

6 Steps To Field Service Profitability



ASTEFA[®]



The evolution of field service from a cost center to a profit center has been ongoing for the past decade – and in some industries, field service has emerged as a critical and even primary profit generator.

Field service automation is well understood as a way to reduce expenses. But by focusing on technician productivity and shaving costs, field service organizations (FSOs) are ignoring other ways these automated and mobile solutions can boost profits through increased revenue and customer retention, thus leaving money on

the table. By thinking of field service automation as the foundation of a holistic approach to profitability, FSOs can remain competitive in a market that is increasingly focused as much on value and quality as it is on efficiency and cost.

How can you do this? Focus on the three key pillars of the field service value proposition – people, process, and technology. Below are six critical steps that can lead to higher service profitability.

1. Automate The Entire Field Service Process

Early adopters of field service automation technology often found themselves deploying a patchwork of point solutions to manage scheduling, inventory, fleet operations, routing, sales, and other activities. While each had its strengths, this approach made integration difficult or impossible.

Using a comprehensive field service automation platform can improve profitability by providing an organization-wide view of all operations and using that information to optimize performance. Before applying automation to your field service processes, however, you must evaluate and then update or improve them.

An integrated solution is important because it allows you to coordinate the valuable data generated by each function – traffic and arrival information from the fleet module can be used to trigger automatic rescheduling, for example, based on parameters outlined in a particular customer's service level agreement (SLA). Likewise, an integrated, just-in-time delivery solution can help ensure that parts arrive at the correct depot or customer site without requiring a heavy investment in safety stock or additional inventory in the service vehicles. That can reduce the overall inventory investment and free up capital without negatively affecting service delivery.

Having all of this information and all of these capabilities in siloed applications inhibits your ability to get a

complete view of your operations. It also makes it difficult and time-consuming for employees to access critical data such as customer service histories. Consolidating disparate systems can also save you thousands of dollars in unnecessary licensing and maintenance fees.

In contrast, the Astea Alliance™ platform, for instance, includes a full suite of service lifecycle management applications including contact center, field service, dynamic scheduling engine, depot repair, logistics, project management, and more; collectively, these applications can provide a complete view of each customer. Alliance also includes a Customer Portal so that your customers can have that same type of transparent, 360-degree view of their relationship with your organization. This way, service stakeholders, both internal and external, can be unified on a single platform and sharing critical information in real time.

-
- **One Astea customer**
 - **is saving an average**
 - **of \$400,000 a year**
 - **by consolidating**
 - **disparate systems.**
-



2. Redefine The Role Of The Service Technician

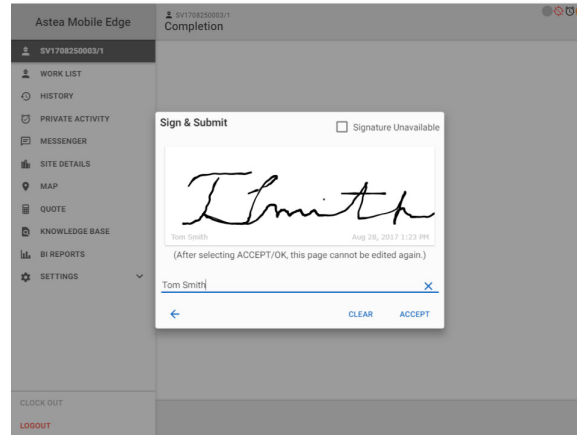
Service organizations are increasingly under pressure to improve service revenue as well as profitability. That not only means increasing technician productivity, but also creating more opportunities for technicians to maximize the revenue generated from each customer. This is accomplished by guiding them via training and technology through selling service and maintenance packages, additional types of service, and most importantly, more profitable services to customers.

The sales organization has limited opportunities to sell service packages; they may have minimal customer contact after the initial sale of a piece of equipment. That's why many companies have turned to the service technician for help.

Technicians become “brand ambassadors” who can engage in consultative sales with customers while they are on-site for maintenance or repairs. Technicians can provide informed advice about how to better use equipment, as well as uncover new sales opportunities. A good technician is seen as a trusted advisor by the customer.

This requires a shift in how the technician sees their role in the company and requires a different set of skills than just turning a wrench. Some experienced technicians may be uncomfortable making a sales pitch; others may naturally already do this to some degree.

This transition requires a different approach to hiring and training, as well as the technology and software tools used in the field. Some service management software providers are building easy-to-use sales tools into their mobile apps so technicians can be guided through this new consultative selling approach. Such tools provide access to customer histories, updated price information, product suggestions, and even the ability to accept payments on-site.



