

Future Trends in Field Services

Increasing business value from
evolving customer touchpoints

Benchmark report from Field Service USA 2016



Executive Summary

In 2016, field services companies of all sizes are preparing to adopt cutting-edge technologies that increase efficiency, drive product development, and reduce costs associated with service processes. For 61% of these companies, connectivity for their technicians has already become a winning growth strategy, as well as investments in connectivity for products and customers for self-servicing.

In fact, 81% of companies believe smart connected products will be implemented in the next five-to-ten years, and 58% of companies expect full implementation of Internet of Things (IoT) will be a reality in the same timeframe—contributing to improvements in service, as well as remote diagnostics and the collection of active product data.

Alongside these investments, companies are approaching service interactions differently, focusing on building technicians' soft skills so that customer-facing service reps themselves can drive revenue. This involves the adoption of a new generation of field services employees, whose unique qualities, skillsets, and motivators require new management and training. These skillsets lend themselves to companies meeting growth objectives and the demands of an increasingly customer-centric environment.

In an age of customer reviews and tightening competition, service interactions no longer can be considered open- and close-case instances; rather, they must become pieces of a holistic approach that broadens service offerings, generates customer loyalty, and enables companies to make improvements to products and processes in real time.

This benchmark report identifies the field services technologies and strategies that maximize the lifetime value of customers by improving products and service experiences, and by increasing the business value of all customer touchpoints—both digital and personal.

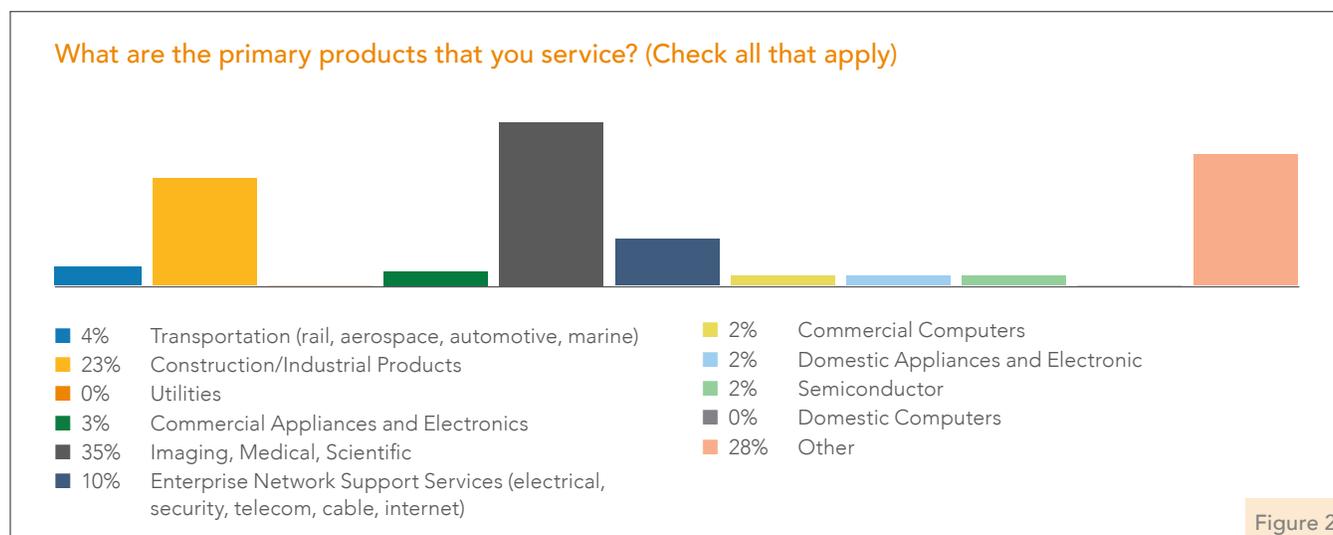
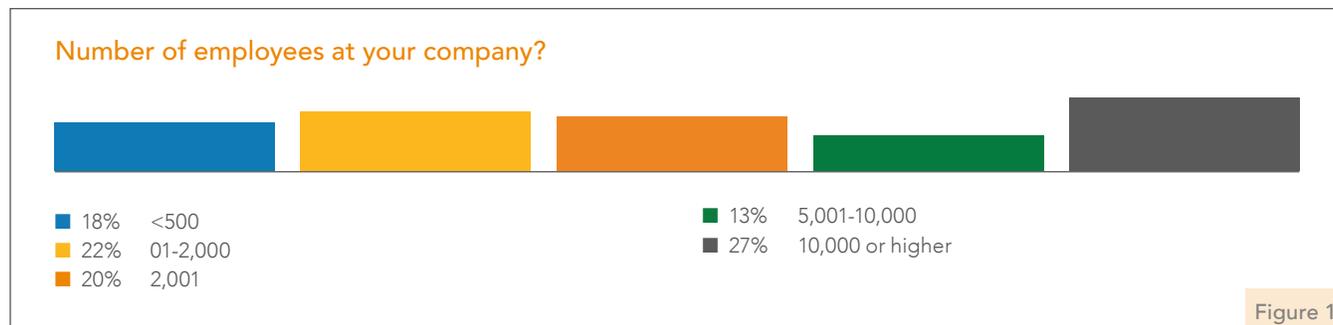
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The Field Services Landscape in 2016



