

Table of Contents

03 Abstract

04 So what exactly is Services Opportunity?

06 Pick your service strategy, define your use cases,
and unleash the power of IoT

07 About the Author

07 About Wipro Ltd.

Abstract

With all the buzz around IoT, it is easy for industrial manufacturers and their service business heads to get carried away with the hype and rush headlong in to IoT initiatives. While IoT opens up a world of value creation opportunities for manufacturers, it can only be as effective as the underlying business strategy. Manufacturers should explore the entire gamut of service opportunities that they can potentially address, evaluate their current capabilities and make a set of strategic choices. Based on this they should build the required capabilities including IOT enabled capabilities.

In this paper, we look at a framework that enables manufacturers to target opportunities, and how connected equipment can enable them in addressing these opportunities. The framework is primarily targeted at B2B Industrial Manufacturers who have an opportunity to play a bigger role in their end customer's business, across sectors like construction and mining equipment, elevators, power equipment and industrial automation.

So what exactly is Services Opportunity?

Traditionally, manufacturers have focused on product related services like maintenance, repair and installation. While there are several ways to identify and develop opportunities, consider a framework which focuses on 2 dimensions:

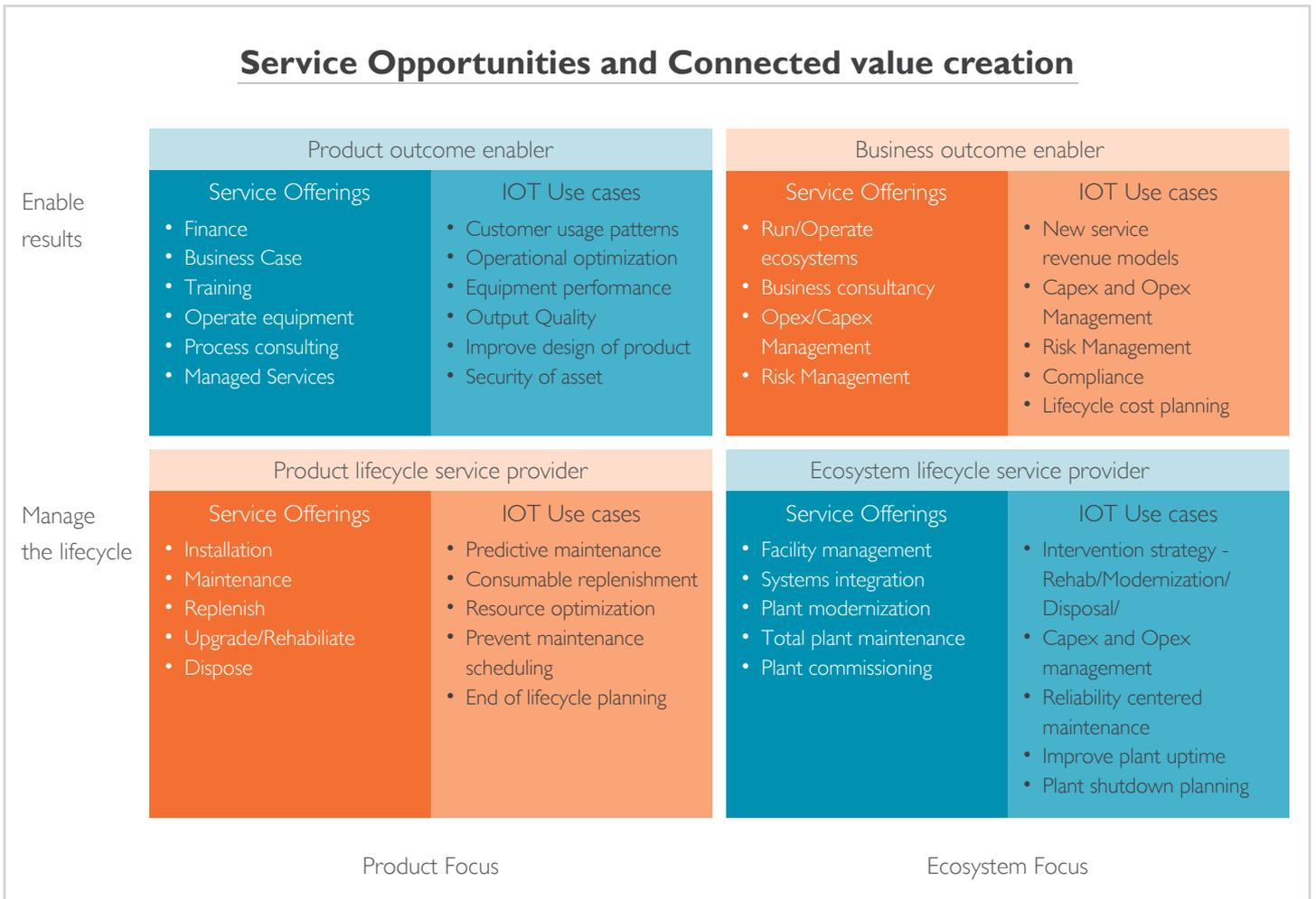
- What is the level of ownership that a manufacturer is willing and able to take? From selling the product, to maintaining it, operating it, and being accountable for the product output, manufacturers can choose to take different levels of accountability and ownership
- What is the spread of the playing field, in the customer ecosystem that a manufacturer is willing and able to manage? A manufacturer

