

The state of field service in medical device manufacturing



Market drivers, KPIs, and
profitable field service

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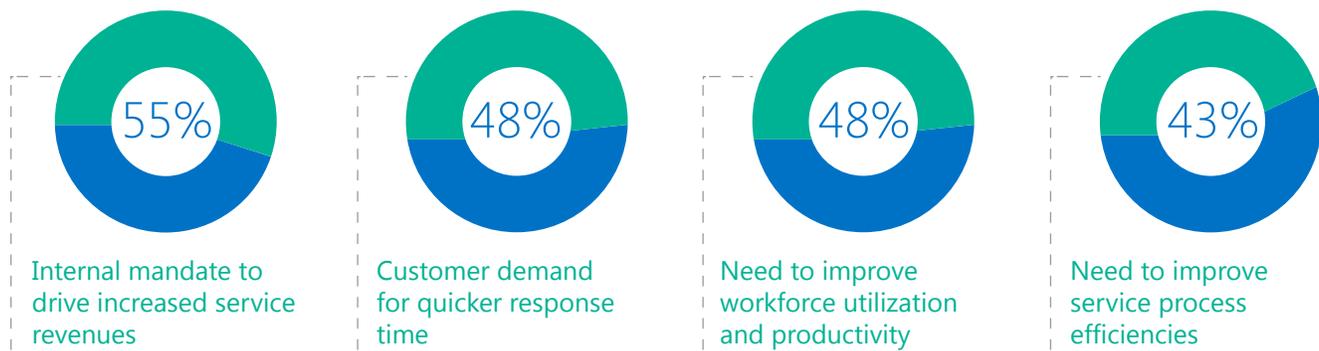
Market drivers, KPIs, and
profitable field service

Medical device manufacturing: An industry that demands special care

- ⓘ Many hospitals function as lean operations, which means critical devices are often at or over procedural capacity. Downtime of one critical device can cost a human life.
- ⓘ Operating room downtime can cost a hospital \$60-\$150 USD per minute, and results in patient dissatisfaction.
- ⓘ Shifting regulations place massive pressure on health care providers to reduce readmission rates, making equipment uptime crucial to compliance.
- ⓘ Pricing pressures resulting from health care reform (US, EU, Canada) require device manufacturers to differentiate based on service. Some companies guarantee a 2-hour response time.

Primary drivers in medical manufacturing field service organizations

Overall, the results of the *2015 Field Service Management (FSM) Benchmark Survey* reported that respondents from the medical manufacturing segment identify the following as the top factors, or challenges, that currently drive their desire to optimize their field service performance:



The data clearly show that medical manufacturing Field Service Organizations (FSOs) place significantly more emphasis on key market drivers such as internal mandate to drive increased service revenues than the global services community as a whole (i.e., of which

