

Wir sichern Ihren Vorsprung

AFSMI – Verband der Führungskräfte in High-Tech-Servicebranchen

DIE MENSCHLICHE VERBINDUNG IST DER SCHLÜSSEL
ZUM PERSÖNLICHEN UND KARRIERE-ERFOLG

Paul J. Meyer, Founder of SMI (1928 – 2009)

**„Are You Ready for Servitization“
101. Chapter Meeting
The Non-Profit Service Organization**

AFSMI
German Chapter e.V.

101. Chapter Meeting - Details

Monday 10th Dec, 7pm Dinner

- We do have around 10-15 participants already staying overnight in Gelnhausen.
- We offer for all participants to meet for dinner at restaurant [Gaststätte Baurat](#), in Kirchgasse 10, 63571 Gelnhausen at 7pm
- Participants, who stay in [Hotel Burgmühle](#), we meet at 6:45pm in the lobby to walk from there to the restaurant



Restaurant
Baurat (2)

Straße Am Ziegelturm rechts
Am Turm vorbei
Fußgängerrampe über die Straße
Schmidtgasse bergauf bis zum
Untermarkt
Rechts am romanischen Haus (1)
die Braugasse bergauf
An der Marienkirche vorbei
bis zur Kirchgasse
Links und gleich rechts in den Hof zum
Restaurant „Baurat“

Vom Hotel Burgmühle rechts
über die kleine Brücke
Links schmale Straße zum P
am Parkplatz vorbei
Beleuchteter Fußweg durch die
„Müllerwiese“
Bis zur Straße am Ziegelturm

Hotel Burgmühle

Tuesday 11th December - Agenda

- 09:00 –10:00 *Registration & Networking Breakfast* ([KIC/CTC](#))
- 10:00 - 10:15 Welcome from AFSMI
- 10:15 –11:00 A structured process can help develop value-add digital services (Nick Frank)
- 11:00 –11:45 Heidelberg goes digital: Subscription Economy: New business model for Heidelberg Druckmaschinen (Dr. David Schmedding)
- 11:45 –12:15 Key Learnings for Servitization from SaaS “Software as a Service” (Dror Avieli)

- 12:15 –13:15 *Lunch & Networking*

- 13:15 –13:45 Predictive Maintenance as a service (Jürgen Thurner)
- 13:45 - 14:15 Servitization - People, how SAP starts to address the challenge (Christian Müller)
- 14:15 –14:45 HealthCare and new business models (Wolfgang Krenkler)
- 14:45 –15:15 *Coffee Break & Networking*
- 15:15 - 16:15 Servitization - How to make it happen (Workshop, Round Table & QA Session)
- 16:15 –16:30 Wrap Up and Closing
- 16:30 –17:00 *Networking*

Our objective

- ❑ What we deliver
 - ❑ Excellent speakers from different countries, businesses but with experience on Servitization
 - ❑ 50 % from 9-5 is networking and workshops
- ❑ What you get
 - ❑ Direction for you and your business future
 - ❑ New insights and aspects of Servitization
 - ❑ Extension of your network
 - ❑ Fun

 HEIDELBERG



Potential questions we will discuss at Chapter Meeting? Which questions do you have?

- Software Industry has moved last few years into X-asa Service model! With digitization every industrial equipment, medical instruments becomes equipment is running on IT.
 - What lessons from Software industry can we learn, what not?
 - Can we expect a similar direction as in the IT industry or not?
 - Why?
- With digitization subscription based services get a revival as now it is possible to charge by outcomes, what possibilities are ahead of us?.
- What is the best approach for a journey to servitization?
- Looking at successful servitization examples, what were the critical success factors?
- How to identify the right value proposition for successful services?
- Growth of servitization and business model, like subscription based services depend on high-level of digitization and automation, can we really trust enough against cyber security threats?
- What is the impact on sales (organization, roles, responsibilities)?
- How can we get our employees to embrace this change?

