



## PERSPECTIVE

# Perspective: ServiceMax's Maximize 2016

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## IN THIS PERSPECTIVE

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This IDC Manufacturing Insights Perspective highlights announcements and conversations shared at ServiceMax's user conference, Maximize 2016, held in June in San Francisco. The event provided an opportunity for ServiceMax customers and partners to gather and discuss the current and future state of field service for manufacturers and their service partners. Based on our observations at the event, IDC Manufacturing Insights shares the following opinions:

- Field service organizations are keen to align their operations with key business and customer-centric metrics. In addition to KPIs like inventory reduction and on-time service delivery, manufacturers are adding net promoter score (NPS) and response times.
- 3rd Platform technologies like mobile, cloud, social, and big data and analytics are transforming the ability for field service organizations to optimize their service delivery. Analytics is particularly useful in gaining insight into operations and customer satisfaction, while cloud and mobile add flexibility and increased productivity.
- Innovation accelerators like augmented reality, IoT, and robotics are all poised to have a dramatic impact on field service, and the conference included customer examples of early successes as well as some futuristic demonstrations that showcased what is to come.
- In addition to product updates and new features, ServiceMax shared its own approach to building customer centricity to illustrate the priority that companies need to take in improving the customer experience.

## A Field Service Renaissance

Field service is enjoying a renaissance period, as manufacturers look anew at this high-customer-touch area to drive many of the current strategic objectives for greater customer centricity and finding new revenue sources. As we stated in *IDC FutureScape: Worldwide Manufacturing Product and Service Innovation 2015 Predictions* (IDC #253397, December 2014), *by 2017, 75% of leading manufacturers will respond to a rise in customer centricity by increasing standards for customer service excellence and doubling investment in aftersales, customer-facing technology.* Field service is a frequent target for this investment because it provides one of the greatest customer touch points to the organization and has shown promising results from technology investments across key business metrics. ServiceMax is a pure-play, cloud-based provider of field service management applications. Maximize, the company's annual user group conference, this year brought together more than 600 customers and partners to discuss the current and future states of field service management.

## *Service Metrics That Reflect Customer Centricity*

One of the key themes at the event focused on the ongoing alignment of field service operations with key business and customer-centric metrics. In addition to KPIs like inventory reduction and on-time service delivery, manufacturers are adding net promoter score and response times. In a customer and partner panel at Maximize, service leaders shared best practices around how they have built greater customer centricity into their field service efforts. Schneider Electric shared how it linked the service operations team with marketing to ensure the technicians deliver on what marketing promises. Connecting directly with the technician helped marketing understand the critical role the field service workforce plays in delivering on the products and services advertised. In addition, a closer look at the customer journey identified every touch point as new opportunities for Schneider to establish itself as the brand of choice when it comes to service.

Speaking of metrics, there was much discussion during the event about capturing information regarding the product, the service performed, and the customer reaction and using analytics to drive changes in field service delivery. Customers shared their experience with ServiceMax's new module – Service Performance Metrics, which leverages a metrics calculation engine that allows for configurable field service KPIs like attach rate, contract uptime, first-time fix, utilization, and average response time. While many of these are relatively standard metrics, the way each service department uses them may differ, and the metrics calculation engine enables different calculation methods for different metrics. Since ServiceMax runs on the Salesforce Lightning platform, users can integrate to their familiar dashboards to surface the results.

## *Connected Service with Innovation Accelerators*

Connected service is an area of great interest for OEMs that maintain equipment for their customers in the field. At Maximize 2016, ServiceMax highlighted how some of its customers are using ServiceMax to enable predictive and even prescriptive maintenance of equipment. The highest level of predictive maintenance enables an OEM to deliver its product's capabilities "as a service" to customers. In IDC Manufacturing Insights' 2015 *Product and Service Innovation Survey*, only 23.3% of manufacturers identified their service operations as "proactive," with the focus on product monitoring. However, moving from reactive service toward predictive and proactive is the goal of most service organizations. Connected products using IoT are necessary for this transition, creating a feedback loop that can monitor real-time product performance.

At Maximize, McKinley Elevator Corp. shared its journey to transform the traditional business of selling elevators to selling guaranteed uptime to its customers. McKinley has been selling and servicing residential elevators and accessibility lifts for nearly 70 years, and the company has always focused on providing exceptional service to its customers. In early 2015, the company was interested in connecting with the elevators and lifts it sold to enable proactive monitoring and create new business opportunities. In the span of one year, the company partnered with ServiceMax and PTC to go live on the two companies' flagship joint product, Connected Field Service. McKinley is now selling the first guaranteed uptime for the lifts that are installed at its customers' locations, using error and fault codes to get ahead of any potential part failures and fix them before they cause an equipment failure.

Another technology that manufacturers are experimenting with in field service combines several IDC innovation accelerators, namely robotics and augmented reality. At Maximize, ServiceMax with its technology partner 3D Robotics shared a demonstration of how a cellular tower service provider can use a drone to inspect towers to improve worker safety, reduce inspection costs, and facilitate higher levels of product monitoring. Chris Anderson, 3D Robotics CEO, shared the sobering fact that 16

fatalities occur annually in unnecessary cellular tower inspections that do not require any repair at the time of the inspections. The demonstration included an actual drone flying in the conference hall, with a real-time video display transmitted on the mainstage screen. The potential for drones along with augmented reality to assist with some of the more complicated field service calls is something that many service organizations are actively evaluating.

## Final Thoughts

- The themes of customer centricity and pushing technology to deliver exceptional service in the field were prevalent at Maximize 2016. IDC Manufacturing Insights continues to chronicle how manufacturers are increasingly using service to drive greater customer intimacy and increase lifetime customer value.
- ServiceMax exemplifies a company that practices what it preaches. At the event, the company spoke of its "ride-along" practice, whereby every ServiceMax employee must complete Field Service University, including accompanying customers out in the field on *their* customer visits. In the expo hall, there was a simulation of the ride-along process for attendees to experience. Employees shared their newfound respect for customer challenges and issues after spending time in the field. This creative approach drives product improvement and encourages customer input for future product versions.
- Connected service is a significant undertaking, and ServiceMax customers need to understand what capabilities are available from ServiceMax today. Connected Field Service, the joint product with PTC, is a promising entrant to connected service, but for true transformation to outcome-based business models, there are many additional capabilities necessary that range from revenue recognition models to contract entitlements.
- We suggest that manufacturers evaluate how they can achieve their desired service outcomes. They need to work with ServiceMax and its partners to understand how to fully realize the vision of connected service and identify who does what.

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### Related Research

- *IDC PeerScope: Field Service Transformation Practices for Optimizing Field Service Delivery in Manufacturing* (IDC #US40542316, June 2016)
- *Perspective: Priorities for Service Life-Cycle Management and Cloud Adoption* (IDC Manufacturing Insights #US40641015, December 2015)
- *IDC FutureScape: Worldwide Manufacturing Product and Service Innovation 2016 Predictions* (IDC #259809, November 2015)
- *IDC PlanScope: Transforming Service Through Connected Products* (IDC #256993, June 2015)

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