WBR Digital conducted a survey of leading-industry field services companies, 60% of which have 2,001 employees or more and most of which are profit centers.



Among the companies, 35% claim the primary products that they service are 'Imaging, Medical & Scientific.' 23% of companies claim they primarily service 'Construction & Industrial' products, while 10% claim they primarily service products associated with 'Enterprise Network Support Services.'

Additional product types, and the share of companies who service them, include:

- Transportation (4%)
- Commercial Appliances & Electronics (3%)
- Commercial Computers (2%)
- Residential Appliances & Electronics (2%)
- Semiconductors (2%)

Meanwhile, 28% of companies claim the primary products they service are not among the options available.

What percent of company revenue comes from Services?

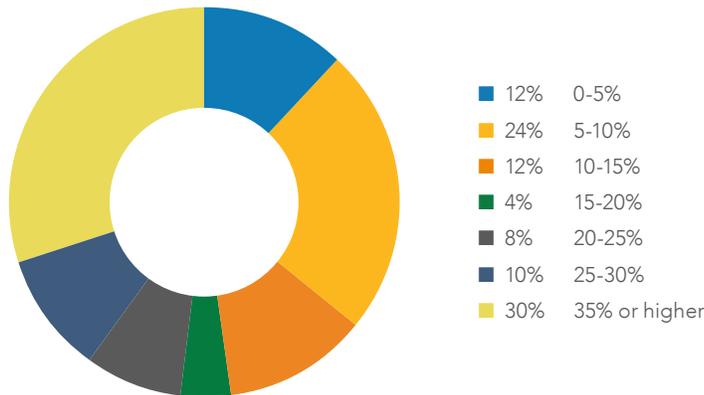


Figure 3

While many companies do not rely on services for the bulk of their revenue, services contribute enough to be considered a priority line of business; and 66% of companies claim profit margins for services are as high or higher than those of product sales. 30% of companies claim 35% or more of their revenue comes from services, while another 34% claim they receive between 10% and 30%.

The remaining 36% of companies receive 0% - 10% of their revenue from services, one-third of which receive less than 5%.

Service quality contributes to overall customer satisfaction and can affect revenue streams in other lines of business as well—well-equipped service reps can guide customers to purchase new products and upgrades, and increase customers' lifetime value to the company. Consequently, service performance can be a determining factor in terms of product adoption and overall business success.

What is your average first-time fix rate?

