



eBook

Build a Business Case for

Global Warranty Management

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Executive summary

When building a business case for a global warranty system, your objectives should focus on three areas.

- 1. Streamline warranty processes** - improve the effectiveness and efficiency of all warranty processes. Simplify and automate product registrations, service plans, warranty claims, returns, supplier recovery, and service campaigns.
- 2. Reduce warranty costs** - apply warranty policies and terms, increase supplier recovery, and improve service operations. Increase customer retention and grow service plan sales by delivering a better value and differentiated customer experience.
- 3. Improve product quality** - reduce detection-to-correction cycle time and improve product quality with actionable insights from warranty reporting and analysis. Enhance collaboration with all stakeholders, including quality, manufacturing, engineering, and suppliers.



This ebook from Synchron provides a guide for making a business case to implement a global warranty management system. After reading this ebook, you will have learned how to identify business benefits, calculate ROI, and get buy-in from all stakeholders.

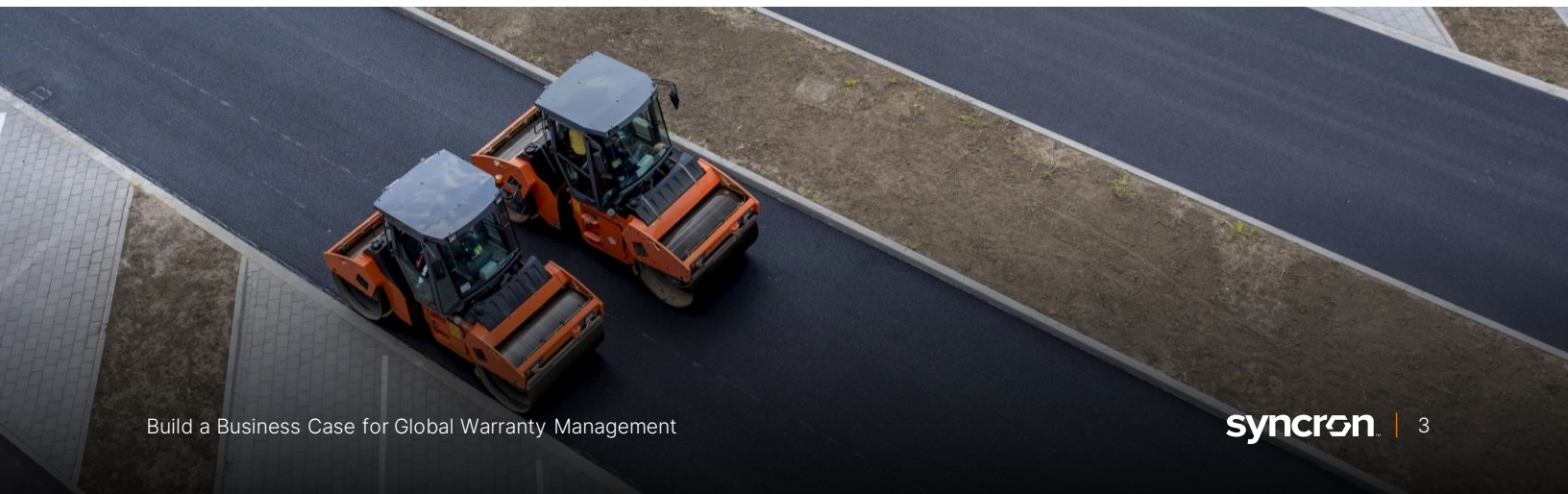
Considerations for global warranty management

Creating a consistent and streamlined warranty management experience across your global enterprise and the market enables your key stakeholders – warranty teams, distributors, dealers, suppliers, and customers – to have the tools they need to reduce costs and increase visibility to product quality issues.

Operationally, you want to manage end-to-end warranty lifecycles effectively. By replacing disparate systems with a consolidated global warranty solution, all business units, product lines, and regions become more productive. As you contemplate optimizing your warranty operational infrastructure and capabilities for internal staff, partners, and customers, adapting to geographical needs is paramount. Concerning ROI, the more commonality you are able to adapt across your product portfolio, the greater the immediate and ongoing benefits. An end-to-end warranty lifecycle management system with a consolidated global source of warranty data can add millions of dollars to a company's bottom line.

