Service and added value:

What does it mean in a post-pandemic world?

Author – Julian Hobbs, CEO, Siemens Financial Services UK

SIEMENS

Service and added value:

What does it mean in a post-pandemic world?

Julian Hobbs,
CEO, Siemens Financial Services UK

In the world of B2B commerce, there is much talk about the importance of service – particularly now that sales have been constrained in many areas for the last two years.

Certainly, deal volumes are once again on the rise in the manufacturing, technology, infrastructure and medical sectors. But competition remains heightened and finding ways to ease sales over the line has become increasingly important as the situation returns to a level of economic normality.

Service – some form of 'added value' – can make the difference between closure or coming second. But what does that mean in practice? I'd like to use the illustration of our own financing business to paint a picture of what 'service' really adds up to – on the ground and in the real world.

"Our target is always to be in the upper quartile of players in our sector – something we have managed for the last ten years and more."

Measuring the value of service

Every year, we invest heavily in measuring satisfaction levels with our OEM and reseller partners – the organisations that choose to embed smart financing from Siemens Financial Services (SFS) as a key part of their value proposition. We need to know how they feel about the support we are giving their business growth, where it is good and where it may need further work.

Using the widely recognised methodology of 'Net Promoter Score', our target is always to be in the upper quartile of players in our sector – something we have managed for the last ten years and more.

Our most recent such exercise – covering the full year 2021 – delivered a market leading score. Lifting the bonnet on the components that made up this achievement, however, starts to reveal where that satisfaction came from in more detail.

The influence of digital transformation

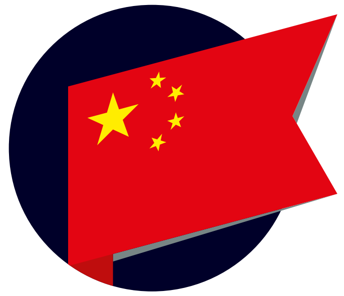
The last two years have seen an unprecedented acceleration of digital transformation – one that was forced by circumstances beyond the control of business, government and individuals. The reality, however, is that this transformation had been in progress long before Covid-19 made digitalisation essential. In the financial services sector, this transformation began years ago in the consumer space and over the last few years has taken hold within B2B.

This transformation was driven by two key shifts, one is the behaviour of the business customer, who increasingly embraces digital solutions. If we look at the two great manufacturing nations of the world: in China, the B2B ecommerce industry's value is set to reach US$350 billion by 2024[i], while Forrester forecasts the US B2B ecommerce to be worth $1.8 trillion by 2023[ii]. The collective value of Europe will be larger again than the US, with the UK a leading proponent.

As UK businesses embrace digital solutions in larger numbers, they want the same kind of service as their consumer interactions. As Forrester reports, B2B customers expect their brand experiences to have the same emotional level and impact as their personal lives, holding commercial partners to the same high level as the biggest consumer brands.

Accordingly, having moved out of the pandemic period, we're keenly looking at our marketplaces, along with our OEM and reseller partners, to identify what as changed for good and what trends (that had already been in progress before March 2020) have now accelerated. The annual net promoter score exercise is just one aspect of this process.

2023



B2B ecommerce industry in China worth **US$350 billion**[i]

2024

B2B ecommerce industry in the USA worth **$1.8 trillion**[ii]

As-a-service

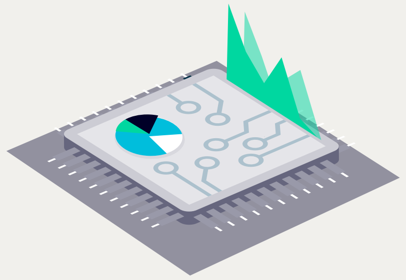
One key trend is the move towards acquiring technology 'as-a-service'. Not only does the phrase include the word 'service' – it also serves as an example of what the advantages of 'added-value' service can look like in practice.

The really interesting thing for us at SFS is that the 'as-a-service' or 'managed service' approach (paying a monthly fee for use of a technology solution) cannot be achieved without the kind of smart finance that SFS provides. Smart finance is the essential enabler, bridging the reseller's or OEM's need for up-front payment and the end client's desire for spread payments which align to the benefits they will gain from the solution.

At SFS, the collective expertise and knowledge about how those manufacturing, infrastructure or healthcare solutions work in practice means that we can carve a financing structure that exactly fits the end client. And this is available to our reseller partners both larger and smaller. In fact, it's arguable that for smaller players, offering smart financing options is one of the most effective tools helping compete effectively against larger rivals.

> "We can carve a financing structure that exactly fits the end client."

Breadth of financing solutions
Which offer a true spectrum of financing products and solutions which can be flexed and customised to fit each organisation's individual circumstances.



Technology expertise
Which leverages deep understanding of the technology and how it is applied in practice, plus the benefits and return on investment it delivers in real-world applications.

Smooth, sophisticated processes
Which put customer experience front and centre – delivering speed and ease, supported by digital tools, techniques and specialists sector experts.

Tangible benefits of service mentality

So, 'service' has now offered two advantages – easing cash-flow for the equipment vendor, and removing the need for capital expenditure for the end-customer. Everyone wants to be cash-light – OEM, reseller and customer alike. This outlook has been amplified by the pressures experienced over the last two years. Everyone wants to have their working capital available to fund market opportunities, acquisitions and so on, not tied up in supporting on-premise equipment. So the role of the financing partner has never been so important.

In fact, the notion of service goes even further in our business. Not every finance provider can offer smart, tailored support.

It's also important to offer a reputation and proven track record for reliability in all market conditions. End customers and integrators want a financier with an appetite for multi-OEM solutions (finance-offering captives still concentrate on their own products).

All parties benefit from a range of financing tools (across leasing, hire-purchase, receivables structures, and so on). And specialist technology knowledge is needed to create optimal structures and terms that fit both sides of the deal like a glove.

Digitally-enabled service

Digital capabilities are now a mandatory 'added-value' service to help OEMs and resellers compete effectively. In practice, this means we – for instance – were able to deliver continuity throughout the pandemic for credit decisions, transaction processing and payments, all because they could be done digitally and remotely. Our digital tools offered 24 hour access, automated credit decisions, e-signature capabilities, e-payments, everything needed to keep business going and beat the threat of disruption. Digital capabilities are also the prime enabler for optimum ease of deploying finance as a sales proposition/aid, rapidity of credit decisions, as well as speed of payout from financier to OEM/reseller.

Digital capabilities gave our vendor partners a digital window on their portfolio, which means they can spot any business opportunities that are available, even during lockdowns. In fact, when you combine smart finance and digital capabilities, the outcome is more than the sum of its parts. There are no payment terms as with cash purchases, so as soon as the equipment is with the customer and the completed and correct documents are with us then payment is within 24 hours – again, all managed online.

> "Our digital tools offered 24 hour access, automated credit decisions, e-signature capabilities, e-payments, everything needed to keep business going and beat the threat of disruption."

To summarise

In conclusion, service is extremely important in B2B commerce. But it's not enough just to state the fact – we have to describe in detail what that means in practice. It's not just pleasant people and good inter-personal relationships. It's tangible benefits that can be easily described and articulated. I know that my illustration in this short piece is just one manifestation of what the benefits of good service looks like. I hope it encourages my counterparts in other sectors to describe what best practice in their industries looks like, so that buyers and integrators know what to demand from their business partners.

www.siemens.co.uk/finance

[i] https://techwireasia.com/2020/01/by-2024-chinas-b2b-industry-will-reach-350b-in-deals/
[ii] https://www.forrester.com/report/US-B2B-eCommerce-Will-Hit-18-Trillion-By-2023/RES136173