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DRIVING THE SERVICE ECONOMY



SYNCRON'S VATSAN GOVINDARAJAN
AND KATHRYN NARAYAN DISCUSS THE
RISE OF THE SERVICE ECONOMY, THE
IMPORTANCE OF DIGITAL TECHNOLOGY,
AND HOW THE COMPANY HELPS
CUSTOMERS TRANSFORM

RIGHT: VATSAN GOVINDARAJAN
BELOW: KATHRYN NARAYAN



Industry-wide evolution is rapidly changing the operating environment for global manufacturers and distributors who, faced with cost pressures, greater demand to satisfy customer experience and growing focus on areas like sustainability, are moving away from traditional business models. The days of pure product sales are over. Instead, organisations must shift to a new service economy in which end-to-end aftermarket sales, increased resiliency and predictability across the business, and better service lifecycle management underpin competitive advantage.

Digital transformation, including maximising the use of data and analytics to provide insight across the entire service value chain and bring long-term stability and profitability is essential to thrive in this new environment. Smart businesses must use innovative technologies to put service at the heart of their organisational thinking, revolutionise the way services are delivered to their customers, and accelerate transformative growth that drives higher revenue and supports future ambitions. Synchron supports organisations on this journey across three core pillars of the end-to-end service lifecycle management value chain: plan, price, and service. We spoke with Chief Technology Officer Vatsan Govindarajan and Head of Solutions, GTM Kathryn Narayan to find out how.

Both are highly experienced professionals in supply chain management, technology, and service transformation across several industry sectors and different organisations. Narayan joined Synchron in spring 2022 and leads its solution go-to-market organisation, having previously worked at service execution management company ServiceMax and spent more than 30 years in pre-sales roles in ERP, supply chain management and transformation. Govindarajan has more than 20 years' experience, including nearly two decades at SAP working across several industries including financial services, developer trading, fashion, supply chain planning and ERP development. He worked on technologies including dealer management systems, engineering and architecture, corporate strategy including go-to-market, product strategy and financial reporting, and product and service lifecycle management innovation. He joined Synchron in July 2022.



Ready to transform
your **business**?

THE RISE OF THE SERVICE ECONOMY

Combined, the two possess a wealth of experience and, during their respective careers have seen firsthand the evolution of the service economy model and the greater adoption and use of digital technologies. “Historically, the focus has been from the point of time a product is designed to when it’s manufactured and sold – the moment any industrial equipment or a car, to use the automotive industry as an example, is sold the whole part of the

business process and model that happens after has never been considered, leveraged, or digitised,” says Govindarajan. “Countless organisations we’ve both worked with, probably up to around 2015, have just had very little insight into that aspect of their work. That’s fundamentally changed over the last five years or so. We now know the importance of first having that insight, analysing it and making sense of the data available, then basing actionable decisions on it.

“ORGANISATIONS HAVE TO BE ABLE TO FORECAST DEMAND EFFECTIVELY, CALCULATE THE LEAD TIME FOR REPLENISHMENT, HAVE THE RIGHT STOCK VOLUME AND MORE AND, TO HELP THEM DO THIS, WE PROVIDE SOME OF THE MOST ADVANCED SOFTWARE AVAILABLE”

VATSAN GOVINDARAJAN,
CHIEF TECHNOLOGY OFFICER, SYNCRON



“There’s several driving factors behind this change,” he continues. “Technology and innovation is the first, particularly around solutions that can track the lifecycle of products far more effectively. Sustainability is a significant influence. People that engage with a brand want to see end-to-end processes that are run in a responsible and sustainable way. To use our automotive example: in the past you’d buy a car, use it until it reaches a high mileage or you’re finished with it, then sell it before, ultimately, it is scrapped. That value chain needs to fundamentally transform to incorporate circular principles, have a better understanding of who is responsible for the asset, and its recycling or reuse potential.”

Narayan expands on this period of evolution: “At the same time, customer expectations have risen dramatically,” she says. “A lot of b2b organisations are finding that consumers expect them to behave more like a typical b2c company, and the way in which people want to engage with technology has permeated into the b2b space – there’s a real blurring of the lines. Lastly, in the OEM sphere we’re seeing a realisation by companies that have distribution channels that the equipment lifecycle is elongated. People want more out of their equipment, they want it to last longer, and to have better interoperability and potential for upgrade.



“This opens the whole notion of ‘as-a-service’ models, in which people don’t necessarily want to own an asset, just use it for the intended outcome,” Narayan explains. “For example, imagine I own a hospital chain. We no longer want to buy MRI equipment from major manufacturers like Siemens or Phillips, but instead want a contract that states the number of scans the equipment will provide and that it will be maintained and serviced to give what I need, when I need it. The whole way of thinking is shifting. Service is such a huge margin contributor to businesses and as assets age there’s more compression in that margin, meaning that the notion of ‘service’ becomes an absolute differentiator for manufacturers and distributors. Combine this with all Vatsan’s points and you understand why our focus on the aftermarket is so relevant right now and, most importantly, that digitisation is the only possible way to make this work.”