Speaker - Information

Nick Franck

A structured process can help



- The increased accessibility of digital technologies is accelerating the shift from product to service led growth strategies.
- The problem is that many leaders are confused by the jargon and unclear how to leverage these opportunities
- Successful companies starting along this 'Digital Servitization' route, typically commence their journey with the following three basic steps:
- Discovery Solutioning Developing

Nick Frank has a track record in developing services businesses within high value manufacturing & technology companies.

To stay on the leading edge of service thinking, Nick Frank has worked with professor's from Köln, Insead and IMD. He is currently a visiting lecturer on Service Innovation to MBA and MSc students at the Henley Business School and Warwick University.

Dr. David Schmedding

Heidelberg goes digital!

- Subscription Economy - New business model for Heidelberg Druckmaschinen AG
- Successful strategic reorientation
- Big Data provides the basis for digital revenue models
- Heidelberg Subscription



Dr. David Schmedding, Head of Customer Segment Management & Subscription Business

Juergen Thurner

Predictive Maintenance as a Service

- A service, which provides usage data of key equipment, which help to optimize maintenance windows and reduces cost and increases availability
- Other servitization presentations from the manufacturing world
- He will describe key success factors and challenges of those servitization projects



Juergen Thurner brings 29 years of expertise in various senior management. He lectures International Operations Management at the European School of Business at Reutlingen University. Main subjects are Industry 4.0, Internet of Things and Digital Transformation. Other areas of expertise cover Supply Chain Design, Operations Strategies and the Smart Factory.

Christian Müller

How to get your people into Servitization

- Shift from on premise to the cloud requires new challenges for each employee
- Christian Müller will discuss, how SAP has started this journey, where they are today, what he recommends to the AFSMI community



Christian Müller has over 25 years expertise in IT. He is VP Sales for Software Maintenance whether on Premise or Cloud for DACH

Dror Avieli

Software as Service (SaaS): Servitization success / challenges from Software business

- Setup of SaaS in B2B-Software
- What worked well, what not
- Key Learnings for SaaS success
- Can this be transferred to other industries?



Managing Director Israel and
VP Customer Success at [Consensys](#)
With more than 20 years of experience, Dror has
a wealth of knowledge from leading successful
customer service organizations in the software
industry. Dror previously started Hewlett
Packard's Customer Success organization during
the early days of the transformation to SaaS &
Cloud offering.

Wolfgang Krenkler

Servitization and Organizational Challenges

- Exploring Organizational & Operational Challenges for Servitization
- Servitization in Health Care Diagnostics business shown on a global project with various partners
- Challenges inside and outside of this project and my learnings and recommendations
- Ending with Q&A session and a Expert Round table in the afternoon for further questions.
- Knowledge and experience sharing is the key message of this presentation



Wolfgang brings more than 40 years of Service Business experience and knowledge from different Industries. Worked across EMA and globally with companies such as Sartorius , Coherent, Zeiss and Becton Dickinson. Expert in Global Service Strategies, Distributor Support Modelling and Strategic Talent Management. Project's with NGO's such as WHO, Clinton foundation in the Health Care environment

Logistics

Accommodation:

Hotel Burgmühle

Burgstraße 2, 63571 Gelnhausen

<http://www.burgmuehle.de>

Tel. +49(0) 60 51 820 50

Rooms are blocked till 4th December for the dates 10th–12th December.

Reservation have to be made directly with the hotel using "AFSMI" as reference.

Email: info@burgmuehle.de

Price : 72 €/ night (including breakfast)

Venue:

KIC/CTC Gelnhausen

63571 Gelnhausen

Zum Wartturm 1

<http://www.kic.de>

Email: cz@ctc.de

Tel.: +49 (0) 170 450 88 51



You want to join AFSMI as a member or be part of AFSMI newsletter?

