



ADVANCE DIGITAL SERVICES TO THRIVE IN DISRUPTIVE TIMES

During a fireside chat at the Field Service Europe Virtual Event on October 28th, 2020, we discussed and shared views and practices on how to advance Digital Services to Thrive in Disruptive Times. Which is all about adding new value to your clients for growth.

How can you generate new customer value with digital services and solutions?

By Jan van Veen - moreMomentum, Mark van der Wolf – Moba Group, Jan De Lathouwer – Agfa Graphics

<https://moremomentum.eu/blog/digital-services/advance-digital-services-to-thrive-in-disruptive-times>

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For most industries this goes beyond smart maintenance, predictive maintenance or remote services, which are the sustaining innovations to protect the existing business.

This matters, because manufacturers which do not grow their digital services, will miss the opportunities of new digital technologies and lose from their competitors and the digital-savvy entrants in their industry.

SUMMARY

Check out the following take-aways:

- Customer needs are changing and are looking also for solutions beyond product availability, product condition or product performance.
- One size doesn't fit all, we need to segment clients based on business challenges and needs.
- Both you as a manufacturer and your clients are on a journey of developing the business and operations.

Article: What are digital services manufacturers can offer?

Hence, you both are on a journey of discovering new opportunities and needs.

- Clients want a full, complete solution to a problem. This requires expansion of the scope of your solutions, integration and interfacing to other aspects of your client's business or solution.
- One of the main challenges is becoming more open:
 - Discover other needs than product needs only.
 - Pursue new opportunities, also when this affects your value proposition and business model ○ Avoid merely pursuing sustaining innovations, which will not bring new growth and success for the future.

About Mark and Moba

My name is Mark van der Wolf. I'm responsible for the service after sales and projects in Moba Group. Moba is a supplier of egg-grading, egg-packing and egg processing machinery and solutions worldwide. And we supply to customers which are either the egg producers or the egg-traders, which supply to the to the market. So where we all consume the eggs.

About Jan and Agfa

I work at Agfa. Agfa is a company that has solutions in the healthcare industry in the graphics printing industry for both offset and inkjet solutions. And also, for specialty products, industries. I work actually in the graphics part of it. So that means, well, basically, within our team, we take care about, let's say every time that we release a new software product, we take care about the verification and validation process. So that means the entire software testing without taking those products do beta sites before we release them, of course. So, there's the whole validation cycle. We also take care about the documentation of the products, to the service technicians, making sure that everybody gets lined up for both the first line, the second line, third line support. So basically, all the technical tasks, next to the real development and decoding. So that's what we do in our group.

And that also includes, let's say software solutions or digital solutions for clients. Within our, let's say team is mainly on all the software products that we deliver the graphics industry, for print.

TRANSCRIPT

What digital offerings are we offering our clients today?

Jan van Veen

Let's start the discussion with briefly sharing what kind of digital services or solutions are you currently offering to the client or part of your clients. Jan, maybe you can start.

Jan de Lathouwer

Being a software department, we of course offer a whole bunch of software products. Let's say where the focus is, on one hand on automatisisation automation for printing companies. But definitely all the latest software projects are more cloud solutions offering full IT infrastructure ownership, taking care about security, disaster recovery for customers. We have a number of products who also in the area of quality and process control, where you actually take care about, let's say, approval of jobs, uploading of jobs, making sure that digital communication between our end-customers and their end-customers can take place.

Article: What are digital services manufacturers can offer?

We have a number of products that focus also on reducing also the ink and paper consumption. It's also an important part. We cover various segments and for commercial print, newspaper, print, security design software, inkjet solutions, so in various areas of the different segments.

Mark van der Wolf

We have maybe a little bit more obvious tools at first, like a spare parts webshop. We do supply online training and eLearning modules for our customers. We have smart glasses, we recently started to roll those out for remote support of our customers worldwide. We have several remote web applications where we can of course make connection to the machines, but also have this available for customers. That they from remote locations can access their machines.

Probably the biggest cloud-based tool we have launched recently is iMoba. This is a platform for customers where they can obtain production data, all kinds of operational data from their overall operational process, including the Moba equipment. They use that for optimization for either their operation or their production processes, whether supplies, dashboards and all kinds of information. So, it's probably our latest and our biggest launch in the last two years. We see that mainly customers are using to improve their uptime and their operational data from coming from that platform.

