IDC MarketScape

IDC MarketScape: Worldwide Manufacturing Service Parts Management Applications 2020 Vendor Assessment

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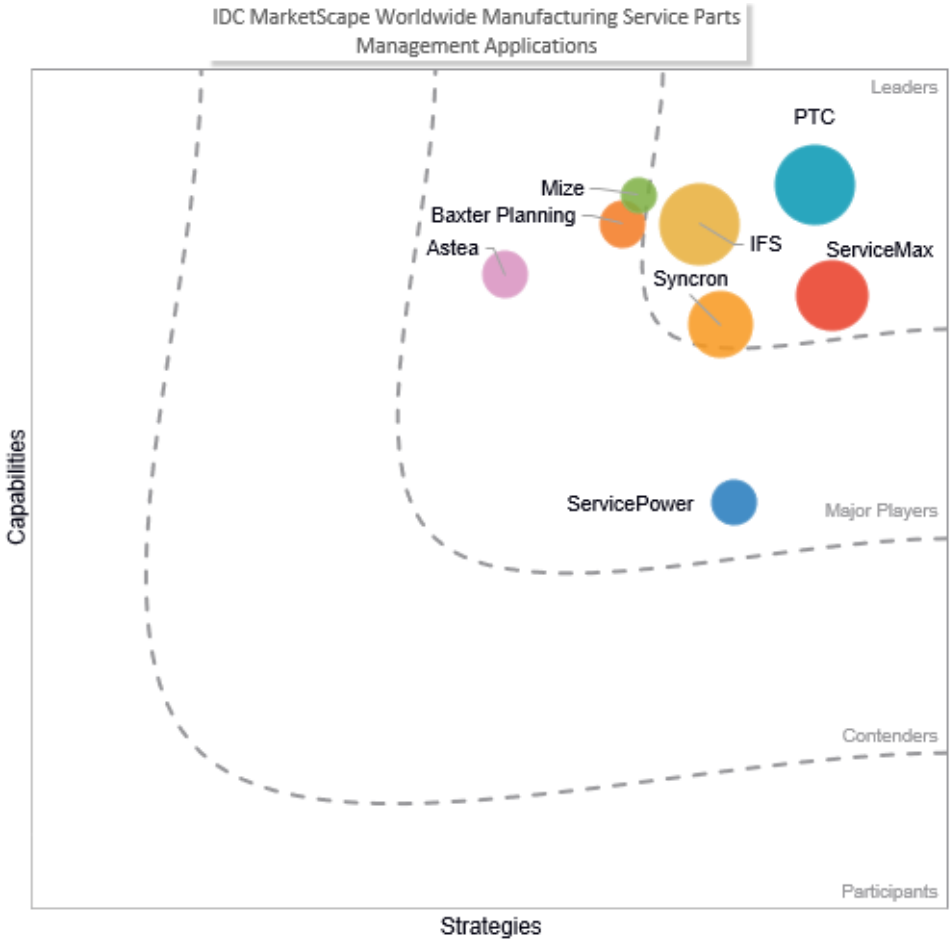
THIS IDC MARKETSCAPE EXCERPT FEATURES PTC

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Manufacturing Service Parts Management Applications Vendor Assessment



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Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Manufacturing Service Parts Management Applications 2020 Vendor Assessment (Doc #US44801020). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

In today's competitive economy, organizations that don't maximize all avenues to generate revenue and deliver value to customers will be confronted with a decline in growth and future viability. Customers across industries demand more from the organizations they buy products and services from, which is driving manufacturers and service organizations to rethink operations, invest in technologies to transform, and build a focus around aspects of the business that can quickly and sustainably support customer excellence. IT buyers and manufacturers looking to transform should be mindful not to overlook the service functions of the organization in particular service parts management (SPM) as they address investment gaps and opportunities for digital transformation (DX). IDC Manufacturing Insight's 2019 *Product and Service Innovation Survey* highlighted that 38.7% of manufacturers stated the top 3 drivers for their service life-cycle management efforts were to capture and make accessible service knowledge, increase service-related revenue, and provide faster response to product quality issues and customer complaints, respectively. The ability to improve the service parts business is an opportunity to address each of these three areas while also delivering increased value to the customer and improving the overall customer experience (CX). Going beyond a focus on service parts to primarily affect efficiency or reduce costs is providing manufacturers with a fertile channel to achieve new heights within the customer experience and revenue creation.