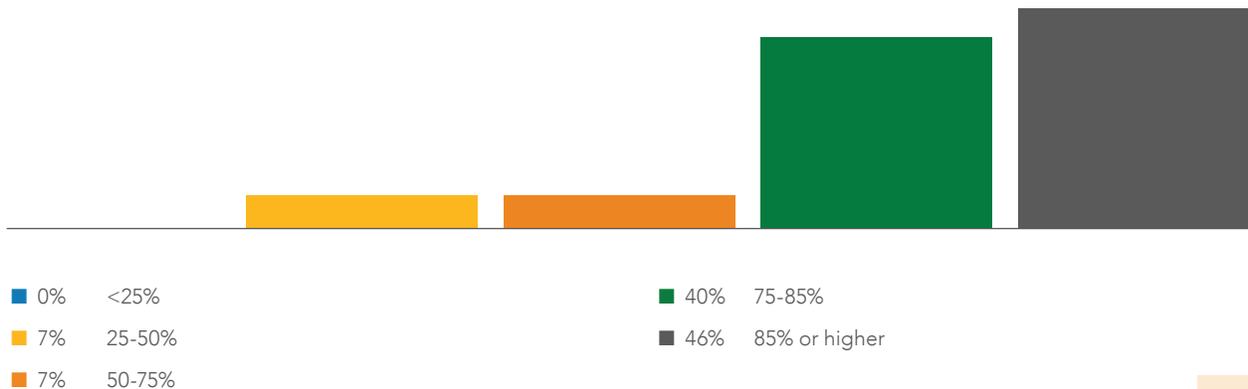


Figure 4

At 46%, about half of companies have a first-time fix rate of 85% or higher. Another 40% have a first-time fix rate in the range of 75% - 85%, while the remaining 14% is distributed evenly between 25% and 75%. None of the companies have a first-time fix rate below 25%.

A high first-time fix rate indicates good service quality, and subsequently greater customer satisfaction. However, here the data suggests that a high first-time fix rate is no longer a distinguishing factor in the competitive market. As companies equalize in this area across the industry, they are shifting their focus towards more challenging technical and qualitative aspects of customer service experiences to differentiate themselves from competitors.

Moving forward, we will consider emerging business considerations, such as customer-centricity and utilizing connected technologies. We will discover how they allow companies not only to improve service experiences on a case-by-case basis, but to drive improvements to ongoing service operations and product improvements as well.

Technologies



The new pillar in fields services innovation is comprised of cutting-edge technologies, adding new dimensions to industry competition. Consequently, companies have begun identifying and adopting those technologies that both improve operations and increase the lifetime value of their customers. This includes investments in IoT and connectivity, for which 71% of companies have strategic timeframes in place.

Connectivity

Connectivity is now a major winning strategy for field services companies. Agents with connectivity have more information, tools, and resources when on site. With nuanced tools, such as business-grade instant messaging, they are better equipped to work with both the equipment and the customer.

What growth strategies and technologies have been working for you in 2016? (Check all that apply)

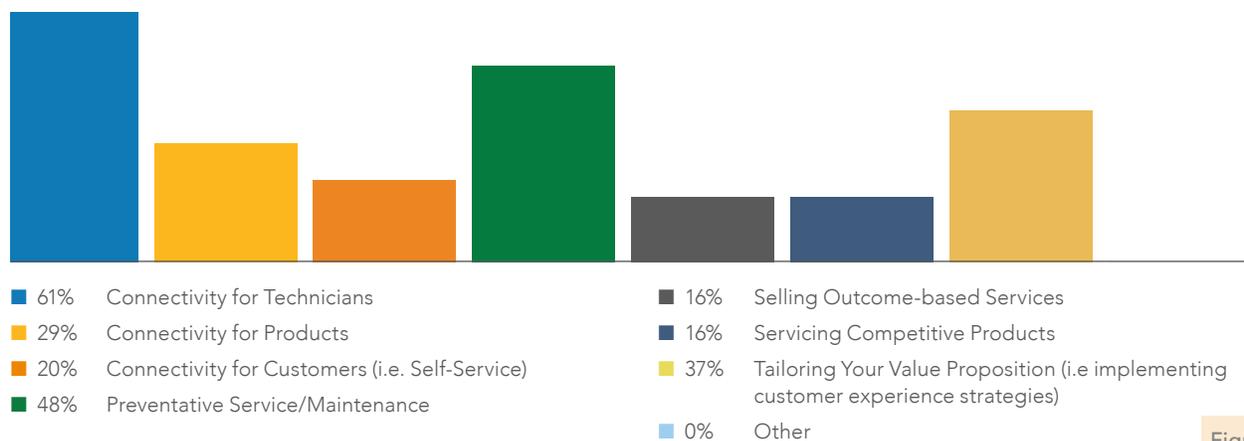


Figure 5

Companies who have connectivity solutions have seen increases in daily diagnoses and configurations, as well as reduced travel costs and staff time.

In 2016, the greatest share of companies (61%)—the only majority among the growth strategies and technologies in question—claim connectivity for technicians has been working for them. Connectivity for products registered among 29% of companies, and connectivity for customers (i.e. self-service) at 20%.

