



# FIELD SERVICE

The 2014/2015  
Services, Revenue,  
& Trends Report



# Participants In the 2014/2015 Services, Revenue, & Trends Report

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# Foreword:

## The Evolution of Field Service Through the Eyes of a Service Leader



James Mylett  
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*James Mylett is the Sr. Vice President of Service at Comfort Systems USA, a leading provider of commercial and industrial heating, ventilation and air conditioning (HVAC) and building automation services. With more than 85 locations nationwide, Comfort Systems delivers high quality engineering, design, installation, energy assessment, and repair and maintenance services across the US and in a wide range of customer sectors.*

*James holds an MBA and has over 30 years of experience in the HVAC service industry. He has led functions and managed businesses across the Americas and is a recognized champion for employee engagement and personal development.*

*When not working or spending time with his family, James is active in community service, plays competitive soccer, and enjoys time on his Harley Davidson motorcycle.*

Despite working for 33 years in field service, I still find myself amazed by the rate at which the service industry is evolving. This year's Field Service USA event provided even more insight into the trends that we are seeing, and attending the event reinforced the need to stay current with what's new and stay informed on what's coming next. I can recall working for service organizations early in my career where our main mission was providing warranty and start-up support for newly installed equipment. As time passed, I saw parts businesses begin to pop up. These new businesses were later followed by a strategic focus on transforming service organizations into profit centers. As I continue to network with many of you at events like Field Service USA, I'm seeing a greater recognition that service can be the relationship glue in the customer lifecycle, and I'm also seeing the service experience itself come to the fore as a central strategic focus for many companies.

My own service experiences have revolved around air conditioning systems for large commercial buildings. The focus of the teams I've led has been on creating more productive working environments for our customers. Like many of you, we've been facing the challenge of attracting new field service talent into our industry. Those who do join us bring with them a new set of expectations of us as employers. The employee value proposition is shifting. Embedded technology is no longer a coming trend - it is here and is quickly moving from being the key differentiator to being expected by employees. Customers and employees alike are expecting an effortless experience when interacting with their selected service company. Winning companies are paying more attention to the experience created for customers and employees. Success in field service is now about growth and improvement instead of just parts and warranty.

This report from Field Service USA 2014 reinforces some of these trends and shines a light on emerging challenges. Approaches such as frontline incentives, installing smart devices, and establishing quantitative performance metrics may be new to some of us but have been already established as best practices for others. What this report highlights is what I appreciate most from our collective participation in Field Service: our willingness to share, learn, and improve. Peer reports like this one are a great window into what's happening now and what's coming next. Personally, I appreciate everyone's participation and look forward to continuing on this journey together.

# Introduction:

## Evolution of Service

Field service has changed. There was a time when a customer would be happy as long as the technician who arrived fixed what was broken or installed what needed to be installed. Those days are essentially over. As economic conditions for customers become more precarious, their wallets are continually stretched beyond their limits. The expectation for service is “more for less,” and the average customer’s willingness to pay for service has become a thing of the past.

## Customers Expect More from Service

Field service is more important than ever. Field technicians are the most forward-facing parts of a company and frequently act as the only touch point between the brand and the customer. As such, customer interaction with field technicians is, in many cases, the primary way to measure the credibility, integrity, and overall brand promise of customer satisfaction. According to a recent Aberdeen report, organizations that reached a 90% customer satisfaction rate achieved 6.1% growth in service revenue, 3.7% growth in overall revenue, and an 89% level of customer retention. Satisfy your customer and reap the benefits. If you fail to deliver an exceptional customer experience, the reverse is true.



*Field technicians are the most forward-facing parts of a company and frequently act as the only touch point between the brand and the customer.*

As customers continue to have more options for service and support, service organizations can no longer afford to neglect the opportunity to provide value-added services. Further, as many products have become commoditized, service has become the key differentiator to edge out the competition. In order to provide the level of service needed to deliver on increasing customer expectations, best-in-class organizations know that they each must first get the right technician in front of the right customer at the right place and the right time.

Progressive leaders in field service are reorienting how they think about their employees’ contributions on individual and

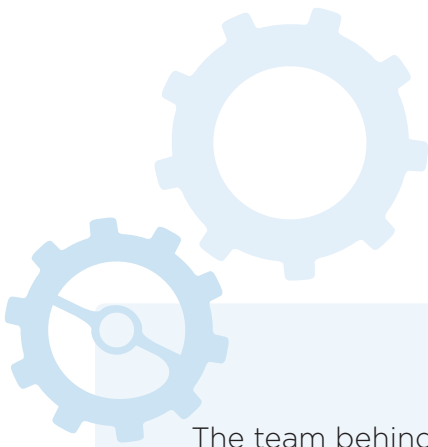
organizational levels. Savvy executives have realized the need for the entire service organization, technicians included, to move toward a customer-centric model to better understand what constitutes the best possible value for their customers. In industries that have long focused on customer service for survival, these things may seem to be common sense. However, for many field service industries that are more technical in nature, soft skills have historically been ignored — until now. This shift toward personalized service has dramatically altered the role of the field service technician, transforming his or her role from that of a break-fix technician to the supplier of services that are both imperative and strategically significant.

## Field Services Companies Are Adapting to This Paradigm by Adopting Powerful New Digital Solutions

Tools for service lifecycle management, customer relations, remote on-demand training, and real-time automation and information have become essential pieces of this new tailored value proposition for service. These are just some of the **key innovations for transforming service delivery** that companies can use to leverage service offerings and **improve customer loyalty and satisfaction**. However, companies are realizing that the most crucial investment they can make is the investment in their people. In order to succeed, one thing is certain: a firm needs the right talent in place, and those people must be ready to perform.

The combination of tight economic circumstances and customers’ hesitance to pay for necessities of service has placed a seemingly insurmountable amount of pressure on service organizations to do more for less. Companies looking to build a satisfied and loyal customer base need to realize that there are multiple drivers of customer satisfaction that will come into play in 2014.

It was with this in mind that the thought leaders of the industry came together at the Field Service USA 2014 conference, where manufacturers and solution providers alike discussed the changing landscape of the field service space. Field Service USA 2014 addressed some of the key concerns of field service providers, including how organizations can deliver services that not only meet but also exceed customer expectations, what the key innovations for transforming service delivery are, and how companies can leverage their service offerings to improve customer loyalty and satisfaction.



The team behind Worldwide Business Research's Field Service USA conference - in conjunction with PTC, a partner organization - created a benchmarking questionnaire for Field Service USA 2014's audience of service and support executives. The survey was distributed at the Palm Springs conference, where more than 125 executives from cross-industry, cross-vertical service and manufacturing companies answered questions about mobility, workforce management strategies, and best-in-class strategies for training and development.