3. Motivate Your Employees

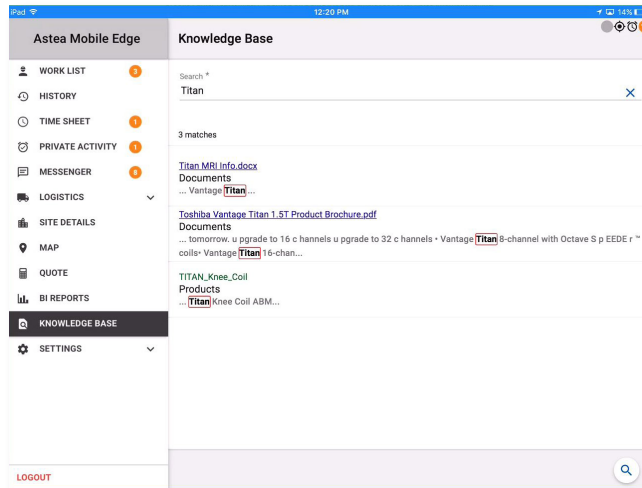
If your service technicians are unhappy with their work or not engaged in your efforts to improve customer service and profitability, it will be difficult to achieve your goals. Your employees are the face of not only the service organization, but also the face of the entire company. And as mentioned above, they can play a valuable role in branding and sales.

The field service automation solution you deploy shouldn't just make your technicians more productive and efficient; it should also make their jobs easier. Research from Aberdeen Group indicates employees spend an average of 15 percent of their time looking for information. If they can easily access customer data, avoid complicated paperwork, and update dispatchers about job status without wasting time on the phone, they will have more time to do what they do best – provide quality service.

Your mobile application should be designed for field technicians and provide them with all of the information they need about the customer and equipment to complete the service call on the first visit. This type of solution will go a long way toward gaining employee acceptance of the system and your profitability goals.

Such a system is easy to learn and easy to use and may actually be enjoyable for them to use.

For example, Alliance Mobile Edge™ works on any type of mobile device and incorporates a user interface based on familiar web technology. It also includes a search engine-style knowledge base to help technicians quickly search for diagnostic, repair, and maintenance information, even if the equipment is new or unfamiliar to them. The solution also



makes it easier to send referrals to the sales team, can alert technicians about special customer requirements, and can work even when there is no wireless coverage.

By setting clear profitability and performance goals and using field service automation technology to accurately measure progress against them, FSOs can also tie employee compensation, bonuses, and other incentive programs to profitability.



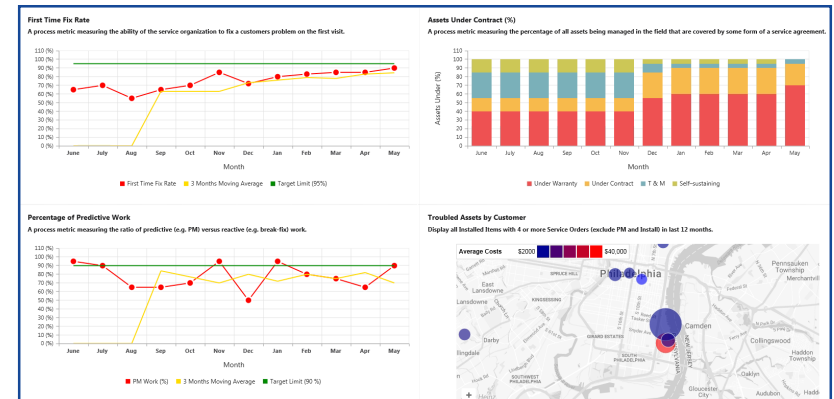
— The technology should also
— provide a user interface that mimics
— the personal mobile technology
— they use everyday.

4. Use The Right KPIs

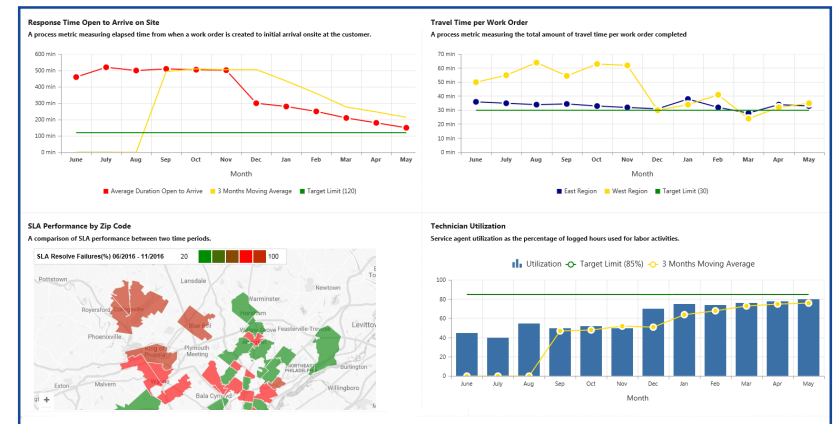
Measuring and monitoring the correct key performance indicators (KPIs) for constant forward progress and improvements is important. For most field service companies, those KPIs that can directly affect profitability include:

- **Customer Satisfaction** – Measured via customer surveys, online reviews, social media interactions, and other tools, this is the best gauge of how likely you are to receive repeat business.
- **Workforce Utilization** – How much of your technicians' time is wasted on non-value-added activities? The Technology Services Industry Association (TSIA) puts the average technician utilization rate at just 73 percent. Mobility and a comprehensive field service automation solution can improve that.
- **First-Time Fix Rate** – Being able to complete a service call in a single visit has a tremendous impact on customer satisfaction, and research from Aberdeen Group indicates it is one of the top three service metrics. Additional visits can add thousands of dollars in expenses per truck roll.
- **SLA Compliance** – Another important influence on customer satisfaction, SLA compliance can help ensure service contract renewals and additional revenue.
- **Customer Calls Completed** – This is a direct gauge of employee productivity.
- **Response Time** – How quickly do you respond to service calls? This may be an important component of SLA compliance, as well as customer satisfaction.
- **Maintenance Contract Conversion** – Are you able to transition warranty customers to service contracts? This is a vital piece of ensuring future profitability.

Having access to real-time data on your performance against these KPIs is just the first step. FSOs often struggle with what to do with all of this information once it's available. Find a technology vendor that offers easy-to-use business intelligence and data analytics capabilities as part of their field service software. Your technology partner will also need the acumen and industry experience to effectively deploy the solution and ensure the data being collected can be utilized to improve your profitability.



Executive Dashboard



Operational Dashboard



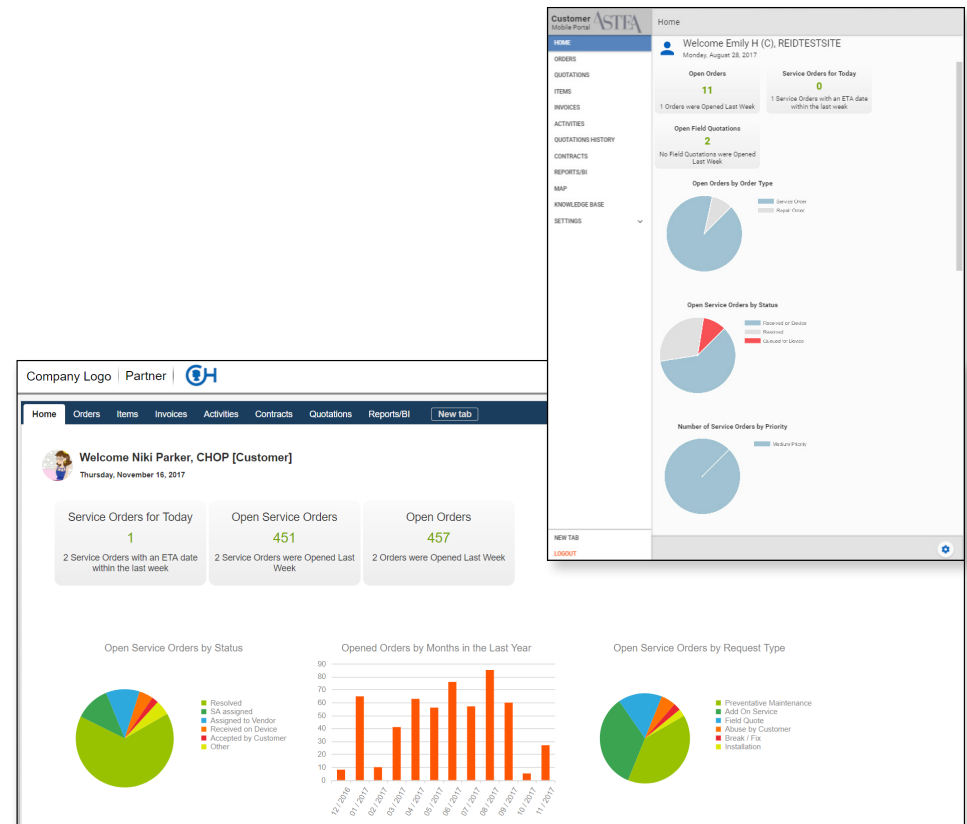
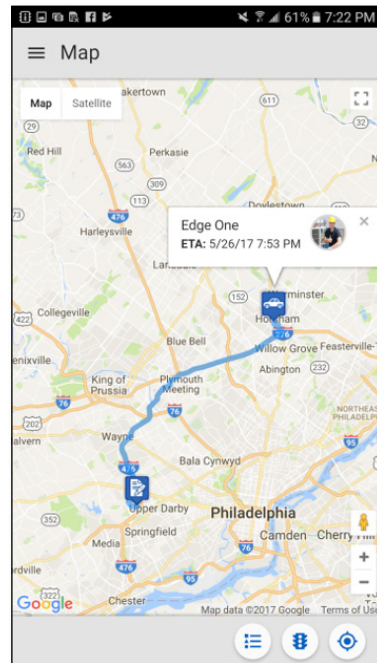
Technical Dashboard

