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Service and Maintenance: A Growth Market for Equipment Manufacturers

by Eugene Briskman

"After sale service and maintenance are undertapped sources of revenue for industrial equipment manufacturers."

There is considerable revenue to be captured by manufacturers of industrial equipment who work at extending their relationships with their customers beyond the sale and delivery of equipment. A recent study by DSG revealed that after sale service and maintenance are undertapped sources of revenue for manufacturers of many different categories of industrial equipment.

The study benchmarked the maintenance and service activities of more than 20 industrial equipment vendors, including manufacturers of locomotives, aircraft systems, medical equipment, construction equipment, oil field equipment, and engineering work stations. Among our findings:

- There is an increasing trend toward non-owner provided maintenance. In many cases, the equipment operators choose to have the maintenance provided by independent service providers, rather than the manufacturers.
- Outsourcing maintenance becomes more compelling as equipment becomes more technically complex.
- Equipment operators seek reliable, assured equipment operation at a predictable and reasonable cost.
- Manufacturers are just beginning to recognize the revenue potential and strategic value of providing maintenance services to customers. Those who can provide high quality, cost-effective field service and maintenance stand a very good chance of securing the maintenance contract on their equipment -- but they must be proactive rather than treat it casually.
- Those manufacturers who have succeeded in building a substantial service and maintenance business have done so by leveraging unique capabilities which often change the basis of competition. These capabilities include sophisticated test equipment, special knowledge of the repair history and repair needs of the equipment, and a higher level of technical knowledge about the equipment.
- Responsiveness to customers' needs through flexible, customized service offerings is key.

Based on the findings of this study, we encourage manufacturers of industrial equipment

to take a closer look at ways to maximize their after sale service and maintenance activities. You may not only find an opportunity to increase revenues, but a way of building long-term relationships with your customers and of gaining competitive advantage.

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