How to Transform Products into Services?
Digital Business Models Transforming Industries

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Hannover, 29.09.2021
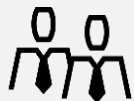
A1 Digital – About Us

3 Headquarters
Vienna, Munich and
Lausanne - present
in 10 countries

More than 500
international
customer projects

Affiliated Group
A1 Telekom Austria
Group & America Móvil

**180
Employees**

Your Partner
for Cloud, IoT and
Security

3 Predictions and 3 Hopes for today's talk

In the next 3 years at least one major manufacturer in YOUR INDUSTRY will offer an as a Service Consumption Model and disrupt the competition

In the next 3 years at least one major customer will ask for an as a Service Performance Contract for YOUR Product

In the next 3 years you will be forced to develop and deliver intelligent products (using IoT & ML) in an as a Service Model.

XaaS Subscription Business Models

1962

Rolls Royce

Long Term Performance Contract
„Power by the hour"

What are the benefits of XaaS?

Improvement of the competitive situation

Long Term Growth and stable margins

Higher customer loyality, more intensive customer knowledge

Predictable revenue streams

Higher company rating with analysts due to recurring revenues

Improve maintenance efficiency and effectiveness

Inferences from product use lead to more targeted R&D

Hilti

„Selling holes"

Fleet Management Service Model

Audi select

Selling mobility services

Subscription rental model

Equipment-as-a-Service (EaaS)

OEMs where operators pay by an usage metric e.g. per sqm produced

German Bionic Systems · Schneider Electric · SYNTEGON · TRUMPF · BIZERBA · AIDA America · Baur GZM · KAESER COMPRESSORS · ENERGY ROBOTICS · ROLLS ROYCE · WIKA · DMG MORI · SANIXAIR LIFE STARTS BREATHING · BOSCH · HEIDELBERG · PHILIPP REINER · STAHLWILLE · GRUNDFOS · COBORN ENGINEERED SOLUTIONS · SIEMENS · inveox · AMG ENGINEERING · alp · Tetra Pak · Path Robotics · ExOne · ENGIE

www.nonewmachines.com

Software-Driven Revenues

Selling own Software products in addition to Parts/Machines

WITTENSTEIN · LINCK · Krauss Maffei · ANDRITZ · Danfoss · DÜRR · HERMA · Howden · ZEISS · KISTLER · FESTO · ebm papst · xylem Let's Solve Water · gom a ZEISS company · BiHLER · VOITH · SULZER · Schlenker · MULTIVAC · DOMINO · SCHUNK · kampf Jagenberg Group · BIMATEC SORALUCE · HAUNI Körber Solutions · RIETER · Zwick/Roell · GÜDEL · RENISHAW apply innovation · AZO. · KOENIG & BAUER · ROMMELAG · KÖRBER · BEUMERGROUP · Lenze · SMS group · OPTIMA · Siempelkamp · TT TRACTO-TECHNIK · KUKA · SYSKRON · KARL MAYER · HOMAG · SCHAEFFLER · Uhlmann UHLMANN GROUP

Most also do this too ➤

Most also do this too ➤

Service 4.0

Service Process can be pro-active with data and software

SEW EURODRIVE Driving the world · KRONES · GEA · ASML · LEWA Creating Fluid Solutions · DIEFFENBACHER MOVE FORWARD. TOGETHER. · STÖCKEL für Partner mit Schiff · SW Technology People · SANDVIK · Parker · Stangl · OMRON · TEREX CORPORATION · FLOWSERVE · KOMPTECH · ILLIG NEXT TS · PHOENIX CONTACT · ENGEL · ZAHORANSKY PERFECTLY DIFFERENT · Mayer & Cie. · meusburger WIR SETZEN STANDARDS. · BÜHLER TECHNOLOGIES · BROOKS INSTRUMENT · HITACHI · Schütte · AL-KO QUALITY FOR LIFE · RAMPF · Vogelsang · Angst+Pfister · coesia · SCHMALZ · sinto · MAPAL · Vecoplan · RNA · EMAG