Jan van Veen

Okay, and what you just said it is iMoba does it collect process data of the entire process, also there where it's not Moba equipment?

Mark van der Wolf

Yes. Yes, we have recently launched certain interface modules where we can also connect customers operational data before and after, I would say the Moba-solution.

Jan van Veen

Okay, one more question, by the way, you just mentioned eLearning. What kind of courses or trainings do you offer to your clients?

Mark van der Wolf

Well, we normally have user trainings, operator training, service trainings and trainings on detection equipment. We used to do that in a classroom environment here in our headquarters. We see the world going more to a hybrid model, where we should also be able to provide those same modules to customers, by means of webinars or by means on online or eLearning kind of modules. That is what we have currently been boosting and speeding up, partly due to COVID. But also, we have seen in the past already in need for that. And certain elements can really be tailored to watch much more online and eLearning also, to prepare better for trainings than before.

Jan van Veen

Indeed, it's not only manufacturing and field service, which is rapidly changing today. The digitalization of the whole education and learning industry will affect our learning and education services as well.

What customer problem are these digital services solving?

Jan van Veen

So if we say that growing digital services in the end is also about solving customer problems, adding value to them and probably, also beyond the maintenance and remote service. What kind of problems are your digital services solving for your clients?

Mark van der Wolf

Well, as a good example, we had a customer in the Far East and we had an intensive discussion with him on the features iMoba would offer, but also the added value which it could offer to his business. And of course, those were the little bit logical ones we already thought of ourselves like uptime, like production and data machine data, which the customer was very interested in to obtain. And also, to optimise their process.

But during this journey, actually we learned that the customer had also multiple other let's say aspects of improving their business and they actually told us this story that they were using iMoba for this production and optimization data. They were also looking back upstream in their own process to their farms. They learned they could obtain certain quality data from their products. And that helped them a lot, for instance, to build a business case for new investments on their farms.

They had difficulties in getting these investments on paper and right justifications, the right value for money. By means of our platform, they were able to justify by means of figures and quality measures to justify this business case for new investments on their farms. Plus, they were able to have more of a sustainable product for the future, because they had less waste, and all kinds of other advantages.

So, what it learned, what it taught us is that, yes, we knew our customers, and they knew us. But during this journey, there were other aspects which gave benefits to this platform, and that you only learn by doing.

Jan van Veen

What kind of data did they get, which helped them to set up a business case, because it's a business case for a new plant or a new location?

Mark van der Wolf

Exactly! They had in their farms, they had certain pieces of equipment, which had a certain age and certain let's say value for money. And they learned that they had a lot of waste and inefficiencies coming from certain parts of those farms. And they just said, well, we're looking to the economical lifespan and the financial lifespan, it is now actually time to do replacements rather than wait for another two to three years where we would lose X amount. And we can now earn Y in this aspect. So that all had to do with the waste, the number of running hours per day, the number of labour costs, and they made a business case out of that using the whole chain platform.

Jan van Veen

Now, this also includes let's say energy, CO2 emissions.

Mark van der Wolf

Exactly, and labour cost, energy consumption, the waste, the number of grade-A eggs which they can either put in the pack, or which they will lose and will send to industry.

Jan de Lathouwer

The first one is definitely taking away some IT concerns for customers. Because you can imagine that smaller customers or smaller print companies don't always have their own IT department. And as such, by offering them cloud infrastructure, we take away a number of the concerns for them typically in the area of security, firewalls, disaster recovery, and those kinds of things.

A second important item, I think, is optimization of the production process. I think if you look there more to the to the, let's say, to the bigger customers, definitely - especially in Europe and in the Americas I think it - is a continuous drive for, let's say more automated, robotization, automation. So definitely our products or putting a big focus into those kind of areas.

The third one is a is maybe a big one actually. Also, it's reduction of costs, overall reduction of cost, because sometimes even other drivers or big drivers where we can have an influence on with our software. Which makes it a complete, very interesting value proposition towards the customer.

A fourth one, I think is definitely sustainability. Very important nowadays.

A fifth one has more to do with I would say is the stepping in new business models, which makes it easier for customers to step in overall into certain products. And we're talking more about indeed cloud and subscription and those kinds of things. Which makes it easier for certain customers to take that step to take the hurdle of to invest.