IoT, Remote Diagnostics, and Preventative Maintenance

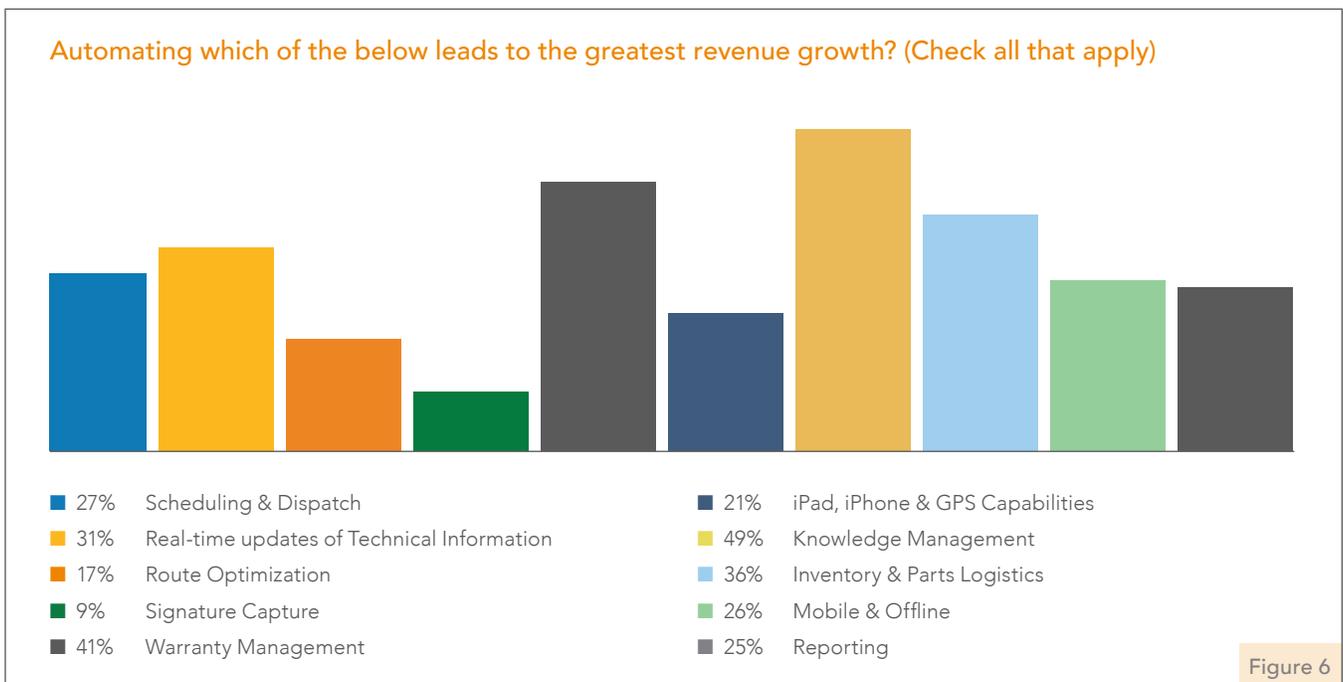
Today, best-in-class firms are using IoT technologies connected with products to perform remote diagnostics and gather real-time data from the field, which can be used to understand which systems are most likely to develop problems for customers, and what can be done to prevent future malfunctions. Some IoT technologies even take preventative actions without manual assistance.

In 2016, 33% of companies rank training on remote diagnostics as a top priority, and over half of companies resolve at least 20% of incoming service requests through remote assistance. Additionally, preventative service/maintenance is a working strategy for 48% of companies, the second largest group in Figure 5.

Data from IoT technologies can help manufacturers build better products and better understand how customers use them. IoT technologies not only provide companies with opportunities to improve and fashion upgrades for their products, but enable them to create rich predictive models concerning buying behavior as well. Service reps themselves can tailor better value propositions for customers, or implement customer solutions more effectively. Now, 35% of companies are identifying remote diagnostics and IoT together as one of their most important spends over the next six-to-twelve months, as seen in Figure 7.

Automation

Field Service Automation (FSA) can drive revenue growth by making service reps more efficient and productive, with instant access to key customer information, parts inventory data, complete work histories, and scheduling data. These resources, automatically presented to service reps when required, enable them to provide more personal service; generate revenue more quickly; and most importantly, establish themselves as valuable partners and resources to customers.



According to almost half of field services companies, automating knowledge management leads to the greatest revenue growth among the 10 options available, followed by automating warranty management at 41%. Additionally, 41% of companies rank knowledge management alone as one of their most important spends over the next six-to-twelve months—the largest group in Figure 7.