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EaaS Software
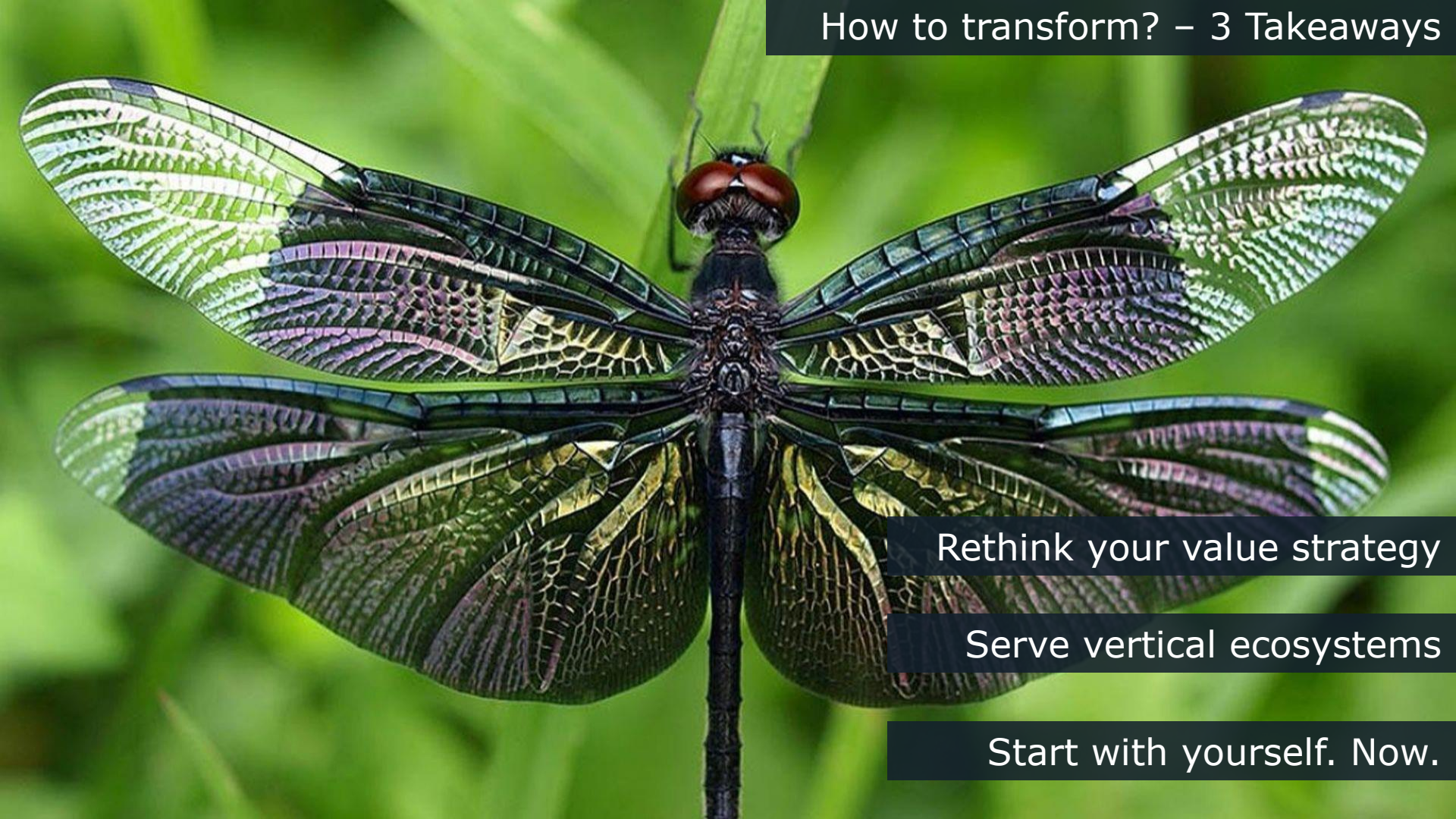
Building software and platforms that enable EaaS Business Models

