



Building a Business Case for Field Service Technology

VP, Global Customer Transformation



Patrice Eberline

Patrice brings over 18 years of services and leadership experience to ServiceMax, and has held key leadership roles in several fast-growing software companies. Focused on delivering high impact and long-term customer success, Patrice has a broad background in all aspects of implementation delivery, from methodology to package content, as well as creating/implementing best practice strategies for deployment, training, and adoption across large and complex organizations.

Prior to ServiceMax, Patrice was with SuccessFactors, serving as Global Director of SMB Professional Services as well as SuccessFactors University. Prior to SuccessFactors, she was Vice President of Professional Services at Infor, where she led a global staff of consultants across 4 discrete Corporate Performance Management practices and hosted operations.



TOPICS

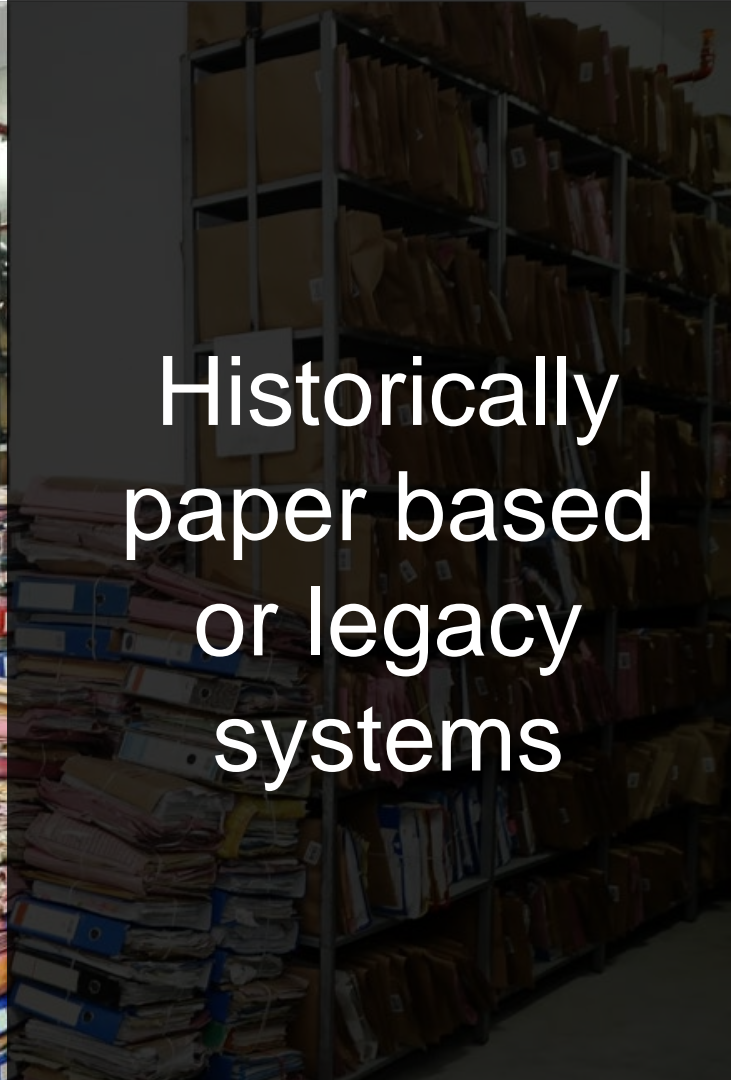
- Field Service in the spotlight
- Traditional approaches
- Business Value Realization approach and metrics that “move the needle”
- The Comprehensive Business Case
- Best Practices



Service Management has always
been “after the fact...”









Historically
paper based
or legacy
systems





The past does not equal the future

ROI and TCO Tools

Cost Focus	
Revenue Focus	
Field Service Specific	
Connection to Business	
Realistic	
Comprehensive	



Traditional Benefit Calculators

Cost Focus	✓
Revenue Focus	✓
Field Service Specific	✗
Connection to Business	✗
Realistic	✗
Comprehensive	✗

Business Value Realization



Cost Focus	✓
Revenue Focus	✓
Field Service Specific	✓
Connection to Business	✓
Realistic	✓
Comprehensive	✓

Business Value Realization



Cost Focus	✓
Revenue Focus	✓
Field Service Specific	✓
Connection to Business	✓
Realistic	✓
Comprehensive	✓

No visibility into
installed base?