The roles of those surveyed included Senior Vice President, Global Service Leader, President, and CEO of the Supply Chain. Further, these industry leaders represented companies as diverse as Dell, Pitney Bowes, Trane, and Johnson Controls.

The present study analyzes data gathered at Field Service USA 2014, the premier conference for service and support. On the whole, the study evaluates the transformation of services companies through an assessment of both the obstacles that inhibit development and the solutions that enable it.



# Key Findings:



## Majority of Field Service Units Are Company Profit Drivers

Nearly three-quarters of respondents said that their service organizations operate as profit centers rather than cost centers. Twenty-seven percent of respondents said that 31% or more of overall company revenue comes from service revenue, and 35% or more of overall company profit comes from value-added services.



## Field Service Institutions See Continued Success in Turning Service into Revenue

The majority of respondents (70%) said that their company's profit margin for service is as high as or higher than that of product sales. Seventy percent of companies surveyed reported that tailoring their value proposition is a growth strategy that is working for their organization today, coming ahead of diversifying service business (47%) and servicing competitive products (20%).



## Room for Improvement in Remote Diagnostics

Only 28% of respondents said that 50% or more of their company's service requests are resolved through remote assistance. Forty percent of companies surveyed reported an average first-time fix rate of 85% or higher. When evaluating budgeting for deployment over the next 6 to 12 months, 42% of those surveyed ranked remote diagnostics as the number one area for spend, coming ahead of knowledge management (40%) and customer experience solutions (34%). Thirty-one percent of respondents ranked remote diagnostics as their main focus for technician training, coming ahead of PCs (16%), smartphones (20%), and Customer Relationship Management (CRM) tools (15%).



## Continued Transition from Field Technician to Sales Representative

Thirty-four percent of respondents said that upselling was the biggest opportunity for growth in the year ahead, coming ahead of customer experience (33%) and data management (13%). Thirty-five percent of respondents incentivize their technicians to be

qualified lead generators, and 28% reported to have a formal strategy in place to incentivize reps to upgrade contracts. Of the companies that do not already have a strategy in place to incentivize reps, the majority of respondents (56%) indicated that they will be working on this in the next five years.



## A Sharper Focus on Customer Engagement

Eighty-nine percent of respondents cited soft skills as one of their top three priorities for training, a 15% increase over last year's respondents at Field Service USA. Over half of surveyed companies (52%) have strategic timeframes in place to invest in tools and solutions related to customer experience in this fiscal year. An overwhelming majority (83%) are investing in tools and customer experience over the next five years. Seventy-nine percent of companies have metrics in place to measure customer satisfaction.



## Proactive & Preventative: A Trend That is Here to Stay

Product repair and troubleshooting (42%) remain the number one priorities for training in the year ahead, followed by soft skills (21%) and management development (16%). Fifty-one percent of respondents said that automation of knowledge management leads to the greatest revenue growth, coming ahead of warranty management at 45% and real-time updates of technical information at 38%.



## Remote On-Demand Training: Not Crucial for Field Technicians

The most popular delivery method for technical training content is still classroom and lecture at 52% (a 33% decrease from the findings of last year's survey population), followed by traditional media (13%) and online courses (11%). Similarly, the preferred method for training in field sales content is still in a classroom setting at 45% (compared to 85% for last year's respondents). Online courses and webinars are being implemented by 28% of respondents, and 13% of respondents are using traditional media (e.g., text, pictures, diagrams) to deliver field sales training content.

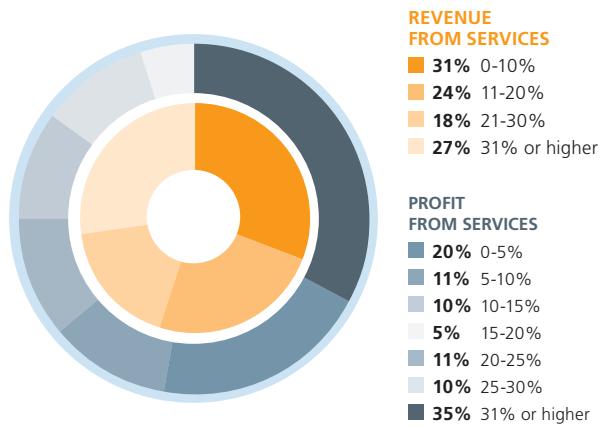


## Revenue Generation, Profit, & Service Organizations

- **Revenue generation is a top goal for field service organizations.** According to our research, 27% of respondents reported that 31% or more of their company's overall revenue comes from service revenue, and 35% of respondents reported seeing 31% or more of their overall profit from value-added services.
- The number of organizations that attributed 31% or more of overall profit to value-added services increased by 8% over last year's survey population.

*"Products have become somewhat more commoditized and are therefore under constant pricing pressures that erode product margins. Services, on the other hand, have remained more proprietary, requiring specialized knowledge and/or skills to execute. As a result, you can demand a higher margin for the higher value services performed."* **Len Van der Hulst, Global Service Product Manager, Mettler-Toledo Inc.**

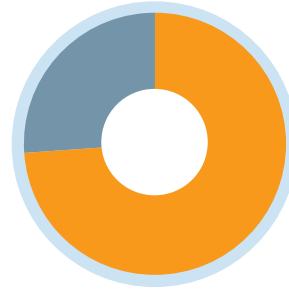
### What percentage of company revenue or profit comes from services?



- Productivity and revenue generation go hand in hand. **Forty percent** of companies surveyed reported to have a first-time fix rate that is greater than 85%. It is not hard to infer why higher first-time fix rates would garner greater returns of revenue growth. Consider this: according to Aberdeen's Field Service 2013 research, organizations with first-time fix rates greater than 80% experienced a 6.2% increase in profit over the previous 12 months compared to a 1.6% increase for those organizations with a sub-80% first-time fix performance. For those organizations with less than 50% first-time fix performance, service revenue decreased 2.8% over the previous 12 months. Revenue growth is a top priority for service organizations, and if they are not able to fix the product the first time, they are not able to drive new revenue opportunities related to efficiency (i.e., time, expense, and parts for break-fix) as well as upsell or cross-sell from their service organization.

## Cost Center or Profit Center?

- Seventy-four percent of attendees view their service organizations as profit centers over cost centers.
- The days of the service function (i.e., field service, parts operations, call center) acting as a cost center, purely from the sale of the product, are essentially over. The importance of service has transcended service operations and is now on the radar of senior executives across the enterprise.