codestryke · machinemetrics · ZUORA · synctive · PRAGMATIC INDUSTRIES GMBH · iSAX · TAASCOM · relayr. · ixon · INDUSTRIAL PLATFORM · FOR · INDUSTRIAL FINTECH · NITROBOX · elunic · linx4 Pay-per-Use Financing · billwerk. · bill-X Collect. Manage. Execute. · SteamChain

Service 4.0 Software

Providing software products for new after-sales offerings and data-driven service operations

zinier · SERVICEMAX · entytle · mavenoid · IBsolution · EMPOLIS SERVICE EXPRESS · remberg · oculavis · emaint · conclurer · PEER OX · MARKT PILOT · MAKULA · neohelden · Mobility Work · RISE · MACHIQ · symmedia · ADAMOS · MEXS MITTELSTAND EINFACH SICHER VERBINDEN · ToolSense · SPARETECH · WERKBLiQ · Quanos · SENSEFORCE · 3D HOLOGROUP · ADTANCE · Paradigma Software GmbH · ULTIMO

How to transform? – 3 Takeaways

Rethink your value strategy

Serve vertical ecosystems

Start with yourself. Now.

#1 How to transform – rethink value creation and value capture

		TRADITIONAL PRODUCT MINDSET	CONNECTED PRODUCTS MINDSET
VALUE CREATION	Customer needs	Solve for existing needs in reactive manner	• Address future needs in a predictive manner. Prioritize clusters.
	Offering	Stand-alone product that becomes obsolete over time	• Product refreshes through OTA updates and has synergy value • Reduce complexity through platform reuse
	Role of data	Single point data is used for future product requirements	• Informs all services and product design • Data is the product
VALUE CAPTURE	Path to profit	Sell the next product	• Enable recurring revenue • Expand into data products • Service competitors markets
	Control points	Commodity advantages, IP ownership & brand	• Adds personalization and context; network effects between products; outcome oriented business models
	Capability development	Leverage core competencies, resources & processes	• Combine ecosystem strengths • Solve and optimize for the industry ecosystem

Solution:
Connected Product in Railways

REQUIREMENTS

- Global Tracking of Cargo Wagons
- Analysing weigth, position, acceleration and velocity
- Full service from Hardware/Software to Rollout

OUR SOLUTION

- IoT Platform customer branded
- Customer-specific Applications
- Device Management Integration

