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How Parts, Service Support Radically Changed in New Millennium



By Alex Schuessler

In January 2000, a new digital technology began its long, slow, disruptive shift across the global equipment industry, altering the way parts and service support information are distributed to equipment owners.

And while today, two decades later, the use of such technology has gained a universal footprint – approximately 500 suppliers to the equipment industry are actively using digital solutions to support roughly 50,000 service technicians and parts purchasing professionals around the globe – it is a little-known fact that this evolution first gained traction among North American manufacturers of access equipment.

Previously, in the late 1990s, manufacturers like Genie, JLG, and Skyjack had already begun to move parts and service information onto their own newly created websites, alongside offering initial e-commerce capabilities. These sites were

designed to replace the distribution of service information via printed books and – remember this? – microfiche, and the ordering of parts via phone and fax.

Yet initial adoption by users of new web-based services was slow, even as more suppliers followed suit and created service portals and “web shops” for parts. Paradoxically, as more manufacturer websites sprouted up, it became increasingly difficult to manage their use by fleet owners’ employees. Service technicians had to remember an ever-growing number of logins and passwords, as well as master a constantly expanding set of rules on how to navigate the ever-growing, diversely organized websites.

And once they placed orders via these sites, they had to enter the information all over again into their own systems to create work orders, purchase requisitions, and purchase

orders. From the perspective of the customer during this period, the initial move from paper to a digital format was a step toward inefficiency.

Integration is Key

After 2000, starting primarily with manufacturers of access equipment, the use of intelligent service support and parts procurement technology no longer required the OEMs to wait for their customers to come find support information on their websites.

Instead, they could now actively pinpoint-deliver service information into the fleet management systems of their customers. They could “inject” dynamically customized, serial-number-specific interactive parts diagrams and service manuals directly into the workflow of the technicians for specific machines. This resulted in significant increases of “wrench time,” as service

◀ Fleet owners, including Sunbelt Rentals, rely on integrated technology network solutions to provide operational efficiency improvements across parts, service, and back-office labor.

technicians were no longer chasing information across hundreds of external websites.

Similarly with ordering, technicians could select the parts they needed for their service or repair via interactive parts diagrams (e.g. on mobile devices), the system could now auto-generate and populate work orders, purchase requisitions, and purchase orders with zero manual effort, and then electronically submit this information into the systems of their suppliers.

And finally, since manufacturers' and fleet owners' systems were now connected, pricing information was always in sync and "item master" information on fleet owner systems automatically updated. This significantly decreased the workload of personnel in both accounts payable and data maintenance.

Why Parts are a Big Deal

Providers of integrated service and procurement technology are often asked why they care so much about parts, especially since parts spend may only reflect about 1.5% of a fleet owner's total spend each year. Well, for starters, it is by far the most frequent form of purchasing fleet owners do.

Typically, more than 85% of the orders they place in a year are for parts, and identifying the right part without intelligent electronic support is difficult and error-prone. Moreover, these errors instantly translate into an increase in machine downtime.

But a far more interesting reason for why we care about electronic

parts-based solutions are the massive improvements they bring in the form of labor savings and equipment uptime.

The typical fleet annually spends approximately 3% of its original equipment cost (OEC) on parts, and another 3% on service labor. Adding an electronic solution to parts purchasing will drive down both costs. Through spend control, it will ensure that the right part is bought at the optimal price, and through intelligent distribution of support information, it will also eliminate the search for manuals and the need to fill out work orders and purchase orders, thus leaving technicians much more time to focus on their work.

Most remarkably, while spend control may reduce parts cost by 10-15% (or 0.3-0.45% of OEC), the effect on service labor time savings will be far more pronounced, potentially in the greater-than 50% range (or 1.5% of OEC).

In addition, another average 0.75% of OEC jointly incurred in the form of accounts payable costs and master data administration are eliminated, because pricing is automatically synchronized, and fleet owners' item master files are automatically updated when manufacturers change parts or offer new parts.

And finally, in terms of uptime, each hour saved in the repair process results in an additional hour of machine availability. Users of integrated service and parts procurement technologies frequently claim the benefits associated with machine availability gains alone are greater than the total benefits from parts cost and labor cost reduction taken together, implying a more than doubling of the initial cost savings.

So why should you care about parts technology? Not because of the

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total 0.3-0.45% in OEC that could be saved on parts spend, but because of the roughly 3-6% in OEC they can generate in service labor, back-office labor, and equipment uptime improvements together.

In the early years, integrated procurement solutions used to be available only to large enterprises, but that is no longer the case. Much like how Salesforce has brought customer relationship management into the cloud and is offered as a software-as-a-service solution, parts procurement and service management solutions are also now available on a subscription basis, requiring no purchase or hardware or software.

Next time you wonder whether the best way to save on your fleet is through negotiating better equipment pricing or looking for alternative parts suppliers, consider that the answer may lie elsewhere. Does your manufacturer offer the technological means to shift the operating efficiency of your business in this far bigger way?

Thankfully in the access equipment industry, for most of your suppliers, the answer has long been "yes." ■

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Nature of Cost	Avenue for Savings	Cost (% of OEC)	Order of Magnitude of Potential Improvement		
			Relative Improvement	Total Improvement (as % of OEC)	
Parts	Negotiation / Alternative Suppliers	3%	Small	10-15%	0.3-0.45%
Service	Operational Efficiency	3%	High	over 50%	over 1.5%
Back Office	Operational Efficiency	0.75%	High	100%	0.75%
Uptime	Consequence of Operational Efficiency	HIGH	HUGE	either direct cost of delay / cost of surplus fleet requirement	

▲ This table outlines the relative improvements on parts, service, back-office costs, and uptime that can be achieved via electronic procurement platforms.