### Does your service organization act as a cost center or a profit center?

- 74% Profit center
- 26% Cost center

## Quick Facts

**70%** of those surveyed reported profit margins for service is as high as or higher than that of product sales.

**74%** of attendees view their service organizations as profit centers over cost centers.

- Companies are more focused on driving efficiencies and savings than in previous years. The main goals for best-in-class organizations are increased revenue, improved customer satisfaction, and increased productivity. Excelling in one area garners greater return in the others. It is clear that companies in field service are recognizing the value placed on service and service performance. Executives are realizing that service is a major growth engine for companies in the space and is the key to increasing the bottom line and securing customer loyalty.
- Adopting a profit-centric management strategy not only creates an environment of accountability to cost containment but also drives a greater focus on revenue. Although this is a good strategy, it is important to remember to not let short-term gains supersede long-term goals. Companies should ensure that these revenue goals do not come at the expense of the customer relationship.

*"Most organizations that I've worked with go through an evolution where service evolves from being a warranty and support organization to a strategically important profit center that strengthens the overall value proposition. Product-centric organizations will have service to support the sale of products, and customers will gradually gravitate toward service organizations that provide a more complete lifecycle services experience. As service organizations grow and gain scale, the opportunity for optimization and cost productivity gets increased attention and resources."* **James Mylett, Senior Vice President of Service, Comfort Systems**

## How Do We Stack Up?

- Although American firms are making great strides in customer returns, European service companies are still outpacing their US counterparts in profits and revenues. The findings we gathered from our Field Service Europe 2013 conference found that 31% of respondents said that 31% or more of their company's revenue comes from services as compared to 23% of respondents at Field Service USA 2013 and 27% of Field Service USA 2014 attendees. The data suggest that companies in Europe are having more success generating profit and revenue from their service propositions, and they could potentially teach their counterparts in the US a thing or two.

*"Service is becoming a much more strategic part of most businesses. In product companies such as ours, service was seen as necessary to support the product business. Now, service adds a steady revenue stream to the business while providing very good margins at the same time."* **Len Van der Hulst, Global Service Product Manager, Mettler-Toledo Inc.**

- What is interesting, however, is where US companies see themselves in relation to their colleagues across the pond. Although lagging in profits, 74% of American organizations view themselves as profit centers, a 12% increase from the 66% of European companies that view themselves as a profit center.

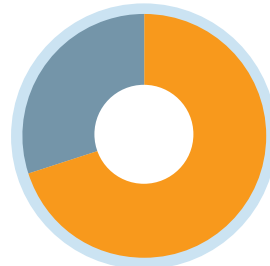
*"We're in a world where people now buy solutions rather than a single product. This will continue to be the trend as customers move toward business outcomes. Business model innovation is trumping product innovation. Overall, everyone is trying to grow their total addressable market (TAM)."*

**Joe Pinto, Senior Vice President of Technical Services, Cisco**

## Measuring Profit Margins for Service

- Seventy percent of respondents said that their company's profit margins for service are as high as or higher than that of product sales.**
- As many products have become commoditized, service has become the key differentiator and the "hidden gem" that has only recently been recognized as a major growth engine for companies.
- Why is field service driving new profits? Two words: customer centricity. By developing a value proposition designed with the customer in mind, top-performing organizations have created an environment of service where all business functions (i.e., sales, marketing, and operations) work with service operations to create, support, and improve offerings for their customers.
- The findings suggest that companies' services are key factors influencing their bottom lines. Industry executives agree that the smart companies are the ones that focus on customer satisfaction and loyalty before realizing the revenue and profit that result from those changes. The key to getting it right as a service organization is to continually evaluate the value proposition and understand how to deliver on your customers' evolving needs.

*"I recently heard a definition of service that revolved around providing something of value to someone. Services are more about experiences than tangible objects. As a result, service creates more of an opportunity for value differentiation. This is one of the key leverage points where profit margins for service can be distanced from product margins. If we really understand our customers, we can zero in on the value drivers for them in the service experience. It's much more difficult to commoditize the service experience. Remember: customers will define what they value, not us. Their voices are the ones that are important here."*  
**James Mylett, Senior Vice President of Service, Comfort Systems**



**Are your company's profit margins for service as high as or higher than that of product sales?**

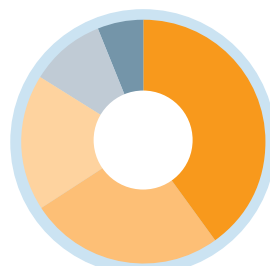
70% Yes  
30% No

## The Importance of First-Time Fix

- Forty percent of companies surveyed reported an average first-time fix rate of 85% or higher.**
- The first-time fix rate of an organization directly corresponds with its ability to garner increased revenue and profit. If a service call requires additional dispatches to solve the original needs of the customer, additional resources (i.e., time, expense, and parts for break-fix) must be allocated. A higher first-time fix rate would undoubtedly be a boon for organizations. It would also result in a huge return on investment for organizations looking to improve customer satisfaction and retention while attempting to contribute to the bottom line.

*"In my opinion, an 85% first-time fix rate is still a little on the low side. While diminishing returns come about as first-time fix rates are driven beyond the low 90% range, getting to an 88%-90% first-time fix rate as an industry standard would be better."*

**Len Van der Hulst, Global Service Product Manager, Mettler-Toledo Inc.**



**What is your average first-time fix rate?**

6% Under 25%  
10% 25-50%  
18% 50-75%  
26% 75-85%  
40% 85% or higher

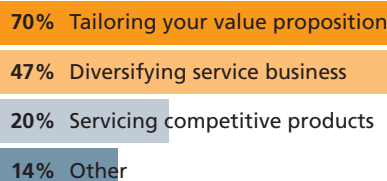


## Uncovering Today's Effective Growth Strategies

- Seventy percent of companies surveyed reported that tailoring their value proposition is a growth strategy that is working for their organization today, coming in above diversifying service business (47%) and servicing competitive products (20%).