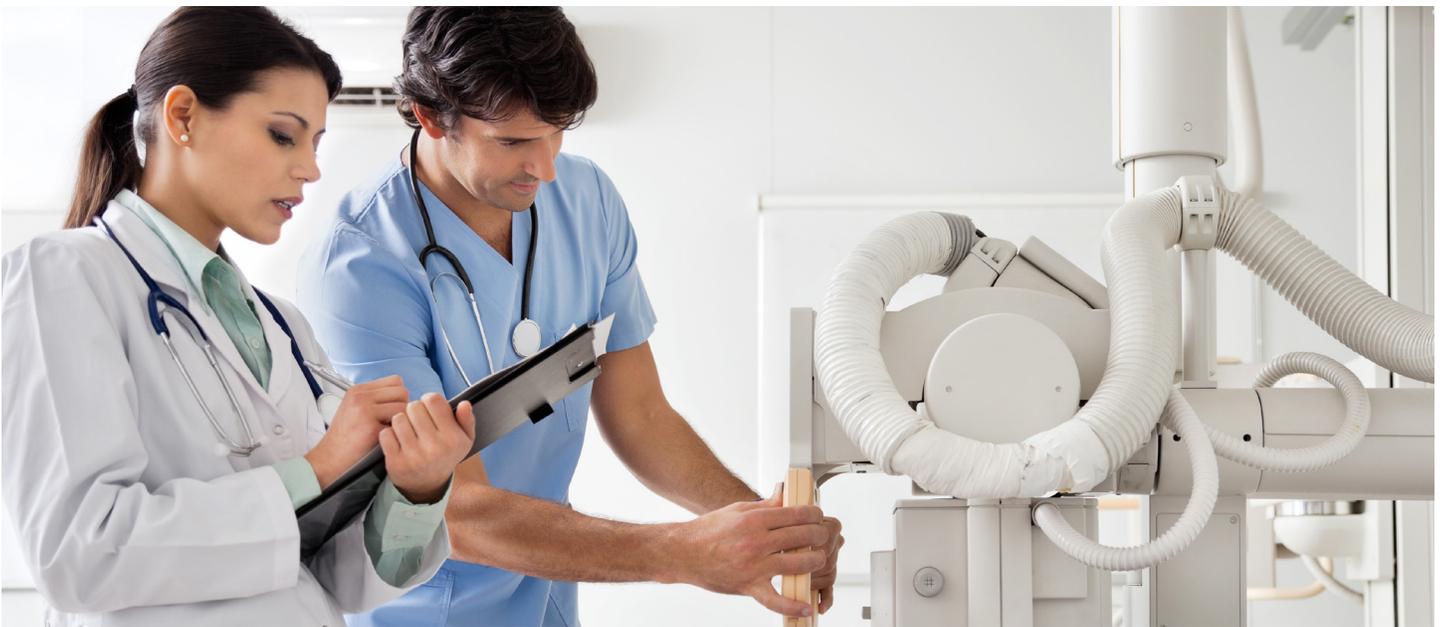
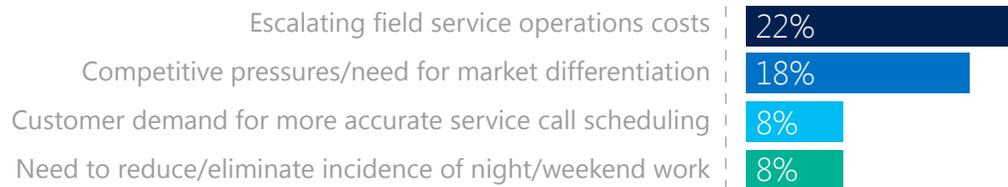
this driver is cited by only 33% of respondents). Therefore, it should come as no surprise that this segment is also one of the most demanding segments in the overall survey universe.

Key takeaways

- Medical manufacturing services organizations are significantly more driven and under pressure than the general services community to increase their respective service revenues and profits.
- Improvements made to field service operations, whether focusing on meeting customer demands, productivity, or process improvement, must also be directly translatable to improvements to the bottom line.

Secondary drivers in medical manufacturing field service organizations

However, it may be a mistake to dwell only on the “top” factors that are driving the market – and the organization. In fact, there are several other factors that respondents cite as just “bubbling under the surface” with respect to their potential impact on the overall well-being of medical manufacturing organizations. These include:



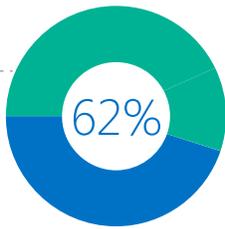
Key takeaways

- The segment’s primary market drivers are:
 - Revenue-focused, in terms of driving increased levels of service revenues.
 - Customer-focused, in terms of meeting customer demands for quicker response time.
 - Production, utilization, and process-focused, in terms of improving the process aspects of the business that will most impact the organization’s performance.
- Other important market drivers also include escalating field service operations costs and intensifying competitive pressures.