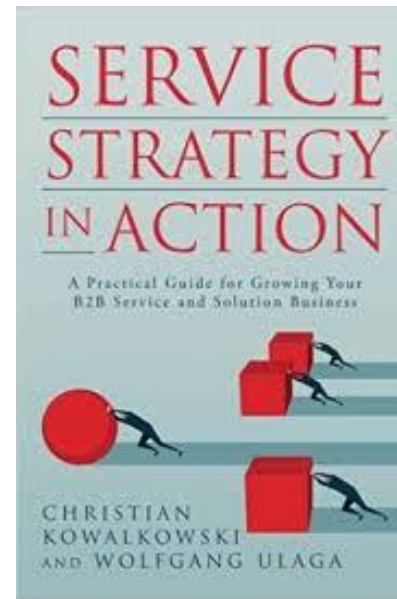
- Click on [Mitglied werden](#) and register either as
 - Member or
 - Interessent
- As Interessent you will be informed on next chapter meetings and get other AFSMI news
- As member you are invited to all Chapter Meetings for free and be part of this strong non-profit service association!

Q&A

Servitization Background collected by
Manfred to prepare for the meeting

Definition: Servitization described by Prof. Ulaga

“B2B companies have always delivered services to their customers, but in recent years they shifted their strategic focus to revenues from services and solutions as a new revenue source. This trend is described as **Servitization**, Service Infusion or Service Business Model Innovation...”