“THE NOTION OF ‘SERVICE’ IS NOW AN ABSOLUTE DIFFERENTIATOR FOR MANUFACTURERS AND DISTRIBUTORS”

KATHRYN NARAYAN, HEAD OF SOLUTIONS, GTM, SYNCRON

"PEOPLE THAT ENGAGE WITH A BRAND WANT TO SEE END-TO-END PROCESSES THAT ARE RUN IN A RESPONSIBLE AND SUSTAINABLE WAY"

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THE TRANSFORMATION JOURNEY

Syncron's technology supports organisations as they make this complex transformation, enabling them to optimise inventory planning, pricing, and service delivery. These three pillars of plan, price, and service, say Govindarajan and Narayan, underpin the end-to-end service lifecycle management value chain and each are brought together through three best-of-breed solutions and delivered through Syncron's Connected Service Experience (CSX) Cloud.

It's inventory management solutions and data harmonisation capability, for example, optimise service parts planning for companies and their networks. Intelligent pricing solutions help to create consistent, transparent parts and service contract pricing, improve profit margins, aid pricing decisions through the use of machine learning, and contribute to greater customer loyalty. Lastly, Syncron provides service execution modules which enable service growth, experience, and optimisation. The three solutions together enable real service transformation by leveraging a common

data layer, meaning organisations get continuous optimisation, harmonisation, and synchronisation across their service value chain, and Syncron's predictive analytics and unified business intelligence technology give complete visibility and a full range of controls.

"Purely from a value chain perspective, it's these three pillars that we work on with our customers," explains Govindarajan, talking through each in more detail. "Effective planning is essential. If you need a part for some equipment, how long are you prepared to wait for that and how should your expectations be managed? From an OEM's perspective, there are millions of pieces of equipment across the country that need new or spare parts, and servicing each day, and each of those parts needs to be at the right location when needed. Organisations have to be able to forecast this demand effectively into the future, calculate the lead time for replenishment, have the right stock volume and more and, to help them do this, we provide some of the most advanced software available – it's an important value driver for us.

Syncron, powered by EPAM, transforms the Aftermarket Service Lifecycle Management

Syncron helps manufacturers and distributors capitalize on the new service economy by optimizing aftermarket profitability, increasing customer loyalty and enabling the transition to servitization. Syncron aligns all aftermarket services with its Connected Service Experience (CSX) cloud platform, helping companies differentiate themselves through exceptional aftermarket experiences while driving significant revenue growth. The world's top brands trust Syncron, making it the largest privately-owned global leader in intelligent service lifecycle management SaaS solutions.

JOINING FORCES WITH EPAM

As a valued strategic partner to Syncron, EPAM plays a significant role in many of their key projects - important achievements include:

- Contributing to developing their pricing management product for aftermarket parts, intelligently adjusting pricing based on demand.
- Cooperating on a solution that uses advanced data science tools to optimize complex contract pricing, leveraging predictive technology to reduce risk and maximize margins.
- Working on an enterprise solution for visualizing equipment health data, maximizing reliability, and preventing costly failures.
- Contributing to developing cross-dealer collaboration functionality, enabling automatic backorder fulfilment by identifying potential selling dealers through a dealer network.
- Conducting research projects to explore methods to integrate their data platform into clients' SAP S/4HANA platforms to simplify onboarding new clients and accelerate data exchange.

EPAM complements Syncron by providing them with:

- Access to a vast talent pool of best-in-class engineers: EPAM's vast global talent pool offers skills and knowledge for tackling complex projects or specific technology requirements. Supported by EPAM's AI-driven staffing approaches, projects are staffed quickly with the right people.
- Project Management, Governance & Agility: EPAM ensures effective collaboration leveraging project management frameworks and aligning with Syncron's objectives. EPAM also helps Syncron adopt Agile practices, enabling iterative and incremental development, frequent feedback cycles, and enhanced collaboration.
- Innovation and technology advice: EPAM assists Syncron in identifying emerging technologies, assessing their feasibility and potential impact, and making recommendations for integrating them into projects.

CONCLUSION

Syncron's expertise in aftermarket software, combined with EPAM's software engineering skills and resources, enables manufacturers, distributors, and suppliers to remain competitive in a rapidly changing market.

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"WE SEE THIS AS A DIGITAL TRANSFORMATION JOURNEY AROUND THE SERVICE LIFECYCLE"

KATHRYN NARAYAN,
HEAD OF SOLUTIONS, GTM, SYNCRON

"The second is price," he continues. "Specifically, around how to maximise profit margin around spare part inventory and service, and remain competitive in the market. There's very complex demand signals that need to be captured at any point in time, and our technology helps organisations to do that. Lastly, with regards to service, we help our customers to manage how they execute their service, manage the deployment of technicians into the field and the information they need to repair the asset, control the warranty processes and more."

