SERVICE PERFORMANCE MANAGEMENT: SMARTER DATA, BETTER DECISIONS

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Report Highlights

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Organisations that leverage advanced analytics and Big Data were able to decrease operating costs by 7% year-over-year as compared to 3% for All Others.

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The Best-in-Class are 62% more likely to have a senior executive in place responsible for service operations with on-demand access to performance data.

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The Best-in-Class are 112% more likely to consistently benchmark their performance against peers and top performers in other industries.

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The Best-in-Class are 61% more likely to provide field technicians with access to personal dashboards reflecting performance.

This research report will explore the challenges service organisations find in managing performance data and progressing from data points to actionable insights.

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Managers have found that they just aren't getting the insight they need to transform the organisation in this era of robust data.

Definition:

Big Data refers to the problems of capturing, storing, managing, and analysing massive amounts of various types of data. Most commonly this refers to terabytes or petabytes of data, stored in multiple formats, from different internal and external sources, with strict demands for speed and complexity of analysis.

The Value of Data lies in the Final Decision

Are we smarter today than we were yesterday? Has the increased volume of data at our collective fingertips made our decisions better, or has this glut of data points put the organisation in quick sand? The days of not having enough information are long gone; now equipment, vehicles, people, and customers are all connected providing organisations with a constantly growing wealth of data. Managers have found that they just aren't getting the insight they need to transform the organisation in this era of robust data. Aberdeen's *The Executive's Guide to Effective Analytics* report (December 2013) highlighted that executives are dissatisfied with their access to the data they need, the ease-of use of analytical tools, and the speed of information delivery. This has to change if organisations are going to convert data into intelligence.

Access to the Right Answers

The challenge for many organisations is often how they can efficiently turn an ever growing volume of data points into useful intelligence that ultimately leads to (the right) decisions. Analytical tools can be the engine to churn out such insight. As seen in the Aberdeen research, *Get Smart: Advanced Analytics Applied to Big Data* (August 2014), organisations that have fused together advanced analytics and Big Data capabilities have been able to achieve better results in access to timely information, relevance of data, and improved speed of decision making, all key pressures facing the executive (Figure 1).

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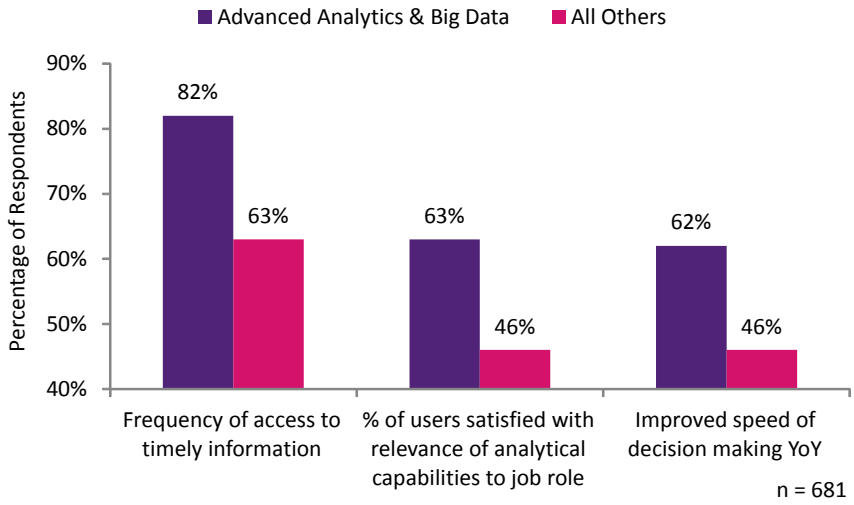
Figure I: Analytics, Big Data, and Intelligence



Source: Aberdeen Group, January 2015

For the purposes of this analysis, the Advanced Analytics & Big Data group was determined by evaluating organisations that invested in both advanced analytics and big data capabilities. N = 125

As organisations enable improved decision making in resource allocation and service offerings as a result of better data, the results will be displayed in revenue metrics (Table 1). No longer is the service team attached to gut feel in regard to how many parts to carry, which technicians should be scheduled for a job, or which products / services are better aligned to a certain customer profile. The true value in analytics is the ability to turn this insight into better decisions which help to manage the service P&L.

Table 1: Annual Improvements Boost the Bottom Line

KPI Improvements Year-over-Year	Organisations with Advanced Analytics and Big Data Capabilities	All Others
Increase in revenue (organic, non-acquisition)	16%	10%
Increase in operating cash flow	13%	6%
Decrease in operating costs	7%	3%

Source: Aberdeen Group, January 2015

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The link between timely information and the speed of decision-making is just one step in the journey to success when it comes to service performance management and analytics. Service analytics empowers organisations to diagnose issues more quickly, evolve to a predictive and proactive service model, and engage employees based on real-time performance and not annual subjective reviews. Table 2 below highlights how the Best-in-Class take this data and transform the service experience for the customer, the employee, and management.

