Service-driven Manufacturing

IT/Enterprise Service Management for competitive advantage

IFS assyst

Contents

From product-centric to service-driven:
A paradigm shift

We're witnessing the transformation from a product-centric approach to one that is undeniably service-driven. For decades, manufacturing was synonymous with the production of tangible goods – automobiles, appliances, and widgets of all shapes and sizes. Success was often measured by the volume of products rolling off assembly lines. Companies competed fiercely based on product features, cost efficiency, and supply chain prowess. It was the era of tangible deliverables.

But times change, and so do markets and consumer preferences. We're in an era where consumers increasingly value not just the product itself but the entire experience that surrounds it. This shift is more than just a trend; it's a seismic transformation that manufacturers can't afford to ignore.

Consider this: A 2022 survey by PwC found that more than a quarter of the respondents stopped patronizing a business due to bad experiences.[1] Customers no longer merely buy products; they seek solutions, outcomes, and experiences. Manufacturers who can adapt to this new reality and align their strategies with it are not just surviving; they're thriving.

In this ebook, we embark on a journey to explore this transformational shift. We'll dive deep into the realms of IT Service Management (ITSM) and Enterprise Service Management (ESM), and uncover how they are becoming the linchpin for manufacturing organizations striving to excel in a service-driven world.

1. PwC: PwC Customer Loyalty Survey 2022

The imperative of service-centric manufacturing

In the grand tapestry of industrial evolution, few shifts have been as compelling, as urgent, and as transformative as the emergence of service-centric manufacturing.

Gartner estimated over 60% of asset manufacturers would offer outcome-based service contracts[2], fundamentally shifting their business models towards services. Why is this significant? Because it's a resounding acknowledgment by the manufacturing world that the future doesn't solely revolve around tangible products. It's a response to a market that's becoming increasingly discerning, digital-savvy, and outcome-focused.

But it's not just about meeting customer expectations; it's about thriving in a competitive landscape. In a world where products are becoming increasingly commoditized, services offer a unique avenue for differentiation and growth.

Those who embrace it position themselves to thrive in a future where manufacturing isn't just about what you produce but how well you serve. This isn't restricted to your customers but applies to your employees too.

2. Gartner: Gartner Magic Quadrant for Field Service Management

The service-driven manufacturing landscape

The transformation from a product-centric to a service-driven paradigm isn't just an abstract concept – it's an evolution grounded in the very real challenges and trends reshaping the industry.

Current challenges in Manufacturing

Let's begin by acknowledging the hurdles that manufacturers face today:

Globalization and competitive pressures

The world is more interconnected than ever before. The United Nations Conference on Trade and Development (UNCTAD) reported that global trade in goods and services was valued at over US$32 trillion in 2022.[3] As borders blur, manufacturers face relentless global competition, compelling them to seek new avenues for differentiation.

Product commoditization

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Supply chain vulnerabilities

The COVID-19 pandemic exposed vulnerabilities in supply chains worldwide, with 73% of companies in a McKinsey survey experiencing supply chain disruptions.[4] Manufacturers must now focus on resilience and adaptability.

Sustainability and environmental pressures

The imperative for sustainable practices is growing. With manufacturing accounting for around 30% of global greenhouse gas emissions[5] and customers increasingly preferring sustainable brands, meeting sustainability goals isn't just ethical; it's a business necessity.

Trends driving service-centricity

Amid these challenges, transformative trends are pushing manufacturing toward a service-centric future:

Servitization

The concept of "servitization" continues to gain ground. This shift means offering services bundled with products or even delivering outcomes rather than just products.

Digitalization and Industry 4.0

Industry 4.0, characterized by the integration of digital technologies, is revolutionizing manufacturing. This enables data-driven decision-making and more personalized services.

Customization and personalization

Consumers want products and services tailored to their unique needs. They expect personalized experience at every brand interaction.

As we navigate this service-centric landscape, manufacturers are redefining their roles from mere producers to providers of comprehensive solutions and experiences. This leads to an increasing need to be rightly equipped to accommodate the change. In this dynamic environment, ITSM and ESM are emerging as indispensable tools.

3. UNCTAD: Global Trade Update
4. McKinsey: Resetting supply chains for the next normal
5. Our World in Data: Sector by sector: where do global greenhouse gas emissions come from?

Unpacking IT Service Management (ITSM) & Enterprise Service Management (ESM) in Manufacturing

ITSM and ESM principles and core components

At their essence, ITSM and ESM principles and practices transcend traditional manufacturing boundaries. It's not just a department or a single system; it's a holistic approach that permeates the entire organization.