*"One size fits all is never true. Customers have similar needs, but they will amplify the value that they place on specific deliverables based on their preferences and business situation. Our industrial B2B customers place safety performance at the top of their value chains when evaluating service providers, while our direct customers will place a higher emphasis on response time, technical capability, or cost depending on their specific businesses. The other side of this coin is understanding that it's difficult to be exceptional at everything and that making strategic decisions regarding where you will excel are connected to deciding how to tailor your value proposition for customers."* **James Mylett, Senior Vice President of Service, Comfort Systems**

### What growth strategies are working for you today?



*"We see the technicians that service our customers as the customers' 'trusted advisors.' Their roles as the trusted advisors should be to provide customers with the right information in order to make the customers successful in their businesses. We incentivize technicians for providing service and product leads in making our customers successful, but we discourage them from getting involved in the commercial aspects of these leads and train them accordingly. The incentive drives the behavior. If the incentives become too desirable for the technicians, they may no longer have the best interest of the customer in mind."* **Len Van der Hulst, Global Service Product Manager, Mettler-Toledo Inc.**

## Measuring Customer Satisfaction in Field Service

- Seventy-nine percent of companies have metrics in place to measure customer satisfaction.
- In 2013, companies recognized the need to look at processes through the lens of the customer and continually evolve and improve their operations to be competitive in the global

marketplace. In 2014, companies are realizing that focusing solely on customer satisfaction and loyalty is not enough to stay ahead of the game. Customers continue to clamor for better service, and organizations need to meet and exceed their expectations in order to meet customer expectations for service. According to the 83% of respondents looking to invest in customer experience solutions in the next five years, improving the customer experience is still a main driver for organizations.

## Doing More with Less

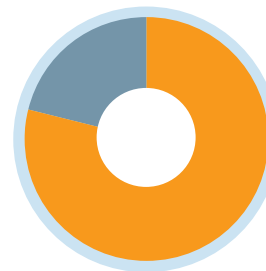
However, service organizations know that improving customer satisfaction cannot be done without significant cost. Increasing investment in one area would naturally have to balance out with a reduced cost in another area. That is why 42% of attendees ranked remote diagnostics as the number one area for spend in the year ahead, coming ahead of knowledge management (40%) and customer experience solutions (34%) when evaluating budgeting for deployment over the next 6 to 12 months.

*"The challenge in creating a sustainable incentive plan for service representatives is finding the right metrics to incent. Care needs to be taken to not put the rep in a position where he or she feels like the customer's best interests are not being met. Personally, I am a proponent of installing appropriate incentives, including incentives for sales. However, I recommend checking the plan against the Wall Street Journal test, which asks if I would feel comfortable with the incentive plan being posted on the front page with our customers having full view."* **James Mylett, Senior Vice President of Service, Comfort Systems**

## Quick Facts

**42%** of respondents ranked remote diagnostics as the #1 area for spend in 2014, coming ahead of knowledge management (40%) and customer experience solutions (34%).

**40%** of those surveyed reported an average first-time fix rate of 85% or higher. Workforce productivity and workforce utilization were seen as key metrics to improve in 2014.



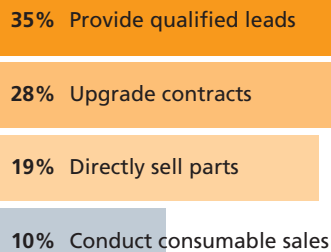
**Do you have metrics in place at your organization to measure customer satisfaction?**

- 79% Yes
- 21% No

## Incentivizing Technicians as Revenue Generators

- When asked whether there was a strategy in place to incentivize field service technicians as revenue generators, **35% of respondents indicated that they provide incentives for technicians to operate as qualified lead generators, while only 19% said they incentivize techs to directly sell parts and services.** Twenty-eight percent reported to have a formal strategy in place to incentivize reps to upgrade contracts.
- While lead generation is still the preferred role for field technicians, this year's findings for direct sales show a significant increase from the findings of the Field Service USA 2013/2014 Benchmarking Report, where only 9% of companies incentivized their techs to directly sell services.
- It is clear that companies in the US market are increasingly trusting their field service technicians to take revenue generation into their own hands instead of outsourcing it to a third party. Field technicians are the most forward-facing asset of a company. Through training and incentivization, field technicians are constantly developing their skills to meet the needs of today's customers. Companies such as Xerox are incentivizing and coaching their technicians to deliver on the ever-changing needs of today's customer.

### Do you have processes in place to incentivize your field reps to:



- Perhaps most interesting is the difference between the findings in the US market and the practices of organizations across the pond. When asked whether there was a strategy in place to incentivize field service technicians as revenue generators at the Field Service Europe 2013 conference, 44% of those surveyed viewed their technicians as qualified lead generators, while only 31% said that they incentivize techs to directly sell parts and services. Only 21% reported to have a formal strategy in place to incentivize reps to upgrade contracts, and 22% said that they have a strategy in place to sell consumable goods. **This stands in significant contrast to the findings of the Field Service USA 2013/2014 Benchmarking Report**, where 56% of those surveyed reported having a strategy in place to provide qualified leads, and 47% reported incentivizing reps to directly sell services.

## Quick Facts

**83%** of organizations are investing in tools related to customer experience of the next five years.

**34%** of those surveyed see upselling as the biggest opportunity for growth in 2014.

**56%** of companies will be implementing a strategy to incentivize field technicians over the next five years.

Performance-based incentive programs increased significantly from 2013.

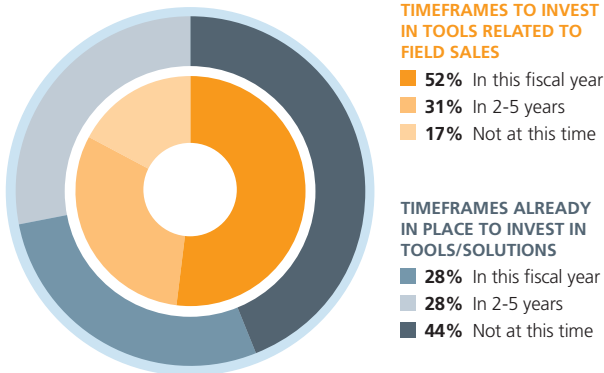
*"There is a fine balance between a technician being a sales person or a trusted advisor. Emphasis needs to be placed on the technicians being solutions providers – recognizing a need and providing solutions versus trying to push a solution that a customer might not need."* **Carolina Desmone, Global Services Leader, GE Healthcare**

*"There may be some organizations or industries where field tech incentives have less value, but I suspect that number is smaller than many think. A skilled field technician can discover and propose new services regardless of industry."* **Jeff Zirker, Senior Director of Global Technical Support, Americas, Cisco**

## Planning Ahead for Field Sales and Customer Experience Solutions

- **Of the companies that have a strategy in place to incentivize reps, the majority of respondents (56%) have strategic timelines in place to invest in tools related to field sales in the next five years.** However, 44% of companies surveyed are not looking to make this leap and currently have no strategy in place to invest in field sales training tools, nor will they be looking to do that in the next five years.
- **Over half of companies surveyed (52%) have strategic timeframes in place to invest in tools and solutions related to customer experience in this fiscal year.** An overwhelming majority (83%) are investing in tools and customer experience over the next five years.
- **Only 17% of companies surveyed currently have no strategy in place to invest in tools and solutions related to customer experience, nor will they be looking to do so in the next five years.** This is an interesting point to note because 100% of the companies surveyed at Field Service USA 2013 reported having strategies in place to motivate reps to either directly sell services and provide qualified leads or were looking to put those strategies in place in the future. The majority of companies (over 56%) had a strategy in place to motivate their field service representatives to provide qualified leads, and nearly half of surveyed companies (47%) had a strategy in place to incentivize reps to directly sell services.