5. Improve The Customer Experience

Note that many of the KPIs mentioned above are not strictly focused on cost or efficiency gains. In an increasingly competitive field service market, delivering faster, cheaper service is not necessarily going to help you gain or keep customers. What service customers want is better and more convenient service. Leveraging your field service automation solution to cater to your customers' specific needs will ultimately do more to improve profitability by enabling you to sell more services and more profitable services.

Protecting your existing customer base is just as important as increasing revenue. But any forward-thinking organization will tell you that customer retention is an outdated mentality. Top-performing service companies go even further, using their customer experience enhancements to actively position their clients to be up-sold, cross-sold, or re-sold into a more profitable product line or service offering. As more pressure is put on service departments to increase profitability, service leaders are realizing that they need to start thinking more like salespeople. This means that one of their overarching goals should not be customer retention but rather, customer revenue growth.

You can maximize customer satisfaction through a better customer experience. Your customers will only pay for what they find value in. Survey your existing customer base and find out what they want, what they like about your current service performance, what they would like to see improve, and their expectations. Positioning your customers to be up-sold, cross-sold, or re-sold into more profitable services means you must constantly show the value that you deliver to their organization.



A 2014 survey by CSG International found the majority of customers want more control over the scheduling process, the ability to schedule specific arrival times, same-day service options, and Uber-like tools to track technician arrival times. These capabilities do not have an impact on the FSO's productivity or costs, but they can make a huge difference in customer satisfaction and repeat business.

6. Shift To An Outcomes-Based Service Model



Finally, start shifting the perception of service from a discrete event (a single repair operation) to an outcomes-based model that takes into account the total value of the service visit. This is a difficult cultural change – and one that will require new perspectives from both internal stakeholders and customers – but will be vital to future competitiveness and profitability.

The value of a service visit isn't just that a piece of equipment is repaired. A number of costs associated with downtime go beyond the output of a single machine – missed deadlines, wasted labor, expedited shipping, and supply chain disruptions, just to name a few.

Rather than a break-fix model, service can be sold based on uptime and performance. Doing so can create more reliable, predictable, and recurring

revenue from your customers. Manufacturers are already moving to this model. Rolls-Royce pioneered this approach with its TotalCare program for aircraft engines, and GE and Pratt & Whitney have launched similar initiatives. Customers pay the manufacturer based on engine flight hours, and the manufacturer handles all of the maintenance and repair work as part of that cost. This is the perfect example of how the traditional CapEx models of the past are migrating to “as-a-service.”

A study by Aston University in the U.K. found that manufacturers adopting this business model experienced sustained annual business growth of 5 to 10 percent, while reducing costs. The expansion of connected assets and equipment via the Internet of Things (IoT) is also making this easier to implement.

Conclusion

Improving the profitability of your service operation requires several new approaches that, ultimately, will require FSOs and their customers to view service as a value proposition rather than a commodity. Motivated technicians who are equipped with the right tools, technology, and training to provide reliable and efficient service while also offering consultative sales assistance will position your organization to meet increasingly complex customer needs.

Service profitability is no longer simply a function of increasing the number of service calls completed per shift at a lower cost. Identifying critical customer needs, effectively addressing them, and using the data generated by these service encounters to anticipate their evolving requirements will be the key differentiator between successful, profitable FSOs and those that fall by the wayside.



About Astea International

Designed for enterprise service-driven organizations, Astea Alliance is an award-winning field service management solution that covers the entire service lifecycle from beginning to end, including: customer management, service management, asset management, forward and reverse logistics management and mobile workforce management and optimization. Named by Gartner as one of the market's few end-to-end field service solutions, it offers broad and deep product functionality that is unmatched in the industry. With Alliance, service-driven companies are able to adopt a proactive service mindset, moving beyond preventative, break-fix activities to a more predictive service model. Alliance offers seamless access to new technologies such as IoT, augmented reality, embedded intelligence, and other tools that increase technician effectiveness. It also seamlessly integrates with ERP, CRM, and financial systems.

More than 600 of the world's best service-driven companies power their business with Astea technology. Find out for yourself why Astea has one of the highest customer retention rates of all field service management vendors.