Service Excellence Study 2014

Executive Report

European **S**ervice **I**nstitute
January 2015

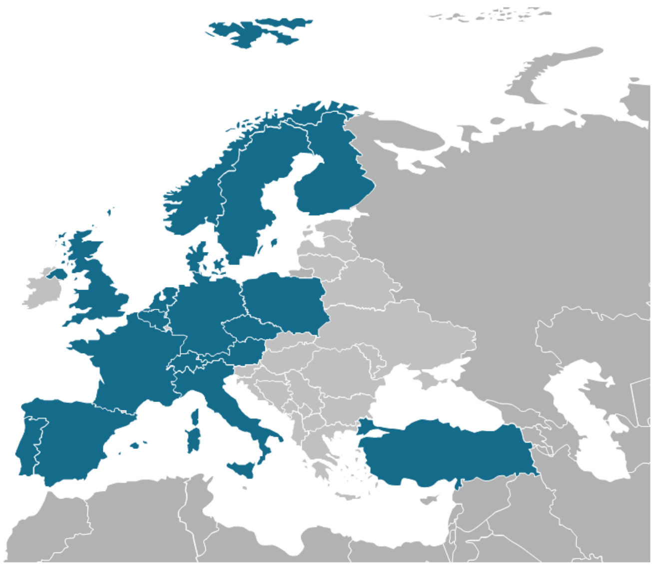
Location of the Service Units of the Participating Companies

Various nations are represented in this study.

Country	Participants
Germany	62%
Spain	38%
France	27%
Sweden	24%
Switzerland	24%
UK	24%
Netherlands	22%
Italy	19%
Austria	19%
Belgium	17%

Country	Participants
Poland	14%
Czech Republic	14%
Finland	14%
Turkey	13%
Denmark	11%
Portugal	10%
Norway	10%
USA	9%
Other	22%

= Asia, Australia, VAE, other European country, worldwide (5)



(Multiple responses)

The majority of the service units of the participating companies is located in Germany.

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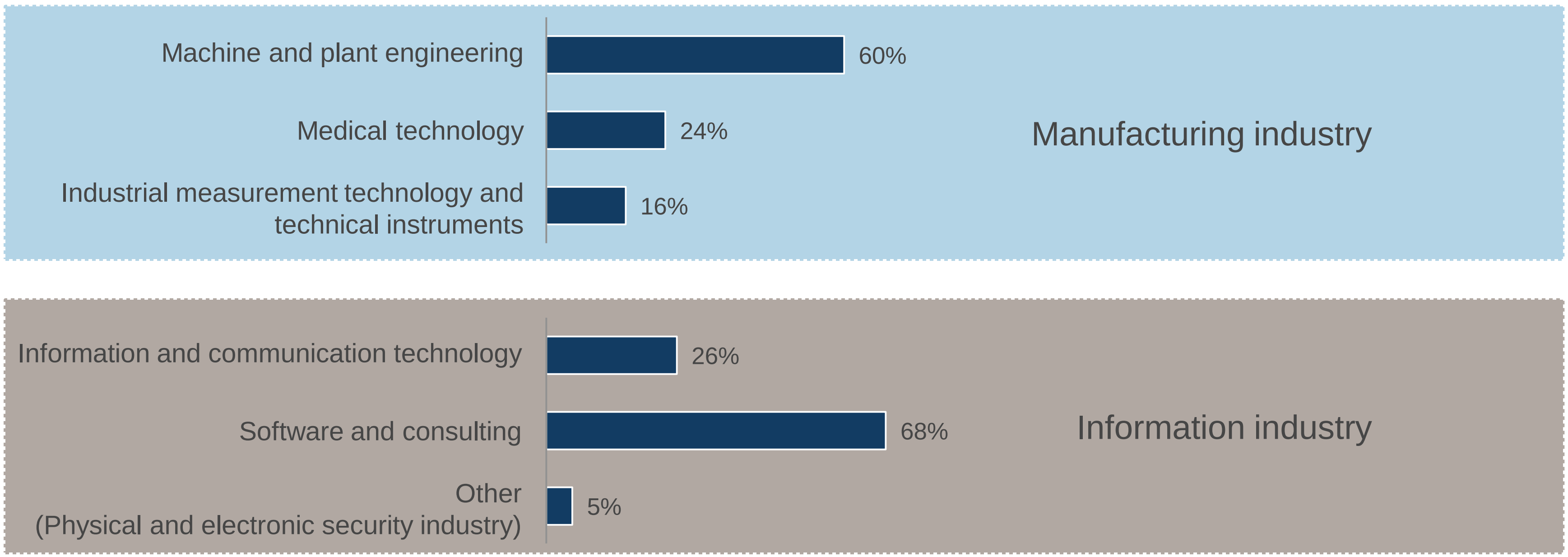
Industry Sectors of the Participating Companies