This study assesses the capability and business strategy of many notable technology vendors in SPM. Key findings of this SPM vendor assessment include:

- Service parts management in manufacturing is becoming a more critical function, with overall service life-cycle management with the ability to not only impact operational efficiency and cost but also to deliver new revenue stream opportunities and business service models, enhance the customer experience, improve service worker productivity, enable better visibility across the service supply chain, improve product quality, and trigger new service innovations.
- While all eight vendors included in this IDC MarketScape deliver a comprehensive range of capabilities within the end-to-end service parts management market, they offer an array of approaches and focus on a variety of subvertical industries within manufacturing and broader service.
- The "short list" as provided by this IDC MarketScape highlights the wide-ranging capabilities and future strategies of each technology vendor that enable tech buyers to more capably identify the suitable fit to support their respective needs in service parts management and overall digital transformation goals. Manufacturers and service organizations must ensure that investments in technology align with their overall corporate objectives and strategy, company cultures, supplier and dealer network maturity, and customers to ensure successful adoption and deployment.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

There are a number of vendors offering service parts management capabilities to the manufacturing market. The vendor inclusion criteria for this document were chosen to accurately depict the vendors that are most representative of any given service parts management functional buyer's selection list serving as one input into a manufacturer's decision-making process to shorten the vendor evaluation process. The intent of this IDC MarketScape is to focus on those notable vendors that meet the criteria and focus on broad SPM capabilities.

For the purpose of this document, we have focused on those vendors that we deem to be notable because of the following characteristics:

- Vendors must have at least 50 service parts management customers.
- Vendors must have customers in at least three manufacturing subvertical industry segments.
- Vendors must have had a service parts management application in the marketplace for at least seven years.
- Vendors must have capabilities to support end-to-end service parts management activities and processes.
- Vendors must have a demonstrable track record of innovation within their service parts management application.

Each of the eight vendors included in this document meets the previously mentioned requirements. There are vendors that provide products for a subset of service parts management or support adjacent processes that are notable but not included because they do not meet the "end to end" requirement. This may change in the future, and future publications of this document will have additional inclusions.

ADVICE FOR TECHNOLOGY BUYERS

Service parts management applications and platforms enable automation and intelligence to be incorporated into the processes and workflows that ensure the right service parts are visible and in the right places to ensure issues can be resolved, customers can be productive, and the service supply chain can run smoothly without excessive costs to expedite resources around the globe. Technology isn't the answer to all business issues, but in regard to SPM, as service supply chain networks get more complex and intertwined, automation must play a bigger role in service transformation.

IDC believes there are several steps manufacturers and service organizations should consider as they move along their digital transformation journey within the management of service parts:

- **Build partnerships that align with your organization's digital transformation journey and aspirations.** Every organization is in a different position with regard to digital and service supply chain maturity, service parts acumen, and business model vision. Furthermore, all of these factors evolve over time. Building an ecosystem of partners that can aid based on current needs but still evolve as the business changes is critical to sustained success. Outgrowing technology partners or their products is a concern as the technology world is moving faster and transformation is a journey, not an end destination.

