

Free Report on Effectively Using SAP for your Service/Aftermarket Business

- ✓ Is your SAP Service processing a drain on your organization?
 - ✓ Do you have to execute too many transactions, just to do a small repair?
 - ✓ Do you feel like you are operating blind when it comes to your service metrics?
 - ✓ Does your organization have issues because the process is too complicated?
 - ✓ Does your service process have problems properly integrating with sales? inventory? or delivery processing?
 - ✓ Have you avoided implementing SAP SM/CS because it sounds too complicated?
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SAP Service Management (AKA Customer Service) is a very robust solution. It is configurable to do nearly anything you need, but it's not always intuitive how to do it. There is also plenty of room for simple development enhancements to make your life easier and more profitable. If you do in-house repairs, you have no doubt realized how many transactions it takes to perform a single repair. Even doing a standard return can become complicated. Without the proper knowledge and experience, your solution may be working, but is not necessarily optimized. Even worse, your solution may be well designed, but if you are not taking advantage of everything service has to offer, you could be leaving a lot of money on the table.

The purpose of this report is to arm you with the knowledge to evaluate your service solution and point you to some possible solutions to streamline your operations and avoid losing easy money.

6 ways you may be losing time and money in your SAP aftermarket business

In SAP Service Management, there are many options and many possible processes that can be used. What we have found in our consulting experience is that even established companies running a streamlined process overlook some of these simple pieces.

Service Contracts

Service contracts are an easy process to implement for any organization. If you believe in your product, offering an extended warranty, or pay in advance "tune-up" or "yearly inspections" give you the ability to offer your customers pieces of mind, and you can gain additional revenue. You must simply be able to price your "product" appropriately to encourage your customers to buy and still make a profit.

Service Metrics

Pricing your service contracts is just one of many things you can do if you are armed with the proper information about your service business. If you don't have a proper dashboard or set of reports to

highlight all the key areas of the SM process, you are aiming for a target with a blindfold over your eyes. In today's fast paced world, accurate information is everything. If you don't know how much an order truly costs you to repair or how long it takes, how can you accurately price or schedule it?

Product Warranty

If you are like many companies, you offer a warranty on your products. This is an excellent practice to use in order to gain customer confidence and show you stand behind your products. The problem that many organizations face is adequately tracking the information around the warranties. Tracking little things like start and end dates can help eliminate a lot of "goodwill" being given to your customers in the form of free warranty repairs. In addition, you need to see the costs associated with the warranty service you are providing (see Service Metrics). You also need to see the products you are consistently repairing within the warranty period.

On-Line Service Management

If you run a call center, you need to have an on-line tool to handle returns and repair requests, field service requests, and product registrations. Not only does this remove the burden from your call center, it actually makes your customers happier. They can jump on-line any time and enter in all their own information. In addition, it also gives you another tool to collect customer information, especially if you deal with distribution centers or don't know all of your end customers.

Service Planning

There are many flavors of service planning, depending on the needs of your organization. You can use capacity planning to properly schedule your service operations. You can start simple by tracking when all components are available to start working on a repair order. This alone can move your service business in the right direction. Understanding how you can utilize task lists, availability, and start and end dates will make a huge difference in your service business.

Service Plans

If you offer repetitive services such as inspections or tune ups, you need to be using service plans. These will automatically generate a notification or a service order based on any schedule you set. You could use SAP as your reminder to contact customers, to schedule their yearly maintenance, or whatever you can offer them. Again, you can increase customer satisfaction and repeat business.

How to avoid some of the most common mistakes in SAP SM

In service management, we typically see a lot of the same mistakes made over and over again. Hopefully, your company has not suffered from any of these, but if so, there is help. Like everything in SAP, with enough effort, you can correct pretty much any errors.

Serialization

Serial numbers are an excellent way to accurately track individual pieces of equipment. Unfortunately, they also have a lot of overhead if you are not prepared for them. Here are a few things to consider before you start serializing any product.

- Is your shipping department properly trained to find and capture serial numbers? Do you use scanners or wands? if so, are they adapted to handle serialization.
- Do you have the equipment to serialize your product? labels? printing? metal plates & stamping/etching equipment? will the numbers survive the typical usage you expect? Where will you attach the number so your customer can find it?
- How will you handle any legacy returns or repairs that come in that are not currently serialized?
- Do you plan to track every inventory movement of the serial number? or simply the in and out deliveries and receipts?
- What will you gain from serializing a product? Understand that you will get a lot of information from serialization, but if you don't plan to use that information, is it any good to you?

Warranty Tracking

Offering a warranty is great customer perk, but if you lack the data to properly monitor it, it could become a revenue drain on your organization. By collecting the warranty start and end dates, properly setting the sales order/service order to show that it is warranty work, and using correct G/L accounts you can make your warranty work for you.

Item Category Determination

In order to properly setup the in-house service process, you must incorporate the correct item categories into the sales order. You must make sure the item categories you choose to use are connected to the appropriate repair procedures, requirement types and DIP profiles. In addition, you have to decide if you sell spare parts on the same order (be sure to include all the different types of materials you could ship, including possibly configurable materials). Will you ship parts to the customer for any field service jobs? Will you send text items? Are you using the DIP profile? Make sure you account for all of the processes.

The biggest mistake to avoid when implementing Service Management

This one is pretty straightforward, and should be obvious, however, most organizations are not prepared for SAP Service processing. There are several major hurdles that come from SAP SM. All can be overcome with the right amount of preparation, however, you should be aware.