Various industries are represented in this study.



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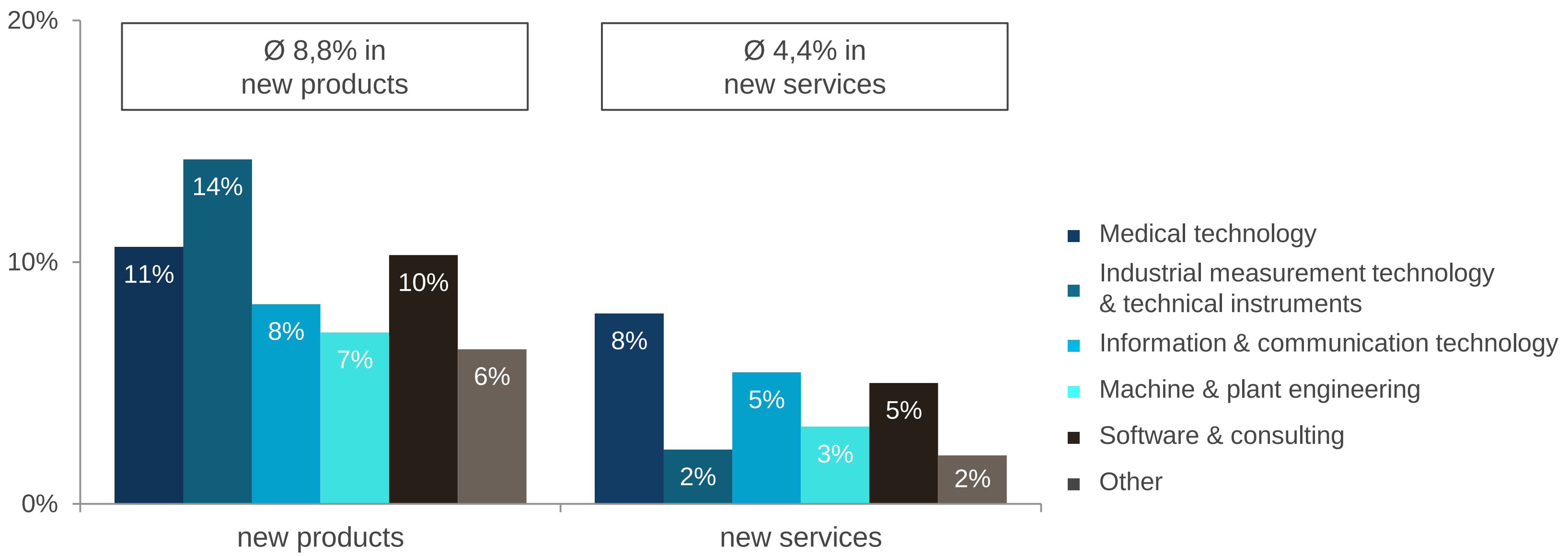
Annual Investment of Revenue in New Services and Products

In all industries companies invest about 3-5% less into new services than into new products. Only in industrial measurement technology and technical instruments is a huge gap (14% products / 2% services).