- **Ensure technology can support the business to scale, grow, and innovate around service parts management.** Specifically, service parts management demands addressing the specific complexities and fluid nature of this function, requiring tools that can adapt quickly and be configured to support new business models, markets, changes in customer needs, and a diverse set of partner, dealer, and supplier needs.
- **Don't underestimate the impact of change management on the ability to successfully transform service.** Change management shouldn't only be a theme for discussion, it must be a key factor in the identification, selection, and deployment of any technology solution or product. Without addressing this aspect of digital transformation, organizations will fall short when they try to measure success or ROI. If the front line or service team is not on board for an investment in technology or process change, work arounds will lead to failure or costly customizations.
- **Align service and IT to provide specific digital tools for the service parts apparatus supporting efficiency, excellence, and security.** Technology decisions made in a silo often result in poor adoption from the field or risks associated with shadow purchases not being approved by IT. Also these nonstrategic decisions can be doomed to quickly reach a ceiling for applicability as value across the organizations isn't considered. SPM applications and platforms must be a part of a broader IT strategy, which ensures data can be shared and useful beyond the service team.
- **Make service parts data quality a priority.** The clichés are plenty, but to transform the service operations, organizations must be able to rely and make decisions based on accurate, quality data, which can be accessed in real time or near real time. Failure to have quality data to act on will result in the field team, support planners, management, suppliers, and dealers making decisions based off of gut feel or simply refer to historical data points. Decisions today must be made more quickly, and therefore, the service team must trust the inputs they receive as these decisions can have costly ramifications.
- **Re-prioritize the KPI being managed to ensure service parts management is measured against the right metrics.** As service business models evolve to focus on revenue and customer experience, it is critical that the metrics for SPM also evolve. Historically, SPM success was determined by efficiency and cost reduction. This is rapidly no longer the primary determinant of a successful SPM operation or of the tools used to support this function of the service operation.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape for worldwide manufacturing service parts management applications. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

PTC

PTC is positioned in the Leaders category in the 2020 IDC MarketScape for worldwide manufacturing service parts management applications.

PTC (Nasdaq: PTC) is a global vendor of end-to-end service life-cycle management based in Boston, Massachusetts. PTC, founded in 1985, has delivered products for the service market for 33 years with approximately 6,000 employees globally, with 625 employees dedicated to service life-cycle management. PTC has over 2,500 service customers, with the majority in North America, Europe, and Asia/Pacific and a minority in Latin/South America and the rest of the world. PTC has strategic

alliances and partnerships with companies such as Accenture, ANSYS, Atos, Capgemini, Cognizant, Deloitte, EY, HCL, HPE, IFS, Infosys, Microsoft, Rockwell Automation, Tata Consultancy Services, Tech Mahindra, and Wipro.

PTC is a well-known vendor in the service parts and service life-cycle management space and has delivered products to support a variety of service processes across a variety of subindustries within manufacturing such as aerospace and defense, automotive, construction, consumer equipment, forestry, high tech, industrial equipment, and mining. PTC positions its service parts management product under the PTC Servigistics brand name. The Servigistics product supports a wide range of advanced data science–based capabilities to optimize the end-to-end service parts management process including activity-based demand planning and forecasting, extended life-cycle planning, budget and financial planning, parts pricing, repairable parts optimization, dealer inventory management, new product and end of life parts management, network optimization, multi-echelon optimization, strategic modeling, critical parts management, defective parts identification, installed base and contract-based planning and optimization, readiness-based sparing (RBS), performance-based logistics, predictive analytics, connected products, and a modern customer user interface. The application is modular, allowing for additional functionality to be added. Servigistics can be deployed within a hosted private cloud (FedRAMP 5 Certified), public cloud, or on-premise.

Strengths

PTC has built an end-to-end set of capabilities within service parts management and has established a complement of expertise that can support complex environments. Servigistics goes beyond basic planning needs to ensure complicated service supply chains can be managed without disruption or conflict. This allows PTC to support a variety of industries subverticals, which demand the utmost rigor with regard to service parts needs. Also the product was built specifically for the aftermarket that addresses the specific needs of this market.

PTC also integrates its service parts management product with its IoT platform, ThingWorx, enabling manufacturers to address the connected service world, which is ever more present. The transformation from manual, reactive service to a predictive service model is being enabled by IoT. And PTC, through its own platform, has been able to aid manufacturers within this transformation. Along with the integration within the PTC suite of products such as ThingWorx and ThingWorx Analytics, the company has built a strong partner network with the likes of IFS, Microsoft, Genpact, Capgemini, SimAcumen, ITC Infotech, Wipro, Infosys, Tech Mahindra, Hitachi HiSys, and iSiD.