Inconsistent
service?

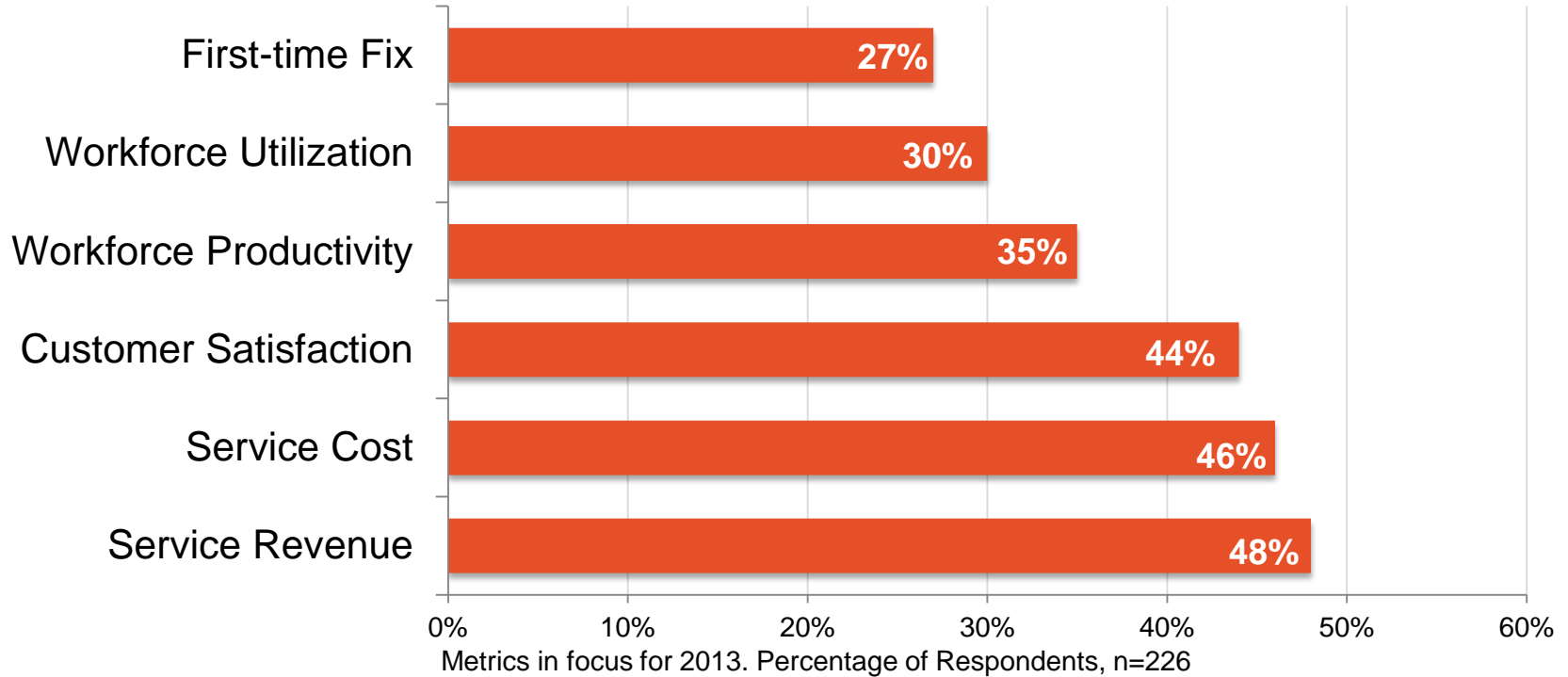
Low NPS?

Missed upsells?