Historically, service teams could spend over a quarter of their time trying to locate information critical to their work; additionally, the majority of content in a B2B organization—essential data or marketing materials, for example—would go unused by both sales and service teams. With knowledge automation, machines automatically curate content that is relevant to a specific service engagement, allowing reps to provide the best experiences for their customers and to seize upon all available revenue opportunities in a timely manner.

Warranty management automation—which allows companies to automatically approve or deny claims, expedite service appointment scheduling, and centralize data to help drive down defects—as well as inventory and parts logistics (36%) and real-time updates of technical information (31%)—increase efficiency during service processes, and ensure follow-through on delivering necessary repairs and equipment to customers.

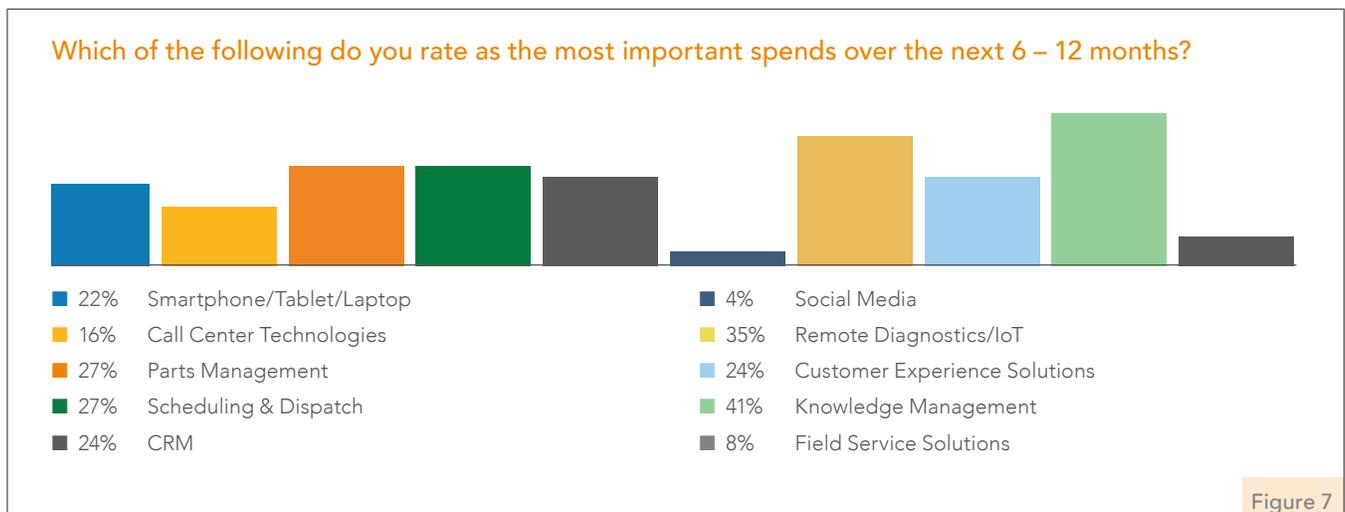
Remaining areas of automation are lower priority, but lend themselves to accuracy, efficiency, and expediting service processes:

- Scheduling & Dispatch (27%)
- Mobile & Offline (26%)
- Reporting (25%)
- iPad, iPhone & GPS Capabilities (21%)
- Route Optimization (17%)
- Signature Capture (9%)

According to almost half of field services companies, automating knowledge management leads to the greatest revenue growth among 10 critical business functions.

Technology Investments

Field Service Automation (FSA) can drive revenue growth by making service reps more efficient and productive, with instant access to key customer information, parts inventory data, complete work histories, and scheduling data. These resources, automatically presented to service reps when required, enable them to provide more personal service; generate revenue more quickly; and most importantly, establish themselves as valuable partners and resources to customers.