Top strategic actions

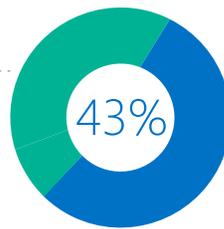
In order to effectively address these key challenges – and strive to maintain their competitive market positioning – medical manufacturing respondents cite the following as the top strategic actions they are currently taking:

Business intelligence



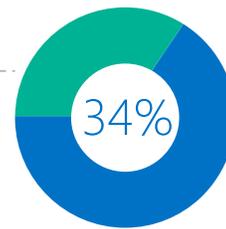
Develop/improve metrics, or Key Performance Indicators (KPIs), used to measure field service performance

Real-time access



Invest in mobile tools to provide field technicians with real-time access to required data and information in the field

Mobility



Integrate new technologies, such as phones, tablets, and other mobile devices, into existing field service operations

Emphasis on KPIs

While the survey research reveals fairly similar patterns across most industry segments with respect to the integration of new technologies and investment in mobile tools to support the field force, the big difference is reflected in the percent of medical manufacturing services organizations that are currently developing and/or improving the KPIs they will be using to measure their respective levels of performance; i.e., cited as a top strategic action by 62% of respondents in the medical manufacturing segment, compared to 61% for Best Practices FSOs (across all industry segments), but only 52% for non-Best Practices respondents.

The remainder of this report provides additional insight into these and other related areas that may be influencing your medical manufacturing organization's drive to attain Best Practices. The report also highlights those resources that the leading organizations currently have in place – or are planning to implement – that are already driving their quest to attain Best Practices status.

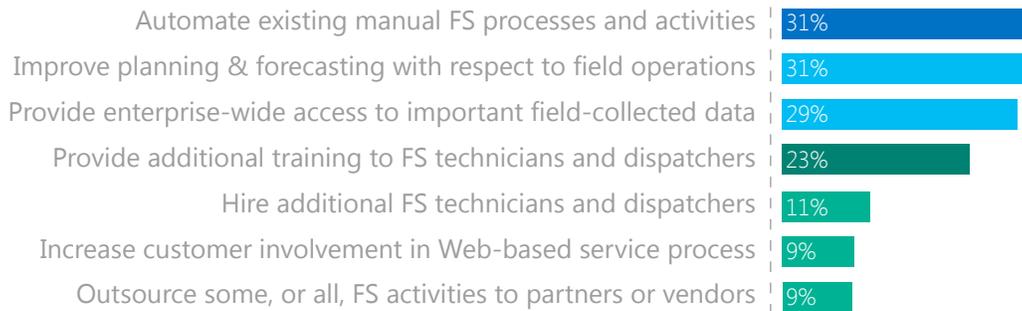
Key takeaways

FSOs should:

- Continually develop and improve the KPIs that are used to measure, monitor, and track service performance over time.
- Invest in mobile technologies to support an increasingly larger – and growing – mobile field force, and to integrate these new technologies into existing field service operations.
- Integrate mobility into field service operations.

Other actions being taken by medical manufacturing FSOs

In addition to the top three, other strategic actions being taken by medical manufacturing FSOs are:



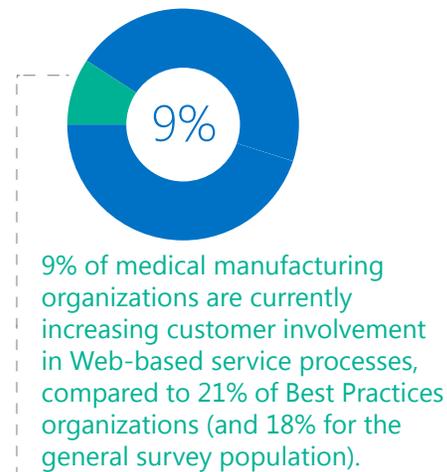
Medical manufacturing differences

However, while current and planned investments in new technologies and mobile tools are cited fairly equally between these two respondent categories, there are other key differences that distinguish medical manufacturing organizations. For example:

Data sharing



Customer involvement



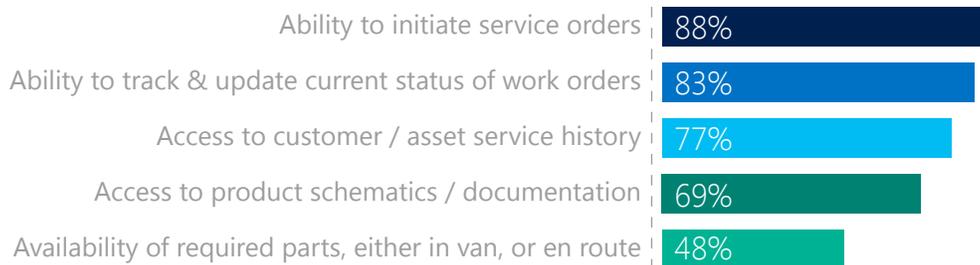
As such, medical manufacturing organizations place more emphasis on sharing data within the organization than on empowering customers to participate in the process. This is primarily due to stringent compliance, safety, and liability considerations.

Key takeaways

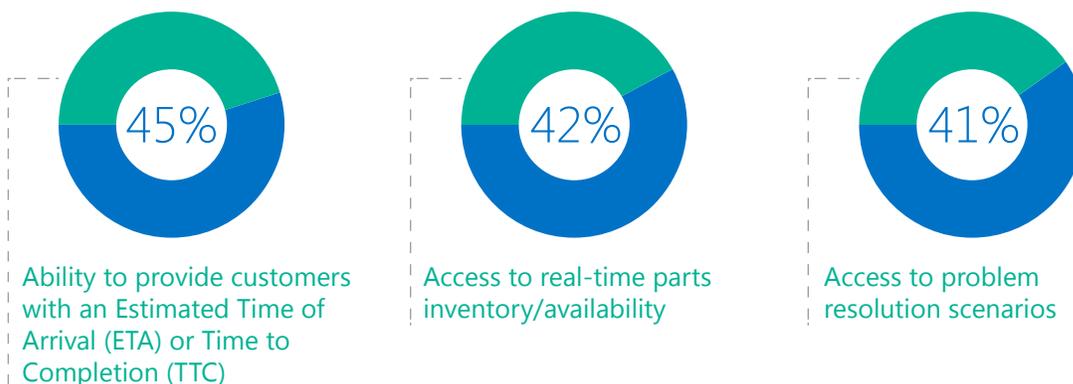
- Other top actions include automating existing manual field service processes and activities and improving field service planning and forecasting.
- Providing enterprise-wide access to real-time data is a higher priority than providing additional self-support capabilities to customers.

Online capabilities being provided by medical manufacturing FSOs to field technicians

A three-quarters majority of medical manufacturing organizations (75% or more) also currently support their field technicians with a variety of online capabilities, including the ability to initiate service orders (88%), the ability to track and update the current status of work orders (83%), and access to customer/asset service history (77%). This generally compares to a two-thirds or less (67% or less) majority among the general survey population. In addition, access to product schematics/documentation is cited by a 69% majority of respondents; and availability of parts, either in van, or en route is cited by just under half (48%).



Other capabilities currently being provided by at least one-third of medical manufacturing organizations to their respective field technicians



Accordingly, whether it is access to data and information that represents the past (i.e., customer or asset history), the present (i.e., current status of work orders), or the future (i.e., providing customers with an ETA or TTC), medical manufacturing organizations already recognize the importance of the ability to provide real-time data and information access.

The momentum continues

Planned strategic actions over the coming 12-month period reflect an even more dynamic, rather than static, approach to the field services marketplace. For example, nearly half (47%) of medical manufacturing organizations plan to continue to develop and/or improve their use of field service KPIs, while another 42% plan to integrate new technologies into existing field service operations.

Still another 38% plan to invest in the next generation of mobile tools to support their technicians in the field, and almost as many (34%) plan to improve their planning and forecasting activities.



Other key planned actions will be taken in areas relating to automating existing manual field service processes or activities (33%), providing enterprise-wide access to important field-collected data (25%), and providing additional training for field technicians and dispatchers (22%). Even increasing customer involvement in the service process via Web-enabled self-help (e.g., call initiation, scheduling, and visibility into call status) is cited by 19% of the segment's respondents.