And then a sixth one I think is a is an overall improved digital communication and also our end users, you see that more and more a whole bunch of things are being done remotely at various sites. So, communication is important, automatic uploading of jobs, approving of jobs, but even let's say quality and process control from brand owner to printing company. And when you see that this, let's say this infrastructure of providing to them a way on doing that kind of digital communication is also a very important part. And now with the whole COVID-19 pandemic, I think it's just accelerating and increasing.

Jan van Veen

So one of the things, I think becomes quite visible here, both of you are saying is that, let's say the whole digitalization, which means we have other kind of digital tools, connectivity, data, etc, means that any kind of business role for your clients are starting to run the business different for optimising the business is different, but also means that they have different kind of challenges. Like, how do we get clear data to have more visibility on cost structure? And how can we optimise that? Or like he just said you Jan, is also your clients are changing their business model and value proposition more kind of on demand in the cloud, etcetera.

This means that they have to change the way they run their business. And then automatically, they will start looking around who's going to help them with that. And that can be you as manufacturers, but also could also be another kind of solution provider. But in the end, that is where their problems are. But then we also not only talking about, let's say the maintenance manager or the operations director, but probably also other kinds of stakeholders.

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- Radical business innovation



Yes, invite me for a discussion sessions!

Discovering other and new customer needs and demands

Jan van Veen

So besides just discovering by doing, as you just mentioned, Mark, how can we make sure that we learn those kind of needs up-front, or maybe also make sure that you discover them as we go from a broader angle than let's say business-as-usual from the last decades?

Mark van der Wolf

Well, according to my opinion, you are entering a little bit of field of customer segmentation as well. I mean, that we use for many other aspects than only digitalization. But customers vary all across the world. It can depend on regions, it can depend on the size of their operations. But even in one region, we see customers, we have early adopters, we have conservative customers, we have customers who have the biggest challenges in labour, where others have the biggest challenges in environmental issues or getting permits. So, I do believe it starts with the wider perspective of segmentation. So there is a certain amount of theoretical approach, then from that, from that on, it's indeed not only learning by doing but it is piloting in certain region and certain areas and take into account that knowing your customer or knowing one customer in the region doesn't automatically give you the guarantee that the whole region needs to be approached like that.

Jan van Veen

Maybe you can elaborate on that? When we talk about segmentation, what we quite often see: we have large clients and small clients. Or we have APAC or Europe or US. Are those the right ways to segmenting or looking for other ways to segmenting clients?

Mark van der Wolf

I think it can be multiple ways. Yes, it's regional, depending on regions and size of companies. But it's also depends on the customers of our customers. The big retail and supermarket chains, they can have bigger varieties or smaller varieties of egg-packing up to 200 or 250 different products for one customer is a big difference when it's only eight or nine different products and when they're packing on flat trays and selling their eggs to an

inbetween seller. So it's really knowing your customers, but also the customers of your customers which can vary a lot. So it's not only a regional basis, not only size base, but it's the whole spectrum.

Jan van Veen

Excellent. Jan, so, how do you discover different needs from your clients, also looking at the broader scope than just your machine and the uptime of your machine?

Jan de Lathouwer

I fully agree with Mark. I think it all starts with knowing your customer, but also knowing the let's say the customer of your customer. There will be variation and it depends also on the profile of your customer. Some customers will focus themselves on a specific niche or something, others will diversify their business. It can vary a lot and indeed it can vary regional wise it can it can vary from profile from customer to customer from small customers to bigger customers. Commercial is something completely different than Newspaper for instance. So indeed, it all starts with just knowing your customer and asking also the right questions. And then we come a bit into the area of what we call also the whole value selling approach. If I ask the customer "I want to sell you this or that software product or ask to the customer; what is your biggest problem" can be a completely different question actually can be a completely different story and you can end up with a completely different offering. Understanding actually there needs betters. And it all depends indeed on knowing your customer, that what is the profile of the customer? What do they want? What do they want to achieve? What are their problems?