## Do you have strategic timeframes to invest in tools and solutions related to field sales or customer experience?

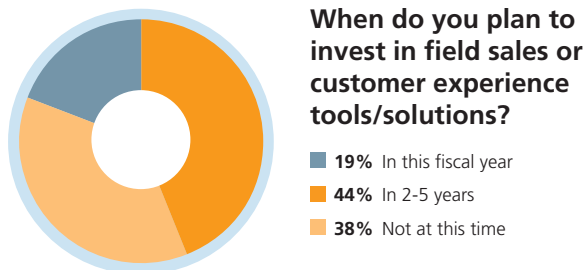


*"There is a conflict between delivering good service and being a customer's trusted advisor versus selling. If companies use the trusted advisor approach to guide the customer on additional product and service selections and then pull in sales to close, it will eliminate the friction."* **Gail Norris, Director, Customer Service Division, Siemens Industry Inc.**

*"In general, service people cannot sell very well! It boils down to choosing and incentivizing the right sales channel for service products. Many businesses make naïve choices and then feel it isn't a profitable venture. I feel as though B2B is like mining minerals. Finding the vein with the ore is the challenge."* **Ron Zielinski, Global Customer Service Leader, Coherent Inc.**

## Future Investment Planning for Field Service

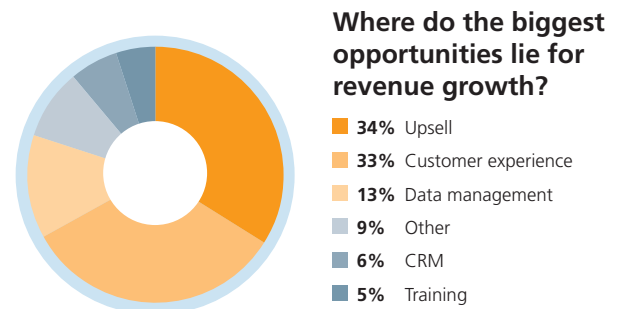
- Of the people who reported that their company did not have a strategic timeframe in place to invest in tools related to customer experience, 63% plan to invest in these in the next five years. Although customer experience is a key metric in evaluating a company's value proposition, 17% of companies surveyed currently have no strategy in place to invest in tools related to customer experience, nor will they be looking to do so in the next five years. Of those respondents, 38% say that they have no plans to invest in the near future.



*"Companies that do not strategically invest in their service businesses are not performing to their potential in good times and are creating more risk for themselves in during down-cycles. The key message is that service is a strategic part of building a healthy profitable business."* **Ron Zielinski, Global Customer Service Leader, Coherent Inc.**

## Finding Opportunities to Enhance Revenue Growth

- Thirty-four percent of respondents said that upselling was the biggest opportunity for growth in the year ahead, coming ahead of customer experience (33%) and data management (13%). Interestingly, the lowest priority for companies looking to boost their bottom line was training (5%).



- The push for service revenue has been extremely significant over the past 12 months. According to our findings, the majority of respondents (70%) said that their company's profit margins for service are as high as or higher than that of product sales. Seventy percent of companies surveyed reported that tailoring their value proposition is a growth strategy that is working for their organization today, coming ahead of diversifying service business (47%) and servicing competitive products (20%).

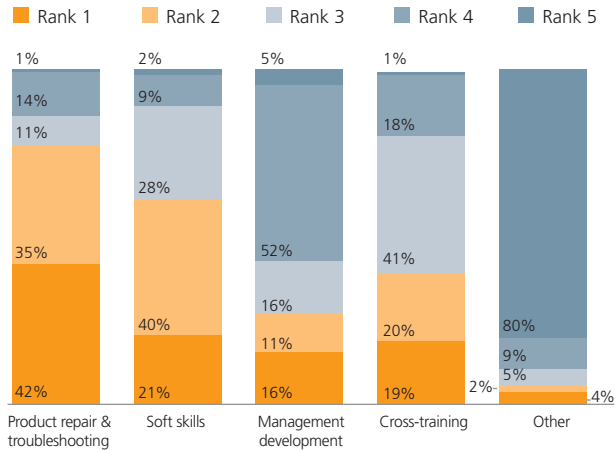
*"The role of technicians is going to evolve by moving from reactive case solving to trying to upsell and helping customers solve their business problems. They're in the best position to see where they need support with a balance between one-third soft skills and two-thirds technical skills and to enable business-level discussion around outcomes."*

**Joe Pinto, Senior Vice President of Technical Services, Cisco**

## Prioritizing Field Service Training

- **Over half the attendees (42%) cited product repair and troubleshooting as their number one priorities for training in the year ahead**, followed by soft skills (21%) and management development (16%). Interestingly, 89% of respondents cited soft skills as one of their top three priorities for training, a 15% increase over last year's respondents at Field Service USA 2013.

Which areas of training are you currently prioritizing? Rank 1 through 5; 1 being highest priority, 5 being lowest.