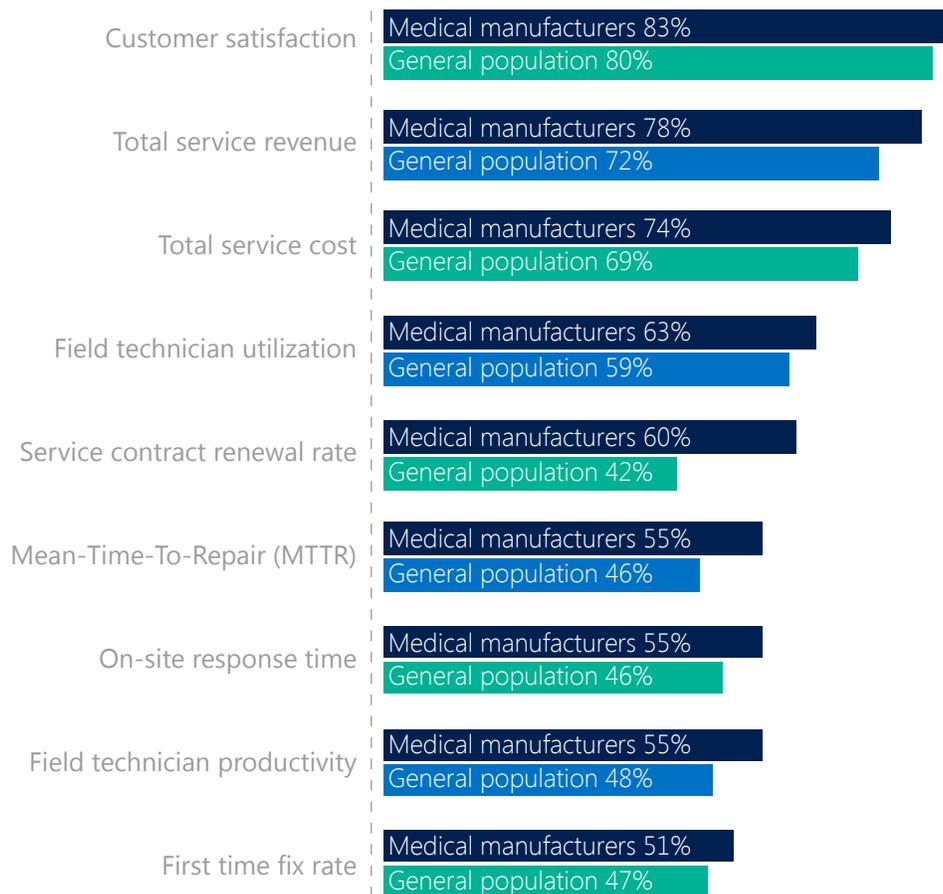
What these data primarily show is that medical manufacturing organizations recognize the need to take specific strategic actions to enhance and improve existing service operations and that these actions begin first and foremost with the need to develop and/or improve the use of service metrics and KPIs for measuring and monitoring their overall service delivery performance. It also shows that these FSOs recognize the need to invest in the right technologies and mobile tools to empower their resources both in the field, and in the back office, to improve existing processes, meet the evolving and growing needs of customers, and make greater contributions to the bottom line.

Key takeaways

- 75% of medical manufacturing organizations offer online capabilities to initiate service orders, the ability to track current status, and access to customer service history.
- Other top actions include integrating new technologies into existing field service operations, automating manual processes, and improving planning and forecasting online capabilities.

KPIs used by medical manufacturing field service organizations

Research findings reveal that there are nine service performance metrics, or KPIs, presently being used by a majority (50% or more) of the medical manufacturing organizations that participated in the survey (compared to only five among the general population) – and, in each case, they are used by a larger percentage of organizations than that reflected by the overall respondent base. These KPIs include:



What KPI usage shows is that medical manufacturing organizations are measuring the right mix of metrics to ensure that they adequately keep track of customer satisfaction, service revenues, total service cost, and field technician utilization. Monitoring the success of their service contract renewal rates is also a high priority (i.e., 18% higher use of this KPI than for the overall services community).