RESULTS

- Customer-specific Analytics Dashboard
- Highly robust telematic devices
- Enabling new business models for rental and asset mgmt
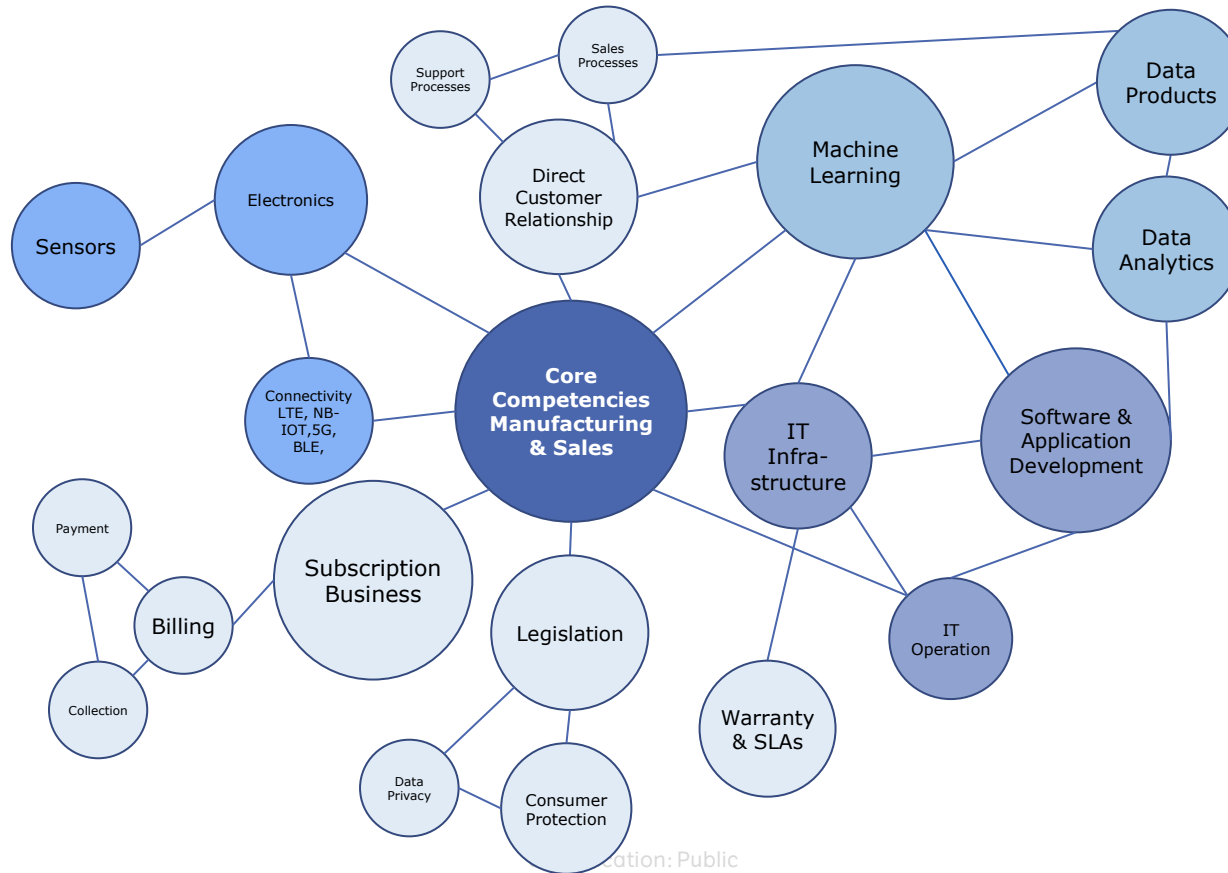- Improvement in operations and maintenance