Invest into new products and services



While the service business is 2,5x more profitable than the product business, investment in new services is half as high.

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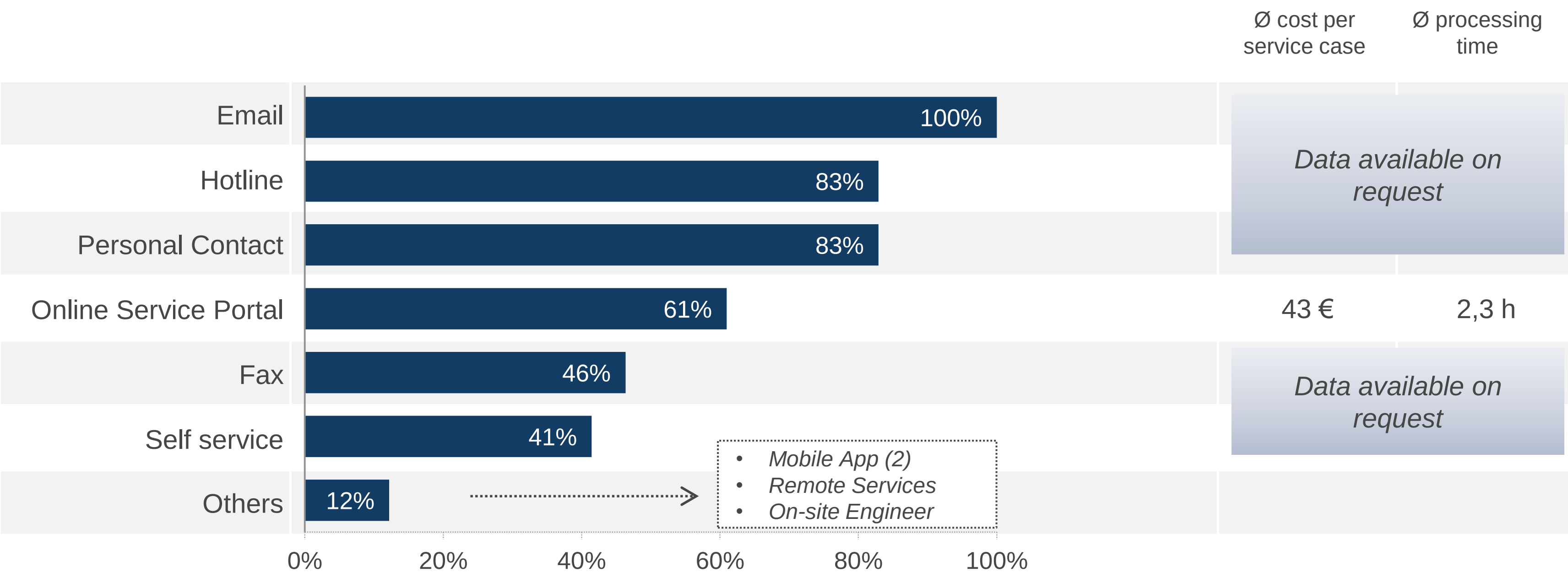
Service Touch Points

Only few offer a self service or an online service portal, although those channels would involve comparatively less costs than hotlines or personal contact.