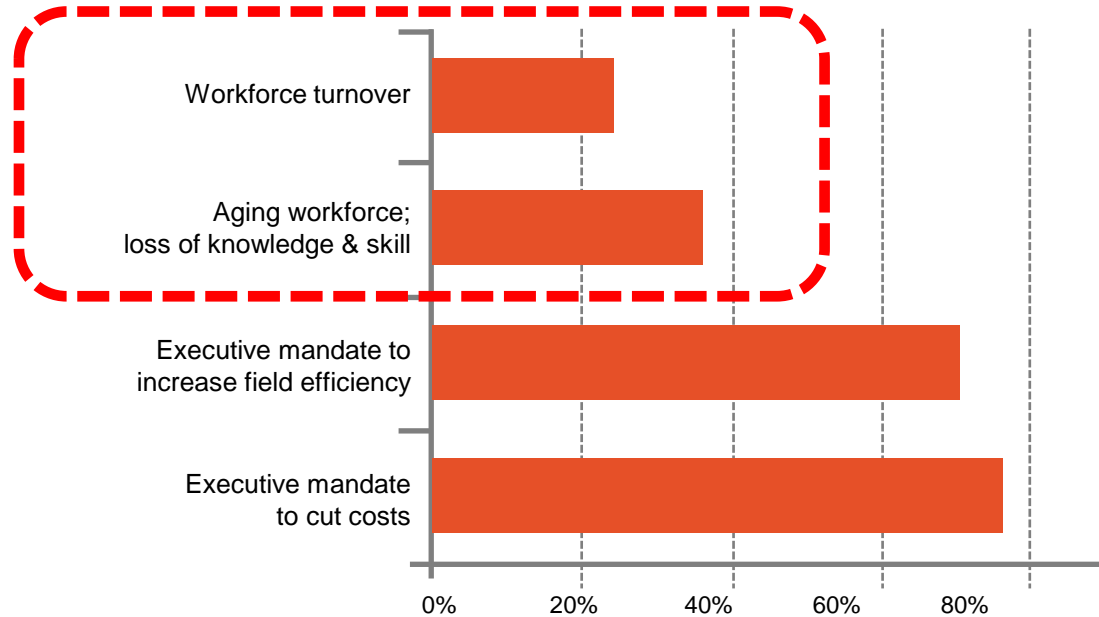
Long invoice times?



