



## **AFTERMARKET SALES AND SERVICE FOR INDUSTRIAL MACHINERY AND COMPONENTS**

### **Increase Profits with Completely Integrated Sales and Service Planning and Execution**

The aftermarket sales and service business holds significant profit potential for the industrial machinery and components industry. Are you ready? Through automation, integration, and comprehensive functionality, SAP® for Industrial Machinery & Components (SAP for IM&C) solutions help you reduce costs and maximize aftermarket profits in ways that niche, market-point solutions cannot. SAP for IM&C connects the entire extended enterprise, giving you the advantage in aftermarket sales and service.

For most manufacturers of industrial machinery or components, the sales and service aftermarket represents significant opportunities to increase revenues and boost profit margins. Yet even among the companies actively participating in the aftermarket, the evidence suggests a tendency to end the service cycle prematurely – leaving 50% to 70% of potential profit unrealized.

While the aftermarket can account for up to 55% of an OEM's overall profit, it attracts only 20% of IT spending on average. The fact is, many companies have come at the aftermarket in an incremental and largely nonstrategic manner – relying on undercapitalized niche vendors to support service processes that are now a major part of their businesses. As manufacturers grow acclimated to serving the aftermarket – and reliant on the revenue streams it offers – the need for more efficient, effective service planning and operations processes is palpable.

What's needed is a technology update – one that can convert aftermarket sales and service from a cost center to a profit center. This requires open, scalable technology that can integrate service planning and operations with the larger enterprise. This is where the SAP for Industrial Machinery & Components (SAP for IM&C) solution portfolio comes into play.

Including powerful support for aftermarket sales and service, SAP for IM&C helps you streamline all the processes involved in service planning and execution. While other software provides stopgap solutions that approach the aftermarket as an afterthought, only SAP for IM&C gives you comprehensive functionality that leverages existing solutions and infrastructure to make aftermarket sales and service an integral part of your business.

## Holistic and Connected by Design

Leveraging the integration capabilities of the SAP NetWeaver® platform, SAP for IM&C brings together all the tools, information, and applications required to streamline your aftermarket processes. Automation significantly reduces your overhead and improves accuracy. Integration improves your visibility and enables collaboration among employees, partners, and customers. Comprehensive functionality means that you'll always have the tools you need to build and maintain a profitable service business.

SAP NetWeaver also gives you the analytical backbone that drives success in the aftermarket. Virtually all the processes discussed below depend on timely, accurate intelligence for real-time business insight and decision support. With SAP NetWeaver and SAP for IM&C, you have a completely integrated, end-to-end, customer-focused service solution that delivers the information you need to keep customers satisfied and succeed in the increasingly competitive aftermarket sales and service business.

These are some of the processes enabled by SAP for IM&C:

- **Service sales and marketing** – SAP for IM&C makes it easier for you to promote, sell, and manage your service offerings. From proactive service marketing to lead generation and quote and order management, you get the tools you need to continuously drive sales through your service department. This includes a 24/7 Web-based customer self-service portal that provides a convenient way to access pricing and availability information. Ultimately, your customers will find it easier to do business with you – making your service capabilities a competitive differentiator that helps fuel sales of original equipment.
- **Service contract management** – Effective management of service contracts is one of the keys to profitability in the aftermarket services business. SAP for IM&C gives you greater visibility of contract details so that you can monitor warranty expirations, increase service productivity, and improve the bottom line. You can track compliance with service level agreements and eliminate out-of-warranty services that are incorrectly provided at no charge. Improved resource planning capabilities help you anticipate workloads, while powerful financial tracking helps you manage complex billing schemes and recognize service revenue quickly and easily.
- **Customer service and support** – With SAP for IM&C, you can improve your customer satisfaction levels through support for a wide range of customer service and support capabilities. The customer self-service portal includes full access to a comprehensive knowledge database to facilitate problem resolution and make it easier for customers to do business with you. Call center capabilities are also fully integrated, enabling you to present one face to the customer, regardless of the interaction channel employed. You can also verify warranties, maintain a complete service call history, and even identify cross-sell and up-sell opportunities. All this helps you keep costs down and customers happy as you deliver aftermarket services.
- **Installed-base management** – SAP for IM&C helps you manage your installed base so you can increase service delivery efficiencies. Starting with an initial database containing the as-shipped configurations of all delivered products, you can record and track all changes due to repairs, maintenance, and upgrades. SAP for IM&C supports remote meter readings and equipment performance monitoring, enabling you to spot potential problems before they cause service delays and improving billing accuracy for contract services and usage-based agreements. Installed-base data can also be used to identify product or service contract upgrade opportunities. The end result is a better understanding of your customer, which leads to the kind of service that keeps customers satisfied.