The top 5 questions you need answered:

- **What needs to improve?** Find the appreciated functional and financial benefits. Decide where efforts should be focused.
- **How much will you save?** Calculate anticipated cost savings throughout the organization over a realistic timeline.
- **What needs to change?** What software and systems do we need to change to achieve the identified objectives? Find the best bang for our buck now and it should be scalable for the future.
- **Who should be involved?** Identify the key stakeholders who will benefit the most, and who will approve the system update company wide. You must be able to get their buy-in. This becomes particularly imperative when looking for a global system to be used with many suppliers, distributors, dealers, and customers.
- **What does success look like?** Set the KPIs and measurable success factors useful to maximize the new system's ongoing benefits once implemented. Identify how you will track improvements that will drive future progress.



Warranty lifecycle management

The benefits of proactive warranty management throughout your product lifecycle entail influencing quality, effectiveness and safety, service efficiency, and fostering an ongoing relationship with each partner and customer.



Figure 1

A complete global warranty management system addresses every aspect of your product lifecycle as indicated in **figure 1** above. Find a company that delivers both best-of-breed warranty software and an industry experience that addresses your company's unique needs. It is imperative to support the full warranty and service lifecycle starting from customer interaction during purchase, continuing to registration and ongoing service, encompassing:

- Tracking warranty entitlements and extended service plan management, adjudicating customer claims, processes around claims management, managing returns, supplier recovery, and inspections. Also, the management of returns to suppliers and the determination of which claims should be paid by the supplier.
- Enabling your complete view of the analytics surrounding processes that drive operational awareness and early warnings of issues related to both part failures and unnecessary or fraudulent claims.

Customer case study

LP Building Solutions

LP is a leading manufacturer of quality engineered wood building materials including OSB, structural framing products, and exterior siding for use in residential, industrial and light commercial construction. Its products are covered by industry-leading warranties involving multiple channels, on-site investigations, customer correspondence, claim settlement, and potential payments to multiple parties.

Global warranty challenges

- Multiple legacy applications
- The disconnected process between SAP, salesforce CRM, and inspections tools
- The current system couldn't handle the complexities of the European claim process
- Inefficiencies for tracking/monitoring compliance needs
- Inefficiencies in reporting and analytics
- Inability to make modifications from any new business needs or changes internally

Benefits gained from a new warranty system

- Single, automated, and integrated system for generating:
 - Technical tickets
 - Claim tickets
- All emails, phone calls, and voice messages can be captured and transcribed
- Pre-defined workflows with a specific area of responsibilities (AOR)
- Manage claims from the partner network
- Centralized the entire claims process in one system
- Allow field users to use a mobile application to process inspections
- Track labor and time
- Field users process inspections with mobile devices

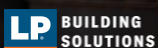
15% cost savings in the first year

Expected 3X ROI over the five-year life of the cloud solution through consolidation, standardization, and automation

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The Synchron software allows us to leverage the industry best practices, standardize processes across claim groups, provide flexibility for future processes, and have a significant improvement in data quality and analytics.

Vance Thomas, Corporate Warranty Manager, LP Building Solutions



Why go global?

Whether you currently have a global presence or aspire to build one, thinking large-scale for warranty management has immediate, tangible benefits.

Operational efficiencies and cost reductions are drivers throughout your geo-footprint. When you assess your current warranty environment, seeing multiple silos of information using various disconnected software systems and data sources indicates an opportunity to consolidate and streamline processes.

Today, it is feasible to have a single, web-based system as the access point throughout your global organization. Pull all regions and stakeholders into a unified system used as a single source to drive your warranty processes. Integrate the warranty platform into the other line of business systems currently in-use (ERP and CRM in particular). All of this provides a scalable platform that will:

- Become the single source of information regarding claims and failure data
- Allow for growth as you add new geographic regions, products, and suppliers over time
- Gain better visibility of supplier quality issues across all products and regions
- Reduce the time from detection-to-correction to limit the number of products created with defects and reduce claims volume
- Improve your customer's experience and loyalty

Syncron findings indicate that companies who centralize warranty management increase service contract sales by 50% over their previous multi-system environments on average. This is facilitated mainly by better communication with your dealers and customers, providing them better viewing and purchasing of service contracts. You will be able to utilize more consistent data to analyze the service contracts they are offering to see costs associated with the service plans to make the right decisions when putting together a service product that is profitable, competitive in the market, and provides value to the customer.