Metrics to Improve



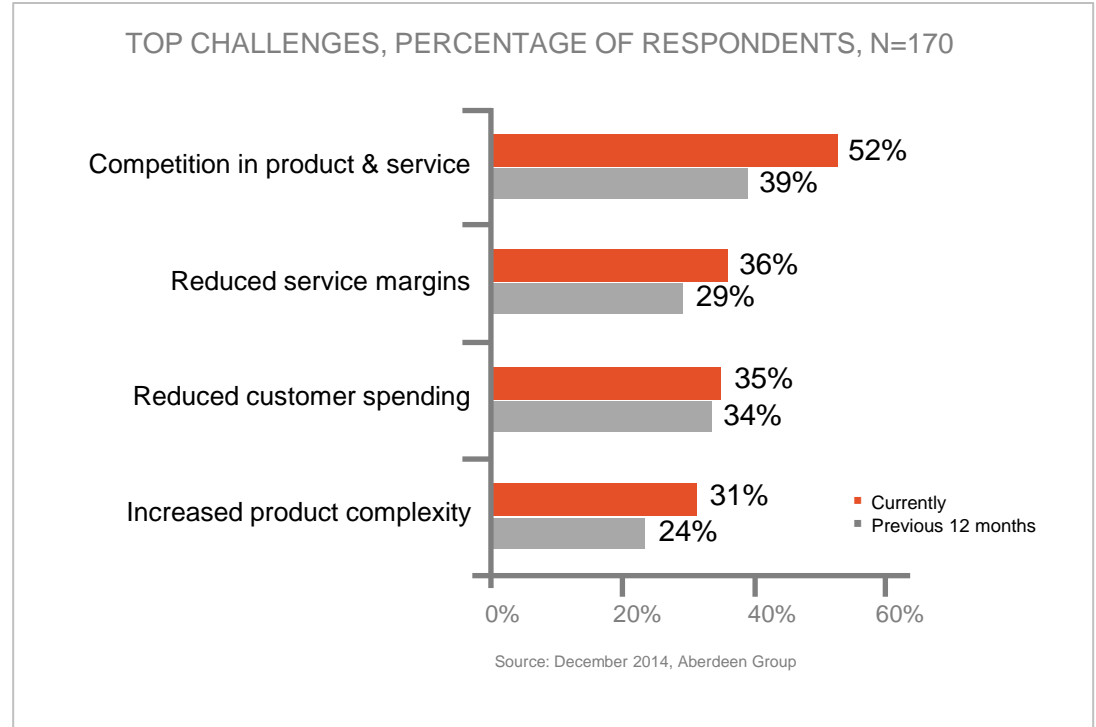
New Internal Challenges



Source: Aberdeen Group, May 2014

■ % respondents

Evolve or Get Left Behind



Evolve or Get Left Behind

Top Strategic Actions Driving Field Service	Best in Class
Improve forecasting and planning for future service demand	57%
Increase availability of service knowledge in order to diagnose and resolve service issues more quickly	48%
Invest in mobile tools to provide technicians with better access to information in the field	43%
Implement predictive/prescriptive analytics to enable proactive service vs. reactive break/fix service	40%
Develop real time visibility into field assets (ie people, parts, vehicle)	40%
Develop standardized scheduling processes	38%



Business Objectives

Underlying Problems

Stakeholders

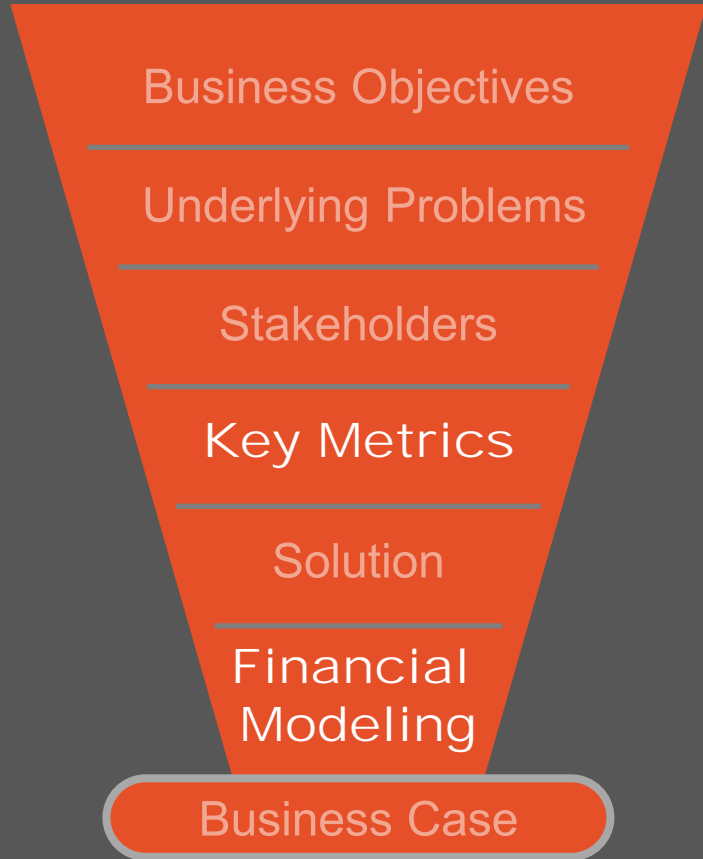
Key Metrics

Solution

Financial
Modeling

Business Case

The Business Case



Field Service Value Realization Modeling

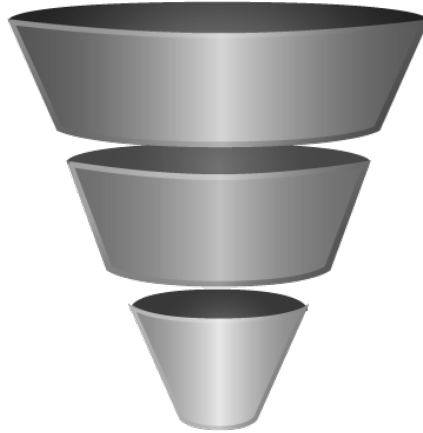
Field Service Value Realization:

transparent
defensible
metrics-based

Business Information

Investment Data

Prioritization



Minimum ROI Expected



Additional benefit potential based on
Company profile, etc.