Jan van Veen

So I will see that really knowing your customer...so let's call it "getting a PhD in your clients - of knowing your client", and knowing your client, even better than they may know themselves - is hard work. Segmentation is absolutely critical. Although that is often also part of the result. At some point you better understanding your clients and then you start seeing certain patterns. Well, I think both of you already mentioned a few things that looking at, let's say the value chain, or the cost structure of the client already can give a lot of hooks to "hey, but actually, it's not our piece of equipment, but ink consumption and labour costs". And if they would change the process in this way, that would reduce so much more cost than just investing in the right equipment and keeping that up and running in the proper area. So, looking at that entire value chain. That also means you have to talk with other stakeholders. So let's say the CEO, the CFO, the commercial director, the innovation director. And like you also mentioned, you own everything, your clients changing the value proposition and business model. So, you have to start talking with all those different people and asking them the right questions. An example of a segmentation, I think, Mark we've been talking about, let's make some sort of segmentation, how that could look like so. So, for example, we would see different clients with a different level of maturity of how they run the business. Either still very labour intensive and traditional, or are they really working on better equipment or really looking at operational efficiency? Or are they even looking at integration with the entire value chain? Different markets? So then you could already kind of have a matrix of three by three or something. And then you can say, okay, hey, these market segments typically have these kinds of challenges and problems, and therefore these kinds of services could be relevant. What example did you have?

Article: What are digital services manufacturers can offer?

Mark van der Wolf

Well, we did that exercise, Jan. And it's a good question, we did an exercise and we came up with four different segments of our customer segmentation. But then of course, we somehow concluded the elements which had an overlap, and then we did come to labour scarcity and labour costs worldwide. And even in the developing countries, labour can be scarce, because it's not only related to cost per hour, it's also the knowledge, which the people need to have like an operator, or like a maintenance person, which is responsible for maintenance at the customer site, which constantly need to be trained on new elements. So labour. And then secondly, of course, it's also reliability, delivery reliability to their customer. So, uptime and reliability of our customers towards their end customers. This is like the two elements, which you actually see as a worldwide red line in their operations. So that's also been the basis for our development in digital services at first. And I just explained a while ago that on those journeys, you find other elements, but those two elements, they had an overlap in, in all the segments. Maybe one more thing to add, I also believe that it's with many customers, whether they're small or big, or whether they're mature or still developing, they all expect new things and new development, because in their - I would call it - private life, they see all these things happening in a digital world. And they simply do project that on their business lives as well. So they it's no longer I would say a hope, or a nice surprise, if they get something new. They simply expect this also from us. Maybe Jan sees the same aspect in his area?

Jan de Lathouwer

Definitely there is on one hand there is a push that we see out of the market. Because within our industry, there is consolidation, there is a let's say a higher demand from the end users of our customers, there is a demand for higher flexibility on one hand. And on the other hand, also our customers - I think everybody sees that - there is there is a kind of a pull, I would say from all kinds of new technologies that are currently in the latest couple of years are coming up, like Internet of Things connectivity, more remote, automation, robotisation, artificial intelligence AR, VR, blockchain, cloud. And indeed, it's like you say, Mark, it's about, it's actually they expect also that we come with new offerings and new innovations, because it's out there. And everybody's talking about it. Hence, you want some advancing in what can you offer work mean to me? How can it actually improve my business? And it counts as well for us, but also for our customers, of course.

Jan van Veen

So, it's interesting that you both also are saying, our clients expected, so they expect our machines and equipment to be up and running in a good condition, without disturbing the processor, or start looking for more advanced other kind of support in running and improving their operations, in developing their business. So arguably, you're not the only ones they do business with. So, they also work with other software companies, service providers, system integrators, what have you. And they could also start looking at them to provide some additional support.

Strategic alignment

Jan van Veen

So actually, that brings me to the other question. So, it's always nice that we as service experts and experienced leaders have some good ideas, how to develop our service offers, etcetera. But that's only part of the total business. So how does this fit in, let's say, a longerterm vision, you're having for service, but also in relation to the overall company. So, Jan, maybe you can start?

Jan de Lathouwer

Well, I think the major driver, I think, within our company is also continuous innovation. So, I think and that can happen both, let's say on product level, but it can also happen on let's say, business models, but also processes. So definitely, overall, it has to fit anyway, within an overall drive to bring continuously new innovations. That means also that at the end, indeed, we come up with new offerings, because there is also a need for it, and there is a kind of a value proposition that you want to bring to the customer. And in that way, I think it's very important that a number of the current solutions that we bring to the market that are is a good, let's say, understanding of the customer needs and how you fit actually, the whole value proposition of what the customer is expecting there. And I think, in our area, it really has to do with, let's say the buzzword is innovation overall.