Table 2: Service Analytics Triggers Best-in-Class Service Transformation

Key Strategic Actions for Improved Service Intelligence	Best-in-Class
Increase availability of service knowledge in order to diagnose and resolve service issues more quickly	48%
Develop real-time visibility into field assets (i.e., people, parts, vehicles)	40%
Implement predictive / prescriptive analytics to enable proactive service vs. reactive break / fix service	40%

Note: Not all top strategies are shown here. Source: Aberdeen Group, January 2015

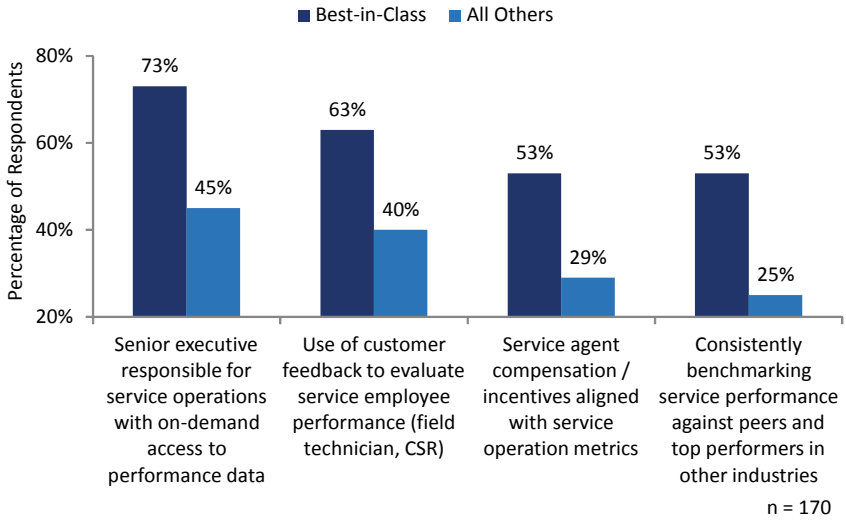
The landscape has changed for the service organisation. Customers expect faster, higher quality service, the field demands that their hard work is valued, and leadership needs to manage to a changing set of success metrics. This is at the heart of the challenge and opportunity for service analytics and BI tools. With the volume of data and speed needed to make resource adjustments or strategic decisions, organisations need to re-evaluate how they use analytics.

The Customer, the Tech, and Management Learn from the Data

Technology alone will not pull an underperforming organisation out of the doldrums. Advanced analytics must be interpreted and used to improve service in order to become a smart investment. The Best-in-Class provide performance data to managers, use

analytics to compensate the field team, link customer feedback to employee performance metrics, and benchmark performance against a peer group (Figure 2). These top performers don't just do one thing with the data; they leverage the intelligence to drive change and innovation.

Figure 2: Performance Management - State of Service



Source: Aberdeen Group, January 2015

➔ **Executive decisions made as a result of data on-demand.** Once again, in order to improve time to resolution, managers and the front line need to improve the time it takes to find an answer. In particular, the Best-in-Class provide managers with performance data as needed to make strategic decisions. The strategic vision of the organisation must be led from the top, but these managers are forced to make decisions blindly unless data builds the foundation for their strategies.

➔ **Benchmark your performance.** The value of data analytics for service can only be truly assessed through the lens of how this insight can help performance against a peer group. Aberdeen's *Field Service 2014: Access to the*

The State of Service Management Best-in-Class Defined:

In January and February 2014, Aberdeen surveyed 170 end-user service and manufacturing organisations to understand the key trends in the service market. The performance metrics used to define the Best-in-Class (top 20%), Industry Average (middle 50%), and Laggards (bottom 30%) among these organisations are:

- 89% Customer satisfaction rate, vs. 76% among Industry Average and 67% for Laggard firms
- 89% Customer retention rate, vs. 83% for Industry Average and 66% for Laggard firms
- 3% average year-over-year improvement in service margin, vs. 1% decline among Industry Average and 2% decline for Laggards

Definition:

Gamification refers to the use of game mechanics to motivate, modify, or reward distinct behaviors.

Right Information Empowers a Results-Driven Workforce report (January 2014) highlighted that competitive factors and customer dynamics make it integral that service get faster without a loss in quality. But speed of service isn't about getting a technician to a customer quickly (i.e., improved routing), the true test is how can organisations ensure that technicians get information and answers faster to be able to ultimately resolve issues in a timely manner.

- **Align incentives with the metrics and not gut feel.** Big Brother watching over the field has never been viewed as a positive, especially not by the technicians. But as the importance of delivering quality service rises in the discussion with customers, service organisations have begun to turn monitoring for punitive reasons into tracking best practices for positive rewards. The Best-in-Class link service performance with incentives and compensation to ensure that the right behaviors are the ones being rewarded. The world of gamification is coming to field service, but it must begin with quality, real-time service analytics that can track performance.