Decrease in Warranty Gains

SLA Compliance Improvements

CSR Productivity

Reduction in Loss in Carcass Returns for Refurbish

Uptime Increases

Increase in Employee Engagement

Inventory Carrying Costs

Service Revenue Attach Rates

Increase in NPS

Reduction in Supply Chain Costs

Reduction in MTTR

Decrease in DSO

Legacy IT support costs

FSE Utilization Gains

Renewal Contract Increases

Dispatch rate reductions

Increase in FTF

Reduction in Invoice to Cash Time

Operating Cost Reductions

Trunk Stock Visibility

Reduction in Inventory Carrying Costs

Reduction in Workforce Planning time

Field Tech Productivity Gains

Emergency Shipment Reductions

Technology cost reduction

Increase in Cross-sell

Increase in Sales Lead Generation

Reduction in Admin and IT support costs

Customer Self Service Capabilities

Increase in Upsell

Universal Nine

1

Contract Attach
Rate

2

Leakages

3

Net Promoter
Score (NPS)

4

First Time Fix

5

Service Level
Agreement (SLA's)

6

Technician
Productivity

7

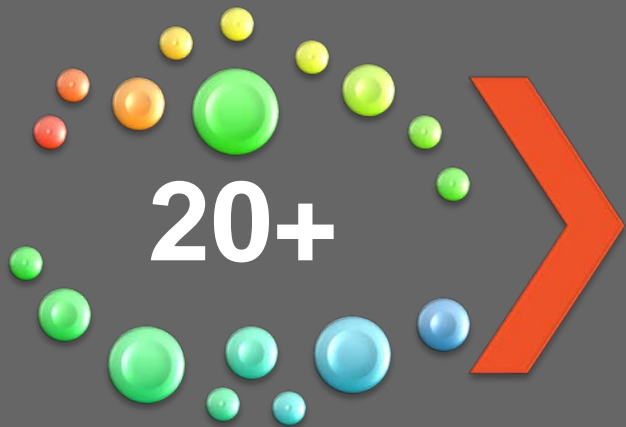
Mean time to
repair (MTTR)

8

Upsell / Cross-
Sell

9

Uptime



9



Five Key Metrics



Service Revenue Attach Rate



Contract Leakage & Warranty Leakage



First
Time
Fix



Service to Cash cycle time



Measure
Benchmark
Repeat



Industry Reference

Metric	Laggard	Average	Best in Class	Source
Attach Rate	4.9%	11%	16%	<i>Aberdeen Service to Services '12</i>
Leakages	40%	24%	14%	<i>Aberdeen Service to Services '12</i>
First Time Fix	63%	80%	88%	<i>Aberdeen Field Service '14</i>
Service to Cash	46 Days	43 Days	33 Days	<i>Hackett Group Credit and Cash Collection '11</i>



Key Business Benefits

- Expected Increase in Service Revenue attach rates
- Expected decrease in warranty and contract “leakages”
- Expected increase in FTF rate
- Service-to-Cash cycle time



Key Technology Benefits

- Legacy License and Maintenance Fees
- Legacy Upgrade and Customization Cost
- Legacy IT and Application Support
- Legacy infrastructure and hosting costs
- Legacy Training and Other

ROI

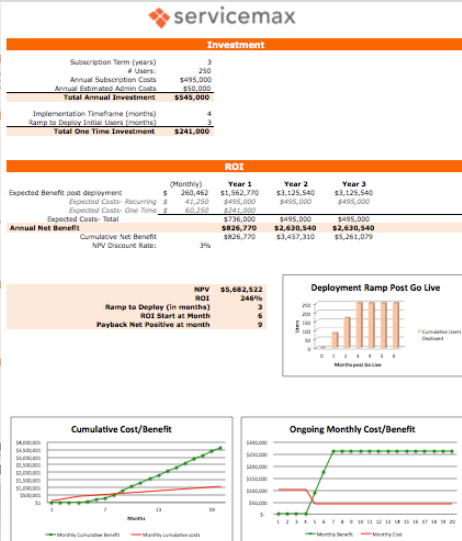


Additional Benefits

- Customer Sat/Loyalty improvement
- SLA Compliance improvements
- Renewal rate increases
- MTTR reduction
- FSE Utilization gains
- CSR productivity gains
- Cross sell / up sell
- Operating cost reductions around inventory carrying costs, spares, emergency shipments required, supply chain, etc

