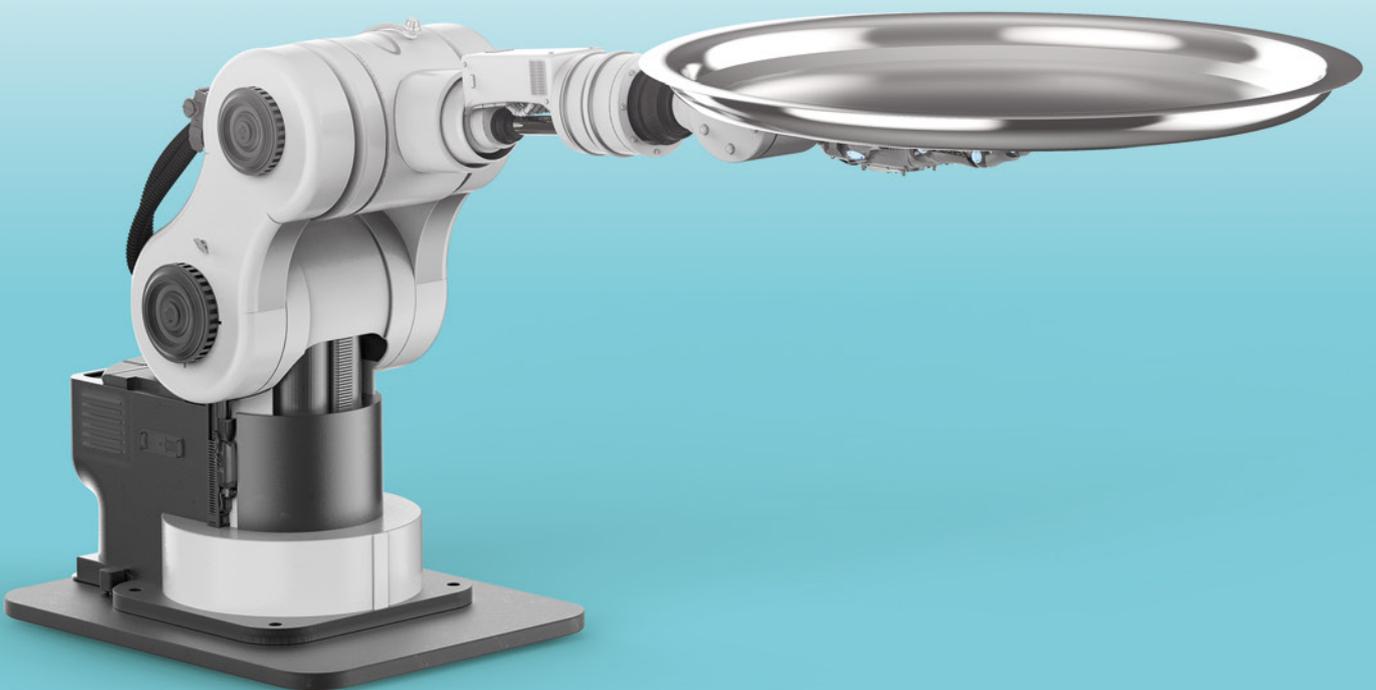

EQUIPMENT- AS-A-SERVICE



OPPORTUNITY THROUGH REDESIGN
OF EQUIPMENT PROVISION



USERS VIEW EQUIPMENT DIFFERENTLY

“

Capex can be painful for organisations, and ongoing management of the purchased equipment can be even more painful, especially when it is for non-core activities. Suppliers that can absorb these issues through integrated product and service offerings with innovative pricing models and optimised solutions are going to be the winners across many markets.

Jon Whiteman, Industrials Partner

‘...-as-a-Service’ is reshaping the world

Software may have coined the phrase but the idea of delivering a total offering that focuses on a full solution rather than product provision is not new. It is, however, gaining traction across more markets as users of equipment are increasingly seeking ‘-as-a-Service’ providers that can provide flexible, reliable and integrated offerings that deliver a total package.

Companies are viewing equipment differently to how they used to. Organisations are less interested in managing (or even owning) the equipment they use. Capex is shifting to opex with responsibility for ongoing management of equipment being sought externally.