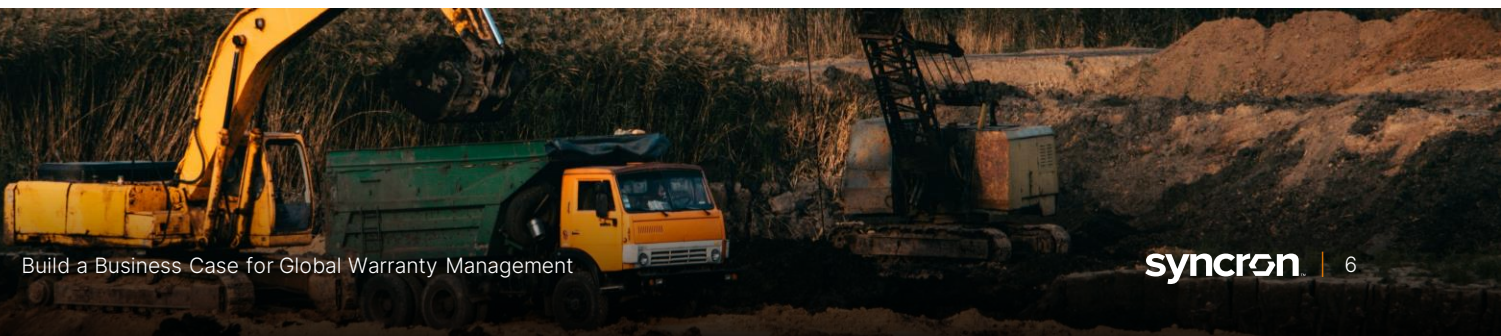
Building a unified global system

Challenges

- Multiple warranty apps by region, product division
- Inconsistencies in data
- Difficult to analyze data for global product platforms
- Costly to maintain and integrate

Opportunities

- Consolidated global system with flexibility for regional policies, workflows, rules, etc.
- Faster cycle times to analyze and correct emerging issues
- Lower the cost of multiple systems and teams



Key drivers to optimize warranty management

Strategies for growth™, an annual survey sponsored by Synchron, outlines challenges and drivers from the marketplace today.

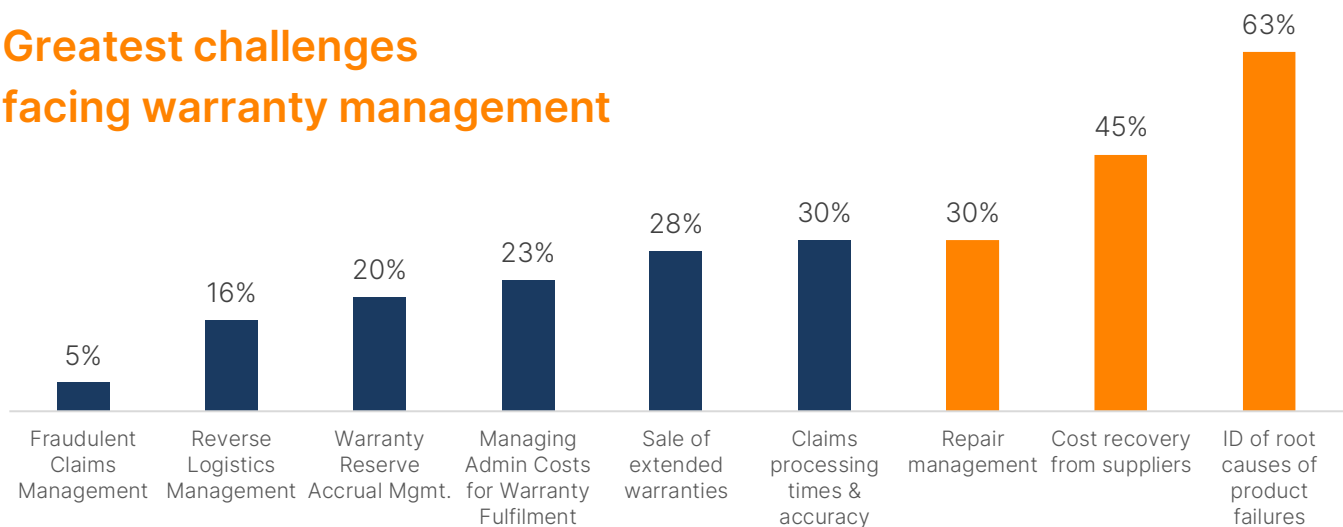
Processing claims is complex, and for many companies, a very manual process that utilizes many individuals. A reduction in both processing time and workforce can be achieved by implementing a consistent set of validation and processing rules across the organization that can be automated with the right software system.

Another key to streamlining the claims process is to ensure that your service centers are efficiently returning only the parts required, and doing so on time. Many parts returns can be eliminated by accurately identifying situations where parts must be inspected by your organization and where that return can be replaced by dealer photos or video. When it is necessary to return a part, every day, that part in the return process may be delaying critical information that will eliminate future claims.