Click on pictures for more details

Do you as a consumer feel the change - Will it influence B2B?

- ❑ Models start with Freemium and move to paid services
- ❑ Not only use contract period to monetize new triggers coming
- ❑ Do you feel it in your personal pocket already?
- ❑ How do Millennials behave differently?
- ❑ Will this influence B2B?
- ❑ How will digitization and automation influence this business model in B2B?

Allianz 

LinkedIn 



Frankfurter Allgemeine

 Evernote

Uber

sky

NETFLIX

 MUSIC

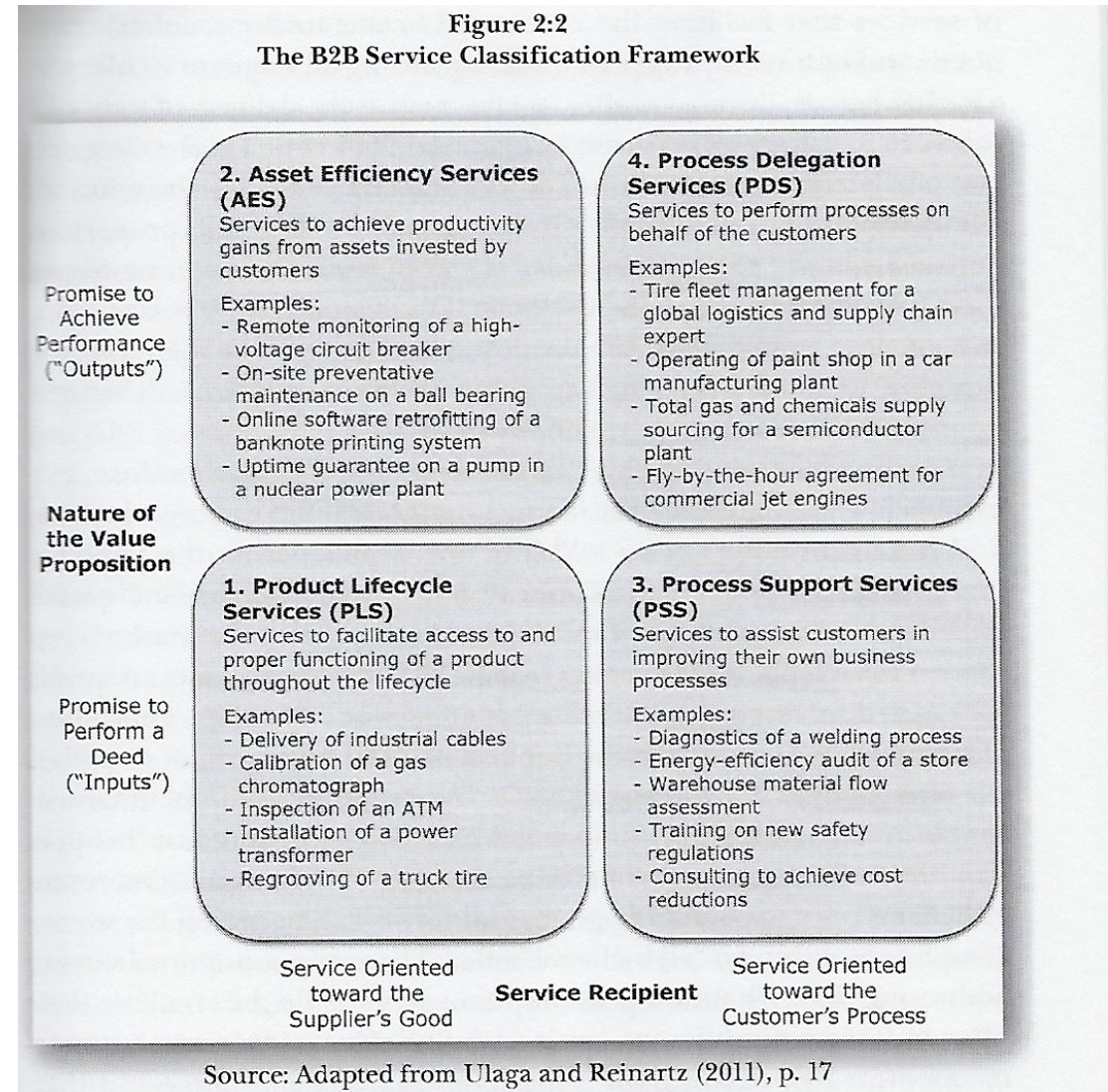
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New research from VansonBorne