In which of the following do you plan to invest in long-term, but have not yet budgeted for?
(Check all that apply)

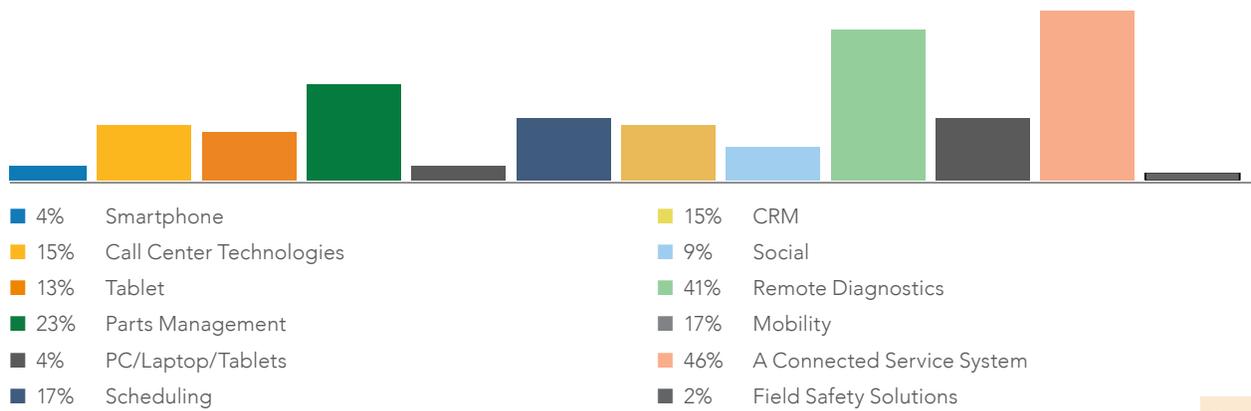


Figure 8

Among long-term investments companies have yet to work into their budget, a connected service system is a priority among nearly half (46%) of companies, which aligns with the large percentage of companies for which connectivity is already working. Remote diagnostics, which 35% of companies identify as one of their most important spends, is a long-term plan for 41% of companies who have not planned a budget.

The remaining options were on a much lower tier than both a connected service system and remote diagnostics. This begins with parts management, which was selected by only 23% of companies—half as many companies as in the case of a connected service system.

Strategies



Technologies are a product of their environment, and with them come greater customer expectations for dependability and quality service interactions. Today, customers expect to build relationships with their service providers, in which they receive as much attention to their individual needs and specifications as do the products being serviced. Companies who meet these needs acquire lasting customer relationships—a new determining factor in terms of achieving competitive growth.

Revenue Opportunities

Consequently, the data shows that revenue opportunities can be found both in successful implementation of next generation technologies as well as capitalization on existing customer relationships through upselling, selling value-adds, and customer experience initiatives.

In your business, where lies the biggest opportunity for revenue growth?

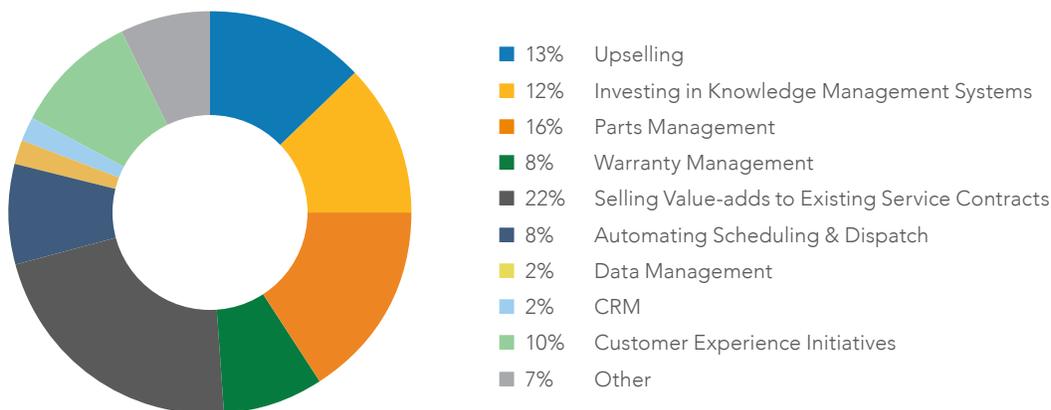


Figure 9

Companies find the greatest opportunities for revenue growth in building customer relationships, especially existing ones.

Companies were asked to consider 10 options and identify which provides the biggest opportunity for revenue growth. As mentioned, investing in technologies such as parts management (16%), knowledge management systems (12%), warranty management (8%), automating scheduling and dispatch (8%), and data management (2%) can contribute to revenue growth.

However, the most notable data in Figure 9 shows that companies find the greatest opportunities for revenue growth in building customer relationships, especially existing ones. 22% of companies—the largest group—identify selling value-adds to existing service contracts as the greatest opportunity for revenue growth. Upselling (13%), the third-largest group, builds upon existing opportunities to boost revenue as well; as do customer experience initiatives (10%), which increase revenue opportunities from both new and existing customers.