[illegible]

Use	Current	Expected %	YTD Ref	Benefit
Use (Per Hour Awareness)	0.01	5%	0.0505	\$12,150
Full Rate	0.02	5%	0.2745	\$65,625
	0.7	0%	0.7	\$0
Pay (to Employer)				
	200000	1%	27720	\$2,810
Pay (to Client)	1100000	0%	1100000	\$0
Expense (to Employer)	300000	12%	31000	\$37,800
Leverage	0.03	15%	0.0215	\$15,750
Rate	0.5	0%	0.5	\$0
Rate	0.9	5%	0.945	\$16,200
Hour Rate	0.5	0%	0.5225	\$103,500
Dispatch Rate	0.5	5%	0.475	\$42,750
	-	0%	0	\$0
Costs	-	5%	-	\$42,750
Y	-	5%	-	\$370,000
Reaction				\$0
Reaction MSF				\$0



Financial Modeling



Investment

Subscription Term (years)	3
# Users:	250
Annual Subscription Costs	\$495,000
Annual Estimated Admin Costs	\$25,000

Total Annual Investment \$520,000

Implementation Timeframe (months)	4
Ramp to Deploy Initial Users (months)	3

Total One Time Investment \$241,000

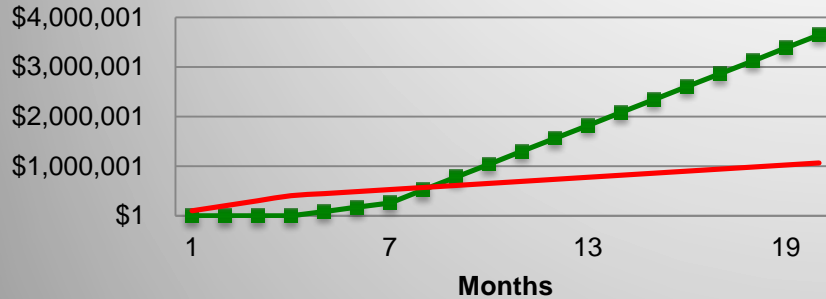
ROI

	(Monthly)	Year 1	Year 2	Year 3
Expected Benefit post deployment	\$ 260,462	\$1,562,770	\$3,125,540	\$3,125,540
Expected Costs- Recurring	\$ 41,250	\$495,000	\$495,000	\$495,000
Expected Costs- One Time	\$ 60,250	\$241,000		
Expected Costs- Total		\$736,000	\$495,000	\$495,000
Annual Net Benefit		\$826,770	\$2,630,540	\$2,630,540
Cumulative Net Benefit		\$826,770	\$3,457,310	\$5,261,079
NPV Discount Rate:	3%			