77% believe Gen Z (those born between the mid-1990s onwards) will be the last generation to experience an economy dominated by products alone without any embedded services or outcomes

B2B Service Classification Framework

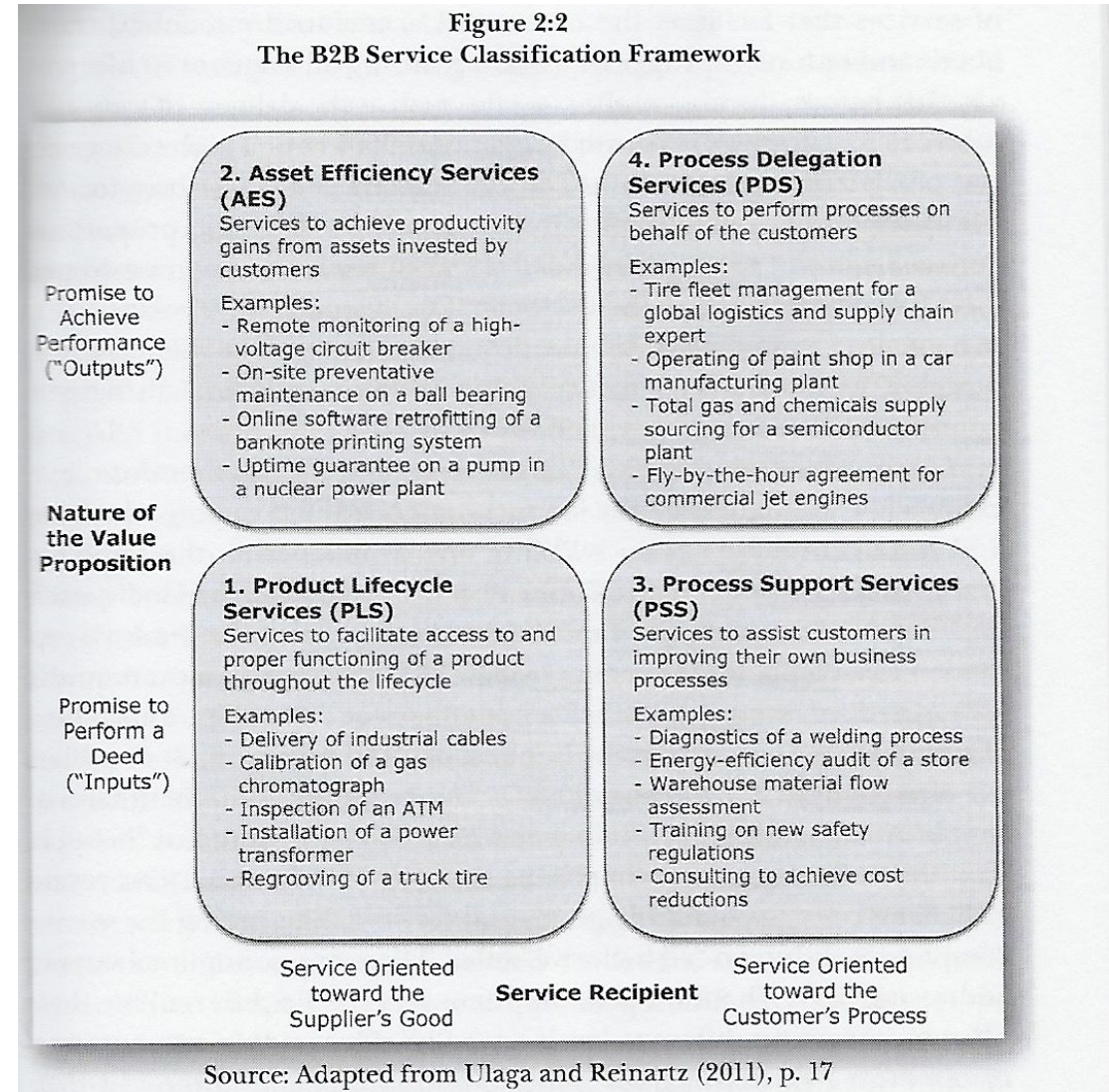
- ❑ Clustered by
 - ❑ Service oriented toward
 - ❑ Supplier's Good (PLS, AES)
 - ❑ Customer's Process (PDS, PSS)
 - ❑ Promise to
 - ❑ Achieve Performance ("outputs") (AES, PDS)
 - ❑ Perform a Deed (PLS, PSS)
- ❑ This drives business models, monetization ...



B2B Service Classification Framework

- ❑ Change of business models needs to be done carefully.
 - ❑ Don't move from PLS to PDS (see left) in one shot - seldom successful (see Ulaga/Reinartz)
- ❑ Best Practice is to move from PLS to AES!
 - ❑ Every equipment becomes a Smartphone on Engine/Machine...
 - ❑ Digital Services to drive availability, adoption and performance

