internet of Things, and Digital Customer Engagement, enabling companies from all industries to digitally transform their business-critical processes through seamless connectivity.

Founded in 2005, and headquartered in Göppingen, Germany, TeamViewer is a publicly held company with approximately 1,400 global employees. TeamViewer AG (TMV) is listed at Frankfurt Stock Exchange and belongs to the MDAX.

https://www.teamviewer.com/en/solutions/use-cases/after-sales-service/

TeamViewer Germany GmbH
Bahnhofsplatz 2 73033 Göppingen Germany
+49 (0) 7161 60692 50

TeamViewer US Inc.
5741 Rio Vista Dr Clearwater, FL 33760 USA
+1 800 638 0253 (Toll-Free)

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www.teamviewer.com

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