*"Soft skills are important. Providing a technical solution or a repair is the basic expectation. However, a poor service experience anywhere from the call contact to the resolution can negatively affect the customer experience and could ultimately result in losing a customer. It's like having a dinner at a nice restaurant. The food could be excellent, but if the server is rude, you would likely give the restaurant a bad review and never go back."* **Len Van der Hulst, Global Service Product Manager, Mettler-Toledo Inc.**

*"Customers will remember how you made them feel long after they specifically recall what you fixed or maintained. Soft skills are the top priority in training, especially in field service where the service experience is largely unsupervised and happens in an uncontrolled environment. Knowledge management tools will continue to gain prominence in scaling out technical skills, and the methods of delivering training for technical and soft skills will continue to move toward a more virtual learning environment. One item I'd add to this is the need to include evaluation of soft skills into interview processes. We should be hiring for the brand we are looking to create, and knowing that soft skills are a priority issue should cause an adjustment in what we are interviewing for."* **James Mylett, Senior Vice President of Service, Comfort Systems**

*"Look to other industries for ideas and solutions to your challenges. Many best practices are transferrable across industry boundaries. Train technicians on the soft skills, empathy, communication, and alignment to customer needs."* **Jeff Zirker, Senior Director of Global Technical Support, Americas, Cisco**

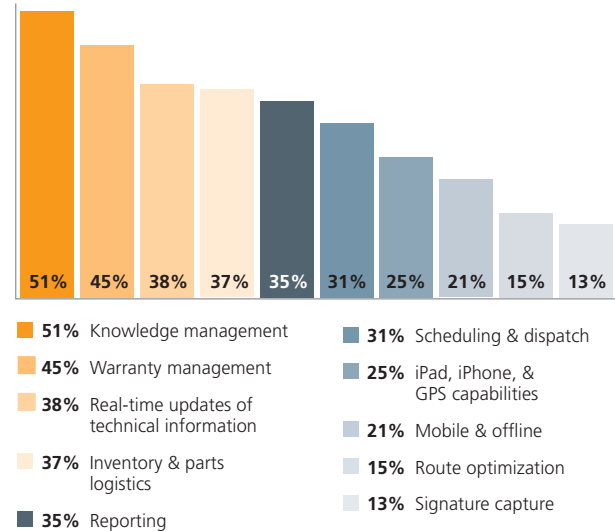
*Product repair and troubleshooting were ranked as the number one priorities for training efforts in the year ahead, followed by soft skills (2nd), cross-training (3rd) and management development (4th). These rankings are in the same order as last year's responses.*

## Automating Processes for Increased Revenue

- Fifty-one percent of respondents said that automation of knowledge management leads to the greatest revenue growth, coming ahead of warranty management at 45% and real-time update of technical information at 38%.

*"You decide which tools to adopt through an evaluation of their field input, product complexity, offers, and customer feedback. Hard skills productivity (i.e., money and time saved) and soft skills (i.e., ease of use) are both vital."* **Joe Pinto, Senior Vice President of Technical Services, Cisco**

When automated, which of the following leads to the greatest revenue growth?

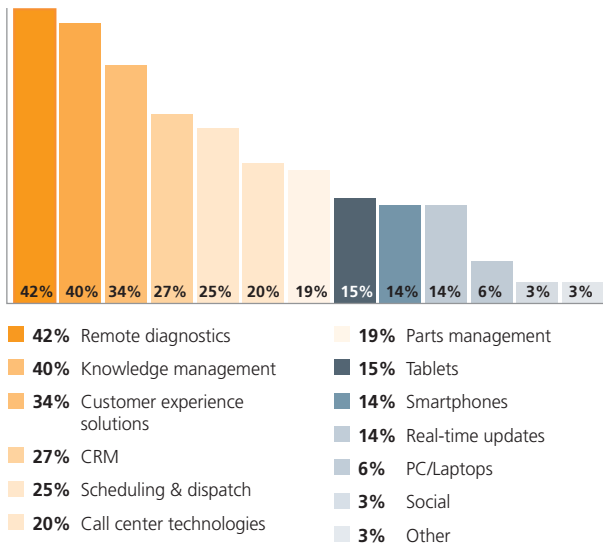


## Identifying High-Priority Areas for Spend in the Next Year

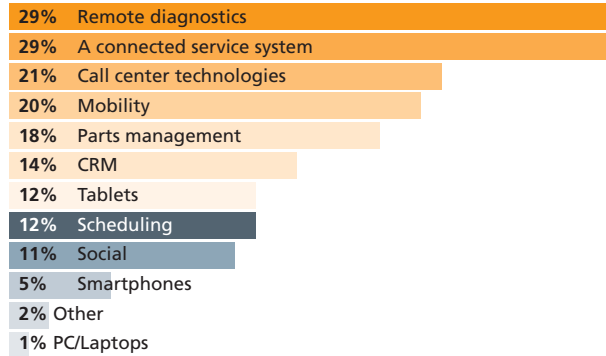
- **When evaluating budgeting for deployment over the next 6 to 12 months, 42% of attendees ranked remote diagnostics as the number one area for spend, coming ahead of knowledge management (40%) and customer experience solutions (34%).**
- Despite growing emphasis on customer centricity, investment in solutions related to customer experience was ranked as the third most important area for spend in the coming year.

- Use of remote diagnostics in field services has exploded over the last ten years. Using this technology increases efficiency and utilization in the service delivery chain, and trailblazers in the industry have also effectively increased their quality of service while simultaneously decreasing the cost of execution and delivery.

### Which of the following areas do you rate as the most important for spend over the next 6-12 months?



### Which of the following areas do you plan to invest in long term but have not yet budgeted for?



### Balancing Long-Term Planning and Budgeting

- **Twenty-nine percent of respondents cited remote diagnostics as an area where they are primarily looking to invest long term but have not yet budgeted for.** Similarly, 29% of respondents cited a connected service system as an area where they have yet to budget despite planning to invest for the long term. Despite growing attention paid by companies to implementing mobility solutions in their field forces, the investment in mobility ranked fourth for field service professionals.

*“Having industry standards around first-time fix will only happen when installed technologies allow companies to track this quantitatively. We are still far off from that. The technology has been there for a number of years now, but the adoption is not widespread beyond the major OEMs and large regional/national service organizations.”* **James Mylett, Senior Vice President of Service, Comfort Systems**

*“The companies that can leverage technology and human assets in a combined service approach will be most successful. The technician profile will continue to evolve toward a customer-centric, value-creation mindset. What will be that one extra service that techs can provide when visiting a customer? Those added touches will increase loyalty in new and exciting ways.”* **Jeff Zirker, Senior Director of Global Technical Support, Americas, Cisco**

*“Services organizations are moving from reactive to proactive and preemptive. This will change how decisions are made.”* **Joe Pinto, Senior Vice President of Technical Services, Cisco**

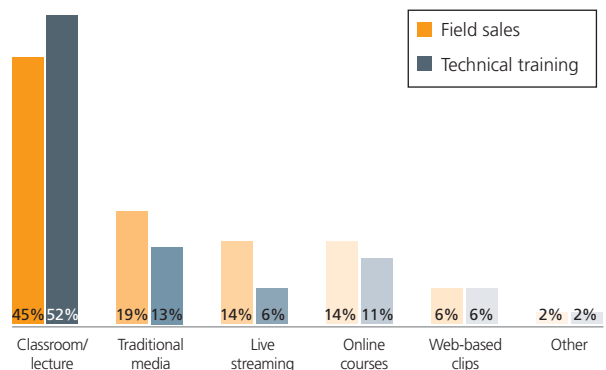
### Quick Facts

**42%** of respondents ranked product repair and troubleshooting as the number one priorities for training in 2014.

**51%** of those surveyed said that automation of knowledge management will lead to the greatest revenue growth in the year ahead.