"Our main purpose is to make the world a better service place, and we see this as a digital transformation journey around the service lifecycle in which we address whatever pillar we need to for the customer," says Narayan. "CSX Cloud brings together those best-of-breed technologies and we believe there's exponential value in using all three of the pillars together on a common platform, rather than integrating with existing solutions that a customer may already be using. I often use the phrase 'getting all the rights, right', and that's impossible to do in silos."

Bringing all the technologies together as we do and introducing AI and ML to undertake the forecasting means customers are ultimately moving towards true predictability so they don't have to build in buffers or cushions. In the equipment industry the worst thing that can happen is unplanned downtime – your customers are planning their business around equipment being available and ready to use, and so the closer we can get to true predictive outcomes, the more streamlined the whole value chain becomes."

THE POWER OF TECHNOLOGY

The effective use of data insight across the service value chain underpins each of these solutions and is essential in driving service transformation. "It's not new," says Govindarajan, "the data has always been there – we have technicians going into the field analysing how equipment has failed, how long parts have lasted and reasons for the failures, and so on. Now, we start categorising all that data and information as a signal and, based on those signals, we can forecast and build effective planning algorithms. Data is also important not just for fixing the problem, but also the root cause of the problem. We call it closed-loop product development, and it's the holy grail of product manufacturing because it's not just about building better designs, but creating new business models upon which manufacturers can monetise the assets they're building and move closer towards equipment-as-a-service. For all

of this, the dots are there, you just need a vendor like Synchron to connect them."

To drive the best transformation outcomes Synchron engages very closely with customers, sharing experience and capabilities to collaboratively evolve the business. "It's part of what makes us unique," Narayan shares. "We don't try to be everything to everyone. Instead, we're focused on the aftermarket segment of asset-intensive industries, including automotive. Take our inventory planning as an example. Our focus is downstream planning. Service parts by their nature have erratic demand behaviour, which is very different from finished goods. Many of the supply chain planning solutions on the market are good at the finished goods, manufacturing, supply chain, and logistics. But they often fall short on aftermarket downstream planning because, in industries that are highly capital intensive, it's a very different type of planning."

"Then there's a channel or network that exists," she continues. "If an OEM that sells through a dealer/distribution type model, they're further away from the point of demand, and so effectively planning that demand stream requires a very different model. Pricing of aftermarket parts is the same – it's an erratic demand pattern that goes through a tiered value chain. Synchron's entire history has been in this space, which is why our algorithms, machine learning and AI, and other technologies are the right solution

to these problems. We marry that to a high level of experience and domain expertise, our own customer advisory board and our unique perspective, which enables us to help them transform at a much greater scale.”

These transformations aren’t a linear journey for customers. Rather, they are an ongoing, flexible process influenced by market evolution, changing requirements of the business, and developments in technology and solutions. To this end, as CTO, a core aspect of Govindarajan and team’s role is to work closely with other parts of the business to identify these trends and develop appropriate solutions. “Our product management team works closely with our sales division and our customers to build an understanding of the market and the requirements of the industry, and also gain foresight into potential future developments,” he explains. “This product management team then works closely with the engineering team that I head up and Catherine’s marketing team to set out key areas of focus for products and solutions.”

Narayan elaborates: “Our engineering team, especially under Vatsan’s leadership, not only builds these new products but is also the central point for highlighting advances in technology or innovations that we might need to consider more strategically down the road, whether it’s AI, machine learning, or to do with underlying architecture, that kind of

thinking creates a very complementary relationship between engineering and product teams. To really consider ‘I know you want me to build X, but what about Y and Z, and the impact they may have on X in two or three years?’ requires a longer lens from an engineering perspective, and a combination of great engineering and architecture skills with strategic business acumen. From a digital transformation perspective, it’s not only bringing that to our customers, it’s ensuring that it’s



**“IT IS POSSIBLE FOR
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SYNCRON**

sustainable as we grow. There’s a value chain within Synchron that has to be considered for anything to work and evolve.”

Several trends are on the pair’s radar moving forward. “The influence of consumer behaviour is important,” Govindarajan explains. “Today’s generation don’t always want to own their own cars, apartments and houses. That’s a cultural shift that’s hard to ignore and, on the industrial side, I predict a similar trend in which people move from a CapEx to an OpEx model. For us, that means understanding our customers before we can consider how our technology can actually help. Sustainability will continue to rise up the agenda, including a greater focus on the circular economy which could potentially change everything. For our customers, that means questions around how to drive efficient and sustainable outcomes and taking end-to-end ownership of the product. Lastly, we believe that the convergence of technology and commercial models will drive profitability for our customers. That’s really important to remember – it is possible for a company to be profitable and sustainable at the same time. Our job is to make that happen.”

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