



Checklist for a successful digital transformation for equipment-centric companies

Companies in the equipment industry, from OEMs and dealers to rental companies and service providers, are eager to jumpstart growth. Many are embracing modernization and adopting digital strategies. New technologies offer exciting ways to leverage sensor data, engage with customers, and automate processes. New ways of looking at products and the supply chain are transforming how we do business. While the potential impact is promising, it can also be intimidating. Where do you start? How do you measure success? This checklist provides nine elements critical to a successful digital deployment, based on a timely report by R “Ray” Wang of [Constellation Research](#).



Target these 9 milestones as your digital plans move into high gear

	Tactic	Benefits
✓	Define a clear mission	Your personnel, partners, and customers will be able to easily understand your goals
✓	Invest in innovative thinkers	Creative problem solvers will inspire innovation, and help set a vision for the future
✓	Focus on business models first, technology second	Your technology will closely align with the business needs, eliminating superfluous investment
✓	Move to data-driven decisions	Fact-based decisions are sound and reliable, invoking confidence, and generating logical results
✓	Focus on co-innovation and co-creation with partners or customers	Partners or customers will bring specialized expertise and fresh ideas, providing components and services cost effectively
✓	Create cross-functional teams to execute ideas	A team approach will drive innovation and allow groups to concentrate on one singular aspect, for greater efficiency
✓	Expand service offerings and customer engagement	Broadening service offers will meet customer expectations, create differentiation, and help build customer loyalty
✓	Enhance the supply chain and connected networks	A fully connected supply network optimizes the scheduling of resources, improving delivery times
✓	Keep equipment running	Data collected from equipment sensors helps identify early warning signs so preemptive measures can be taken to prevent downtime

Taking a closer look at the recommended steps:

1

Define a clear mission

Your digital action plan must start with the key mission you hope to achieve. This should be related to the very core of why your organization exists. What experiences and products do you want to offer? You must be crystal clear on this point. Although product and service offerings are often blended today, you need to be able to clearly define your goal. If you can't articulate your mission, chances are your personnel, partners, and customers will be confused and unreceptive.

2

Invest in innovative thinkers

Balancing the workforce between doers and thinkers is important. Every equipment-centric company has a combination of hands-on workers as well as managers focusing on bottom-line profitability. But you also need the creative problem solvers who can bring imagination and a vision for the future. "If an organization has many scientists, technologists, engineers, or mathematicians, it should add artists, ethnographers, anthropologists, design thinking experts, and story tellers," says Wang in the Constellation report. Different perspectives can spark creative thoughts and fresh approach to solving business problems. Encourage these individuals from divergent disciplines to form teams and learn from each other.

3

Focus on business models first

Conceptualize your business model first, then decide how to execute it. Keep in mind you can have more than one business model and multiple revenue streams. Start from a core objective then work out what technologies, people, and systems you need to support the model. Multiple layers of partner networks, third-party logistics companies (3PL), parts suppliers, service technicians and IT specialist's may be involved in selling and servicing complex equipment. Map these out early and in detail as these contributors likely will impact the cost of doing business and margins.

4

Move to data-driven decisions

Data is the steam that makes the digital engine run. Collecting, understanding, and leveraging data in a meaningful way is the crux of the digital era. In order to take advantage of modern capabilities, you need devices and systems for collecting, storing, and aggregating millions of random data points into logical patterns. Data must be accurate, real-time, accessible, and relevant. Smart sensors that can monitor and communicate condition and location are the driving force behind many digital initiatives and have been in use in the equipment industry for some time.

As sensor capabilities expand and costs decrease, the use-cases also evolve. Data points can now be used to monitor user compliance with safety mandates, working conditions, machine performance, work achieved, and anticipated need for service.

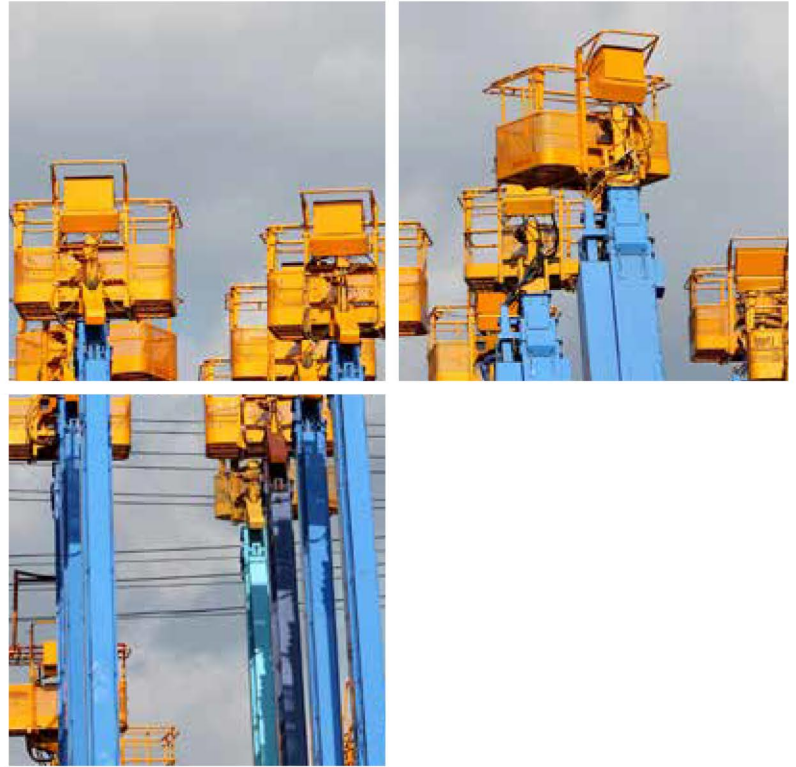
Access to accurate, timely data helps managers be confident in their decisions and set strategies based on science, not hunches or anecdotal comments. But, to reach this level of sophistication, you need the ability to store and aggregate large amounts of data. Cloud deployment is a necessity for practical, economical storage of vast data.