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#2 How to transform : Think in terms of Vertical Services Ecosystem (*like Tesla or Apple*)
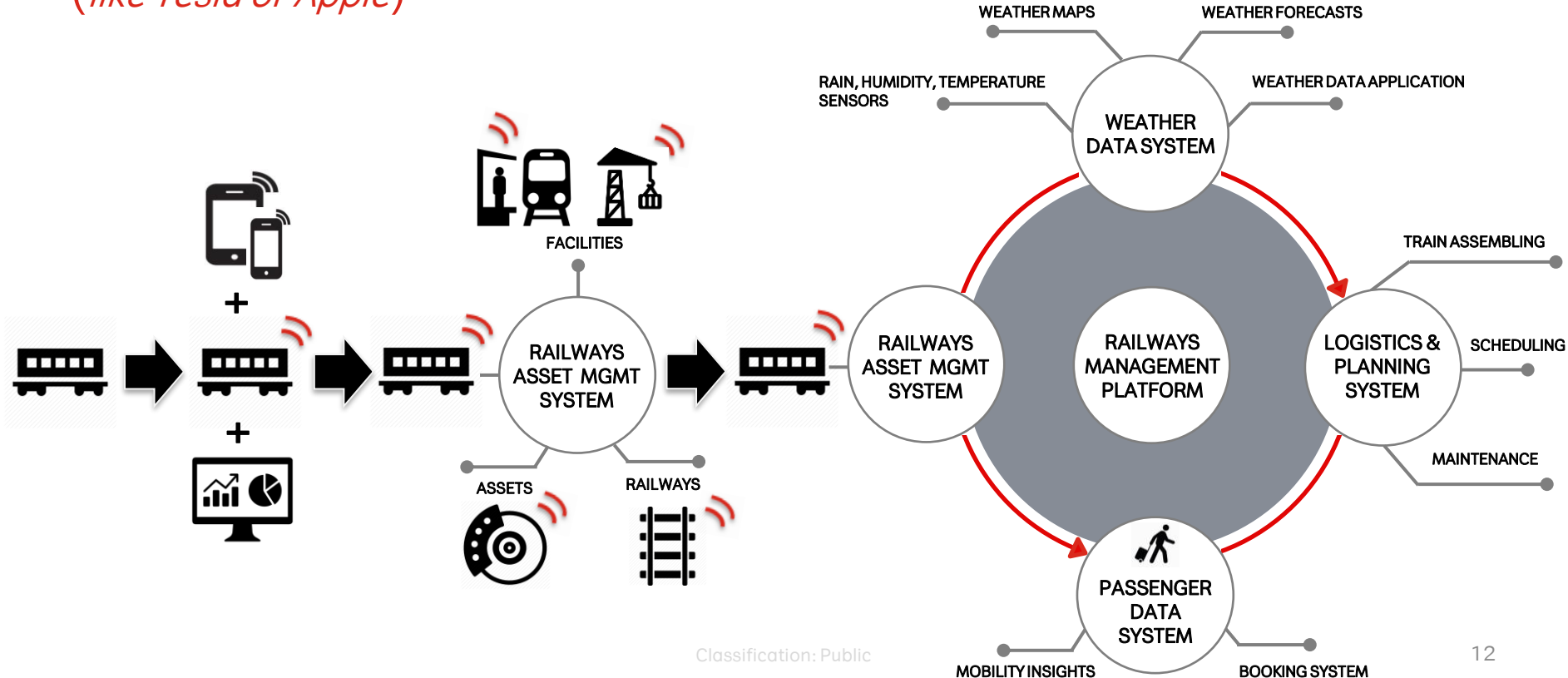