can choose to focus on just providing one product in the operational value chain of his customer at one end of the spectrum, and can choose to address the entire customer ecosystem on the other hand. This will include their products, third party products, maintenance services and operational services as well

Based on this framework, there are four potential roles that a manufacturer can play, each representing a set of business opportunities:

1. Product lifecycle service provider
2. Product outcome enabler
3. Ecosystem lifecycle service provider
4. Business outcome enabler

Let's look at each of these opportunities.



1. The product lifecycle service provider

When OEMs talk about their service business, they are referring to product-centric services. Throughout the product lifecycle they may provide installation services, maintenance contracts, replenishment of consumables and parts management. Over time, they could upgrade the equipment, and enable the customer to dispose the equipment in a safe manner. When customers start to look at lifecycle services as an opportunity, they typically centralize service delivery to manage customer SLAs and operational costs. A dedicated sales for services also evolves under the leadership of a business head who is responsible for services revenue (top line and possibly bottom-line) and service delivery. As the different kinds of service offerings in this category evolve, individual service line structure may also come in to place.

By synthesizing data from machines and enterprise systems, manufacturers can leverage IoT to improve operating efficiency, customer satisfaction and revenue for their lifecycle services business. If you are a construction equipment OEM, you can use IoT technology to improve your aftermarket business in several ways. You can predict machine failures and fix them before they fail or you can also schedule preventive maintenance, not every 6 months, but based on the actual condition of the machine.

Looking at the real-time health status of all the machines in a region, a parts manager can estimate which parts are likely to be required in a particular quarter. A service dispatcher can improve engineer productivity by combining reactive service tickets with condition-based proactive tickets, thereby, preventing expensive emergency calls later. You can also keep track of when the engine oil needs to be changed for a machine and send an alert to your dealer to contact the customer.

2. The product outcome enabler

Looking beyond the lifecycle services of the equipment, a manufacturer has the opportunity to help customers maximize output and optimize the usage of their equipment. The kind of services offered by a manufacturer includes – operating the equipment, training the operator, process consulting to improve output, efficiency and safety, and providing benchmarking services for machine output. To build these offerings, manufacturers have to develop a deeper understanding of how their customers are using their products, build domain capabilities in the end-user applications of their products and also process consulting capabilities to improve output.

The value of Connected Equipment to the product output enabler lies in empowering them to get a better understanding of how customers are using their products, the kinds of environment that they operate in, the kind of constraints that they face and the workarounds that they deploy. A construction equipment OEM can look at excavators across customers and correlate machine performance with hours of operation, soil conditions, driver behaviour, the right and wrong use of attachments and use this insight to help customers improve their operations or change the specifications of the product to address an attractive segment.

3. The ecosystem lifecycle service provider

As manufacturers start focusing on particular industries and build a product line which solves different problems within the customer ecosystem, (for example, different kinds of equipment used in a power generation company) there is a scope to go beyond their own product-centric approach to services and look at a broader ecosystem, such as the power plant itself.

From integrating their own equipment with the customer ecosystem, to providing managed maintenance services for all the equipment of a plant under a single contract, there are multiple opportunities to be tapped by manufacturers in managing the lifecycle of the broader ecosystem. Some of the more advanced applications would include asset management or total plant maintenance management of a customer who has different kinds of equipment, from multiple OEMS.

The size and scope of these kind of opportunities are significantly higher and requires strengthening of the account management program, the capability to maintain third party equipment across different categories, building the aftermarket supply chain for them and developing the field services and repair channels, as well as large program management and governance.

Consider an industrial automation and power equipment manufacturer who provides total plant management services and guarantees uptime of a power plant. At an equipment level, the manufacturer can leverage the same kind of use cases that we had discussed earlier for product lifecycle services, such as predictive maintenance for their own products as well as third party products. Modeling the plant uptime with machine data feeds from the equipment, a manufacturer can also make decisions to repair or replace a part, taking into consideration the overall SLAs and not just machine-level SLAs.