Jan van Veen

But the means, that in your company, the notion of innovation is not only product innovation, but it's much broader. That that already is a starting point, which means that whenever you come with another kind of innovation than product innovation that serves your clients, it's a good innovation, assuming that there is revenue in it?

Jan de Lathouwer

Yep. No, at the end, we all want to earn money, of course. So that's one end. But of course, you try to optimise also processes, and sometimes also to free up resources to do also other things. So, it all has to do with a combination, I think of both product processes, services, indeed.

Jan van Veen

So Mark, for a big extent probably similar? How is this with Moba?

Mark van der Wolf

Yeah, well, our customers, I think it's like Jan said, it's about understanding the whole chain or failure for the customers. And, for instance, when I see our customers, they have livestock, they have equipment, which is hopefully Moba equipment. But they also have logistics, they have trucks coming to collect the eggs every single day. So, the more reliable, the end production hour as close to the logistics, the more money they make on that on that part. And by the end of the day, it's the cost per egg, or the cost per dozen eggs, or per case of eggs, which is of course leading for any customer. And with Jan, it's another industry but similar drivers are there. We would like to understand this whole chain. So also, they have feed, they have livestock, they have logistics. And the vision we have we want to be to play a significant portion in their whole optimization chain. And it's a little bit comparing to be when

do you want to be the car, or do you have the desire to be only to car radio. So, customers are developing, like you said, also in the field of optimising their feed consumption, optimising their truck fleet. And we have to realise that we are, we are a portion of their whole chain but you can still do a lot of good work to look upstream and downstream whether you can offer them the interfaces to make it more user friendly and to build yourself in the process, and add value as such,

Complete, remarkable value proposition

Jan van Veen

I think there are two things you said. 1) We have to have a complete solution. And that is what I think you're saying a complete solution, integrated solution, whether it's hardware, software, data, people, what have you. 2) And that can be through the whole chain or a very specific chain. But still, it's a complete solution where they don't need all kinds of other bolton things to make the whole thing working. And that is in the end what we do as a product provider: just providing the product and leave all the other problems - how to get value out of it - to them. Or to other service providers? Or do you take that in your scope as well?

Mark van der Wolf

We also have to be flexible, I think we have to be flexible, because customers, some customers do have a solution already. And then maybe our solution comes more to the application type of solutions we have which you can add on their core systems, and other customers would request for us to provide a whole platform. So, it's also matter of how flexible you're putting yourself, which I think is very important.

Jan de Lathouwer

I fully agree with that, I think also in our area: It moves from a product business towards also more a project or a solution business indeed. And it's something completely different than, the scope differs enormously. It can be very dedicated, very narrow, until, let's say an overall bigger solution, which is integrated with the rest of the business.

Jan van Veen

So probably part of the challenge is to really become customer centric. And that is taking the customer problem as a starting point and see what is needed to solve that. I once made a remark to somebody - to say that they were not customer centric. And they said "well, we are! We really understand what kind of functionality they need to solve their problems". That kind of helped me enrich the idea. It's not about being only talking with your customers and learning from them. It is also what kind of scope you are looking at, but also receiving and processing. And so, hey, but that's not our business. We focus on the product, that still means that you are listening to your client to come up with the right products. And the challenge here is to have that wider scope and view on what your role could be, what kind of problems you can solve.

Final thoughts

Jan van Veen

Maybe you can both share a bit of what do you see as the most challenging obstacle to have a high pace of development of digital services and solutions? Mark? What do you see as the biggest hurdle or obstacle to solve?

Mark van der Wolf

Most important thing would have this indeed, like you said, this customer centric approach. And be sure that you keep in these challenging times, keep the relationship the personal relationship with your customers and keep on listening, I think it's absolutely the most important thing. The most challenging aspect will also to build a revenue stream of all these kinds of new digital services. Like I said, many customers expect from us that we that we come up and as we deliver them, we support them with new digital services and prospects. So, developing a revenue stream, but also making ourselves a transfer from, like Jan said, moving more from a product related company more to a project or a service related company. Another challenge I want to mention is that that it also drives a big internal force towards the development of your products. If in a digital world, you want to be able to offer to your customers, those specific elements which add value, it also means your own products need to be capable and ready to interface with their so also towards development and towards engineering, this is an interesting internal challenge, which we have to work, let's say go in for the next couple of years.

Jan van Veen

Thank you, Mark. Jan, what do you see as the most important challenging hurdle?

