

How to boost your bottom line with ATM service parts planning

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In a lean business environment, it might seem that only larger service companies with boundless resources can maximize the uptime of a customer's ATM fleet. But thanks to innovations in the supply chain arena, this is no longer the case. More companies are realizing the value of implementing an optimized service parts network.

There are multiple approaches, though, and choosing the right solution for your business can be confusing.

Key questions for service department managers include:

- Should we outsource?
- Can we afford to grow our business managing our own operations?
- Do we have the experience and knowledge to grow our own service parts and logistics operations?
- Will our customers see value in offering a same-day fix?

No wonder so many organizations are still trying to develop a strategy for their service parts and logistics operations. While manufacturers and some maintenance companies have been able to streamline their parts delivery, most have procrastinated far too long.

The reason? Most third-party logistics companies simply do not understand the nuances of financial equipment service and, as a result, partnerships with these generic firms rarely result in success.

Additionally, many servicers have neglected their service parts operation because they see spare parts as a necessary evil rather than a part of the overall value offered to customers.

Nevertheless, the enormity of the spare parts segment — spend is estimated at more than \$225 million in the U.S. alone — and the potential income impact of focusing on this side of the business should have more companies focusing on this side of the business.

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From a competitive standpoint, companies that excel in the management of spare parts and labor achieve higher customer satisfaction and repeat business levels than other players in the market.

Many companies turn to outsourcing their SP&L operations for the cost advantages it offers. Outsourcers can spread out the costs of maintaining multiple parts-stocking facilities and managing expedited courier services over multiple accounts.

A maintenance company or deployer that outsources its SP&L operations will likely utilize a tiered inventory stocking program that places parts at the supplier's central, regional, and forward stocking locations based on service level agreements in place with customers.

Reducing on-hand inventory and cost

By prepositioning stock to a central facility at the supplier's hub, service parts orders can be placed up until moments before UPS or Fedex scheduled departures, allowing for early-morning delivery to the site of a disabled ATM.

This method helps companies reduce on-hand inventory, which is appealing when the cost of inventory is too high for a decentralized model.

Where less than four-hour service is the norm, a great parts and logistics provider will place critical parts and components in regional and forward-stocking locations that provide courier delivery or enable a field tech to pick up parts on the way to a repair site with ease.

Other advantages of outsourcing SP&L operations include:

- Full management of all network operations, including the courier base required for pickup and delivery across a wide geography.
- The ability to easily coordinate returns, which are often closely tied to the success of a service parts solution.
- Management of invoicing and auditing for shipping expenses.
- Reduced costs related to inventory carry, shrinkage, missed warranty returns and other inventory control-related losses.
- Significant reduction in the risk of overordering or incorrect parts placement due to poor planning.

Choosing the right provider

Increased attention to service parts and logistics might have you wondering how to choose a provider. Every maintenance company has its own goals and vision, so consider the following key criteria when evaluating the right player for your business:

- People — Does your outsourcer have the right skill set at every level to make you successful? Does management balance your customers' interests with your outsourcer's need to achieve efficiencies?
- Inventory — Leading suppliers have hundreds of thousands of parts on hand to meet your needs.
- Documentation — Make sure that your provider can show how they control quality, measure success, and define the scope of work for the repair or fix of each part.
- Comprehensiveness — An integrated solution focused on visibility and functionality, as well as order fulfillment, shipping, and inventory management is key to the seamless operation of a great parts program.

The provider's solution should also allow for receipt of service orders directly from your service tech or service management program.

Other important components of comprehensive systems include: sourcing from the optimal stocking location; selecting and routing a cost-effective shipping provider that meets the service-level promise; and order-status visibility for both managers and field techs.

Proper demand planning and prepositioning of the appropriate critical spare parts will allow your business to successfully meet service-level commitments to customers if your distribution network footprint already covers your primary target zones. To do this, you will need the right skill-set to manage fulfillment operations and the placement of your inventory.

For example, one ATM service company with a sizeable footprint in North America offers a next-day service commitment for many customers in its existing service fleet. With proper forecasting, they can also keep next-day, expedited shipments to a minimum.

Tying it together with technology

Companies that have leading service parts networks—whether they are outsourced or managed in-house—realize greater profits within their overall service operations. Without adequate technology, operations are challenged to achieve the efficiencies they need to offer a quality, cost-effective service organization.

The intricacies and transaction volumes within SP&L predicate that customer service, dispatch, facility management, field technician, and service management personnel utilize process automation, inventory and transportation management, and end-to-end service order management systems to ensure each service order is accurately completed.

For these reasons, it is imperative to choose a parts and logistics provider with the proper systems, knowledge and people to make the process work.

The result: Increased revenue and customer satisfaction

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In his best-selling book, *Straight From the Gut*, Jack Welch said, "Back rooms, by definition, will never be able to attract your best. We converted ours into someone else's front room and insisted on getting their best."

Financial institutions are pushing for ever-higher uptime percentages and competition continues to drive pricing down in the marketplace. A service parts provider who understands the nature of financial equipment maintenance and what your technicians, salespeople, and planners face everyday can give a distinct edge when presenting to the FI.

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The financial impact of maintaining an ATM footprint is always a concern, but when great parts planning is combined with great service techs, those tough SLAs can be met, increasing customer satisfaction and, ultimately, market share.

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