Millennials in Field Services

Millennials now make up the new field services employee base, and managers who utilize Millennial assets successfully will see real gains in increasingly important areas of business: up-selling, value ads, the customer experience, and both cost savings and efficiencies driven by connected technologies.

According to research by CompTIA, younger workers tend to be more open to a wide variety of IT support mediums, including instant messaging, mobile apps, and video chat.

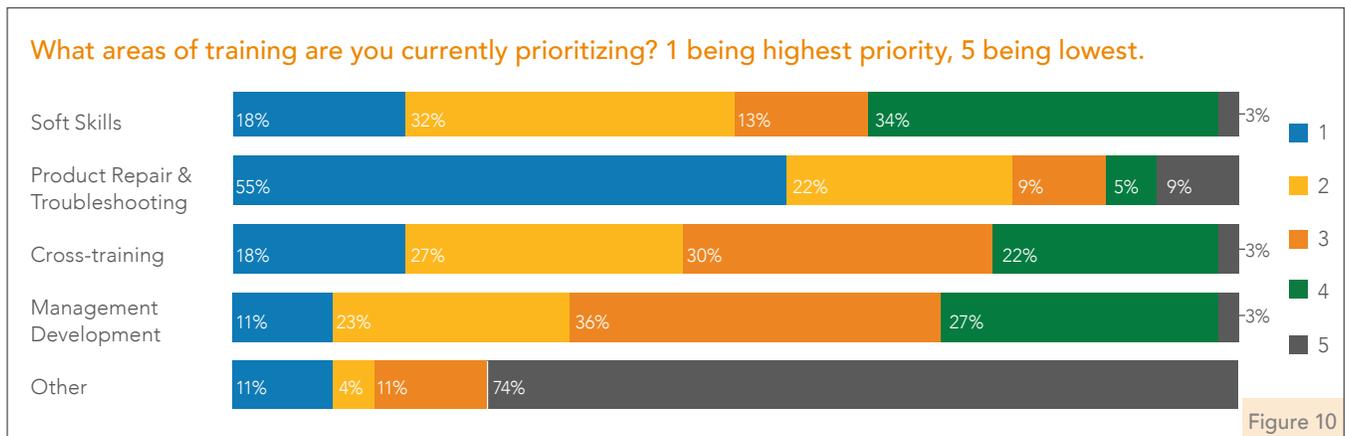
As digital natives and natural collaborators, exploiting connectivity is second nature to this generation, adding value to connectivity as a winning strategy. Millennial candidates tend to be results-oriented, natural learners who appreciate meaningful work. This lends itself to customer service, as well as increasing the lifetime value of customers.

Additionally, younger employees may be more capable of utilizing remote and on-demand training—now the primary method of delivering technical training content for 11% of companies—during service visits, giving them a greater advantage when capitalizing on a service visit or other customer interaction.

As brand ambassadors, their conscientiousness and people-pleasing qualities are great attributes. Consequently, smart companies are adopting new management and training methods to prepare this younger generation for service.

Training & Techniques

Companies continue to prioritize technical training through traditional methods: more than half (65%) of companies utilize classrooms, lectures, and traditional media such as text, pictures, and diagrams. (57% of companies primarily use classrooms and lectures for field sales training as well.) However, they are also adopting training and management techniques that utilize soft skills to drive revenue during customer interactions.



Companies were asked to select between five different types of training, and rank them by priority. Among the five options, 'Product Repair & Troubleshooting' was the highest priority for 55% of companies, while the remaining companies identified other areas of training as their highest priorities:

- Cross-training (18%)
- Soft Skills (18%)
- Management Development (11%)
- Other (11%)

Between five different types of training, soft skills is a top priority, second only to product repair & troubleshooting.

Product repair and troubleshooting skills are fundamental requirements for service reps. However, soft skills training has the second greatest showing among first and second priorities, slightly above cross-training.