KEY MESSAGES

Equipment suppliers need to adapt their propositions in line with customer needs. There is significant opportunity for first movers and risks for those unwilling to change.

Focus on the user

- Understand what equipment users want and if there is appetite for new delivery models.
- Many large corporates are strategically thinking about this already.
- SMEs may not be as far progressed but are open to anything that simplifies operations.

Price accordingly

- All the benefits of an ‘-as-a-Service’ offering should be priced in.
- Taking the ownership, maintenance and general management of equipment from customers should all be included in a price, with KPIs clearly defined.

Think long-term

- Losing the large, one-off revenues from equipment sales can disrupt finances and cash flows.
- However, long-term rewards are clear: long-term, recurring revenue streams.
- This is desirable to any business owner or investor.

Factors that support ‘-as-a-Service’ possibilities

- Critical process
 - Non-core operation
 - High uptime requirements
 - Technical expertise for equipment optimisation
 - Regulatory compliance demands
 - Technology developing quickly
 - Ongoing servicing needs
 - Significant capex cost
 - Changing user need
-

TRANSITION TO ‘-AS-A-SERVICE’ MODEL

CLEAR BENEFITS OF THE MODEL

Provider

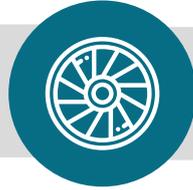
- Increase importance to customer
- Embed partnership relationship
- Broader wraparound services
- Capture greater share of wallet
- Long-term contracts
- Steady, recurring revenues
- Able to optimise equipment

User

- Reduce non-core headcount
- Improve equipment performance
- No upfront investment
- Easier to manage opex spend
- Flexibility to scale as needed
- Supplier committed over long-term
- Supplier invested in technology

CLEAR ALIGNMENT OF INTEREST

Adoption of Equipment-as-a-Service model

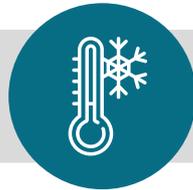


PROPULSION-AS-A-SERVICE

Aircraft engines

DIGGERS-AS-A-SERVICE

Yellow plant and heavy mobile equipment



COOLING-AS-A-SERVICE

Industrial chillers and retailer fridges



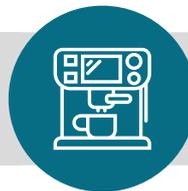
WASHING-AS-A-SERVICE

SME washing machines and tumble dryers



PRINT-AS-A-SERVICE

Office printers and multi-functional devices



COFFEE-AS-A-SERVICE

Office kitchen equipment e.g. coffee machines



XXX-AS-A-SERVICE

What could be next?

- Machine tools
- Service fleet
- Energy delivery
- Waste and recycling
- Emissions management
- Automated warehousing



Digging-as-a-Service

Babcock International has developed a proposition for heavy industries, including a £100m ten-year contract with Lafarge. Babcock is delivering whole lifecycle management for fleets of industrial vehicles and equipment including loaders, trucks, excavators and bulldozers.

Babcock's service allows clients to focus on their core activities while trusting the fleet is optimised with best-in-class availability, uptime and performance. While at the same time reducing the lifetime costs. Babcock has expanded its offering into other areas of specialist fleet services, such as vehicles for military, engineering support and police settings.

DISRUPTOR CASE STUDIES

Washing-as-a-Service

JLA Group developed a proposition for SMEs with non-core laundry requirements. Care homes, B&Bs, restaurants and university halls of residence require facilities for washing clothes, bedding, napkins etc. Many operators prefer to have equipment in-house rather than using industrial laundries, but they do not like managing the ongoing challenges of maintaining washers and dryers.

JLA has been successful in providing a total solution of machines, engineers, parts, compliance and maintenance. Investing in new technologies and a UK-wide engineer network means customers can enjoy high quality laundry facilities with limited downtime.



Our recent work includes:



Electronic control modules



Engineering polymer



Refrigeration equipment



Electronics manufacturing



Storm and waste water



Managed print services



Hydraulic hoses



Traffic management



Cutting tools



Contamination control



Commercial printing



Certification & compliance

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