Provided communication channels



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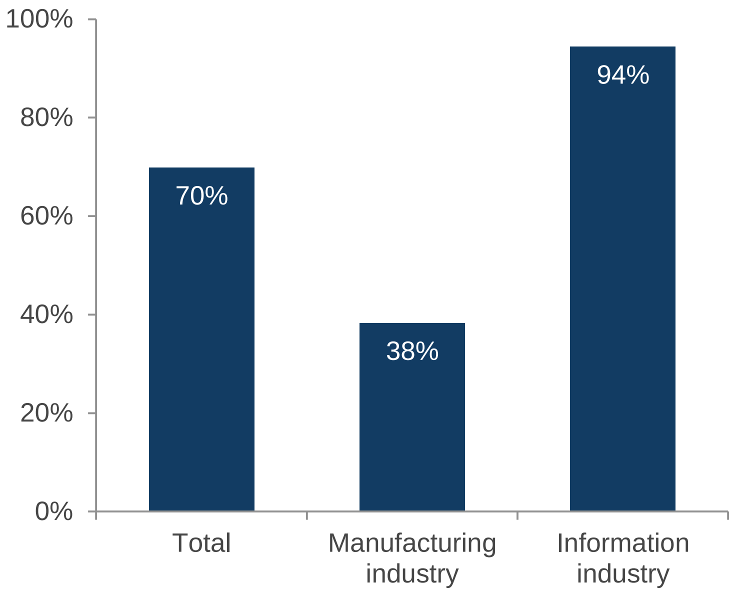
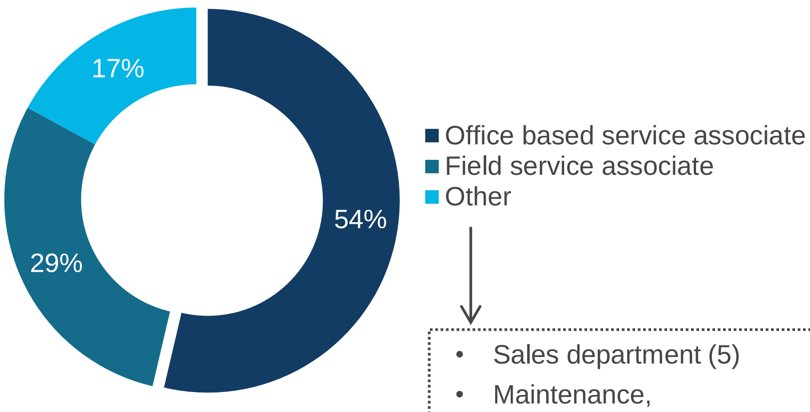
Service Contract Penetration

The ratio regarding contract penetration between closed service contracts and sold products is on average approximately 5 to 8.

Average contract penetration in new business
(closed service contracts compared to sold products)



Responsibility for contract extensions



- Sales department (5)
- Maintenance, Renewal department (2)
- Different in each country (1)
- No contracts (1)

Office based service associates are mostly the responsibles for contract extensions. 31% of the companies do not measure the average contract penetration.

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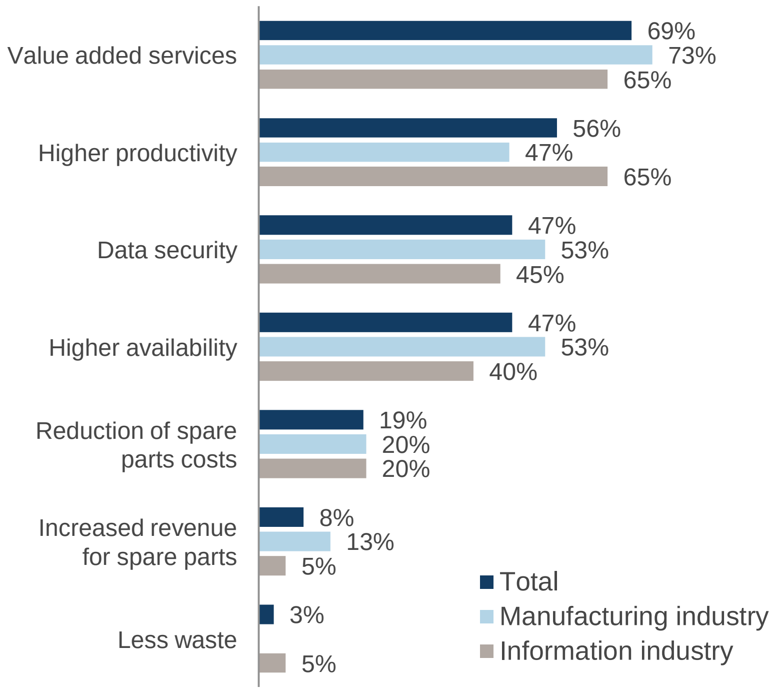
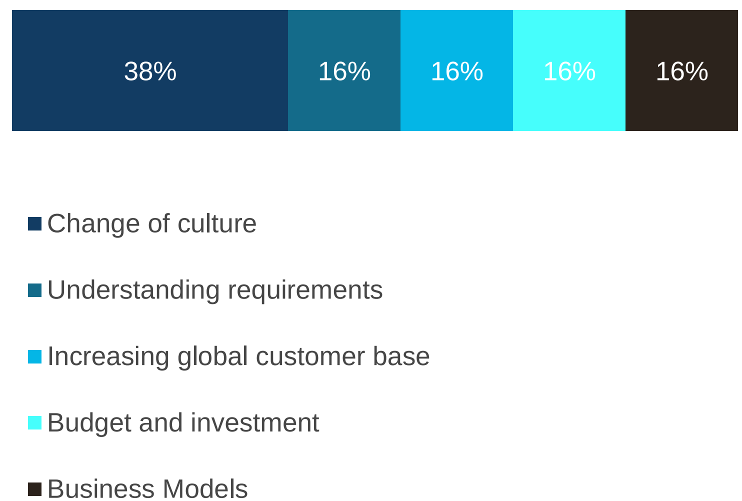
Areas for Action and Challenges