- **Warranty and claims management** – Companies are constantly challenged to squeeze costs out of warranty-related service calls while honoring agreements in order to maintain customer loyalty. With SAP for IM&C, you can strike the right balance. Warranties can be registered via the Web, phone, or e-mail, and claims are validated and entitled by efficiently cross-checking against stored data. You can even configure the software to automatically notify the customer of pending warranty expiration. Warranty repairs are tracked and all associated costs are captured to improve warranty reserves planning. In the end, these capabilities enable you to deliver better warranty-period services – and that helps when it comes time to make follow-on service sales.
- **Field service** – From automatic scheduling of planned maintenance to functionality that automates the process of dispatching the right technician with the right skills to address service issues, SAP for IM&C helps you manage field service calls in an efficient manner that keeps customers satisfied. Technicians in the field have full access to technical information and service history via PDAs and other handheld devices. Escalations and alerts are managed automatically, as needed. You can also analyze service and failure history data to improve parts and personnel planning or to improve product quality moving forward. The efficiencies gained will help you cut service costs, and the improved quality of your service calls will reduce call-back rates – resulting in productivity gains for your customers.
- **Depot repair** – To provide the highest levels of service and improve the overall customer experience, you need to be as efficient with in-house repairs as you are with field service. Through integration with logistics and financial management, SAP for IM&C automates the depot-repair process, from creating the return materials authorization to billing and shipping repaired products back to customers. Real-time visibility allows you to know exactly what products are in for repair and what repairs are needed. If necessary, you can issue and track loaner units. SAP for IM&C also guides scrapping decisions so that you can hold onto usable parts while minimizing inventory carrying costs. The end result is faster repair times, lower repair costs, increased revenue, and a higher level of customer service.
- **Service parts management** – Service parts inventory represents one of the more significant cost centers for the service delivery business. It's also a vital component for maintaining customer satisfaction – because when parts are not available, customers are not happy. SAP for IM&C helps you contain costs and keep customers happy with capabilities to plan and forecast demand, manage and fulfill orders, and coordinate the supply chain through automation and increased collaboration. Improved visibility via radio frequency identification allows you to track parts in real time across the entire service network, while powerful analytics turn information into intelligence for strategic decision making. All of this helps you minimize customer downtime and increases customer satisfaction by ensuring parts availability. It also helps you minimize inventory costs and reduce risk by making your business less susceptible to economic swings.

- **Financial management** – Few aftermarket services businesses can succeed without an accurate picture of cash flow and profitability. SAP for IM&C enables you to understand your financial position with powerful functionality for tracking service operations and financial performance. Automated invoicing helps ensure billing accuracy, while an integrated workflow supports your employees as they manage credit issues and resolve disputes. You can also use powerful financial reporting functionality to compare revenue against costs and identify which contracts, customers, services, and equipment are profit leaders or loss laggards. These capabilities help you analyze profitability, recognize revenue, and improve your financial planning capabilities to mitigate risk.

### Benefits of Integrated Aftermarket Sales and Service

Only SAP for IM&C delivers the enterprise-wide integration and comprehensive functionality you need to succeed in the aftermarket sales and service business. Backed by SAP, a market leader with more than 30 years of industry experience, SAP for IM&C represents a low-risk way to enable a profitable service business strategy. Here are some of the specific benefits that it provides:

- **Enhanced revenues** – SAP for IM&C helps you close contract sales, cross-sell and up-sell to your customers, and segment your customer base to identify new sales opportunities. You can also leverage your improved service capabilities to drive sales of new equipment.
- **Lower costs** – With SAP for IM&C, field service representatives are more productive and the cost of customer service is reduced through automation, integration, and self-service capabilities. You can also reduce revenue leakage with better warranty and contract management controls.

- **Reduced working capital requirements** – SAP for IM&C helps you reduce the capital required to maintain stock levels while ensuring availability through powerful supply planning, forecasting, and replenishment capabilities. It also improves days sales outstanding through rapid, accurate invoicing.

### To Learn More

Do you want to learn more about how SAP for IM&C can help you generate revenue and profits in the aftermarket? Call your SAP representative today or visit us online at [www.sap.com/imc](http://www.sap.com/imc).

### Powered by SAP NetWeaver

SAP for Industrial Machinery & Components is powered by the SAP NetWeaver platform, the open integration and application platform that enables change. SAP NetWeaver helps companies align IT with their business. It allows companies to obtain more business value from existing IT investments and to deploy a service-oriented architecture. SAP NetWeaver reduces total cost of ownership and complexity across the entire IT landscape.

SAP NetWeaver powers mySAP™ Business Suite solutions, SAP® xApps™ packaged composite applications, and partner solutions. It provides the best way to integrate all systems running SAP or non-SAP software. SAP NetWeaver unifies integration technologies into a single platform and is preintegrated with business applications, reducing the need for custom integration.