1 Service-centric mindset

ITSM and ESM begin with a shift in mindset. They're about recognizing that every process, every function, and every interaction within an organization can be seen as a service. Whether it's customer service, IT support, or production, the focus shifts from tasks to delivering value.

2 Service catalogs

In the world of ITSM and ESM, service offerings are cataloged and made easily accessible. They serve as a comprehensive menu of services available within the organization, enabling transparency and efficient request management.

3 Service Level Agreements (SLAs)

SLAs define the commitments made by service providers to service consumers. In manufacturing, this translates into clear agreements on the quality and delivery of services. SLAs ensure accountability and alignment with customer expectations.

4 Automation and workflows

ITSM and ESM leverage automation to streamline processes. Workflow automation ensures tasks are carried out efficiently, reducing manual effort and minimizing errors.

5 Knowledge management

In the digital age, knowledge is power. ITSM and ESM emphasize the importance of capturing, sharing, and using knowledge effectively. This not only improves service delivery but also supports continuous improvement.
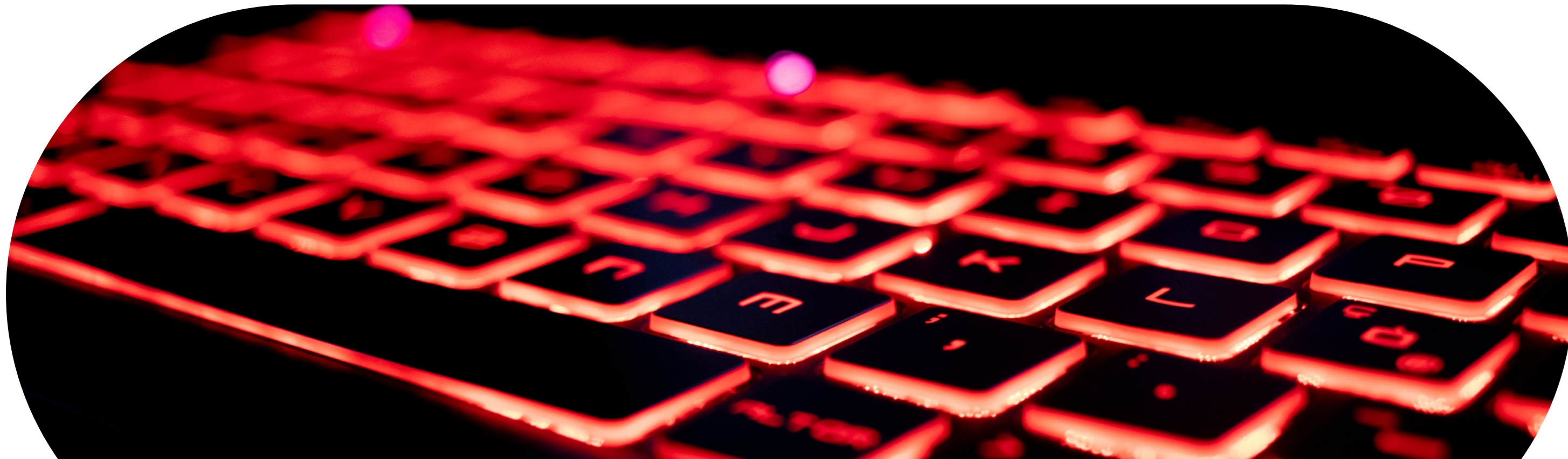
Benefits of ITSM and ESM adoption in manufacturing

Why should manufacturers embrace ITSM or ESM? Let's uncover the tangible benefits:

Enhanced efficiency

ITSM/ESM adoption reduces the need for extensive, manual effort. This translates into streamlined processes, reduced costs, and improved productivity.

Improved service experience

The service-centric approach of ITSM and ESM places people at the forefront, enabling manufacturers to meet end-users, both employees and customers, expectations for a seamless experience.

Better resource allocation

Both ITSM and ESM enable manufacturers to allocate resources more effectively. By providing visibility to key activities and processes, they ensure that the right resources are applied to the right tasks, reducing wastage, and optimizing resource utilization.

Faster problem resolution

In manufacturing, downtime can be costly. ITSM/ESM's automation and knowledge management capabilities facilitate quicker problem resolution, minimizing production interruptions.

Data-driven decision-making

Both ITSM and ESM generate a wealth of data that can be leveraged for informed decision-making, an important arsenal to have when having to move quickly in today's competitive landscape.

Scaling service-driven initiatives

The transformation from a product-centric to a service-driven paradigm isn't just an abstract concept–it's an evolution grounded in the very real challenges and trends reshaping the industry.