- **Use analytics to provide real-time intelligence.** The rear view mirror has often been a way organisations have forecasted the future. But this method assumes that history will continue to reflect the future of service demand. The Best-in-Class don't fall prey to this model as seen in Aberdeen's *Real-Time Executives: Streaming Data into the C-Suite* (May 2014). Top performers are able to use real-time analysis and data to predict future outcomes.

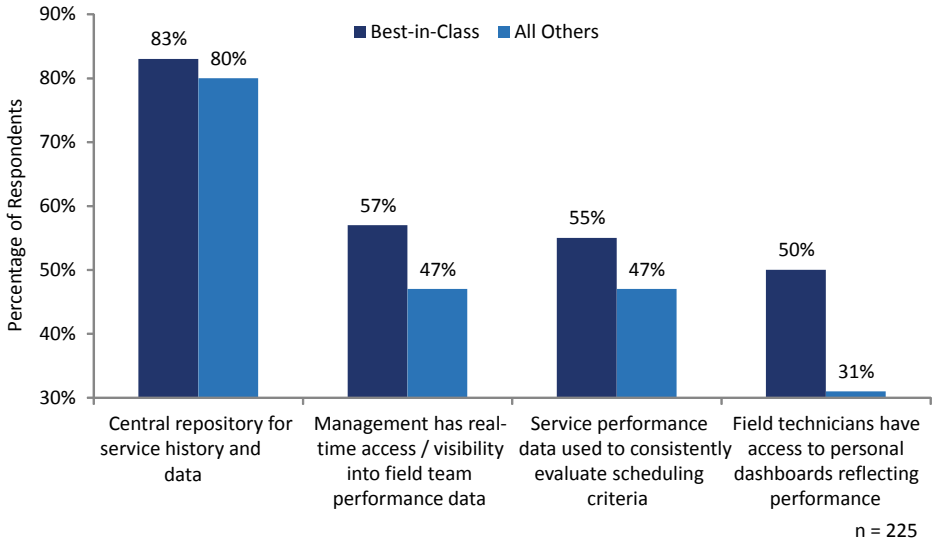
The Path to Better Insight and Action

Creating a structure around a data strategy is clearly an early step to successfully managing the data to intelligence cycle. But this

isn't the end of the data journey for the Best-in-Class in regard to service. Top performing organisations use this new-found insight to resolve issues in the field and strengthen the service organisation. Whether it is access to information, connecting service analytics with field service scheduling, or providing management and the front line with performance data, the Best-in-Class outperform their peers in leveraging business analytics (Figure 3).

Silos of data are the downfall of insight, and a waste of money. Service analytics and performance data must be made available to stakeholders so they can in turn make decisions based on this insight.

Figure 3: Performance in the Field



n = 225

Source: AberdeenGroup, January 2015

Access - Silos of data are the downfall of insight, and a waste of money. Service analytics and performance data must be made available to stakeholders so they can in turn make decisions based on this insight. The Best-in-Class ensure that performance data is stored in a centralised database that is accessible to the right people. Business functions beyond service need insight into customers, parts, and equipment in order to improve quality and customisation of the offerings being produced.

Action -The evolution of field service has meant that organisations no longer react to failures in the field; they predict

future failures and attempt to solve problems in advance. Improved service analytics and performance data allows Best-in-Class organisations to be able to schedule and allocate resources based on future service needs. Customers no longer accept reactive service. Therefore, organisations must prepare for the next incident before it occurs and ensure the right technician gets on site to solve the issue before it becomes a problem.

Visibility - Data points and analytics are not just numbers on a page. As seen in Aberdeen's *Interactive Data Visualisation: The Age of "Look but Don't Touch" Is Over* research (May 2014), organisations that adopt interactive data visualisation achieve faster decision making, greater data access, and stronger user engagement. Service analytics provide a view into the performance and status of service. At the point of service, organisations need to be able to monitor equipment, work orders, technician performance, and parts. Without performance data it is impossible to have visibility into the success of the service organisation. From management, to the front line, to the customer, stakeholders need to have insight into the delivery of service in order to be able to adjust resources and expectations.

➔ Related Research "Interactive Data Visualisation: The Age of 'Look but Don't Touch' is Over"

Summary

The service experience has rapidly evolved. No longer is a reaction to a problem good enough for the customer, and competition is not waiting for the service organisation to catch up with service demand. The need for advanced analytics to help tell the story of service has never been more important. But the Best-in-Class understand it is not solely about getting quality data, the true measure of success comes from the action stemming from that insight.

For more information on this or other research topics, please visit www.aberdeen.com.

Related Research

The Internet of Things: Connecting the Enterprise and the Customer; October 2014
Service Mobility: The Right Technology for the Tech; August 2014
Get Smart: Advanced Analytics Applied to Big Data; August 2014
Service Lifecycle Excellence: Resolution at the Heart of Service; July 2014
Best-in-Class Reporting and Dashboards: The Workhorse of Analytics; May 2014
State of Service Management: Roadmap to a Profitable 2014; March 2014
Field Service 2014: Access to the Right Information Empowers a Results-Driven Workforce; January 2014

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