

Case Study: Equipment Wholesale & Distribution Chain

Ferguson Makes Strategic Use of FM Analytics to Increase Work Order Efficiency, Reduce Costs and Improve Vendor Performance



Highlights

Large-scale SERVICE PROVIDER
CONSOLIDATION from 7,000 to less than 600

VISIBILITY AND INSIGHTS THROUGH ANALYTICS
for improved budgeting/planning and vendor
performance management

FLEXIBLE OPERATIONS through enterprise
mobility for all users

Quantifiable Results

77% REDUCTION OF WORK ORDERS
REQUIRING NTE PRICING INCREASE

100% INCREASE IN FIRST-TIME WORK
ORDER COMPLETION RATES

107% INCREASE IN CONTRACTOR
ON-TIME ARRIVAL RATES

Customer

Ferguson Enterprises is the nation's largest distributor of residential and commercial plumbing supplies and pipe, valves, and fittings. As a diverse distributor that spans multiple businesses including HVAC/R, waterworks and industrial, it's grown over 63 years from a local distributor to a \$13.8 billion company with more than 1,400 locations nationwide.



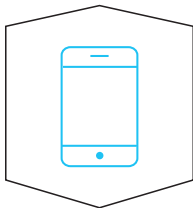
Challenges

Ferguson evaluated service automation as a way to migrate from a fully outsourced facilities management operation and internalize the function as a department. The rationale for this was to overcome a number of key challenges including:

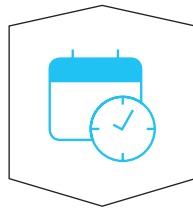
- Highly decentralized FM model in terms of maintenance and repairs with work orders initiated by locations ad hoc, with no standardized processes for tracking and measurement
- Overly bureaucratic in terms of organization leading to cost overruns, which met with resistance from branch managers responsible for their own P&L
- Non-enterprise levels of risk mitigation and operational efficiency



Ferguson



Mobile App


 Planned
Maintenance
Manager


Compliance Manager



Invoice Manager

Goals

In making this shift to service automation and centralization of the FM team, Ferguson identified a number of short- and long-term goals to define its success. Short-term goals included:

- Empowering the branches with information and data to make real-time decisions about necessary facilities maintenance and repair issues
- Increasing the speed of initiating work orders and the time required to resolve open tickets
- Sharing work order information internally to streamline communications
- Giving the central FM team the means to ensure service provider compliance, formerly the responsibility of the branches themselves

Longer-term project goals included:

- Consolidating the number of service providers that the company relies on for repairs and maintenance
- Negotiating more favorable contract terms with service providers using quantifiable data
- Increasing visibility into budgeting issues such as spending trends
- Creating an enterprise-class analytics and reporting process for planning, cost controls and vendor management

Solutions

Ferguson chose to deploy the ServiceChannel **Service Automation** platform after carefully evaluating several options. One of the factors in selecting ServiceChannel was the **wide familiarity with the platform among the thousands of service providers** on which Ferguson relied. Other ServiceChannel solutions deployed include:

- **Mobile App**, which enabled branch managers and facilities managers to enter and track work orders using their mobile device of choice, described as a “huge, huge win”
- **Planned Maintenance Manager**, which streamlined operations by standardizing and automating routine and recurring services instead of relying on the branch managers to initiate work orders
- **Compliance Manager**, which simplified a formerly tedious process and ensured that service providers were 100% compliant at all times. This became an essential component of the risk mitigation capabilities that the FM team delivered
- **Invoice Manager**, which enabled the FM team to move to a weekly batching process for simplicity and timely processing



Ferguson

Benefits

Arguably, the most important benefit of the ServiceChannel deployment at Ferguson was the **visibility and insights** the team gained through the platform's embedded analytics. Having **access to enterprise-wide analytics** with the ability to generate custom reports on-demand has improved many areas of the company's FM operations including:

- Cost containment by having the ability to make data-driven spending decisions and establishing best practices such as NTE pricing
- Improved vendor performance management using service provider-specific data and reports
- Improved budgeting and planning cycles using both real-time and historical trend data

"Management was absolutely amazed at how easy it would be to use ServiceChannel data to make data-driven decisions and establish best practices such as NTE pricing. Data is king; if you can prove it and show it on paper, you're ahead of the competition."

"In terms of budgeting, what we get from ServiceChannel is miles ahead of whatever else is available in the market today."

Results

Ferguson is rolling out ServiceChannel through a systematic, multi-phase deployment plan. The FM team has deployed **Service Automation** in almost 800 stores so far and reports **highly positive feedback**, with "not a bad word said" from any of the users.

Significant results and insights gained to date include:

- **Work order efficiency through NTE pricing optimization:** Using ServiceChannel has decreased the need to generate proposals for work orders by 57% in just eight months. Additionally, the number of work orders that require NTE pricing increases has also decreased by 77% during the same time period.
- **Vendor performance:** First time completion rates for work orders has doubled in just four months while on-time arrival rates for vendors has gone up by 107% during the same time period. Overall, Ferguson's scorecard grade for service providers has improved from a "D" to a "B".

"By deploying ServiceChannel, we have greatly improved transparency into all our repair and maintenance operations. Anybody who wants to know what's going on can just open up the platform and find out. In other words, we're finally operating like it's 2017 as we should be, which will help us become more successful as a business."

- Hank Van Gieson,
Manager of Program Development
Facility Services

About ServiceChannel

ServiceChannel provides facilities managers with a single platform to source, procure, manage and pay for repair and maintenance services from commercial contractors across their enterprise. By delivering unprecedented transparency and data-driven analytics of service quality, across all trades, locations and contractors, facilities managers drive significant brand equity and ROI for their organizations without outsourcing or investing in new infrastructure. The world's leading global brands use ServiceChannel and Big Sky solutions daily to help optimize millions of transactions and billions of dollars of spend annually.