*Real-time metrics are imperative to gauge performance and improvement in the field.*

### Through which of the following methods are you primarily delivering technical training and field sales content?



*The most popular delivery method for technical training content is still classroom and lecture at 52%*

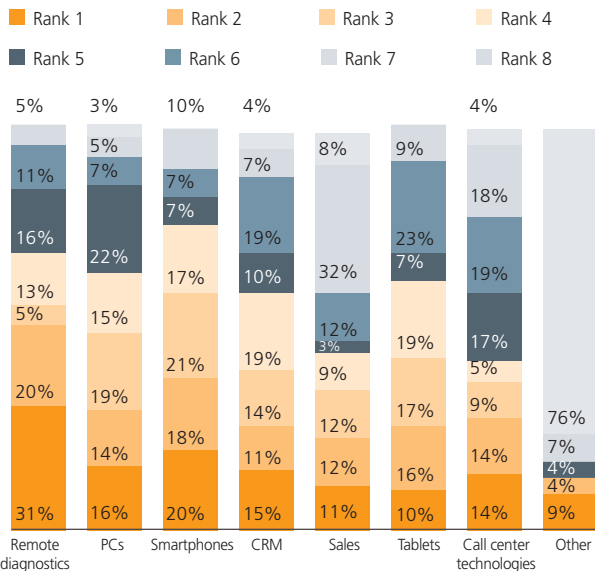


## Delivery Methods for Technical Training and Field Sales Content

- The most popular delivery method for technical training content is still classroom and lecture at 52% (a 33% decrease from the findings of last year's survey population), followed by traditional media (13%) and online courses (11%). Similarly, the most preferred method for training field sales content is still in a classroom setting at 45% (compared to 85% for last year's respondents). Online courses and webinars are being implemented by 28% of respondents, and 19% of respondents are using traditional media (e.g., text, pictures, diagrams) to deliver field sales training content. At Field Service USA this year, "remote on-demand training" was just one of the many key themes we uncovered. That said, given all the innovations in training methods and technology, classrooms are still the most preferred venues for training.

"For most technical skills, hands-on working with the product is required. Therefore, the classroom method is the most preferred method of delivering training." **Len Van der Hulst, Global Service Product Manager, Mettler-Toledo Inc.**

**Which of the following are you training your technicians/service reps on? Rank 1 through 8 in order of priority; 1 being the highest priority for your company currently, 8 being the lowest.**



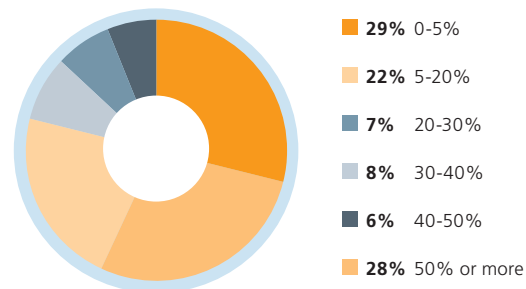
"Although classrooms are the preferred medium, I see this as a fallacy. People can be passive in a classroom. We've found that instruction via video is more interactive, and students are more apt to be assertive in this type of forum." **Joe Pinto, Senior Vice President of Technical Services, Cisco**

## Training Technicians and Service Reps

- Thirty-one percent of respondents ranked remote diagnostics as their main focus for technician training, coming ahead of smartphones (20%), PCs (16%) and CRM (15%).
- Despite the industry push for upselling and tailoring the value proposition, respondents reported that the lowest priority for field technicians is training in sales.

"While we don't train our technicians to sell products or services, we do train them to generate leads by looking for opportunities that will help make the customer a success, as well as our company." **Len Van der Hulst, Global Service Product Manager, Mettler-Toledo Inc.**

**What percentage of your incoming service requests are resolved through remote assistance?**



## Resolving Service Requests with Remote Assistance

- Twenty-eight percent of respondents said that 50% or more of their company's service requests are resolved through remote assistance.

"It's not surprising to see the move toward smart-connected devices. Technology has advanced so much in recent years – both in terms of connectedness (e.g., ability to talk machine to machine or machine to person) and miniaturization (e.g., smaller and smaller connected devices, sensors, etc.). Companies really have no choice but to figure out how to exploit these new capabilities. They can drive new revenue opportunities through access to data, devices, and user behaviors. They can also leverage automation to control the cost to support through remote monitoring and proactive alerting." **Jeff Zirker, Senior Director of Global Technical Support, Americas, Cisco**

Twenty-eight percent of respondents said that 50% or more of their company's service requests are resolved through remote assistance.

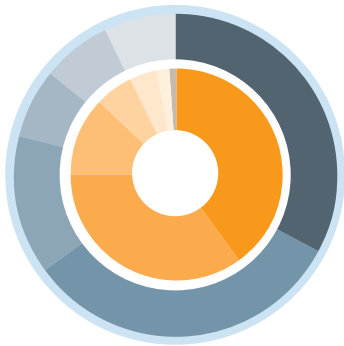
## Anticipating the Use of Next Generation Tools

- Forty percent of industry executives plan to implement smart-connected products in their field forces in the next 5 to 10 years. According to 33% of respondents, smart-connected products are the most exciting of the next generation tools.

- At the end of the day, the core of field services comes down to the people. Whatever technology is rolled out is just a means to solve the problem at hand. All technology is strongly tied to M2M to help navigate the field service landscape. When evaluating the implementation of a new technology, one should consider how mobility extends the customer lifecycle and how mobility can be used to enhance customer experience and improve service revenue.

*“This is a real win for customers. Our ability to drive out cost, dramatically improve responsiveness, and move to a more proactive method of delivering service will happen with the continued deployment of connected products. Today, products are communicating with us and giving us alerts well in advance of serious issues developing. Over the next 5 to 10 years, organizations that survive and thrive will be those who embrace this evolution and find new ways to differentiate and deliver service. Those organizations that are slow to adapt and change will be at risk of becoming extinct. What will be interesting to see is how the OEM’s strategies evolve here.”* **James Mylett, Senior Vice President of Service, Comfort Systems**

### Which of these next generation tools will actually be implemented on your team over the next 5 to 10 years? Which of these are you most excited about?