4. The business outcome enabler

Here, manufacturers take accountability for business outcomes of broad customer ecosystems.

In this case, going beyond a maintenance contract for the entire plant, companies could provide operations/run services, deliver signed-off outputs and can be compensated for the same. They could look at objectives like output and yield management, capital and operational expenditure management, risk management moving well away from equipment centered services to business services. At this point in time, a significant footprint in this opportunity area is an aspiration, rather than a reality for most manufacturers.

Delivering business outcomes at this level requires strong vertical /customer based SBUs which will pull in the products and services required to orchestrate high value customer outcomes with complex, multi-year contracting. There is a need to build vertical focused structures which will house domain consulting, domain delivery, operational outsourcing, and program management. Governance is centered on effective management of financial value to the customer rather than uptime SLAs.

Here, the combination of machine and enterprise data, is used to manage financial outcomes like revenue maximization, risk management, opex management rather than uptime. Connected Equipment is a must for enabling new business models like Power by the hour and the enterprise business systems for billing and costing needs, as well as factoring in machine data inputs.

For example, going beyond plant maintenance, a service provider can provide risk management services for a hydro power plant by using analytical models to predict the type, timing, likelihood and consequences of equipment failure. The service provider can also decide if a power plant is to be modernized or disposed based on the remaining lifetime of the equipment, the market demand conditions and the estimated capacity of the plant.

Pick your service strategy, define your use cases, and unleash the power of IoT

We have looked at the different kinds of service opportunities that manufacturers can address, the capabilities required, and how Connected Equipment can enable them.

Manufacturers need to decide the opportunities they want to play in and the timelines for the same. They need to build the right organization capabilities to address these opportunities, whether it is centralizing service delivery or having a strong vertical SBU structure. Then, looking at the target opportunity area, they can identify the potential use cases for connected equipment and drive implementation of the same.

Once manufacturers have locked in on the use cases for connected equipment, they can look at implementing a pilot to test whether the business value promised can be realized. After this they can build a production blueprint with clear milestones and targets, identify a rollout champion and team, and develop a staged approach to launch.

A clear services strategy, a systematic expansion of the service portfolio, development of valid IoT use cases and a successful pilot for business value would enable manufacturers to maximize the return on their IoT investments.



About The Author

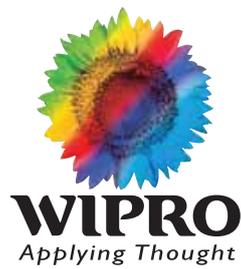


Sivakumar Natarajan is the Practice Head for the Aftermarket Service Transformation Group in the Manufacturing & Hitech SBU of Wipro Limited. This group is working with manufacturers across sectors like construction equipment, mining, industrial products, automotive, white goods, consumer electronics and storage systems, to help transform their aftermarket service function. A combination of next generation business processes and implementation of advanced technologies like IoT, Big Data and advanced analytics are deployed to help manufacturers grow their services revenue, reduce cost of service and improve customer satisfaction.

About Wipro Ltd.

Wipro Ltd. (NYSE:WIT) is a leading Information Technology, Consulting and Business Process Services company that delivers solutions to enable its clients do business better. Wipro delivers winning business outcomes through its deep industry experience and a 360 degree view of "Business through Technology" - helping clients create successful and adaptive businesses. A company recognized globally for its comprehensive portfolio of services, a practitioner's approach to delivering innovation, and an organization wide commitment to sustainability, Wipro has a workforce of over 150,000, serving clients in 175+ cities across 6 continents.

For more information, please visit www.wipro.com



DO BUSINESS BETTER

CONSULTING | SYSTEM INTEGRATION | BUSINESS PROCESS SERVICES

WIPRO LIMITED, DODDAKANNELI, SARJAPUR ROAD, BANGALORE - 560 035, INDIA. TEL : +91 (80) 2844 0011, FAX : +91 (80) 2844 0256, Email: info@wipro.com
North America Canada Brazil Mexico Argentina United Kingdom Germany France Switzerland Nordic Region Poland Austria Benelux Portugal Romania Africa Middle East India China Japan Philippines Singapore Malaysia South Korea Australia New Zealand

© WIPRO LTD 2015

"No part of this booklet may be reproduced in any form by any electronic or mechanical means (including photocopying, recording and printing) without permission in writing from the publisher, except for reading and browsing via the world wide web. Users are not permitted to mount this booklet on any network server."

IND/BRD/APR 2015 – JUN 2016