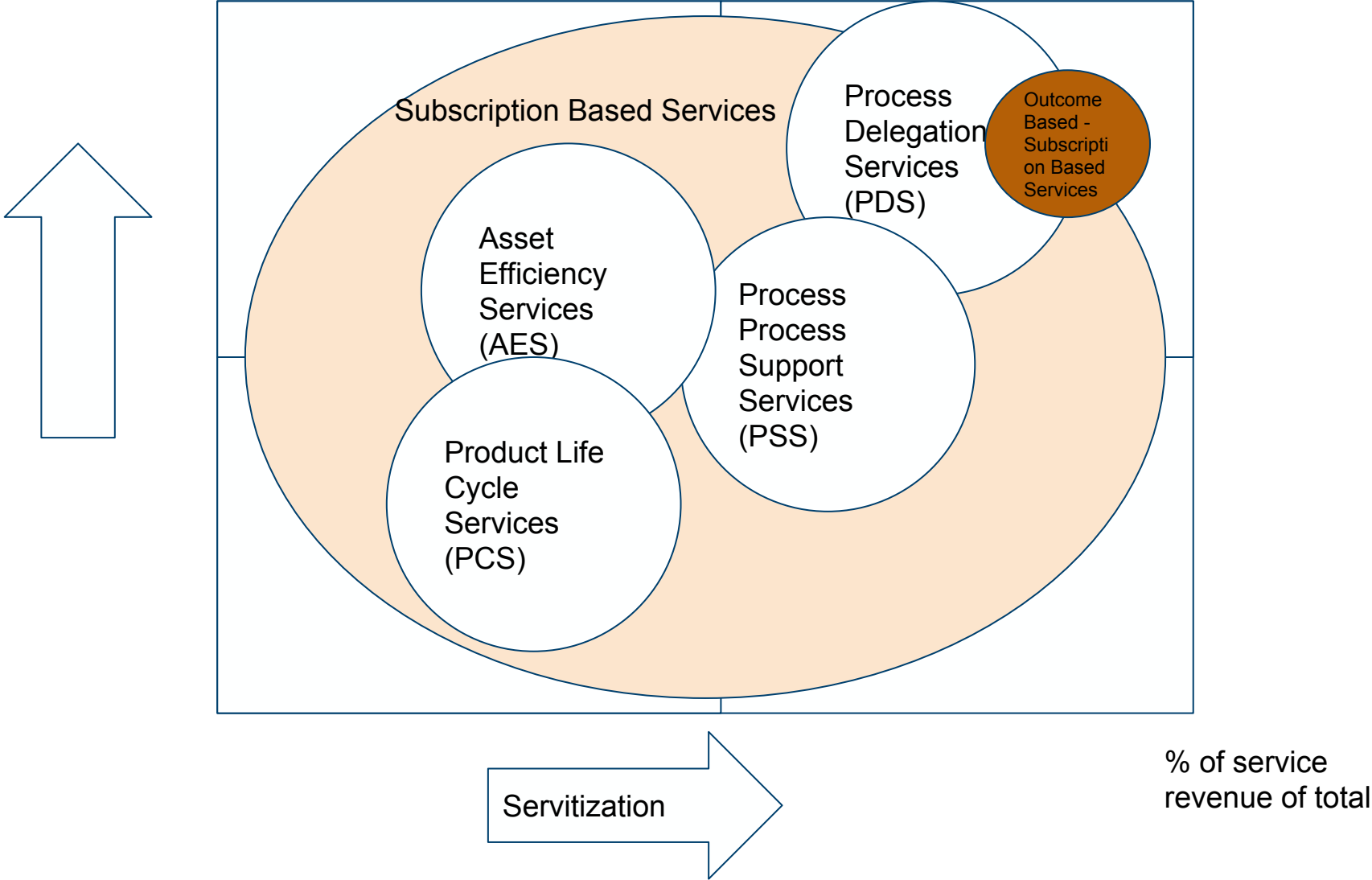
Figure 2:2
The B2B Service Classification Framework