A sound warranty system will make that process easy for the service center by identifying what needs to be returned, creating packing slips, shipping labels, and determining whether the shipment needs to go to an OEM or directly to a supplier.

It is also necessary to develop a supplier claims process that occurs separately from the service center and OEM claims process but needs to happen at the same time. As soon as a claim has been identified as supplier-related, it is essential to get them involved in the process. A warranty system must incorporate the supplier into the claims process and route the correct claim information to them in an efficient manner. The result is a reduction in OEM warranty costs, passing those onto the right supplier, and reducing future claims by identifying supplier part issues quicker.

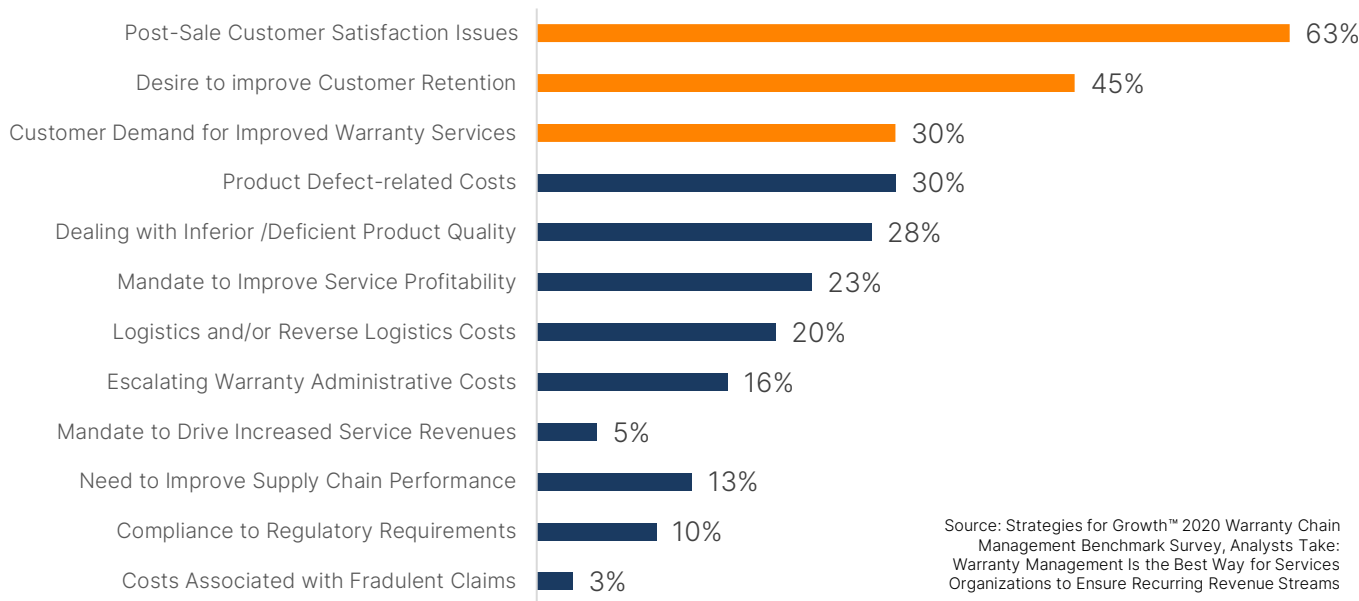
Greatest challenges facing warranty management



Source: Strategies for Growth™ 2020 Warranty Chain Management Benchmark Survey, Analysts Take: Warranty Management Is the Best Way for Services Organizations to Ensure Recurring Revenue Streams

The top three drivers for Warranty Management from the 2020 Warranty Chain Management Benchmark Survey focus on customer satisfaction. These point to the need for streamlining the warranty process through a single-system.

Top drivers for warranty management



Sustainable warranty cost reduction

Creating a more interactive communication channel with all involved parties, including the customer, service center, supplier, and OEM, will also streamline the warranty processes and provide a cost reduction. This includes customer and service portals that provide enhanced product data, self-diagnostic information, and repair information. Additionally, the interactive environment should allow for the exchange of photos, video, and textual information, which ultimately speeds up the process of getting the correct information to the stakeholders.

You want to show accountable ROI achievable annually by reducing excess or fraudulent claims, tracking goodwill, and by understanding who is receiving the ROI and why. Also, improve supplier claim tracking by identifying the correct parts that fall under supplier warranty and get them returned to each supplier utilizing images from inspections.