Serialization

Like we mentioned earlier, there are a lot of things to consider. The most important consideration is transactional discipline. When you use serial numbers it can be very easy to get inventory completely out of synch just by not paying attention to the serial number being shipped. Once you ship a physical serial number that does not match the system serial number, you begin a chain reaction that is very hard to unravel. Everyone needs to have clearly defined processes and must stick to those processes.

Transaction Volume

If you do in-house repairs, you likely have a notification, a repair sales orders, an inbound delivery, a service order, confirmations, outbound delivery, possibly resource related billing, and an invoice. While

this leads to an easy to track process, it is usually a large increase in volume compared to any legacy system. All groups involved must understand the entire process from start to finish. If your customer service group is responsible for service and sales, you might designate only certain people to handle the service side of the business at first. While a repair sales order is similar to a standard sales order, it does have different behaviors. Those differences can easily change the sales order from receiving a customer repair, to sending out a brand new piece of stock, all because the user isn't familiar with how to handle service.

Resource Related Billing

Unless you are already familiar with SAP sales and distribution, I highly encourage that you skip RRB initially. While this is a very powerful tool, it can also become very confusing. There is a lot of configuration behind RRB and every little check mark can have profound effects on your billing. I recommend starting with entering all the billing conditions manually in the sales order at first. If you need to document information to your customer, use long text. Let your customer service become familiar with the service process before implementing another complicated piece to the puzzle.

Document Flow

This is another obvious one, but it can never be said often enough. Be sure all your users are familiar with document flow, and how it varies (ever so slightly) in service processing. With the large volume of transactions, everyone needs to know how to see all of them and there is no easier way than document flow. Don't be afraid to dedicate a full hour or more of training to document flow. The skill will reap huge benefits in long run.

Business Process

Without a doubt, this is the biggest mistake I encounter (far too often, unfortunately). In SAP, you need strong, well defined business processes and rules. Service is no different, and in fact might be even more important than some other areas. In service, everything happens in a particular order, and there are a lot of moving pieces. If each group involved is not intimately involved in the details you will encounter a lot of stumbling blocks after go-live. If you don't currently have the best business processes, or you spend a lot of time calling or passing paper from group to group, work with your service professional (or find one to work with). Often times, the best advice is to stick with what you are doing. SAP is a great system, and there will be countless benefits when everyone is up and running. However, don't try to change everything at once. If emails and phone calls work in your current business, stick with it for a few weeks or even a few months. Focus on getting the transactions right. After that, you can start fine tuning the process to monitor reports, or even look at using SAP workflow. Out of the box, KISS is always best.

The 4 dangers of choosing the wrong SM professional

When you are implementing SM for the first time, or you are simply looking to take your current implementation to the next level, having a seasoned professional to help you is always recommended. There are many excellent consultants out there that will take great care of you, however there are also

many average consultants out there that have not experienced enough clients to help guide your company in the best way. Here are the biggest things to look for in a service management consultant.

Configuration vs. Development

In SAP, you can do anything with ABAP code, but the best consultants will always work to do it within configuration. Service Management is a combination of SD, PM with bits of PP, MM & FICO mixed in just for fun. This means that there is a lot you can do with configuration. Just make sure your consultant isn't too eager to start writing development specs.

Business Experience

Like any consultant, typically the more clients your consultant has been with, the stronger they will be. However, don't take a resume at face value. Just because there are a lot of companies on a resume, pay careful attention to what the consultant has been responsible for doing. If it's the same thing, over and over again, they may be a "one hit wonder". Ideally, look for someone that has worked in multiple different industries and has implemented a lot of different functionality.

Techno-Functional

This is just a fancy term to say you want a consultant that understands the functional side of the business and can also debug code and effectively communicate with your developers. In a perfect world, you need no ABAP to reach your goals, but we all know that rarely happens.

What a streamlined SAP Service Management System can do for you.

We have discussed a lot of potential issues, now we need to talk about why these risks are worth the effort for your business.

Inventory Tracking using repair and returns scenarios

SAP Service Management is outstanding when it comes to tracking your customers' inventory throughout the entire service process. You have complete visibility of what equipment is in house and what is still waiting for receipt. If you implement some of the latest enhancement packs you can even track the inventory you send out for subcontract work.

Serial number tracking for history and repeat offenders

For all of the possible things that can wrong with serialization, if you have an operation that can proactively use the information, then serialization is invaluable. You can track repeat offenders, you can track your warranty start and end dates, you can create extended warranty contracts for particular serial numbers, you can track your configuration, and any changes, you can also have a specific BOM for that serial number. All of this information can help your engineering and quality departments make better products.

Advanced exchange

Advanced exchange is a process that allows you to ship an exchange unit to your customer before they send you their broken unit for repair. You then keep the customer equipment and add it to the "pool"

for the next exchange. You can usually charge a premium for this service or place it under a contract. Another great revenue generator that only costs you a little inventory space of rebuilt units.

Service/maintenance contracts

Service Contracts are a great revenue source that can usually be implemented relatively easily. Be sure to track the cost vs. revenue and make sure to adjust accordingly.

Call Center notifications & tracking

Using the Service notifications you can begin tracking all of your call center activities and the time it takes to complete those activities. It will allow you to monitor your call center performance.

4 steps to a more profitable service business

Now that you know what to analyze and what to look for, what do you do next?

1. Make a commitment to act.
2. List your objectives
3. Ask Questions
4. When you find the right company, act.

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