In total, value added services and higher productivity are named as greatest areas for action. Differences between the industries need to be considered. The greatest challenge is a change in culture.

Areas for action



Challenges in service regarding the implementation of Industry 4.0



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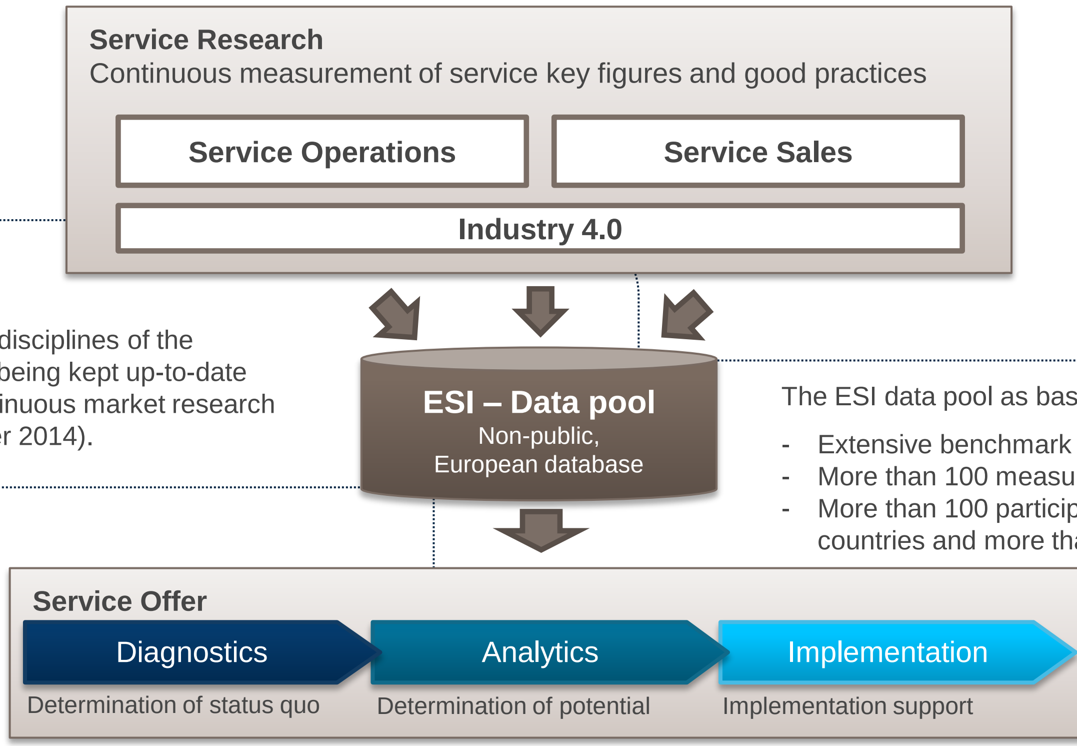
The Competences and Services



The know-how in the disciplines of the service excellence is being kept up-to-date and extended by continuous market research (last survey in October 2014).