Jan de Lathouwer

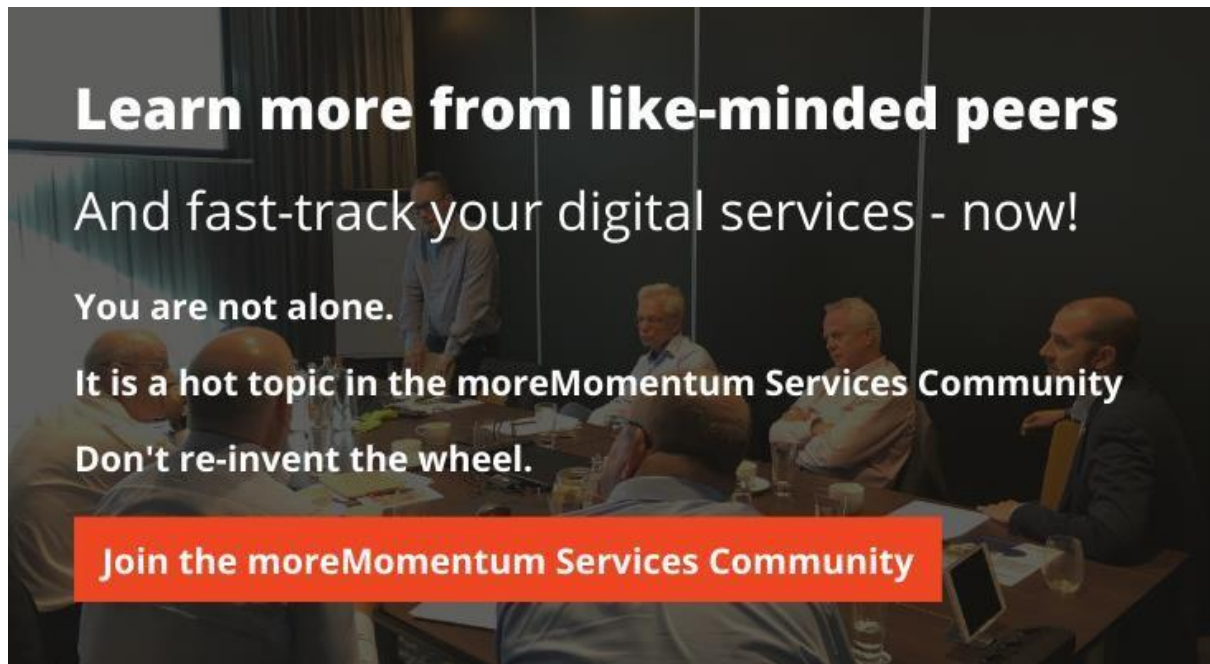
I would say the overall change management is an important bit of it. And that means that as well towards how you're going to offer things towards the customer. Also, even at the customer site, perception, but definitely also internally on let's say yeah, continuous learning and new business models, skills of people. A completely other way of approaching a customer than it like it was before. And I think that that are indeed bigger challenges. And that ends up at the end, indeed, even towards upstream in the, in the development of the of the product. So, when you need to, to think more integration, integrated, let's say, what needs to be to be thought about. And effectively - I fully agree with Mark there - that is an also, indeed, the whole new revenue stream or the business model or the strategy that you've built yourself around it. Definitely, it's, it's not always an easy story.

Jan van Veen

Thank you, Jan. I think, in the end, if you try to take the easy way, then everybody will do it. And then there's nothing to win there. So, it's always good to do something difficult. If I may add a challenge - and also a kind of recommendation in there. There are two types of innovations (well, you can have all kinds of categorizations the time). You have sustaining innovation and growth innovation. Sustaining innovation is kind of protecting your current business and improving that along the dominant logic in your industry. And in our view, predictive maintenance and remote support are part of that. You are not really going to grow your business, it's going to kind of continue to develop the offerings, you're doing it in a

better way. And you have to do it, because otherwise at some point, you lose your licence to operate. And then you have innovation for growth, which is critical to thrive in these disruptive times. And that's all about doing new things and doing things completely different. And that is huge opportunity we as manufacturers have with digital services. So we have to embrace that. So we have two different tracks clear on your radar screen, and make sure you do enough innovation for growth and do not focus only on sustaining innovation.

How can you generate new customer value with digital services and solutions?



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