Improvements in productivity, service revenue, and profitability over time

Further, among the benefits of building a strong KPI program for measuring the performance of the organization's service operations is the ability to track improvements over time. For the industry segment, as a whole, the survey results reveal that roughly 68% of medical manufacturing services organizations have experienced improvement in year-over-year field technician productivity (measured in terms of average calls completed per day), comparing similarly to 67% among the general population. More than three-quarters (78%) have also experienced improvements in service revenue, per field technician during the same period, and a slightly smaller percentage (73%) have also experienced improvements in their year-over-year service profitability.

Service profitability and customer satisfaction

In fact, this pattern of year-over-year performance increases have helped the medical manufacturing industry segment to attain a mean average of 40.3% service profitability in the most recent reporting period, compared to only 38% among the general services community. Further, at a mean average of 87.1%, medical manufacturing organizations currently enjoy higher customer satisfaction levels than those attained by the general population (only 85%).



Service profitability
40.3%



Enjoy higher customer satisfaction
87.1%

Each of these lofty levels of performance assure that most medical manufacturing organizations will likely continue to do well in the overall services community: first, through sheer momentum; and finally, by the fact that they already have, in many cases, addressed – and taken steps to improve – some of these key drivers of performance.

Key takeaways

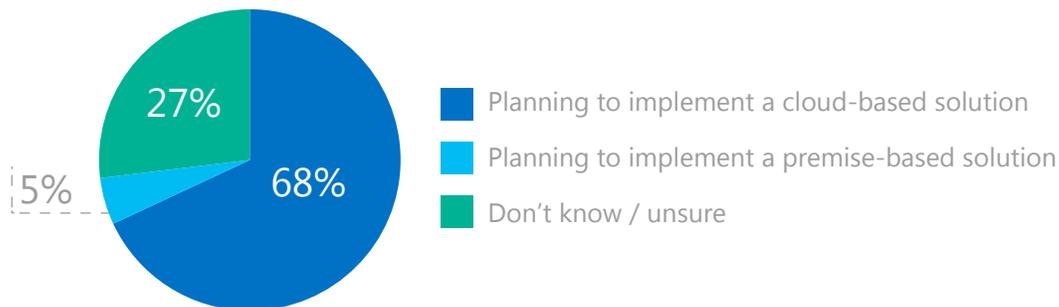
- The majority of medical manufacturing organizations are currently using a large and varied combination of KPIs to measure service performance.
- Medical manufacturing organizations are currently attaining among the industry's highest levels of customer satisfaction and service profitability.

A growing dependence on cloud-based field service management

A drastic shift from on-premise solutions

The greatest impact on the future of field service management solutions is most likely to come as a result of the growing acceptance of cloud-based technology. The results clearly place the medical manufacturing segment at the forefront of cloud-based FSM solution adoption. Currently, just over two-thirds (68%) of medical manufacturing organizations are planning to implement, or consider implementing, a cloud-based FSM solution in the next 12 to 24 months. This compares with only 5% planning or considering a premise-based solution in the same period – a ratio of more than 13 times favoring cloud over premise FSM solutions.

Medical manufacturers considering a field service management solution are focusing on cloud-based



A growing dependence on cloud-based field service management

In 2016 and beyond, the proliferation of cloud-based FSM solutions may serve to further normalize the competitive playing field between medical manufacturing organizations and all others with respect to their ability to use the same technology tools to reach out to, and serve, their customers. This trend will also likely make it easier for many organizations in the segment to attain Best Practices designation.

However, despite the many favorable performance comparisons to the general services community (and, in some cases, to Best Practices organizations), there is still much room for improvement that can only be fostered and expedited through the adoption and use of new technologies and the integration of those technologies into the organization's overall field service management operations.



Key takeaways

- 68% of medical manufacturing organizations are planning to implement a cloud-based FSM solution versus 5% planning to implement a premise-based solution.
- The implementation of cloud-based FSM solutions allows SMBs and enterprises, alike, to benefit from the robust features and functionality that are currently available.

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