The ESI data pool as basis:

- Extensive benchmark database
- More than 100 measuring points
- More than 100 participants from 17 countries and more than six industries

The European Service Institute has wide spreading service excellence competence, from which companies do profit.

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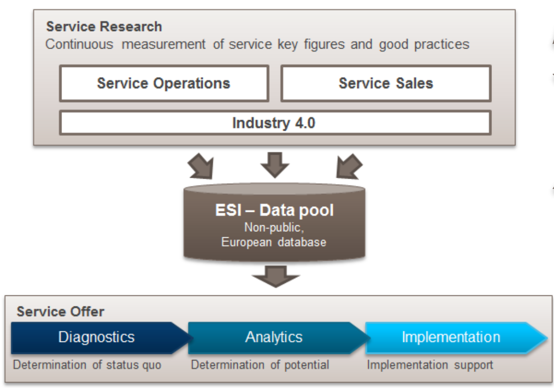
Professionalism on three Levels



Technology View

Fraunhofer Institut
- Service research, data analytics
- Industry 4.0

Customer View

2hm & Associates
- Market research, data evaluation and customer satisfaction
- Service business models, -portfolios, -innovations

Business View

Professional Advisory
- Service sales, service efficiency
- Service optimization

The European Service Institute is an association of the Fraunhofer Institut, 2hm & Associates GmbH and Professionals on Demand GmbH.

Diagnostics, Analytics, Implementation

Three company-specific modules

Diagnostics

Documentation of the Status Quo

- Selection from the ESI disciplines:
  - Service operations
  - Service sales
  - Industry 4.0 as special extension
- Registration of your services:
  - Status
  - Performance
  - Processes
- Benchmarking against:
  - Industry sector
  - Relevant peer group

Analytics

Business Case / Roadmap

- Analysis & interpretation of the diagnostics results
- Identification of clear fields of action to improve :
  - Service positioning
  - Service performance
- Definition of concrete starting points, for example:
  - Increase of the monetary service contribution and
  - Service sales
  - Roadmap & business plan

Implementation

Implementation Support

- Professional support of the roadmap implementation, e.g. of:
  - Development of new service products
  - Optimization of operational services and processes
  - Introduction of a continuous customer satisfaction survey
  - Introduction or expansion of a knowledge management system
  - Introduction resp. optimization of cross- and upselling in the service area

The European Service Institute offers companies three modules for the optimization and development of the operational and strategic service business

Benefit

By Diagnostics and Analytics you will gain the following information and direct benefits

1. Clear statements on the status, performance and setup of your service organization
2. Benchmarking against the overall industry sector as well as the relevant peer group
3. Clear and relevant fields of action to improve the service positioning and -performance
4. Concrete starting points to increase the monetary service contribution as well as service sales

Our Other Achievements

Based on our extensive experience, we support your projects in all areas of service business

Service Studies	▪ Studies on the market and company situation as well as on trends and development
Bench-markings	▪ Branch specific / across all industries service performance benchmark
Service Optimi-zation	▪ Increase of service efficiency; Improvement of processes, quality and organization
Service Excel-lence Dev.	▪ Degree of innovations, pricing, distribution and marketing, service-level
Service Innova. Service Portfolio	▪ Development / planning of service portfolios, implementation of new service products
Service Business Models	▪ Sales increase through the use of service contacts

Contact

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If you are interested or have any questions and suggestions, please do not hesitate to contact us.