Source: Adapted from Ulaga and Reinartz (2011), p. 17

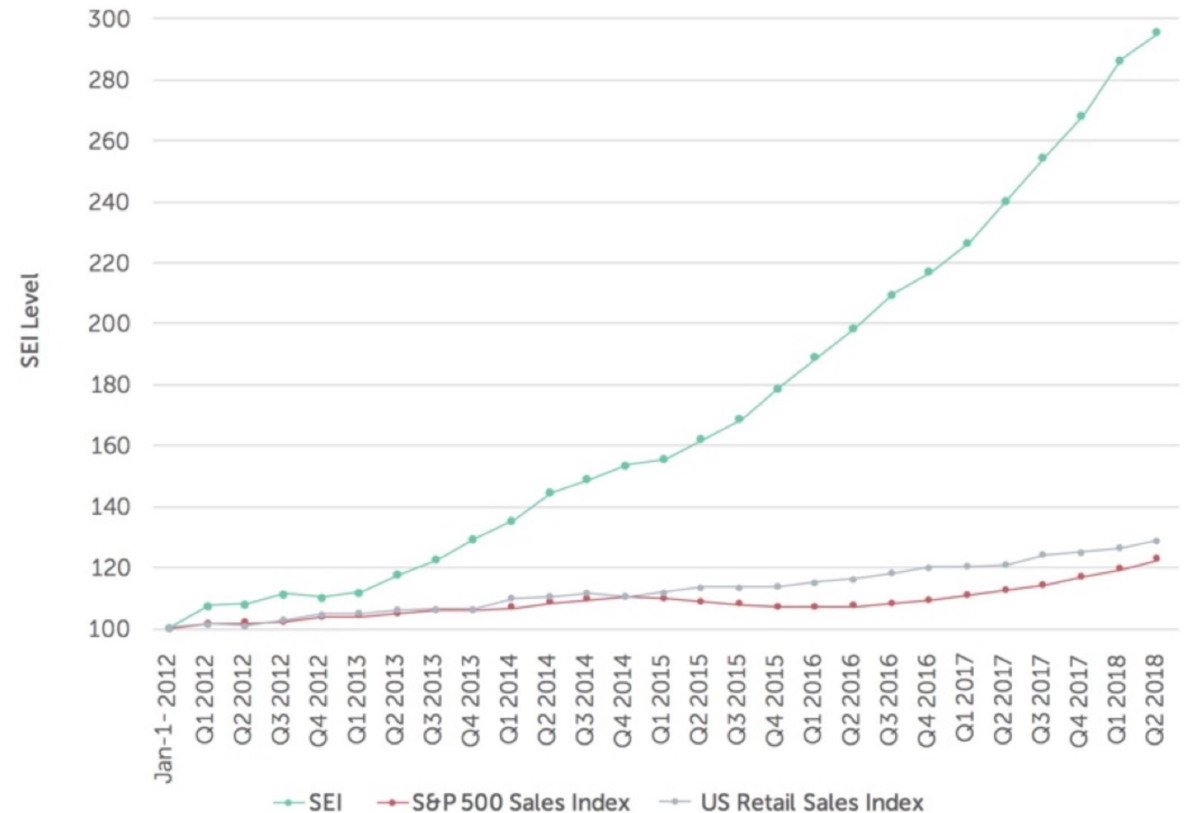
Where are services within Servitization journey?

Complexity of services



Subscription Based Services a huge revival of service contracts: Key Elements are

- ❑ Subscription based Revenues and Profit are main driver for service growth
- ❑ Customer Value Centricity
- ❑ Customers have subscription ID, service contract or defined Account
- ❑ Customer can choose from defined services menu
- ❑ Pricing/Price/Monetization is time and outcome based
- ❑ CAPEX at service provider



Servitization: How to adapt our business model?

- ❑ Sales Model: How to adapt to higher transaction qty and lower value?
- ❑ Marketing Model? How to change our 4P Model? Pricing?
- ❑ Financial Model? Recurring, CAPEX ...
- ❑ Operation Model? Customer Touch AND efficiency?
- ❑ Can I buy some time and wait? (I make currently money with the legacy system)?
- ❑ Recession and Millenials, what will happen?

Servitization: Value for customer and for my service business

❑ Customer

- ❑ Higher productivity
- ❑ Agility due to reduced complexity
- ❑ Focus on core competency
- ❑ Reduced CAPEX

❑ My Business

- ❑ Recurring steady growing profitable revenues
- ❑ Enables to drive new innovations and new value added services
- ❑ Partnership with customers and keeps competitor out

Servitization: Value for me as an service expert

- ❑ We can leverage our strength we developed in the past
 - ❑ Service Design, Service Portfolio Management, Service Marketing
 - ❑ Value Added Services Sales
 - ❑ Service Delivery
- ❑ Service Business Knowledge is now essential Board Level Skill



We waited for
this opportunity!
Do we take it?