Challenges

The primary challenge for PTC resides with its dependence on acquiring quality data to support the needs of the Servigistics product. Manufacturers struggle with legacy systems, manual processes, and incomplete data. PTC will need to ensure it can support customers who may not have the most complete data sets as these are the environments that will reap the biggest benefit from Servigistics. PTC must also ensure it can continue to communicate the value and the investment necessary in IoT as it relates to specific service needs and the service supply chain.

Consider PTC When

Manufacturers in industries such as aerospace and defense, automotive, construction, consumer equipment, forestry, high tech, industrial equipment, and mining should consider PTC when they are looking for a service parts management product that can address complex service supply chain needs. Also manufacturers that are navigating an IoT journey, which addresses service needs, can benefit

from Servigistics and the ecosystem PTC has built. Connected products and service are becoming more critical as manufacturers evolve from being primarily product focused to establish more enhanced service offerings for customers.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the estimated market share and revenue of each individual vendor within service life-cycle management from the manufacturing industry vertical.

Each of the eight vendors evaluated in this IDC MarketScape has the ability to support the broad range of capabilities for end-to-end service parts management within the manufacturing industry vertical and its supporting network of dealers, suppliers, and partners. Vendors in this study ended up in either the Leaders or Major Players categories because of the ability to deliver to the varied needs and processes of service parts management and service issue resolution across a diverse set of manufacturing subverticals.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

IDC Manufacturing Insights defines service parts management as the processes that aid in the management of service parts for the execution of a work order including planning, forecasting, pricing, returns, repair, recalls, and refurbishment of service parts. The application should be commercially available as a standalone solution, and the vendor should have a number of customers that have already deployed the solution. The intent of this IDC MarketScape is to focus on those notable vendors

that focus on broad service parts management capabilities and can support either cloud or on-premise capabilities.

Included in this IDC MarketScape are providers with offerings for manufacturing that includes product-centric organizations across four distinct value chains.

- **Asset-oriented value chain (AOVC).** Industries include chemicals, metals, and pulp and paper.
- **Brand-oriented value chain (BOVC).** Industries include consumer packaged goods (CPG), food and beverage (F&B), fashion, and life sciences.
- **Engineering-oriented value chain (EOVC).** Industries include automotive, aerospace and defense (A&D), and industrial machinery.
- **Technology-oriented value chain (TOVC).** Industries include electronics and semiconductors (high tech).

LEARN MORE

Related Research

- *IDC MaturityScape: Service Parts Management in Manufacturing 1.0* (IDC #US44623919, October 2019)
- *IDC FutureScape: Worldwide Manufacturing Product and Service Innovation 2020 Predictions* (IDC #US44333919, October 2019)
- *Service-Driven Transformation for Manufacturers in the Age of Experiences* (IDC #US45557019, September 2019)
- *2019 Product and Service Innovation Survey* (IDC #US44334119, August 2019)
- *Servitization and Service Parts in the Age of Ecosystems* (IDC #US43378419, June 2019)
- *IDC's Worldwide Digital Transformation Use Case Taxonomy, 2019: Asset-Oriented Value Chains in the Manufacturing Industry* (IDC #US45120019, June 2019)
- *IDC's Worldwide Digital Transformation Use Case Taxonomy, 2019: Technology-Oriented Value Chains in the Manufacturing Industry* (IDC #US45120119, June 2019)
- *IDC PlanScape: Service Parts Management to Leverage Connected Products Insights* (IDC #US44483318, December 2018)

Synopsis

This IDC study uses the IDC MarketScape model to provide an assessment of vendors participating in service parts management specific to service life-cycle management. This study specifically analyzed these offerings from a manufacturing industry vertical perspective.

"Service parts management is a critical function of the service operation, which has often been considered to be an afterthought or aftermarket activity for many manufacturers," says Aly Pinder, program director, Service Innovation and Connected Products Strategies, IDC Manufacturing Insights. "However, as manufacturers further transform their service business models to focus on the customer experience and revenue creation, service parts management must become a focal point, as ensuring the organization has visibility into the right part at the right time will ensure issues can be solved the first time."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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