#3 How to transform: Start with your own organization
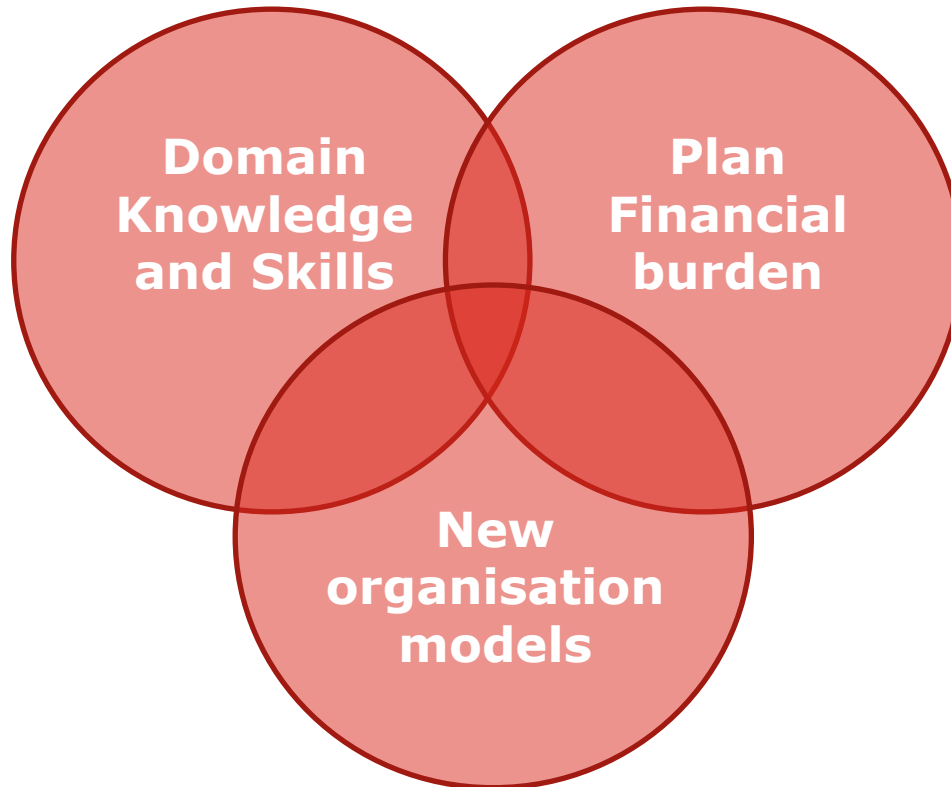
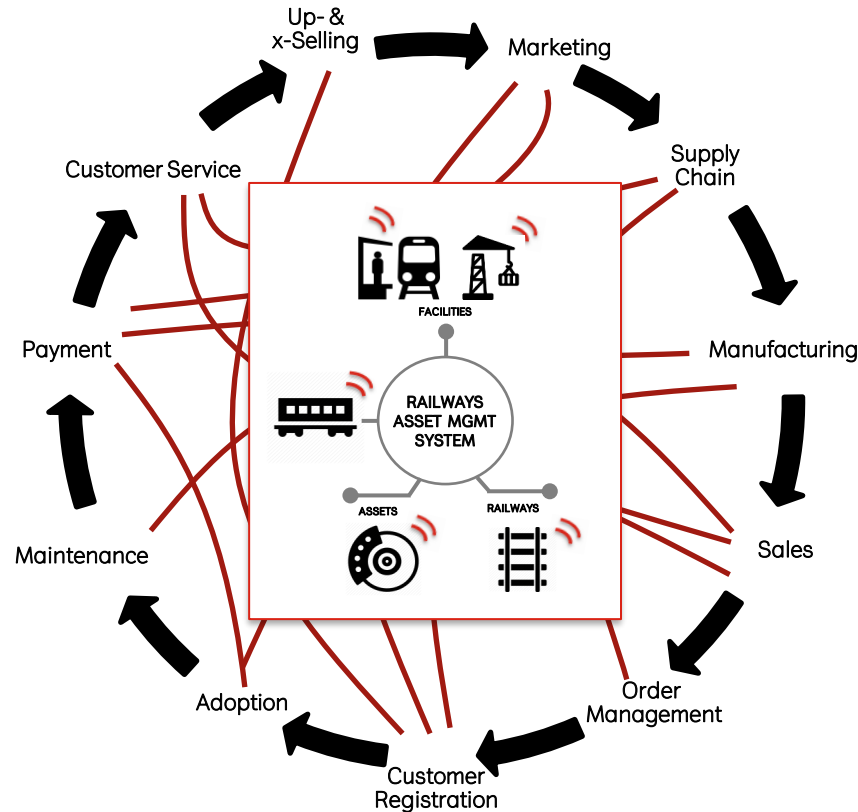# Connected products = connected skills in new connected domains.