Sustainable warranty cost reduction

Leverage warranty analysis to find emerging issues quicker, reduce the time from identifying a problem to its correction, reducing the amount of inferior product shipped and related cost. You'll reduce recalls and service campaigns while improving supplier relations through quicker notifications of found issues.

Calculating your specific warranty cost savings

Justifying the cost for a new warranty system starts with identifying how soon you can recoup your investment and where cost savings will occur. This can be a daunting process. It requires that you involve experts in warranty management to help identify where cost savings can be realized and provide accurate estimates of your expected ROI.

Syncron has used years of experience to develop a tool that lets users enter specific company metrics and see anticipated savings. The example below illustrates line-item visualization relaying monthly and annual savings, taking into account your current processes, volumes, and focused change areas.

Summary	Pct of total	Monthly savings	Annual savings
Improved warranty compliance	25.4%	\$ 93,750	\$1,125,000
Streamlined warranty processes	7.6%	\$ 28,125	\$ 337,500
Supplier recovery	29.2%	\$107,800	\$1,293,500
Parts returns	2.5%	\$ 9,375	\$ 112,500
Reduction of administrative effort	6.1%	\$ 22,500	\$ 270,000
Proactive analysis and quality improvement	23.8%	\$ 87,862	\$1,054,344
Increased extended warranty business	1.4%	\$ 5,050	\$ 60,600
Lower IT costs	4.0%	\$ 15,000	\$ 180,000
Grand total	100%	\$369,462	\$4,433,444

Customer case study

Power Solutions International

Power Solutions International (PSI) is a leading provider in the design, engineering, and manufacturing of emission-certified engines and power systems. PSI offers a complete line of engines to the industrial, construction, agricultural, and on-road OEMs.

Challenges

- High dependency on user input
- Inaccurate warranty data
- Little to no access outside of the warranty department
- Unreliable part availability
- Improving customer costs due to inefficient warranty, service, and support data

Benefits gained

- Reliable data, including early warning detection, automated reports, and personalized insight
- Greater visibility into the entire warranty process from end-to-end
- PSI warranty administrators can shift their daily functions from data entry to data management reporting and acting on the data

Evaluation strategy



Cloud-based



Automated



Accurate data



Scalable

“

We are extremely excited to have live, accurate warranty data available at all times in easy-to-understand formats. The custom reporting tools and insights will give our internal teams the information they need to continue making product improvements as well as providing reliability data to our development teams.

Eric Fowler, VP of Customer Care, PSI



Digital transformation with warranty management benefits

Significantly lower IT costs

Every business is concerned with bottom-line growth, and transforming your warranty management system is a proven way to reduce costs. Consider the areas where you'll immediately see savings: cloud migration (from on premise legacy programs) and universal mobile access for all warranty and service processes.

Sustainable cost reduction is achieved with:

- **No more silos**

Consolidate disparate programs into a single global warranty system, eliminating silos of claim system data for different companies, brands, and product lines within your organization

- **A scalable, cloud-based system**

Move from upkeep-intensive legacy systems to an integrated cloud platform for a scalable, cost-effective, and easily manageable system available to everyone

- **One platform for all**

Achieve a low-maintenance, single platform for all stakeholders – your company's staff, distributor, dealers, suppliers, and customers to enhance collaboration and self-sufficiency

- **Mobile accessibility**

System access through a mobile app improves the accuracy and quality of claims data, gaining connectivity for field service's knowledge, collaboration, and increased first-time fix rates

- **Advanced analytics**

Leverage advanced analytics to gain actionable insights from warranty and product IoT data

One world, one system

Creating a warranty system that stretches across multiple countries with unique product lines, parts, suppliers, distributors, and processing rules can, at first glance, appear to be unattainable. Pairing that with individual currencies and languages can undoubtedly be a difficult task that will require the ability to unify product coverages, processes, and returns as much as possible.

Still, it is essential to realize that there will always be unique requirements for every region of your business. You will need to take these complications into account when implementing a global solution.

The overall solution must allow for a single processing environment that centralizes data and processing rules and remains flexible enough to handle the unique needs of all parts of your global business. A single global warranty system provides:

- **Flexibility** - single, cloud-based warranty application encompassing every region and product division you operate, with flexibility for local policies, workflows, and rules
- **Easy access** - universal data consistency and easily accessible by all stakeholders
- **Emerging issue insights** - faster cycle times to analyze and correct emerging issues
- **Cost savings** - lower cost compared to multiple systems and teams

Have a future-proof warranty system

There are three common approaches to creating a global warranty system. Each option has its own set of advantages and disadvantages.