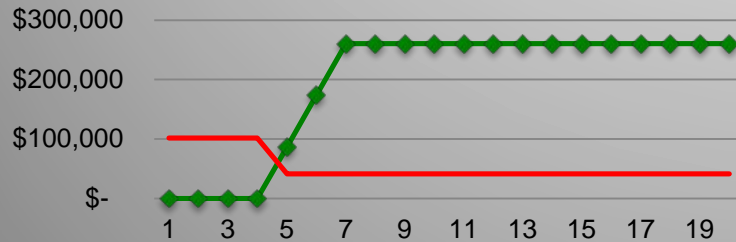
High Level Return Summary

Financial Modeling

Cumulative Cost/Benefit



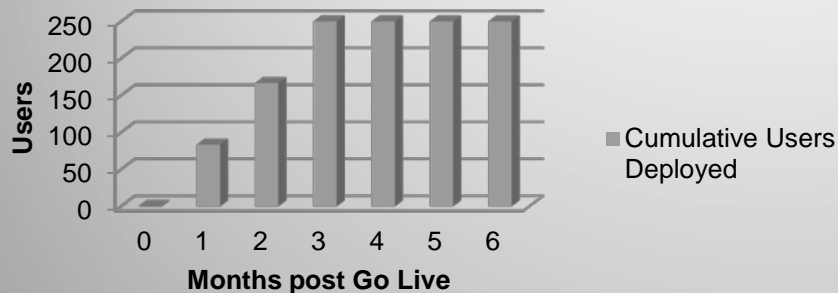
Ongoing Monthly Cost/Benefit



Cost / Benefit

Financial Modeling

Deployment Ramp Post Go Live

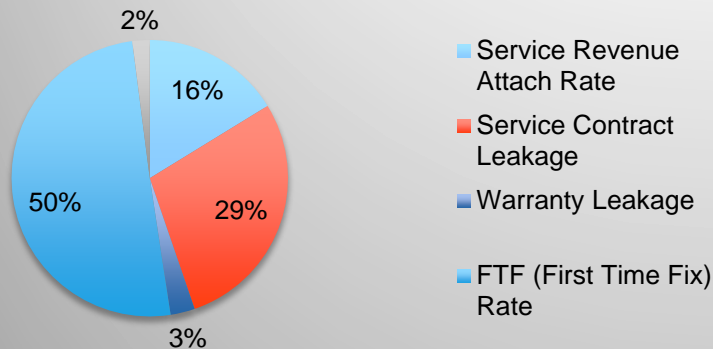


Ramp and Payback

NPV	\$5,682,522
ROI	246%
Ramp to Deploy (in months)	3
ROI Start at Month	6
Payback Net Positive at month	9

Financial Modeling

Top 5 Key ROI Payback Benefits



Key Operational Benefits

Key ROI Benefits

	Current	% Improvement	"To Be"	Benefit
Service Revenue Attach Rate	0.38	15%	0.44	\$342,000
Service Contract Leakage	0.30	20%	0.24	\$600,000
Warranty Leakage	0.30	20%	0.24	\$60,000
FTF (First Time Fix) Rate	0.68	15%	0.78	\$1,060,800
Service to Cash Cycle Time	65.00	30%	45.50	\$42,740
			Total	\$2,105,540

Financial Modeling

Legacy System Replacement

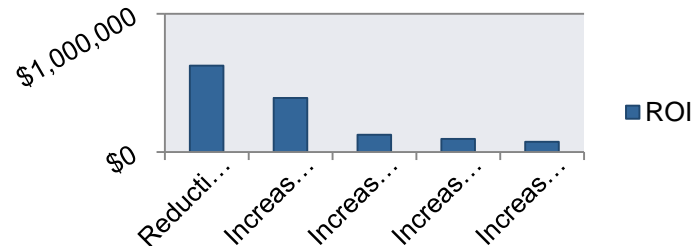
License, Maintenance, and Support Costs	\$575,000
Upgrade and Customization Costs	\$100,000
IT Infrastructure and Hosting Costs	\$100,000
IT and Application Support	\$230,000
Training and Other	\$15,000
Total	\$1,020,000

Key
Technology
Benefits

Additional Benefits

<u>Metric</u>	<u>Current</u>	<u>Expected % Improvement</u>	<u>"To Be"</u>	<u>Benefit</u>
Increase in SLA Compliance Rate (Penalty Avoidance)	0.81	5%	0.8505	\$12,150
Increase in Contract Renewal Rate	0.69	5%	0.7245	\$93,000
Increase in FSE Utilization	0.7	0%	0.7	\$0
Reduction in MTTR (Mean Time to Repair)	80	0%	80	\$0
Reduction in Inventory Carry Costs	280000	1%	277200	\$2,800
Reduction in Service Supply Chain Costs	1100000	0%	1100000	\$0
Reduction in Emergency Shipments	350000	10%	315000	\$35,000
Reduction in Spare Parts Shrinkage	0.03	15%	0.0255	\$15,750
Increase in RMA Fill Rate	0.5	10%	0.55	\$72,500
Increase in Spare Parts Fill Rate	0.9	5%	0.945	\$36,250
Increase in CSR Call Deflection Rate			0.525	\$125,000
Reduction in Field Service Dispatch Rate			0.475	\$625,000
Increase in T&M Profitability			-	\$0
Reduction in Field Operating Costs			-	\$42,750
Increase in FSE Productivity			-	\$390,000
Increase in CSR Productivity			-	\$0
Increase in Brand Loyalty				TBD
Increase in Employee Satisfaction				TBD
Increase in Customer Satisfaction/ NPS				TBD

