

Discussion Guide
Thought Leadership Summit on Digital Strategies
Service and Support: From Cost Reduction to Revenue Generation
February 11, 2003

Topic Statement

Services represent the single largest revenue and profit growth opportunity for many firms. Yet, in some organizations, the focus of activities such as product support and after-sales services is simply cost avoidance. Together we will examine how companies:

1. Use digital strategies to both dramatically reduce cost and ultimately transform their after-sales business processes (such as during or after-sales service opportunities or both, reverse supply chain challenges, and even after-market support) from cost centers to business opportunities;
2. Can integrate service offerings, partnering with the other members of the value chain to offer services to customers; and
3. Can offer internal service processes as external revenue generating services.

We will address these opportunities in the context of how digital technologies enable or support each of the types of service offerings. We will examine the potential for value chain partnering in new revenue generating service ventures. We will not only share best practices, but also discuss the tough process of making realistic tradeoffs between ideal service levels and practicable ROI, and address the organizational and structural issues service offerings can pose.

Flow of the Day – Questions to Consider

First three sessions will be 1-1/2 hours each. The fourth will be 1 hour.

Session 1: Strategies, Approaches and Models

What are the service strategies, approaches and models companies are pursuing today? What is realistic in the near future given the realities of the current market? If you're a product manufacturer or retailer, how do you shift to include services as a more prominent part of the mix?

- Is a service a cost center or a profit center within your firm?
 - Are services still generally viewed through a cost avoidance lens or through a revenue generation lens?
 - What is the trend? How do you affect management views?
- What is the nature of the synergies with your current business and does it matter? Two quite different types of opportunities might be:
 - Service opportunities as an extension of or complement to a product
 - Taking a service you do well internally and turning it into an external service business you don't currently pursue
- How do you pick the models that are appropriate to drive growth for your company? What are the differentiating factors of success?
- How do you unlock a customer focused new revenue source from a service within a current business line?
- What is the right approach to a service offering as a new business?

- How can you use services and digital strategies to create positive customer touch points that strengthen brand and loyalty?
- How are services a sales enabler within your company? Are the current state and intended state of sales enabling to be “completely-enabled,” stay mainly product-focused, or a hybrid?
- How do digital services support sales? Can technology help manage the flow of a good to an end consumer in the same way it does in the supply chain?
- What kinds of segmentation strategies are you using for services?
- How do you get started in a service business if you’re a product-oriented company?
 - How do you recognize or identify the right idea, or both?
 - How do you act on that idea? What immediate structural and mindset shifts must be made?
 - Should you run a service or support as a loss leader or must it pay for itself right away?
- What are the key factors in a service and support outsourcing decision?

Session 2: Enabling and Optimizing the Models

What are the ways to optimize these models? What are the enabling strategies and approaches?

- How do you find the optimal practices in services?
 - How do you balance the willingness to spend against the service level you can achieve?
 - How do you cope with failures? How do you work through perceived “failures” when you’ve actually hit the service level targeted?
 - When and how do you appropriately decrease an existing service level?
- What should determine the scope of the service offerings? How do you determine profitable customer “sweet spots” that services can deliver?
- How can digital strategies be used to deliver the right service offerings?
 - Self-service on the web
 - Digital services that reduce cost
 - Digital services that supplement existing offerings
- What are the metrics you need to put in place to support optimizing your service model?
 - How do they differ from the product parts of the business?
 - How do you educate an organization accustomed to one set of metrics and norms to adopt another?
- What are the organizational or structural differences, or both, in a service organization?
 - How do you have to lead differently?
 - What are the governance issues?
 - What people do you need?
 - If you’re moving from a cost-reduction mentality to a revenue growth mode in an existing service, can the same people lead that effort?
- What are the policies and procedures needed to effectively operate a service organization? How does this differ depending on your intended model?
- How important are services to customer loyalty?

- If services inherently bring you closer to the customer, how do you incorporate the increased necessity or opportunity, or both, to listen to customers and build ongoing relationships into your organizational culture?
- How do you decide how to split your effort between current services and new service revenue opportunities?
- What support applications and technology approaches have been used successfully to aid a migration towards services?
- How do you translate internal service learnings to external service offerings (for instance learnings from an internal help desk to an external service organization)?

Session 3: Where are we headed with services?

Where are services headed? What are the new business dynamics or approaches that will be important in 12–24 months?

- How do you work as a value chain to create joint services that serve the end customer?
 - How do you partner successfully to make this work?
 - Does this change or effect ownership of the customer?
 - Can you use technology to help you manage joint ventures? Can technology be shared to cut costs or create additional customer value?
 - How do you get manufacturers and retailers to partner to provide better post-sales service to the end customer?
- What is the real role of technology? What comes first, the strategy or the technology?
- What digital strategies will support new offerings?
- How important will the creation and capture of intellectual property become?
- Manufacturing and retail businesses have headed towards consolidation. The same has happened in some of the larger, well-developed service industries. Will the same happen to services developed as an extension of product businesses and how quickly?

Session 4: Summary