#### NEXT GENERATION TOOLS IMPLEMENTED OVER THE NEXT 5 TO 10 YEARS

- 40% Smart-connected products
- 35% The Internet of Things (M2M)
- 12% Wearable technology (e.g., Google Glass)
- 6% Augmented reality
- 4% 3D printing
- 2% Driverless cars
- 1% Other

#### WHICH OF THESE ARE YOU MOST EXCITED ABOUT?

- 33% Smart-connected products
- 32% The Internet of Things (M2M)
- 14% Wearable technology (e.g., Google Glass)
- 7% Augmented reality
- 7% 3D printing
- 7% Driverless cars

*“Care needs to be taken to not put the rep in a position where he or she feels like the customer’s best interest are not being met. The tug of war between the customer’s expectations and the company’s expectations plants the service rep right in the middle. I don’t believe the pendulum will ever swing too far away from a focus on the customer experience. The main reason for that is the customers won’t allow it. They will always recenter us if we listen. If we stop listening, we cease to exist.”*

**James Mylett, Senior Vice President of Service, Comfort Systems**



# Conclusions:

Where are your service markets going over the next 5 years and why?



# Appendices

## The 2014/2015 Services, Revenue, & Trends Report

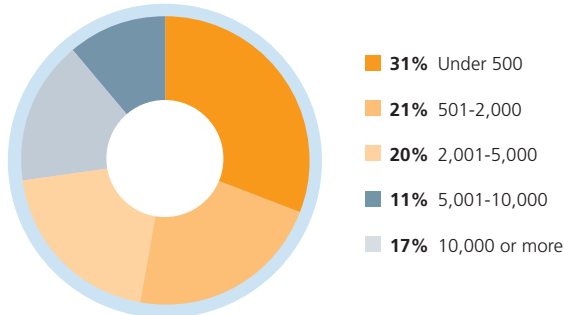
### Appendix A: Methodology

For this study, Worldwide Business Research conducted in-person and online surveys of 125 service and support executives in the field services industry. Survey participants included decision makers and executives with responsibility for their firms' field services dispatch, training, and recruiting capabilities and strategies. In-person surveys and interviews were conducted on-site at the 2014 Field Service USA Conference in Palm Springs, CA. Responses were collected in April and May of 2014.

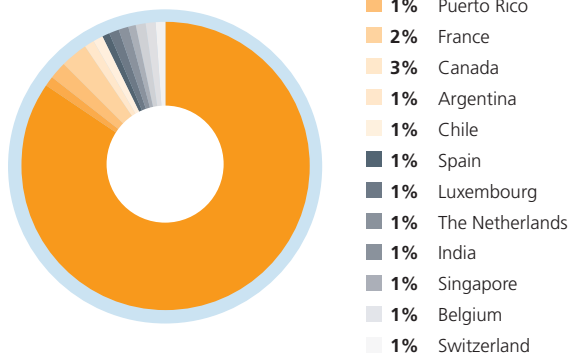
### Appendix B: Demographic Information

- Of the companies in attendance at Field Service USA 2014, 17% reported to have 10,000 employees or more in their organizations.
- Twenty-eight percent of participants service construction and industrial products.

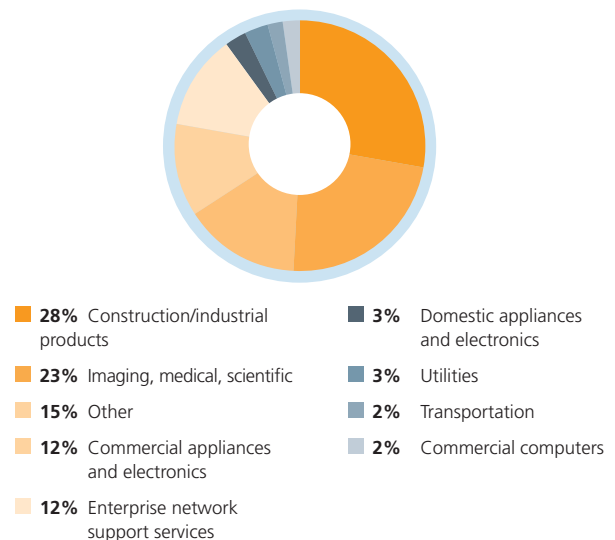
#### How many employees are at your company?



- Though primarily a US conference, 17% of the companies in attendance operate on a global scale.



#### What are the primary products that you service?



### Appendix C: Related Research

- The 2013/2014 Services, Revenue, & Trends Report
- The 2014 European Services & Trends Report

*"It's surprising to me to see how quickly disparate industries are coming together in terms of capabilities, inter-connections, and shared goals. More and more companies are focusing on customer success over company success. From traditionally labor-intensive field service to the new technology-enabled service businesses, there are more commonalities than differences."* **Jeff Zirker, Senior Director of Global Technical Support, Americas, Cisco**



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*“Field Service motivates people from different industries to strive and challenge themselves for higher standards and success. During the conference this year, we were able to share, engage, collaborate, and learn from peers and colleagues facing the same challenges.”*

**Juan Ramirez, Operations Manager,  
Applied Materials**

Field Service is the leading service and support event that attracts senior-level service and support professionals from 15 different manufacturing industries, including Aerospace, Medical Device Manufacturing, Hi-Tech Electronic, Semi-Conductor and Capital Equipment, Construction, Automotive, Telecommunications Equipment, Energy, Industrial and Agricultural Equipment, and more!

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The Field Service Blog, launched in April 2013, serves as a source of exclusive content generated by and for field service industry leaders. Every week features new articles on what's happening in the industry, how to educate ourselves about best practices and challenges, and how we can use this information as leverage for our own businesses in the competitive field service space.

The Field Service Blog features articles, weekly polls, interviews, how-to tips, and Q&A's from the leaders of the field on the following topics: service revenue, mobility, integration, proactive/preventative services, and bridging the talent gap in your organization, to name a few. Stop on over to the blog, and watch out for our annual benchmarking report to see how you measure up to your peers.



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# About PTC

# PTC®

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*"Our top priority is to deliver service proactively to our customers as effectively and efficiently as we deliver it reactively. With PTC's SLM solutions, scheduling and dispatch are now so tightly tied to mobile access and parts planning that we can truly optimize logistics. Skills-based routing gets the right resources with the right availability to the right locations. We now have a rich source of service data consistently at our fingertips to mine for insights and improve our performance. This helps ensure that our service managers and service technicians everywhere are working together for our customers as one."*

**John Dodd, Director of Customer Service Operations, EMC**



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