Strategies for scaling up

1 Standardization
Standardizing business processes across different departments helps reduce complexity and accelerates scaling efforts. Both ITSM and ESM enable this by equipping every department with the tools to bring their internal services together and simplify key tasks through automation and workflow management..

2 Digital transformation
It's a given that embracing digital technologies can amplify scaling efforts. Digitalization streamlines processes and enables more efficient resource allocation. ITSM and ESM ease the pain of tech implementations by supporting organizations through the teething issues of their digital initiatives.

3 Scalable infrastructure
Having scalable IT infrastructure is crucial. An ITSM/ESM platform with simple licensing models like IFS assyst accommodates manufacturers' expanding service offerings and complex activities without significant upfront investments or confusing pricing structures.

4 Talent development
Scaling isn't just about technology; it's about people. Invest in talent development to ensure that your workforce has the skills and knowledge to support scaling efforts effectively. Removing barriers in the form of tedious tasks and ineffective technology is also crucial in enabling them to do their best work.

5 Partnerships and alliances
Collaboration can be a potent scaling strategy. Partnering with complementary businesses or entering alliances can expand your reach and resources.

Expanding service offerings

Expanding service offerings is a critical aspect of scaling in a service-driven manufacturing model. It's about diversifying the portfolio to meet evolving customer demands:

1 Market research
Stay attuned to market trends and customer preferences. Conduct regular market research to identify new service opportunities.

2 Customer feedback
Customer feedback is a goldmine for expanding services. Listen to your customers' needs and preferences, and tailor new offerings accordingly.

3 Service ecosystems
Consider building service ecosystems where multiple services work together synergistically. This can enhance the value proposition for customers and create new revenue streams.

4 Continuous innovation
Don't rest on your laurels. Innovation is the lifeblood of service expansion. Invest in research and development to create new, market-leading services.

Overcoming growth challenges

As manufacturers scale their service-driven initiatives, they'll inevitably encounter growth challenges. Here are some strategies to overcome them:

1 **Scalability testing**
Before full-scale implementation, conduct scalability testing to identify and address potential bottlenecks or weaknesses in your systems or processes.

2 **Change management**
Scaling often necessitates organizational changes. Effective change management strategies can help employees adapt to new initiatives and system implementations.

3 **Risk mitigation**
Understand the risks associated with scaling and develop comprehensive risk mitigation plans to minimize potential setbacks.

4 **Data security**
With the expansion of digital services, data security becomes paramount. Invest in robust cybersecurity measures to protect sensitive customer information.

5 **Customer focus**
Amid growth, don't lose sight of your customers. Continue to gather feedback, analyze customer data, and adjust your offerings to meet their evolving needs.

Real-world ITSM and ESM transformations in Manufacturing

As manufacturers scale their service-driven initiatives, they'll inevitably encounter growth challenges. Here are some strategies to overcome them:

1. Streamlined operations at Allied Bakeries

Allied Bakeries, a leading player in the UK's bread market, faced the classic dilemma of siloed operations. Their help desk system being separated from their in-house asset database only led to inefficiencies and customer dissatisfaction.

By implementing a service-focused ITSM platform, IFS assyst, Allied Bakeries achieved a remarkable transformation. The system provided increased visibility of IT infrastructure and effective monitoring of SLAs. And with communications significantly improved, customers are happier than ever.

2. A culture of efficiency with ESM at Cintas

Cintas, a leading provider of workplace safety and hygiene solutions, recognized that to take data-driven actions swiftly, they needed to gather disparate systems within their IT infrastructure and develop a single source of truth. ESM was their tool.

Starting with a CMDB implementation, Cintas was able to gain greater visibility on its entire infrastructure, thus enabling the IT team to resolve issues as they arise and get key business operations running smoothly. This new change eased the workload on staff and enabled everyone to fulfill the more impactful aspects of their roles. It allowed Cintas to provide services efficiently and effectively.

Embrace the service-driven future with IFS assyst

As we stand at the crossroads of the service-driven future in manufacturing, the question is not whether to embark on this transformative journey—it's how to do it seamlessly and effectively. The answer lies in the power of technology, and IFS assyst as your ITSM or ESM tool is your compass.

Imagine having a unified platform that breaks down departmental silos, streamlines processes, and optimizes resource allocation. Picture having a service catalog at your fingertips that effortlessly manages and tracks service requests, ensuring accountability and transparency.

With IFS assyst, you're not just keeping pace with change; you're setting the pace. It's the digital backbone that enables you to scale your service-driven initiatives, expand your offerings, and overcome growth challenges.

The future isn't a distant horizon; it's here, and it's service-driven.

Get in touch to learn more.

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