5

Focus on co-innovation with partners and customers

This is becoming more and more important in the equipment industry as the machinery and components become more complex, computerized, and highly specialized for vertical applications, such as agriculture or road construction. Customers have high expectations for cab comfort, safety features, productivity enhancement, and value-add services. Some of these features may require partnering with suppliers for accessories, high tech components, or 3PLs for delivery, set up, and training.

Blended business models often mean a cross-over of two revenue streams, such as equipment sales and service agreements, or equipment rental with on-site delivery, or dealers who provide user training on ways to boost performance or optimize the equipment lifespan. Safety is always priority issue in the equipment industry, and partnering with suppliers to incorporate sensor-enabled collision-avoidance systems is another type of value-add service equipment companies can offer.



The equipment industry includes highly advanced technology users. But at the opposite extreme, many of the customers buying or renting equipment are still using spreadsheets and manual systems in their businesses. Both ends of the customer spectrum offer equipment dealers and service providers opportunities to step-up and play a role in education and training. Problem-solving using digital technologies is the name of the game.

6

Create cross functional teams to execute ideas

The IT team cannot plan and execute the complete digital agenda alone. The mandates must come from the top, and continue to have key executives highly engaged, especially in setting the company culture, pace of change, risk tolerance, and investment priorities. Teams can focus on specific aspects, such as creating new revenue streams, regulation compliance, commercializing data, and enhancing existing systems. Teams should involve personnel from multiple areas and diverse backgrounds in order to get a comprehensive perspective and a wide range of new ideas. As teams focus on their specific aspects, there must also be a method for teams to share ideas, ensure their ideas are compatible with other teams, and iron out any disagreements.

7

Expand service offerings and customer engagement

One of the main benefits of a digital strategy is the opportunity it provides to align with customers. An enhanced customer experience is the key to differentiation today. Customers expect a highly personalized, positive experience when making a purchase, whether in business-to-consumer (B2C) or business-to-business (B2B) markets. Customers expect ecommerce, the ability to collaborate on designs, highly personalized products, and portals for such things as placing orders, requesting service, tracking service claims, monitoring warranties, and projecting the need for service, upgrade, or replacement. All of these customer-centric features can be easily offered thanks to modern technology.

You can also enhance your alignment with customers by being scientific in the way you market to your customers and prospects, rather than haphazardly pelting them with generic offers. An advanced customer relationship management system (CRM) and digital marketing tactics can be used to make smart investments of resources, targeting potential customers when they are ready to buy or rent and sending a message that aligns with their business need.

8

Enhance the supply chain and connected networks

Visibility to the extended supply chain is more critical now than ever. As companies turn to inventory management as a strategy for controlling costs and minimizing waste, managing the just-in-time delivery of parts and equipment is critical. Dealers and rental companies must have the right equipment in the right place to meet customer needs. This means an integrated choreography of decisions based on real-time data collected from suppliers.

Sensors and the Internet of Things (IoT) are dramatically changing the ability to manage the supply chain. Sensors can be used to track exact location, using GPS and satellites. This helps managers divert shipments around adverse weather conditions and helps to plan back-up options when needed. There's never a time when you have to guess at when a shipment will arrive.

How digital transformation will change the equipment industry

Studies show that companies are embracing new technologies and reaping rewards



\$75.2 billion

Valuation of worldwide construction equipment rental market by 2024



75% ROI

Achieved by contractors who prioritize safety, using VR, AR, and wireless headsets



\$1.7 million

Projected cost avoidance on one construction site that used virtual reality to create 3D models



30-60%

Construction contractors still using manual processes or spreadsheets



\$1.6 trillion

Projected increase in output through global labor-productivity improvement in the construction industry



\$57 trillion

Worth of infrastructure investments will be required by 2030 just to keep up with the global economy

Keep the dealer and service operations running smoothly

Streamlining processes through improved visibility and automation is one of the most important aspects of modernizing the equipment company. Modern IT systems include analytics to predict demand, analyze account profitability, determine upgrade and cross sell opportunities, and optimize retail space and service offerings. Visibility helps the organization prevent silos, gaps in communication, and delays in responding to customer inquiries.

A digital strategy also involves streamlining the service operation so that technicians have access to critical data from remote locations, 24/7. Access to parts inventory, service agreements and warranty status helps the technician make informed decisions and improve first call resolution rates.

Innovative technologies can be particularly helpful in improving the efficiency of the service department. Virtual reality, augmented reality, and 3D imaging are being used by some forward-thinking companies that are finding ways to alleviate the shortage of skilled technicians. Hands-free access to the ERP system using voice recognition and wearable devices are some other digital-era innovations that enhance the technician's ability to perform his job more efficiently.

[Learn more about making a digital transformation](#)



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