

New value streams: what could they look like?

The drive towards digitalisation and Industry 4.0 in the manufacturing sector is redefining the relationship between customers and OEMs.

In the pre-digitalised world, the OEM marketplace was all about the machine. Customers saw Industrial OEMs as hardware engineers with expertise in discrete areas of manufacturing and machinery. For most OEMs, the “relationship” with the customer lasted only so long as the time needed to buy, build and install equipment.



Machines-as-a-service

With digitalisation, machines become much more than the sum of their parts. They are transformed from standalone hardware into software-enabled, intelligent machines which:



Operate within an integrated and connected digital ecosystem



Customise, adapt and update to meet changing customer requirements



Remotely use advanced analytics and connected data via the cloud. Factors which influence or impede performance can be captured, shared, and analysed to inform planning on maintenance and upgrades



Adapt so that the OEM can take a version of the same machine into new market sectors

Machines are no longer a source of limited sales revenue; they are an infinitely flexible source of potential new value for the OEM and the customer.

Machines-as-a-service provide the foundation for a long-term, mutually beneficial relationship which, in turn, creates yet more opportunities.

Customers no longer pay for a one-off product sale then disappear. They're charged according to factors such as machine use and performance. In effect, they're paying for uptime and productivity.

We now think of our machine not so much as a physical entity but as a flexible software platform that can adapt to different types of environment, product and set up, enabling us to predict quality, throughput and timescales.

Martin Leeming, CEO, TrakRap

Peace of mind pays



Machines-as-a-service offers a win-win for OEMs and customers, as both partners benefit from increased predictability. Customers have the guarantee that they'll have all the support they need, plus guaranteed uptime for the lifetime of the machine, in a comprehensive, fuss-free and cost-effective package.



Profiting from reduced risk

By using continually updated performance and usage data to predict outcomes, OEMs now have an unprecedented level of insight into the inner-workings of their machines. They can use that data to plan, calculate and justify the cost of a fixed-price package of services, which would include repairs and routine maintenance.

Some OEMs are already offering warranties that, depending on maintenance history, can be extended beyond the initial period.

Tailored pricing



With the real-time information stored, OEMs can create risk profiles from which they can calculate pricing models. These are not only unique to the machine or customer; they can be negotiated to suit both parties, thus ensuring a continuing and reliable revenue stream.

Digital simulations provide evidence of the machine's capabilities which can be used to underwrite performance-based contracts – and inspire confidence and trust in customers.

Predictive maintenance

With predictive analytics, OEMs can help customers plan for repairs, routine maintenance and upgrades. Work can be planned around production schedules to avoid disruption or downtime.

OEMs can save time and money by planning engineers' work schedules well in advance. This will minimise the cost of carrying excess inventory as parts will only need to be ordered as and when they're required.

Better together: working in partnership

The longer an OEM works in partnership with a customer, the more the OEM can get under the metaphorical skin of both machines and the humans monitoring them. Knowledge breeds understanding, and, as such, this enables OEMs to respond quickly to changes and adapt to new requirements.

The OEM can then be on hand to advise and implement software updates, enhance existing machine capabilities and expand the installation of purpose-built machines.

Performance benchmarking as a service

Customers should not have to deal with expensive assets that don't meet KPIs. Even if the current user doesn't have use for the machine, OEMs can still repackaging the insights they gain through monitoring machine performance. Essentially, this will help customers find buyers for unwanted machinery.

Fast, effective product development



Digitalisation makes product development fast, easy and cost-effective.

TrakRap¹ is a highly ambitious packaging solutions OEM based in Skelmersdale, Lancashire. Working in partnership with Siemens, TrakRap have created a revolutionary new packaging system that reduces the consumption of energy and material by food producers in the UK.

Expanding into new markets



While an OEM's core engineering expertise is essential, the machines they produce may not meet the specific standards and regulations that different, potentially valuable, geographic markets demand.

OEMs can use their suite of digital tools – from analytics to digital twins and compliance – to quickly and cost-effectively send a product to market.

New markets made easy



To capitalise on their machine's success, TrakRap developed new versions of their sustainable packaging system which were capable of wrapping different products.

By using Siemens' digital twin technology, rather than a physical prototype, TrakRap have reduced their time-to-market by 40 percent and development costs have been cut by 30 percent.

Digitalisation is also transforming not just the way TrakRap monitors machinery, but also how it supports customers. This, ultimately, means TrakRap is equipped and ready to identify, address and profit from new value streams and markets.



The power of relationships

Digitalisation will open new value streams by allowing OEMs to become partners with customers. By sharing skills, expertise and experience, OEMs can finally collaborate on product and service development in real-time.

Sources:
1 - <https://www.siemens.com/magazine-uk/en/home/industry/discrete-industry/trakrap-wrapping-its-way-to-industry-4-0.html>

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