Top Additional ROI Benefits





Business Objectives

Underlying Problems

Stakeholders

Key Metrics

Solution

Financial
Modeling

Business Case

The Business Case

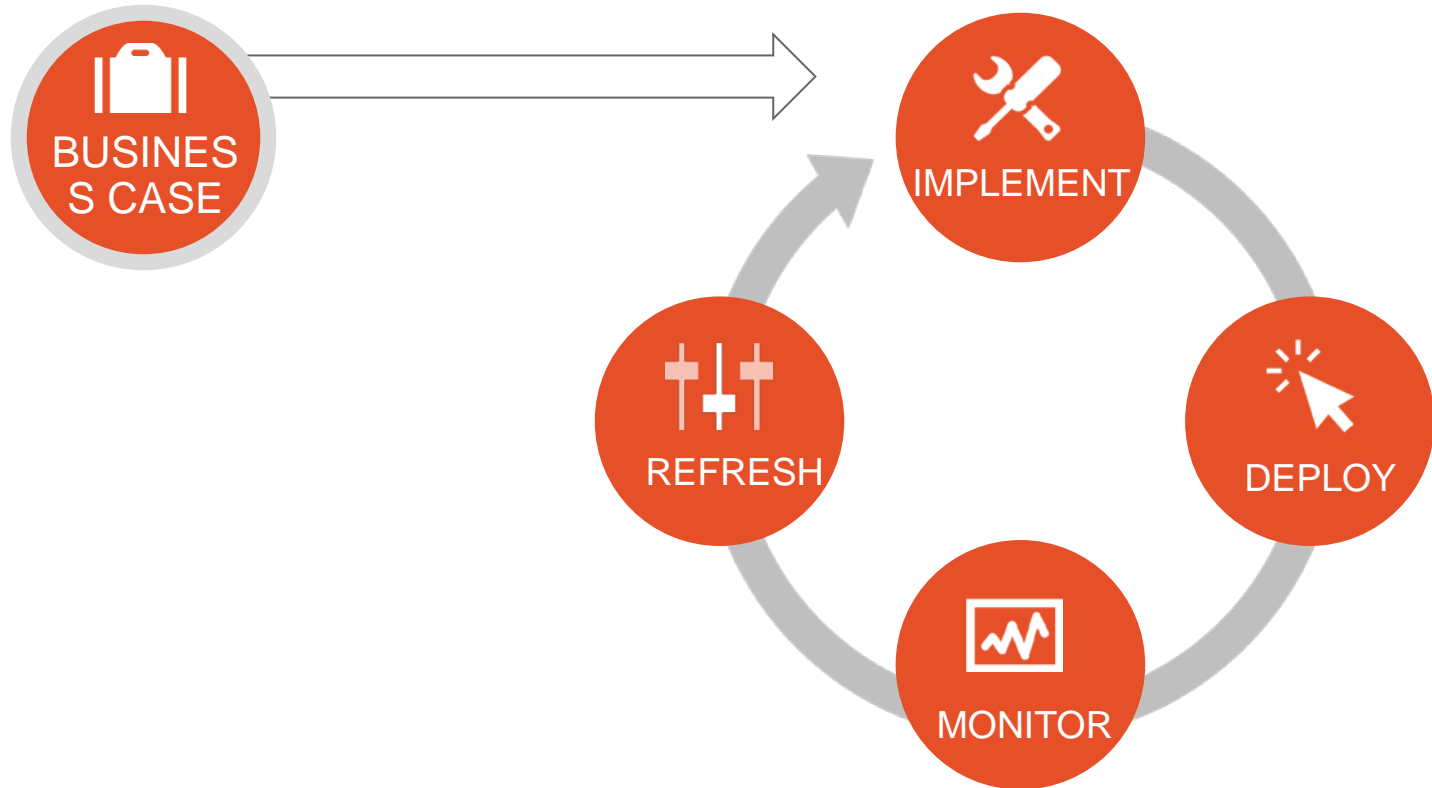


BEST PRACTICES

1. Keep it simple, defined, defensible
2. Target Payback for no more than 2 years
3. Make a business-led initiative- tie to objectives
4. Don't forget the soft benefits
5. Use the business case as a framework for implementation focus, and as a baseline for monitoring results

A final note...

Continuous Improvement





Q&A Session