Key Success Factors for Servitization

- ❑ Strategy supported by CEO and CFO
- ❑ Value Proposition
- ❑ Independency from legacy business
- ❑ Customer Success Management
- ❑ People: Mindset, Change Management, End-To-End View
- ❑ Price Level, Pricing, Monetization
- ❑ Avoid legacy IT as much as possible
- ❑ Digitization and dependency on cyber security

Who are role models and servitization stars in B2B and IOT

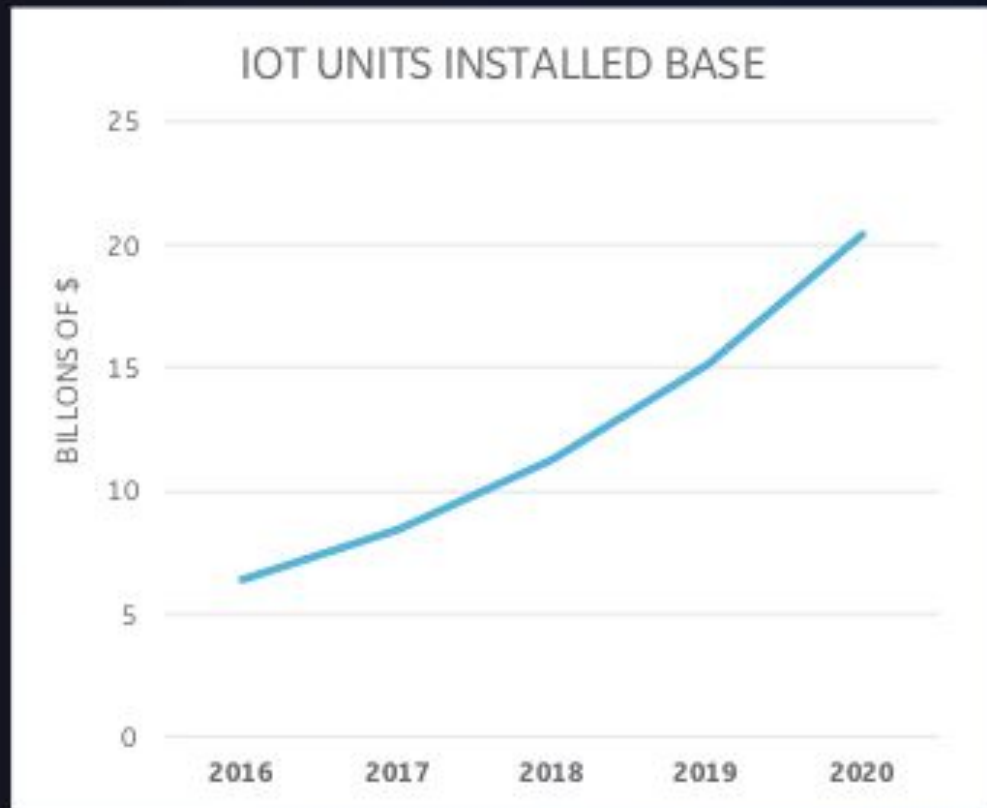
CATERPILLAR

“The key to any successful company is being customer-centric. As we work with our customer base, it’s driven us more into a service business.” Tom Bucklar (Director of IoT and Digital, Caterpillar)

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<https://www.heidelberg.com/global/en/index.jsp#video-1248960>

RISK: How to avoid to invest for no return?



Source: Gartner press release

Unfulfilled promise of IoT

\$2.9 Trillion

IoT spending in 2020

- Lot of money is being spent
Where's the value?
- More data creates more burden
We need actionable insights, not more data
- Recurring value
IoT + BI result often in a one-time benefit

Information, Literature

[AFSMI Website in Servitization \(Links to Books, Websites, Webinars\)](#)

Books I recommend to read