1. Build your own system

Using your own IT staff or outside consultants, you may decide to build a warranty system completely from the ground up. The advantage of this option is that it will be specific to your business needs and can nearly conform to whatever rules you want to put in place. The disadvantage is that the approach will be too costly and could take many years to achieve a working product. It is not uncommon for the system to be out of date and in need of updates before it has been completed. Another central point to consider when evaluating this approach is the ongoing maintenance costs incurred over the years of using the system.

2. Use an off-the-shelf CRM or ERP system

This option can offer the advantage of allowing your company to almost immediately have a system up and running, which some of the functionality you will need. The downside is that these systems are not built to handle all the unique processes involved in warranty management.

3. Use an off-the-shelf warranty management system

There are many clear advantages to this approach. This type of application is specifically designed to meet the warranty processing needs of corporations like yours and was built by experts that understand the industry and become an invested partner that will help you implement the global warranty system to meet the needs of your organization. This system will continuously evolve as new trends emerge. New technology will become available, which will allow you to have a product that meets your needs today and well into the future.

Emerging global warranty management system trends

- **Internet of Things (IoT)** - capture usage and diagnostics from products to enhance warranty data and decisions
- **Advanced analytics** - leverage data mining, text analytics, and AI to get better insights into warranty and service data
- **Collaborative video, AR/VR** - perform remote inspections, pre-approvals, and audits in the field quicker and with greater accuracy
- **Servitization** - manage maintenance, subscription, service plans, and product-as-a-service channel development

Making a business case and getting buy-in

Your global warranty system impacts many internal teams (Warranty, Service, Quality, Engineering, Financial, and Manufacturing), distributors and dealer channels, suppliers, and customers. The success of a new warranty system requires all stakeholders adapt to the new warranty processes and use the system. Addressing each audience's specific needs will help maximize the benefits.

Your colleagues

- Financial - ROI
- Quality, Engineering - product improvement capabilities, quicker detection of emerging product/part issues
- Logistics - focused parts return for better detection of issues
- Marketing - customer data access, CX enhancement
- IT - a system that's easy to manage and support

Your suppliers

- Enable collaboration ease
- Focus on quality improvement
- Supply faster and accurate warranty data
- Quicker parts return and analysis

Your dealers

- Better customer satisfaction that yields future product and service contract sales, faster claim payments
- Enhanced product and part information
- Quicker response to claims and related questions
- Better identification and visibility of product campaigns

Your customers

- Improve product uptime
- Maximize customer satisfaction
- Increase information on a product
- Better visibility into claims and campaigns

Enterprise objectives

Your objectives for a warranty management system transformation will likely map to the trends Synchron identified in the Strategies for Growth survey. They include:

- Improving warranty management-related planning and forecasting activities
- Developing and improving metrics/KPIs for advanced warranty chain analytics and subsequent actions
- Structuring for improving warranty management oversight and accountability – specifically, reducing costs and increasing warranty and service revenues.

Keep these objectives in-view as you're building your case and selecting your system.



Benefits of warranty lifecycle management

A company's financials will always drive operational advancement decisions, including global warranty management systems. If you keep focusing on impactful reasons for choosing this advancement, the appeal will be universal.



Increase revenue

- Increase supplier recovery to 40-60% of your total warranty cost
- Increase service plan sales by 50+%
- Achieve encompassing process and ROI visibility through global analytics' centralized view of all regions



Decrease costs

- Reduce your warranty costs by 15+%
- Decrease failure to fix or detection-to-correction cycle time by 40+%



Save time and increase satisfaction

- Boost automated claims processing to 80%+
- Enhance your customer's satisfaction and brand loyalty; measured by Net Promotor Score and product sales
- Bolster dealer satisfaction to recruit and maintain a productive network





For more information, visit www.synchron.com.
You can also email us at info@synchron.com.

Synchron empowers leading manufacturers and distributors to capitalize on the world's new service economy. With our industry-leading investments in AI and ML, Synchron offers the first, innovative, customer-endorsed, and complete end-to-end intelligent Service Lifecycle Management solution portfolio, encompassing service parts inventory, price, equipment uptime, warranty, and field service management. Delivered on the Synchron Connected Service Experience (CSX) Cloud, our solutions offer competitive differentiation through exceptional aftermarket service experiences, while simultaneously improving aftermarket business profitability.

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