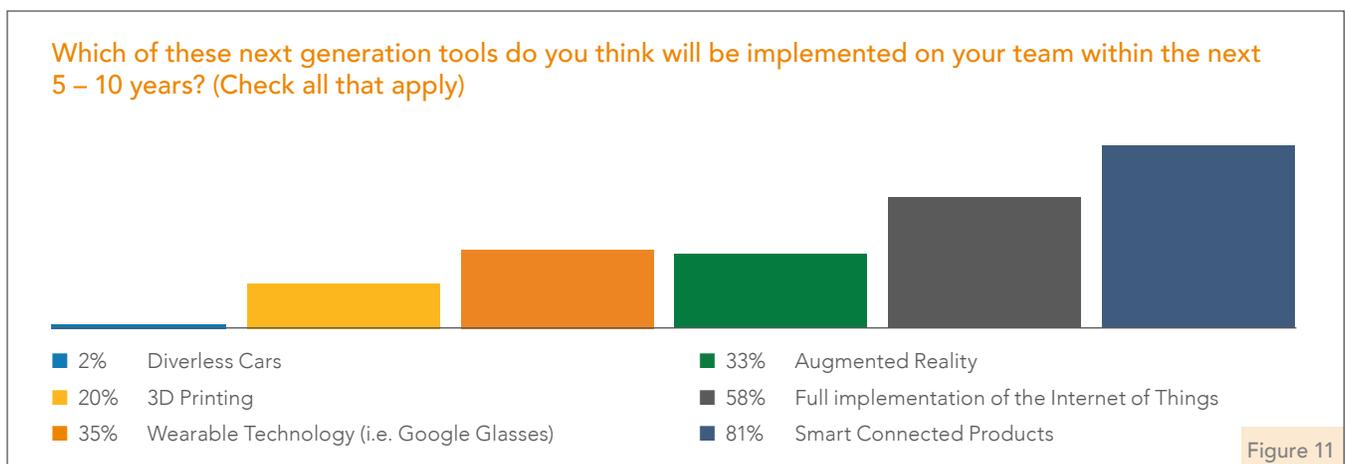
As discussed, service reps are increasingly becoming representatives of their companies' brands, where sales potential is determined during service visits, and the quality of customers' experiences help determine the lifetime value of customers. Service reps who are both conscientious and problem solvers can utilize both technology and communication to resolve customer issues. They can readily sell value adds, upsell, and carry out customer experience initiatives, capitalizing on these three opportunities for revenue growth.

The Next Generation of Field Service Heroes

"The truth is, the next generation of workers may be different from their forbearers, but is different necessarily worse? I don't think so. This next crop of the workforce may have some drawbacks, but when it comes to the evolution of excellent service, they may just be what is needed to wow future customers."

Aly Pinder, Jr, Senior Research Analyst, Aberdeen Group

Over the next ten years, companies are putting their observations and industry predictions to the test. Overwhelmingly, field services companies expect that smart connected products (81%), such as business messaging systems, will be one of six next generation tools that will be implemented for their own teams over the next five-to-ten years. Additionally, 58% of companies expect full implementation of IoT for their own teams will soon be a reality.



However, although inclusive, the rise in importance of delivering differentiated customer experiences reaches beyond technologies into the most personal engagements field services companies have with their customers, namely the service visit. As much as technology can assist in delivering the right expertise, with the right information, with the right tools, and with the right technologies to analyze, resolve, and learn from service issues, the customers themselves decide the value of those services and determine future business.

Consequently, it is customers who are reshaping today's industries. They are shifting companies' focus towards training the next generation of field service heroes, increasing business value from their evolving customer touchpoints, and implementing the technologies that will help those customer-facing teams succeed—and so, the evolution of excellent service continues.

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Appendices

About



Field Service



Field Service is your one-stop shop for all things service and support; an event where inspiration meets innovation; socializing meets ROI. Experience tons of sessions, interactive learning, guest speakers and keynotes, all in beautiful Palm Springs.

Whatever your pain point, we've got you covered. Our topics cover every area impacting your business – service revenue, preventative services, connected devices and IoT, customer experience, remote diagnostics, global service, parts management, knowledge management, training and development, workforce management, mobility, help desk support, and a lot more.

Where else can you network like you can at Field Service? Nowhere. Join our performance workshops, infamous evening reception, interactive working groups, 20 years of service club, Women in service meet-up, and much more. With more than a days worth of networking, you'll come for the inspiration, but stay for the fun. Visit us at, fieldserviceusa.wbresearch.com

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Methodology

The results analyzed in this report were gathered from responses to an on-site benchmarking survey delivered at Field Service USA 2016, and prepared by report author Chris Rand. 100 executives responded to the survey.