5G+IoT Application examples

...and many more will follow soon!

Video Streaming

Service Documentation
Safety and Security
AI powered inspection

Shop Floor

Connecting machines
Automated Processes

Critical Infrastructure

Priority & Bandwidth for
critical communication

Connected Products

Remote service
Predictive maintenance

Asset Tracking

Telemetry
Logistics
Theft protection

Smart Metering

Consumption
Load distribution

Smart City

Traffic control
Environmental data
Safety and Security

Robotic Vision

Quality control
Work safety
Autonomous driving
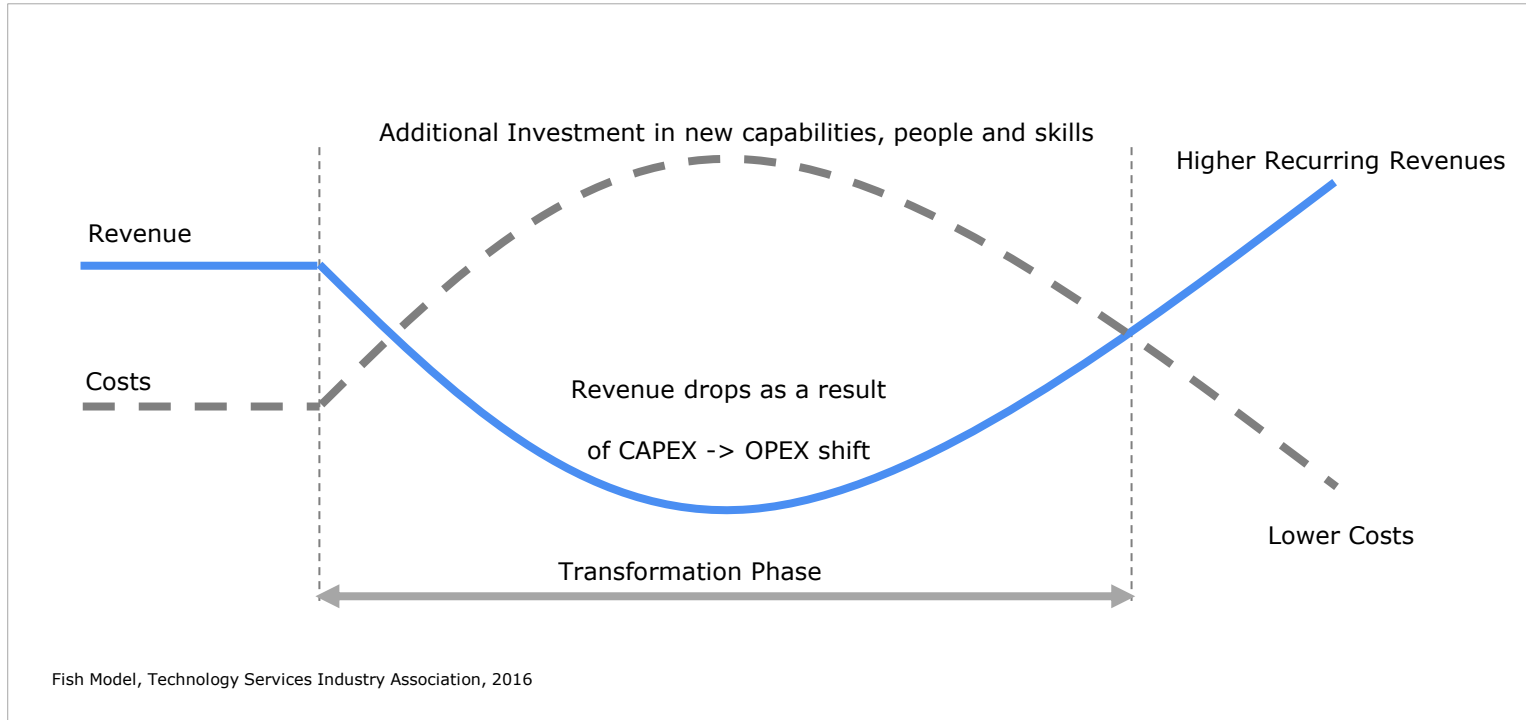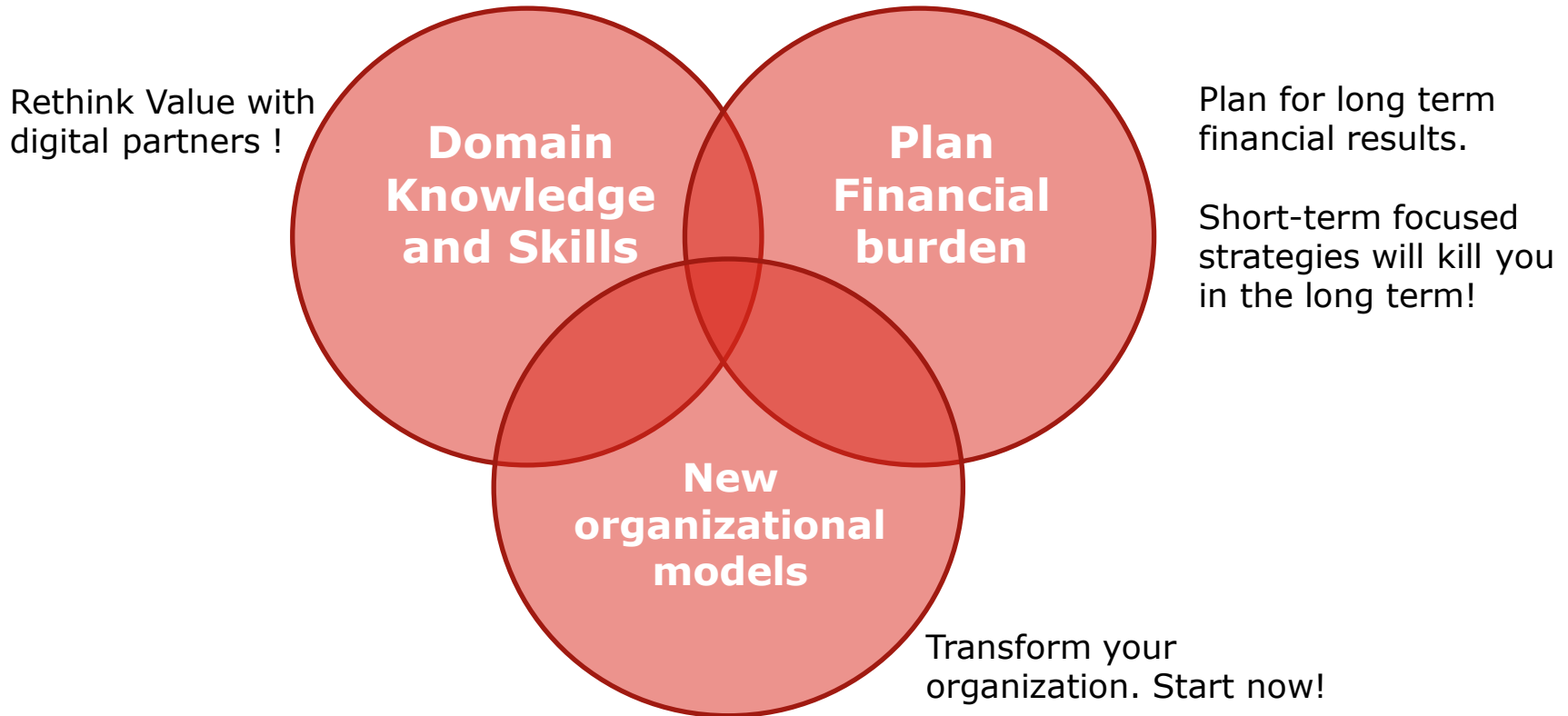
Connected products require a networked organization.
Working along a knowledge graph and connected data analytics

Financial burden during transformation. No free lunch

Additional Investment in new capabilities, people and skills

Higher Recurring Revenues

Revenue

Costs

Revenue drops as a result

of CAPEX -> OPEX shift

Lower Costs

Transformation Phase

Fish Model, Technology Services Industry Association, 2016

Recommendations for transforming products into services

Rethink Value with digital partners !

Domain Knowledge and Skills

Plan Financial burden

Plan for long term financial results.

Short-term focused strategies will kill you in the long term!

New organizational models

Transform your organization. Start now!

Connected Products and XaaS models will transform your company

Are you ready?

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Thank you